

# North Lincolnshire Council

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## North Lincolnshire Council Draft Statement of Accounts

FINANCIAL YEAR 2022/2023



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## Narrative Statement

These financial statements have been prepared in line with the Code of Practice on Local Authority Accounting in the United Kingdom 2022/2023 (the Code). The purpose of this narrative statement is to explain, in an easy-to-understand way, the financial facts in relation to the council.

This Statement of Accounts explains North Lincolnshire Council's financial performance during the year 2022/2023 and its financial position at the end of that year. It follows approved accounting standards and is necessarily technical in parts.

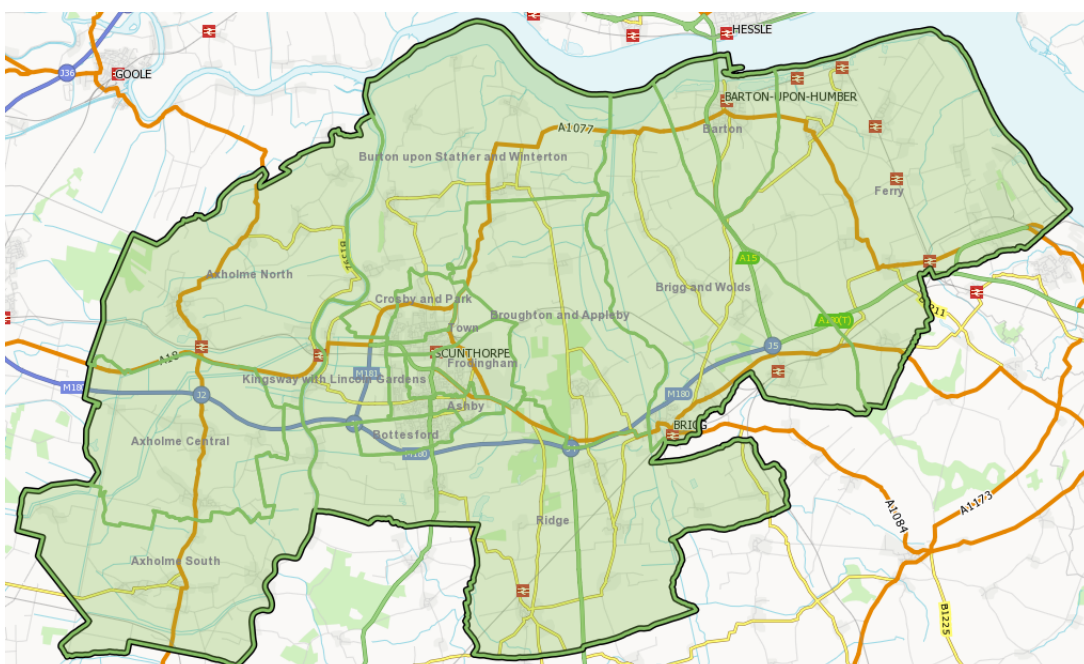
The Narrative Statement is not part of the financial statements but is prepared on the basis that it is consistent with the financial statements. Its purpose is to comment on the financial performance of the council and the economy, efficiency and effectiveness in its use of resources over the financial year.

## Overview of the Area and Council

North Lincolnshire Council is a Unitary Authority with the powers of a Non-Metropolitan County and a District Council. This means it is responsible for hundreds of essential local government services. To deliver these services it employs a workforce of around 3,000 people, making it a major local employer.

The council operates a Leader and Cabinet model. 2022/2023 was the final year of a third four-year term for the ruling Conservative group with the council consisting of 43 elected members representing 17 wards through 28 Conservative, 14 Labour and 1 independent councillor. The Conservative group retained control in the local elections in May 2023.

North Lincolnshire has an estimated population of around 169,700 people and an area of 849 km<sup>2</sup>. It is largely rural, including market towns and settlements of Brigg, Crowle, Epworth, Barton upon Humber, Winterton, Broughton, Kirton in Lindsey, Barnetby Le Wold, Haxey and Messingham. The major sub-regional towns of Scunthorpe and Bottesford are home to almost half of North Lincolnshire residents. It has excellent links with the national road and rail network.



## Accounts Timetable

The Government has recognised issues with auditing the accounts and the Department for Levelling Up Housing and Communities, following consultation with key stakeholders, introduced legislation to amend the deadlines for the audit of accounts. The draft accounts must be approved by the council's Chief Financial Officer by 31st May 2023 and the audit of accounts concluded by 30<sup>th</sup> September 2023 (previously 31<sup>st</sup> July 2023). The extension to the audit deadline will remain in place until after the financial year 2027/2028. The accounts inspection period is 30 working days which must include the first 10 working days of June.

## Vision and Ambition

We are proud of our place, communities and people and are committed to work hard to achieve our ambition for North Lincolnshire to be the best place for our residents.

As we look to the future, we will continue to lead by example and promote positive behaviours. Our priorities ensure that people remain at the heart of everything we do and working with our partners, we aim to maximise our impact by enabling and encouraging our residents, communities, and businesses to achieve their full potential.

Our organisational goals are to be, progressive and enabling in our approach and financially and environmentally sustainable.

## Priorities and Outcomes

The council's priorities and outcomes are themed under four areas:

### **Priority 1 - Keeping people safe and well**

Keeping people safe and well – to achieve a longer and better quality of life for our residents

### **Priority 2 - Enabling resilient and flourishing communities**

Enabling resilient and flourishing communities – to develop greater resilience and community spirit and enable people to identify and meet their ambitions.

### **Priority 3 - Enabling economic growth and renewal**

Enabling economic growth and renewal – to ensure there are highly skilled jobs and opportunities for a highly skilled workforce and the local economy supports efforts to reduce carbon emissions.

### **Priority 4 - Providing value for money for local taxpayers**

Providing value for money for local taxpayers – to ensure high quality services are provided for residents and the council is well-led.

Each priority includes more detailed areas of focus describe our intent. Impact against these is summarised in the recent achievements and performance section below.

## Outcomes

Our priorities will enable the council and our partners to achieve these outcomes for the people and place of North Lincolnshire.



## Strategies

The Council Plan provides a strong frame that guides activity across the council. This is supported and achieved through several key strategies.



## Good track record of effective financial management

Since the creation of North Lincolnshire Council the accounts have been 'unqualified'; with a positive value for money judgement. This position is supported by examples of good practice and financial management across the council, including:

- Consistently well managed demand in children's and adults social care over a long period
- Effective partnership working with the education sector – for example school's budgets are well managed with healthy school's balances and an underspend on the Dedicated Schools Grant
- Systems leadership across Health and Care sectors– with, for example, integrated commissioning, urgent and intermediate care and Neighbourhood Teams.
- Growth of both the Council Tax and Business Rates tax base, enabling economic growth and renewal in the local economy and housing market.

## Review of financial position

Service budgets are monitored on a regular basis throughout the year, and a council level budget position is collated quarterly, focussing on the forecast financial position at year-end and actions required to remedy any issues.

The council has deployed revenue investment of £175.5m against a revised budget of £173.1m, which represents a 1.4% variance. At the beginning of the year the estimated variance was spend 6.5% above the budget, reflecting mainly the impact of the wider economic conditions. Based upon anticipated mitigating actions including a mixture of proactive cost management initiatives and appropriate use of specific and non-specific government grants, it was agreed that an increase to the planned use of reserves by £5m would be required. The final position required £5.5m additional draw down of reserves.

## Revenue

Service Area	Approved Budget £'000	Outturn £'000	Variance £'000
Adult Social Services	23,003	24,180	1,177
Integrated Health & Care	4,654	5,100	446
Adults Early Help & Prevention	22,524	23,850	1,326
<b>Adults &amp; Health</b>	<b>50,181</b>	<b>53,130</b>	<b>2,949</b>
Education	4,710	4,886	176
Children's Help & Protection	10,296	9,486	-810
Children's Standards & Regulation	10,891	8,693	-2,198
<b>Children &amp; Families</b>	<b>25,897</b>	<b>23,065</b>	<b>-2,832</b>
Place	30,323	32,950	2,627
Public Protection	1,711	2,297	586
Organisational Development	16,925	16,841	-84
<b>Economy &amp; Environment</b>	<b>48,959</b>	<b>52,087</b>	<b>3,128</b>
Governance & Partnerships	5,109	5,197	88
Resources & Performance	8,512	7,831	-681
Community Enablement	8,286	8,737	451
<b>Governance &amp; Communities</b>	<b>21,907</b>	<b>21,765</b>	<b>-142</b>
Public Health	7,281	7,206	-75
<b>Public Health</b>	<b>7,281</b>	<b>7,206</b>	<b>-75</b>
<b>Service Total</b>	<b>154,225</b>	<b>157,252</b>	<b>3,027</b>
Central & Technical	18,845	18,212	-633
Funding	-173,070	-175,464	-2,394
<b>Council Position</b>	<b>0</b>	<b>0</b>	<b>0</b>

## Capital

The capital programme investment was £39.7m with areas of spend being rephased to future years due to ongoing effects of external factors on supply chain resourcing and cost impacts. The change of phasing of the programme has meant a reduction in both interest costs and funding costs.

## Reserves

The council's unallocated general fund reserve increased by £0.5m at the end of the financial year being £8.99m, which equates to 4.7% of its 2023/2024 net revenue expenditure.

The net movement on the Earmarked general fund reserves was a £0.9m reduction in 2022/2023. This is made up of £7.8m use of the Risk and Transformation Reserve to fund the cost of services, mostly offset by the setting aside of grants and the establishment of two new earmarked reserves. In addition, there has been an increase in schools' reserves of £0.3m. Note 10 provides more detail on the council's reserves.



## Recent Achievements and Performance

### Priority: Keeping people safe and well

#### What did we do?

North Lincolnshire Council has worked to prevent harm and protect the most vulnerable by offering a range of care services for both children and adults. Some we provide directly, others alongside partners and others are provided by outside organisations, but in each instance, we ensure that people using these services can actively participate in shaping them to meet their needs. Recognising that our population is aging rapidly, we have placed great emphasis on supporting people to live well for longer in their own homes, families and communities, and strive to create an environment that empowers individuals to take charge of their own health and wellbeing. We work towards making healthy choices an easier option and instilling these habits from an early age.

Area of Focus	Progress
<p>Safeguard and support everyone to live safely and independently within their families and communities.</p>	<p>We have developed an Adults Strategy and a new Childrens' Commissioning Strategy that prioritises keeping people in their own homes, families and communities. We continue to work in partnership with the local NHS and police through the Safeguarding Adults Board and Children's Multi Agency Resilience and Safeguarding Board to make sure vulnerable adults and children are protected and feel safe.</p> <p>We prevented 800 potential cases of homelessness and the number of people sleeping rough remains low thanks to targeted work tackling the underlying issues causing homelessness. We hosted the inaugural meeting of the Housing and Homelessness Reduction Partnership to bring together all partners with an interest in preventing homelessness in North Lincolnshire.</p> <p>We handled over 72,000 calls through the Care Call personal alarm service to help people continue living independently for longer. 98% of calls were answered within 60 seconds. We also supported over 1,700 people to recover after a hospital stay through providing rehabilitation and reablement support, with around 360 people also supported in their recovery from a stroke.</p> <p>We have designated all council buildings, including community hubs, leisure facilities and visitor attractions as 'safe spaces', enabling people to access facilities, advice and guidance in the heart of their community.</p>

	<p>We have worked with communities and partners such as Ongo Homes to welcome and support refugees fleeing conflict. We helped 124 refugees from Ukraine and Afghanistan to settle in North Lincolnshire over the past year.</p>
<p>Ensure the care sector is of high quality and care leavers receive the ongoing support they need</p>	<p>Our services for children and families were rated outstanding in all areas by Ofsted, with inspectors recognising the positive progress made by children in need of help and protection and children in care and care leavers. We join only four other local authorities nationally that have achieved the highest possible rating. No child was on a protection plan for two years or more, in line with the best performers across the country and 100% of child protection conferences were held within 15 days, above the national average of 79%.</p> <p>Adult social care support in North Lincolnshire has also been ranked among the best in the country, according to an independent survey of service users and carers. Our performance in 24 out of the 26 indicators was above the England average, and we were in the top quarter of local authorities in over three-quarters of the measures. 92 per cent of people who used adult social care services said the support they received made them feel safe and secure and 100 per cent of adult care provided by the council is rated good or outstanding. We have also invested £2.7m of capital in the provision of complex care facilities to improve the lives of disabled people.</p> <p>We recognise that we need more people working in the care sector, so have worked to raise the profile of a career in care through the Proud to Care campaign. A new recruitment hub and agency bank has been launched to make it easier to discover the opportunities available in this sector, with further incentives on offer including free childcare and subsidised electric transport.</p> <p>We continue to support carers to stay healthy, connected, realise their education and employment potential and have a life of their own alongside their caring responsibilities. We supported around 2,800 carers over the course of the year and are continuing to implement our Carers Strategy to make further positive progress.</p> <p>We work with partners from the emergency services, health and education through the Corporate Parenting Board and Multi Agency Looked After Children's Partnership to create a secure and nurturing environment for children in care and care leavers. We have also committed to increasing the offer of support and advice beyond the age of 25 to ensure care leavers have someone to support and advise them when they need it throughout their lives.</p>

<p>Reduce health inequalities and promote wellbeing</p>	<p>We work with a range of health and social care agencies through the Health and Wellbeing Board to promote good health and wellbeing for our residents. We also take collective responsibility with NHS organisations and others for planning services and reducing health inequalities by chairing the new North Lincolnshire Integrated Care Partnership.</p> <p>We helped around 400 people to stop smoking. At 12.3%, North Lincolnshire’s adult smoking rate is below the national average and at its lowest level to date, demonstrating the positive impact of the Northern Lincolnshire Smoke Free Alliance partnership.</p> <p>We continue to promote healthier lifestyles, attracting 9,300 participants to our programme of around 690 health walks. We also enabled 300 people to help maintain a healthy weight. We continue to promote and develop Live Well North Lincolnshire, a service helping residents to stay informed and connected to community organisations, support, and activities to improve health and wellbeing.</p> <p>We continue to make sure all in our community can stay healthy and well. North Lincolnshire’s COVID-19 vaccination programme was shortlisted for a national excellence award, recognising that staff worked tirelessly to encourage vaccine confidence among our culturally diverse communities via outreach sessions and videos and leaflets translated into several languages.</p> <p>We have worked well with partners across North Lincolnshire through the new Northern Lincolnshire Combatting Drugs Partnership, created to reduce drug use, crime and other drug related harms.</p>
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## Priority: Enabling resilient and flourishing communities

### What did we do?

North Lincolnshire Council has strived to ensure that the 86 settlements across North Lincolnshire are places where residents are proud to live, where neighbours support each other and where people enjoy a strong sense of belonging. Key to achieving this is working directly with local people to understand what they love about their communities, what needs improving, and empowering them to drive these changes. We support local volunteers and offer community grants to enable residents to make improvements themselves, in addition to working with our partners to provide a range of services that keep North Lincolnshire safe, clean, vibrant and easy to travel around.

Area of Focus	Progress
<p>Maintain a safe, clean and green local environment</p>	<p>We look after 66 parks and gardens across North Lincolnshire, with five receiving the Green Flag award, recognising them among the best maintained parks in the country. Continual efforts are made to enhance our green spaces, with a wellbeing garden at Normanby Hall Country Park and improvements to Haxey Nature Reserve completed over the year. We planted over 5,000 trees with the help of volunteers, and we continue to make good progress towards our 172,000 trees target.</p> <p>We made over 7.5 million waste and recycling collections, with 99.9% completed on time. 51.6% of household waste gets reused, recycled or composted, putting us in the top quarter of local authorities nationally, while less than 1% of waste collected from green bins now goes to landfill. We have invested in more efficient and sustainable refuse collection vehicles and joined an ambitious new waste partnership to drive further progress.</p> <p>We worked with Humberside Police, the probation service and other partners to produce a new Crime and Disorder Strategy, designed to coordinate efforts to make North Lincolnshire an even safer place. We have also taken a leading role in preventing violent crime through our involvement in the new Humber Violence Prevention Partnership. Our work supporting over 200 Neighbourhood Watch groups continues in order to help communities feel safe. To create a stronger and more visible police presence in Scunthorpe town centre, plans to use Towns Fund investment to build a new police station have been announced.</p> <p>We have made creating a cleaner and more attractive North Lincolnshire a priority and have developed a new Litter Plan that focuses on education, infrastructure and enforcement. Hundreds of bins will be doubled in size and emptied more frequently, enhancing the network of more than 1,500</p>

	<p>already in place. This new regime already appears to be paying dividends, with 100% of litter inspections in 2022/2023 finding rubbish to be at good or acceptable levels.</p> <p>We carried out 245 food hygiene inspections and 95 food standards inspections to protect the public, with the vast majority of establishments graded good or better. 100% of licencing applications were processed within statutory timescales.</p>
<p>Support our volunteers and create stronger communities with access to a range of leisure, culture and other facilities</p>	<p>We have worked with local tourism businesses through Visit North Lincolnshire and the Tourism Partnership Scheme to promote the area as a visitor destination of choice and help the industry recover from the impact of the COVID-19 pandemic. Latest data shows North Lincolnshire attracted nearly 3 million visitors in 2021, up 75% on the previous year.</p> <p>We operate seven community hubs to make it easier for residents to access information, advice and support and take part in activities to improve their health and wellbeing. We have invested £0.2m in 2022/2023 to make further hub enhancements, with plans also announced to refurbish the Epworth Hub, bringing together new facilities such as a library and community kitchens alongside the existing leisure centre. A new Armed Forces Hub also opened in Scunthorpe to provide a welcoming environment for armed forces personnel and veterans to meet others and access advice and guidance.</p> <p>We recognise that local residents and community groups are best placed to know what their community needs, so have invested £0.3m in community grants to support local projects. There are so many people giving their time to support each other and make their community better, and we recognised the dedication of local volunteers by hosting the Community Champions Awards. 150 nominations were received across the 15 award categories.</p> <p>We saw over 400,000 visits to our cultural facilities, a total that includes our museum, arts centre, country park and theatres, an increase of 56% on the previous year. In 2022/2023, North Lincolnshire has showcased the works of renowned artists such as Banksy and Tracey Emin, and we secured further Arts Council funding so we can continue to bring blockbuster exhibitions to the area for the whole family, take culture into communities and inspire more people to get involved with the arts. Levelling Up Fund money has also been allocated to develop a new science and technology centre that will serve as a valuable addition to the existing cultural facilities at Church Square in Scunthorpe.</p>

	<p>We attracted 830,000 visits to our leisure facilities, which include 5 swimming pools, 7 gyms, a golf course and bowls centre. As well as promoting good value leisure memberships, we are also committed to providing ways for people to stay active for free, such as through the opening of a new outdoor gym at Baysgarth Park, Barton. To help children on free school meals stay active and healthy over the school holidays, we organised activities for 1,501 children through the Fuelled programme.</p>
<p>Make it easier and safer to travel sustainably</p>	<p>We look after 1,467 miles of roads and pavements and have invested £8.6m in enhancing roads and carriageways and keeping them safe. Thanks to a new pothole machine that fills potholes four times faster than previous machinery, we have filled 1,592 potholes over the last year, investing £2.7m in pothole repair and prevention in 2022/2023. To keep the roads safe over the winter, the gritters were out 41 times, travelling over 15,000 miles and using 2,000 tonnes of salt. We continue to work with National Highways and the emergency services through the Safer Roads Humber partnership in order to keep road casualties to a minimum. £0.1m has also been invested in improving street lighting.</p> <p>We recognise that for people to transition to more sustainable transport options, it is essential to put the necessary infrastructure place to make switching a seamless and convenient choice. Over the year, the popular Scunthorpe Ridgeway has been further extended, making cycling across the town from north to south easier. Moreover, we have developed an Electric Vehicle Chargepoint Delivery Plan, with 35 new charging points set to be installed on streets across North Lincolnshire in the near future.</p> <p>We provided free transport so over 2,800 children could get to school safely. £0.5m was invested in 2022/2023 replacing council vehicles with more efficient and modern models, with transport for vulnerable children and adults set to be further transformed with the announcement of future investment in cleaner, greener buses. A range of greener and more reliable minibuses will be purchased with features including tail-lifts for easy wheelchair access.</p> <p>We invested £0.1m in the Wheels to Work scheme, providing mopeds and electric bicycles for people with transport difficulties to get to work, college or training. 20 new mopeds have been designated for care workers, making it easier for them to travel and deliver care across communities.</p> <p>We continue to try and make public transport a more convenient and affordable option for residents, promoting the £2 bus fare cap and securing funding to pilot two new routes, one between Brigg and</p>

	Barton and the other on the Isle of Axholme. The Just Go on-demand bus service carried nearly 18,000 passengers over the year.
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**Priority: Enabling economic growth and renewal**

**What did we do?**

North Lincolnshire Council has collaborated closely with residents and businesses to drive economic growth in North Lincolnshire and promote prosperity for everyone. Despite the challenges created by recent high inflation, we have worked to support local people and firms navigate the current situation while simultaneously laying the groundwork for a more prosperous future. We work with education and housing providers to ensure North Lincolnshire remains a place where people have easy access to excellent education and training opportunities and affordable, high-quality housing. By promoting and maximising North Lincolnshire’s assets, we are able to promote the area as an attractive investment destination, helping not only bringing more prosperity to local people but also contributing to a more resilient tax base.

