

# NORTH YORKSHIRE COUNTY COUNCIL

## STATEMENT OF ACCOUNTS 2022/23

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## NARRATIVE REPORT

### INTRODUCTION

1. The County Council's accounts for the year ended 31st March 2023 are presented in the format laid down in *The Code of Practice on Local Authority Accounting in the United Kingdom 2022/23 (The Code)*: issued by the Chartered Institute of Public Finance and Accountancy and in accordance with the International Accounting Standards Board framework for the preparation and presentation of financial statements as interpreted by The Code. The Code is based upon International Financial Reporting Standards (IFRS).
  - (a) **the Narrative Report**; the purpose of this Report is to act as a guide to the most significant matters impacting on the County Council's finances. It gives an indication of where the County Council's money comes from, what it is spent on and what services it provides as well as its financial position and assisting in the interpretation of the accounting statements.
  - (b) **the Independent Auditor's Report**; this explains the auditor's responsibilities in relation to the Statement of Accounts. It also expresses an opinion on the Accounts and shows how this opinion was reached. The report also gives a conclusion on value for money in terms of the arrangements for securing economy, efficiency and effectiveness.
  - (c) **the Statement of Responsibilities for the Statement of Accounts**; this outlines the County Council's responsibilities for the Accounts under local government legislation and any other requirements. It also shows the legal and professional responsibility for the Accounts of the Corporate Director – Strategic Resources.
  - (d) **the Statement of Accounting Policies**; which explains the principles, bases, conventions and rules applied by the County Council in preparing the Statement of Accounts.
  - (e) **the Comprehensive Income and Expenditure Statement**; this shows the Net Cost of the Services provided by the County Council and how this has been financed from general government grants and local tax payers. This statement shows the accounting cost in the year of providing services in accordance with generally accepted accounting principles, rather than the amount to be funded from taxation.
  - (f) **the Movement in Reserves Statement**; this statement shows the movement in the different reserves held by the County Council over the year. The statement is analysed into usable reserves, those that can be applied to fund expenditure or reduce local taxation, and other unusable reserves.
  - (g) **the Balance Sheet**; this is a statement of the financial position of the County Council and shows the Balances and Reserves at the County Council's disposal, its long term indebtedness and the long term and net current assets employed in its operations.
  - (h) **the Cash Flow Statement**; this statement shows the changes in cash and cash equivalents of the County Council during the financial year. The statement shows how the County Council generates and uses cash and cash equivalents by classifying cash flows as operating, investing and financing activities.
  - (i) **notes to the Core Financial Statements**; these provide further details and explanation of the figures included in the Core Financial Statements.
  - (j) **Group Accounts**; the County Council conducts some of its activities through partnerships and separate undertakings. Some of these are not directly reflected in the statements (e) – (i) above on the basis of materiality. These Group Accounts are required to present a full picture of the County Council's economic activities and financial position in order to support the primary financial statements.

- (k) **the North Yorkshire Pension Fund Accounts;** which show the income and expenditure of the North Yorkshire Pension Fund together with the financial position of the Fund on 31st March 2023.
- (l) **the Annual Governance Statement;** this sets out the framework within which financial control and corporate governance is managed and reviewed by the County Council and the main components of the system. It also reports on significant identified weaknesses and the actions undertaken to rectify these.

## OVERVIEW

2. North Yorkshire County Council provides services to residents, businesses and communities across the whole County. The County Council has an operating model that determines an annual revenue budget for each Directorate within which they must operate and deliver on the County Council's priorities, as set out in the Council Plan. These priorities are presented as performance indicators for each Directorate and monitored alongside the revenue budget monitoring. Performance reports are considered by the County Council's Executive Committee on a quarterly basis and these can be accessed on the County Council's website.

The County Council's Annual Governance Statement sets out the framework within which financial control and corporate governance is managed and reviewed by the County Council and the main components of the system. It also reports on significant identified weaknesses and the actions undertaken to rectify these. The Annual Governance Statement appears on page 174 of the Statement of Accounts.

The administrative county of North Yorkshire was established in 1974 and is one of the most sparsely populated counties in the United Kingdom. It is the largest county in England. It covers 8,654 km<sup>2</sup> and its population is estimated to be 620,000.

North Yorkshire County Council is responsible for many key local services:

- Children and Young People's Service - including the safeguarding of children, looked after children, services to vulnerable children and young people and their families and adoption and fostering services; early years and pre-school, mainstream schools and education, special educational needs provision, school improvement, raising the participation age, youth services and career advice, and traded services;
- Health and Adult Services - including services for older people, people with physical or learning disabilities, public health, mental health services, child health related matters and drug and alcohol matters;
- Business & Environmental Services - Highways and Transportation - including highways maintenance, street lighting, traffic regulation and road safety, parking, public rights of way and schools and community transport; enterprise and inward investment, strategic spatial planning, minerals and waste planning, development and investment, waste disposal and recycling and flood management; and
- Central Services - including libraries, archives, registration services, legal and democratic services, digital and information and technology services, human resources, finance, coroner and customer services.

Secretary of State for Department for Levelling Up, Housing and Communities (DLUHC) announced on the 21st July 2021 that the County Council's bid to reorganise local government in North Yorkshire had been successful. This resulted in the County Council and seven District Councils being replaced by a single unitary Council, North Yorkshire Council, which formally came into effect on 1 April 2023. Elections took place in May 2022 with the elected Councillors

overseeing the final year of the County Council, and continuing to serve as the Councillors of the new unitary council for the next four years. 90 Councillors were elected across 89 electoral divisions.

Along with City of York and the former district and borough councils, North Yorkshire County Council negotiated a proposed devolution deal with the government for York and North Yorkshire. The deal was signed by the Leaders of North Yorkshire County Council, the City of York Council and the Government's Levelling Up Secretary at The National Railway Museum in York on 1st August 2022. A public consultation on the proposal was held in late 2022. In February 2023 councillors agreed to send the results of the consultation to Ministers to progress plans to create a mayoral combined authority which it is hoped will be established later in 2023. This would see money and powers move from central government to the region and lead to the election of a Mayor in May 2024.

### SUMMARY OF REVENUE SPENDING

3. The main components of the final Budget for 2022/23 and a comparison with the actual position are set out below:-

|                                                  | Final Budget<br>£m | Actual<br>£m | Variation<br>£m |
|--------------------------------------------------|--------------------|--------------|-----------------|
| <b>Directorate Net Expenditure</b>               |                    |              |                 |
| Children and Young People's Service              | 90.8               | 94.9         | 4.1             |
| Business and Environmental Services              | 78.4               | 77.8         | (0.6)           |
| Health and Adult Services                        | 200.2              | 200.4        | 0.2             |
| Central Services                                 | 73.2               | 73.3         | 0.1             |
| Corporate Miscellaneous                          | (13.4)             | (19.2)       | (5.8)           |
| <b>Total Directorate Net Expenditure</b>         | <b>429.2</b>       | <b>427.2</b> | <b>(2.0)</b>    |
| <b>Financed by:</b>                              |                    |              |                 |
| Business Rates (Central Government)              | 48.0               | 60.7         | 12.7            |
| Business Rates (District Councils)               | 19.7               | 16.5         | (3.2)           |
| Precept Income (including arrears)               | 351.8              | 353.9        | 2.1             |
| Cap Compensation                                 | 2.0                | 0.0          | (2.0)           |
| Contribution from Reserves                       | 7.7                | (1.9)        | (9.6)           |
| <b>Total</b>                                     | <b>429.2</b>       | <b>429.2</b> | <b>(0.0)</b>    |
| <b>(Deficit) / Surplus in Year</b>               | <b>0.0</b>         | <b>2.0</b>   | <b>2.0</b>      |
| <b>General Working Balance</b>                   |                    |              |                 |
| Start of Year                                    | 28.0               | 28.0         | 0.0             |
| (Deficit) / Surplus in Year                      | 0.0                | 2.0          | 2.0             |
| Transfer to Earmarked Reserves                   | 0.0                | 0.4          | 0.4             |
| Transfers (to) / from Strategic Capacity Reserve | 0.0                | (2.0)        | (2.0)           |
| <b>Closing Balance</b>                           | <b>28.0</b>        | <b>28.4</b>  | <b>0.4</b>      |

The spending, financing and surplus figures reported above are not the same as those reported in the Comprehensive Income and Expenditure Statement. This is because of a number of statutory accounting transactions that are required to be reflected in the Comprehensive Income and Expenditure Statement. A brief reconciliation of the two sets of figures are as follows:-

|                                                                                          | Net Position<br>£m | Funding<br>£m | Net<br>£m |
|------------------------------------------------------------------------------------------|--------------------|---------------|-----------|
| County Council's Actual Directorate Net Expenditure                                      | 427.2              | (429.2)       | (2.0)     |
| *Different treatment of some Government Funding                                          | 17.1               | (17.1)        | 0.0       |
| Other required accounting entries reflected in the Income and Expenditure Statement      |                    |               |           |
| - Capital Accounting                                                                     | 64.5               | (67.2)        | (2.7)     |
| - Collection Fund Accounting                                                             | 0.0                | (11.6)        | (11.6)    |
| - Accumulated Absences Adjustment                                                        | 0.2                | 0.0           | 0.2       |
| - Pension Accounting                                                                     | 54.4               | 0.0           | 54.4      |
| - Financial Instruments                                                                  | 1.2                | 0.0           | 1.2       |
| - Dedicated Schools Grant (DSG) Adjustment Account                                       | (3.2)              | 0.0           | (3.2)     |
| - Movement in Earmarked Reserves                                                         | (6.6)              | (1.9)         | (8.5)     |
| Net expenditure / funding and surplus per Comprehensive Income and Expenditure Statement | 554.8              | (527.0)       | 27.8      |

\* Refers to non-ringfenced grants reported within revenue budgets.

## WHAT THE MONEY IS SPENT ON AND HOW IT IS FINANCED

4. The following table sets out how the money was spent:-

|                                                                                                                     | 2022/23<br>£m | 2021/22<br>£m |
|---------------------------------------------------------------------------------------------------------------------|---------------|---------------|
| Children and Young People's Service                                                                                 | 517.3         | 523.2         |
| Business and Environmental Services                                                                                 | 164.0         | 158.5         |
| Health and Adult Services                                                                                           | 367.8         | 332.6         |
| Central Services                                                                                                    | 113.1         | 98.5          |
| Corporate Miscellaneous                                                                                             | 15.9          | 3.3           |
| Gross Cost of Services                                                                                              | 1,178.1       | 1,116.1       |
| Precepts Paid to Other Authorities                                                                                  | 0.7           | 0.7           |
| Interest Payable                                                                                                    | 25.3          | 26.2          |
| Capital Adjustment Account Movements                                                                                | 2.7           | (54.7)        |
| IAS 19 Pension Adjustments *                                                                                        | (44.4)        | (52.5)        |
| Financial Instruments                                                                                               | 1.2           | 1.0           |
| DSG Adjustment Account                                                                                              | 3.2           | 2.2           |
| Reserve Movements                                                                                                   | 10.1          | 46.2          |
| Loss on Disposal of Fixed Assets                                                                                    | 8.1           | 37.0          |
| Corporate Trading Account Deficit                                                                                   | 0.9           | 1.0           |
| Accumulated Absences Adjustment                                                                                     | (0.2)         | 1.4           |
| = Actual Spending financed from Income, Government Grants, Council Tax, Business Rates and other Government funding | 1,185.7       | 1,124.6       |

\* This figure represents the Actual Employer Contributions made to the Pension Fund, less the current service costs (as determined by the County Council's actuary) less Early Retirement costs.

5. The following table sets out the sources of finance:-

|                                                    | 2022/23<br>£m  | 2021/22<br>£m  |
|----------------------------------------------------|----------------|----------------|
| Government Specific Grants                         |                |                |
| - Dedicated Schools Grant                          | 284.3          | 280.5          |
| - Other Specific Grants                            | 155.1          | 137.3          |
| Council Tax from District Council Collection Funds | 353.9          | 332.6          |
| Fees and Charges etc.                              | 212.0          | 191.8          |
| Uniform Business Rates proceeds                    | 77.2           | 73.3           |
| Capital Grants                                     | 76.3           | 80.2           |
| Other General Government Funding                   | 16.3           | 26.5           |
| Interest and Investment Income                     | 9.7            | 2.3            |
| Corporate Trading Account Surplus                  | 0.0            | 0.0            |
| Dividends Received                                 | 0.9            | 0.1            |
|                                                    | <u>1,185.7</u> | <u>1,124.6</u> |

6. The County Council employed 10,051 full time equivalent staff at the end of the financial year and a breakdown across Service Directorates is as follows:

|                                     | 2022/23      |               | 2021/22      |               |
|-------------------------------------|--------------|---------------|--------------|---------------|
|                                     | No.          | No.           | No.          | No.           |
| Central Services                    |              | 1,769         |              | 1,646         |
| North Yorkshire Education Service   |              | 634           |              | 638           |
| Children and Young People's Service |              |               |              |               |
| Schools                             | 4,270        |               | 4,613        |               |
| Other                               | <u>1,073</u> | 5,343         | <u>1,065</u> | 5,678         |
| Business and Environmental Services |              | 637           |              | 595           |
| Health and Adult Services           |              | 1,668         |              | 1,602         |
|                                     |              | <u>10,051</u> |              | <u>10,159</u> |

## CAPITAL EXPENDITURE

7. In 2022/23 the County Council spent £86.2m on capital expenditure and a comparison with the original and revised Capital Plan is set out below:-

|                                                                           | Original<br>Budget<br>£m | 2022/23<br>Revised<br>Budget<br>£m | Actual<br>£m | Original<br>Budget<br>£m | 2021/22<br>Revised<br>Budget<br>£m | Actual<br>£m |
|---------------------------------------------------------------------------|--------------------------|------------------------------------|--------------|--------------------------|------------------------------------|--------------|
| Capital Plan                                                              | 83.2                     | 110.3                              | 84.6         | 137.7                    | 142.7                              | 130.0        |
| Other expenditure on fixed assets funded directly from the revenue budget | 0.4                      | 0.4                                | 1.6          | 0.4                      | 0.4                                | 1.9          |
|                                                                           | <u>83.6</u>              | <u>110.7</u>                       | <u>86.2</u>  | <u>138.1</u>             | <u>143.1</u>                       | <u>131.9</u> |

Actual Capital Plan spending was therefore £84.6m compared with an Original Capital Plan of £83.2m approved in February 2022 and a Revised Capital Plan of £110.3m approved in February 2023.



In addition, £1.6m was spent on Fixed Assets from Directorate revenue budgets, principally on plant and equipment. The above Capital expenditure was funded as follows:-

|                                                                  | 2022/23<br>£m | 2021/22<br>£m |
|------------------------------------------------------------------|---------------|---------------|
| Borrowing                                                        |               |               |
| - from external sources                                          | 0             | 0             |
| - from internal sources (cash balances)                          | (1.8)         | 12.1          |
| Grants from Government Departments                               | 62.5          | 88.0          |
| Contributions from External Bodies                               | 2.8           | 9.0           |
| Capital Receipts from Sale of Assets etc.                        | 13.3          | 12.2          |
| Direct Revenue Funding                                           | 7.8           | 8.7           |
|                                                                  | <u>84.6</u>   | <u>130.0</u>  |
| Expenditure on Fixed Assets funded directly from Revenue Budgets | 1.6           | 1.9           |
|                                                                  | <u>86.2</u>   | <u>131.9</u>  |

8. The major part of this capital expenditure related to spending on programmes in Children and Young People's Service and Business and Environmental Services. There were a small number of large individual schemes including Transforming Cities (£14.9m).
9. Total outstanding borrowing for capital purposes as at 31st March 2023 was £278.2, which includes both external borrowing and borrowing from internal sources and consists of the following:-

|                                                 | 2022/23<br>£m | 2021/22<br>£m |
|-------------------------------------------------|---------------|---------------|
| External Borrowing                              |               |               |
| Public Works Loans Board (PWLB)                 | 188.5         | 201.8         |
| Other Institutions                              | 20.0          | 20.0          |
| Total External Borrowing                        | <u>208.5</u>  | <u>221.8</u>  |
| Temporary Borrowing from Internal Cash Balances | 69.7          | 68.4          |
| Total Capital Spending funded by borrowing      | <u>278.2</u>  | <u>290.2</u>  |
| PFI and Leases                                  | 143.6         | 147.6         |
| Total Borrowing                                 | <u>421.8</u>  | <u>437.8</u>  |

The Capital Financing Requirement (CFR) at 31st March 2023 was £421.8m which includes the Capital Borrowing Requirement of £278.2m reported above together with other long term Private Finance Initiative (PFI) and finance lease liabilities of £143.6m.

## LOCAL GOVERNMENT PENSION FUND

10. This Statement of Accounts includes a section on the Accounts of the North Yorkshire Pension Fund. The impact of the County Council's participation in this Fund is reflected in the County Council's Accounts based upon the requirements of IAS 19 Employee Benefits. IAS 19 requires that pension costs are recorded in the year in which the benefit entitlements are earned by the employees rather than the year in which the pensions and employers' contributions are actually paid. Also, any net liability arising from a deficit on the Pension Fund should be reflected on the Balance Sheet as calculated under the prevailing market conditions.
11. The results of the 2019 Triennial Valuation were produced in 2019/20 when the Actuary completed a detailed analysis of the Fund's liabilities. These results were used to determine the employer

contributions from 2020/21 to 2022/23. The IAS 19 calculations have been updated in 2022/23 to reflect the 2019 Triennial Valuation that took place during the period.

The assets of North Yorkshire Pension Fund decreased in value by 8.9% over the year, principally due to the market conditions of persistent high headline inflation and financial sector stress. Full details of the management of the Fund and its investment performance are available in the Annual Report of the Fund.

12. The total reported pension liability of the County Council has decreased over the year from £397m to £4m. This decrease, £393m, is due to changes to the assumptions used by the Actuary.

The North Yorkshire Pension Fund has an investment strategy in place to address its funding deficit.

The 2019 Triennial Valuation has set appropriate employer contribution rates for 2020/2021, 2021/2022 and 2022/23 with no deficit payments required.

Due to its nature, the liability will not occur immediately as it represents benefit payments to pensioners over their lifetime. As a significant proportion of the membership is still actively contributing to the Fund this means that liabilities will be spread in excess of 50 years.

## **CHANGES IN ACCOUNTING POLICY**

13. There have been no significant changes in Accounting Policy for the 2022/23 Accounts.

## **CHANGES TO THE STATEMENT OF ACCOUNTS**

14. For 2022/23, there are only relatively minor presentational changes reflected in the years Statement of Accounts as there were no significant updates arising from the 2022/23 Code of Practice on Local Authority Funding.

## **MATERIAL CONTINGENT LIABILITIES**

15. The County Council has identified no area where a present or past obligation has resulted in the possibility of a future liability which has not already been included in the financial statements.

## **GROUP ACCOUNTS**

16. The 2022/23 Code of Practice requires all Local Authorities to consider their relationships with associated companies, strategic partnerships, joint ventures and any other service delivery vehicles and to produce Group Accounts where a significant exposure to economic benefits or financial risks can be established.

Work has been undertaken to document all the entities connected with the County Council and their financial relationship. Following Chartered Institute of Public Finance and Accountancy (CIPFA) guidance on Group Accounts, it has been established that the County Council has group relations with:-

- Align Property Partners Limited;
- Brierley Homes Limited;
- First North Law Limited;
- NY Highways Limited;
- NYnet Limited;

- Veritau Limited;
- Yorkshire Purchasing Organisation; and
- Yorwaste Limited.

Three of these bodies have been consolidated into the financial statements of the County Council and a full set of equivalent “group” financial statements have been produced. The Companies that have been consolidated and have a major impact on the County Council’s financial results are in relation to:-

- NYnet Limited, a company providing a broadband infrastructure in North Yorkshire;
- Yorwaste Limited, a subsidiary waste disposal company; and
- NY Highways Limited, a company providing construction, maintenance and repair of highways.

Align Property Partners Limited, Veritau Limited, First North Law Limited and Brierley Homes Limited have not been consolidated in the 2022/23 Group Accounts as their values do not materially impact on the group financial position.

Yorkshire Purchasing Organisation is not consolidated into the financial statements as the County Council does not exert a significant level of influence over their activities.

The full set of Group Accounts and the financial implications are seen on pages 115 to 132.

## THE COUNCIL PLAN

17. The Council Plan 2023-27 details how we intend to adapt to meet the challenges up until 2027. The plan addresses the exciting opportunity the creation of North Yorkshire Council gives to transform services, drive innovation and improve outcomes, but also highlights the many significant challenges ahead including the impact of inflation, increased demand for our services, climate change, and the impact of the cost-of-living crisis on our communities.

The plan is based around five key themes:-

- place and environment;
- economy;
- health and wellbeing;
- people, and
- organisation.

The plan also details where our funding comes from and what it is spent on.

## PERFORMANCE AND BUDGET MONITORING

18. Reports are submitted on a Quarterly Basis (30th June, 30th September, 31st December and 31st March) to the County Council’s Executive on Performance and Budget Monitoring issues. The key issues covered in these Reports can be summarised as follows (alongside a very brief summary of the position to date as at 31st March 2023):-

### Performance

North Yorkshire County Council has well developed performance and financial processes which maintain rigour around delivering outcomes within a sustainable fiscal environment. Our Internal Performance Management Framework has been refreshed with a more rigorous focus on delivery

of ambitions set out in our Council Plan. Each quarter, the Executive receive an update on Corporate Performance, but with an in depth focus on one of our five themes. Our approach to assessing and delivering Value for Money has also developed following new audit requirements for 2022/23 and the CIPFA Financial Management Code.

The Performance Report for 2022/23 will be used as a performance baseline for the new North Yorkshire Council and, from quarter one 2023/24 onwards, updates will be provided to the Executive on the progress from this baseline.

### **Revenue Budget**

A bottom line net saving in the revenue budget of £2.0m has been achieved (£11.4m 2021/22). A simplified approach to reserves was agreed by the County Council in 2015/16 which sees the General Working Balance (GWB) held at “policy” level and any unallocated balance in excess of this level is transferred to “Strategic Resources”. The £2.0m operational underspend, therefore, increases the Strategic Resources reserve. Total usable reserves at 31st March 2023 were £335.6m (£321.8m 2021/22) consisting of the GWB of £28.4m (£28.0m 2021/22), Strategic Resources reserve of £92.5m (£84.5m 2021/22) and other earmarked reserves of £214.7m (£209.1m 2021/22).

### **Capital Expenditure and Financing**

Gross Capital spend of £84.6m (£130.0m 2021/22) was £25.7m (£12.7m 2021/22) below the last Capital Plan update of £110.3m (£142.7m 2021/22) in February 2023 and £1.4m below (£7.7m below in 2021/22) the Original Plan in February 2022.

The gross capital expenditure underspend largely related to delays on the Transforming Cities Programme, Basic Need and Condition schemes in schools and slower than anticipated take up on company loans.

However, after accounting for £24.8m less capital income there was a net capital underspend of £0.9m.

Allowing for corporate capital plan variations of £0.1m (£0.9m 2021/22), an adjusted net underspend of £0.8m (£2.5m 2021/22) is being carried over into 2023/24. Financing of the Capital spend included £3.1m (£2.6m 2021/22) capital receipts resulting from the sale of land and property. After utilising other capital income the balancing figure of £1.9m has reduced (£12.1m increase in 2021/22) the level of internal borrowing.

### **Annual Treasury Management**

External Debt for Capital purposes reduced from £221.8m as at 31st March 202 ( £236.0m 31st March 2021) to £208.5m at 31st March 2023 (£221.8m 31st March 2022), through scheduled loan repayments and no new external borrowing being taken. The average interest rate of this debt was 4.32% at 31st March 2023 (4.47% at 31st March 2022).

The total borrowing requirement in the year was £1.3m (£15.7m 2021/22) which increased the total internal capital financing to £69.7m at 31st March 2023 (£68.4m at 31st March 2022). The total underlying borrowing need at 31st March 2023 was therefore £278.2m (£290.2m 2021/22) consisting of £208.5m (£221.8m 2021/22) external debt and £69.7m (£68.4m 2021/22) internally financed capital debt.

For cash invested in 2022/23, the average rate of interest achieved was 2.13% (0.24% 2021/22) which was slightly below the average 7-day market rate of 2.2% (-0.07% 2021/22) and the average bank rate of 2.3% (0.19% 2021/22). The balance at 31st March 2023 was £442.3m (£417.8m 31st March 2022) of which £126.3m (£130.9m 2021/22) belonged to other organisations who are part of the County Council’s investment pool arrangements.

## STRATEGIC DOCUMENTS

19. The County Council produces a number of key strategic documents which can be accessed at [www.northyorks.gov.uk](http://www.northyorks.gov.uk) and provide more strategic context to the annual Statement of Financial Accounts:-

| <b>Policy or Plan</b>               | <b>Purpose of Policy or Plan</b>                                                                                                                                                                                                                                                                     |
|-------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Constitution                        | Sets out how the County Council operates, how decisions are made and the procedures which are followed to ensure that these are efficient, transparent and accountable to local people. It also details our policy framework which includes documents which are approved by the full County Council. |
| Digital Strategy                    | This gives clear direction as to how North Yorkshire will become a smart county. It is a response to the massive changes as the 'Digital Revolution' accelerates and impacts on the county, our citizens and businesses in fundamental ways.                                                         |
| The Council Plan                    | This is the cornerstone of the County Council's policy framework. It provides the basis for all that the County Council does and for the many other plans and strategies that must be produced. It will help shape the County Council's budgets.                                                     |
| Medium Term Financial Strategy      | Sets out how resources will be put in place to support the delivery of the Council Plan and to enable priorities and service objectives to be achieved.                                                                                                                                              |
| Corporate Governance                | The system by which a local authority directs and controls its functions and relates to the community it serves.                                                                                                                                                                                     |
| Corporate Equality Policy Statement | The County Council is committed to equality and to making fair treatment an important part of everything which the County Council does. This statement sets out how the County Council will achieve these aims.                                                                                      |
| Modern Slavery Statement            | This statement sets out our actions to understand all potential modern slavery risks related to our business and to put in place steps that are aimed at ensuring that there is no slavery or human trafficking in our own business or our supply chains.                                            |
| Health and Safety Policy            | The health and safety policy includes our financial and legal responsibilities and duties that we have for the health, safety and welfare of our employees and others affected by our activities.                                                                                                    |
| Being Young in North Yorkshire      | The North Yorkshire Safeguarding Children Partnership Strategy for children and young people living in North Yorkshire.                                                                                                                                                                              |
| We Care because you matter          | 'We care because you matter' is our strategy for looked after children and young people, and those leaving care.                                                                                                                                                                                     |

|                                                                                                      |                                                                                                                                                                                                                                                                                                                                                  |
|------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Family and Friends Care Policy                                                                       | The policy covers the legal framework that ‘Family and Friends care’ is based upon, how we promotes it and the different arrangements through which a child might be brought up by relatives or friends.                                                                                                                                         |
| Local Development Framework                                                                          | The County Council, as the minerals and waste planning authority for the parts of the County outside the Yorkshire Dales and North York Moors National Parks, has a statutory duty to prepare a Minerals and Waste Development Framework, containing proposals and policies to guide minerals and waste planning decisions.                      |
| Local Transport Plan                                                                                 | Set of documents that the Government requires all local transport authorities to produce. The plan sets out the County Council’s plans and strategies for maintaining and improving all aspects of the local transport system over a set period of time.                                                                                         |
| Let’s Talk Less Rubbish Waste Strategy                                                               | This strategy sets out how waste in York and North Yorkshire will be dealt with in the next 20 years.                                                                                                                                                                                                                                            |
| Heath and Adult Services Local Account                                                               | A local account is an annual statement that all councils who provide adult social care services are required to produce                                                                                                                                                                                                                          |
| Joint Health and Wellbeing                                                                           | The joint health and wellbeing strategy, is produced by the health and wellbeing board. It explains what health and wellbeing priorities the board has set in order to tackle identified needs. It is not about taking action on everything at once, but about setting priorities for joint action and making a real impact on people’s lives.   |
| Dignity in Care                                                                                      | The Dignity in Care campaign aims to stimulate debate around the need for people receiving care services to be treated with dignity and respect.                                                                                                                                                                                                 |
| Carers Strategy – Caring for Carers 2017-22                                                          | Caring for carers sets out North Yorkshire’s over-arching strategy for promoting carers’ health and wellbeing. It has been produced by the health and wellbeing board for North Yorkshire, working on behalf of local residents. It is an all-ages strategy, aimed at supporting carers to both continue caring and to have a life of their own. |
| Strategic Plan for Special Educational Needs and Disability (SEND) Education Provision 0-25, 2018-23 | This plan sets out what we will do to develop and improve education provision for children and young people with SEND in North Yorkshire.                                                                                                                                                                                                        |
| Your library, your place 2020-2030                                                                   | The library strategy focuses on four core aims for North Yorkshire, set against the proven outcomes research shows that libraries deliver: raising aspirations, stimulating enjoyment of culture and helping people live independent lives.                                                                                                      |

The County Council must also abide by the Freedom of Information Act 2000 – which intends to promote openness and accountability among public bodies by ensuring that people have rights of access to information that is held by them.



Under the General Data Protection Regulation (GDPR) North Yorkshire County Council is classified as a 'data controller'. This means the County Council has a duty of care towards the individuals whose personal data it collects and uses.

## TRADE UNIONS

20. In order to comply with the Trade Union (Facility Time Publication Requirements) Regulations 2017 please find below data relating to the employment of relevant union officials by North Yorkshire County Council for the year ended 31st March 2023.

| Unions Recognised                                       | UNISON<br>(Corporate) | NEU (was<br>NUT/ATL)<br>(Education) | NAHT<br>(Education) | NAS/UWT<br>(Education) |
|---------------------------------------------------------|-----------------------|-------------------------------------|---------------------|------------------------|
| Number of relevant Union Officials during the period    | 6                     | 2                                   | 0                   | 2                      |
| FTE of Union Officials during the period                | 5.12                  | 0.78                                | 0                   | 1.32                   |
| Percentage of working time spent on facilities time     | 100%                  | 100%                                | n/a                 | 100%                   |
| Total cost of facility time                             | £276,165              | £40,138                             | £0                  | £35,063                |
| Total pay bill                                          | £239,931,128          | £194,959,691                        | £194,959,691        | £194,959,691           |
| Percentage of pay bill for facility time                | 0.115%                | 0.021%                              | 0%                  | 0.018%                 |
| Paid trade union activities:-                           | 2.71%                 | 0% - voluntary                      | n/a                 | 0% - voluntary         |
| Percentage of the hours spent on trade union activities |                       |                                     |                     |                        |

\*Voice Union changed to Community Union at the end of April 2020, however we have not been informed of a replacement elected representative.

## RISKS AND UNCERTAINTIES AFFECTING THE COUNCIL

21. This note identifies the principal risks and uncertainties that are likely to impact on the new North Yorkshire Council together with the main trends and factors likely to affect future development, performance and the position of the Council. Many of these are financial and relate to the ability of the Council to be able to provide statutorily required services and meet public expectation against a background of reducing financial resources.

The Corporate Risk Register is included in the February 2023 Budget / Medium Term Financial Strategy (MTFS) report and highlights the following risks:-

- failure to recruit and retain appropriately skilled staff resulting in inability to deliver services, key projects and the desired organisational transformation also increased staff workload, decreased morale and impact on staff wellbeing;
- failure to put in place the appropriate cyber security and information governance arrangements could lead to a data breach, loss of data, loss of access to systems, inability to deliver services, loss of reputation and significant financial impact;
- growing financial pressures arising from inflation and service demand along with inadequate funding available to the Council to discharge its statutory responsibilities and to meet public expectation for the medium term resulting in legal challenge, unbalanced budget and public dissatisfaction;
- major failure of provider/key providers results in being unable to meet the needs of people who use services. This could be caused by economic performance or resource capabilities including recruitment and retention. The impact could include loss of trust in the Care Market, increased budgetary implications and issues of service user safety;
- failure to achieve the best outcomes from working jointly with NHS across the NYC footprint, resulting in a negative impact on the customer experience and the possibility of fragmented care and poor outcomes;

- failure to have robust Safeguarding arrangements in place, with appropriate practices, care and attention, results in risk to vulnerable children, adults and families and not protecting them from harm;
- failure to plan for, respond to and recover effectively from significant regional, national or global incidents resulting in risk to life and limb, impact on statutory responsibilities, finances and reputation;
- failure to transition effectively to the new North Yorkshire Council by 1st April 2023 and to successfully set out and deliver on a road map for further transformation over the subsequent years resulting in risk of failing services from Day 1, compromised local service delivery, reputational impacts, member dissatisfaction and reduced performance;
- failure to take advantage of Devolution opportunities and to deliver sustainable economic growth, through for example the delivery of the right housing and transport whilst protecting the outstanding environment and heritage, resulting in reduced investment and impact on growth and jobs; and
- Insufficient mix of available and affordable housing and the condition of social housing stock resulting in the needs of current and future residents not being met, a continued increase in the number of people presenting as homeless, regulatory breach and subsequent financial and reputational damage to the council.

The February 2023 Budget / Medium Term Financial Strategy (MTFS) report also sets out some of the key financial risks, many of which are connected to those on the Risk Register above, and warns that this should not be regarded as exhaustive due to many national and local uncertainties.

- demand pressures – including Adult Social Care, SEN, Children’s Services, Homelessness and welfare benefits;
- supply chain distress;
- erosion of Business Rates;
- successful delivery of the Local Government Reorganisation (LGR) transition;
- failure to deliver savings ideas to bridge the gap;
- acceleration of inflation above assumptions on supplies and services and the pay award in the MTFS;
- potential shortfall on Council Tax yield based upon MTFS assumptions;
- income levels;
- risk of adverse weather conditions; and
- insufficient capacity to deal with the competing demands of the organisation and inability to progress strategically important initiatives.

Gary Fielding  
 Corporate Director – Resources  
 County Hall  
 Northallerton  
 12th June 2023



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## **STATEMENT OF RESPONSIBILITIES FOR THE STATEMENT OF ACCOUNTS**

The Authority is required to:

- (a) make arrangements for the proper administration of its financial affairs and to ensure that one of its officers has the responsibility for the administration of those affairs. In this Authority, that officer is the Corporate Director – Strategic Resources;
- (b) manage its affairs to secure economic, efficient and effective use of resources and to safeguard its assets; and
- (c) approve the Statement of Accounts.

The Corporate Director – Strategic Resources is responsible for the preparation of the Authority's Statement of Accounts in accordance with proper practices 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 Corporate Director – Strategic Resources has:

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

The Corporate Director – Strategic Resources has also:

- (a) kept proper accounting records which were up to date;
- (b) taken reasonable steps for the prevention and detection of fraud and other irregularities;
- (c) assessed the Authority's and the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern;
- (d) used the going concern basis of accounting on the assumption that the functions of the Authority and the Group will continue in operational existence for the foreseeable future; and
- (e) maintained such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

### **CERTIFICATE OF THE CORPORATE DIRECTOR – STRATEGIC RESOURCES**

I certify that the Statement of Accounts 2022/23 presents a true and fair view of the financial position of the County Council and the North Yorkshire Pension Fund at the accounting date and their income and expenditure for the year ended 31st March 2023.

Gary Fielding  
Corporate Director – Resources  
12th June 2023

Co-signed by,  
Richard Flinton  
Chief Executive  
12th June 2023

### **CERTIFICATE OF THE AUDIT COMMITTEE**

I confirm that these Accounts were approved by the Audit Committee on 27th November 2023 following completion of the External Audit.

Chair of the Audit Committee  
(to be signed at the 27th November 2023 Audit Committee Meeting)

## **STATEMENT OF ACCOUNTING POLICIES**

### **1. General**

The purpose of this statement is to explain the basis for the recognition, measurement and disclosure of transactions and other events in the Accounts.

The authority is required to prepare an annual statement of accounts by the Accounts and Audit Regulations 2015. These Accounts have been prepared in accordance with *The Code of Practice on Local Authority Accounting in the United Kingdom 2022/23 (The Code)*: issued by the Chartered Institute of Public Finance and Accountancy (CIPFA). The Code has adopted International Financial Reporting Standards (IFRS) for financial statements produced since 2010/11. The accounting policies adopted have been used consistently throughout the current and prior period unless stated otherwise. Any significant non-compliance with The Code is disclosed as part of the relevant financial statement.

The Accounts have been prepared on the historic cost basis as modified to include the revaluation of certain long term assets.

The Code requires that a Local Authority's Statement of Accounts are prepared on a Going Concern basis. This means that the accounts are based on the assumption that the County Council will continue in operational existence for the foreseeable future.

### **2. Property, Plant and Equipment**

#### **Recognition**

All expenditure on the acquisition, creation or enhancement of Fixed Assets is capitalised on an accruals basis in the Accounts. Expenditure is capitalised, provided that the asset yields benefits to the County Council, for a period of more than one year, and it meets the accepted definition of capital expenditure in line with IAS 16 Property, Plant and Equipment. This excludes expenditure on routine repairs and maintenance which is charged direct to revenue. A de-minimis level of £20k has been adopted by the County Council in relation to capital expenditure.

#### **Measurement**

Assets are initially measured at cost, comprising all expenditure directly attributable to bringing the asset into working condition for its intended use. Borrowing costs incurred whilst assets are under construction are not capitalised. Assets are valued on the basis required by The Code and in accordance with the Appraisal and Valuation Standard issued by The Royal Institution of Chartered Surveyors (RICS). Asset Valuations are carried out on an agreed on-going basis by an external land and property consultancy organisation.

Assets are classified into the groupings required by The Code with assets being valued on the following basis:-

- Land and Buildings (other property) are included in the Balance Sheet at fair value in their existing use, net of any subsequent depreciation. Fair value is determined as the amount that would be paid for the asset in its existing use (existing use value) for assets for which there is an active market (e.g. offices) and Depreciated Replacement Cost (DRC) for assets for which there is not an active market (e.g. schools). Where there is an active market, fair value is defined as the price that would be received to sell an asset in an orderly transaction between market participants at the measurement date. Land and Buildings are re-valued sufficiently regularly to ensure that their carrying amount is not materially different from their fair value at the year end, but as a minimum every five years;
- Assets surplus to requirements are those assets that do not fall into any of the prior categories and are valued at fair value;

- Vehicles, Plant and Equipment are carried at historic cost net of any depreciation as a proxy for fair value;
- Assets under the course of construction are measured at historic cost.

A full Revaluation of Property is undertaken on a five year “rolling programme”. A desk top review of property not being revalued in any given year is also undertaken annually to ensure valuations reflect a true and fair view of the carrying value of assets at the Balance Sheet date.

A Revaluation Reserve for those Assets recorded at fair value is held in the Balance Sheet made up of unrealised revaluation gains relating to individual Assets, with movements in valuations being managed at an individual asset level. Any decreases in value of an asset are recorded against the revaluation reserve to the extent that a balance of accumulated gains is recorded against the individual asset. Where the decrease in value is in excess of any balance held within the Revaluation Reserve the reduction is then charged to the relevant service line within the Comprehensive Income and Expenditure Statement.

The Revaluation Reserve contains revaluation gains recognised since 1st April 2007 only, the date of this reserve’s formal implementation. Gains arising before that date were subsequently consolidated into the Capital Adjustment Account. Movement in the valuations of properties do not impact upon the General Working Balance and are not a charge or credit to Council Tax.

### **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); or,
- 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 original loss had not been recognised.

### **Disposal and Non-Current Assets Held for Sale**

When it becomes probable an Asset will be sold rather than the County Council recovering the economic value through its continuing use, it is reclassified as an Asset Held for Sale. Assets Held for Sale are marketed with the expectation of disposal within 12 months of the financial period end.

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

Receipts from the disposal of Assets are accounted for on an accruals basis. When an asset is disposed of, the value of the asset in the Balance Sheet is written off to the Other Operating Expenditure line of the Comprehensive Income and Expenditure Statement, as is the disposal

receipt. These amounts are not a charge or receipt to Council Tax as the cost of Fixed Assets is fully provided for under separate arrangements for capital financing. The asset value written off is appropriated to the Capital Adjustment Account, the capital receipt to the Usable Capital Receipts Unapplied Reserve, via the Movement in Reserves Statement. Any revaluation gains that have accumulated in the Revaluation Reserve are transferred to the Capital Adjustment Account.

Capital Receipts have been used to finance capital expenditure based on the policy of the County Council.

### **Depreciation**

Depreciation is provided for on all Property, Plant and Equipment with a finite useful life (this can be determined at the time of acquisition or revaluation) according to the following policy:-

- Property assets are split into three specific components; Land (which is not depreciated), the Main Structure of the Building and the Mechanical and Electrical Services of the Building. Each component is depreciated separately at rates representative of their estimated remaining useful lives covering periods of 10 to 50 years; and
- Vehicles, Plant, Furniture and Equipment are depreciated over a number of years depending on the nature of the asset. This is normally between four to six years.

Depreciation is calculated on a straight line basis with no residual value being assumed. Depreciation has been charged in the year of asset acquisition and also in the year of revaluation.

Depreciation is charged to the Comprehensive Income and Expenditure Statement but does not impact on Council Tax and is written off to the Capital Adjustment Account via the Movement in Reserves Statement. Where non-current assets have been re-valued the excess depreciation, above the historic cost depreciation, is transferred from the Revaluation Reserve to the Capital Adjustment Account.

## **2.1 Highways Infrastructure Assets**

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

### **Recognition**

Expenditure on the acquisition or replacement of components of the network is capitalised on an accrual basis, provided that it is probable that the future economic benefits associated with the item will flow to the authority and the cost of the item can be measured reliably.

### **Measurement**

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 amounts of capital undischarged for sums borrowed as at 1 April (1994 England and Scotland) (1996 Wales), which was deemed at that time to be historical cost.

Where impairment losses are identified, they are accounted for by the carrying amount of the asset being written down to the recoverable amount.

### **Depreciation**

Depreciation is provided on the parts of the highways network infrastructure assets that are subject to deterioration or depletion and by the systematic allocation of their depreciable amounts over their useful lives. Depreciation is charged on a straight-line basis.

Annual depreciation is the depreciation amount allocated each year. Infrastructure is depreciated over a 40 year period.

### **3. Heritage Assets**

Heritage Assets are non-current assets that are intended to be preserved in trust for future generations because of their historical, artistic, scientific, technological, geophysical or environmental qualities. They are held and maintained principally for their contribution to knowledge and culture.

The County Council does not currently have any Heritage Assets held within the Balance Sheet.

It is anticipated that any acquisition of Heritage Assets will be made by donation. Where an item is donated and it is deemed appropriate, valuations will be sought from an independent external valuer.

Heritage Assets are measured at valuation where available and the asset is recognised within the Balance Sheet. Valuations are reviewed with sufficient frequency to ensure measurement remains current.

Where the County Council considers that obtaining full valuations for assets would involve a disproportionate cost in comparison to the benefits to the users of the financial statements the asset is not recognised in the Balance Sheet, but included in the accounts as a disclosure.

Where Heritage Assets are held within the Balance Sheet, the carrying amounts will be reviewed where there is evidence of impairment i.e. where an item has suffered physical deterioration or breakage or where doubts arise to authenticity. Any impairment is recognised in accordance with the County Council's general policies on impairment.

If it is agreed to dispose of any Heritage Assets the proceeds are accounted for in accordance with the County 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 for capital receipts.

Heritage Assets are not subject to depreciation as they are considered to have indefinite lives.

### **4. Investment Property**

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

Investment Properties are measured at fair value, based on 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. 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. However, revaluation and disposal gains and losses are not permitted by statutory arrangements to have an impact on the General Working Balance. The gains and losses are therefore transferred out of the General Working Balance in the Movement in Reserves Statement and allocated to the Capital Adjustment Account.

Rentals received in relation to Investment Properties are credited to the Financing and Investment Income line and result in a gain for the General Working Balance.



## **5. Intangible Assets**

Intangible Assets represent Non-Current Assets that do not have physical substance, but are identifiable and are controlled by the County Council through custodial or legal rights. All purchased Intangible Assets are capitalised at historical cost in line with The Code.

In line with other Non-Current Assets, their useful economic life is determined based on the length of time that the benefit will accrue to the County Council. Based on the best estimate of the useful economic life, the intangible asset is charged to the relevant service lines within the Comprehensive Income and Expenditure Statement over this period. This is between three and 25 years on a straight line basis.

## **6. Charges to Revenue**

Service Revenue Accounts, Support Services and trading accounts are charged with the following amounts to record the real cost of holding Fixed Assets throughout the year:-

- depreciation attributable to the assets used by the relevant service;
- impairment losses attributable to non-current assets used by the service; and
- amortisation of intangible assets attributable to the service.

The County Council does not raise Council Tax to cover depreciation, impairment loss or amortisations. The County Council does, however, make an annual contribution from revenue to reduce its borrowing requirement (equal to approximately 4% of the Capital Financing Requirement). Depreciation, impairment losses, amortisation and gains or losses on the disposal of assets are therefore written out of the General Working Balance via the Movement in Reserves Statement, by way of an adjusting transaction within the Capital Adjustment Account.

## **7. Revenue Expenditure Funded from Capital under Statute**

Revenue Expenditure Funded from Capital under Statute represents expenditure which may be properly capitalised, but which does not result in the creation of any Fixed Asset to the County Council. In line with the guidance contained in The Code, this expenditure is written off to the relevant service within the Comprehensive Income and Expenditure Statement in the year the expenditure is incurred, because the County Council does not control the economic benefits arising from this expenditure.

## **8. Long Term Investments**

Shareholdings in associated companies are valued at historic cost based on the acquisition price paid. They continue to be valued based on historic cost because they are not available-for-sale, do not have a quoted market price in an active market and there are no future plans to sell these investments in the County Council's group companies. The fair value of these investments is, in effect, their historic cost.

Other long term investments, in the form of simple deposits with banks / building societies, are valued at amortised cost using the effective interest rate method, in accordance with IFRS 9.

## **9. Accruals of Income and Expenditure and Revenue Recognition**

The Accounts of the County Council are, in general, maintained on an accruals basis in accordance with recognised accounting policies. The Accounts reflect sums due to or incurred by

the County Council during the year, whether or not the amount has actually been received or paid in the year. Appropriate provision has been made, therefore, for Creditors and Debtors at 31st March 2023.

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

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

Revenue is measured as the amount of the transaction price which is allocated to that performance obligation.

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 unless the difference is immaterial.

Supplies are recorded as expenditure when they are consumed - where there is a gap between the date supplies are received and their consumption, they are carried as inventories on the Balance Sheet.

Expenses in relation to services received (including services provided by employees) are recorded as expenditure when the services are received rather than when payments are made.

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.

## **10. Grants**

Revenue grants are accrued and credited to income in the period in which the conditions of the grant have been complied with and there is reasonable assurance that the grant or contribution will be received. Where this is in advance of the related expenditure being incurred an Earmarked Reserve is credited to reflect the expenditure commitments in future years. Where the grant or contribution is for capital purposes then the grant income is recognised in the year it is received, although this is subject to any outstanding conditions having been met. Capital Grant income recognised in the Comprehensive Income and Expenditure Statement in advance of the related expenditure is transferred to the Capital Grants Unapplied Reserve. Amounts in the Capital Grants Unapplied Reserve are transferred to the Capital Adjustment Account once they have been applied to fund capital expenditure.

Monies advanced as grants and contributions for which conditions have not been satisfied are carried on the Balance Sheet as Creditors (Income in Advance).

This accounting treatment for grants is in accordance with IAS 20 Accounting for Government Grant.

## **11. VAT**

Income and Expenditure transactions exclude any amounts relating to VAT as all VAT collected is payable to HM Revenue & Customs and all VAT paid is recoverable from them.

## 12. Leases

The County Council, as lessee, has entered into leasing arrangements of both an Operating and Finance Lease nature. Where under IAS 17 Leases it is judged that substantially all of the risks and rewards incidental to the ownership of an asset have been transferred, then the lease is classified as a Finance Lease. A Finance Lease gives rise to the recognition of the Fixed Asset on the Balance Sheet together with a corresponding liability for future payments. Rental payments made under a Finance Lease are apportioned between a charge to write down the lease liability within the Balance Sheet and an element for finance charges, this is based upon the original rent payable on the lease agreement.

The County Council acts as the lessor on a number of properties under Operating Lease arrangements (a lease which is not classified as a Finance Lease as described above). Rental income is credited to the cost of services on a straight-line basis over the period of the lease.

The County Council has reviewed its operational contractual arrangements to determine whether any embedded leasing of assets exists within these types of arrangements.

## 13. Private Finance Initiative (PFI) and Service Contracts

PFI contracts are fixed term agreements whereby the County Council receives a service from a PFI contractor and the responsibility for making available the Fixed Assets needed to provide the services passes to the PFI contractor. These Fixed Assets are deemed to be owned by the County Council because:-

- the County Council control the services that are provided under its PFI schemes for the duration of the fixed term contract; and
- ownership of the Assets pass to the County Council at the end of the contract for no additional charge.

If the PFI arrangement meets the above two criteria, it is the Accounting Policy of the County Council to carry the Assets used under this type of contract onto its Balance Sheet. In addition the County Council recognises a liability for amounts due to the PFI operator to pay for those assets for the duration of the PFI Contract.

The Assets associated with PFI Contracts, which are recognised on the Balance Sheet are depreciated and revalued in the same way as all other Property, Plant and Equipment directly owned by the County Council.

The amounts payable to the PFI contractor on an annual basis for the provision of services are referred to as Unitary Charges. The Unitary Charge is split into the following elements:-

- payment for the provision of day-to-day services during the year. These are charged to the relevant directorate service headings in the Comprehensive Income and Expenditure Statement;
- payment towards reducing the liability associated with the cost of the Asset. This is included within the annual Minimum Revenue Provision which the County Council sets aside to repay external debt and liabilities; and
- interest charges on the outstanding Balance Sheet liability which are charged against Interest Payable in the Comprehensive Income and Expenditure Statement.



## 14. Financial Instruments

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

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

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

### Financial Assets

There are three main classes of financial assets held by the County Council which are measured at:

- Amortised cost
- Fair value through profit and loss (FVPL), and
- Fair value through other comprehensive income (FVOCI)

The County Council largely holds investments to collect contractual cashflows i.e. payments of interest and principal. Most of the County Councils financial assets are therefore classified as amortised cost, except for those that are not solely payment of principal and interest.

### 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 County Council, this means that the amount presented in the Balance Sheet is the outstanding principal receivable (plus accrued interest) and interest credited to the CIES is the amount receivable for the year in the loan agreement.

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

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

Financial assets that are measured at FVPL are recognised on the Balance Sheet when the County Council becomes a party to the contractual provisions of a financial instrument and are initially measured and carried at fair value. Fair value gains and losses are recognised as they arrive in the Surplus or Deficit on the Provision of Services. The County Councils current investments that fall under FVPL are in property funds and are measured at market price, as quoted market prices exist for this type of investment. As these gains or losses impact on the General Fund balance, a statutory override has been agreed with the Department for Levelling Up, Housing and Communities (DLUHC), so any loss or gain is reversed and recorded in the Financial Instruments Revaluation Reserve, unless funded from capital in which case through the Capital Adjustments Account. Any gain or loss will only be realised when the investments are sold.

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

### **Financial Assets Measured at Fair Value through Other Comprehensive Income (FVOCI)**

The County Council has equity instruments designated at FVOCI which are its investments in non-consolidated subsidiaries and joint ventures. The Council has made an irrevocable election to designate these equity instruments as FVOCI on the basis that these are held for non-contractual benefits, not held exclusively for trading but for strategic purposes. These assets were transferred to the new category on 1 April 2018. The fair value of these long term investments is based on the principle that they are not available-for-sale, do not have a quoted market price in an active market and there are no future plans to sell these investments in the County Councils group companies. The fair value of these investments is, in effect, their historic cost. Dividend income is credited to Financing and Investment Income and Expenditure in the Comprehensive Income and Expenditure Statement when it becomes receivable by the County Council. If there is a change in fair value, this is posted to Other Comprehensive Income and Expenditure and is balanced by an entry in the Financial Instruments Revaluation Reserve. When the asset is de-recognised, the cumulative gain or loss previously recognised in Other Comprehensive Income and Expenditure is transferred from the Financial Instruments Revaluation Reserve and recognised in the Surplus or Deficit on the Provision of Services.

### **Financial Liabilities**

Financial liabilities are recognised on the Balance Sheet when the County 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 (CIES) 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 the borrowings that the County 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 CIES is the amount payable for the year according to the loan agreement. Gains and losses (discounts and premiums) on the repurchase or early settlement of borrowing are credited and debited to the Financing and Investment Income and Expenditure line in the CIES. If the County Council decides to write off these gains or losses on early repurchase / settlement then this can be done over 10 years or over the life of the new loan or over a shorter more prudent time scale. The CIES is charged with one year related costs with the rest being taken to the Financial Instruments Adjustment Account in the Balance Sheet via the Movement in Reserves Statement - General Working Balance. The accounting policy is to charge gains and losses to Net Operating Expenditure in the year of repurchase / settlement.

However, where repurchase has taken place as part of a restructuring of the loan portfolio that involves the modification or exchange of existing instruments, the premium or discount is respectively deducted from or added to the amortised cost of the new or modified loan and the write-down to the CIES is spread over the life of the loan by an adjustment to the effective interest rate. Please note that this situation has not occurred and is not reflected in the current Statement of Accounts and is unlikely to occur in the future.

### **Expected Credit Loss Model**

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

Impairment losses are calculated to reflect the expectation that the future cash flows might not take place because the borrower or investee 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.

### **Soft Loans**

The County Council has the power to advance loans to Voluntary Organisations at less than market rates (soft loans). When soft loans are made, a loss is recorded in the Comprehensive

Income and Expenditure Statement, charged to the relevant service, for the present value of the interest that will be foregone over the life of the instrument, resulting in a lower amortised cost than the outstanding principal. Interest is credited at a marginally higher effective rate of interest than the rate receivable from the Voluntary Organisations, with the difference serving to increase the amortised cost of the loan in the Balance Sheet. Statutory provision requires that the impact of soft loans on the General Working Balance is the interest receivable for the financial year. The reconciliation of amounts debited and credited to the Comprehensive Income and Expenditure Statement to the net gain required against the General Working Balance is managed by a transfer to or from the Financial Instruments Revaluation Reserve in the Movement in Reserves Statement.