<b>Area of Focus</b>	<b>Progress</b>
Encourage personal ambition through access to life-long, high quality education, guidance, training and opportunities to upskill and gain experience through volunteering	<p>We supported parents to prepare their children for school, holding a series of well-attended ‘Let’s Get Ready for School’ events. The vast majority of 2, 3 and 4 year olds also benefit from funded early education in good and outstanding providers.</p> <p>We have continued to promote the Imagination Library, with a further 87,000 books issued to under-fives over the year. 800,000 books have now been sent out since the scheme began ten years ago. Children who are registered with the library do better in school, with 67% of children receiving books from the Imagination Library achieving a good level of development at 5 years old compared to 53% of children who are not registered.</p> <p>We continue to work with head teachers and local schools to support school improvement through the Education Standards Board, and 87% of children now attend good or outstanding schools. We have also delivered £7.3m in capital investment to make a range of improvements to schools to ensure learning environments remain well maintained.</p>

	<p>We strive to provide children with early opportunities to explore future skills and careers. Our two Discover events held over the year successfully attracted thousands of people, featuring free and enjoyable activities for families to help youngsters uncover opportunities to pursue in the future.</p> <p>We offer training and development opportunities for people of all ages. Specifically for adults, we delivered 242 adult education courses attended by 1,819 people, while through the Multiply programme we assisted 589 adults to improve their numeracy skills.</p>
<p>Regenerate town centres and expand the local economy to secure more highly skilled jobs and encourage the business sector to transition to a net-zero carbon position</p>	<p>We have invested in our town centres to help them evolve to remain attractive places to live, work and visit. £5.6m of Future High Street and Towns Fund money was invested in the regeneration of Scunthorpe High Street over the year, and we have developed a new public garden in the heart of the town that we hope will become a focal point for events and other community activities. We also issued more than 1 million free two-hour parking tickets to support local high streets.</p> <p>We recognise the ongoing necessity to modernise our infrastructure and continue to be successful in bids for further funding. In 2022/2023, we received nearly £20m from the Levelling Up Fund for a new link road for Barton, as well as £5.5m from the Shared Prosperity Fund and £800,000 from the Rural England Prosperity Fund.</p> <p>We have developed a new Economic Growth Plan that sets out our approach to economic growth and renewal over the next five years. Alongside this, we have worked with businesses to develop a new Skills and Employability Plan to make North Lincolnshire an even better place to build a career and for businesses to grow. As of December 2022, 54.4% of jobs in North Lincolnshire were highly skilled, up from 51.3% at the same time the previous year.</p> <p>We have worked to keep employment levels high. At the end of 2022, 78.3% of North Lincolnshire residents aged 16 to 64 were working, above the national average and a clear step forward from the 72.3% achieved in December 2021. Initiatives such as the Youth Hubs and Jobs Expo help to connect jobseekers with businesses, with September's Expo attended by 700 people and 40 businesses.</p> <p>We made nearly 9,000 contacts with over 300 businesses over 2022/2023, supporting them to navigate immediate challenges such as rising prices and high vacancy levels as well as to develop and adapt for the future. Firms and employees alike now expect excellent digital connectivity, so we invested £1.3m</p>



	in improving access to the internet across North Lincolnshire. The percentage of households able to access full fibre broadband stands at 46.4% in March 2023, up from 16.8% twelve months before.
Work with home builders to develop high quality and environmentally sustainable homes	<p>We facilitated the completion of 450 homes and enabled many more to be improved, granting over 1,300 planning application approvals. £0.3m has been invested in providing infrastructure to enable the development of the Lincolnshire Lakes, a key housing growth area for the future.</p> <p>We eliminated health and safety hazards from 42 homes in the private rented sector, with the financial return on our investment to the NHS and society as a whole as a result of this work estimated to be over £380,000.</p> <p>We responded to rising energy costs by investing £1.3m to help 73 households on low incomes improve the energy efficiency of their homes, reducing their energy bills.</p>

## Priority: Providing value for money for local taxpayers

### What did we do?

North Lincolnshire Council is a publicly accountable body providing hundreds of essential services; therefore it is essential we are running the business well and continue to be able to operate as a going concern. That means spending money wisely, looking after our assets and demonstrating to our residents, customers and regulators that we can get things done as promised. We continually strive to keep our running costs as low as possible and adapt the way we work to remain financially sustainable. We also recognise that it is essential we leave the environment in a better state than we found it, so we have been working towards an ambitious plan to become a more environmentally sustainable organisation.

Area of Focus	Progress
Get it right for our customers, first time	<p>We remained open and accountable to the public by responding to nearly 1,000 freedom of information requests and environmental information requests. The average response time was 16 days. Our information governance and data protection team also received an award for Initiative of the Year at the eCase Freedom of Information Awards.</p> <p>We completed and registered 550 marriages, also registering 1,534 births and 2,073 deaths. 100% of registrar certificates were issued within 5 days.</p>

	<p>We assisted people with their property purchases by processing 100% of land charge searches within 10 days.</p> <p>We restored faulty street lamps to working condition in an average of less than 2 days, making repairs much faster than the national average of 10.93 days.</p> <p>We processed over 95% of applications for in-year school transfers within 15 days and the vast majority of free school meals claims within 10 days.</p>
<p>Meet our environmental responsibilities</p>	<p>We have started working with communities and businesses to implement A Green Future, our plan to bring about positive environmental change in North Lincolnshire. As well as leading by example, we are encouraging everyone in North Lincolnshire to make positive changes, with a number of useful resources available on our website to help people to take action.</p> <p>We calculated our council-wide carbon footprint, including emissions generated from the goods and services we purchase from other organisations. With input from the Carbon Trust, we have developed an action plan that sets out a path to reducing our emissions from our current footprint of 85,000 tonnes of CO2 per year.</p> <p>We invested in enhanced air quality monitoring systems that deliver accurate real-time data. 98% of people in North Lincolnshire live in areas where air quality is at acceptable levels.</p> <p>We have set up North Lincolnshire Community Energy, giving local people the opportunity to invest in solar panels that will cut energy costs for local schools as well as reducing carbon emissions. We have installed over 1,350 solar panels across 6 local schools in 2022/2023, with panels planned for a further 10 schools later in 2023.</p> <p>We are exploring options for transitioning towards a greener, more sustainable fleet, including trialling an electric refuse truck, conducting a feasibility study on electrifying the depots for charging infrastructure and engaging with the market around costs and suitability of alternative sustainable fuelled vehicles.</p>

<p>Maintain our position as a well-managed and well-governed council and remain financially sustainable</p>	<p>We conducted 343 council business meetings to advance efficient decision-making, with 121 members of the public making contributions.</p> <p>We ensured our operations complied with industry standards and good practice, with 100% of externally regulated services receiving a good or better rating from assessors. We also invested £0.9m in modernising council IT systems and enhancing cyber-security.</p> <p>We maximised income collection so we can properly resource our priorities, achieving collection rates of 95.3% for non-domestic rates and 94.1% for council tax.</p> <p>Our finances were given a clean bill of health by our external auditors, and they were also satisfied with our arrangements to secure value for money.</p> <p>The council's cash balances remained healthy during 2022/2023. This, combined with the rephasing of some of the larger capital investment schemes to the later part of the year, meant that new borrowing could be deferred. As a result, the cost of borrowing was temporarily less in 2022/2023 than planned. The annual Treasury Management report to the Audit Committee provides further detail on the investment and borrowing strategy and demonstrates effective deployment and probity regarding handling of the council's cash balances.</p>
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## Financial Outlook

### Medium Term Financial Strategy

The council has made significant progress in maintaining and improving services to local people, risen to the challenge of increasing pressures on locally generated income and ensuring value for money is achieved. It has responded to and effectively managed the impact of wider economic changes alongside a range of social, demographic, and legislative challenges which increase demand on the council's resources.

It is paramount that the council takes the right steps to drive a robust and financially sustainable position. Without that, achievement of better outcomes for local people is compromised. For that reason, the council must continue to develop, modernise and change the way it operates.

The mechanisms for translating this Financial Strategy into action are the annual budget and Medium-Term Financial Plan (MTFP). These are the means for allocating resources to priorities, identifying areas for investment and disinvestment and for directing organisational delivery of statutory duties and council ambitions. To provide appropriate discipline to the MTFP process, the council works to a set of budget principles to guide resource decisions.

The financial strategy for achieving a sustainable council is therefore to:

- Grow the tax base – enabling economic growth and renewal in the local economy and housing market.
- Maximise income by investing wisely in commercial activity and ensuring traded services fully recover costs.
- Take full advantage of opportunities to access external funding sources which will support achieving the council's ambitions.
- Finding innovative ways of preventing need and minimising demand.
- Ensure decision making is based on the context of agreed and emerging policy informed by insight and demonstrates value for taxpayers' money.
- Continuous process of evaluation to ensure sufficient value to the experience and outcomes for residents is being achieved.
- Balance robust challenge and support to meet financial stewardship requirement and advance sustainability aspirations.
- Seek opportunities with partners to maximise economies of scale whilst enabling communities to take more responsibility for their local facilities.

In recent years the Council has responded to and supported recovery from the Covid-19 pandemic. The Council co-ordinated an unprecedented support response to the public health emergency which strengthened integration with partners and a focus on enabling through targeted early intervention and prevention. This legacy continues in the approach

the Council and partners take, working together to improve health and social care outcomes.

The Council is now dealing with a challenging economic environment. Inflation remains at high levels. The Bank of England's Monetary Policy Committee's (MPC) updated projections expect the impact on inflation of the higher prices of global energy and tradeable goods to reduce throughout 2023 with Annual CPI inflation expected to fall to below the Bank of England's target of 2% in quarter one of 2024 (source CPI forecast 19<sup>th</sup> April 2023 | Office of Budget Responsibility).

Council spending is exposed to the impact of inflation primarily either through contractual application of an inflation measure (e.g. CPI/RPI) or national pay awards. The current economic environment may impact on the council's normal activity levels, revenue and funding streams and as our cost base is likely to grow faster than our ability to grow our income, the impact will be closely monitored throughout the year.

The demand for, and cost of adult social care is one of the other main pressures on the council. The Local Government finance settlement has provided additional grant funding and precept funding in 2023/2024 relating to adult social care. The Council's sound financial resilience enabled a prudent release of reserves in year to meet externally driven pressures whilst a review of policy, redesign and transformation is confirmed and implemented.

All these factors have combined resulting in the medium-term financial plan having a gap to close by 2025/2026 between the cost base and availability of income. A motion was presented and approved by Full Council to support communities at this time by freezing general council tax and support older and disabled residents by setting the adult social care precept at 1.75% for 2023/2024. Although the proposal represented a balanced budget, this was achieved by increasing the planned use of reserves in 2023/2024 which in turn places a higher risk on the Council's financial resilience. This means that a higher level of savings is required to be confirmed over the medium-term financial plan period and accelerated to maintain the recommended level of risk reserves.

A strategic frame has been set to achieve this challenge and the Council's organisational goal – enabling, progressive and sustainable. There is an opportunity to re-set at a functional level, through improvement, innovation, and business change; at an organisational level through OD and transforming design, space, resources, and people and at a system level with partners and stakeholders. There is a clear democratic mandate confirmed through the recent local election, as the majority group take up a fourth term of office for the next four years.

## National Context

The Government set out the national spending and taxation position for 2022/2023 in the Autumn Budget, with indicative allocations for 2023/2024 and 2024/2025. The Autumn Statement set out taxation changes, public sector investment and support measures designed to tackle inflation as a top priority in the face of unprecedented global pressures brought about by the pandemic and the war in Ukraine.

However, considerable risks with regards to inflation exist. The consumer prices index (CPI) rose by 10.1% in the 12 months to March 2023, down from 10.4% in February 2023.

This has prompted the Bank of England to increase the base rate earlier and faster than expected over the last year with the rate currently at 4.25%. Persistent high inflation continues to present fiscal and demand related risks through increasing the cost of goods and services faster than increases in income, with implications for individuals and organisations.

## Conclusion

North Lincolnshire Council remains a high performing and ambitious council. It has a clear set of priorities that are outcomes focussed and continues to transform its services and processes to achieve its ambition. The environment in which the council operates has seen major changes over the past decade and this will continue for the foreseeable future, with economic conditions adding additional uncertainty to an already uncertain future. These changes bring with them their own set of opportunities and risks. The council is adopting a transformational approach to maximise the potential from the opportunities and manage the risks. At the same time setting a clear strategic intent to become financially sustainable to ensure the vital services it provides continue. The council's financial performance in 2022/2023 has built on existing financial resilience and continues to provide the foundations for ongoing financial planning and management to smooth the transition to financial sustainability.

## Statement of Responsibilities

### The Council's Responsibilities

The council is required to:

- Make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of those affairs. In this council, that officer is the Director Governance and Communities.
- Manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets.
- Approve the Statement of Accounts.

### The Director Governance and Communities' Responsibilities

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

In preparing this Statement of Accounts, the Director Governance and Communities has:

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

The Director Governance and Communities has also:

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

## Certificate of the Chief Financial Officer

I certify that:

- a) the Statement of Accounts for the year ended 31<sup>st</sup> March 2023 has been prepared in the form directed by the Code and under the accounting policies set out in note 1.
- b) in my opinion the Statement of Accounts presents fairly the income and expenditure and cash flows for the financial year and the financial position as at the end of the financial year.
- c) The statement of accounts is unaudited and may be subject to change.



R McIntyre  
Director Governance and Communities  
Date of certification: 30<sup>th</sup> May 2023

## Audit Committee Approval of Statement of Accounts

In accordance with Regulation 9 (2) of the Accounts and Audit Regulations 2015, I certify that these Accounts were approved by the Audit Committee at the meeting held on 22 November 2023.

Councillor K Vickers  
Chair of Audit Committee  
Date of Approval:



## Comprehensive Income and Expenditure Statement

This statement shows the accounting cost in the year of providing services in accordance with International Financial Reporting Standards (IFRS), rather than the amount to be funded from taxation. Councils raise taxation to cover expenditure in accordance with statutory requirements, which may be different from the accounting cost. The taxation position is shown in both the Expenditure Funding Analysis and the Movement in Reserves Statement.

2021/2022			Note Number	2022/2023		
Expenditure £000	Income £000	Net £000		Expenditure £000	Income £000	Net £000
81,939	(40,264)	41,675		86,685	(38,784)	47,901
64,869	(33,630)	31,239		73,384	(39,546)	33,838
14,094	(6,450)	7,644		845	(6,273)	(5,428)
77,135	(16,043)	61,092		83,325	(15,204)	68,121
64,831	(40,912)	23,919		70,337	(42,894)	27,443
7,842	(8,154)	(312)		7,898	(8,240)	(342)
80,991	(74,052)	6,939		86,408	(79,196)	7,212
<b>391,701</b>	<b>(219,505)</b>	<b>172,196</b>		<b>408,882</b>	<b>(230,137)</b>	<b>178,745</b>
5,449		5,449	11	2,965		2,965
20,845	(6,001)	14,844	12	18,127	(5,417)	12,710
	(157,705)	(157,705)	13		(180,082)	(180,082)
<b>417,995</b>	<b>(383,211)</b>	<b>34,784</b>		<b>429,974</b>	<b>(415,636)</b>	<b>14,338</b>
		(28,177)	14			(22,482)
		(201)	14			(40)
		(165,115)	39			(333,130)
		<b>(193,493)</b>				<b>(355,652)</b>
		<b>(158,709)</b>				<b>(341,314)</b>

## Movement in Reserves Statement

The Movement in Reserves Statement shows the movement from the start of the year to the end on the different reserves held by the council, analysed into usable reserves 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 International Financial Reporting Standards (IFRS) and the statutory adjustments required to return to the amounts chargeable to council tax for the year. The Net Increase/Decrease line shows the statutory General Fund Balance movements in the year following these adjustments.

	General Fund Balance	Earmarked General Fund Reserves	Capital Receipts Reserve	Capital Grants Unapplied	Total Usable Reserves	Total Unusable Reserves	Total Reserves of the Council
	£000	£000	£000	£000	£000	£000	£000
<b>Balance Sheet as at 31 March 2021</b>	<b>7,158</b>	<b>66,649</b>	<b>2,756</b>	<b>27,912</b>	<b>104,475</b>	<b>(61,981)</b>	<b>42,494</b>
<b>Movement in reserves during 2021/2022</b>							
Total Comprehensive Income and Expenditure	(34,784)	0	0	0	<b>(34,784)</b>	193,493	<b>158,709</b>
Adjustments from income and expenditure charged under the accounting basis to the funding basis	33,677	0	271	(2,564)	<b>31,384</b>	(31,384)	<b>0</b>
<b>Net Increase/(Decrease) before Transfers to Earmarked Reserves</b>	<b>(1,107)</b>	<b>0</b>	<b>271</b>	<b>(2,564)</b>	<b>(3,400)</b>	<b>162,109</b>	<b>158,709</b>
Transfer to or from Earmarked Reserves	2,442	(2,442)	0	0	0	0	0
<b>Increase/(Decrease) in 2021/2022</b>	<b>1,335</b>	<b>(2,442)</b>	<b>271</b>	<b>(2,564)</b>	<b>(3,400)</b>	<b>162,109</b>	<b>158,709</b>
<b>Balance Sheet as at 31 March 2022</b>	<b>8,493</b>	<b>64,207</b>	<b>3,027</b>	<b>25,348</b>	<b>101,075</b>	<b>100,128</b>	<b>201,203</b>
<b>Movement in reserves during 2022/2023</b>							
Total Comprehensive Income and Expenditure	(14,338)	0	0	0	<b>(14,338)</b>	355,652	<b>341,314</b>
Adjustments from income and expenditure charged under the accounting basis to the funding basis	13,902	0	246	2,665	<b>16,813</b>	(16,813)	<b>0</b>
<b>Net Increase/(Decrease) before Transfers to Earmarked Reserves</b>	<b>(436)</b>	<b>0</b>	<b>246</b>	<b>2,665</b>	<b>2,475</b>	<b>338,839</b>	<b>341,314</b>
Transfer to or from Earmarked Reserves	936	(936)	0	0	0	0	0
<b>Increase/(Decrease) in 2022/2023</b>	<b>500</b>	<b>(936)</b>	<b>246</b>	<b>2,665</b>	<b>2,475</b>	<b>338,839</b>	<b>341,314</b>
<b>Balance Sheet as at 31 March 2023</b>	<b>8,993</b>	<b>63,271</b>	<b>3,273</b>	<b>28,013</b>	<b>103,550</b>	<b>438,967</b>	<b>542,517</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 reserve are usable reserves, i.e. those reserves that the council may use to fund service provision, 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 fund service provision. This category of reserve includes reserves that hold unrealised gains and losses (for example the Revaluation Reserve), where amounts would only become available to fund service provision 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 <sup>st</sup> March 2022			31 <sup>st</sup> March 2023	
£000		Note Number	£000	
577,633	Property, Plant & Equipment	14	614,009	
1,621	Heritage Assets	15	1,929	
2,150	Investment Property	16	2,125	
1,403	Intangible Assets	17	1,769	
23	Long Term Debtors	18/20	15	
0	Other Long Term Asset	39	63,247	
<b>582,830</b>	<b>Long Term Assets</b>		<b>683,094</b>	
172	Inventories	40	188	
34,668	Short Term Debtors	18/20	37,701	
39,215	Cash and Cash Equivalents	21	8,963	
4,029	Assets held for sale	22	3,490	
<b>78,084</b>	<b>Current Assets</b>		<b>50,342</b>	
(8,422)	Short Term Borrowing	18	(10,584)	
(60,613)	Short Term Creditors	18/23	(39,043)	
(3,402)	Provisions	24	(2,705)	
<b>(72,437)</b>	<b>Current Liabilities</b>		<b>(52,332)</b>	
(5,467)	Provisions	24	(4,283)	
(144,571)	Long Term Borrowing	18	(134,304)	
(237,236)	Other Long-Term Liabilities	39	0	
<b>(387,274)</b>	<b>Long Term Liabilities</b>		<b>(138,587)</b>	
<b>201,203</b>	<b>Net Assets</b>		<b>542,517</b>	
101,075	Usable Reserves	MIRS	103,550	
100,128	Unusable Reserves	25	438,967	
<b>201,203</b>	<b>Total Reserves</b>		<b>542,517</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 service 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.

2021/2022 £000		Note	2022/2023 £000
(34,784)	Net surplus or (deficit) on the provision of services		(14,338)
74,989	Adjustment to surplus or deficit on the provision of services for non-cash movements	26	23,750
(15,366)	Adjust for items included in the net surplus or deficit on the provision of services that are investing and financing activities	26	(26,892)
24,839	Net Cash flows from operating activities		(17,480)
(6,208)	Net Cash flows from Investing Activities	27	(2,831)
1,965	Net Cash flows from Financing Activities	28	(9,941)
20,596	Net increase or (decrease) in cash and cash equivalents		(30,252)
18,619	Cash and cash equivalents at the beginning of the reporting period	21	39,215
39,215	Cash and cash equivalents at the end of the reporting period	21	8,963

## Notes to the Accounts

### Note 1 Accounting Policies

#### i. General Principles

The Statement of Accounts summarises the council's transactions for the 2022/2023 financial year and its position at the year-end of 31 March 2023. The council is required to prepare an annual Statement of Accounts by the Accounts and Audit Regulations 2015 which require it 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 2022/2023, supported by International Financial Reporting Standards (IFRS).

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

The Statement of Accounts is produced on a Going Concern basis.

#### 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:

- Revenue from contracts with service recipients, whether for services or the provision of goods, is recognised when (or as) the goods or services are transferred to the service recipient in accordance with the performance obligations in the contract.
- 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 where individual inventory categories are above £100,000.
- Expenses in relation to services received (including services provided by employees) are recorded as expenditure when the services are received rather than when payments are made.
- Interest receivable on investments and payable on borrowings is accounted for respectively as income and expenditure on the basis of the effective interest rate for the relevant financial instrument rather than the cash flows fixed or determined by the contract.
- Where revenue and expenditure have been recognised but cash has not been received or paid, a debtor or creditor for the relevant amount is recorded in the Balance Sheet. Where debts may not be settled, the balance of debtors is written down and a charge made to revenue for the income that might not be collected. In respect of both capital and revenue transactions, the council operates on the normal accruals concept of income and expenditure above the council's de minimis threshold of £10,000. (The de minimis threshold does not apply to creditor accruals auto identified within the finance system, or where failure to accrual would result in the loss of a time limited grant.) Exceptions to this policy are:
  - Housing Benefit payments
  - Social services Income for home care
  - Travel payments and supply teachers
  - Property Trading account Income for commercial properties

These exceptions still mean a full 12 months of income and expenditure are accounted for in a financial year.

### iii. Cash and Cash Equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable 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 a low risk of change in value.

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. 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.

### v. Charges to Revenue for Non-current Assets

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

- depreciation attributable to the assets used by the relevant service
- revaluation and impairment losses on assets used by the service where there are no accumulated gains in the Revaluation Reserve against which the losses can be written off
- amortisation of intangible 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 an annual contribution from revenue towards the reduction in its overall borrowing requirement equal to an amount calculated on a prudent basis in accordance with statutory guidance. Depreciation, revaluation and impairment losses and amortisation are therefore replaced by the contribution in the General Fund Balance (Minimum Revenue Provision (MRP)), by way of an adjusting transaction with the Capital Adjustment Account in the Movement in Reserves Statement for the difference between the two.

### vi. Council Tax and Non-Domestic Rates

The Collection Fund shows the transactions of the billing authority in relation to the collection from taxpayers and the distribution to local authorities, central government and precepting bodies of council tax and non-domestic rates (NDR). There is no requirement for a separate Collection Fund Balance Sheet since the assets and liabilities arising from the collecting non-domestic rates and council tax belong to the bodies (i.e. major preceptors, central government and billing authorities).

The council tax and NDR income included in the Comprehensive Income and Expenditure Statement is the council's share of accrued income for the year. However, regulations determine the amount of council tax and NDR that must be included in the council's General Fund. Therefore, the difference between the income included in the

Comprehensive Income and Expenditure Statement and the amount required by regulation to be credited to the General Fund is taken to the Collection Fund Adjustment Account and included as a reconciling item in the Movement in Reserves Statement.

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

## vii. Employee Benefits

### Benefits Payable During Employment

Short-term employee benefits such as wages and salaries, paid annual leave, sick leave and expenses are paid monthly and reflected as expenditure in the relevant service line in the Comprehensive Income and Expenditure Statement.

### Termination Benefits

When the council is demonstrably committed to the termination of the employment of an officer or group of officers, or making an offer to encourage voluntary redundancy, these costs are charged on an accruals basis to the respective service line in the Comprehensive Income and Expenditure Statement.

### Post-employment Benefits

Employees of the council are members of three separate pension schemes:

- The Teachers' Pension Scheme administered by Capita Teachers' Pensions on behalf of the Department for Education (DfE).
- The Local Government Pension Scheme administered by East Riding of Yorkshire Council.
- The NHS Pension Scheme administered by the NHS Business Services Authority

These schemes provide defined benefits to members (retirement lump sums and pensions), earned as employees work for the council.

However, the arrangements for the teachers' and NHS schemes mean that liabilities for these benefits cannot ordinarily be identified specifically to the council. These schemes are therefore accounted for as if they were defined contribution scheme and no liability for future payments of benefits is recognised in the Balance Sheet. The Schools' service line in the Comprehensive Income and Expenditure Statement is charged with the employer's contributions payable to Teachers' Pensions in the year. Various lines within the Comprehensive Income and Expenditure Statement is charged with the employer's contributions payable to the NHS Pension Scheme in the year.

### The Local Government Pension Scheme

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

- The liabilities of the East Riding 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 projected earnings for current employees.
- The assets of East Riding pension fund attributable to the council are included in the Balance Sheet at their fair value.

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

Service cost comprising:

- current service cost – the increase in liabilities as a result of years of service earned this year – allocated in the Comprehensive Income and Expenditure Statement to the services for which the employees worked
- past service cost – the increase in liabilities as a result of a scheme amendment or curtailment whose effect relates to years of service earned in earlier years – debited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement
- net interest on the net defined benefit liability (asset), i.e. net interest expense for the council – 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.

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

In relation to retirement benefits, statutory provisions require the General Fund Balance to be charged with the amount payable by the council to the pension fund or directly to pensioners in the year, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement, this means that there are transfers to and from the Pensions Reserve to remove the notional debits and credits for retirement benefits and replace them with debits for the cash paid to the pension fund and pensioners and any such amounts payable but unpaid at the year-end. The negative balance that arises on the 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 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 (including teachers) are accrued in the year of the decision to make the award and accounted for using the same policies as are applied to the Local Government Pension Scheme.

#### 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 end of the reporting period – the Statement of Accounts is adjusted to reflect such events



- 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 is made in the notes of the nature of the events and their estimated financial effect.

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

## ix. 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.

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

The council's business model is to hold investments to collect contractual cash flows. Financial assets are therefore classified as amortised cost, except for 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).

### 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 authority, 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.

### Expected Credit Loss Model

The council recognises expected credit losses on all its financial assets held at amortised cost, 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.

### Financial Assets Measured at Fair Value through Profit of Loss

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

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

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

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

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

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 Comprehensive Income and Expenditure Statement.

### x. 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 and Expenditure (non-ring-fenced revenue grants and all capital grants) in the Comprehensive Income and Expenditure Statement.

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

#### xi. Heritage Assets

The council holds several assets which are held to increase the knowledge, understanding and appreciation of the council's history and local area. 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. However, some of the measurement rules are relaxed in relation to heritage assets as detailed below. The council's collections of heritage assets are accounted for as follows:

##### Civic Regalia, Museum Collection and Memorials

The asset will be accounted for at the value used for insurance purposes or its fair value as determined by a qualified valuer.

##### Heritage Assets – General

The carrying amounts of heritage assets are reviewed where there is evidence of impairment for heritage assets, e.g. where an item has suffered physical deterioration or breakage or where doubts arise as to its authenticity. Any impairment is recognised and measured in accordance with the council's general policies on impairment. The council will occasionally dispose of heritage assets which have a doubtful provenance or are unsuitable for public display. 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.

#### xii. 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.

Intangible assets are measured initially at cost and then carried at amortised cost. The depreciable amount of an intangible asset is amortised over its useful life to the relevant service line(s) in the Comprehensive Income and Expenditure Statement. An asset is tested for impairment whenever there is an indication that the asset might be impaired – any losses recognised are posted to the relevant service line(s) in the Comprehensive Income and Expenditure Statement. Any gain or loss arising on the disposal or

abandonment of an intangible asset is posted to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement.

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

#### xiii. Inventories

Inventories are included in the Balance Sheet at the lower of cost and net realisable value. The council has set a de minimis value of £100,000, below which inventories are not held on balance sheet.

#### xiv. 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 (in the ordinary course of operations).

Investment properties are measured initially at cost and subsequently at fair value, being the price that would be received to sell such an asset in an orderly transaction between market participants at the measurement date. As a non-financial asset, investment properties are measured at highest and best use.

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 (for any sale proceeds greater than £10,000) the Capital Receipts Reserve.

#### xv. Leases

Leases are classified as finance leases where the terms transfer substantially all the risks and rewards of ownership of the asset from the lessor to the lessee. All other leases are classified as operating leases. Where a lease covers both land and buildings, the land and buildings elements are considered separately.

##### 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 or equipment – applied to write down the lease liability, and

- a finance charge (debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement).

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

Rentals paid under operating leases 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, even if this does not match the pattern of payments (e.g. there is a rent-free period at the commencement of the lease).

### The 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 also as part of the gain or loss on disposal (i.e. netted off against the carrying value of the asset at the time of disposal), matched by a lease (long-term debtor) asset in the Balance Sheet. Lease rentals receivable are apportioned between:

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

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

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

## Operating Leases

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

## xvi. Overheads and Support Services

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

## xvii. 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 accruals basis, provided that it is probable that the future economic benefits or service potential associated with the item will flow to the council and the cost of the item can be measured reliably and providing that the expenditure is above the council's de minimis threshold of £20,000.

Expenditure that maintains but does not add to an asset's potential to deliver future economic benefits or service potential (i.e. repairs and maintenance), is charged as an expense when it is incurred.

### Measurement

Assets are initially measured at cost, comprising:

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

The council does not capitalise borrowing costs incurred while assets are under construction.

The cost of assets acquired other than by purchase is deemed to be its fair value unless the acquisition does not have commercial substance (i.e. it will not lead to a variation in the cash flows of the 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 fair value. The difference between fair value and any consideration paid is credited to the Taxation and Non-specific Grant Income and Expenditure 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.

Highways Infrastructure assets are generally measured at depreciated historical cost. However, this is a modified form of historical cost – opening balances for highways infrastructure assets were originally recorded in balance sheets at amount of capital undischarged for sums borrowed as at 1 April 1994, which was deemed at that time to be historical cost.

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

- assets under construction and community assets (without a determinable finite useful life) – historical cost
- infrastructure, community assets (with a determinable finite useful life) – depreciated historical cost
- all other assets are measured at current value

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

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

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

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

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

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

### Impairment

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 normally charged in the first full year of operational use, except where stated, and calculated on the following bases:

- dwellings and other buildings – straight-line allocation over the useful life of the property as estimated by the valuer.
- vehicles, plant, furniture and equipment – a percentage of the value of each class of assets in the Balance Sheet, as advised by a suitably qualified officer. Depreciation is charged on vehicles from the point of initial use.
- infrastructure – straight-line allocation over its technically assessed life.

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 losses previously 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 (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. Receipts from disposals (if any) are credited to the same line in the Comprehensive Income and Expenditure Statement also as part of the gain or loss on disposal (i.e. netted off against the carrying value of the asset at the time of disposal). Any revaluation gains accumulated for the asset in the Revaluation Reserve are transferred to the Capital Adjustment Account.

Amounts received for a disposal in excess of £10,000 are categorised as capital receipts. The receipts are transferred to the Capital Receipts Reserve from the General Fund



Balance in the Movement in Reserves Statement. The reserves 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).

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.

### xviii. Provisions, Contingent Liabilities and Contingent Assets

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 when the council has an obligation and are measured at the best estimate at the balance sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties. When payments are eventually made, they are charged to the provision carried in the Balance Sheet. Estimated settlements are reviewed at the end of each financial year – where it becomes less than probable that a transfer of economic benefits will now be required (or a lower settlement than anticipated is made), the provision is reversed and credited back to the relevant service.

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

### xix. Reserves

The council sets aside specific amounts as reserves for future policy purposes or to cover contingencies. Reserves are created by transferring amounts out of the General Fund Balance. When expenditure to be financed from a reserve is incurred, it is charged to the appropriate service in that year to score against the Surplus or Deficit on the Provision of

Services in the Comprehensive Income and Expenditure Statement. The reserve is then transferred back into the General Fund Balance so that there is no net charge against council tax for the expenditure.

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

#### xx. Revenue Expenditure Funded from Capital under Statute

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

#### xxi. Schools

The Code of Practice on Local Authority Accounting in the United Kingdom confirms that the balance of control for local authority maintained schools (i.e. those categories of school identified in the School Standards and Framework Act 1998, as amended) lies with the local authority. The Code also stipulates that those schools' assets, liabilities, reserves and cash flows are recognised in the local authority financial statements (and not the Group Accounts). Therefore, schools' transactions, cash flows and balances are recognised in each of the financial statements of the council as if they were the transactions, cash flows and balances of the council.

#### xxii. VAT

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

#### xxiii. 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 bonds 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:

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

The 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 council 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.

## Note 2 Accounting Standards Issued, Not Adopted

Under the Code of Practice on Local Authority Accounting in the United Kingdom 2022/2023 (the Code), the council is required to disclose information setting out the impact of an accounting change required by a new accounting standard that has been issued but not yet adopted by the Code.

At the Balance Sheet date, the following new standards, or amendments to existing standards, have been issued but not adopted:

- **Definition of Accounting Estimates (Amendments to IAS 8) issued in February 2021:** For changes in accounting estimates, an authority should disclose the nature and the amount of the change that affects the current period or that it is expected to have in future periods. It should be noted that IAS 8 does permit an exception where it is impracticable to estimate the effect of future periods. Where the effect on future periods is not disclosed because it is impracticable, that fact should be disclosed.
- **Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2) issued in February 2021:** Requires authorities to disclose its material accounting policies instead of its significant accounting policies.

The following details are provided for information purposes:

- **IFRS 16 - Leases:** This Standard removes the previous lease classifications of operating and finance leases and will require local authorities that are lessees to recognise all leases on their balance sheets as right-of-use assets (there are exemptions for short-term and low value leases) with a corresponding lease liability representing the lessee's obligation to make lease payments for the asset. However, it should be noted that CIPFA/LASAAC have deferred implementation of IFRS 16 for local government to 1 April 2024.
- **Infrastructure Assets – Temporary Relief:** Following a consultation in the summer of 2022, CIPFA/LASAAC issued a code update on 29 November 2022. The update amends both the 2021-2022 and 2022-2023 Codes and includes specifications for future codes on the disclosure of gross cost and accumulated depreciation for infrastructure assets.

The temporary relief will remain in place until 31 March 2025.

### **Note 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 most critical judgement made in the Statement of Accounts is that there remains a 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.