## **15. Inventories**

Inventories have been included in the Accounts at weighted average cost price. Any obsolete and slow moving items are written off during the year and netted off against the value of the inventories shown in the Balance Sheet. No amounts are included for such items as inventories at Health and Adult Services residential homes, and inventories at special schools and outdoor education centres. It is considered that exclusion of these items does not have a material effect on the values stated.

## **16. Allocation of Support Services Costs**

The costs of Support Services provided by Corporate Service Units have been allocated to the relevant Traded Services largely on the basis of the estimated time spent by officers. A proportion of the costs relating to the Central Services Directorate have been charged to the North Yorkshire Pension Fund in respect of the administration of the Fund.

## **17. Provisions, Contingent Liabilities and Contingent Assets**

### **Provisions**

Provision has been made against relevant services within the Comprehensive Income and Expenditure Statement for liabilities that have been incurred by the County Council, but where the amounts or dates on which they will arise are uncertain.

Provisions are required to be recognised when the County Council has a present obligation, as a result of a past event, where it is probable that a transfer of economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation, (IAS 37 Provisions, Contingent Liabilities and Contingent Assets).

When expenditure is incurred to which the provision relates, it is charged directly against the provision in the Balance Sheet and not against the Comprehensive Income and Expenditure Statement.

The estimated value and timing of settlements are reviewed at the end of each financial year. Where it becomes more likely than not that a transfer of economic benefits will not now be required (or a lower settlement than anticipated is made), the provision is reversed and credited back to the relevant service within the Income and Expenditure Statement.

Where some or all of the payment required to settle a provision is expected to be met by another third party (e.g. from an insurance claim), this is only recognised as income in the relevant service Revenue Account if it is virtually certain that reimbursement will be received if the obligation is settled.

### **Contingent Liabilities**

A Contingent Liability arises where an event has taken place that gives the County 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 County 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 Core Financial Statements.

### **Contingent Assets**

A Contingent Asset arises where an event has taken place that gives the County 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 County Council. Contingent Assets are not recognised in the Balance Sheet but disclosed in a Note to the Core Financial Statements where it is probable that there will be an inflow of economic benefits or service potential.

## **18. Reserves**

The County Council maintains a General Fund Working Balance and also holds reserves earmarked for specific purposes which are detailed in note 34 to the Notes to the Core Financial Statements. These reserves together with the Capital Grant Unapplied Reserve and Capital Receipts Unapplied Reserve are deemed to be distributable reserves, which can be utilised to support future expenditure.

Under arrangements for Local Management of Schools (LMS), budget allocations are made to individual establishments at the start of each financial year. Any under-spends or over-spends against budget allocations are carried forward into the following financial year's budget allocation by way of the LMS reserve.

When expenditure to be financed from a reserve is incurred, it is charged to the appropriate Service Income and Expenditure heading in that year and represents a charge against the Net Cost of Services. The reserve is then appropriated back into the General Fund Balance statement so that there is no net charge against Council Tax for the expenditure.

Non-distributable (unusable) reserves include the Revaluation Reserve, the Capital Adjustment Account, the Pension Reserve, the Accumulated Absences Reserve, Financial Instruments revaluation Reserve, DSG Adjustment Account and the Collection Fund Adjustment Account Reserve. These represent "technical non-cash" reserves which are maintained to manage the accounting processes and other statutory accounting adjustments under regulations. These reserves do not represent usable resources available to the County Council or impact upon the level of local taxation and are not able to be utilised in support of service delivery.

## **19. Pensions**

The pension liabilities of the County Council are to be accounted for using IAS 19 principles. The County Council participates in three different pension schemes which meet the needs of employees in particular services. The three schemes are:-

- The Local Government Pension Scheme, administered by the County Council;
- The Teachers' Pension Scheme administered by Capita Teachers' Pension on behalf of the Department for Education; and
- The NHS Pension Scheme administered by the NHS Business Services Authority on behalf of the Department of Health and Social Care.

All three schemes provide members with defined benefits related to pay and service. However, the arrangements for the teachers' scheme and the NHS scheme mean that liabilities for these benefits cannot be identified specifically to the County Council. These schemes are therefore accounted for as if they are defined contribution schemes and no future liability for future payments or benefits is recognised in the Balance Sheet.

### **The Local Government Pension Scheme**

The Local Government Scheme is accounted for as a defined benefit pension scheme. In line with the accounting policies outlined in The Code, the County Council has complied with the requirements of IAS 19 Employee Benefits and in particular:-

- the assets of each scheme are measured at fair value;
- the attributable liabilities of each scheme are measured on an actuarial basis;
- quoted securities and unitised securities are measured at current bid-price, unquoted securities are measured using a professional estimate;
- the scheme liabilities are discounted at a rate based upon long dated, AA rated, corporate bonds which reflects the time value of money and the characteristic of the liability;
- the deficit in the scheme is the shortfall of the value of assets over the present value of liabilities;
- the interest cost is the allowance for one year's worth of the discount on the liabilities "unwinding" as the liabilities at the start of the period are one year closer to payment;
- the current service cost is 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;
- remeasurement of liabilities arises from changes in financial assumptions and demographic assumptions, as well as adjustments following the detailed analysis at each triennial valuation;
- settlements and curtailments are the increase or decrease in liabilities arising from current decisions where the effect relates to years of service earned in earlier years and is charged or credited to the Net Cost of Services in the Comprehensive Income and Expenditure Statement as part of Non Distributed Costs;
- interest on assets is the expected one year's growth of the assets held at the start of the year;
- remeasurement of assets reflects the difference between actual and expected growth of assets over the year, as well as adjustments following each triennial valuation; and
- administration expenses are the costs of running the Fund attributable to the Council. In relation to retirement benefits, statutory provisions require the General Fund balance to be charged with the amount payable by the authority to the pension fund or directly to pensioners in the year, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement, this means that there are transfers to and from the pensions reserve to remove the notional debits and credits for retirement benefits and replace them with debits for the cash paid to the pension fund and pensioners and any such amounts payable but unpaid at the year-end. The negative balance that arises on the 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.

In assessing liabilities for retirement benefits at 31st March 2023 for the 2022/23 Statement of Accounts, the Actuary assumed a discount rate of 2.0% real (4.7% actual), a rate based upon the



current rate of return on a high quality corporate bond of equivalent currency and term to scheme liabilities. For the 2021/22 Statement of Accounts, the Actuary advised that a rate of -0.3% real (2.7% actual) was appropriate.

## **20. Trust Funds Administered by the County Council**

Trust Funds administered by the County Council have not been included in the Balance Sheet, in accordance with the provisions of The Code. The value of funds administered as at 31st March 2023 was £200k (£192k as at 31st March 2022).

## **21. Group Accounts**

The County Council has financial relationships with a number of entities and partnerships and, as a result, is required to prepare Group Accounts in addition to its main financial statements. In preparing Group Accounts the County Council has followed CIPFA guidance and in general, the following policies have been applied:-

- all financial relationships within the scope of Group Accounts have been assessed;
- subsidiary company statutory accounts have been prepared under UK GAAP (FRS101), this may give rise to inconsistent accounting treatments to those applied within the County Council's accounts. Where material differences in the accounting treatment applied within subsidiaries are identified the subsidiary accounts are aligned with the accounting policies of the County Council prior to consolidation;
- Associates and Joint Ventures have been accounted for in line with the provisions of IAS 28 Investment in Associates and IAS 31 Interest in Joint Ventures;
- simple investments have been left at their historic value in the County Council's Balance Sheet; and
- financial interests that do not have a material impact on the Group Accounting Statements have not been consolidated.

## **22. Council Tax and Non-Domestic Rates (NDR) Income**

The Local Government Finance Act 2012 introduced a business rates retention scheme from 1st April 2013 that enables local authorities to retain a proportion of non-domestic rates generated in their area.

The Code of Practice on Local Authority Accounting provides guidance on how local authorities account for both Council Tax and NDR Income. Billing authorities in England maintain a separate fund for the collection and distribution of Council Tax and NDR and calculate surpluses or deficits on each.

The Billing Authority collects and distributes Council Tax on behalf of itself and other major preceptors such as the County Council and NDR on behalf of itself, the Government, the County Council and the Fire Authority. The collection of Council Tax and NDR by a Billing Authority is in substance an agency arrangement, and the cash collected by Billing Authorities belongs proportionately to the billing authority and other organisations mentioned above.

Council Tax and NDR income collected by Billing Authorities are credited to the relevant Collection Fund on an annual basis. The amount credited to the General Fund under statute for Council Tax is the County Council's precept or demand for the year, plus the authority's share of the surplus (or

deficit) on the Council Tax Collection Fund for the previous year. The amount credited to the General Fund under statute for NDR is the County Council's share of estimated NDR income for the year, plus the authority's share of the NDR surplus (or deficit) on the Collection Fund for the previous year.

The Comprehensive Income and Expenditure Statement shows the value of accrued Council Tax and NDR Income in a financial year rather than the current year's actual income plus or minus the previous year's share of each Billing Authority's Collection Fund surplus or deficit on both Council Tax and NDR.

The difference between accrued income for Council Tax and NDR and actual income received does not impact on the General Working Balance or the Revenue Budget of the County Council in 2021/22, and is taken to the Collection Fund Adjustment Account in the Balance Sheet and included as a reconciling item in the Movement in Reserves Statement - General Working Balance.

The County Council also makes provision for the following values in its Balance Sheet at the year end for the following:-

- Debtor provision for the County Council's share of Council Tax and NDR arrears;
- Provision for bad debts of Debtors in relation to Council Tax and NDR arrears and appeals and backdated appeals for NDR;
- Creditor provision for Council Tax and NDR over-payments and pre-payments; and
- Creditor or Debtor provision where the billing authority has under or over collected Council Tax in-year against what it actually paid over to the County Council in 2022/23.

### **23. Cash and Cash Equivalents**

Cash Equivalents are short term investments that are of a highly liquid nature. The County Council has deemed that deposits held within call accounts and other short term investments that have a deposit term of one month or under and are held for the purposes of meeting short term cash commitments are categorised as Cash Equivalents.

In the Cash Flow Statement, Cash and Cash Equivalents are shown net of bank overdrafts that are repayable on demand where there is a right of offset.

### **24. Short Term Compensated Employee Benefits**

The County Council in accordance with IAS 19 makes accruals for short term employee compensated absences such as untaken holiday pay and accumulated flexi time at the period end. These balances are recognised as Provisions and under statutory guidance an offsetting balance is included within the reserves section of the Balance Sheet.

Short term employee benefits are those due to be settled within 12 months of the year end. They include such benefits as wages and salaries, paid annual leave and paid sick leave, bonuses and non-monetary benefits for current employees and are recognised as an expense for services in the year in which employees render service to the County Council. An accrual is made for the cost of holiday entitlements (or any form of leave e.g. time off in lieu, flexi balances) earned by employees but not taken before the year end which employees can carry forward into the next financial year. The accrual is charged against the Provision of Services, but then reversed out through the Movement in Reserves Statement so that holiday benefits are ultimately charged to revenue in the financial year in which the holiday absence occurs.

## **25. Exceptional items**

When items of income and expenditure are material, their nature and amount is disclosed separately, either on the face of the Comprehensive Income and Expenditure Statement or in the Notes to the Core Financial Statements, depending on how significant the items are to an understanding of the County Council's financial performance.

## **26. 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 County 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.

## **27. Events After the Balance Sheet Date**

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

- those that provide evidence of conditions that existed at the end of the reporting period - the Statement of Accounts is adjusted to reflect such events; and
- those that are indicative of conditions that arose after the reporting period - the Statement of Accounts is not adjusted to reflect such events, but where a category of events would have 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.

## **28. Jointly Controlled Operations and Jointly Controlled Assets**

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

Jointly controlled assets are items of Property, Plant or Equipment that are jointly controlled by the County Council and other venturers, with the assets being used to obtain benefits for the ventures. The joint venture does not necessarily involve the establishment of a separate entity. The County Council accounts for only its share of the jointly controlled assets, the liabilities and expenses that



it incurs on its own behalf or jointly with others in respect of its interest in the joint venture and income that it earns from the venture.

## **29. Schools**

The Code 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 County Council as if they were the transactions, cash flows and balances of the County Council.

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## COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT 2022/23

| Year to 31st March 2022 |                      |               |                                                                               | Year to 31st March 2023 |                  |                      |
|-------------------------|----------------------|---------------|-------------------------------------------------------------------------------|-------------------------|------------------|----------------------|
| Expenditure<br>£000     | Income<br>£000       | Net<br>£000   |                                                                               | Expenditure<br>£000     | Income<br>£000   | Net<br>£000          |
| 523,255                 | (364,824)            | 158,431       | Children and Young Peoples Service                                            | 517,337                 | (375,900)        | 141,437              |
| 158,496                 | (61,771)             | 96,725        | Business and Environmental Services                                           | 163,972                 | (60,977)         | 102,995              |
| 332,561                 | (142,230)            | 190,331       | Health and Adult Services                                                     | 367,825                 | (151,131)        | 216,694              |
| 98,516                  | (20,575)             | 77,941        | Central Services                                                              | 113,133                 | (29,980)         | 83,153               |
| 3,252                   | (34,320)             | (31,068)      | Corporate Miscellaneous                                                       | 15,932                  | (40,965)         | (25,033)             |
| <u>1,116,080</u>        | <u>(623,720)</u>     | 492,360       | <b>Cost of Services</b>                                                       | <u>1,178,199</u>        | <u>(658,953)</u> | 519,246              |
|                         |                      |               | <b>Other Operating Expenditure</b>                                            |                         |                  |                      |
|                         |                      | 36,954        | Loss on Disposal of Property, Plant and Equipment (note 20)                   |                         |                  | 8,092                |
|                         |                      | 0             | Impairment of Assets Held for Sale (note 27)                                  |                         |                  | 0                    |
|                         |                      | 719           | Precepts of Local Precepting Authorities                                      |                         |                  | 742                  |
|                         |                      | <u>37,673</u> |                                                                               |                         |                  | <u>8,834</u>         |
|                         |                      |               | <b>Financing and Investment Income and Expenditure</b>                        |                         |                  |                      |
|                         |                      | 26,188        | Interest payable and similar charges (note 39b)                               |                         |                  | 25,262               |
|                         | (2,464)              |               | Interest receivable and similar income                                        |                         |                  | (10,558)             |
|                         | (1,031)              |               | Financial Instruments (note 35f)                                              |                         |                  | 1,219                |
|                         |                      | 57            | Investment Properties; revaluation and impairment (note 25)                   |                         |                  | (49)                 |
|                         |                      | 950           | (Surplus)/Deficit of trading activities (note 6)                              |                         |                  | 860                  |
|                         | 9,944                |               | Net interest on the net defined pension benefit liability / (asset) (note 10) |                         |                  | 10,030               |
|                         |                      | <u>33,644</u> |                                                                               |                         |                  | <u>26,764</u>        |
|                         |                      |               | <b>Taxation and Non-Specific Grant Income</b>                                 |                         |                  |                      |
|                         | (337,345)            |               | Council Tax Income (note 7)                                                   |                         |                  | (360,109)            |
|                         | (64,286)             |               | Non-Domestic Rates Income (note 8)                                            |                         |                  | (70,722)             |
|                         | (41,707)             |               | Non-Ringfenced Government Grants (note 9)                                     |                         |                  | (28,953)             |
|                         | (66,103)             |               | Capital Grants (note 9)                                                       |                         |                  | (67,247)             |
|                         | <u>(509,441)</u>     |               | Taxation and Non-Specific Grant Income                                        |                         |                  | <u>(527,031)</u>     |
|                         | <u><b>54,236</b></u> |               | <b>(Surplus) or Deficit on Provision of Services</b>                          |                         |                  | <u><b>27,813</b></u> |

**COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT (continued)**

| Year to 31st March 2022 |                |                         | Year to 31st March 2023 |                |                         |
|-------------------------|----------------|-------------------------|-------------------------|----------------|-------------------------|
| Expenditure<br>£000     | Income<br>£000 | Net<br>£000             | Expenditure<br>£000     | Income<br>£000 | Net<br>£000             |
|                         |                | <b>54,236</b>           |                         |                | <b>27,813</b>           |
|                         |                |                         |                         |                |                         |
|                         |                | (85,893)                |                         |                | (71,959)                |
|                         |                | 13,707                  |                         |                | 8,073                   |
|                         |                | <u>(162,490)</u>        |                         |                | <u>(446,958)</u>        |
|                         |                | <b><u>(234,676)</u></b> |                         |                | <b><u>(510,844)</u></b> |
|                         |                |                         |                         |                |                         |
|                         |                | <b><u>(180,440)</u></b> |                         |                | <b><u>(483,031)</u></b> |

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

### MOVEMENT IN RESERVES STATEMENT

|                                                                          | General<br>Working<br>Balance<br>£000<br>(note 34) | Earmarked<br>Reserves<br>£000<br>(note 34) | Capital<br>Receipts<br>Unapplied<br>Reserve<br>£000<br>(note 34) | Capital<br>Grants<br>Reserve<br>£000<br>(note 34) | Total<br>Usable<br>Reserves<br>£000<br>(note 34) | Total<br>Unusable<br>Reserves<br>£000<br>(note 35) | Total<br>Authority<br>Reserves<br>£000 |
|--------------------------------------------------------------------------|----------------------------------------------------|--------------------------------------------|------------------------------------------------------------------|---------------------------------------------------|--------------------------------------------------|----------------------------------------------------|----------------------------------------|
| <b>Movement in Reserves during 2022/23</b>                               |                                                    |                                            |                                                                  |                                                   |                                                  |                                                    |                                        |
| <b>Balance at 31st March 2022</b>                                        | <b>(28,005)</b>                                    | <b>(293,611)</b>                           | <b>(3,560)</b>                                                   | <b>(45,180)</b>                                   | <b>(370,356)</b>                                 | <b>(922,240)</b>                                   | <b>(1,292,596)</b>                     |
| Total Comprehensive Expenditure and Income                               | 27,813                                             | 0                                          | 0                                                                | 0                                                 | 27,813                                           | (510,844)                                          | (483,031)                              |
| Adjustments between accounting basis and funding basis under regulations | (38,351)                                           | 0                                          | 208                                                              | (10,968)                                          | (49,111)                                         | 49,111                                             | 0                                      |
| <b>Net (Increase) / Decrease before Transfers to Earmarked Reserves</b>  | <b>(10,538)</b>                                    | <b>0</b>                                   | <b>208</b>                                                       | <b>(10,968)</b>                                   | <b>(21,298)</b>                                  | <b>(461,733)</b>                                   | <b>(483,031)</b>                       |
| Transfers (to) / from Earmarked Reserves                                 | 10,112                                             | (10,112)                                   | 0                                                                | 0                                                 | 0                                                | 0                                                  | 0                                      |
| (Increase) / Decrease in Year                                            | (426)                                              | (10,112)                                   | 208                                                              | (10,968)                                          | (21,298)                                         | (461,733)                                          | (483,031)                              |
| <b>Balance at 31st March 2023</b>                                        | <b>(28,431)</b>                                    | <b>(303,723)</b>                           | <b>(3,352)</b>                                                   | <b>(56,148)</b>                                   | <b>(391,654)</b>                                 | <b>(1,383,973)</b>                                 | <b>(1,775,627)</b>                     |

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

**MOVEMENT IN RESERVES STATEMENT (continued)**

|                                                                          | General Working Balance<br>£000<br>(note 34) | Earmarked Reserves<br>£000<br>(note 34) | Capital Receipts Unapplied Reserve<br>£000<br>(note 34) | Capital Grants Reserve<br>£000<br>(note 34) | Total Usable Reserves<br>£000<br>(note 34) | Total Unusable Reserves<br>£000<br>(note 35) | Total Authority Reserves<br>£000 |
|--------------------------------------------------------------------------|----------------------------------------------|-----------------------------------------|---------------------------------------------------------|---------------------------------------------|--------------------------------------------|----------------------------------------------|----------------------------------|
| <b>Movement in Reserves during 2021/22</b>                               |                                              |                                         |                                                         |                                             |                                            |                                              |                                  |
| <b>Balance at 31st March 2021</b>                                        | <b>(27,868)</b>                              | <b>(247,402)</b>                        | <b>(4,062)</b>                                          | <b>(61,953)</b>                             | <b>(341,285)</b>                           | <b>(770,871)</b>                             | <b>(1,112,156)</b>               |
| Total Comprehensive Expenditure and Income                               | 54,236                                       | 0                                       | 0                                                       | 0                                           | 54,236                                     | (234,676)                                    | (180,440)                        |
| Adjustments between accounting basis and funding basis under regulations | (100,582)                                    | 0                                       | 502                                                     | 16,773                                      | (83,307)                                   | 83,307                                       | 0                                |
| <b>Net (Increase) / Decrease before Transfers to Earmarked Reserves</b>  | <b>(46,346)</b>                              | <b>0</b>                                | <b>502</b>                                              | <b>16,773</b>                               | <b>(29,071)</b>                            | <b>(151,369)</b>                             | <b>(180,440)</b>                 |
| Transfers (to) / from Earmarked Reserves                                 | 46,209                                       | (46,209)                                | 0                                                       | 0                                           | 0                                          | 0                                            | 0                                |
| (Increase) / Decrease in Year                                            | (137)                                        | (46,209)                                | 502                                                     | 16,773                                      | (29,071)                                   | (151,369)                                    | (180,440)                        |
| <b>Balance at 31st March 2022</b>                                        | <b>(28,005)</b>                              | <b>(293,611)</b>                        | <b>(3,560)</b>                                          | <b>(45,180)</b>                             | <b>(370,356)</b>                           | <b>(922,240)</b>                             | <b>(1,292,596)</b>               |

## BALANCE SHEET AS AT 31ST MARCH 2023

| 31st March<br>2022<br>£000 |                                                             | 31st March<br>2023<br>£000 |
|----------------------------|-------------------------------------------------------------|----------------------------|
| 1,652,837                  | Property, Plant and Equipment (note 18)                     | 1,695,281                  |
| 47,559                     | Investment Property (note 25)                               | 46,219                     |
| 4,870                      | Intangible Assets (note 24)                                 | 7,078                      |
| 11,130                     | Long Term Investments (note 29)                             | 9,911                      |
| 31,468                     | Long Term Debtors (note 30)                                 | 28,570                     |
| <b>1,747,864</b>           | <b>Long Term Assets</b>                                     | <b>1,787,059</b>           |
| 348,374                    | Short Term Investments (note 39a)                           | 347,914                    |
| 1,536                      | Inventories                                                 | 1,633                      |
| 161,826                    | Short Term Debtors (note 31)                                | 189,276                    |
| 74,152                     | Cash and Cash Equivalents (note 28)                         | 98,653                     |
| 170                        | Assets held for sale (note 27)                              | 170                        |
| <b>586,058</b>             | <b>Current Assets</b>                                       | <b>637,646</b>             |
| (146,260)                  | Short Term Borrowing (note 39a)                             | (138,404)                  |
| (95,909)                   | Short Term Creditors (note 32)                              | (123,633)                  |
| (4,024)                    | PF/PPP Liability repayable within 12 months (note 12)       | (3,650)                    |
| (14)                       | Finance Lease repayable within 12 months (note 13)          | (15)                       |
| (2,723)                    | Provisions to be used within 12 months (note 33)            | (2,567)                    |
| (1,159)                    | Capital Grant Receipts in Advance (note 9)                  | (11,107)                   |
| <b>(250,089)</b>           | <b>Current Liabilities</b>                                  | <b>(279,376)</b>           |
| (13,191)                   | Long Term Creditors (note 23)                               | (4,328)                    |
| (142,611)                  | PF/PPP Liability repayable in excess of 12 months (note 12) | (138,961)                  |
| (1,009)                    | Finance Lease repayable in excess of 12 months (note 13)    | (994)                      |
| (12,977)                   | Provisions to be used in excess of 12 months (note 33)      | (11,752)                   |
| (396,953)                  | Pensions Liability (note 10)                                | (4,408)                    |
| (208,500)                  | Long Term Borrowing (note 39a and 39d)                      | (198,500)                  |
| (15,996)                   | Capital Grant Receipts in Advance (note 9)                  | (10,759)                   |
| <b>(791,237)</b>           | <b>Long Term Liabilities</b>                                | <b>(369,702)</b>           |
| <b>1,292,596</b>           | <b>Net Assets</b>                                           | <b>1,775,627</b>           |

**BALANCE SHEET AS AT 31ST MARCH 2023 (continued)**

| 31st March<br>2022<br>£000 |                                                      | 31st March<br>2023<br>£000 |
|----------------------------|------------------------------------------------------|----------------------------|
| <b>Usable Reserves</b>     |                                                      |                            |
| 28,005                     | General Working Balance (note 34a)                   | 28,431                     |
| 293,611                    | Earmarked Reserves (note 34b)                        | 303,723                    |
| 3,560                      | Capital Receipts Unapplied Reserve (note 34c)        | 3,352                      |
| 45,180                     | Capital Grant Unapplied Reserve (note 34d)           | 56,148                     |
| <b>370,356</b>             | <b>Total Usable Reserves</b>                         | <b>391,654</b>             |
| <b>Unusable Reserves</b>   |                                                      |                            |
| 408,464                    | Revaluation Reserve (note 35a)                       | 446,223                    |
| 21,938                     | Collection Fund Adjustment Account (note 35b)        | 33,493                     |
| 212                        | DSG Adjustment Account (note 35g)                    | 3,403                      |
| 0                          | Financial Instruments Adjustment Account             | 0                          |
| 682                        | Financial Instruments Revaluation Reserve (note 35f) | (537)                      |
| (6,052)                    | Accumulated Absences Account (note 35c)              | (6,281)                    |
| (396,953)                  | Pension Reserve (note 35d)                           | (4,408)                    |
| 893,949                    | Capital Adjustment Account (note 35e)                | 912,080                    |
| <b>922,240</b>             | <b>Total Unusable Reserves</b>                       | <b>1,383,973</b>           |
| <b>1,292,596</b>           | <b>Total Reserves</b>                                | <b>1,775,627</b>           |

The Balance Sheet shows the value as at the Balance Sheet date of the Assets and Liabilities recognised by the County Council. The net Assets of the County Council (Assets less Liabilities) are matched by the Reserves held by the County Council.

Reserves are reported in two categories. The first category of Reserves are Usable Reserves, ie those Reserves that the County Council may use to provide services, subject to the need to maintain a prudent level of Reserves and any statutory limitations on their use (for example the Capital Receipts Reserve that may only be used to fund Capital Expenditure or repay debt). The second category of Reserves are those that the County Council is not able to use to provide services. This category of Reserves includes Reserves that hold unrealised gains and losses (for example the Revaluation Reserve), where amounts would only become available to provide services if the Assets are sold, and Reserves that hold timing differences shown in the Movement in Reserves Statement line 'Adjustments between accounting basis and funding basis under regulations'.