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

The Statement of Accounts contains estimated figures that are based on assumptions made by the council about the future or 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 2023, for which there is a significant risk of material adjustment in the forthcoming financial year, are as follows:

Uncertainties	Effect if Actual Results Differ from Assumptions
<p><b>Property, Plant and Equipment</b> Assets are depreciated over useful lives that are dependent on assumptions about the level of repairs and maintenance that will be incurred in relation to individual assets.</p>	<p>If the useful life of assets is reduced, depreciation increases and the carrying amount of the assets fall. It is estimated that the annual depreciation charge for buildings would increase by £0.4m if the average useful life of the council's buildings fell by one year.</p> <p>Other Land and buildings and Investment properties have a net book value of £449m. A 1% difference in the valuations would be £4.5m.</p>
<p><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.</p>	<p>The assumptions interact in complex ways. During 2022/2023 the council's actuary advised that the net pension liability had decreased by £300.5m as a result of updating the discount rate, assumptions and actual contributions made. A sensitivity analysis can be seen in the Defined Benefit Pension Schemes note 39.</p>
<p><b>Impairment</b> At 31 March 2023, the council had a balance of sundry debtors of £14.2m. A review of significant balances suggested that an impairment of doubtful debts of £2.7m was appropriate. However, it is not certain that such an allowance would be sufficient.</p>	<p>If collection rates were to deteriorate, a doubling of the amount of the impairment of doubtful debts would require an additional £2.7m to be set aside as an allowance.</p>
<p><b>National Non-Domestic Rates (NNDR) Provision</b> The council set aside, from its collection fund, £11.1m as a provision against the cost of the future settlement of current appeals outstanding against NNDR rateable values. The council's share of this provision of £5.4m is shown in the Provisions Note.</p>	<p>The impact of appeals is highly uncertain and outside of the control of the council.</p>
<p><b>Fair Value Measurement</b> 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 similar 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 council's assets and liabilities.</p> <p>Where Level 1 inputs are not available, the council 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). Information about the valuation techniques and inputs used in determining the fair value of the council's assets and liabilities is disclosed in notes 14 and 18 below.</p>	<p>The significant unobservable inputs used in the fair value measurement include management assumptions regarding rent growth, vacancy levels, occupancy levels and others.</p> <p>Significant changes in any of the unobservable inputs would result in a significantly lower or higher fair value measurements.</p>

## Note 5 Material Items of Income and Expense

For this council, a material item of income and expense would be around £5m or more. There have been no material items of income or expenditure during 2022/2023 that are not already disclosed elsewhere within the accounts.

## Note 6 Events after the Balance Sheet Date

The council has not identified any material adjusting events occurring after the reporting date.

## Note 7 Expenditure and Funding Analysis and Associated Notes

The Expenditure and Funding Analysis (EFA) 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 councils in accordance with International Financial Reporting Standards (IFRS). It also shows how this expenditure is allocated for decision making purposes between the service areas across the council. Income and expenditure accounted for under International Financial Reporting Standards (IFRS) is presented more fully in the Comprehensive Income and Expenditure Statement.

Net Expenditure Chargeable to the General Fund Balances £'000	2021/2022			2022/2023		
	Adjustments between the Funding and Accounting Basis £'000	Net Expenditure in the CIES £'000		Net Expenditure Chargeable to the General Fund Balances £'000	Adjustments between the Funding and Accounting Basis £'000	Net Expenditure in the CIES £'000
45,038	(3,363)	41,675	Adults and Health	53,129	(5,228)	47,901
22,555	8,684	31,239	Children and Families	23,065	10,773	33,838
25,613	(17,969)	7,644	Central and Technical	17,712	(23,140)	(5,428)
42,221	18,871	61,092	Economy and Environment	52,087	16,034	68,121
18,174	5,745	23,919	Governance and Communities	21,656	5,787	27,443
6,619	(6,931)	(312)	Public Health	7,207	(7,549)	(342)
0	6,939	6,939	Schools	0	7,212	7,212
<b>160,220</b>	<b>11,976</b>	<b>172,196</b>	<b>Net Cost of Services</b>	<b>174,855</b>	<b>3,889</b>	<b>178,745</b>
(161,555)	24,143	(137,412)	Other Income and Expenditure	(175,355)	10,949	(164,407)
<b>(1,335)</b>	<b>36,119</b>	<b>34,784</b>	<b>(Surplus) or Deficit</b>	<b>(500)</b>	<b>14,838</b>	<b>14,338</b>
7,158			<b>Opening General Fund Balance</b>	8,493		
1,335			Surplus or (Deficit) on General Fund Balance in Year	500		
<b>8,493</b>			<b>Closing General Fund Balance</b>	<b>8,993</b>		

Adjustments from general fund to arrive at the Comprehensive Income and Expenditure Statement amounts:

2022/2023	Adjustments for Capital purposes £000	Net change for the Pensions Adjustments £000	Other Statutory Adjustments £000	Other Non-Statutory Adjustments £000	Total Adjustments £000
Adults and Health	969	3,822	(1,896)	(8,123)	(5,228)
Children and Families	7,725	4,518	(1,094)	(376)	10,773
Central and Technical	(10,606)	(4,605)	(1,309)	(6,620)	(23,140)
Economy and Environment	11,058	7,026	(181)	(1,868)	16,035
Governance and Communities	2,929	4,699	(524)	(1,317)	5,787
Public Health	0	228	(436)	(7,341)	(7,549)
Schools	(48)	7,184	76	0	7,212
<b>Net Cost of Services</b>	<b>12,027</b>	<b>22,872</b>	<b>(5,364)</b>	<b>(25,645)</b>	<b>3,890</b>
Other income and expenditure from the EFA	(25,194)	6,748	3,749	25,645	10,948
<b>Difference between General Fund (surplus) or deficit and CIES (surplus) or deficit on the Provision of Services</b>	<b>(13,167)</b>	<b>29,620</b>	<b>(1,615)</b>	<b>0</b>	<b>14,838</b>

2021/2022	Adjustments for Capital purposes £000	Net change for the Pensions Adjustments £000	Other Statutory Adjustments £000	Other Non-Statutory Adjustments £000	Total Adjustments £000
Adults and Health	166	3,846	(78)	(7,297)	(3,363)
Children and Families	6,492	4,911	(2,454)	(265)	8,684
Central and Technical	(1,291)	(4,666)	(4,226)	(7,786)	(17,969)
Economy and Environment	11,646	8,079	882	(1,736)	18,871
Governance and Communities	2,696	4,648	(295)	(1,304)	5,745
Public Health	0	241	172	(7,344)	(6,931)
Schools	(86)	7,340	(315)	0	6,939
<b>Net Cost of Services</b>	<b>19,623</b>	<b>24,399</b>	<b>(6,314)</b>	<b>(25,732)</b>	<b>11,976</b>
Other income and expenditure from the EFA	(10,813)	7,613	1,611	25,732	24,143
<b>Difference between General Fund (surplus) or deficit and CIES (surplus) or deficit on the Provision of Services</b>	<b>8,810</b>	<b>32,012</b>	<b>(4,703)</b>	<b>0</b>	<b>36,119</b>

**Adjustments for Capital Purposes** – include the charge to services for depreciation, impairment and revaluation gains and losses.

**Net change for the Pensions Adjustments** – includes the removal of the employer pension contributions made by the council as allowed by statute and the replacement with current service costs and past service costs, alongside the net interest on the defined benefit liability charged within other income and expenditure.

**Other Statutory Adjustments** – between amounts charged/credited to the CIES and amounts payable/receivable to be recognised under statute – accumulated absences charges as required by IAS19 to services and adjustments involving the amount by which council tax and NDR income credited to the Comprehensive Income and Expenditure Statement is different from the amount calculated in accordance with statutory requirements.

**Other Non-Statutory Adjustments** – represents amounts charged/credited to service segments which need to be adjusted against the ‘Other income and expenditure from the Expenditure and Funding Analysis’ line to comply with the presentational requirements in the Comprehensive Income and Expenditure Statement – e.g. interest income and expenditure, changes in the fair values of investment properties, trading operations and non-ring-fenced government grants.

### Segmental Income

The following analysis shows revenues from external customers included within the Net Expenditure chargeable to the General Fund in the Expenditure and Funding Analysis:

	2022/2023 Revenue from External Customers £000	2021/2022 Revenue from External Customers £000
Adults and Health	(16,368)	(16,090)
Children and Families	(1,620)	(975)
Central and Technical	(256)	(120)
Economy and Environment	(15,267)	(16,052)
Governance and Communities	(9,804)	(6,243)
Public Health	(481)	(243)
Schools	(2,327)	(1,606)
<b>Total income analysed on a segmental basis</b>	<b>(46,123)</b>	<b>(41,329)</b>

Revenue from External Customers – Income from organisations/individuals from outside the council, excluding any grant income.

## Note 8 Expenditure and Income Analysed by Nature

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

	2022/2023 £000	2021/2022 £000
<b>Expenditure/Income</b>		
<b>Expenditure</b>		
Employee benefits expenses	207,136	194,159
Other services expenses	185,629	185,972
Depreciation, amortisation, impairment	19,715	20,339
Interest payments	5,697	5,918
Precepts and levies	3,188	3,133
(Gain)/Loss on the disposal of assets	(223)	2,316
Other Expenditure (REFCUS)	8,832	6,158
<b>Total expenditure</b>	<b>429,974</b>	<b>417,995</b>
<b>Income</b>		
Fees, charges and other service income	(50,990)	(47,486)
Interest and investment income	(989)	(16)
Income from council tax, non-domestic rates income	(125,359)	(118,771)
Government grants and contributions	(238,286)	(216,928)
Other Income	(12)	(10)
<b>Total income</b>	<b>(415,636)</b>	<b>(383,211)</b>
<b>Surplus or Deficit on the Provision of Services</b>	<b>14,338</b>	<b>34,784</b>

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

2022/2023	Usable Reserves			Movement in Unusable Reserves £000
	General Fund Balance £000	Capital Receipts Reserve £000	Capital Grants Unapplied £000	
<b>Adjustments to the Revenue Resources</b>				
<b>Amounts by which income and expenditure included in the Comprehensive Income and Expenditure Statement are different from revenue for the year calculated in accordance with statutory requirements.</b>				
Pension cost (transferred to (or from) the Pensions Reserve)	32,647			(32,647)
Pension Prepayment	(3,026)			3,026
Council tax and NDR (transfers to or from the Collection Fund)	(2,646)			2,646
Holiday pay (transferred to the Accumulated Absences reserve)	97			(97)
Reversal of entries included in the Surplus or Deficit on the Provision of Services in relation to capital expenditure (these items are charged to the Capital Adjustment Account)	13,467			(13,467)
<b>Total Adjustments to Revenue Resources</b>	<b>40,539</b>	<b>0</b>	<b>0</b>	<b>(40,539)</b>
Transfer of non-current asset sale proceeds from revenue to the Capital Receipts Reserve	(2,329)	2,329		
Administrative costs of non-current asset disposals (funded by a contribution from the Capital Receipts Reserve)	88	(88)		
Transfer of deferred sale proceeds credited as part of the gain/loss on disposal to the CIES	450			(450)
Statutory Provision for the repayment of debt (Minimum Revenue Provision transfer to the Capital Adjustment Account)	(5,952)			5,952
Capital expenditure financed from revenue balances (transfer to the Capital Adjustment Account)	(167)			167
<b>Total Adjustments to Revenue Resources</b>	<b>(7,910)</b>	<b>2,241</b>	<b>0</b>	<b>5,669</b>
Use of the Capital Receipts Reserve to finance capital expenditure		(1,995)		1,995
Application of capital grants to finance capital expenditure	(18,727)		2,665	16,062
Cash payments in relation to deferred capital receipts		0		0
<b>Total Adjustments to Capital Resources</b>	<b>(18,727)</b>	<b>(1,995)</b>	<b>2,665</b>	<b>18,057</b>
<b>Total Adjustments</b>	<b>13,902</b>	<b>246</b>	<b>2,665</b>	<b>(16,813)</b>



2021/2022	Usable Reserves			Movement in Unusable Reserves £000
	General	Capital	Capital	
	Fund Balance £000	Receipts Reserve £000	Grants Unapplied £000	
<b>Adjustments to the Revenue Resources</b>				
<b>Amounts by which income and expenditure included in the Comprehensive Income and Expenditure Statement are different from revenue for the year calculated in accordance with statutory requirements.</b>				
Pension cost (transferred to (or from) the Pensions Reserve)	35,039			(35,039)
Pension Prepayment	(3,027)			3,027
Council tax and NDR (transfers to or from the Collection Fund)	(7,431)			7,431
Holiday pay (transferred to the Accumulated Absences reserve)	(34)			34
Reversal of entries included in the Surplus or Deficit on the Provision of Services in relation to capital expenditure (these items are charged to the Capital Adjustment Account)	28,952			(28,952)
<b>Total Adjustments to Revenue Resources</b>	<b>53,499</b>	<b>0</b>	<b>0</b>	<b>(53,499)</b>
<b>Adjustments between Revenue and Capital Resources</b>				
Transfer of non-current asset sale proceeds from revenue to the Capital Receipts Reserve	(2,023)	2,023		
Administrative costs of non-current asset disposals (funded by a contribution from the Capital Receipts Reserve)	76	(76)		
Transfer of deferred sale proceeds credited as part of the gain/loss on disposal to the CIES	(450)			450
Statutory Provision for the repayment of debt (transfer to the Capital Adjustment Account)	(6,538)			6,538
Capital expenditure financed from revenue balances (transfer to the Capital Adjustment Account)	(250)			250
<b>Total Adjustments to Revenue Resources</b>	<b>(9,185)</b>	<b>1,947</b>	<b>0</b>	<b>7,238</b>
<b>Adjustments to Capital Resources</b>				
Use of the Capital Receipts Reserve to finance capital expenditure		(1,676)		1,676
Application of capital grants to finance capital expenditure	(10,637)		(2,564)	13,201
Cash payments in relation to deferred capital receipts				0
<b>Total Adjustments to Capital Resources</b>	<b>(10,637)</b>	<b>(1,676)</b>	<b>(2,564)</b>	<b>14,877</b>
<b>Total Adjustments</b>	<b>33,677</b>	<b>271</b>	<b>(2,564)</b>	<b>(31,384)</b>

## Note 10 Transfers to/from Earmarked Reserves

This note sets out the amounts set aside from the General Fund in earmarked reserves to provide financing for future expenditure plans and the amounts posted back from earmarked reserves to meet General Fund Expenditure in 2022/2023.

	2021/2022			2022/2023			Balance as at 31 March 2023 £000
	Balance as at 1 April 2021 £000	Transfers In £000	Transfers Out £000	Balance as at 31 March 2022 £000	Transfers In £000	Transfers Out £000	
	<b>General Fund:</b>						
Risk and Transformation Reserve	24,331	6,750	0	31,081	2,292	(7,751)	25,622
Revenue Grants	15,001	6,145	(7,473)	13,673	10,827	(9,764)	14,736
Schools Delegated Reserve	6,218	725	(86)	6,857	315	(2)	7,170
Dedicated Schools Grant	3,860	2,255	(550)	5,565	2,367	(1,072)	6,860
Public Health	1,752	677	(93)	2,336	772	(392)	2,716
NNDR Smoothing Reserve	12,460	0	(9,898)	2,562	0	0	2,562
Feasibility Studies	0	0	0	0	1,300	0	1,300
Dedicated Schools Grant-De-delegated	391	58	0	449	20	0	469
Licensing	274	33	(18)	289	80	(16)	353
Safety Camera Partnership	255	0	0	255	0	0	255
Care Leavers	218	14	0	232	0	0	232
Finance Systems Implementation	200	0	0	200	90	(90)	200
Devolution	0	0	0	0	200	0	200
Adult Social Care - Staffing	430	0	(218)	212	0	(29)	183
Scunthorpe Special Expenses	206	67	(141)	132	96	(120)	108
ICT SharePoint	50	0	0	50	37	0	87
Freeport	0	75	0	75	0	0	75
Org Development – Additional Training	65	0	(18)	47	56	(36)	67
Commuted Sums	94	0	(61)	33	0	(1)	32
Crematorium Enhancement Fund	30	0	0	30	0	0	30
Royal Events	0	20	0	20	14	(20)	14
Planning Improvements	46	30	(30)	46	0	(46)	0
Highways – Developer Contributions	18	0	(8)	10	0	(10)	0
Cultural Offer Transformation	53	0	0	53	0	(53)	0
Personal Protective Equipment	697	0	(697)	0	0	0	0
<b>Total Earmarked Reserves</b>	<b>66,649</b>	<b>16,849</b>	<b>(19,291)</b>	<b>64,207</b>	<b>18,466</b>	<b>(19,402)</b>	<b>63,271</b>

## Risk and Transformation Reserve

This reserve is held for two main purposes: -

- To give the council sufficient resilience to withstand funding or expenditure shocks. These include risks associated with funding, increased demand, delayed savings and the costs of self-insurance.
- To facilitate transformation and transition to a lower cost council

## Revenue Grants

This reserve has been set aside to hold the balances of revenue grants where the conditions of use have been met but remain unapplied at year end.

## Dedicated Schools Grant

This reserve has been set aside to hold the balance of the ring-fenced Dedicated Schools Grant, but not yet spent.

## Public Health Grant

This reserve has been set aside to hold the balance of the ring-fenced Public Health Grant received, but not yet spent.

## NNDR Smoothing Reserve

A specific reserve to alleviate future pressures as a result of Collection Fund deficits being transferred into General Fund.