**CASH FLOW STATEMENT – YEAR ENDED 31ST MARCH 2023**

| 31st March<br>2022<br>£000 |                                                                                                                              | 31st March<br>2023<br>£000 |
|----------------------------|------------------------------------------------------------------------------------------------------------------------------|----------------------------|
| <b>(54,236)</b>            | <b>Net Surplus / (Deficit) on the Provision of Services - See Comprehensive Income and Expenditure Statement</b>             | <b>(27,813)</b>            |
|                            | <b>Adjust net surplus / (deficit) on the provision of services for non cash movements</b>                                    |                            |
| 66,957                     | Depreciation / Amortisation (note 34a)                                                                                       | 69,004                     |
| 42,009                     | Impairment and revaluations charged to the provision of services (note 34a)                                                  | 10,998                     |
| 7,841                      | Movement in Creditors (Decrease)/increase                                                                                    | 21,767                     |
| (23,074)                   | Movement in Debtors Decrease/(increase)                                                                                      | (29,250)                   |
| 854                        | Movement in Inventories Decrease/(increase)                                                                                  | (97)                       |
| (374)                      | Movement in Provisions (Decrease)/increase (note 33)                                                                         | (1,381)                    |
| 62,454                     | Pensions Liability                                                                                                           | 54,413                     |
| 48,668                     | Carrying Amount of Non-current Assets sold (note 34a)                                                                        | 21,218                     |
| <b>205,335</b>             |                                                                                                                              | <b>146,672</b>             |
|                            | <b>Adjust for items included in the net deficit on the provision of services that are investing and financing activities</b> |                            |
| (66,103)                   | Grants received for investment purposes (note 9)                                                                             | (67,247)                   |
| (2,630)                    | Proceeds from the sale of property and other assets                                                                          | (3,104)                    |
| <b>(68,733)</b>            |                                                                                                                              | <b>(70,351)</b>            |
| <b>82,366</b>              | <b>Net cash flows from Operating Activities</b>                                                                              | <b>48,508</b>              |



## CASH FLOW STATEMENT (continued)

| 31st March<br>2022<br>£000 |                                                                                                    | 31st March<br>2023<br>£000 |
|----------------------------|----------------------------------------------------------------------------------------------------|----------------------------|
| <b>82,366</b>              | <b>Net cash flows from Operating Activities</b>                                                    | <b>48,508</b>              |
|                            | <b>Investing Activities</b>                                                                        |                            |
| (101,520)                  | Purchase of Property, Plant and Equipment and Intangible Assets                                    | (69,207)                   |
| (642,130)                  | Purchase of Short Term and Long Term investments                                                   | (777,540)                  |
| 2,630                      | Proceeds from the Sale of Property (and other Assets)                                              | 3,104                      |
| 714,000                    | Proceeds from Short Term and Long Term Investments                                                 | 779,219                    |
| 50,753                     | Other receipts for investing activities                                                            | 72,426                     |
| <b>23,733</b>              | <b>Net cash flows from / (for) Investing Activities</b>                                            | <b>8,002</b>               |
|                            | <b>Financing Activities</b>                                                                        |                            |
| 0                          | Cash receipts of Short and Long Term Borrowing                                                     | 0                          |
| (9,084)                    | Other receipts from Financing Activities                                                           | (10,022)                   |
| (3,961)                    | Repayment of the outstanding liability of Finance Lease and similar arrangements (notes 12 and 13) | (4,038)                    |
| (80,615)                   | Repayment of Short and Long Term Borrowing                                                         | (17,949)                   |
| (86)                       | Other payments for Financing Activities                                                            | 0                          |
| <b>(93,746)</b>            | <b>Net cash flows (from) / for Financing Activities</b>                                            | <b>(32,009)</b>            |
| <b>12,353</b>              | <b>Net (Decrease) / Increase in Cash and Cash Equivalents</b>                                      | <b>24,501</b>              |
| 61,799                     | Cash and Cash Equivalents at the beginning of the reporting period                                 | 74,152                     |
| 74,152                     | Cash and Cash Equivalents at the end of the reporting period                                       | 98,653                     |
| <b>12,353</b>              |                                                                                                    | <b>24,501</b>              |

The Cash Flow Statement shows the changes in Cash and Cash Equivalents of the County Council during the reporting period. The statement shows how the County 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 County Council are funded by way of Taxation and Grant Income or from the recipients of services provided by the County Council. Investing activities represent the extent to which cash outflows have been made for resources which are intended to contribute to the County Council's future service delivery. Cash Flows arising from Financing Activities are useful in predicting claims on future Cash Flows by providers of Capital (ie borrowing) to the County Council.

## **NOTES TO THE CORE FINANCIAL STATEMENTS**

### **1. Prior Period Adjustments**

There have been no prior period adjustments.

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

CIPFA continue to consider the implications of adopting IFRS16 – Leases. This standard was originally expected to be adopted in the Statements of Accounts for 2020/2021 but was originally deferred and expected to be adopted in 2022/23.

However, as a result of only 9% of local authority accounts in England meeting the audit publication deadline of 30th September 2021 the Department of Levelling-up Housing and Communities asked CIPFA in December 2021 to consider ways in which the Code may ameliorate this crisis position. In response, CIPFA issued an emergency consultation on exploratory proposals for making time-limited changes to the Code and subsequently made the decision to defer the implementation of IFRS 16 until 1 April 2024. Local authorities can choose to voluntarily adopt IFRS 16 – Leases however North Yorkshire County Council has not.

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

- Definition of Accounting Estimates (Amendments to IAS 8) issued in February 2021;
- Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2) issued in February 2021;
- Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12) issued in May 2021; and
- Updating a Reference to the Conceptual Framework (Amendments to IFRS 3) issued in May 2020.

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

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

In applying the accounting policies as set out at the Statement of Accounting Policies the County Council has had to make critical judgements about complex transactions and those involving uncertainty about future events (sensitivity analysis relating to changes to specific critical judgements are included where appropriate) :-

- in the current economic environment there continues to be a degree of uncertainty about future levels of funding for local government. The County Council continues to review the provision of services by the Authority, in response to known and forecast future funding reductions. In 2022/23 funding from Central Government (Dedicated Schools Grant, Other Specific Grants, Uniform Business Rates proceeds and Capital Grants) totalled £544.7m. A change in this funding of 1% is equivalent to £5.5m;
- the County Council, via its external valuer, has conducted an impairment review on land and property assets not being revalued in 2022/23, as set out in Disclosure Note 19 – Valuation of Non-Current Assets. As a result of this impairment review, it has been concluded no material

impairment has occurred. If any material impairment had occurred, a 1% decrease in asset values would reduce the closing NBV on the County Council's balance sheet by £17m.

- 12 schools transferred to Academy Status in 2022/23. It is the County Council's policy to exclude academy schools from its Balance Sheet as it does not retain sufficient control over the schools service provision to warrant the recognition of the school as an asset. Typically the land and buildings of schools that transfer to academy status are transferred to the Academy Trust under a 125 year lease at a peppercorn rent. The value of the County Council's balance sheet would have been £17.1m higher if the 12 schools had not been removed. Further schools may transfer to Academy Status in 2023/24;
- the County Council does not recognise the Property of Voluntary-aided and Voluntary-controlled Schools (except where title of the land and buildings is held by the County Council) located on the Balance Sheet. It has been determined that this property is held by the Trustees of the relevant schools. The voluntary aided and voluntary controlled schools had a combined NBV of £23.5m. Although the current value of these schools is not known this valuation provides an indication of the additional value that would have been recorded on the County Council's balance sheet if the schools had not been removed;
- the County Council has made estimates of the net pay liability to pay pensions which depend on a number of complex judgments and projections supported by the actuary, which include; the discount rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected future returns on pension fund Assets. Sensitivity analysis relating to judgements on pension liabilities is included in disclosure note 4 – 'Assumptions Made about the Future and Other Major Sources of Uncertainty';
- the County Council carries its investments in its Group Companies at historic cost and does not re-value these investments on an annual basis because they are neither marketable or available-for-sale equity; nor is it possible to obtain a reliable market estimate of the net worth of the investments. A 1% increase in the value of these investments would equate to £45.2k;
- to reflect the current economic and financial climate, the County Council has determined its Bad Debt Provision based on a range of factors including the aged-profile of debtors and recent changes to payment profile of debtors. A 1% increase in the County Council's Bad Debt Provision would equate to £207.9k;
- judgement is required to determine whether the County Council can be reasonably assured that the conditions of grant and contribution income received have been met before recognising them as income in the Comprehensive Income and Expenditure Statement. Where conditions require specified expenditure to have taken place, the grant monies will not be recognised until this has happened. Equally where conditions specify that a grant or contribution must be repaid in the event of non-expenditure, the income is not recognised until the conditions of the grant have been met; and
- The Code requires the County Council to consider the classification of leases between the categories of finance and operating on an annual basis. The distinction between the two categories is not clearly defined by The Code and an element of judgement is required to make the assessment in line with best practice. As per disclosure note 13 – Leases, the County Council currently has commitments to make payments under operating leases in future years of £6.4m. If 1% of the value of these commitments had been classified as finance leases, the combined total of current and long term liabilities on the County Council's Balance Sheet would increase by £0.1k.

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

The Statement of Accounts contains estimated figures that are based upon assumptions made by the County Council about the future or that are otherwise uncertain. Estimates are made taking into account historical experience, current trends and other relevant factors.

##### **Pension Liability**

Estimation of the net liability to pay pensions depends upon a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, mortality rates and expected returns on pension fund assets. A firm of consulting actuaries is engaged by the County Council to provide expert advice about the assumptions to be applied, these assumptions may be adjusted on a yearly basis.

A sensitivity analysis around certain assumptions has identified the following changes to the pension deficit of £4.4m would occur if alternative assumptions were to be applied:-

- a +0.1%pa increase in the discount rate to be applied would reduce the pension deficit by £25.7m;
- a +0.1%pa increase in pension payments inflation would increase the deficit by £25.7m;
- a +0.1%pa pay growth would increase the deficit by £1.6m; and
- an additional 1 year increase in life expectancy would increase the deficit by £41.8m.

##### **Property, Plant and Equipment**

Assets are depreciated over the useful economic life that the asset (or components of the assets where appropriate) will be operational. The useful economic life of an individual asset is dependent upon maintaining an appropriate level of repair and maintenance expenditure on that asset. Should insufficient expenditure be incurred to properly maintain an asset then it may be the case that the useful economic life of that asset is reduced; this might give rise to an impairment or accelerated depreciation being required.

## 5. Expenditure and Funding Analysis 2022/23

|                                                               | Net Expenditure<br>£000 | Further<br>Movement<br>to<br>Earmarked<br>Reserves<br>£000 | Net<br>Expenditure<br>Chargeable<br>to the General<br>Fund<br>£000 | Adjustments<br>between the<br>Funding and<br>Accounting<br>Basis<br>£000 | Net Expenditure<br>in the<br>Comprehensive<br>Income and<br>Expenditure<br>Statement<br>£000 |
|---------------------------------------------------------------|-------------------------|------------------------------------------------------------|--------------------------------------------------------------------|--------------------------------------------------------------------------|----------------------------------------------------------------------------------------------|
| Children and Young People's Service                           | 94,925                  | 2,449                                                      | 97,374                                                             | 44,063                                                                   | 141,437                                                                                      |
| Business and Environmental Services                           | 77,823                  | 23                                                         | 77,846                                                             | 25,149                                                                   | 102,995                                                                                      |
| Health and Adult Services                                     | 200,365                 | 4,743                                                      | 205,108                                                            | 11,586                                                                   | 216,694                                                                                      |
| Central Services                                              | 73,327                  | 1,159                                                      | 74,486                                                             | 8,667                                                                    | 83,153                                                                                       |
| Corporate Miscellaneous                                       | (19,237)                | (15,466)                                                   | (34,703)                                                           | 9,670                                                                    | (25,033)                                                                                     |
| North Yorkshire Education Services (NYES)                     | 0                       | 488                                                        | 488                                                                | (488)                                                                    | 0                                                                                            |
| <b>Net Cost of Services</b>                                   | <b>427,203</b>          | <b>(6,604)</b>                                             | <b>420,599</b>                                                     | <b>98,647</b>                                                            | <b>519,246</b>                                                                               |
| Other Operating Income and Expenditure                        | 0                       | 0                                                          | 0                                                                  | 8,834                                                                    | 8,834                                                                                        |
| Financing and Investment Income & Expenditure                 | 0                       | 0                                                          | 0                                                                  | 26,764                                                                   | 26,764                                                                                       |
| Taxation and non specific income and Expenditure              | (429,225)               | (1,912)                                                    | (431,137)                                                          | (95,894)                                                                 | (527,031)                                                                                    |
| <b>(Surplus) or Deficit</b>                                   | <b>(2,022)</b>          | <b>(8,516)</b>                                             | <b>(10,538)</b>                                                    | <b>38,351</b>                                                            | <b>27,813</b>                                                                                |
| <b>Opening General Fund Balance</b>                           |                         |                                                            | (321,616)                                                          |                                                                          |                                                                                              |
| <b>Less/Plus (Surplus) or Deficit on General Fund in Year</b> |                         |                                                            | (10,538)                                                           |                                                                          |                                                                                              |
| <b>Closing General Fund Balance at 31st March 2023</b>        |                         |                                                            | <b>(332,154)</b>                                                   |                                                                          |                                                                                              |
| <b>General Working Balance</b>                                |                         |                                                            | (28,431)                                                           |                                                                          |                                                                                              |
| <b>Earmarked Reserves</b>                                     |                         |                                                            | (303,723)                                                          |                                                                          |                                                                                              |
|                                                               |                         |                                                            | <b>(332,154)</b>                                                   |                                                                          |                                                                                              |

The Expenditure and Funding Analysis demonstrates how the funding available to the County Council for the year has been used in providing services in comparison with those resources consumed or earned by authorities in accordance with generally accepted accounting practices. This statement also shows how this expenditure is allocated for decision making purposes between the County Council's directorates. Income and expenditure accounted for under generally accepted accounting practices is presented more fully in the Comprehensive Income and Expenditure Statement.

## Comparative Expenditure and Funding Analysis 2021/22

|                                                                           | Net<br>Expenditure<br>£000 | Further<br>Movement<br>to<br>Earmarked<br>Reserves<br>£000 | Net<br>Expenditure<br>Chargeable to<br>the General<br>Fund<br>£000 | Adjustments<br>between the<br>Funding and<br>Accounting<br>Basis<br>£000 | Net Expenditure<br>in the<br>Comprehensive<br>Income and<br>Expenditure<br>Statement<br>£000 |
|---------------------------------------------------------------------------|----------------------------|------------------------------------------------------------|--------------------------------------------------------------------|--------------------------------------------------------------------------|----------------------------------------------------------------------------------------------|
| Children and Young<br>People's Service                                    | 85,027                     | (3,577)                                                    | 81,450                                                             | 76,981                                                                   | 158,431                                                                                      |
| Business and<br>Environmental Services                                    | 74,047                     | 710                                                        | 74,757                                                             | 21,968                                                                   | 96,725                                                                                       |
| Health and Adult Services                                                 | 180,268                    | (3,769)                                                    | 176,499                                                            | 13,832                                                                   | 190,331                                                                                      |
| Central Services                                                          | 66,750                     | (899)                                                      | 65,851                                                             | 12,090                                                                   | 77,941                                                                                       |
| Corporate Miscellaneous                                                   | (14,165)                   | (26,550)                                                   | (40,715)                                                           | 9,647                                                                    | (31,068)                                                                                     |
| North Yorkshire Education<br>Services (NYES)<br>(formerly SmartSolutions) | 0                          | 492                                                        | 492                                                                | (492)                                                                    | 0                                                                                            |
| <b>Net Cost of Services</b>                                               | <b>391,927</b>             | <b>(33,593)</b>                                            | <b>358,334</b>                                                     | <b>134,026</b>                                                           | <b>492,360</b>                                                                               |
| Other Operating Income<br>and Expenditure                                 | 0                          | 0                                                          | 0                                                                  | 37,673                                                                   | 37,673                                                                                       |
| Financing and Investment<br>Income & Expenditure                          | 0                          | 0                                                          | 0                                                                  | 33,644                                                                   | 33,644                                                                                       |
| Taxation and non specific<br>income and Expenditure                       | (403,365)                  | (1,315)                                                    | (404,680)                                                          | (104,761)                                                                | (509,441)                                                                                    |
| <b>(Surplus) or Deficit</b>                                               | <b>(11,438)</b>            | <b>(34,908)</b>                                            | <b>(46,346)</b>                                                    | <b>100,582</b>                                                           | <b>54,236</b>                                                                                |
| <b>Opening General Fund Balance</b>                                       |                            |                                                            | (275,270)                                                          |                                                                          |                                                                                              |
| <b>Less/Plus (Surplus) or Deficit on<br/>General Fund in Year</b>         |                            |                                                            | (46,346)                                                           |                                                                          |                                                                                              |
| <b>Closing General Fund Balance at 31st March 2022</b>                    |                            |                                                            | <b>(321,616)</b>                                                   |                                                                          |                                                                                              |
| <b>General Working Balance</b>                                            |                            |                                                            | (28,005)                                                           |                                                                          |                                                                                              |
| <b>Earmarked Reserves</b>                                                 |                            |                                                            | (293,611)                                                          |                                                                          |                                                                                              |
|                                                                           |                            |                                                            | <b>(321,616)</b>                                                   |                                                                          |                                                                                              |

|                                                                                                                                                                              | Adjustments<br>for Capital<br>Purposes<br>£000 | Net change<br>for the<br>Pensions<br>Adjustments<br>£000 | Other<br>Differences<br>£000 | Total<br>Adjustments<br>£000 |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------|----------------------------------------------------------|------------------------------|------------------------------|
| <b>Adjustments from General Fund to arrive at the<br/>Comprehensive Income and Expenditure<br/>Statement amounts</b>                                                         |                                                |                                                          |                              |                              |
| Children and Young People's Service                                                                                                                                          | 30,177                                         | 15,482                                                   | (1,596)                      | 44,063                       |
| Business and Environmental Services                                                                                                                                          | 43,147                                         | 3,808                                                    | (21,806)                     | 25,149                       |
| Health and Adult Services                                                                                                                                                    | 3,786                                          | 10,195                                                   | (2,395)                      | 11,586                       |
| Central Services                                                                                                                                                             | 2,892                                          | 9,706                                                    | (3,931)                      | 8,667                        |
| Corporate Miscellaneous                                                                                                                                                      | 0                                              | 1,470                                                    | 8,200                        | 9,670                        |
| NYES                                                                                                                                                                         | 0                                              | 3,722                                                    | (4,210)                      | (488)                        |
| <b>Net Cost of Services</b>                                                                                                                                                  | <b>80,002</b>                                  | <b>44,383</b>                                            | <b>(25,738)</b>              | <b>98,647</b>                |
| Other Operating Income and<br>Expenditure                                                                                                                                    | 8,092                                          | 0                                                        | 742                          | 8,834                        |
| Financing and Investment Income and<br>Expenditure                                                                                                                           | 0                                              | 10,030                                                   | 16,734                       | 26,764                       |
| Taxation and non specific income and<br>Expenditure                                                                                                                          | 0                                              | 0                                                        | (95,894)                     | (95,894)                     |
| <b>Difference between General Fund<br/>surplus or deficit and<br/>Comprehensive Income and<br/>Expenditure Statement Surplus or<br/>Deficit on the Provision of Services</b> | <b>88,094</b>                                  | <b>54,413</b>                                            | <b>(104,156)</b>             | <b>38,351</b>                |



Comparative Movements in 2021/22

|                                                                                                                                                              | Adjustments<br>for Capital<br>Purposes<br>£000 | Net change<br>for the<br>Pensions<br>Adjustments<br>£000 | Other<br>Differences<br>£000 | Total<br>Adjustments<br>£000 |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------|----------------------------------------------------------|------------------------------|------------------------------|
| <b>Adjustments from General Fund to arrive at the Comprehensive Income and Expenditure Statement amounts</b>                                                 |                                                |                                                          |                              |                              |
| Children and Young People's Service                                                                                                                          | 59,466                                         | 19,178                                                   | (1,663)                      | 76,981                       |
| Business and Environmental Services                                                                                                                          | 41,579                                         | 4,623                                                    | (24,234)                     | 21,968                       |
| Health and Adult Services                                                                                                                                    | 3,903                                          | 11,983                                                   | (2,054)                      | 13,832                       |
| Central Services                                                                                                                                             | 4,018                                          | 10,979                                                   | (2,907)                      | 12,090                       |
| Corporate Miscellaneous                                                                                                                                      | 0                                              | 1,156                                                    | 8,491                        | 9,647                        |
| NYES                                                                                                                                                         | 0                                              | 4,591                                                    | (5,083)                      | (492)                        |
| <b>Net Cost of Services</b>                                                                                                                                  | <b>108,966</b>                                 | <b>52,510</b>                                            | <b>(27,450)</b>              | <b>134,026</b>               |
| Other Operating Income and Expenditure                                                                                                                       | 36,954                                         | 0                                                        | 719                          | 37,673                       |
| Financing and Investment Income and Expenditure                                                                                                              | 0                                              | 9,944                                                    | 23,700                       | 33,644                       |
| Taxation and non specific income and Expenditure                                                                                                             | 0                                              | 0                                                        | (104,761)                    | (104,761)                    |
| <b>Difference between General Fund surplus or deficit and Comprehensive Income and Expenditure Statement Surplus or Deficit on the Provision of Services</b> | <b>145,920</b>                                 | <b>62,454</b>                                            | <b>(107,792)</b>             | <b>100,582</b>               |

**Segmental Income**

Income received on a segmental basis is analysed below:-

|                                            | 2022/23<br>£000  | 2021/22<br>£000  |
|--------------------------------------------|------------------|------------------|
| Services                                   |                  |                  |
| Children and Young People's Service        | (365,465)        | (354,208)        |
| Business and Environmental Services        | (77,403)         | (71,746)         |
| Health and Adult Services                  | (161,378)        | (149,326)        |
| Central Services                           | (47,852)         | (33,431)         |
| Corporate Miscellaneous                    | (73,975)         | (66,664)         |
| NYES                                       | (46,185)         | (44,531)         |
| Total income analysed on a segmental basis | <u>(772,258)</u> | <u>(719,906)</u> |



## Expenditure and Income Analysed by Nature

|                                                    | 2022/23<br>£000    | 2021/22<br>£000    |
|----------------------------------------------------|--------------------|--------------------|
| <b>Expenditure</b>                                 |                    |                    |
| Employee benefits expenses                         | 479,502            | 465,429            |
| Other services expenses                            | 625,360            | 543,197            |
| Depreciation, Amortisation, Impairment             | 89,054             | 123,078            |
| Interest payments                                  | 28,177             | 26,664             |
| Precepts and levies                                | 742                | 719                |
| Loss on the disposal of assets                     | 8,092              | 36,954             |
| Total expenditure                                  | <u>1,230,927</u>   | <u>1,196,041</u>   |
| <b>Income</b>                                      |                    |                    |
| Fees, charges and other service income             | (213,785)          | (197,165)          |
| Interest and investment income                     | (13,438)           | (2,905)            |
| Income from council tax, non domestic rates income | (430,831)          | (401,631)          |
| Government grants and contributions                | (544,742)          | (539,772)          |
| Investment Properties                              | (318)              | (332)              |
| Total income                                       | <u>(1,203,114)</u> | <u>(1,141,805)</u> |
| (Surplus) or Deficit on the Provision of Services  | <u>27,813</u>      | <u>54,236</u>      |

Fees, charges and other service income includes £107.4m (2021/22 £96.9m) which relates to revenue from contracts with service recipients.

### Cash Flow – Operating Activities

The cash flows for operating activities, included in the above Interest payments and Income and investment Income are:-

|                    | 2022/23<br>£000 | 2021/22<br>£000 |
|--------------------|-----------------|-----------------|
| Interest received  | (9,626)         | (2,384)         |
| Interest paid      | 25,262          | 26,188          |
| Dividends received | 0               | (80)            |
| Total              | <u>15,636</u>   | <u>23,724</u>   |

## 6. Trading Activities

The County Council operates a number of trading services. Details of those services with a turnover of greater than £2m are as follows:-

| Service                                    | 2022/23            |                         |                                             |                                       | 2021/22            |                         |                                             |                                       |
|--------------------------------------------|--------------------|-------------------------|---------------------------------------------|---------------------------------------|--------------------|-------------------------|---------------------------------------------|---------------------------------------|
|                                            | Total Cost<br>£000 | Total<br>Income<br>£000 | Transfer<br>(to) / from<br>Reserves<br>£000 | Net<br>Surplus /<br>(Deficit)<br>£000 | Total Cost<br>£000 | Total<br>Income<br>£000 | Transfer<br>(to) / from<br>Reserves<br>£000 | Net<br>Surplus /<br>(Deficit)<br>£000 |
| Building Cleaning Services                 | 10,953             | 11,432                  | (479)                                       | 0                                     | 10,131             | 10,688                  | (557)                                       | 0                                     |
| County Caterers Service                    | 15,319             | 15,014                  | 305                                         | 0                                     | 13,669             | 13,679                  | (10)                                        | 0                                     |
| Maintenance and Servicing Scheme           | 2,555              | 2,479                   | 76                                          | 0                                     | 2,846              | 3,350                   | (504)                                       | 0                                     |
| NYES Digital                               | 4,590              | 4,512                   | 78                                          | 0                                     | 4,509              | 4,405                   | 104                                         | 0                                     |
| Staff Absence Scheme                       | 2,846              | 3,233                   | (387)                                       | 0                                     | 3,949              | 3,017                   | 932                                         | 0                                     |
| Other Services (< £2 Million individually) | 10,395             | 9,500                   | 895                                         | 0                                     | 9,895              | 9,601                   | 294                                         | 0                                     |
| <b>Total Results for Trading Units</b>     | <b>46,658</b>      | <b>46,170</b>           | <b>488</b>                                  | <b>0</b>                              | <b>44,999</b>      | <b>44,740</b>           | <b>259</b>                                  | <b>0</b>                              |

During 2022/23, the Council's traded services, including insurance offered to schools, operated under the brand of North Yorkshire Education Service (NYES). This is an in-house arrangement which reflects a governance and reporting structure whereby such services are held accountable by a Board, chaired by the County Council's Chief Executive.

The net surplus / deficit on each traded activity is transferred to a reserve at the end of each financial year.