## Note 11 Other Operating Expenditure

	2022/2023 £000	2021/2022 £000
Parish council precepts	1,701	1,686
Levies	1,487	1,447
(Gains)/losses on the disposal of non-current assets	(223)	2,316
<b>Total</b>	<b>2,965</b>	<b>5,449</b>

## Note 12 Financing and Investment Income and Expenditure

	2022/2023 Net £000	2021/2022 Net £000
Interest payable and similar charges	5,697	5,918
Net interest on the net defined benefit liability (asset)	6,748	7,614
Interest receivable and similar income	(989)	(16)
Income and expenditure in relation to investment properties and changes in their fair value	(321)	(159)
Other investment income	1,575	1,487
<b>Total</b>	<b>12,710</b>	<b>14,844</b>

## Note 13 Taxation and Non-specific Grant Income and Expenditure

	2022/2023 £000	2021/2022 £000
Council Tax Income	(83,860)	(81,199)
Non-Domestic Rates Income and Expenditure	(41,499)	(37,572)
Capital Grants, Contributions and Donations	(24,651)	(12,969)
<b>Non-ring-fenced Government Grants:</b>		
Business Rates Relief Grant	(12,279)	(7,829)
Social Care Grant	(7,614)	(5,559)
Revenue Support Grant	(6,426)	(6,232)
2022/2023 Services Grant	(2,287)	0
New Homes Bonus	(673)	(206)
Other Non-ring-fenced Government Grants	(303)	(23)
Lower Tier Services Grant	(271)	(252)
Rural Services Grant	(216)	(216)
COVID-19 Hardship Fund Grant	(3)	0
COVID-19 Emergency Grant	0	(4,544)
COVID-19 Local Council Tax Support	0	(1,163)
Tax Income Guarantee Compensation – Council Tax	0	59
<b>Total</b>	<b>(180,082)</b>	<b>(157,705)</b>

## Note 14 Property, Plant and Equipment

### Current Year

	Property, Plant & Equipment (PP&E)					
	Other Land and Buildings £000	Vehicles, Plant & Equipment £000	Community Assets £000	PP&E Under Construction £000	Surplus Assets £000	Total PP&E £000
<b>Cost or Valuation</b>						
Balance as at 1 April 2022	427,295	17,096	10,885	16,013	3,118	474,407
Additions	6,654	1,137	1,588	6,692	68	16,139
Donations	0	0	0	0	0	0
Revaluation increases/(decreases) to Revaluation Reserve	13,586	0	0	0	(783)	12,803
Revaluation increases/(decreases) to Surplus or Deficit on the Provision of Services	5,393	0	0	0	(1,818)	3,575
De-recognition - Disposals	0	(23)	0	0	0	(23)
De-recognition - Other	0	(632)	0	(63)	(20)	(715)
Reclassifications & Transfers	(3,416)	0	1,839	0	3,416	1,839
Reclassified to/from Held for Sale	(856)	0	0	0	17	(839)
Other movements	0	0	0	0	0	0
<b>Balance as at 31 March 2023</b>	<b>448,656</b>	<b>17,578</b>	<b>14,312</b>	<b>22,642</b>	<b>3,998</b>	<b>507,186</b>
<b>Depreciation and Impairment</b>						
Balance as at 1 April 2022	(1,643)	(10,339)	(1,527)	(109)	0	(13,618)
Depreciation Charge	(10,656)	(1,531)	(162)	0	0	(12,349)
Depreciation written out on Revaluation Reserve	9,352	0	0	0	119	9,471
Depreciation written out on Revaluation taken to Surplus or Deficit on the Provision of Services	629	0	0	0	0	629
Impairment losses/reversals to Revaluation Reserve	40	0	0	0	0	40
Impairment losses/reversals to Surplus or Deficit on the Provision of Services	308	0	(4)	0	0	304
De-recognition - Disposals	0	19	0	0	0	19
De-recognition - Other	0	632	0	63	0	695
Reclassifications & Transfers	119	0	(76)	0	(119)	(76)
Eliminated on reclassification to Held for Sale	14	0	0	0	0	14
<b>Balance as at 31 March 2023</b>	<b>(1,837)</b>	<b>(11,219)</b>	<b>(1,769)</b>	<b>(46)</b>	<b>0</b>	<b>(14,871)</b>
<b>Net Book Value</b>						
<b>Balance as at 31 March 2023</b>	<b>446,819</b>	<b>6,359</b>	<b>12,543</b>	<b>22,596</b>	<b>3,998</b>	<b>492,315</b>
Balance as at 31 March 2022	425,652	6,757	9,358	15,904	3,118	460,789

## Comparator Year

	Property, Plant & Equipment (PP&E)					
	Other Land and Buildings £000	Vehicles, Plant & Equipment £000	Community Assets £000	PP&E Under Construction £000	Surplus Assets £000	Total PP&E £000
<b>Cost or Valuation</b>						
Balance as at 1 April 2021	368,854	17,867	11,672	14,300	3,282	415,975
Additions	3,887	1,320	51	1,031	157	6,446
Donations	0	0	0	0	0	0
Revaluation increases/(decreases) to Revaluation Reserve	14,403	0	0	0	(3,668)	10,735
Revaluation increases/(decreases) to Surplus or Deficit on the Provision of Services	(3,312)	0	0	0	(4,973)	(8,285)
De-recognition - Disposals	(3,825)	0	(51)	0	0	(3,876)
De-recognition - Other	0	(2,091)	(787)	0	0	(2,878)
Reclassifications & Transfers	46,838	0	0	682	7,018	54,538
Reclassified to/from Held for Sale	450	0	0	0	1,302	1,752
Other movements	0	0	0	0	0	0
<b>Balance as at 31 March 2022</b>	<b>427,295</b>	<b>17,096</b>	<b>10,885</b>	<b>16,013</b>	<b>3,118</b>	<b>474,407</b>
<b>Depreciation and Impairment</b>						
Balance as at 1 April 2021	(12,742)	(11,006)	(2,154)	(1)	(281)	(26,184)
Depreciation Charge	(9,758)	(1,424)	(160)	0	(273)	(11,615)
Depreciation written out on Revaluation Reserve	17,030	0	0	0	412	17,442
Depreciation written out on Revaluation taken to Surplus or Deficit on the Provision of Services	1,982	0	0	0	545	2,527
Impairment losses/reversals to Revaluation Reserve	194	0	0	0	7	201
Impairment losses/reversals to Surplus or Deficit on the Provision of Services	680	0	0	(63)	8	625
De-recognition - Disposals	508	0	0	0	0	508
De-recognition - Other	0	2,091	787	0	0	2,878
Reclassifications & Transfers	463	0	0	(45)	(418)	0
Eliminated on reclassification to Held for Sale	0	0	0	0	0	0
<b>Balance as at 31 March 2022</b>	<b>(1,643)</b>	<b>(10,339)</b>	<b>(1,527)</b>	<b>(109)</b>	<b>0</b>	<b>(13,618)</b>
<b>Net Book Value</b>						
<b>Balance as at 31 March 2022</b>	<b>425,652</b>	<b>6,757</b>	<b>9,358</b>	<b>15,904</b>	<b>3,118</b>	<b>460,789</b>
Balance as at 31 March 2021	356,112	6,861	9,518	14,299	3,001	389,791

## Infrastructure Assets

Highways infrastructure assets include carriageways, footways and cycle tracks, structures (e.g. bridges), street lighting, street furniture, traffic management systems and land which together form a single integrated network.

### Movements on balances

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.

The authority 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.

	2022/2023 £000	2021/2022 £000
Net Book Value (modified historical cost) at 1 April	116,844	110,341
Additions	13,952	15,217
Derecognition	0	0
Depreciation	(7,339)	(8,714)
Transfers	(1,763)	0
<b>Net Book Value at 31 March</b>	<b>121,694</b>	<b>116,844</b>

The authority has determined, in accordance with Regulation 30M of the Local Authorities (Capital Finance and Accounting) (Amendment) Regulations 2022 that the carrying amounts to be derecognised for infrastructure assets when there is replacement expenditure is nil.

Table reconciling Infrastructure and other property, plant and equipment back to the face of the balance sheet.

	2022/2023 £000	2021/2022 £000
Infrastructure Assets	121,694	116,844
Other Property, Plant and Equipment	492,315	460,789
<b>Total Property, Plant and Equipment on Balance Sheet</b>	<b>614,009</b>	<b>577,633</b>

A breakdown of the Infrastructure Assets into the different categories is below:

	2022/2023 Net Book Value £000	2021/2022 Net Book Value £000
Carriageways	85,787	80,460
Footpaths and cycle tracks	7,278	8,291
Structures	17,358	17,471
Street Lighting	10,168	10,305
Street Furniture	736	141
Traffic Management	367	176
<b>Total Infrastructure Asset</b>	<b>121,694</b>	<b>116,844</b>

The authority has determined, in accordance with Regulation 30M of the Local Authorities (Capital Finance and Accounting) (Amendment) Regulations 2022 that the carrying amounts to be derecognised for infrastructure assets, when there is replacement expenditure, is nil.

### Depreciation

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

- Other Land and Buildings – 1–99 years
- Vehicles, Plant, Furniture & Equipment – 1-30 years
- Infrastructure – straight-line allocation over their useful life:
  - Carriageways – 10 – 50 years
  - Footways and cycle tracks – 11 – 50 years
  - Structures – 20 – 50 years
  - Street Lighting – 20 – 32 years
  - Street Furniture – 20 years
  - Traffic Management Systems – 20 – 33 years

### Capital Commitments

At 31 March 2023, the council has entered into a number of contracts for the construction or enhancement of Property, Plant and Equipment in future years. Of these contracts, those considered to be major contracts are those having outstanding commitments in excess of £1m. As at 31 March 2023, the following contracts met this criterion:

- Project Anchor - £10.184m
- Complex Care Children's Home - £2.403m
- Epworth Community Hub - £2.170m
- Crowle Godnow Road - £1.869m

## Effects of Changes in Estimates

In 2022/23, the council made one material change to its accounting estimates for property, plant and equipment as the remaining useful lives of all infrastructure assets were critically reviewed. As a result, the depreciation charge for the infrastructure assets of £7.339m for 2022/23 was £1.996m lower than it would have been if the useful lives assessed in 2021/22 had been used for the calculations. The impact of this change will carry forward into 2023/24 and future years.

## Revaluations

The council carries out a rolling programme that ensures that all Property, Plant and Equipment required to be measured at current value is revalued at least every five years. 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. Valuations of vehicles, plant, furniture and equipment are based on current prices where there is an active second-hand market or latest list prices adjusted for the condition of the asset.

The significant assumptions applied in estimating the current values of property, plant and equipment are:

- that good title can be shown, and all valid planning permissions and statutory approvals are in place.
- that all easements, rights of way, restrictions and other encumbrances have been considered.
- that the properties are in good repair unless otherwise stated.
- that any services are in good working order or free from defect unless otherwise stated.
- that no deleterious or hazardous materials have been used in the construction nor any existing or potential environmental factors are known that could affect the values.

The table below shows the property, plant and equipment held on the asset register valued at historical cost or at the current value of the asset at the time of valuation (5-year rolling programme).

	Land and Buildings £000	Vehicles, Plant & Equipment £000	Surplus Assets £000	Other PPE £000	Total PPE £000
<b>Carried at historical cost</b>	0	6,359	0	154,837	161,196
<b>Valued at current value as at:</b>					
31/03/2023	378,862	0	3,998	0	<b>389,734</b>
31/03/2022	53,923	0	0	0	<b>47,393</b>
31/03/2021	13,240	0	0	0	<b>12,896</b>
31/03/2020	794	0	0	0	<b>794</b>
31/03/2019	0	0	0	0	<b>0</b>
<b>Total Cost or Valuation</b>	<b>446,819</b>	<b>6,359</b>	<b>3,998</b>	<b>154,837</b>	<b>612,013</b>

## Fair Value Measurement for Surplus Assets and Investment Properties

See Note 1 (xxiii) for an explanation of fair value and the fair value levels.

## Fair Value Hierarchy

Details of the council's surplus assets and investment properties as at 31 March 2023 are as follows:

Recurring fair value measurements using:	2022/2023				2021/2022			
	Quoted Prices (Level 1)	Inputs other than quoted prices (Level 2) £000	Significant unobservable inputs (Level 3) £000	Fair Value £000	Quoted Prices (Level 1)	Inputs other than quoted prices (Level 2) £000	Significant unobservable inputs (Level 3) £000	Fair Value £000
<b>Surplus Assets:</b>								
All Surplus Assets	0	0	3,998	<b>3,998</b>	0	0	3,118	<b>3,118</b>
<b>Total Surplus Assets</b>	<b>0</b>	<b>0</b>	<b>3,998</b>	<b>3,998</b>	<b>0</b>	<b>0</b>	<b>3,118</b>	<b>3,118</b>
<b>Investment Properties:</b>								
Office Units	0	0	0	<b>0</b>	0	0	0	<b>0</b>
Commercial Units	0	2,125	0	<b>2,125</b>	0	2,150	0	<b>2,150</b>
Agricultural Units	0	0	0	<b>0</b>	0	0	0	<b>0</b>
<b>Total Investment Properties</b>	<b>0</b>	<b>2,125</b>	<b>0</b>	<b>2,125</b>	<b>0</b>	<b>2,150</b>	<b>0</b>	<b>2,150</b>

### Determined Fair value level, valuation process and techniques

All valuations have been undertaken using the combined resource of internal and external valuers, in accordance with the methodologies and bases for estimation set out in the professional standards of the Royal Institution of Chartered Surveyors. The council's valuation experts work closely with finance officers reporting directly to the chief financial officer on a regular basis regarding all valuation matters.

The council's investment and surplus assets are valued on the basis of Fair Value – highest and best use, in accordance with the IFRS13 definition of Fair Value – *'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 inputs for each valuation have been categorised against the fair value hierarchy of evidence in accordance with IFRS 13 and rated as Level 1, 2 or 3.

Level 2 inputs are inputs that are observable for the asset, either directly or indirectly. The inputs used took the form of analysed and weighted market evidence such as sales, rentals and yields in respect of comparable properties in the same or similar locations at or around the valuation date.

Where the inputs in a valuation are classed as level 3 (unobservable) this is primarily due to the lack of evidence in the principal or most advantageous market or the number and type of adjustments made, for example adjustments for location, size, repair of a comparable. Each valuation has been assessed based on the inputs and the hierarchy level is reported on the Schedule of Valuations.

Industrial and commercial units located in the local authority area are valued on an income approach that is based on capitalisation of current rental income and taking into account existing lease terms, any increases at the next review and other lease terms. Rentals and yields are derived from market evidence for similar properties in the local authority area adjusted to reflect each asset. The rental comparables are measured from a mixture of deals on council assets and third-party assets. The yields are derived from third party sales and discussions with other agents and the District Valuer.

Agricultural valuations are based on market comparable rents and yields for similar properties in the local authority area, taking into account existing lease terms, any increases at the next review and other lease terms. Rentals and yields are derived from market evidence for similar properties in the local authority area adjusted to reflect each

asset. The rental comparables are a mixture of deals on council assets and third-party assets. The yields are derived from third party sales and discussions with other agents and the District Valuer.

### Reconciliation of Fair Value Measurements

	2022/2023			2021/2022		
	Level 3 Surplus Assets £000	Level 2 Investment Properties £000	Level 3 Surplus Assets £000	Level 1 Investment Properties £000	Level 2 Investment Properties £000	Level 3 Investment Properties £000
Opening Balance	3,118	2,150	3,001	500	24,670	31,619
Reclassifications out at Level 1	0	0	0	(500)	0	0
Reclassifications out at Level 2	0	0	0	0	(22,420)	0
Reclassifications in at Level 3	3,314	0	8,320	0	0	0
Reclassifications out of at Level 3	0	0	(418)	0	0	(31,619)
Total gains [or losses] for the period included in the Surplus or Deficit on the Provision of Services resulting from changes in fair value	(1,818)	(25)	(4,693)	0	(100)	0
Total to Revaluation Reserve	(664)	0	(3,249)	0	0	0
Additions	68	0	157	0	0	0
Disposals	(20)	0	0	0	0	0
<b>Closing Balance</b>	<b>3,998</b>	<b>2,125</b>	<b>3,118</b>	<b>0</b>	<b>2,150</b>	<b>0</b>

Gains arising from changes in the fair value of surplus assets are recognised in the revaluation reserve, unless they reverse a previous impairment charged to the Surplus or Deficit on the Provision of Services. Losses arising from changes in the fair value of the surplus assets reduce any revaluation reserve balance relating to that asset and, thereafter, are recognised in Surplus or Deficit on the Provision of Services.

Gains or losses arising from changes in the fair value of the investment property are recognised in Surplus or Deficit on the Provision of Services – Financing and Investment Income and Expenditure line.

### Quantitative Information about Fair Value measurement using significant unobservable inputs – Level 3

Subcategory at Fair Value Level 3	2022/2023 £000	Valuation technique used to measure fair value	Unobservable inputs	Sensitivity
<b>Surplus Assets:</b>				
Land	3,558	market comparison/ residual	sale levels finance / construction costs build period	significant changes in sale levels, finance and construction costs will result in a significantly lower or higher fair value
Buildings	440	market comparison/ residual	sale levels finance / construction costs build period	significant changes in sale levels, finance and construction costs will result in a significantly lower or higher fair value



## Note 15 Heritage Assets

	2022/2023				2021/2022			
	Civic Regalia £000	Normanby Park and Hall £000	Other Heritage Assets £000	Total Assets £000	Civic Regalia £000	Normanby Park and Hall £000	Other Heritage Assets £000	Total Assets £000
<b>Cost or Valuation</b>								
<b>Balance as at 1 April</b>	93	332	1,196	<b>1,621</b>	93	287	1,196	<b>1,576</b>
Additions	0	103	0	<b>103</b>	0	45	0	<b>45</b>
Revaluations	(21)	0	229	<b>208</b>	0	0	0	<b>0</b>
Impairment recognised in Surplus or deficit	0	(3)	0	<b>(3)</b>	0	0	0	<b>0</b>
<b>Balance as at 31 March</b>	<b>72</b>	<b>432</b>	<b>1,425</b>	<b>1,929</b>	<b>93</b>	<b>332</b>	<b>1,196</b>	<b>1,621</b>

### Civic Regalia

This category includes a variety of items including items held by the council's predecessors Scunthorpe and Glanford Borough Councils.

### Normanby Park and Hall

Normanby Hall is a Grade 1 listed building and is of local historical importance.

### Other Heritage Assets

This category includes the exhibits on display and in storage at Scunthorpe Museum and Normanby Hall, as well as war memorials around the county and a Sculpture within the centre of Scunthorpe.

## Note 16 Investment Properties

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

### Income and Expenditure from Investment Properties

	2022/2023 £000	2021/2022 £000
Rental income from investment property	(346)	(264)
Direct operating expenses arising from investment property	0	5
Net (Gain)/Loss	<b>(346)</b>	<b>(259)</b>

There are no restrictions on the council's ability to realise the value inherent in its investment property and none on the council's right to the remittance of income but there are some restrictions on the council's right to the proceeds of disposal due to the conditions of grant funding. The council has no contractual obligations to purchase, construct or develop investment property or on repairs, maintenance or enhancement.

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

	2022/2023 £000	2021/2022 £000
Balance at start of the year	2,150	56,789
Additions:		
- Purchases	0	0
- Subsequent expenditure	0	0
Disposals	0	0
Net gains/(losses) from fair value adjustments	(25)	(100)
Transfers:		
- to/from Assets Held for Sale	0	0
- to/from Property, Plant and Equipment	0	(54,538)
Other changes	0	(1)
Balance at end of the year	<b>2,125</b>	<b>2,150</b>

## Note 17 Intangible Assets

The council accounts for its software as intangible assets, to the extent that the software is not an integral part of a particular IT system and accounted for as part of the hardware item of property, plant and equipment.

All software is given a finite useful life, based on assessments of the period that the software is expected to be of use to the council. The useful lives assigned to the major software suites used by the council are:

- Finance, Human Resources and Payroll – 8 years
- Fleet Management System – 3 years

The carrying amount of intangible assets is amortised on a straight-line basis. The amortisation of £328k charged to revenue in 2022/2023 was charged £22k to Governance and Communities and £306k to Economy and Environment in the Cost of Services.

	2022/2023 £000	2021/2022 £000
Balance at start of the year	2,323	2,481
Accumulated Amortisation	(920)	(1,577)
Net carrying amount at start of year	<b>1,403</b>	<b>904</b>
Additions:		
- Purchases	694	816
- Other Movements	0	0
Disposals	(402)	(974)
Amortisation for the period	(328)	(317)
Amortisation written off on disposal	402	974
Net carrying amount at the end of the year	<b>1,769</b>	<b>1,403</b>
Comprising:		
- Gross carrying amounts	2,615	2,323
- Accumulated amortisation	(846)	(920)
	<b>1,769</b>	<b>1,403</b>

## Note 18 Financial Instruments

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

	Long-term		Current	
	2022/2023 £000	2021/2022 £000	2022/2023 £000	2021/2022 £000
<b>Financial Assets</b>				
Loans and receivables	15	23	24	13
Debtors carried at amortised cost	0	0	22,943	21,818
<b>Total Financial Assets</b>	<b>15</b>	<b>23</b>	<b>22,967</b>	<b>21,831</b>
<b>Financial Liabilities</b>				
Borrowings at amortised cost	(134,304)	(144,571)	(10,584)	(8,422)
Creditors carried at amortised cost	0	0	(26,422)	(44,429)
<b>Total Financial Liabilities</b>	<b>(134,304)</b>	<b>(144,571)</b>	<b>(37,006)</b>	<b>(52,851)</b>

Amounts relating to Financial Instruments recognised in the Comprehensive Income and Expenditure Account:

	2022/2023 Liabilities measured at amortised cost £000	2021/2022 Liabilities measured at amortised cost £000
Interest expense	5,697	5,918
<b>Total expense in Surplus or Deficit on the Provision of Services</b>	<b>5,697</b>	<b>5,918</b>

Information as to the council's treatment of financial assets and liabilities within the accounts, including the basis of fair value measurements, is included within note 1 Accounting Policies (section xxiii. Financial Instruments).

## The Fair Values of Financial Assets and Financial Liabilities that are not measured at Fair Value (but for which Fair Value Disclosures are required)

Except for the financial assets carried at fair value, all other financial liabilities and financial assets represented by amortised cost and long-term debtors and creditors are carried on the balance sheet at amortised cost. Their fair value can be assessed by calculating the present value of the cash flows that take place over the remaining life of the instruments, using the following assumptions:

- For loans from the PWLB payable, PWLB premature repayment rates have been applied to provide the fair value under PWLB debt redemption procedures.
- For non-PWLB loans payable, as market lenders to the sector compete with PWLB their rates must be comparable, therefore PWLB premature repayment rates have been applied to provide the fair value under PWLB debt redemption procedures.
- For loans receivable prevailing benchmark market rates have been used to provide the fair value.
- No early repayment or impairment is recognised.
- Where an instrument has a maturity of less than 12 months or is a trade or other receivable the fair value is taken to be the carrying amount or the billed amount.
- The fair value of trade and other receivables is taken to be the invoiced or billed amount.

This table shows the carrying value and fair value of the loans to the council by the Public Works Loans Board and other organisations.

	2022/2023		2021/2022	
	Carrying amount £000	Fair value* £000	Carrying amount £000	Fair value* £000
<b>Financial liabilities:</b>				
PWLB	141,571	141,707	146,616	160,647
Other Borrowing	3,000	3,000	6,000	6,124
<b>Total</b>	<b>144,571</b>	<b>141,707</b>	<b>152,616</b>	<b>166,771</b>

\*Fair value hierarchy: Quoted prices in active markets for identical assets / liabilities (level 1)

The fair value of the liabilities is greater than the carrying amount because the council's portfolio of loans includes a number of fixed rate loans where the interest rate payable is higher than the rates available for similar loans in the market at the balance sheet date. This shows a notional loss (based on economic conditions as at 31 March 2023) arising from the commitment to pay interest to lenders above current market rates.

## Note 19 Nature and Extent of Risks Arising from Financial Instruments

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

- Credit risk – the possibility that other parties might fail to pay amounts due to the council
- Liquidity risk – the possibility that the council might not have funds available to meet its commitments to make payments
- Re-financing and Maturity risk – the possibility that the council might be requiring to renew a financial instrument on maturity at disadvantageous interest rates or terms
- Market risk – the possibility that financial loss might arise for the council as a result of changes in such measures as interest rates and market pricing of financial instruments.

The council's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the resources available to fund services. Risk management is carried out by a central treasury team, under policies approved by the council in the annual Treasury Management Strategy. The council provides written principles for overall risk management, as well as written policies.

### Credit risk

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

This risk is minimised through the annual Treasury Management Strategy, which requires that deposits are not made with financial institutions unless they meet identified minimum credit criteria, as laid down by Standard & Poor's Global, Fitch and Moody's Ratings Services. The Treasury Management Strategy also imposes a maximum sum and time limits with a financial institution located within each category.

The council manages credit risk by ensuring that investments are only placed with organisations of high credit quality as set out in the Treasury Management Strategy approved by Full Council on the 24 February 2022. These include commercial entities with a minimum long-term credit rating of A- and the UK government. Recognising that credit ratings are imperfect predictors of default, the council has regard to other measures including credit default swap and equity prices when selecting commercial entities for investment.

The council's maximum exposure to credit risk in relation to its investments in banks and building societies 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. Experience has shown that it is rare for such entities to be unable to meet their commitments. A risk of non-recovery applies to all the council's deposits, but there was no evidence at the 31 March 2023 that this was likely to crystallise.

### Liquidity Risk

The council manages its liquidity position through the risk management procedures above (the setting and approval of prudential indicators and the approval of the treasury and investment strategy reports), as well as through a comprehensive cash flow management system, as required by the CIPFA Code of Practice. This seeks to ensure that cash is available when needed.

The council has ready access to borrowing at favourable rates from the Public Works Loans Board (PWLB) and other local authorities. The council is also required to set a balanced budget through the Local Government Finance Act 1992, which ensures sufficient monies are raised to cover annual expenditure.

There is no significant perceived risk that the council will be unable to raise finance to meet its commitments.

### Re-financing and Maturity Risk

The council maintains a significant debt and investment portfolio. Whilst the cash flow procedures above are considered against the re-financing risk procedures, longer-term risk to the council relates to managing the exposure to replacing financial instruments as they mature. This risk relates to both the maturing of longer-term financial liabilities and longer-term financial assets.

The approved treasury indicator limits for the maturity structure of debt and the limits placed on investments placed for greater than one year in duration are the key parameters used to address this risk. The council approved treasury and investment strategies address the main risks and the central treasury team address the operational risks within the approved parameters. This includes:

- Monitoring the maturity profile of financial liabilities and amending the profile through either new borrowing or the rescheduling of the existing debt; and
- Monitoring the maturity profile of investments to ensure sufficient liquidity is available for the council's day to day cash flow needs, and the spread of longer-term investments provide stability of maturities and returns in relation to the longer-term cash flow need.

The maturity analysis of financial liabilities is as follows:

	2022/2023 £000	2021/2022 £000
Less than 1 year	10,267	8,045
Between 1 and 2 years	10,398	10,267
Between 2 and 5 years	27,473	31,710
Between 5 and 10 years	47,079	51,832
Between 10 and 20 years	25,533	26,254
Over 20 years	23,821	24,508
	<b>144,571</b>	<b>152,616</b>

### Interest rate risk

The council faces a risk in terms of its exposure to interest rate movements on its investments and to a lesser extent borrowings. Movements in 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 will rise
- Borrowings at fixed rates – the fair value of the liabilities borrowings will fall
- Investments at variable rates – the interest income credited will rise
- Investments at fixed rates – the fair value of the assets will fall.

The council has a number of strategies for managing interest rate risk. The Annual Treasury Management Strategy draws together council's prudential and treasury indicators and its expected treasury operations, including an expectation of interest rate movements. From this Strategy a treasury indicator is set which provides maximum limits for fixed and variable interest rate exposure. The central treasury team monitor market and forecast interest rates within the year to adjust exposures appropriately. For instance, during periods of falling interest rates, and where economic circumstances make it favourable, fixed rate investments may be taken for longer periods to secure better long-term returns, similarly the drawing of longer-term fixed rates borrowing would be postponed.

The Treasury Management Strategy aims to mitigate these risks by setting upper limits on its net exposures to fixed and variable interest rates.

### Price risk

The market prices of any council fixed rate bond investments and its units in pooled bond funds are governed by prevailing interest rates and the market risk associated with these instruments is managed alongside interest rate risk.

This will typically only apply where an investment is held as fair value through profit and loss or fair value through other comprehensive income.

## 2022/2023 Market Volatility

During 2022/2023 market volatility increased significantly before reducing towards the year-end. The council's investment strategy was designed to manage the increased level of risk. The council only invests with a limited number of counterparties, mainly the UK Government and a small number of financial institutions. As at 31 March 2023 it had investments with only three counterparties, the UK Government and two UK banks.

There was no indication that the volatility had a material impact on the estimates and assumptions the council has made around its investments at year-end. After the balance sheet dates the credit ratings for the council's counterparties at year-end have either remained stable or improved. As such there is no indication that any impairment of financial assets was required.

Interest rates rose significantly during the year but all the council's loans are on a fixed rate, so this had no immediate impact. The increase in interest rates will have a longer-term impact on the affordability of the council's internally funded capital programme.

## Note 20 Debtors

	Long term debtors		Short term debtors	
	2022/2023 £000	2021/2022 £000	2022/2023 £000	2021/2022 £000
Central Government Bodies	0	0	3,338	3,366
Other Local Authorities	0	0	1,145	4,434
NHS Bodies	0	0	7,581	2,584
Other entities and individuals	0	0	11,637	12,089
Prepayments	0	0	2,871	2,246
Impairment of loans and receivables	0	0	(3,629)	(2,901)
Loans and Advances	15	23	24	13
<b>Total Financial Instruments</b>	<b>15</b>	<b>23</b>	<b>22,967</b>	<b>21,831</b>
NDR & Council Tax	0	0	11,555	10,115
Value Added Tax	0	0	3,179	2,722
<b>Total Non-Financial Instruments</b>	<b>0</b>	<b>0</b>	<b>14,734</b>	<b>12,837</b>
<b>Total Debtors</b>	<b>15</b>	<b>23</b>	<b>37,701</b>	<b>34,668</b>

A breakdown of the local taxation (council tax and non-domestic rates) figure, in the table above, can be seen in the table below, analysed by age. The analysis only shows those balances where assessment has indicated that, by exception, no impairment is required.

The amounts due, but not impaired, for local taxation is analysed as follows:

	2022/2023	2021/2022
	£000	£000
Major Preceptors, not past due	1,663	1,545
1 year	6,022	5,172
1 – 2 years	1,973	1,622
2 – 3 years	1,153	1,136
3 – 4 years	744	640
<b>Total</b>	<b>11,555</b>	<b>10,115</b>

## Note 21 Cash and Cash Equivalents

For the purposes of the cash flow statement, cash and cash equivalents include cash in hand and in bank and short-term deposits and investments (considered to be cash equivalents), net of outstanding bank overdrafts.

Cash and cash equivalents at the end of the reporting period as shown in the statement of cash flows can be reconciled to the related items in the Balance Sheet as follows:

	2022/2023 £000	2021/2022 £000
Cash and Bank balances	(6,975)	(9,836)
Short Term Investments	15,938	49,051
<b>Total</b>	<b>8,963</b>	<b>39,215</b>

## Note 22 Assets Held for Sale

These assets are being actively marketed for sale:

	2022/2023 £000	2021/2022 £000
<b>Balance outstanding at start of year</b>	<b>4,029</b>	<b>6,805</b>
Additions	4	2
Transferred from Non-Current Assets during year:		
- Property Plant and Equipment	842	188
Depreciation written out to Surplus/Deficit	14	0
Revaluation gains/losses	162	319
Impairment gains/losses to revenue	0	0
Impairment gains/losses to revaluation reserve	0	0
Assets declassified as held for sale to PPE	(17)	(1,940)
Assets sold	(1,544)	(1,345)
Other movement	0	0
<b>Balance outstanding at year-end</b>	<b>3,490</b>	<b>4,029</b>

## Note 23 Creditors

These are amounts owed by the council in the next twelve months:

	2022/2023 £000	2021/2022 £000
Central government bodies	3,880	26,517
COVID-19 Grants due back to central government	1,046	3,320
Other local authorities	864	399
NHS bodies	1,231	1,092
Accumulated Absences	2,848	2,751
Bodies external to general government	16,553	10,350
<b>Total Financial Instruments</b>	<b>26,422</b>	<b>44,429</b>
NNDR & Council Tax	9,928	13,103
Tax and National Insurance	2,693	3,081
<b>Total Non-Financial Instruments</b>	<b>12,621</b>	<b>16,184</b>
<b>Total Short-Term Creditors</b>	<b>39,043</b>	<b>60,613</b>

## Note 24 Provisions

A provision is a liability of uncertain timing or amount. Amounts and timings are subject to future insurance, NNDR appeal and legal decisions.

	Balance as at 1 April 2022	Increase in provision during year	Utilised during year	Unused Amounts Reversed	Balance as at 31 March 2023	Estimated to be settled:	
						Current Provision	Long Term Provision
	£000	£000	£000	£000	£000	£000	£000
NNDR Appeals	7,452	2,373	(4,337)	0	5,488	2,211	3,277
Insurance Claims	1,417	601	(518)	0	1,500	494	1,006
	<b>8,869</b>	<b>2,974</b>	<b>(4,855)</b>	<b>0</b>	<b>6,988</b>	<b>2,705</b>	<b>4,283</b>

### National Non-Domestic Rates Appeals (NNDR)

This provision has been established to meet the council's share of the estimated costs of settling appeals against the NNDR valuation of properties, currently lodged with the Valuation Office Agency (VOA). The figure of £5.4m is the council's share of the full £11.2m appeals provision made from the collection fund.

## Insurance Claims

This provision has been set aside to meet the estimated costs of current insurance claims that will not be met by the council's insurance policies.

## Note 25 Unusable Reserves

### Unusable Reserves

	2022/2023 £000	2021/2022 £000
Capital Adjustment Account	202,210	187,325
Revaluation Reserve	173,440	155,094
Deferred Capital Receipts Reserve	160	610
Pensions Reserve	63,247	(240,262)
Collection Fund Adjustment Account	2,758	112
Accumulated Compensated Absences Adjustment Account	(2,848)	(2,751)
<b>Total Unusable Reserves</b>	<b>438,967</b>	<b>100,128</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 additions to those assets under statutory provisions. The account is debited with the cost of acquisition, construction or subsequent costs 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 subsequent costs.

The account contains accumulated gains and losses on Investment Properties and gains recognised on donated assets that have yet to be consumed by the council.

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

	2022/2023 £000		2021/2022 £000	
<b>Balance at 1 April</b>		<b>187,325</b>		<b>185,630</b>
<b>Reversal of items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement:</b>				
Charges for depreciation and impairment of non-current assets	(19,387)		(20,022)	
Revaluation losses on Property, Plant and Equipment	4,380		(5,439)	
Amortisation of Intangible Assets	(328)		(317)	
Revenue expenditure funded from capital under statute (REFCUS)	(2,463)		(693)	
Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	(1,568)		(4,713)	
		<b>(19,366)</b>		<b>(31,184)</b>
Adjusting amounts written out of the Revaluation Reserve		4,176		8,983
<b>Net written out amount of the cost of non-current assets consumed in the year</b>		<b>(15,190)</b>		<b>(22,201)</b>
<b>Capital financing applied in the year:</b>				
Use of the Capital Receipts Reserve to finance new capital expenditure	1,995		1,675	
Capital grants and contributions credited to the Comprehensive Income and Expenditure Statement that have been applied to capital financing	5,924		2,332	
Application of grants to capital financing from the Capital Grants Unapplied Account	16,062		13,201	
Statutory provision for the financing of capital investment charged against the General Fund balance	5,952		6,538	
Capital expenditure charged against the General Fund balance	167		250	
		<b>30,100</b>		<b>23,996</b>
Movements in the market value of Investment Properties debited or credited to the Comprehensive Income and Expenditure Statement		(25)		(100)
Donated Asset credited to the Comprehensive Income and Expenditure Statement		0		0
<b>Balance at 31 March</b>		<b>202,210</b>		<b>187,325</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 and Intangible Assets.

The balance is reduced when assets with accumulated gains are:

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

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

	2022/2023 £000	2021/2022 £000
<b>Balance at 1 April</b>	<b>155,094</b>	<b>135,700</b>
Net revaluation of non-current assets not posted to the Surplus or Deficit on the Provision of Services	22,522	28,378
Difference between fair value depreciation and historical cost depreciation	(4,176)	(3,853)
Revaluation balances on assets scrapped or disposed of	0	(5,131)
Amount written off to the Capital Adjustment Account	<b>(4,176)</b>	<b>(8,984)</b>
<b>Balance at 31 March</b>	<b>173,440</b>	<b>155,094</b>

## Deferred Capital Receipts Reserve

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

	2022/2023 £000	2021/2022 £000
<b>Balance at 1 April</b>	<b>610</b>	<b>160</b>
Transfer of deferred sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	(450)	450
<b>Balance at 31 March</b>	<b>160</b>	<b>610</b>

## Pensions Reserve

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

	2022/2023 £000	2021/2022 £000
<b>Balance at 1 April</b>	<b>(240,262)</b>	<b>(373,367)</b>
Re-measurements of the net defined benefit liability	333,130	165,117
Prepayment	3,026	3,027
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	(49,828)	(50,941)
Employer's pensions contributions and direct payments to pensioners payable in the year	17,181	15,902
<b>Balance at 31 March</b>	<b>63,247</b>	<b>(240,262)</b>

## Collection Fund Adjustment Account

The Collection Fund Adjustment Account manages the differences arising from the recognition of council tax and non-domestic rates income in the Comprehensive Income

and Expenditure Statement as it falls due from council tax and business rate payers compared with the statutory arrangements for paying across amounts to the General Fund from the Collection Fund.

	2022/2023 £000	2021/2022 £000
<b>Balance at 1 April</b>	<b>112</b>	<b>(7,319)</b>
Amount by which council tax and non-domestic rates income credited to the Comprehensive Income and Expenditure Statement is different from council tax income calculated for the year in accordance with statutory requirements	2,646	7,431
<b>Balance at 31 March</b>	<b>2,758</b>	<b>112</b>

### Accumulated Absences Account

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

	2022/2023 £000	2021/2022 £000
<b>Balance at 1 April</b>	<b>(2,751)</b>	<b>(2,785)</b>
Settlement or cancellation of accrual made at the end of the preceding year	2,751	2,785
Amounts accrued at the end of the current year	(2,848)	(2,751)
<b>Balance at 31 March</b>	<b>(2,848)</b>	<b>(2,751)</b>

### Note 26 Cash flow from Operating Activities

The cash flows for operating activities include the following items:

	2022/2023 £000	2021/2022 £000
Interest Paid	(5,757)	(5,939)
Interest Received	989	16

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

	2022/2023 £000	2021/2022 £000
<b>Adjustment to surplus or deficit on the provision of services for noncash movements</b>		
Depreciation and Impairment	19,387	20,022
Revaluations	(4,380)	5,439
Amortisation	328	317
Increase/(Decrease) in impairment for bad debts	728	(906)
(Increase)/Decrease in Inventories	(16)	1,123
(Increase)/Decrease in Debtors	(6,517)	(3,635)
Increase/(Decrease) in Creditors	(18,139)	13,662
Movement in pension liability	32,647	35,039
Carrying amount of non-current assets sold	1,568	4,712
Movement in provisions	(1,881)	(884)
Movement in value of investments properties	25	100
	<b>23,750</b>	<b>74,989</b>
<b>Adjust for items included in the net surplus or deficit on the provision of services that are investing and financing activities</b>		
Proceeds from the sale of PP&E, investment property and intangible assets	(2,241)	(2,397)
Capital grants include in Taxation & non-specific grant income	(24,651)	(12,969)
	<b>(26,892)</b>	<b>(15,366)</b>

## Note 27 Cash flow from Investing Activities

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

	2022/2023 £000	2021/2022 £000
Purchase of PP&E, investment property and intangible assets	(29,723)	(21,574)
Proceeds from the sale of PP&E, investment property and intangible assets	2,241	2,397
Capital Grants and Contributions Received	24,651	12,969
<b>Net Cash flows from Investing Activities</b>	<b>(2,831)</b>	<b>(6,208)</b>

## Note 28 Cash flow from Financing Activities

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

	2022/2023 £000	2021/2022 £000
Cash Receipts of Short and Long-term borrowing	0	3,000
Repayment of Short and Long-term Borrowing	(8,044)	(11,629)
Council Tax and NNDR Adjustments	(1,897)	10,594
<b>Net Cash flows from Financing Activities</b>	<b>(9,941)</b>	<b>1,965</b>

## Reconciliation of Liabilities Arising from Financing Activities

	Cash Changes		Non-Cash Changes		Balance at 31-Mar-2023 £000
	Balance as 1-Apr-2022 £000	Financing Cash Flows £000	Movement from long-term to short-term £000	Interest Accruals £000	
Long-term Borrowings	144,571	(5,044)	(5,222)	0	134,305
Short-term Borrowings	8,422	(3,000)	5,222	(60)	10,584
<b>Total Liabilities from Financing Activities</b>	<b>152,993</b>	<b>(8,044)</b>	<b>0</b>	<b>(60)</b>	<b>144,889</b>

## Note 29 Pooled Budgets

North Lincolnshire Council and Humber and North Yorkshire Integrated Care Board (ICB) are involved in a pooled budget scheme for the Better Care Fund.