Trading operations are incorporated into the Comprehensive Income and Expenditure Statement. Some trading operations are an integral part of the County Council's services to the public, whilst others are support services to the County Council's activities e.g. Cleaning. Where the trading activities are not integral to the County Council's service obligations, the net financial position of the trading operations are identified within the Financing and Investment Income section of the Comprehensive Income and Expenditure Statement.

|                                                                                        | 31st March<br>2023<br>£000 | 31st March<br>2022<br>£000 |
|----------------------------------------------------------------------------------------|----------------------------|----------------------------|
| Net (surplus)/ deficit included within Cost of Services                                | (372)                      | (691)                      |
| Net (surplus) / deficit credited to Financing and Investment<br>Income and Expenditure | 860                        | 950                        |
| Net (surplus) / deficit on trading operations                                          | <u>488</u>                 | <u>259</u>                 |

## 7. Council Tax Income

Council Tax Income totalled £360.1 m (£337.3m in 2021/22) consisting of:-

|                                             | 2022/23<br>£000 | 2021/22<br>£000 |
|---------------------------------------------|-----------------|-----------------|
| Precept Income for year                     | 351,786         | 332,531         |
| Collection Fund surplus from previous years | 2,154           | (1,195)         |
| Collection Fund Adjustment                  | 6,169           | 6,009           |
|                                             | <u>360,109</u>  | <u>337,345</u>  |

The precept income from Council Tax is equivalent to a basic amount of £1,467.35 for an average band D property (£1,411.05 in 2021/22).

## 8. Non-Domestic Rates

|                                                         | 2022/23<br>£000 | 2021/22<br>£000 |
|---------------------------------------------------------|-----------------|-----------------|
| Non-Domestic Rating Income for year from Districts      | 19,530          | 18,791          |
| Collection Fund surplus/(deficit) from previous years   | (2,237)         | (8,496)         |
| Business Rates Retention Scheme funding from Government | 48,043          | 48,043          |
| Collection Fund Adjustment                              | 5,386           | 5,948           |
|                                                         | <u>70,722</u>   | <u>64,286</u>   |

## 9. Grant Income

The County Council credited the following grants and contributions to the Comprehensive Income and Expenditure Statement.

### Credited to Taxation and Non-specific Grant Income

| Non-Ringfenced Government Grants  | 2022/23 |               | 2021/22 |               |
|-----------------------------------|---------|---------------|---------|---------------|
|                                   | £000    | £000          | £000    | £000          |
| Revenue Support Grant             |         | 11            |         | 0             |
| Other Government Funding          |         |               |         |               |
| - Business Rates Reliefs          | 13,229  |               | 15,234  |               |
| - Rural Services Delivery Grant   | 8,694   |               | 8,694   |               |
| - Services Grant                  | 4,668   |               | 0       |               |
| - New Homes Bonus                 | 1,647   |               | 1,503   |               |
| - Private Finance Initiative      | 704     |               | 704     |               |
| - Covid-19 LA Support Grant       | 0       |               | 10,860  |               |
| - Local Council Tax Support Grant | 0       |               | 4,712   |               |
|                                   |         | <u>28,942</u> |         | <u>41,707</u> |
| Total                             |         | <u>28,953</u> |         | <u>41,707</u> |

| Capital Grants                              | 2022/23       | 2021/22       |
|---------------------------------------------|---------------|---------------|
|                                             | £000          | £000          |
| Local Transport Plan                        | 23,613        | 23,969        |
| Pothole Grant                               | 15,232        | 19,887        |
| Special Provision Capital Fund              | 6,543         | 0             |
| S31 Kex Gill Grant                          | 5,884         | 8,351         |
| Transforming Cities Fund Grant              | 3,832         | 2,063         |
| School Condition Grant                      | 3,430         | 4,712         |
| Local Electric Vehicle Infrastructure Grant | 3,238         | 0             |
| Other Capital Grants / Contributions        | 3,192         | 3,879         |
| Basic Need Grant                            | 2,283         | 0             |
| S106 Developer Contributions                | 0             | 3,242         |
| Total                                       | <u>67,247</u> | <u>66,103</u> |

| <b>Revenue Grants Credited to Services</b>             | 2022/23        | 2021/22        |
|--------------------------------------------------------|----------------|----------------|
|                                                        | £000           | £000           |
| Dedicated Schools Grant                                | 284,266        | 280,464        |
| Public Health                                          | 22,972         | 22,344         |
| Adult Social Care Support Grant                        | 20,026         | 14,228         |
| Education Funding Agency                               | 16,037         | 15,097         |
| Improved Better Care Fund Phase 1                      | 13,912         | 13,403         |
| Pupil Premium                                          | 10,126         | 9,776          |
| Household Support Grant                                | 7,075          | 3,447          |
| Covid-19 Test & Trace/Contain Outbreak Management Fund | 6,573          | 5,478          |
| Teachers Pay Grant                                     | 5,116          | 1,404          |
| Universal Infant Free School Meals                     | 3,461          | 3,730          |
| Physical Education & School Sport                      | 3,460          | 3,627          |
| Additional Better Care Fund                            | 3,416          | 3,416          |
| Homes for Ukraine                                      | 3,165          | 0              |
| Strengthening Families Protecting Children             | 1,533          | 1,772          |
| Covid-19 CCG Hospital Discharge & Avoidance            | 1,031          | 11,782         |
| Partners in Practice Grant                             | 309            | 266            |
| Scarborough Opportunities Area                         | 0              | 986            |
| Covid-19 Infection Control                             | 0              | 825            |
| Covid-19 Furlough Scheme                               | 0              | 446            |
| Covid-19 Sales Fees & Charges                          | 0              | 356            |
| Other Grants                                           | 37,011         | 25,003         |
| <b>Total</b>                                           | <b>439,489</b> | <b>417,850</b> |

The County Council has received a number of grants and contributions that have yet to be recognised as income as they have conditions attached to them that will require the grant to be returned if those conditions are not met. The balances at the year-end are as follows:-

#### **Capital Grants and Contributions Received in Advance**

|                                                        | 31st March 2023 | 31st March 2022 |
|--------------------------------------------------------|-----------------|-----------------|
|                                                        | £000            | £000            |
| <b>To be used within 1 year</b>                        |                 |                 |
| Zero Emission Bus Regional Areas Capital Grant 2022-24 | 7,800           | 0               |
| Earmarked S106                                         | 2,478           | 191             |
| Private Contributions (Highways Schemes)               | 471             | 439             |
| District Contributions (Flood Risk Management Schemes) | 199             | 98              |
| Other                                                  | 159             | 41              |
| District Contributions (Connectivity Schemes)          | 0               | 350             |
| Public Sector Decarbonisation Grant                    | 0               | 40              |
| <b>Total</b>                                           | <b>11,107</b>   | <b>1,159</b>    |
| <b>To be used in excess of 1 year</b>                  |                 |                 |
| Earmarked S106/Developer Contributions                 | 9,419           | 6,855           |
| Schools Devolved Capital Grant                         | 1,340           | 0               |
| Zero Emission Bus Regional Areas Grant                 | 0               | 7,800           |
| Other Grants and Contributions                         | 0               | 1,341           |
| <b>Total</b>                                           | <b>10,759</b>   | <b>15,996</b>   |

## Capital Grants Credited to Services

|                                | 31st March 2023<br>£000 | 31st March 2022<br>£000 |
|--------------------------------|-------------------------|-------------------------|
| School Condition Grant         | 3,907                   | 5,015                   |
| Devolved Formula Capital Grant | 2,592                   | 1,476                   |
| Other                          | 1,444                   | 740                     |
| Basic Need Grant               | 900                     | 2,009                   |
| Local Growth Fund              | 209                     | 4,872                   |
| Total                          | <u>9,052</u>            | <u>14,112</u>           |

## 10. Pension Arrangements

As part of the terms and conditions of employment, the County Council offers retirement benefits to its employees. Although these benefits will not actually be payable until employees retire, the County Council has a commitment to make the payments that need to be disclosed at the time that employees earn their future entitlement.

The County Council participates in three different pension schemes:-

- Local Government Pension Scheme, for employees other than teachers, administered by North Yorkshire County Council. This is a funded defined benefit scheme, meaning that the County Council and employees pay contributions into a fund, calculated at a level intended to balance pension liabilities with investment assets;
- Teachers' Pension Scheme, sponsored by the Department for Education (DfE). This is an unfunded defined benefit scheme, meaning that there are no investment assets built up to meet the pension liabilities, and cash has to be generated to meet actual pension payments as they eventually fall due. The Actuary is unable to individually allocate a share of assets to scheme participants; this scheme is treated on the same basis as a defined contributions scheme for the purposes of these accounts.

Any discretionary enhancements to benefits awarded by the County Council remain the liability of the County Council and are paid monthly in addition to the pension paid by the DfE. These costs are accounted for on a defined benefit basis and are identified separately within this note.

- NHS Pension Scheme, administered by the NHS Business Service Authority. This is an unfunded defined benefit scheme that the Council is required to account for as if it were a defined contribution scheme. This is because the Council's obligation is limited to paying contributions as they fall due, with no obligation to pay future benefits. Contributions paid in 2022/23 were £46k (2021/22 £44k).

The County Council recognises the cost of retirement benefits in the Net Cost of Services when they are earned by employees, rather than when the benefits are eventually paid as pensions. However, the charge the County Council is required to make against council tax is based on the cash payable in the year, so the real cost of retirement benefits is reversed out (transferred) in the Movement in Reserves Statement - General Working Balance.

The following transactions have been made in the Comprehensive Income and Expenditure Statement for 2022/23:-

|                                                                                                       | Local Government Pension Scheme |                 | Teachers' Pension Scheme |              | Total            |                 |
|-------------------------------------------------------------------------------------------------------|---------------------------------|-----------------|--------------------------|--------------|------------------|-----------------|
|                                                                                                       | 2022/23                         | 2021/22         | 2022/23                  | 2021/22      | 2022/23          | 2021/22         |
|                                                                                                       | £000                            | £000            | £000                     | £000         | £000             | £000            |
| <b>Comprehensive Income and Expenditure Statement</b>                                                 |                                 |                 |                          |              |                  |                 |
| Net Cost of Service                                                                                   |                                 |                 |                          |              |                  |                 |
| Current Service Cost                                                                                  | 95,245                          | 99,606          | 0                        | 0            | 95,245           | 99,606          |
| Past Service Cost (including curtailments)                                                            | 139                             | 138             | 0                        | 0            | 139              | 138             |
| Settlement Costs                                                                                      | 0                               | 0               | 0                        | 0            | 0                | 0               |
| Financing and Investment Income and Expenditure                                                       |                                 |                 |                          |              |                  |                 |
| Net Interest Expense                                                                                  | 9,811                           | 9,750           | 219                      | 194          | 10,030           | 9,944           |
| <b>Total post employment Benefits charged to the (Surplus) / Deficit on the Provision of Services</b> | <u>105,195</u>                  | <u>109,494</u>  | <u>219</u>               | <u>194</u>   | <u>105,414</u>   | <u>109,688</u>  |
| <b>Other Post Employment Benefits charged to the Comprehensive Income and Expenditure Statement</b>   |                                 |                 |                          |              |                  |                 |
| Remeasurement of the net defined benefit liability                                                    | (446,863)                       | (162,221)       | (95)                     | (269)        | (446,958)        | (162,490)       |
| <b>Total Post Employment Benefits charged to the Comprehensive Income and Expenditure Statement</b>   | <u>(341,668)</u>                | <u>(52,727)</u> | <u>124</u>               | <u>(75)</u>  | <u>(341,544)</u> | <u>(52,802)</u> |
| <b>Movement in Reserves Statement</b>                                                                 |                                 |                 |                          |              |                  |                 |
| Reversal of Net Charge to the (Surplus) / Deficit on Provision of Services                            | (105,195)                       | (109,494)       | (219)                    | (194)        | (105,414)        | (109,688)       |
| <b>Actual amount charged against the General Fund Balance in the Year</b>                             |                                 |                 |                          |              |                  |                 |
| Employers' contributions payable to scheme                                                            | 50,263                          | 46,151          | 0                        | 0            | 50,263           | 46,151          |
| Retirement benefits payable to pensioners                                                             | <u>0</u>                        | <u>0</u>        | <u>1,051</u>             | <u>1,083</u> | <u>1,051</u>     | <u>1,083</u>    |
|                                                                                                       |                                 |                 |                          |              | <u>51,314</u>    | <u>47,234</u>   |

A comparison between the Net Cost of Service and the actual amount charged against the General Fund Balance in year shows that the costs disclosed for services are £47,816k higher than the amount charged against the General Fund. This is as a result of the following:

- the County Councils contributions of £50.263k to the Local Government Pension Scheme being replaced with a current service cost of £95,558k. This (£45,295k) adjustment equates to a 90.12% decrease in employer's pension costs;
- in addition, under IAS 19, the unfunded liability arising from enhanced teachers' pensions requires that the cost of benefits paid in the year (£1,051k) is removed from the net cost of services as it relates to periods of service prior to 2022/23;
- a past service cost including curtailments and settlements of £139k relating to decisions taken in previous financial years; and
- administration expenses of £1,331k.

### Assets and Liabilities in Relation to Post-employment Benefits

Reconciliation of present value of the scheme liabilities (defined benefit obligation)

|                                      | Funded Liabilities              |                  | Unfunded Liabilities   |              |
|--------------------------------------|---------------------------------|------------------|------------------------|--------------|
|                                      | Local Government Pension Scheme |                  | Discretionary Benefits |              |
|                                      | 2022/23                         | 2021/22          | 2022/23                | 2021/22      |
|                                      | £m                              | £m               | £m                     | £m           |
| Opening balance at 1st April         | (2,206.6)                       | (2,263.3)        | (8.6)                  | (9.8)        |
| Current Service Cost                 | (95.6)                          | (99.6)           | 0.0                    | 0.0          |
| Interest Cost                        | (59.1)                          | (47.1)           | (0.2)                  | (0.2)        |
| Contributions by scheme participants | (13.9)                          | (12.8)           | 0.0                    | 0.0          |
| Remeasurement liabilities            | 730.3                           | 142.1            | 0.4                    | 0.1          |
| Demographic Assumptions (Gain)/Loss  | (17.7)                          | 22.3             | (0.3)                  | 0.2          |
| Benefits Paid                        | 54.5                            | 51.9             | 1.0                    | 1.1          |
| Settlements / Curtailments           | (0.1)                           | (0.1)            | 0.0                    | 0.0          |
| Closing Balance at 31st March        | <u>(1,608.2)</u>                | <u>(2,206.6)</u> | <u>(7.7)</u>           | <u>(8.6)</u> |

Reconciliation of the fair value of the scheme assets

|                                      | Funded Liabilities              |                | Unfunded Liabilities   |              |
|--------------------------------------|---------------------------------|----------------|------------------------|--------------|
|                                      | Local Government Pension Scheme |                | Discretionary Benefits |              |
|                                      | 2022/23                         | 2021/22        | 2022/23                | 2021/22      |
|                                      | £m                              | £m             | £m                     | £m           |
| Opening balance at 1st April         | 1,818.2                         | 1,776.1        | 0.0                    | 0.0          |
| Interest on Plan Assets              | 49.2                            | 37.4           | 0.0                    | 0.0          |
| Remeasurement assets                 | (265.6)                         | (2.3)          | 0.0                    | 0.0          |
| Employer Contributions               | 50.3                            | 46.1           | 1.1                    | 1.1          |
| Contributions by scheme participants | 13.9                            | 12.8           | 0.0                    | 0.0          |
| Settlements                          | 0.0                             | 0.0            | 0.0                    | 0.0          |
| Benefits Paid                        | <u>(54.5)</u>                   | <u>(51.9)</u>  | <u>(1.1)</u>           | <u>(1.1)</u> |
| Closing Balance at 31st March        | <u>1,611.5</u>                  | <u>1,818.2</u> | <u>0.0</u>             | <u>0.0</u>   |



The actual return on the scheme assets in the year was £216.5m (2021/22 £35.1m).

The liabilities show the underlying commitments that the County Council has in the long-run to pay for retirement benefits. The total net liability of £4.4m has a sustained impact on the net worth of the County Council.

However, statutory arrangements for funding the deficit mean that the financial position in relation to pensions remains healthy because:-

- the deficit on the local government scheme will be made good by setting appropriate contribution rates over the remaining working life of employees, as assessed by the scheme actuary; and
- finance is only required to be raised to cover the teachers' pension enhancements when the pensions are actually due to be paid.

**Basis for estimating Assets and Liabilities**

Liabilities have been assessed on an actuarial basis using the projected unit method, an estimate of the pensions that will be payable in future years dependent on assumptions about mortality rates, salary levels etc. The liabilities have been assessed by AON, an independent firm of actuaries and the main assumptions used in their calculations have been:-

|                                                                                  | 31st March<br>2023<br>% | 31st March<br>2022<br>% |
|----------------------------------------------------------------------------------|-------------------------|-------------------------|
| Rate of CPI inflation                                                            | 2.7                     | 3.0                     |
| Rate of increase in salaries                                                     | 4.0                     | 4.3                     |
| Rate of increase in pensions                                                     | 2.7                     | 3.0                     |
| Rate for discounting schemes liabilities                                         | 4.7                     | 2.7                     |
| Proportion of employees opting to take a commuted lump sum (not Teachers Scheme) | 50.0                    | 50.0                    |
|                                                                                  | Years                   | Years                   |
| Post retirement mortality assumptions                                            |                         |                         |
| - Male future pensioner aged 65 in 20 years time                                 | 23.5                    | 23.5                    |
| - Female future pensioner aged 65 in 20 years time                               | 26.0                    | 25.7                    |
| - Male current Pensioner aged 65                                                 | 22.6                    | 21.8                    |
| - Female current Pensioner aged 65                                               | 25.0                    | 23.8                    |

Changes in the Local Government Pension Scheme permit employees retiring to take an increase in their lump sum payment on retirement in exchange for a reduction in their future annual pension. On the advice of our actuaries we have assumed that 50% of employees retiring will take advantage of this change to the pension scheme. When first introduced, there was a significant “one-off” reduction in the County Council’s liabilities which was reflected as a change in accounting policies as it affected all accrued liabilities. In subsequent years the impact of commutation is considerably smaller as it only relates to liabilities arising in the year and is included under Past Service Costs/Gains.

Assets in the North Yorkshire Pension Fund are valued at fair value, principally market value for investments. The County Council’s share of the assets totals £1,611.5m at 31st March 2023 (£1,818.2m at 31st March 2022). The assets consist of the following categories, by proportion of the total assets held by the Fund. There are no assets in place to cover the teachers’ enhanced pension liability.

The overall expected rate of return on assets is based on the strategic asset allocation of the Fund as follows:-

|                               | 31st March<br>2023<br>% | 31st March<br>2022<br>% |
|-------------------------------|-------------------------|-------------------------|
| Equity investments            | 52.1                    | 55.7                    |
| Government Bonds              | 11.0                    | 16.8                    |
| Corporate Bonds / Other Bonds | 7.2                     | 7.7                     |
| Property                      | 6.4                     | 7.4                     |
| Multi Asset Credit            | 5.3                     | 0.0                     |
| Other                         | 16.6                    | 11.3                    |
| Cash / Liquidity Assets       | 1.4                     | 1.1                     |
|                               | <u>100.0</u>            | <u>100.0</u>            |

### Surplus / (Deficit) in the Scheme

|                                              | 2022/23<br>£m  | 2021/22<br>£m  | 2020/21<br>£m  | 2019/20<br>£m  | 2018/19<br>£m  |
|----------------------------------------------|----------------|----------------|----------------|----------------|----------------|
| Present Value of defined benefit obligations | (1,615.9)      | (2,215.2)      | (2,273.1)      | (1,832.0)      | (1,839.3)      |
| Fair Value of Scheme Assets                  | <u>1,611.5</u> | <u>1,818.2</u> | <u>1,776.1</u> | <u>1,398.8</u> | <u>1,400.4</u> |
| Deficit in the Scheme                        | <u>(4.4)</u>   | <u>(397.0)</u> | <u>(497.0)</u> | <u>(433.2)</u> | <u>(438.9)</u> |

### Actuarial Gains and Losses

The actuarial gains / (losses) identified as movements on the Pensions Reserve in 2022/23 can be analysed into the following categories, measured as absolute amounts and as a percentage of assets or liabilities at 31st March 2023:-

|                                              | 2022/23        |        | 2021/22    |       | 2019/20      |       | 2019/20       |      | 2018/19     |     |
|----------------------------------------------|----------------|--------|------------|-------|--------------|-------|---------------|------|-------------|-----|
|                                              | £m             | %      | £m         | %     | £m           | %     | £m            | %    | £m          | %   |
| Experience adjustments on scheme assets      | (265.7)        | (16.5) | (2.3)      | (0.1) | 338.1        | 19.0  | -43.6         | -3.1 | 78.1        | 5.6 |
| Experience adjustments on scheme liabilities | 133.9          | 8.3    | 7.4        | 0.3   | (21.8)       | (1.0) | 13.9          | 0.8  | 2.8         | 0.2 |
|                                              | <u>(131.8)</u> |        | <u>5.1</u> |       | <u>316.3</u> |       | <u>(29.7)</u> |      | <u>80.9</u> |     |

Further details are contained in the Statement by Consulting Actuary, copies of which are available on request from Central Services, County Hall, Northallerton, DL7 8AD.

The estimated amount of contributions expected to be paid to the Scheme during the 2023/24 financial year is £43.8m.

Teachers employed by the County Council are members of the Teachers' Pension Scheme, administered by Capita. It provides teachers with defined benefits upon their retirement, and the County Council contributes towards the costs by making contributions based upon a percentage of members' pensionable salaries. The policy of offering enhancements to the retirement benefits of

teachers ceased in 1996/97, however, the cost of enhancements awarded prior to that date will continue to be met until those pensions cease to be paid.

In 2022/23 the County Council paid £22.4m to the Teachers' Pension Agency as a contribution towards teachers' pension costs, which represents 23.6% of teachers' pensionable pay. The figures for 2021/22 were £22.9m and 23.6%.

The scheme is a defined benefit scheme. Although the scheme is unfunded, Teachers' Pensions use a notional fund as the basis for calculating the employers' contribution rate paid by local education authorities. However, it is not possible for the County Council to identify a share of the underlying liabilities in the scheme attributable to its own employees.

The County Council is unable to identify the deficit of the Teachers' Pension Scheme as Central Government suspended all actuarial valuations whilst the scheme was re-designed as part of public sector pensions reform. The primary purpose of these valuations is to set the contribution rate.

The County Council is responsible for the costs of any additional benefits awarded upon early retirement outside of the terms of the teachers' scheme. These benefits are fully accrued in the pensions liability as described above.

Assumptions for the Teachers' Pension Scheme are broadly in line with those for the Local Government Pension Scheme.

**11. Audit Fees**

In 2022/23 the County Council incurred the following fees relating to external audit:-

|                                                                         | 2022/23 | 2021/22 |
|-------------------------------------------------------------------------|---------|---------|
|                                                                         | £000    | £000    |
| Fees payable to the External Auditor with regard to :-                  |         |         |
| External audit service carried out by appointed auditor                 | 81      | 73      |
| External audit service additional work carried out by appointed auditor | 0       | 32      |
| Certification of grant claims and returns                               | 8       | 8       |
|                                                                         | 89      | 113     |

**12. Private Finance Initiative (Service Concessions)/Public Private Partnership**

In April 2002 the County Council commenced payments on a Private Finance Initiative (PFI) scheme which provides for four replacement primary schools at Barby CP, Brotherton and Byram PS (both near Selby), Kirby Hill CE (near Boroughbridge) and Ripon Cathedral CE. The contract is for 25 years.

Brotherton and Byram CPS converted to academy status on 1st August 2015. As a result, the building value of the school has been removed from the County Council Balance Sheet.

Two of the schools, Kirby Hill CEPS and Ripon Cathedral CEPS, are voluntary controlled schools. On expiry of the private finance initiative in 2027 these two school buildings will transfer to the respective Trustees of each of the schools. However, to reflect the substance of the transaction and to give consistency in approach to the PFI scheme the building values for these two schools are retained on the County Council balance sheet along with that of Barby CPS.

The associated liability for all of the schools is shown as a finance lease within the accounts.

In March 2018, the County Council commenced payments on a Public Private Partnership project in conjunction with York City Council, for a Waste treatment plant provided by Amey CESP, AWPR Ltd. The payments made by North Yorkshire County Council represent 79% of the scheme, with 21% attributable to York City Council. The contract is for 25 years.

During the term of the contract, the provider is required to make facilities available in line with the agreement with approved variations adjusted through the payment mechanism where appropriate.

Upon expiry the facility will be handed to the County Council in good working order. The associated asset has been recognised within Property, Plant & Equipment within the accounts, along with liabilities due over the term of the contract.

#### Value of PFI/PPP Assets

|                 | 2022/23         |                |                | 2021/22         |                |                |
|-----------------|-----------------|----------------|----------------|-----------------|----------------|----------------|
|                 | Schools<br>£000 | Waste<br>£000  | Total<br>£000  | Schools<br>£000 | Waste<br>£000  | Total<br>£000  |
| Opening Balance | 11,591          | 153,743        | 165,334        | 4,526           | 165,715        | 170,241        |
| Adjustment      | 0               | 0              | 0              | 2,440           | 0              | 2,440          |
| Depreciation    | (546)           | (11,972)       | (12,518)       | (528)           | (11,972)       | (12,500)       |
| Additions       | 19              | 0              | 19             | 29              | 0              | 29             |
| Revaluations    | 929             | 0              | 929            | 5,124           | 0              | 5,124          |
| Disposals       | 0               | 0              | 0              | 0               | 0              | 0              |
| Closing Balance | <u>11,993</u>   | <u>141,771</u> | <u>153,764</u> | <u>11,591</u>   | <u>153,743</u> | <u>165,334</u> |

Forming part of the above balance are the two voluntary controlled schools which have a net book value of £6,242k (£3,358k 2021/22). This represents the fair value of the County Council's interest in the remaining term of the contract; on the expiry of the PFI arrangement in 2027, the buildings of the two voluntary controlled schools revert to the Trustees of those schools.