The Better Care Fund is a government plan to integrate health and social care which is implemented via a Section 75 pooled budget arrangement. This council is a partner within the pooled budget with the ICB.

This funding requires the council and its health partners to agree how the money should be used to support social care activity that also has a health benefit. In accordance with national requirements NLC submitted its better care plan as to how it would use funding to improve its citizen's lives, and monitoring reports detailing progress continue to be submitted by ICB to NHS England.

The focus continues to support projects to deliver key performance metrics and the high impact change model. The performance metrics are:

- Avoidable admissions
- Length of stay
- Discharge to normal place of residence
- Residential admissions
- Reablement

Funding of services to support these performance metrics focuses on supporting elderly service users, rapid response and reablement services to prevent people from needing to access hospital care.

	2022/2023 Better Care Funds £000	2021/2022 Better Care Funds £000
<b>Funding provided to the pooled budget:</b>		
The Authority	14,591	17,286
NHS ICB	16,191	5,603
	<b>30,782</b>	<b>22,889</b>
<b>Expenditure met from the pooled budget:</b>		
The Authority	24,128	16,727
NHS ICB	6,510	5,603
	<b>30,638</b>	<b>22,330</b>
<b>Net surplus/(deficit) arising on the pooled budget during the year</b>	<b>144</b>	<b>559</b>

## Note 30 Members' Allowances

Members' allowances, including Employer's costs, are as follows:

	2022/2023 £000	2021/2022 £000
Allowances	555	547
Expenses	9	7
<b>Total</b>	<b>564</b>	<b>554</b>

## Note 31 Officers' Remuneration

### Senior Officer Remuneration

Continuing Employees		Basic Salary £	Salary Supplement £	Compensation for Loss of Office £	Contribution to Pension Fund £	Total £
Chief Executive – P Thorpe (Head of Paid Service) Wef 06.09.2021	<b>2022/2023</b>	<b>161,313</b>	<b>9,679</b>	<b>0</b>	<b>25,326</b>	<b>196,318</b>
	2021/2022	90,763	5,446	0	14,250	110,459
Deputy Chief Executive	<b>2022/2023</b>	<b>151,353</b>	<b>9,082</b>	<b>0</b>	<b>23,762</b>	<b>184,197</b>
	2021/2022	149,428	8,966	0	23,460	181,854
Director of Adults and Health	<b>2022/2023</b>	<b>106,925</b>	<b>6,416</b>	<b>0</b>	<b>16,787</b>	<b>130,128</b>
	2021/2022	105,000	6,300	0	16,485	127,785
Director of Economy and Environment	<b>2022/2023</b>	<b>105,925</b>	<b>6,356</b>	<b>0</b>	<b>16,630</b>	<b>128,911</b>
	2021/2022	100,149	6,009	0	15,723	121,881
Director of Children and Families Wef 02.08.2021	<b>2022/2023</b>	<b>110,425</b>	<b>6,625</b>	<b>0</b>	<b>17,337</b>	<b>134,387</b>
	2021/2022	72,042	4,323	0	11,311	87,676
Director of Governance and Communities (Chief Financial Officer)	<b>2022/2023</b>	<b>105,925</b>	<b>6,356</b>	<b>0</b>	<b>16,630</b>	<b>128,911</b>
	2021/2022	100,226	5,980	0	15,735	121,941
Director of Public Health <sup>(1)</sup>	<b>2022/2023</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
	2021/2022	0	0	0	0	0
Head of Legal and Democracy (Monitoring Officer)	<b>2022/2023</b>	<b>71,795</b>	<b>4,308</b>	<b>0</b>	<b>11,272</b>	<b>87,375</b>
	2021/2022	65,398	3,924	0	10,267	79,589

(1) Director of Public Health – From February 2022, a joint arrangement is in place with Lincolnshire County Council and North East Lincolnshire Council where a third of the costs are recharged to North Lincolnshire Council

Resigned, Redundant, Redesignated or Retired Employees		Basic Salary £	Salary Supplement £	Compensation for Loss of Office £	Contribution to Pension Fund £	Total £
Director of Learning, Skills & Culture <sup>(2)</sup>	<b>2022/2023</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
	2021/2022	43,368	2,602	0	6,809	52,779

(2) The Director of Learning, Skills and Culture post was deleted in the Senior Leadership review with effect from January 2022.

## Senior Employee Remuneration

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

	2022/2023			2021/2022		
	Teachers	Other Staff	Total	Teachers	Other Staff	Total
£50,001 to £55,000	42	42	84	39	32	71
£55,001 to £60,000	20	26	46	17	42	59
£60,001 to £65,000	15	31	46	16	6	22
£65,001 to £70,000	15	8	23	13	6	19
£70,001 to £75,000	10	5	15	7	5	12
£75,001 to £80,000	7	4	11	6	6	12
£80,001 to £85,000	2	5	7	1	3	4
£85,001 to £90,000	2	1	3	3	1	4
£90,001 to £95,000	2	0	2	3	0	3
£95,001 to £100,000	2	1	3	0	0	0
£100,001 to £105,000	0	0	0	2	0	2
£105,001 to £110,000	1	1	2	1	0	1
£110,001 to £115,000	1	0	1	0	0	0
£115,001 to £120,000	0	0	0	0	0	0
£120,001 to £125,000	1	1	2	1	0	1
	120	125	245	109	101	210

## Exit Packages

The numbers of exit packages with total cost per band and total cost of the compulsory and other redundancies are set out in the table below (excluding any Senior Officers which are listed individually above):

	Number of compulsory redundancies		Number of other departures agreed		Total number of exit packages by cost band		Total cost of exit packages in each band	
	2022/2023	2021/2022	2022/2023	2021/2022	2022/2023	2021/2022	2022/2023	2021/2022
							£000	£000
£0-£20,000	7	5	11	19	18	24	109	204
£20,001 - £60,000	0	2	8	2	8	4	305	122
<b>Total cost included in CIES</b>							<b>414</b>	<b>326</b>

## Note 32 External Audit Costs

The council has incurred the following costs relating to the annual audit of the Statement of Accounts, certification of grant claims and other services provided by the council's external auditors.

	2022/2023 £000	2021/2022 £000
Fees payable regarding external audit services carried out by the appointed auditor for the year	125	110
Fees payable in respect of grant claims during the year	17	17
Fees payable in respect of other services provided during the year	0	0
	<b>142</b>	<b>127</b>

## Note 33 Dedicated Schools Grant

The council's expenditure on schools is funded primarily by grant monies provided by the Department for Education, the Dedicated Schools Grant (DSG). DSG is ring-fenced and can only be applied to meet expenditure properly included in the Schools' Budget, as defined in the School Finance and Early Years (England) Regulations 2022. The Schools' Budget includes elements for a range of educational services provided on a council-wide basis and for the Individual Schools' Budget, which is divided into a budget share for each maintained school.

Distribution of DSG receivable for 2022/2023 is as follows:

	Central Expenditure £000	Individual Schools Budget £000	Total £000
Final DSG for 2022/2023 before Academies recoupment			159,920
Academy figure recouped for 2022/2023			62,456
<b>Total DSG after academy recoupment for 2022/2023</b>			<b>97,464</b>
Plus: Brought forward from 2021/2022			5,565
Less: Carry forward to 2023/2024 (agreed in advance)			(5,128)
<b>Agreed initial budgeted distribution in 2022/2023</b>	<b>31,248</b>	<b>66,653</b>	<b>97,901</b>
In year adjustments	59		59
<b>Final budget distribution for 2021/2022</b>	<b>31,307</b>	<b>66,653</b>	<b>97,960</b>
Less: Actual central expenditure	29,576		29,576
Less: Actual ISB deployed to schools		66,653	66,653
Plus: Local Authority contribution for 2022/2023			0
<b>In-Year Carry Forward to 2023/2024</b>	<b>1,731</b>	<b>0</b>	<b>1,731</b>
Plus/Minus: Carry Forward to 2023/2024 agreed in advance			5,128
<b>Carry Forward to 2023/2024</b>			<b>6,859</b>
DSG in unusable reserve at the end of 2021/2022			0
Addition to DSG unusable reserve at the end of 2022/2023			0
Total DSG in unusable reserve at the end of 2022/2023			0
<b>Net DSG position at the end of 2022/2023</b>			<b>6,859</b>

## Note 34 Grant Income

The council credited the following grants, contributions and donations to the Comprehensive Income and Expenditure Statement during the year.

	Note	2022/2023 £000	2021/2022 £000
<b>Credited to Taxation and Non-Specific Grant Income</b>			
Council Tax Income	13	(83,860)	(81,199)
Non-Domestic Rates Income and Expenditure	13	(41,499)	(37,572)
Capital Grants	13	(24,651)	(12,969)
<b>Non-ring-fenced Government Grants:</b>			
Business Rates Relief Grant	13	(12,279)	(7,829)
Social Care Grant	13	(7,614)	(5,559)
Revenue Support Grant	13	(6,426)	(6,232)
2022/2023 Services Grant	13	(2,287)	0
New Homes Bonus	13	(673)	(206)
Other Non-ring-fenced Government Grants	13	(303)	(23)
Lower Tier Services Grant	13	(271)	(252)
Rural Services Grant	13	(216)	(216)
COVID-19 Hardship Fund Grant	13	(3)	0
COVID-19 Emergency Grant	13	0	(4,544)
COVIC-19 Local Council Tax Support	13	0	(1,163)
Tax Income Guarantee Compensation – Council Tax	13	0	59
<b>Total</b>		<b>(180,082)</b>	<b>(157,705)</b>
<b>Credited to Services</b>			
Dedicated Schools Grant		(96,036)	(92,128)
DWP - Rent Allowance Subsidy		(21,983)	(25,635)
Public Health England		(9,700)	(9,435)
Better Care Fund		(8,109)	(7,674)
Improved Better Care Fund		(7,238)	(7,025)
EFSA- Pupil Premium		(5,307)	(4,784)
Household Support Fund		(2,648)	(1,324)
ESFA – Supplementary Grant		(1,851)	0
DLUHC – Homes for Ukraine Tariff Grant		(1,754)	0
EFSA – Free School Meals		(1,124)	(1,120)
Skills Funding Agency		(1,034)	(1,125)
COVID-19 Discharge Arrangements		0	(2,082)
Workforce Recruitment and Retention Fund		0	(1,466)
Contain Outbreak Management Fund		0	(1,173)
COVID-19 Income Compensation Scheme		0	(763)
<b>Total</b>		<b>(156,784)</b>	<b>(155,734)</b>

The authority has received grants that have yet to be recognised as income as they have conditions attached to them that will require the monies or property to be returned to the giver. The balances at year-end are as follows:

	2022/2023 £000	2021/2022 £000
<b>Grants received in advance</b>		
Capital Grants	(18,726)	(10,637)
Revenue Grants	(3,434)	(22,987)
<b>Total</b>	<b>(22,160)</b>	<b>(33,624)</b>

The large decrease in revenue grants received in advance relates to the Council Tax Energy Rebate and COVID-19 Additional Relief Grant being prepaid by DLUHC.

## Note 35 Related Parties

### Related Parties

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

### Central Government

Central government has significant influence 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). Grant receipts are shown in Note 34.

### Members and officers

Members of the council have direct control over the council's financial and operating policies. The total of members' allowances paid during the year is shown in Note 30. The Register of Members' Interests is available to be viewed on the council's website. Officers that might be in a position to significantly influence the policies of the council are considered to be members of the Senior Leadership Team. All senior officers have been required to complete a related declaration identifying organisations with which they have influence/or control, and which may have a related party interest with the council.

2022/2023	In-Year Expenditure	In-Year Income	Year-end Creditor	Year-end Debtor	Number of parties declaring an interest	
	£000	£000	£000	£000	Members	Officers
<b>Related Party Interests:</b>						
Works and Services commissioned from companies	453	(18)	0	0	11	0
Grants to Voluntary Organisations	323	(34)	0	(3)	25	0
Grant contributions to Charities	2,085	(13)	1	(49)	9	1
Grant to Non-Profit Organisations	570	(7)	0	(4)	6	0

2021/2022	In-Year Expenditure	In-Year Income	Year-end Creditor	Year-end Debtor	Number of parties declaring an interest	
	£000	£000	£000	£000	Members	Officers
<b>Related Party Interests:</b>						
Works and Services commissioned from companies	372	(4)	0	(1)	12	0
Grants to Voluntary Organisations	385	(62)	0	(4)	31	0
Grant contributions to Charities	1,775	(20)	0	(12)	12	1
Grant to Non-Profit Organisations	380	(17)	0	(5)	9	0

In all instances, the grants were made with proper consideration of declarations of interest. The relevant members or officers did not take part in any discussion or decision relating to the payments.

## Note 36 Capital Expenditure and Capital Financing

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

	2022/2023 £000	2021/2022 £000
Opening Capital Financing Requirement	244,416	245,188
<b>Capital Investment</b>		
Property, Plant and Equipment	30,095	21,665
Investment Properties	0	0
Intangible Assets	694	816
Heritage Assets	103	45
Revenue Expenditure Funded from Capital under Statute (REFCUS)	8,832	6,158
	<b>39,724</b>	<b>28,684</b>
<b>Sources of finance</b>		
Capital receipts	(1,995)	(1,675)
Government grants and other contributions	(28,355)	(20,998)
<b>Sums set aside from revenue:</b>		
Direct revenue contributions	(167)	(245)
Minimum and Voluntary Revenue Provision	(5,952)	(6,538)
	<b>(36,469)</b>	<b>(29,456)</b>
<b>Closing Capital Finance Requirement</b>	<b>247,671</b>	<b>244,416</b>
<b>Explanation of movements in year</b>		
Increase/(decrease) in underlying need to borrow (unsupported by government financial assistance)	3,255	(772)
<b>Increase/(decrease) in Capital Financing Requirement</b>	<b>3,255</b>	<b>(772)</b>

## Note 37 Leases

### Operating Leases (council as lessor)

The council leases out property under operating leases for the following purposes:

- for the provision of smallholdings
- for economic development purposes to provide suitable affordable accommodation for local businesses
- for the provision of leisure and cultural purposes

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

	2022/2023 Land and Buildings £000	2021/2022 Land and Buildings £000
No later than 1 year	3,572	3,878
Later than 1 year and no later than 5 years	10,035	10,645
Later than 5 years	96,496	98,774
	<b>110,103</b>	<b>113,297</b>



## Note 38 Pension Schemes Accounted for as Defined Contribution Schemes

### Teachers

Teachers employed by the council are members of the Teachers' Pension Scheme, administered by Capita Teachers' Pensions on behalf of the Department for Education (DfE). The Scheme provides teachers with specified benefits upon their retirement, and the council contributes towards the costs by making contributions based on a percentage of members' pensionable salaries.

The Scheme is a multi-employer defined benefit scheme. The Scheme is unfunded and the Department for Education uses a notional fund as the basis for calculating the employers' contribution rate paid by local authorities. Valuations of the notional fund are undertaken every four years.

The arrangements for the teachers' scheme mean that the council is not able to identify its share of the underlying financial position and performance within the scheme with sufficient reliability for accounting purposes. For the purposes of this Statement of Accounts, it is therefore accounted for on the same basis as a defined contribution scheme.

In 2022/2023, the council paid £7.4m to Teachers' Pensions in respect of teachers' retirement benefits, representing 23.68% of pensionable pay. The figures for 2021/2022 were £7.0m and 23.68% of pensionable. The contributions due to be paid in the next financial year are estimated to be £7.6m.

The council is responsible for the costs of any additional benefits awarded upon early retirement outside of the terms of the teachers' scheme. These costs are accounted for on a defined benefit basis and detailed in Note 39.

The council is not liable to the Scheme for any other entities' obligations under the plan.

### Public Health staff

Since 1 April 2013, public health staff have been employed by the council. These members of staff retained access to the NHS Pension Scheme, administered by the NHS Business Services Authority on behalf of the Department of Health and Social Care. The scheme is run on the same basis as the teachers' pension scheme.

In 2022/2023 the council paid £34k to the NHS Pension Scheme in respect of the retirement benefits of public health staff representing 14.38% of pensionable pay. In 2021/2022 the council paid £35k to the NHS Pension Scheme, representing 14.38% of pensionable pay. Contributions due to be paid in the next financial year are estimated to be £25k.

The council is not liable to the Scheme for any other entities' obligations under the plan.

## Note 39 Defined Benefit Pension Schemes

### Participation in the Local Government Pension Scheme

As part of the terms and conditions of employment of its officers, the council makes contributions towards the cost of post-employment benefits within the Local Government Pension Scheme. 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 two post-employment schemes:

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

The East Riding 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 East Riding of Yorkshire Council. Policy is determined in accordance with the Public Fund Regulations.

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

### Discretionary Post-retirement Benefits

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

### Transactions relating to Post-Employment Benefits

The council recognises the cost of retirement benefits in the reported cost of service when they are earned by employees, rather than when the benefits are eventually paid as pensions. However, the charge the council is required to make against council tax is based on the cash payable in the year, so the real cost of post-employment/retirement benefits is reversed out of the General Fund via the Movement on Reserves Statement.

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

	Local Government Pension Scheme		Discretionary Benefits	
	2022/2023 £000	2021/2022 £000	2022/2023 £000	2021/2022 £000
<b>Comprehensive Income and Expenditure Statement</b>				
<i>Cost of services:</i>				
<i>Service cost comprising:</i>				
Current service cost	43,057	43,306	0	0
Past service cost	23	21	0	0
(Gain)/loss from settlements	0	0	0	0
<i>Financing and Investment Income and Expenditure:</i>				
Net Interest expense	6,748	7,614	0	0
<b>Total post-employment benefits charged to the Surplus of Deficit on the Provision of Services</b>	<b>49,828</b>	<b>50,941</b>	<b>0</b>	<b>0</b>
<i>Other post-employment benefits charged to the CIES</i>				
Re-measurement of the net defined benefit liability comprising:				
Return on plan assets (excluding the amount included in the net interest expense)	16,443	(53,800)	0	0
Actuarial gains and losses arising on changes in demographic assumptions	(6,807)	(17,762)	0	0
Actuarial gains and losses arising on changes in financial assumptions	(400,636)	(93,810)	(2,255)	394
Other	60,125	(139)	0	0
<b>Total post-employment benefits charged to the CIES</b>	<b>(281,047)</b>	<b>(114,570)</b>	<b>(2,255)</b>	<b>394</b>
<b>Movement in Reserves Statement</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	(49,828)	(50,941)	0	0
<b>Actual amount charged against the general fund balance for pensions in the year:</b>				
Employers' contributions payable to scheme	15,580	14,241		
Retirement benefits payable to pensioners			1,601	1,661

### Pensions Assets and Liabilities Recognised in the Balance Sheet

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

	Local Government Pension Scheme		Discretionary Benefits	
	2022/2023 £000	2021/2022 £000	2022/2023 £000	2021/2022 £000
Present value of the defined obligation	(766,548)	(1,061,608)	(16,431)	(20,287)
Fair value of plan assets	846,226	844,659	0	0
<b>Net liability arising from the defined benefit obligation</b>	<b>79,678</b>	<b>(216,949)</b>	<b>(16,431)</b>	<b>(20,287)</b>
<b>Total Liability</b>	<b>63,247</b>	<b>(237,236)</b>		

### Reconciliation of movements in the fair value of scheme assets

	Local Government Pension Scheme		Discretionary Benefits	
	2022/2023 £000	2021/2022 £000	2022/2023 £000	2021/2022 £000
Opening fair value of scheme assets	844,659	769,331		
Interest income	22,727	15,319		
Re-measurement gain/(loss):				
the return on plan assets, excluding the amount included in the net interest expense	(16,443)	53,800		
Other	0	11,914		
The effect of changes in foreign exchange rates				
Contributions from employer	15,580	14,241	1,601	1,661
Contributions from employees into the scheme	5,837	5,277		
Benefits paid	(26,134)	(25,223)	(1,601)	(1,661)
Other	0	0		
<b>Closing value of scheme assets</b>	<b>846,226</b>	<b>844,659</b>	<b>0</b>	<b>0</b>

## Reconciliation of present value of the scheme liabilities:

	Local Government Pension Scheme		Discretionary Benefits	
	2022/2023 £000	2021/2022 £000	2022/2023 £000	2021/2022 £000
<b>Opening balance at 1 April</b>	(1,061,609)	(1,115,091)	(20,287)	(21,554)
Current service cost	(43,057)	(43,306)		
Interest cost	(29,475)	(22,933)		
Contributions from scheme participants	(5,837)	(5,277)		
Re-measurement gains and (losses):				
Actuarial gains/(losses) from changes in demographic assumptions	6,807	17,762		
Actuarial gains/(losses) from changes in financial assumptions	400,636	93,810	2,255	(394)
Other (if applicable)	(60,125)	(11,775)		
Past service cost	(23)	(21)		
Curtailments	0	0		
Benefits paid	26,134	25,223	1,601	1,661
Liabilities extinguished on settlements	0	0		
<b>Balance as at 31 March</b>	<b>(766,548)</b>	<b>(1,061,609)</b>	<b>(16,431)</b>	<b>(20,287)</b>

## Local Government Pension Scheme assets comprised:

	2022/2023 £000	2021/2022 £000
Cash and cash equivalents	15,792	10,853
Equities:		
<i>by industry type</i>		
Other	85,279	101,314
Bonds:		
<i>by sector</i>		
Corporate (non-Investment Grade)	52,627	38,802
Government	14,415	22,177
Other	7,712	13,314
sub-total bonds	<b>74,754</b>	<b>74,293</b>
UK Property	<b>76,619</b>	<b>96,262</b>
UK Private equity	<b>52,313</b>	<b>61,706</b>
Other investment funds:		
Equities	348,985	339,671
Bonds	56,849	73,595
Infrastructure	56,250	57,555
Other	79,385	29,410
sub-total other investment funds	<b>541,469</b>	<b>500,231</b>
<b>Total assets</b>	<b>846,226</b>	<b>844,659</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 the future years dependent on assumptions about mortality rates, salary levels, etc.

Both the Local Government Pension Scheme and discretionary benefits liabilities have been estimated by Hymans Robertson LLP, an independent firm of actuaries, estimates for the Pension Fund being based on the latest full valuation of the scheme as at 31 March 2022.

The significant assumptions used by the actuary are set out below:

Local Government Pension Scheme		
	2022/2023	2021/2022
<b>Mortality assumptions:</b>		
<i>Longevity at 65 current pensioners:</i>		
Men	20.8	21.1
Women	23.7	21.9
<i>Longevity at 65 for future pensioners:</i>		
Men	21.5	24.0
Women	25.2	25.5
<b>Financial assumptions:</b>		
Rate of increase in salaries	2.95%	3.20%
Rate of increase in pensions	2.95%	3.20%
Discount Rate	4.75%	2.70%
Rate of Inflation (CPI)	2.95%	3.20%

The sensitivities regarding the principal assumptions used to measure the scheme liabilities are set out below:

Change in assumptions at 31 March 2023	Approximate increase to Employer	
	%	£000
0.1% decrease in Real Discount Rate	2%	13,435
1 year increase in member life expectancy	4%	31,319
0.1% increase in the Salary Increase Rate	0%	1,496
0.1% increase in the Pension Increase Rate	2%	12,147

### Impact on the Council's Cash Flows

The council's anticipated contributions to the scheme in 2023/2024 is £19.64m.

### Note 40 Inventories

		Balance outstanding at start of year £'000	Purchases £'000	Recognised as an expense in year £'000	Written off balances £'000	Balance outstanding at end of year £'000
Highways Materials	<b>2022/2023</b>	<b>172</b>	<b>135</b>	<b>(119)</b>	<b>0</b>	<b>188</b>
	2021/2022	426	162	(329)	(87)	172
Personal Protective Equipment Stock	<b>2022/2023</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
	2021/2022	697	13	(496)	(214)	0
Waste Stock	<b>2022/2023</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
	2021/2022	172	86	(252)	(6)	0
<b>Total</b>	<b>2022/2023</b>	<b>172</b>	<b>135</b>	<b>(119)</b>	<b>0</b>	<b>188</b>
	2021/2022	1,295	261	(1,077)	(307)	172

## Collection Fund

The Collection Fund shows the transactions of the billing council in relation to the collection from taxpayers and distribution to local authorities and the Government of council tax and non-domestic rates. There is no requirement for a Collection Fund Balance Sheet since the assets and liabilities arising from collecting non-domestic rates and council tax belong to the bodies (i.e. major preceptors, the billing council and the Government) on behalf of which the billing council collects these taxes.

2021/2022			2022/2023		
Business Rates £000	Council Tax £000	Total £000	Business Rates £000	Council Tax £000	Total £000
<b>INCOME</b>					
	(99,231)	(99,231)		(103,044)	(103,044)
(81,196)		(81,196)	(79,318)		(79,318)
<b>Contribution towards previous year's deficit:</b>					
(9,947)		(9,947)	(1,577)		(1,577)
(9,748)	(1,356)	(11,104)	(1,545)		(1,545)
(199)	(75)	(274)	(32)		(32)
	(198)	(198)			
<b>(101,090)</b>	<b>(100,860)</b>	<b>(201,950)</b>	<b>(82,472)</b>	<b>(103,044)</b>	<b>(185,516)</b>
<b>EXPENDITURE</b>					
<b>Apportionment of Previous Year Surplus</b>					
		0			0
		0		1,456	1,456
		0		79	79
		0		221	221
<b>Precepts, demands and shares</b>					
37,447		37,447	35,364		35,364
36,698	80,175	116,873	34,657	84,335	118,992
749	4,385	5,134	707	4,578	5,285
	12,073	12,073		12,863	12,863
<b>Charges to Collection Fund</b>					
288	163	451	154	229	383
(426)	1,205	779	256	1,613	1,869
(1,537)		(1,537)	(4,008)		(4,008)
4,429		4,429	(54)		(54)
232		232	231		231
<b>Other transfers to General Fund in accordance with non-domestic rates regulations</b>					
160		160	68		68
6,630		6,630	9,280		9,280
<b>84,670</b>	<b>98,001</b>	<b>182,671</b>	<b>76,655</b>	<b>105,374</b>	<b>182,029</b>
<b>(Surplus) /deficit arising during the year</b>					
<b>(16,420)</b>	<b>(2,859)</b>	<b>(19,279)</b>	<b>(5,817)</b>	<b>2,330</b>	<b>(3,487)</b>
17,320	1,358	18,678	900	(1,501)	(601)
<b>900</b>	<b>(1,501)</b>	<b>(601)</b>	<b>(4,917)</b>	<b>829</b>	<b>(4,088)</b>

## Collection Fund Note 1 - Council Tax Income

Income from council tax is derived from charges raised according to the value of residential properties, which have been classified into valuation bands using estimated values as at 1 April 1991. The tax base calculation is based upon the total number of properties in each band adjusted by a proportion to convert the number to a Band D equivalent and adjusted for discounts and exemptions. Individual charges are calculated by estimating the amount of income required to fund the demands on the Collection Fund and dividing this by the tax base.

The number of chargeable dwellings in each valuation band (adjusted for dwellings where discounts apply) converted to an equivalent number of Band D dwellings is detailed below:

Valuation Band Limits		Calculated number of dwellings	Ratio to Band D	Equated number of dwellings	Council Tax Payable (£)
A	Up to 40,000	25,887	6/9	17,245.3	1,335.62
B	40,001 - 52,000	13,300	7/9	10,344.8	1,558.22
C	52,001 - 68,000	9,865	8/9	8,769.2	1,780.82
D	68,001 - 88,000	7,012	9/9	7,012.2	2,003.42
E	88,001 - 120,000	3,615	11/9	4,418.3	2,448.63
F	120,001 - 160,000	1,501	13/9	2,168.8	2,893.84
G	160,001 - 320,000	486	15/9	810.0	3,339.04
H	More than 320,001	10	18/9	20.0	4,006.85
				<b>50,788.6</b>	
Adjustment				12.4	
				<b>50,801.0</b>	

The amount of Council Tax required for Band D, for North Lincolnshire Council and its major preceptors, was calculated on the following basis:

(i)	Preceptors' Council Tax Requirements	£101,775,979
(ii)	Number of Band D equivalent Dwellings	50,801
	Band D – (i) divided by (ii)	£2,003.42

## Collection Fund Note 2 – Non-Domestic Rates

Non-Domestic Rates are determined on a national basis by central government which specifies a rating multiplier and subject to the effects of transitional arrangements, local businesses pay rates calculated by multiplying their rateable value by that amount. In 2022/2023 the amount was 51.2p (51.2p in 2021/2022) and 49.9p for small businesses (49.9p in 2021/2022).

The council is responsible for collecting rates due from the ratepayers in its area and distributing the amount collected between itself, central government and major preceptors in proportions specified by central government. The council's share of this is shown in the Comprehensive Income and Expenditure Statement and analysed at Note 13. The total rateable value as at 31 March 2023 was £204,137,677 (as at 31 March 2022 it was £198,325,059).

## Glossary of Financial Terms

### Financial Abbreviations and roundings

Throughout this document we have used standard financial abbreviations k and m. In this case 'k' means thousands and 'm' means millions e.g. £6k means £6,000 and £1.577m means £1,577,000.

Most of the numbers in the accounts are rounded. Those in the main statements are presented to the nearest 1,000 pounds. Where necessary to ensure that totals are correct, small adjustments have been made to individual figures.

### Glossary

#### **Accruals**

This is the concept of recognising income and expenditure when earned or incurred, not as money is received or paid.

#### **Actuary**

Pension expert.

#### **Amortisation**

The writing off of a balance over a period of time to reflect the reduced value.

#### **Capital Expenditure**

This is expenditure on the acquisition, creation or enhancement of a fixed asset.

#### **Capital Receipts**

Income received from the sale of capital assets.

#### **Cash and Cash Equivalents**

Cash and cash equivalents include petty cash, cash in transit, bank balances (according to the ledger), and short-term, highly liquid investments that are readily convertible to known amounts of cash.

#### **Code of Practice (The Code)**

This is a document issued by the Chartered Institute of Public Finance and Accountancy (CIPFA). All English and Welsh Local Authorities must comply with the COP in compiling their financial statements.

#### **Collection Fund**

This is a statutory fund for the receipt of Council Tax and Non-Domestic Rates collected by the authority and the payments made from these funds including precepts and payments to precepting authorities.

#### **Community Assets**

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

#### **Consistency**

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



**Creditors**

Amounts owed by the authority for goods and services, where payment has not been made at the end of the financial year.

**Current Assets**

Current assets are items that can be readily converted into cash.

**Current Liabilities**

Current liabilities are items that are due immediately or in the short term.

**Curtailments (Pension)**

A curtailment is an event that reduces the expected years of future service of present employees or reduces for a number of employees the accrual of defined benefits for some or all of their future service. Examples might include a redundancy programme as a result of e.g. closing a factory or the introduction of a defined contribution pension arrangement covering all employees for future service.

**De minimis**

An immaterial amount or balance.

**Debtors**

Amounts owed to the authority for goods and services, where the income has not been received at the end of the financial year.

**Dedicated Schools Grant (DSG)**

School funding for local authorities in England is provided by a ring-fenced grant.

**Deferred Credits**

These consist of deferred capital receipts, which are amounts derived from the sales of assets that will be received in instalments over agreed periods of time and deferred government grants that are grants received in advance.

**Deferred Liabilities**

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

**Depreciation**

This is the measure of the wearing out, consumption, or other reduction in the useful life of a non-current asset, whether arising from use, over time or obsolescence through technological or other changes.

**Events after the balance sheet date**

Those events of such materiality that their disclosure is required for the fair presentation of the authority's statements, which occur between the balance sheet date and the date on which the Statement of Accounts is signed by the responsible financial officer.

**Exceptional Items**

Material items which derive from events or transactions that fall within the ordinary activities of the authority and which need to be disclosed separately by virtue of their size or incidence to give fair presentation to the accounts.

**Extraordinary Items**

Material items, possessing a high degree of abnormality, which derive from events or transactions that fall outside the ordinary activities of the authority and which are not expected to recur. They do not include exceptional items nor do they include any prior period items merely because they relate to a prior period.

**General Fund**

This is the main revenue account of a local authority, from which day to day spending on its services is met.

**Going Concern**

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

**Government Grants**

Assistance by government and inter-government agencies and similar bodies, in the form of cash or transfer of assets to an authority in return for past or future compliance with certain conditions relating to the activities of the authority.

**Impairment**

A reduction in the value of a non-current asset to below its carrying amount on the Balance Sheet.

**International Financial Reporting Standards (IFRSs)**

Standards prepared by the International Accounting Standards Board. Many of the International Financial Reporting Standards (IFRSs) and some International Public Sector Accounting Standards (IPSAS) apply to local authorities and any departure from these must be disclosed in the published accounts.

**Intangible Asset**

Assets that have a useful life of over one year but are not material or physical.

**Infrastructure Assets**

Infrastructure assets can be defined as groups of assets that together form an integrated system. Such a system could not be effectively operated if individual components were removed. Examples of such assets are highways and footpaths.

**Investment Properties**

Interest in land and/or buildings in respect of which construction work and development have been completed and which is held for its investment potential with any rental income being negotiated at arm's length.

**Leasing**

Method of financing the provision of various capital assets, usually in the form of operating leases which tend not to provide for title in the asset to transfer to the authority.

**Levy**

Impose or collect an amount (such as a tax) by compulsion or legal authority.

**Liquid Resources**

Current asset investments that are readily disposable by the authority without disrupting its business and are either: readily convertible to known amounts of cash at or close to the carrying amount or traded in an active market.

**Long Term Borrowing**

Amounts repayable in more than 12 months.

**Long Term Investments**

Long-term investments are investments intended to be held for use on a continuing basis in the activities of the authority. They should be so classified only where an intention to hold the asset for the long term can clearly be demonstrated or where there are restrictions as to the investor's ability to dispose of the investment. Where investments are not classified as long-term investments, they are classified as current assets.

**Minimum Revenue Provision (MRP)**

The minimum amount which must be charged to an authority's revenue account each year for the repayment of loan principal.

**National Non-Domestic Rate (NNDR)**

Amounts payable to the authority from non-domestic properties. National Non-Domestic Rate is a standard rate in the pound set by central government on the assessed rateable value of properties used for business purposes.

**Net Current Replacement Cost**

Cost of replacing or recreating the particular asset in its existing condition and in its existing use.

**Net Realisable Value**

Open market value of the asset in its existing use (or open market value in the case of non-operational assets), less the expenses to be incurred in realising the asset.

**Non-Operational Assets**

Non-operational assets are tangible fixed assets held by a local authority but not directly occupied, used or consumed in the delivery of services. Examples include investment properties and assets that are surplus to requirements, pending sale or redevelopment.

**Operational Assets**

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

**Precept**

Demands made upon the collection fund by the authorities which it directly funds, i.e. the authority, Humberside Police and Humberside Fire and Rescue Service for the services they provide. Parish Councils also raise precepts which are paid by the authority and included within the precept it levies on the collection fund.

**Property, Plant & Equipment**

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

**Provision**

Amounts set aside to meet liabilities or losses which are likely to be incurred but where the amount remains uncertain.

**Prudence**

An accounting concept that revenue is not anticipated but is recognised only when realised in the form of either cash or of other assets, the ultimate cash realisation of which can be assessed with reasonable certainty. Proper allowance must be made for all known and foreseeable losses and liabilities.

**Public Works Loan Board (PWLB)**

A central government agency, which lends money to local authorities usually at interest rates which are more favourable than those found elsewhere.

**Remuneration**

All amounts paid to or receivable by a person and includes sums due by way of expenses allowance (so far as those sums are chargeable to United Kingdom income tax), and the estimated money value of any other benefits received by an employee otherwise than in cash.

**Reserves**

Sums set aside to meet future expenditure. Some reserves are earmarked for specific purposes only. Others are general reserves.

**Revaluation Reserve**

This is an account containing any surpluses arising from the revaluation of fixed assets.

**Revenue Expenditure**

Expenditure on the day-to-day running of the authority, including employee costs, running expenses and capital financing costs.

**Revenue Expenditure Financed from Capital Under Statute (REFCUS)**

Expenditure which may be properly capitalised, but which does not result in, or remain matched with, tangible non-current assets. An example would be capital expenditure on improvement grants.

**Revenue Support Grant (RSG)**

Grant paid to local authorities by central government to help finance its general expenditure. It is determined under the Formula Spending Share system.

**Settlement (Pension)**

A settlement is an irrevocable action that relieves the employer of the primary responsibility for a pension obligation and eliminates significant risks relating to the assets and liabilities in respect of that obligation. Examples would include purchasing annuities in respect of pensioner liabilities or making a bulk transfer payment to another arrangement.

**Useful Life**

This is the period over which the authority will derive benefits from the use of a fixed asset.