#### Value of PFI/PPP Liabilities

|                    | 2022/23         |                |                | 2021/22         |                |                |
|--------------------|-----------------|----------------|----------------|-----------------|----------------|----------------|
|                    | Schools<br>£000 | Waste<br>£000  | Total<br>£000  | Schools<br>£000 | Waste<br>£000  | Total<br>£000  |
| Opening Balance    | 2,549           | 144,086        | 146,635        | 2,957           | 147,627        | 150,584        |
| Payments/Repayment | (444)           | (3,580)        | (4,024)        | (408)           | (3,541)        | (3,949)        |
| Additions          | 0               | 0              | 0              | 0               | 0              | 0              |
| Closing Balance    | <u>2,105</u>    | <u>140,506</u> | <u>142,611</u> | <u>2,549</u>    | <u>144,086</u> | <u>146,635</u> |

**Payments due to be made under PFI/PPP Contracts**

|                                 | Repayment of leasing liability |                | Payment of Interest |                | Lifecycle Costs |               | Provisions of Services |                | Total          |                |
|---------------------------------|--------------------------------|----------------|---------------------|----------------|-----------------|---------------|------------------------|----------------|----------------|----------------|
|                                 | £000                           | £000           | £000                | £000           | £000            | £000          | £000                   | £000           | £000           | £000           |
| <b>Within 1 year</b>            |                                |                |                     |                |                 |               |                        |                |                |                |
| Schools                         | 485                            |                | 190                 |                | 0               |               | 469                    |                | 1,144          |                |
| Waste                           | <u>3,165</u>                   | 3,650          | <u>14,904</u>       | 15,094         | <u>1,028</u>    | 1,028         | <u>11,360</u>          | 11,829         | <u>30,457</u>  | 31,601         |
| <b>More than 1 year</b>         |                                |                |                     |                |                 |               |                        |                |                |                |
| within 2-5 years                |                                |                |                     |                |                 |               |                        |                |                |                |
| Schools                         | 1,619                          |                | 301                 |                | 111             |               | 1,400                  |                | 3,431          |                |
| Waste                           | <u>14,233</u>                  | 15,852         | <u>55,976</u>       | 56,277         | <u>7,518</u>    | 7,629         | <u>48,647</u>          | 50,047         | <u>126,374</u> | 129,805        |
| within 6-10 years               |                                |                |                     |                |                 |               |                        |                |                |                |
| Schools                         | 0                              |                | 0                   |                | 0               |               | 0                      |                | 0              |                |
| Waste                           | <u>20,544</u>                  | 20,544         | <u>61,239</u>       | 61,239         | <u>20,144</u>   | 20,144        | <u>68,452</u>          | 68,452         | <u>170,379</u> | 170,379        |
| within 11-15 years              |                                |                |                     |                |                 |               |                        |                |                |                |
| Schools                         | 0                              |                | 0                   |                | 0               |               | 0                      |                | 0              |                |
| Waste                           | <u>47,579</u>                  | 47,579         | <u>44,156</u>       | 44,156         | <u>9,300</u>    | 9,300         | <u>77,730</u>          | 77,730         | <u>178,765</u> | 178,765        |
| within 16-20 years              |                                |                |                     |                |                 |               |                        |                |                |                |
| Schools                         | 0                              |                | 0                   |                | 0               |               | 0                      |                | 0              |                |
| Waste                           | <u>54,986</u>                  | 54,986         | <u>14,381</u>       | 14,381         | <u>11,545</u>   | 11,545        | <u>84,634</u>          | 84,634         | <u>165,546</u> | 165,546        |
| within 21-25 years              |                                |                |                     |                |                 |               |                        |                |                |                |
| Schools                         | 0                              |                | 0                   |                | 0               |               | 0                      |                | 0              |                |
| Waste                           | <u>0</u>                       | 0              | <u>0</u>            | 0              | <u>0</u>        | 0             | <u>0</u>               | 0              | <u>0</u>       | 0              |
| <b>Total - More than 1 year</b> |                                |                |                     |                |                 |               |                        |                |                |                |
| Schools                         |                                | 1,619          |                     | 301            |                 | 111           |                        | 1,400          |                | 3,431          |
| Waste                           |                                | <u>137,342</u> |                     | <u>175,752</u> |                 | <u>48,507</u> |                        | <u>279,463</u> |                | <u>641,064</u> |
|                                 |                                | <u>138,961</u> |                     | <u>176,053</u> |                 | <u>48,618</u> |                        | <u>280,863</u> |                | <u>644,495</u> |

**Payments due to be made under PFI/PPP Contracts - Comparative Movements in 2021/22**

|                           | Repayment of leasing liability |         | Payment of Interest |         | Lifecycle Costs |        | Provisions of Services |         | Total          |         |
|---------------------------|--------------------------------|---------|---------------------|---------|-----------------|--------|------------------------|---------|----------------|---------|
|                           | £000                           | £000    | £000                | £000    | £000            | £000   | £000                   | £000    | £000           | £000    |
| <b>Prior Year 2021/22</b> |                                |         |                     |         |                 |        |                        |         |                |         |
| <b>Within 1 year</b>      |                                |         |                     |         |                 |        |                        |         |                |         |
| Schools                   | 445                            |         | 230                 |         | 0               |        | 469                    |         | 1,144          |         |
| Waste                     | <u>3,579</u>                   | 4,024   | <u>15,272</u>       | 15,502  | <u>431</u>      | 431    | <u>10,690</u>          | 11,159  | <u>29,972</u>  | 31,116  |
| <b>More than 1 year</b>   |                                |         |                     |         |                 |        |                        |         |                |         |
| Schools                   | 2,104                          |         | 491                 |         | 111             |        | 1,869                  |         | 4,575          |         |
| Waste                     | <u>140,507</u>                 | 142,611 | <u>190,656</u>      | 191,147 | <u>49,535</u>   | 49,646 | <u>290,822</u>         | 292,691 | <u>671,520</u> | 676,095 |

Values given are based upon current prices with no assumed inflation in future years. A Government grant of £704k towards the overall costs of the schools PFI has also been credited in year to the Comprehensive Income and Expenditure Statement under Non-Ringfenced Government Grants. This value of this grant will remain at £704k until the end of the contract in 2027.

### 13. Leases

#### Finance Leases

The County Council has a number of arrangements that are considered to be finance leases. These leases are in relation to buildings, the rental payments under these arrangements in the year were £169k (£169k in 2021/22).

The County Council is committed to making minimum lease payments under these leases in future financial years comprising the settlement of the long term liability for the interest in the property and financing costs payable whilst the lease obligation remains outstanding.

| Long Term Liability Lease Obligation | Finance Lease Liability    |                            |
|--------------------------------------|----------------------------|----------------------------|
|                                      | 31st March<br>2023<br>£000 | 31st March<br>2022<br>£000 |
| Within 1 year                        | 15                         | 14                         |
| Between 2 - 5 years                  | 77                         | 70                         |
| Later than 5 years                   | 917                        | 939                        |
|                                      | <u>1,009</u>               | <u>1,023</u>               |

The minimum lease payments set out in the agreements entered in to by the County Council include a further £2,021k (£2,122k in 2021/22) of finance costs over the remaining life of the lease. The minimum lease payments will be payable over the following periods:

|                     | Minimum Lease Payments     |                            |
|---------------------|----------------------------|----------------------------|
|                     | 31st March<br>2023<br>£000 | 31st March<br>2022<br>£000 |
| Within 1 year       | 105                        | 105                        |
| Between 2 - 5 years | 420                        | 420                        |
| Later than 5 years  | 2,505                      | 2,610                      |
|                     | <u>3,030</u>               | <u>3,135</u>               |

The following net value of assets held under finance leases are shown on the Balance Sheet.

| Property | Finance Lease Liability    |                            |
|----------|----------------------------|----------------------------|
|          | 31st March<br>2023<br>£000 | 31st March<br>2022<br>£000 |
|          | <u>955</u>                 | <u>983</u>                 |

#### Operating Leases

The County Council utilised assets held under operating leases for Land and Buildings and Vehicles, Plant and Equipment. Payments made during the year amount to £754k (£872k in 2021/2) in respect of Land and Building leases and £1,927k for Vehicles, Plant and Equipment (£2,236k in 2021/22).





- First North Law Limited - owning 100% of the share capital
- NY Highways - owning 100% of the share capital
- NYnet Limited - owning 100% of the share capital
- Veritau Limited - owning 50% of the share capital
- Yorwaste Limited - owning 78% of the issued share capital.

The transactions between the County Council and those companies where a material group relationship has been identified are eliminated in the Group Accounts financial statements.

There is also a group relationship with Yorkshire Purchasing Organisation (YPO) but, as there is not a significant level of control nor material expenditure, no consolidation adjustments have been undertaken within the Group Account statements on the grounds of it being a simple investment.

**Align Property Partners Limited:**

The total value of services provided by Align Property Partners Limited in 2022/23 to the County Council was £3,752k (£2,850k in 2021/22) and at 31st March 2023 the trading creditor balance was £191k (£155k in 2021/22).

The County Council provided services to Align Property Partners Limited totalling £558k (£432k in 2021/22) of which £169k was outstanding as at 31st March 2023 (£69k in 2021/22).

The County Council provided a loan facility to Align Property Partners Limited of up to £500k of which £Nil was taken up at 31st March 2023 (£Nil in 2021/22).

Align Property Partners Limited paid the County Council a dividend of £500k in 2022/23 (£Nil in 2021/22).

**Brierley Homes Limited:**

The total value of services provided by Brierley Homes Limited in 2022/23 to the County Council was £Nil (£Nil in 2021/22). The County Council provided services to Brierley Homes Limited totalling £202k (£266k in 2021/22) of which £116k was outstanding as at 31st March 2023 (£8k as at 31st March 2022).

The County Council provided a loan facility to Brierley Homes Limited of up to £25m of which £10.5m was taken up as at 31st March 2023 (£14.5m as at 31st March 2022) and therefore £1,148k interest was paid to the County Council in 2022/23 (£694k in 2021/22).

**First North Law Limited:**

The total value of services provided by First North Law Limited in 2022/23 to the County Council was £Nil (£Nil in 2021/22) and at 31st March 2023 the trading creditor balance was £Nil (£Nil in 2021/22). The County Council provided services to First North Law Limited totalling £93k (£92k in 2021/22) of which £19k was outstanding as at 31st March 2023 (£29k as at 31st March 2022).

The County Council provided a loan facility to First North Law Limited of up to £250k of which £65k was taken up as at 31st March 2023 (£90k in 2021/22) and therefore £4k interest was paid to the County Council in 2022/23 (£4k in 2021/22).

**NYnet Limited:**

The total value of services provided by NYnet Limited in 2022/23 to the County Council was £1,386k (£1,328k in 2021/22), and at 31st March 2023 the trading creditor balance was £Nil (£Nil in 2021/22).

The County Council provided services to NYnet Limited totalling £94k in 2022/23 (£91k in 2021/22), of which £Nil was outstanding as at 31st March 2023 (£Nil in 2021/22).

The County Council provided a loan facility to NYnet Limited of up to £10m in 2022/23 (£10m in 21/22) of which the closing balance as at 31st March 2023 was £Nil (£Nil as at 31st March 2022).

Interest accrued in year of £Nil (£Nil in 2021/22) on this loan. The loan balance at 31st March 2023 was £Nil.

£21.8m due to the County Council from NYnet which relates to unspent funding is included in outstanding Creditors as at 31st March 2023 (£17.5m in 2021/22).

#### **NY Highways Limited:**

The total value of services provided by NY Highways Limited in 2022/23 to the County Council was £57.7m (£29.0m in 2021/22), and at 31st March 2023 the trading creditor balance was £8.3m (£5.1m in 2021/22). The County Council provided services to NY Highways Limited totalling £5.7m (£3.6m in 2021/22), of which £3.8m was outstanding as at 31st March 2023 (£3.4m in 2021/22).

The County Council provided a loan facility to NY Highways Limited of up to £11.0m during 2022/23 (£11.0m 2021/22) of which £10.96m was taken up at 31st March 2023 (£8.0m at 31st March 2022). Interest was received from NY Highways Limited by the County Council of £962k in 2022/23 (£312k in 2021/22).

#### **Veritau Limited:**

The total value of services provided by Veritau Limited in 2022/23 to the County Council was £620k (£598k in 2021/22) and at 31st March 2023 the trading creditor balance was £2,700 (£1,915 in 2021/22).

The County Council provided services to Veritau Limited totalling £37k (£43k in 2021/22) and at 31st March 2023, £5,578k was outstanding (£6,731k in 2021/22).

#### **Yorwaste Limited:**

The total value of services, including landfill tax provided by Yorwaste Limited in 2022/23 to the County Council was £29,732k (£27,451k in 2021/22) and as at 31st March 2023 the trading creditor balance was £2,377k (£2,407k in 2021/22).

The County Council provided services to Yorwaste Limited totalling £7,854k (£6,159k in 2021/22) of which £1,139k (£633k in 2021/22) was outstanding as at 31st March 2023.

The County Council provided a loan to Yorwaste Limited of £3,700k (£6,032k in 2021/22) of which interest was received by the County Council of £359k (£256k in 2021/22).

Yorwaste Limited paid the County Council a dividend of £Nil in 2022/23 (£Nil in 2021/22).

#### **Yorkshire Purchasing Organisation (YPO):**

The County Council made payments to YPO in 2022/23 totalling £15.1m (£13.9m in 2021/22).

A dividend of £432k (£80k in 2021/22) in relation to YPO's 2022 trading activities is reflected in the County Council's 2022/23 Accounts.

#### **Other Related Party Transactions**

The UK government exerts significant influence through legislation and grant funding. The following material transactions, (over £1m), with other related parties arose, which are not disclosed elsewhere in the Statement of Accounts:-

Revenue and Capital contributions received towards jointly funded schemes; NHS bodies within North Yorkshire totalling £33.9m (£30.3m in 2021/22) and made payments totalling £1.8m (£1.7m in 2021/22).

The County Council provided the North Yorkshire Pension Fund administrative and support services totalling £1.9m in 2022/23 (£1.6m in 2021/22).

## 15. Pooled Funds

Under Section 75 of the Health Act 2006, the County Council has undertaken joint working arrangements with appropriate NHS bodies. Pooled funds enable the County Council to address specific local health issues.

The formation of a Pooled Fund does not create a separate legal entity. The County Council is involved in three distinct areas of pooled funds - the Intermediate Care (Whole Systems) Pooled Fund, Equipment Pooled Fund and the Better Care Pooled Fund. Where the County Council acts as the 'host', the County Council has responsibility for the financial administration of the pool. All contributions by the County Council toward pooled funds have been included within the Net Cost of Services in the Comprehensive Income and Expenditure Statement.

The Intermediate Care (Whole Systems) Pooled Fund and Equipment Pooled Fund have not been itemised below as their values do not materially impact on the overall position.

### The Better Care Fund (BCF)

The BCF formally operated for the first time in 2015/16 involving the County Council, District Councils and Clinical Commissioning Groups (CCGs) that operate within the North Yorkshire Area. The aim of the fund is to create closer integration between health and social care to improve outcomes for patients, service users and carers. The County Council is the host for the pooled fund for all areas of the County.

The Improved Better Care Fund (IBCF) was first announced in the 2015 Spending Review and is paid as a direct grant to local government, with a condition that it is pooled into the local BCF plan. The IBCF grant allocations were increased in the 2017 Spring Budget. According to the grant determination, the funding can be spent on three purposes:

- Meeting adult social care needs;
- Reducing pressures in the NHS, including supporting more people to be discharged from hospital when they are ready; and
- Ensuring that the local social care provider market is supported.

There is no requirement to spend across all three purposes, or to spend a set proportion on each. The table below shows committed funds against planned IBCF and BCF schemes. Any unspent but committed funds at the year-end have been held as a reserve.

|                           | CCGs          | NYCC          | DLUHC    | NY District Councils | Total 2022/23 | Total 2021/22 |
|---------------------------|---------------|---------------|----------|----------------------|---------------|---------------|
|                           | £000          | £000          | £000     | £000                 | £000          | £000          |
| <b>Contributions</b>      | 50,155        | 2,020         | 22,443   | 0                    | 74,618        | 75,504        |
| <b>Expenditure</b>        |               |               |          |                      |               |               |
| Schemes/Additional Costs  | 29,204        | 0             | 0        | 0                    | 29,204        | 37,770        |
| Protection of Social Care | 16,944        | 0             | 0        | 0                    | 16,944        | 15,800        |
| Disabled Facilities Grant | 0             | 0             | 0        | 5,115                | 5,115         | 5,115         |
| Improve BCF Schemes       | 0             | 17,328        | 0        | 0                    | 17,328        | 14,395        |
| Discharge Fund            | 4,007         | 2,020         | 0        | 0                    | 6,027         | 0             |
| Winter Pressures Grant    | 0             | 0             | 0        | 0                    | 0             | 2,424         |
| <b>Total Expenditure</b>  | <b>50,155</b> | <b>19,348</b> | <b>0</b> | <b>5,115</b>         | <b>74,618</b> | <b>75,504</b> |

## 16. Disclosure of Remuneration

Regulations require the County Council to disclose the number of staff receiving payments, including taxable benefits, of more than £50k in the relevant financial year.

The number of employees who receive remuneration of over £50k are as follows. Please note that these figures include (i) teachers employed directly by a school's governing body rather than by the local authority (ii) the senior employees as identified at the end of this note:-

| Band (£)          | 2022/23    |            |            | 2021/22    |            |            |
|-------------------|------------|------------|------------|------------|------------|------------|
|                   | Teachers   | Other      | Total      | Teachers   | Other      | Total      |
| 50,000 - 54,999   | 95         | 83         | 178        | 96         | 52         | 148        |
| 55,000 - 59,999   | 75         | 47         | 122        | 55         | 36         | 91         |
| 60,000 - 64,999   | 40         | 29         | 69         | 57         | 19         | 76         |
| 65,000 - 69,999   | 42         | 16         | 58         | 33         | 21         | 54         |
| 70,000 - 74,999   | 23         | 25         | 48         | 16         | 17         | 33         |
| 75,000 - 79,999   | 10         | 4          | 14         | 10         | 8          | 18         |
| 80,000 - 84,999   | 7          | 5          | 12         | 6          | 4          | 10         |
| 85,000 - 89,999   | 8          | 1          | 9          | 4          | 3          | 7          |
| 90,000 - 94,999   | 0          | 3          | 3          | 5          | 3          | 8          |
| 95,000 - 99,999   | 4          | 7          | 11         | 1          | 5          | 6          |
| 100,000 - 104,999 | 1          | 4          | 5          | 2          | 6          | 8          |
| 105,000 - 109,999 | 1          | 1          | 2          | 1          | 2          | 3          |
| 110,000 - 114,999 | 1          | 0          | 1          | 1          | 0          | 1          |
| 115,000 - 119,999 | 0          | 1          | 1          | 0          | 2          | 2          |
| 120,000 - 124,999 | 0          | 0          | 0          | 0          | 0          | 0          |
| 125,000 - 129,999 | 0          | 1          | 1          | 0          | 0          | 0          |
| 130,000 - 134,999 | 0          | 0          | 0          | 0          | 0          | 0          |
| 135,000 - 139,999 | 0          | 0          | 0          | 0          | 0          | 0          |
| 140,000 - 144,999 | 0          | 2          | 2          | 0          | 4          | 4          |
| 145,000 - 149,999 | 0          | 0          | 0          | 0          | 0          | 0          |
| 150,000 - 154,999 | 0          | 1          | 1          | 0          | 0          | 0          |
| 155,000 - 159,999 | 0          | 1          | 1          | 0          | 0          | 0          |
| 160,000 - 164,999 | 0          | 0          | 0          | 0          | 0          | 0          |
| 165,000 - 169,999 | 0          | 0          | 0          | 0          | 0          | 0          |
| 170,000 - 174,999 | 0          | 0          | 0          | 0          | 0          | 0          |
| 175,000 - 179,999 | 0          | 0          | 0          | 0          | 0          | 0          |
| 180,000 - 184,999 | 0          | 0          | 0          | 0          | 0          | 0          |
| 185,000 - 189,999 | 0          | 0          | 0          | 0          | 0          | 0          |
| 190,000 - 194,999 | 0          | 1          | 1          | 0          | 0          | 0          |
| 195,000 - 199,999 | 0          | 0          | 0          | 0          | 1          | 1          |
|                   | <u>307</u> | <u>232</u> | <u>539</u> | <u>287</u> | <u>183</u> | <u>470</u> |

The Regulations also require the County Council to disclose the individual remuneration details of senior employees, under the following categories:

- salary, fees and allowances;
- bonuses;
- expenses allowance;
- compensation for loss of employment;
- employer's pension contribution; and

- any other emoluments.

The regulations also require that persons whose salary is in excess of £150k per annum must be identified by name and that certain senior employees whose salary is £50k or more per year but less than £150k, must be listed individually by way of job title. Unless otherwise stated, none of the senior officers received fees, bonuses or compensation for loss of employment or any other emoluments in 2022/23 or 2021/22. Details of Members Allowances and Expenses are published annually on the 'Councillor Allowances' page of the NYCC website.

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| Role                                                             | 2022/23                           |                       |                          |                       | 2021/22                           |                       |                          |                       |
|------------------------------------------------------------------|-----------------------------------|-----------------------|--------------------------|-----------------------|-----------------------------------|-----------------------|--------------------------|-----------------------|
|                                                                  | Salary,<br>Fees and<br>Allowances | Expense<br>Allowances | Pension<br>Contributions | Total<br>Remuneration | Salary,<br>Fees and<br>Allowances | Expense<br>Allowances | Pension<br>Contributions | Total<br>Remuneration |
| Chief Executive<br>(Richard Flinton)                             | 194,176                           | 0                     | 29,808                   | 223,984               | 195,915                           | 0                     | 30,075                   | 225,990               |
| Corporate Director of<br>Children and Young<br>People's Services | 144,266                           | 0                     | 22,146                   | 166,412               | 142,351                           | 0                     | 21,852                   | 164,203               |
| Corporate Director of<br>Health and Adult Services               | 144,266                           | 0                     | 22,146                   | 166,412               | 142,351                           | 0                     | 21,852                   | 164,203               |
| Corporate Director of<br>Business and<br>Environmental Services  | 157,439                           | 0                     | 23,747                   | 181,186               | 142,351                           | 0                     | 21,936                   | 164,287               |
| Corporate Director<br>(Strategic Resources)                      | 154,694                           | 0                     | 23,747                   | 178,441               | 142,351                           | 0                     | 21,869                   | 164,220               |
| Director of Public Health                                        | 104,382                           |                       | 16,024                   | 120,406               | 101,563                           |                       | 15,388                   | 116,951               |
| Assistant Chief Executive<br>(Business Support)                  | 117,272                           | 0                     | 18,087                   | 135,359               | 115,358                           | 0                     | 17,788                   | 133,146               |
| Assistant Chief Executive<br>(Legal and Democratic<br>Services)  | 129,078                           | 0                     | 19,877                   | 148,955               | 115,358                           | 0                     | 17,771                   | 133,129               |
| ** Assistant Chief<br>Executive (Customer<br>Services)           | 23,337                            | 0                     | 2,800                    | 26,137                | 22,952                            | 0                     | 3,099                    | 26,051                |

*\*\* This post was created in partnership with Selby District Council from 28th October 2013. The post represents 20% of the partnership costs of an annual salary of £130,252 for NYCC.*

## 17. Exit Packages / Termination Benefits

Details of the Exit Packages / Termination Benefits paid out to employees who were made redundant during the year are set out in the table below.

The table shows the total number of compulsory and other voluntary redundancies / departures and their total cost. This is broken down into incremental bands of £20k up to £100k and bands of £50k thereafter. The total costs shown include payments made to the employees plus payments made to the relevant pension funds to compensate for “strain on the fund” costs resulting from the employee’s exit and resulting pension entitlements.

The table covers all employees of the County Council, including school teachers employed directly by the school’s governing body rather than by the Local Authority.

| Exit Package Cost Band (£) | 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 |            |
|----------------------------|-----------------------------------|-----------|-----------------------------------|-----------|--------------------------------------------|-----------|------------------------------------------|------------|
|                            | 2022/23                           | 2021/22   | 2022/23                           | 2021/22   | 2022/23                                    | 2021/22   | 2022/23                                  | 2021/22    |
|                            |                                   |           |                                   |           |                                            |           | £000                                     | £000       |
| 1-19,999                   | 12                                | 19        | 20                                | 43        | 32                                         | 62        | 129                                      | 312        |
| 20,000-39,999              | 0                                 | 1         | 7                                 | 5         | 7                                          | 6         | 190                                      | 179        |
| 40,000-59,999              | 0                                 | 0         | 0                                 | 1         | 0                                          | 1         | 0                                        | 45         |
| 60,000-79,999              | 0                                 | 0         | 0                                 | 0         | 0                                          | 0         | 0                                        | 0          |
| 80,000-99,999              | 0                                 | 0         | 0                                 | 0         | 0                                          | 0         | 0                                        | 0          |
|                            | <u>12</u>                         | <u>20</u> | <u>27</u>                         | <u>49</u> | <u>39</u>                                  | <u>69</u> | <u>319</u>                               | <u>536</u> |

## 18. Movement in Property, Plant and Equipment

Movements on Property, Plant and Equipment during the year 2022/23.

|                                                       | Land<br>and<br>Buildings<br>£000 | Vehicles,<br>Plant and<br>Equipment<br>£000 | Surplus<br>Assets<br>£000 | Assets Under<br>Construction<br>£000 | Total<br>£000    |
|-------------------------------------------------------|----------------------------------|---------------------------------------------|---------------------------|--------------------------------------|------------------|
| <b>Cost or Valuation</b>                              |                                  |                                             |                           |                                      |                  |
| As at 1st April 2022                                  | 868,611                          | 123,733                                     | 2,594                     | 1,981                                | 996,919          |
| Additions                                             | 968                              | 3,839                                       | 1                         | 1,417                                | 6,225            |
| Disposals                                             | (19,632)                         | 0                                           | (245)                     | 0                                    | (19,877)         |
| Transfers                                             | 0                                | 0                                           | 0                         | 0                                    | 0                |
| Revaluations / (Impairments)                          |                                  |                                             |                           |                                      |                  |
| Recognised in the Revaluation Reserve                 | 73,639                           | 0                                           | 25                        | 0                                    | 73,664           |
| Recognised in Provision of Services                   | (25,185)                         | 0                                           | (18)                      | 0                                    | (25,203)         |
| <b>As at 31st March 2023</b>                          | <b>898,401</b>                   | <b>127,572</b>                              | <b>2,357</b>              | <b>3,398</b>                         | <b>1,031,728</b> |
| <b>Depreciation and Impairments</b>                   |                                  |                                             |                           |                                      |                  |
| As at 1st April 2022                                  | (37,107)                         | (114,172)                                   | (134)                     | 0                                    | (151,413)        |
| Charge for the Year                                   | (35,280)                         | (3,207)                                     | (14)                      | 0                                    | (38,501)         |
| Disposals                                             | 0                                | 0                                           | 0                         | 0                                    | 0                |
| Transfers                                             | 0                                | 0                                           | 0                         | 0                                    | 0                |
| Revaluations / (Impairments)                          |                                  |                                             |                           |                                      |                  |
| Recognised in the Revaluation Reserve                 | 268                              | 0                                           | 0                         | 0                                    | 268              |
| Recognised in Provision of Services                   | 22,259                           | 0                                           | 18                        | 0                                    | 22,277           |
| <b>As at 31st March 2023</b>                          | <b>(49,860)</b>                  | <b>(117,379)</b>                            | <b>(130)</b>              | <b>0</b>                             | <b>(167,369)</b> |
| <b>Balance Sheet Net Amount as at 31st March 2023</b> | <b>848,541</b>                   | <b>10,193</b>                               | <b>2,227</b>              | <b>3,398</b>                         | <b>864,359</b>   |
| <b>Balance Sheet Net Amount as at 31st March 2022</b> | <b>831,504</b>                   | <b>9,561</b>                                | <b>2,460</b>              | <b>1,981</b>                         | <b>845,506</b>   |



Comparative Movements in 2021/22.

|                                                       | Land<br>and<br>Building<br>£000 | Vehicles,<br>Plant and<br>Equipment<br>£000 | Surplus<br>Assets<br>£000 | Assets Under<br>Construction<br>£000 | Total<br>£000           |
|-------------------------------------------------------|---------------------------------|---------------------------------------------|---------------------------|--------------------------------------|-------------------------|
| <b>Cost or Valuation</b>                              |                                 |                                             |                           |                                      |                         |
| As at 1st April 2021                                  | 891,034                         | 117,496                                     | 1,594                     | 435                                  | 1,010,559               |
| Additions                                             | 5,614                           | 14,322                                      | 0                         | 1,546                                | 21,482                  |
| Disposals                                             | (38,723)                        | (8,085)                                     | 0                         | 0                                    | (46,808)                |
| Transfers                                             | (550)                           | 0                                           | 550                       | 0                                    | 0                       |
| Revaluations / (Impairments)                          |                                 |                                             |                           |                                      |                         |
| Recognised in the Revaluation Reserve                 | 71,606                          | 0                                           | 456                       | 0                                    | 72,062                  |
| Recognised in Provision of Services                   | (60,370)                        | 0                                           | (6)                       | 0                                    | (60,376)                |
| <b>As at 31st March 2022</b>                          | <b><u>868,611</u></b>           | <b><u>123,733</u></b>                       | <b><u>2,594</u></b>       | <b><u>1,981</u></b>                  | <b><u>996,919</u></b>   |
| <b>Depreciation and Impairments</b>                   |                                 |                                             |                           |                                      |                         |
| As at 1st April 2021                                  | (35,316)                        | (111,305)                                   | (93)                      | 0                                    | (146,714)               |
| Charge for the Year                                   | (34,994)                        | (2,867)                                     | (35)                      | 0                                    | (37,896)                |
| Disposals                                             | 0                               | 0                                           | 0                         | 0                                    | 0                       |
| Transfers                                             | 12                              | 0                                           | (12)                      | 0                                    | 0                       |
| Revaluations / (Impairments)                          |                                 |                                             |                           |                                      |                         |
| Recognised in the Revaluation Reserve                 | 1,123                           | 0                                           | 0                         | 0                                    | 1,123                   |
| Recognised in Provision of Services                   | 32,068                          | 0                                           | 6                         | 0                                    | 32,074                  |
| <b>As at 31st March 2022</b>                          | <b><u>(37,107)</u></b>          | <b><u>(114,172)</u></b>                     | <b><u>(134)</u></b>       | <b><u>0</u></b>                      | <b><u>(151,413)</u></b> |
| <b>Balance Sheet Net Amount as at 31st March 2022</b> | <b><u>831,504</u></b>           | <b><u>9,561</u></b>                         | <b><u>2,460</u></b>       | <b><u>1,981</u></b>                  | <b><u>845,506</u></b>   |
| <b>Balance Sheet Net Amount as at 31st March 2021</b> | <b><u>855,718</u></b>           | <b><u>6,191</u></b>                         | <b><u>1,501</u></b>       | <b><u>435</u></b>                    | <b><u>863,845</u></b>   |

## Recognised Impairment

During 2022/23 the County Council recognised impairment loss of £11.0m in relation to its land and buildings and surplus assets. Impairment losses were recognised within the Comprehensive Income and Expenditure Statement under the following sections.

|                                                                                                                 | 2022/23<br>£000 | 2021/22<br>£000 |
|-----------------------------------------------------------------------------------------------------------------|-----------------|-----------------|
| Impairment losses/(gains) recognised within the (Surplus) / Deficit on Provision of Services                    | 2,925           | 28,302          |
| Impairment losses recognised in Other Comprehensive Income and Expenditure and taken to the Revaluation Reserve | 8,073           | 13,707          |
|                                                                                                                 | <u>10,998</u>   | <u>42,009</u>   |

## Movements on Infrastructure

In accordance with the temporary relief offered by the Update to the Code on infrastructure assets (*Local Government Circular 09/2022 Statutory Override Accounting for Infrastructure Assets for Scottish Local Authorities*) 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.

|                                                  | 2022/23<br>£000       | 2021/22<br>£000       |
|--------------------------------------------------|-----------------------|-----------------------|
| <b>Net book value (modified historical cost)</b> |                       |                       |
| As at 1st April                                  | 807,331               | 768,134               |
| Additions                                        | 53,437                | 67,706                |
| Derecognition                                    | 0                     | 0                     |
| Depreciation                                     | (29,846)              | (28,509)              |
| Impairment                                       | 0                     | 0                     |
| Other movements in cost                          | 0                     | 0                     |
| <b>Net book value as at 31st March</b>           | <u><b>830,922</b></u> | <u><b>807,331</b></u> |

Infrastructure assets are not disclosed on the face of the Balance Sheet. Total Property, Plant and Equipment (PPE) is shown in the reconciliation table below:-

|                                     | 2022/23<br>£000         | 2021/22<br>£000         |
|-------------------------------------|-------------------------|-------------------------|
| Property Plant and Equipment Assets | 864,359                 | 845,506                 |
| Infrastructure Assets               | <u>830,922</u>          | <u>807,331</u>          |
| <b>Total PPE Assets</b>             | <u><b>1,695,281</b></u> | <u><b>1,652,837</b></u> |

The authority has determined in accordance with Regulation [30M England or 24L Wales] of the Local Authorities (Capital Finance and Accounting) (England/Wales) (Amendment) Regulations 2022 that the carrying amounts to be derecognised for infrastructure assets when there is replacement expenditure is nil.

## 19. Valuation of Non-Current Assets

The County Council carries out a rolling programme that ensures that all Non-Current Assets that are required to be measured at Fair Value are revalued at least every five years.

Valuations of Land and Buildings were carried out on 1st January 2023 by a registered Valuer in the County Council's Property Services Team, in accordance with the methodologies and bases for estimation set out in the professional standards of the Royal Institution of Chartered Surveyors. The valuer has continued to exercise professional judgement and this continues to be the best information available to the Council.

Primary Schools were revalued in 2022/23 in accordance with the five year rolling programme. Furthermore, those properties not considered as part of the rolling programme in 2022/23 were subject to a desktop review by the Registered Valuer:-

|                               | Land and Buildings<br>£000 | Plant and Equipment<br>£000 | Infrastructure Assets<br>£000 | Surplus Assets<br>£000 | Total<br>£000    |
|-------------------------------|----------------------------|-----------------------------|-------------------------------|------------------------|------------------|
| Valued at Historic Cost       | 3,397                      | 10,192                      | 830,922                       | 0                      | 844,511          |
| Valued at current value in :- |                            |                             |                               |                        |                  |
| 2022/23                       | 238,383                    | 0                           | 0                             | 2,226                  | 240,609          |
| 2021/22                       | 162,751                    | 0                           | 0                             | 0                      | 162,751          |
| 2020/21                       | 96,779                     | 0                           | 0                             | 0                      | 96,779           |
| 2019/20                       | 96,412                     | 0                           | 0                             | 0                      | 96,412           |
| 2018/19                       | 254,219                    | 0                           | 0                             | 0                      | 254,219          |
| Total Tangible Fixed Assets   | <u>1,299,351</u>           | <u>10,192</u>               | <u>830,922</u>                | <u>2,226</u>           | <u>1,695,281</u> |

## 20. Disposal of Property, Plant and Equipment

12 Schools gained Academy status during 2022/23. As a consequence the Land and Building assets of £17.1m relating to the schools were transferred to the relevant Academy Trusts and have now been removed from the County Council's Balance Sheet.

In addition, the Local Authority Accounting Code of Practice requires a 'transfer of assets for no consideration' or 'loss on disposal of fixed assets' charge to be included in the Comprehensive Income and Expenditure Statement. This exceptional £17.1m loss is purely notional and does not impact on the County Council's General Working Balance or Council Tax levy.

Other disposals in the year resulted in a net gain of £25.2m.

## 21. Major Areas of Capital Spending

Major areas of capital spending, over £2m during 2022/23 were:-

|                                           | Actual<br>£000 |
|-------------------------------------------|----------------|
| Structural Maintenance of Roads & Bridges | 43,721         |
| Investments in Limited Companies          | 6,555          |
| School Condition Schemes - Modernisation  | 5,195          |
| Extra Care Scheme (Invest to Save)        | 4,337          |
| Capital Maintenance Programme             | 3,729          |
| Self Help Schemes                         | 2,254          |
| Transforming Cities Programme             | 4,680          |
|                                           | <hr/>          |
|                                           | 70,471         |
| All spending in areas below £2m           | 15,739         |
| Total Capital Spending in 2022/23         | <hr/> <hr/>    |
|                                           | 86,210         |

### Committed Capital Expenditure

The County Council had an approved Capital Plan for 2023/24 of £104.3m. Of this £104.3m is committed expenditure as at 1st April 2023. It should be noted, however, that this figure includes a significant element (£20.8m) relating to a number of general provisions and other schemes where legal contracts had not been exchanged by 31st March 2023.

The remaining £83.5m consisted of the following:-

|                                                         | Actual<br>£000 |
|---------------------------------------------------------|----------------|
| Structural Maintenance - Roads                          | 23,282         |
| School Condition Programme - Modernisation              | 15,365         |
| Basic Need Programme                                    | 12,075         |
| Central Overheads                                       | 10,233         |
| Travel - Zero Emission Bus Regional Areas grant (05901) | 7,800          |
| Other Grant Funded Highways                             | 5,709          |
| Structural Maintenance - Bridges                        | 3,365          |
| Integrated Transport Block Provision                    | 1,506          |
| School Condition Programme - PCU Replacements           | 1,256          |
| T&C Roadmap 2020-2025                                   | 700            |
| UK Shared Prosperity Fund (05821)                       | 533            |
| Extra Care Programme                                    | 500            |
| Flood Risk Management Programme                         | 449            |
| Other Funded Highways Programme                         | 413            |
| Outdoor Learning Service                                | 213            |
| Heritages Services Programme                            | 110            |
| Other Schemes (less than £100k each)                    | 12             |
|                                                         | <hr/>          |
|                                                         | 83,521         |

## 22. Capital Expenditure, Capital Financing and the Capital Financing Requirement

The total amount of capital expenditure incurred in the year is shown in the next table (including the value of assets acquired under Finance leases and PFI contracts), 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 County Council, the expenditure results in an increase in the Capital Financing Requirement (CFR), a measure of the capital expenditure

incurred historically by the County Council that has yet to be financed from Revenue. The CFR is analysed in the second part of this note.

**(a) Capital Expenditure and its financing**

|                                                       | 2022/23<br>£000 | 2021/22<br>£000 |
|-------------------------------------------------------|-----------------|-----------------|
| <b>Capital Investment</b>                             |                 |                 |
| Property, Plant and Equipment and Loans               | 74,292          | 117,465         |
| Investment Properties                                 | 0               | 200             |
| Intangible Assets                                     | 2,866           | 124             |
| Revenue Expenditure Funded from Capital under Statute | <u>9,052</u>    | <u>14,112</u>   |
|                                                       | <u>86,210</u>   | <u>131,901</u>  |
| <b>Sources of Finance</b>                             |                 |                 |
| Capital receipts                                      |                 |                 |
| - Sale of Property, Plant and Equipment               | 3,313           | 11,178          |
| - Repayment of Loans to Limited Companies             | 10,021          | 1,038           |
| Government grants and other contributions             | 65,331          | 96,988          |
| Direct Revenue Contributions                          | 9,442           | 10,548          |
| Increase in underlying need to borrow                 |                 |                 |
| - supported by Government financial assistance        | 0               | 0               |
| - unsupported by Government financial assistance      | <u>(1,897)</u>  | <u>12,149</u>   |
|                                                       | <u>86,210</u>   | <u>131,901</u>  |

The difference between the £86.2m capital investment above and the £59.7m additions in note 18 relates to expenditure of £9.1m on Revenue Expenditure Funded from Capital Under Statute, £8.1m of capital expenditure which resulted in no value being added to the County Council's asset base, intangible assets of £2.9m and £6.4m on loans to Limited Companies.

**(b) Capital Financing Requirement (CFR)**

|                                                             | 2022/23<br>£000 | 2021/22<br>£000 |
|-------------------------------------------------------------|-----------------|-----------------|
| <b>Opening Capital Financing requirement</b>                | 437,859         | 440,273         |
| <b>Movement in year</b>                                     |                 |                 |
| Increase in underlying need to borrow MRP                   | (1,897)         | 12,149          |
| - capital spending funded by borrowing                      | (10,131)        | (10,602)        |
| - PFI contracts                                             | (4,024)         | (3,948)         |
| - Finance leases                                            | <u>(14)</u>     | <u>(13)</u>     |
| Assets acquired under PFI contracts                         | 0               | 0               |
| Assets acquired under Finance leases                        | 0               | 0               |
| <b>Closing Capital Financing Requirement</b>                | <u>421,793</u>  | <u>437,859</u>  |
| <b>Decrease/(Increase) in Capital Financing Requirement</b> | <u>16,066</u>   | <u>2,414</u>    |
| <b>Closing CFR consists of</b>                              |                 |                 |
| Capital spending funded by borrowing                        | 278,173         | 290,201         |
| PFI contracts                                               | 142,611         | 146,635         |
| Finance leases                                              | 1,009           | 1,023           |
| <b>CFR at 31st March</b>                                    | <u>421,793</u>  | <u>437,859</u>  |

## 23. Long Term Creditors

|                                                                        | 31st March 2023 |              | 31st March 2022 |               |
|------------------------------------------------------------------------|-----------------|--------------|-----------------|---------------|
|                                                                        | £000            | £000         | £000            | £000          |
| Government Entities                                                    |                 |              |                 |               |
| Central Government Bodies                                              | 0               |              | 0               |               |
| Other Local Authorities                                                | 44              |              | 28              |               |
| NHS Bodies                                                             | <u>0</u>        | 44           | <u>35</u>       | 63            |
| General Creditors<br>(including Public Corporations and Trading Funds) |                 | 491          |                 | 1,134         |
| Income in Advance                                                      |                 | <u>3,793</u> |                 | <u>11,994</u> |
| Total Long Term Creditors                                              |                 | <u>4,328</u> |                 | <u>13,191</u> |

## 24. Intangible Assets

An intangible item may meet the definition of an asset when “access to the future economic benefits” is controlled by an authority through custody or legal protection. Examples of this type of Intangible Assets within the County Councils Capital Plan include:-

- Health and Adult Services partnership schemes where the County Council holds nomination rights to services; and
- ICT schemes.

Details of Intangible Assets in 2022/23 are as follows:-

|       | 31st March<br>2023<br>£000 | Charge to<br>Net Cost of<br>Service<br>2022/23<br>£000 | Capitalised<br>2022/23<br>£000 | 31st March<br>2022<br>£000 |
|-------|----------------------------|--------------------------------------------------------|--------------------------------|----------------------------|
|       |                            |                                                        |                                |                            |
| Other | <u>1,139</u>               | <u>(209)</u>                                           | <u>183</u>                     | <u>1,165</u>               |
|       | <u>7,078</u>               | <u>(659)</u>                                           | <u>2,867</u>                   | <u>4,870</u>               |

The movement on Intangible Asset balances during the year is as follows:-

|                          | 2022/23<br>£000 | 2021/22<br>£000 |
|--------------------------|-----------------|-----------------|
| Balance at start of year |                 |                 |
| Gross carrying amount    | 22,302          | 22,178          |
| Accumulated amortisation | <u>(17,432)</u> | <u>(16,880)</u> |
|                          | 4,870           | 5,298           |
| Additions                | 2,867           | 124             |
| Amortisation             | <u>(659)</u>    | <u>(552)</u>    |
| Balance at end of year   | <u>7,078</u>    | <u>4,870</u>    |
| Comprising               |                 |                 |
| Gross carrying amount    | 25,169          | 22,302          |
| Accumulated amortisation | <u>(18,091)</u> | <u>(17,432)</u> |
|                          | <u>7,078</u>    | <u>4,870</u>    |

## 25. Investment Property

The County Council has determined that County Farm properties and other commercial properties are classified as investment properties. The fair value for the farm properties (at market rents) has been based on the market approach using current market conditions and recent sales prices and other relevant information for similar assets in the local authority area. Market conditions are such that similar properties are actively purchased and sold but, due to no one property being exactly the same as another, the level of unobservable inputs lead to the properties being categorised at Level 3 in the fair value hierarchy. Inputs to the valuation techniques in respect of assets and liabilities for which fair value is measured or disclosed in the County Council's financial statements, including Investment Property, are categorised within the fair value hierarchy. Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the County Council can access at the measurement date. Level 2 inputs are those other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. Level 3 are unobservable inputs for the asset or liability. Other commercial properties were purchased in a competitive open market and are valued annually at their fair value. There has been no change in the valuation techniques used during the year. The following table summarises the movement in the fair value of these properties over the year.

|                                     | 2022/23<br>£000 | 2021/22<br>£000 |
|-------------------------------------|-----------------|-----------------|
| Balance at start of year            | 47,559          | 49,419          |
| Additions (subsequent expenditure)  | 0               | 0               |
| Disposals                           | (1,340)         | (1,860)         |
| Net gain / (loss) from revaluations | 0               | 0               |
| Balance at end of year              | <u>46,219</u>   | <u>47,559</u>   |

The County Council has no restriction on its ability to realise the value inherent in its investment property or its right to the remittance of income and the proceeds from disposal.

The following items of income and expenditure have been accounted for within the Financing and Investment Income section of the Comprehensive Income and Expenditure Statement, under Investment properties:-

|                                                    | 2022/23<br>£000 | 2021/22<br>£000 |
|----------------------------------------------------|-----------------|-----------------|
| Rental Income from Investment Property             | (318)           | (332)           |
| Direct operating expenses                          | 269             | 389             |
| Net (gain) / loss from revaluation                 | 0               | 0               |
| Total transactions relating to Investment Property | <u>(49)</u>     | <u>57</u>       |

The County Council has certain contractual obligations in relation to repairing and maintaining these investment properties.

## 26. Heritage Assets

The County Council does not currently have any Heritage Assets held within the Balance Sheet.

Heritage Assets are non-current assets that are intended to be preserved in trust for future generations because of their historical, artistic, scientific, technological, geophysical or environmental qualities. They are held and maintained principally for their contribution to knowledge and culture.



Heritage Assets are measured at valuation and the asset should be recognised on the Balance Sheet when identified.

An annual review is undertaken across the County Council to identify any Heritage Assets.

The County Council's Records Office hold a large number of archive collections, which are owned by the County Council, which would meet the definition of Heritage Assets and should be classified as such.

A valuation of the items held by the Records Office has never been established and any valuation exercise would be costly and resource intensive. As a result, it was concluded that the cost of obtaining a full valuation of these assets would involve a disproportionate cost in comparison to the benefits to the users of the financial statements. The assets held by the records office are not, therefore, recognised in the Balance Sheet, but disclosed above for information.

## 27. Current Assets Held for Sale

Assets held for Sale are those properties that are currently marketed and it is anticipated will be sold within 12 months of the reporting period.

|                          | 2022/23<br>£000 | 2021/22<br>£000 |
|--------------------------|-----------------|-----------------|
| Balance at start of year | <u>170</u>      | <u>170</u>      |
| Balance at end of year   | <u>170</u>      | <u>170</u>      |

## 28. Cash and Cash Equivalents

Cash and Cash Equivalents represents balances held within bank current accounts and short term investments that are of a highly liquid nature and the balance is made up of the following elements:-

|                                                           | 31st March<br>2023<br>£000 | 31st March<br>2022<br>£000 |
|-----------------------------------------------------------|----------------------------|----------------------------|
| Bank current accounts and cash held by the County Council | 5,538                      | 10,262                     |
| Short term / call deposits                                | <u>93,115</u>              | <u>63,890</u>              |
| Total Cash and Cash Equivalents                           | <u>98,653</u>              | <u>74,152</u>              |

## 29. Long Term Investments

The County Council holds long term investments in local authority owned companies as follows:-

|                                 | Shareholding<br>% | £         | Dividends<br>£000 |
|---------------------------------|-------------------|-----------|-------------------|
| Align Property Partners Limited | 100               | 500,000   | 500               |
| NY Highways                     | 100               | 500,000   | 0                 |
| Brierley Homes Limited          | 100               | 100       | 0                 |
| First North Law Limited         | 100               | 100       | 0                 |
| NYnet Limited                   | 100               | 1         | 0                 |
| Veritau Limited                 | 50                | 1         | 0                 |
| Yorwaste Limited                | 78                | 3,517,524 | 0                 |



These companies' Profit and Loss Accounts are not included as part of the Comprehensive Income and Expenditure Statement shown on

43. However, any dividend income received is included as part of the County Council's income for 2022/23. Similarly, these companies' Assets and Liabilities are not included in the County Council's Balance Sheet on pages 47 to 48.

The County Council has determined, however, that it has a group relationship with the following three companies and they have therefore been incorporated into its Group Accounts on pages 115 to 132.

Brief details of these Companies are as follows:-

Name :- NYnet Limited  
Business :- The provision of broadband infrastructure in North Yorkshire

Name :- Yorwaste Limited  
Business :- The management, transport and disposal of waste

Name :- NY Highways Limited  
Business :- The construction, maintenance and repair of highways

|                                 | NYnet Limited              |                            | Yorwaste Limited           |                            | NY Highways                |                            |
|---------------------------------|----------------------------|----------------------------|----------------------------|----------------------------|----------------------------|----------------------------|
|                                 | 31st March<br>2023<br>£000 | 31st March<br>2022<br>£000 | 31st March<br>2023<br>£000 | 31st March<br>2022<br>£000 | 31st March<br>2023<br>£000 | 31st March<br>2022<br>£000 |
| Net Assets / (Liabilities)      | (8,878)                    | (8,269)                    | 9,443                      | 8,822                      | (7,240)                    | (7,451)                    |
| Loans from NYCC                 | 0                          | 0                          | 3,700                      | 6,032                      | 10,960                     | 7,960                      |
| Dividend Payable                | 0                          | 0                          | 0                          | 0                          | 0                          | 0                          |
| Profit / (Loss) for the year :- |                            |                            |                            |                            |                            |                            |
| Before Tax and Dividends        | (601)                      | (82)                       | (533)                      | (1,008)                    | (211)                      | (791)                      |
| After Tax and Dividend          | (608)                      | (122)                      | (533)                      | (558)                      | 0                          | (791)                      |

Copies of these companies' Draft Accounts are held by Central Services, County Hall, Northallerton, North Yorkshire, DL7 8AD.

The investments the Council have are as follows:-

|                                       | 31st March<br>2023<br>£000 | 31st March<br>2022<br>£000 |
|---------------------------------------|----------------------------|----------------------------|
| Funds and Other Local Authorities     |                            |                            |
| Property Funds                        | <u>5,393</u>               | <u>6,612</u>               |
|                                       | 5,393                      | 6,612                      |
| Investments with Subsidiary Companies |                            |                            |
| Yorwaste Limited                      | 3,518                      | 3,518                      |
| Align Property Partners Limited       | 500                        | 500                        |
| NY Highways Limited                   | <u>500</u>                 | <u>500</u>                 |
|                                       | <u>4,518</u>               | <u>4,518</u>               |
| Total Long Term Investments           | <u>9,911</u>               | <u>11,130</u>              |

### 30. Long Term Debtors

|                                 | 31st March<br>2023<br>£000 | 31st March<br>2022<br>£000 |
|---------------------------------|----------------------------|----------------------------|
| Loans to Subsidiary Companies   | 25,218                     | 28,593                     |
| Loans to Growing Places Schemes | 1,612                      | 1,727                      |
| Long Term Payments in Advance   | 141                        | 236                        |
| Long Term Debtors               | <u>1,599</u>               | <u>912</u>                 |
|                                 | 28,570                     | 31,468                     |
| Less: Bad Debts Provision       | <u>0</u>                   | <u>0</u>                   |
|                                 | <u>28,570</u>              | <u>31,468</u>              |

Loan balances are increased by any new loans and reduced as a loan is repaid.

### 31. Short Term Debtors

|                                                                      | 31st March 2023<br>£000 |                 | 31st March 2022<br>£000 |                 |
|----------------------------------------------------------------------|-------------------------|-----------------|-------------------------|-----------------|
| Government Entities                                                  |                         |                 |                         |                 |
| Central Government Bodies                                            | 13,920                  |                 | 13,666                  |                 |
| Other Local Authorities                                              | 42,214                  |                 | 31,347                  |                 |
| NHS Bodies                                                           | <u>20,806</u>           | 76,940          | <u>17,522</u>           | 62,535          |
| General Debtors<br>(including Public Corporations and Trading Funds) |                         | 104,266         |                         | 89,679          |
| Payments in Advance                                                  |                         | <u>28,861</u>   |                         | <u>25,659</u>   |
|                                                                      |                         | 210,067         |                         | 177,873         |
| Less: Bad Debts Provision                                            |                         | <u>(20,791)</u> |                         | <u>(16,047)</u> |
| Total Short Term Debtors                                             |                         | <u>189,276</u>  |                         | <u>161,826</u>  |

### 32. Short Term Creditors

|                                                                        | 31st March 2023<br>£000 |                | 31st March 2022<br>£000 |               |
|------------------------------------------------------------------------|-------------------------|----------------|-------------------------|---------------|
| Government Entities                                                    |                         |                |                         |               |
| Central Government Bodies                                              | 13,319                  |                | 11,839                  |               |
| Other Local Authorities                                                | 4,220                   |                | 3,356                   |               |
| NHS Bodies                                                             | <u>656</u>              | 18,195         | <u>857</u>              | 16,052        |
| General Creditors<br>(including Public Corporations and Trading Funds) |                         | 52,044         |                         | 47,082        |
| Income in Advance                                                      |                         | <u>53,394</u>  |                         | <u>32,775</u> |
| Total Short Term Creditors                                             |                         | <u>123,633</u> |                         | <u>95,909</u> |

### 33. Provisions

|                              | Changes during the year          |                   |                   |                              | To be used                       |                  |                        |               |
|------------------------------|----------------------------------|-------------------|-------------------|------------------------------|----------------------------------|------------------|------------------------|---------------|
|                              | Balance as at<br>31st March 2022 | Provision<br>Made | Provision<br>Used | Provision<br>Written<br>Down | Balance as at<br>31st March 2023 | Within 1<br>year | In excess<br>of 1 year | Total         |
|                              | £000                             | £000              | £000              | £000                         | £000                             | £000             | £000                   | £000          |
| Insurance                    | 7,617                            | 618               | (966)             | 0                            | 7,269                            | 2,423            | 4,846                  | 7,269         |
| Highways Advance<br>Payments | 7,818                            | 1,078             | (2,071)           | 0                            | 6,825                            | 0                | 6,825                  | 6,825         |
| Other                        | 265                              | 0                 | (40)              | 0                            | 225                              | 144              | 81                     | 225           |
|                              | <u>15,700</u>                    | <u>1,696</u>      | <u>(3,077)</u>    | <u>0</u>                     | <u>14,319</u>                    | <u>2,567</u>     | <u>11,752</u>          | <u>14,319</u> |

|                              | Changes during the year          |                   |                   |                              | To be used                       |                  |                        |               |
|------------------------------|----------------------------------|-------------------|-------------------|------------------------------|----------------------------------|------------------|------------------------|---------------|
|                              | Balance as at<br>31st March 2021 | Provision<br>Made | Provision<br>Used | Provision<br>Written<br>Down | Balance as at<br>31st March 2022 | Within 1<br>year | In excess<br>of 1 year | Total         |
|                              | £000                             | £000              | £000              | £000                         | £000                             | £000             | £000                   | £000          |
| Insurance                    | 8,057                            | 720               | (1,160)           | 0                            | 7,617                            | 2,539            | 5,078                  | 7,617         |
| Highways Advance<br>Payments | 7,745                            | 1,538             | (1,465)           | 0                            | 7,818                            | 0                | 7,818                  | 7,818         |
| Other                        | 273                              | 0                 | (8)               | 0                            | 265                              | 184              | 81                     | 265           |
|                              | <u>16,075</u>                    | <u>2,258</u>      | <u>(2,633)</u>    | <u>0</u>                     | <u>15,700</u>                    | <u>2,723</u>     | <u>12,977</u>          | <u>15,700</u> |

### **Highways Advance Payments**

Where building work is undertaken which fronts onto a private street, a deposit under the Advance Payment Code is required from developers in respect of the cost of necessary street works. A provision is maintained in the Accounts representing deposits held where the liability of the developer has not yet been discharged.

### **Insurance (Claims & Liability)**

Self-funding arrangements for employer's, public liability and motor claims have been established and an insurance provision has been created for this purpose. The County Council is unable to accurately determine when the longer term (to be used in excess of one year) provision will be utilised.

Municipal Mutual Insurance (MMI) was the predominant insurer of public sector bodies, including the County Council, until it stopped underwriting operations in 1992. The 1993 implementation of a 'scheme of arrangement' means that these public bodies have an exposure to MMI. Due mainly to subsequent much higher than expected levels of industrial disease type claims, MMI's deteriorating solvency position led to insolvent liquidation. As a result the County Council was liable for an initial 15% levy of claims paid since 1993, which was settled in 2013/14. In addition the County Council is liable to pay a 15% contribution towards all future liability claim payments and thus a residual provision is required which is based on an external review of the historical claims experience.

### 34. Usable Reserves

Supplementary to the Movement in Reserves Statement the following tables identify detail of the adjustments between the accounting basis and funding basis under regulations by reserve. The reserves are grouped by usable reserves and unusable reserves.

| (a) General Working Balance                                                                                                                                                                                  | 2022/23<br>£000 | 2021/22<br>£000  |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------|------------------|
| <b>General Working Balance at Start of Period</b>                                                                                                                                                            | <b>(28,005)</b> | <b>(27,868)</b>  |
| Comprehensive Income and Expenditure charged to the General Balance                                                                                                                                          | <b>27,813</b>   | <b>54,236</b>    |
| <b>Adjustments between accounting basis and funding basis under regulations</b>                                                                                                                              |                 |                  |
| <b>Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement</b>                                                                                                           |                 |                  |
| Capital Adjustment Account                                                                                                                                                                                   |                 |                  |
| Amortisation of Intangible Assets                                                                                                                                                                            | (658)           | (552)            |
| Charges for depreciation and impairment of non current assets                                                                                                                                                | (68,346)        | (66,405)         |
| Revaluation losses on Property, Plant and Equipment                                                                                                                                                          | (2,925)         | (28,302)         |
| Impairment from Non Enhancing Capital Expenditure                                                                                                                                                            | (8,073)         | (13,707)         |
| Movements in the value of Investment Properties                                                                                                                                                              | 0               | 0                |
| Capital Grants and Contributions                                                                                                                                                                             | 76,299          | 80,215           |
| Revenue Expenditure Funded from Capital under Statute                                                                                                                                                        | (9,052)         | (14,112)         |
| Carrying Value of non current assets written off on disposal                                                                                                                                                 | (21,218)        | (48,668)         |
| Pension Reserve                                                                                                                                                                                              |                 |                  |
| Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement                                                                                  | (105,728)       | (109,688)        |
| Collection Fund Adjustment                                                                                                                                                                                   |                 |                  |
| Amount by which council tax income credited to the Comprehensive Income and Expenditure Statement is different from council tax income calculated for the year in accordance with statutory requirements     | 11,555          | 11,957           |
| Accumulating Short Term Compensated Absences Account                                                                                                                                                         |                 |                  |
| Amount by which staff remuneration charged to the Comprehensive Income and Expenditure Statement on an accrual basis is different from that chargeable in the year in accordance with statutory requirements | (229)           | 1,398            |
| Financial Instruments                                                                                                                                                                                        |                 |                  |
| Amount by which Financial Instruments held under Fair Value through Profit & Loss are subject to DLUHC statutory over-ride                                                                                   | (1,219)         | 1,031            |
| DSG Adjustment Account                                                                                                                                                                                       | 3,191           | 2,192            |
| <b>Inclusion of items not debited or credited to the Comprehensive Income and Expenditure Statement</b>                                                                                                      |                 |                  |
| Capital Adjustment Account                                                                                                                                                                                   |                 |                  |
| Statutory Provision for the financing of capital investment                                                                                                                                                  | 14,169          | 14,563           |
| Capital Expenditure charged against the General Working Balance                                                                                                                                              | 9,442           | 10,548           |
| Transfer of sale proceeds credited as part of the gain / loss on disposal to the Comprehensive Income and Expenditure Statement                                                                              | 13,334          | 12,216           |
| Pension Reserve                                                                                                                                                                                              |                 |                  |
| Employer pension contributions payable in the year                                                                                                                                                           | 51,315          | 47,234           |
| Capital Receipts Reserve                                                                                                                                                                                     | (208)           | (502)            |
| <b>Total of adjustments between accounting basis and funding basis under regulations</b>                                                                                                                     | <b>(38,351)</b> | <b>(100,582)</b> |
| Transfers to / (from) Earmarked Reserves                                                                                                                                                                     | 10,112          | 46,209           |
| <b>General Working Balance at Period End</b>                                                                                                                                                                 | <b>(28,431)</b> | <b>(28,005)</b>  |

**(b) Earmarked Reserves**

|                                                   | Balance<br>31st<br>March<br>2023<br>£000's | Movement<br>in year<br>2022/23<br>£000's | Balance<br>31st<br>March<br>2022<br>£000's | Movement<br>in year<br>2021/22<br>£000's | Balance<br>31st<br>March<br>2021<br>£000's |
|---------------------------------------------------|--------------------------------------------|------------------------------------------|--------------------------------------------|------------------------------------------|--------------------------------------------|
| <b>Earmarked for Schools</b>                      |                                            |                                          |                                            |                                          |                                            |
| Local Management of Schools                       | 13,912                                     | (3,639)                                  | 17,551                                     | 1,164                                    | 16,387                                     |
|                                                   | <u>13,912</u>                              | <u>(3,639)</u>                           | <u>17,551</u>                              | <u>1,164</u>                             | <u>16,387</u>                              |
| <b>Retained for Specific Initiatives</b>          |                                            |                                          |                                            |                                          |                                            |
| Strategic Resources                               | 92,929                                     | 8,405                                    | 84,524                                     | 14,662                                   | 69,862                                     |
| Local Government Review                           | 31,969                                     | (6,031)                                  | 38,000                                     | 38,000                                   | 0                                          |
| T&C Roadmap                                       | 2,276                                      | (1,066)                                  | 3,342                                      | 263                                      | 3,079                                      |
| Insurance                                         | 12,600                                     | 3,229                                    | 9,371                                      | 2,075                                    | 7,296                                      |
| Superfast Broadband                               | 26,954                                     | 4,220                                    | 22,734                                     | 3,821                                    | 18,913                                     |
| High Needs                                        | 16,297                                     | 2,500                                    | 13,797                                     | 2,500                                    | 11,297                                     |
| Redundancy                                        | 958                                        | (54)                                     | 1,012                                      | (81)                                     | 1,093                                      |
| Extra Care                                        | 2,763                                      | (2,224)                                  | 4,987                                      | (1,653)                                  | 6,640                                      |
| Bedale, Aiskew and Leeming Bar<br>Bypass          | 32                                         | (257)                                    | 289                                        | (197)                                    | 486                                        |
| Stronger Communities                              | 2,412                                      | (20)                                     | 2,432                                      | (54)                                     | 2,486                                      |
| NY2020 Programme Support                          | 7,265                                      | 1,600                                    | 5,665                                      | 1,467                                    | 4,198                                      |
| Equalisation (CTax & BR)                          | 15,987                                     | 8,187                                    | 7,800                                      | 0                                        | 7,800                                      |
| 2020 Property Projects                            | 1,773                                      | (697)                                    | 2,470                                      | (535)                                    | 3,005                                      |
| Kex Gill                                          | 1,463                                      | 0                                        | 1,463                                      | (319)                                    | 1,782                                      |
| Streetlighting                                    | 102                                        | 0                                        | 102                                        | (5,317)                                  | 5,419                                      |
| HAS Market Shaping                                | 7,573                                      | (2,627)                                  | 10,200                                     | 5,100                                    | 5,100                                      |
| Other Individual Reserves <£2m                    | 33,225                                     | (39)                                     | 33,264                                     | 3,690                                    | 29,574                                     |
|                                                   | <u>256,578</u>                             | <u>15,126</u>                            | <u>241,452</u>                             | <u>63,422</u>                            | <u>178,030</u>                             |
| <b>Reserves of Trading and Service Units NYES</b> |                                            |                                          |                                            |                                          |                                            |
| Trading Reserves                                  | 3,548                                      | (841)                                    | 4,389                                      | 513                                      | 3,876                                      |
| Insurances                                        | 4,639                                      | 353                                      | 4,286                                      | (958)                                    | 5,244                                      |
|                                                   | <u>8,187</u>                               | <u>(488)</u>                             | <u>8,675</u>                               | <u>(445)</u>                             | <u>9,120</u>                               |
| <b>Revenue Grants and Contributions Reserve</b>   |                                            |                                          |                                            |                                          |                                            |
| Covid-19 LA Support                               | 94                                         | (7)                                      | 101                                        | (20,399)                                 | 20,500                                     |
| Public Health                                     | 6,474                                      | 162                                      | 6,312                                      | 1,662                                    | 4,650                                      |
| CYPS Miscellaneous Grants                         | 5,418                                      | (1,350)                                  | 6,768                                      | (408)                                    | 7,176                                      |
| Civil Parking Enforcement                         | 1,073                                      | 210                                      | 863                                        | (1,092)                                  | 1,955                                      |
| Care Act                                          | 9,392                                      | 0                                        | 9,392                                      | 3,778                                    | 5,614                                      |
| Income Guarantee Scheme                           | 1,347                                      | 0                                        | 1,347                                      | (673)                                    | 2,020                                      |
| Other Individual Reserves <£2m                    | 1,248                                      | 98                                       | 1,150                                      | (800)                                    | 1,950                                      |
|                                                   | <u>25,046</u>                              | <u>(887)</u>                             | <u>25,933</u>                              | <u>(17,932)</u>                          | <u>43,865</u>                              |
| <b>Total Earmarked Reserves</b>                   | <b><u>303,723</u></b>                      | <b><u>10,112</u></b>                     | <b><u>293,611</u></b>                      | <b><u>46,209</u></b>                     | <b><u>247,402</u></b>                      |

### (c) Capital Receipts Unapplied Reserve

The Capital Receipts Unapplied Reserve records balances of monies received from capital disposals that can be retained for qualifying capital purposes, expenditure of a capital nature or repayment of long term loans.

|                                                                                                                                | 31st March<br>2023<br>£000 | 31st March<br>2022<br>£000 |
|--------------------------------------------------------------------------------------------------------------------------------|----------------------------|----------------------------|
| Opening Balance                                                                                                                | 3,560                      | 4,062                      |
| Transfer of sale proceeds credited as part of the gains/loss on disposal to the Comprehensive Income and Expenditure Statement | 13,126                     | 11,714                     |
| Use of the Capital Receipts Unapplied Reserve to finance new expenditure                                                       | <u>(13,334)</u>            | <u>(12,216)</u>            |
| Closing Balance                                                                                                                | <u>3,352</u>               | <u>3,560</u>               |

### (d) Capital Grants Unapplied Reserve

The Capital Grants Unapplied Reserve is required under IFRS and IAS 20 Accounting for Government Grants. The reserve holds the balances of capital grants received where the conditions of use have been met but the actual expenditure has not been incurred. This reserve is classified as a usable reserve as the balances held within this account can be utilised to fund future expenditure of a capital nature.

|                                                                                                                       | 2022/23<br>£000 | 2021/22<br>£000 |
|-----------------------------------------------------------------------------------------------------------------------|-----------------|-----------------|
| Opening Balance                                                                                                       | 45,180          | 61,953          |
| <b>Adjustments between accounting basis and funding basis under regulation</b>                                        |                 |                 |
| Capital Grants and Contributions Unapplied credited to the Comprehensive Income and Expenditure Statement             | 76,299          | 80,215          |
| Application of Capital Grants and Contributions within the period and adjusted through the Capital Adjustment Account | <u>(65,331)</u> | <u>(96,988)</u> |
| Closing Balance                                                                                                       | <u>56,148</u>   | <u>45,180</u>   |

## 35. Unusable Reserves

### (a) Revaluation Reserve

The Revaluation Reserve records the unrealised gains from the revaluation of Property, Plant and Equipment.

|                                                                               | 2022/23<br>£000 | 2021/22<br>£000 |
|-------------------------------------------------------------------------------|-----------------|-----------------|
| Opening Balance                                                               | 408,464         | 368,953         |
| Asset Revaluation within Other Comprehensive Income and Expenditure Statement | 73,931          | 73,185          |
| Adjustment between current value depreciation and historic cost depreciation  | <u>(24,064)</u> | <u>(18,122)</u> |
| Write out of revaluation on disposal; Property, Plant and Equipment           | <u>(12,108)</u> | <u>(15,552)</u> |
| Closing Balance                                                               | <u>446,223</u>  | <u>408,464</u>  |

The revaluation reserve is built up from individual balances for each asset within the Property, Plant and Equipment categories of assets. No individual asset will have a negative revaluation balance even if the overall reserve is in surplus.

The Reserve contains only revaluation gains accumulated since 1st April 2007, the date that the reserve was created; prior to this date the Capital Adjustment Account was used to record revaluation gains.

Revaluations arising on investment properties are (under IFRS) charged to the Surplus or Deficit on Provision of Services section of the Comprehensive Income and Expenditure Statement as and when they arise. Revaluation values for investment properties are therefore not held within the revaluation reserve.

#### **(b) Collection Fund Adjustment Account**

The Collection Fund Adjustment Account represents an Unusable Reserve in the Balance Sheet. The County Council must show the accrued value of Council Tax and Non- Domestic Rates Income relating to the County Council as at 31st March 2022 rather than the actual Council Tax and Non-Domestic Rates paid over by Billing Authorities to the County Council during the Financial Year.

In addition, the County Council is required to show in its Balance Sheet provisions for the following:-

- Debtors for the County Council's share of Council Tax and Non-Domestic Rates arrears at 31st March 2023;
- Provision for bad debts of Debtors in relation to Council Tax and Non- Domestic Rates arrears as at 31st March 2023;
- Income in advance from Council Tax and Non-Domestic Rates payers who have paid their bills early as at 31st March 2023; and
- Creditor provision where the billing authorities have under-collected Council Tax and Non-Domestic Rates Income in-year compared to the value of Council Tax precepts and Non-Domestic Rates actually paid over to the County Council in 2022/23.

The Collection Fund Adjustment Account represents an adjustment between the Council Tax and Non-Domestic Rates collected and paid over to the County Council by billing authorities in 2022/23, and the County Council's accrued actual share of Billing Authority Collection Fund Balances in 2022/23. The Collection Fund Adjustment Account also represents the County Council's actual net share of surplus or deficit in all the billing authorities collection funds combined at the end of 2021/22 and 2022/23 and can be calculated as follows:-



|                                                    | 31st March<br>2023<br>£000 | 31st March<br>2022<br>£000 |
|----------------------------------------------------|----------------------------|----------------------------|
| Council Tax                                        |                            |                            |
| Debtors                                            | 22,590                     | 19,641                     |
| Provision for Doubtful Debts                       | (10,539)                   | (9,050)                    |
| Creditors for Pre-payments and Over-payments       | (7,849)                    | (6,464)                    |
| Net Debtors / (Creditors) to the Billing Authority | <u>6,898</u>               | <u>803</u>                 |
|                                                    | <u>11,100</u>              | <u>4,930</u>               |
| Non-Domestic Rates                                 |                            |                            |
| Debtors                                            | 1,195                      | 1,195                      |
| Provision for Doubtful Debts                       | (2,682)                    | (548)                      |
| Provision for Appeals                              | 0                          | (2,132)                    |
| Creditors for Pre-payments and Over-payments       | (1,124)                    | (1,124)                    |
| Net Debtors / (Creditors) to the Billing Authority | <u>25,004</u>              | <u>19,617</u>              |
|                                                    | <u>22,393</u>              | <u>17,008</u>              |
| Collection Fund surplus                            | <u>33,493</u>              | <u>21,938</u>              |
| Movement in Year                                   |                            |                            |
| Council Tax                                        | 6,170                      | 6,009                      |
| Non-Domestic Rates                                 | <u>5,385</u>               | <u>5,948</u>               |
|                                                    | <u>11,555</u>              | <u>11,957</u>              |

**(c) Accumulated Absences Account**

The Accumulated Absences Account is used to accrue for short term compensated absences such as holiday pay earned but not taken. This accrual is under statutory provision and does not represent a charge to the General Working Balance; this reserve holds the balance of the accrual within the unusable reserves section of the Balance Sheet.

|                         | 2022/23<br>£000 | 2021/22<br>£000 |
|-------------------------|-----------------|-----------------|
| Balance Brought Forward | (6,052)         | (7,450)         |
| Movement in Year        | <u>(229)</u>    | <u>1,398</u>    |
| Closing Balance         | <u>(6,281)</u>  | <u>(6,052)</u>  |

**(d) Pension Reserve**

The Pension Reserve absorbs the timing differences arising from the different arrangements for accounting for post-employment benefits and for funding benefits in accordance with statutory provisions. The County Council accounts for post-employment benefits in the Comprehensive Income and Expenditure Statement as the benefits are earned by employees; however, statutory arrangements require benefits earned to be financed as the County Council makes contributions to the pension fund.

The debit balance on the Pensions Reserve therefore shows a substantial shortfall in the benefits earned by past and current employees and the resources the County Council has set aside to meet them.

|                                                                                                                             | 2022/23<br>£000 | 2021/22<br>£000  |
|-----------------------------------------------------------------------------------------------------------------------------|-----------------|------------------|
| Opening Balance                                                                                                             | (396,953)       | (496,989)        |
| Remeasurements of the Net Defined Benefit Liability (Actuarial gains / (losses) on pension assets/liabilities)              | 446,958         | 162,490          |
| Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement | (105,728)       | (109,688)        |
| Employers pension contributions payable in year                                                                             | 51,315          | 47,234           |
| Closing Balance                                                                                                             | <u>(4,408)</u>  | <u>(396,953)</u> |

#### (e) Capital Adjustment Account

The Capital Adjustment Account records the historic cost of acquiring, creating or enhancing Fixed Assets, (including depreciation and impairment), over the life of those assets as well as the resources set aside to finance them.

|                                                                                                                                 | 2022/23<br>£000 | 2021/22<br>£000 |
|---------------------------------------------------------------------------------------------------------------------------------|-----------------|-----------------|
| Opening Balance                                                                                                                 | 893,949         | 898,705         |
| <b>Adjustments between accounting basis and funding basis under regulations</b>                                                 |                 |                 |
| Amortisation of Intangible Assets                                                                                               | (658)           | (552)           |
| Charges for depreciation and impairment of non current assets                                                                   | (68,346)        | (66,405)        |
| Revaluation losses on Property, Plant and Equipment                                                                             | (2,925)         | (28,302)        |
| Impairment from Non Enhancing Capital Expenditure                                                                               | (8,073)         | (13,707)        |
| Movements in the value of Investment Properties                                                                                 | 0               | 0               |
| Capital Grants and Contributions                                                                                                | 65,331          | 96,988          |
| Revenue Expenditure Funded from Capital under Statute                                                                           | (9,052)         | (14,112)        |
| Carrying Value of non current assets written off on disposal                                                                    | (21,218)        | (48,668)        |
| Statutory Provision for the financing of capital investment                                                                     | 14,169          | 14,563          |
| Capital Expenditure charged against the General Working Balance                                                                 | 9,442           | 10,548          |
| Transfer of sale proceeds credited as part of the gain / loss on disposal to the Comprehensive Income and Expenditure Statement | 13,334          | 12,216          |
| Re-payment of long term loans                                                                                                   | (10,045)        | (999)           |
| <b>Other Reserve Movements</b>                                                                                                  |                 |                 |
| Adjustment between current value depreciation and historic cost depreciation                                                    | 24,064          | 18,122          |
| Write out of revaluation on disposal; Property, Plant and Equipment                                                             | 12,108          | 15,552          |
| Closing Balance                                                                                                                 | <u>912,080</u>  | <u>893,949</u>  |

#### (f) Financial Instruments Revaluation Reserve

The Financial Instruments Revaluation Reserve contains the gains made by the County Council arising from increases in the value of its investments that are measured at fair value through other comprehensive income. The balance is reduced when investments with accumulated gains are:

- Revalued downwards or impaired and the gains are lost; or
- Disposed of and the gains are realised.

|                                                                                                            | 2022/23<br>£000 | 2021/22<br>£000 |
|------------------------------------------------------------------------------------------------------------|-----------------|-----------------|
| Opening Balance                                                                                            | 682             | (349)           |
| Financial Instruments held under Fair Value through Profit & Loss<br>subject to DLUHC Statutory Over-Ride* | (1,219)         | 1,031           |
| Closing Balance                                                                                            | <u>(537)</u>    | <u>682</u>      |

\*The DLUHC introduced a statutory over-ride to protect the General Fund balance from any fluctuations in fair value movements in quoted investment funds. In the County Council's case this relates to its investments in two Pooled Investment Property Funds. This over-ride expires on 31st March 2023 and unless extended, all fair value movements will then impact on the General Fund Balance.

**(g) Dedicated Schools Grant Adjustment Account**

|                                                                          | 2022/23<br>£000 | 2021/22<br>£000 |
|--------------------------------------------------------------------------|-----------------|-----------------|
| Opening Balance                                                          | 212             | (1,980)         |
| Previous Year's Schools Fund deficit transferred from Earmarked Reserves | 0               | 0               |
| In year DSG (over)/underspend                                            | <u>3,191</u>    | <u>2,192</u>    |
| Closing Balance                                                          | <u>3,403</u>    | <u>212</u>      |

The Dedicated Schools Grant Adjustment Account is a reserve introduced in November 2020 by the laying of a new statutory instrument by DLUHC to amend the Local Authorities (Capital Finance & Accounting Regulations) 2003. The statutory instrument establishes new accounting practices relating to treatment of local authorities' schools budget deficits, requiring any such deficit to be recorded in a specific account established solely for the purpose of recording deficits relating to its schools' budget.

**36. Material Contingent Liabilities**

There have been no material contingent liabilities identified by the County Council in 2022/23.

**37. Events after the Balance Sheet Date**

Under IAS 10 Events after the Reporting Period, the County Council is required to disclose the date that the financial statements are authorised for issue. This establishes the date after which events will not have been recognised in the Statement of Accounts.

The Draft Statement for 2022/23 was authorised for issue on 9th June 2023 by the Corporate Director – Resources. The Statement of Accounts is then subject to the External Audit process, before being considered and approved by the Audit Committee Members on 27th November 2023.

Since the Balance Sheet date, 1 school has converted to Academy status. Land and Building asset values totalling £1.9m will be transferred off the County Council's balance sheet in 2023/24 and the County Council will no longer receive Dedicated School Grant of around £0.2m.

**38. Dedicated Schools Grant**

The County Council's expenditure on schools is funded primarily by grant monies provided by the Education and Skills Funding Agency (ESFA), 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 2021. The Schools Budget

includes elements for a range of educational services provided on an authority-wide basis and for the Individual Schools Budget, which is divided into a budget share for each maintained school. Details of the deployment of DSG receivable for 2022/23 are detailed below:-

|                                                        | Central<br>Expenditure<br>£000 | Individual<br>Schools<br>Budgets<br>£000 | Total<br>£000  |
|--------------------------------------------------------|--------------------------------|------------------------------------------|----------------|
| Final DSG for 2022/23 before Academy recoupment        |                                |                                          | 504,939        |
| Academy figure recouped for 2022/23                    |                                |                                          | (220,058)      |
| Total DSG after Academy recoupment for 2022/23         |                                |                                          | <u>284,881</u> |
| Plus Brought forward from 2021/22                      |                                |                                          | 212            |
| Less Carry-forward to 2023/24 agreed in advance        |                                |                                          | <u>(212)</u>   |
| Agreed initial budgeted distribution in 2022/23        |                                |                                          | 284,881        |
| In year adjustments                                    | 0                              | (621)                                    | (621)          |
| Final budgeted distribution for 2022/23                | <u>63,283</u>                  | <u>221,598</u>                           | <u>284,260</u> |
| Less Actual central expenditure                        | (60,935)                       |                                          | (60,935)       |
| Less Actual ISB deployed to schools                    | 0                              | (220,755)                                | (220,755)      |
| Net Carry-forward in year                              | <u>2,348</u>                   | <u>843</u>                               | <u>3,191</u>   |
| Plus/Minus: Carry-forward to 2023/24 agreed in advance |                                |                                          | <u>212</u>     |
| Net Carry-forward to 2023/24                           |                                |                                          | <u>3,403</u>   |
| DSG unusable reserve at the end of 2021/22             |                                |                                          | 212            |
| Addition to DSG unusable reserve at the end of 2022/23 |                                |                                          | 3,191          |
| Total of DSG unusable reserve at the end of 2022/23    |                                |                                          | <u>3,403</u>   |
| Net DSG position at the end of 2022/23                 |                                |                                          | <u>3,403</u>   |

In 2022/23, £284,266k has been credited against the Education and Children's Services in the Comprehensive Income and Expenditure Statement.

The net underspend in 2022/23 of £3,191k on central expenditure and ISB has been added to the agreed carry forward of £212k, and the net surplus of £3,403k is held as a positive unusable reserve.

This is in accordance with the statutory requirements (as defined in the School and Early Years Finance (England) Regulations 2020) for 2021/22, which affect the manner in which the County Council can use the general reserves held as at 31 March 2023, and the requirements of the Accounts and Audit Regulations 2015, as amended (Regulation 7 (4)).

Both the net overspend and the deficit balance have arisen due to the chronic underfunding of the schools budget by the Education and Skills Funding Agency (ESFA) since the legislative reform introduced by the Children and Families Act 2014, which has resulted in significant increases in the number of Education Health Care Plans (EHCPs) that in turn increases the demand for High Needs provision. The County Council has developed a comprehensive and robust long-term Strategy for SEND 0-25; however, its implementation is greatly hindered by the continued lack of capital funding by the Department for Education. The County Council is also lacking any assurance on the future DSG monies it will receive, and this uncertainty represents significant financial risks to any recovery plan of the deficit balance over future funding periods.

### 39. Financial Instruments

Financial Instruments are formally defined as contracts that give rise to a financial asset of one entity and a financial liability or equity instrument of another entity. For the County Council, this definition covers the instruments used in Treasury Management activities, including the borrowing and lending of money and the making of investments.

The County Council has adopted the CIPFA Code of Practice on Treasury Management. This Code sets out a framework of operating procedures to reduce treasury risk and improve understanding and accountability regarding the Treasury position of the County Council.

The CIPFA Code of Practice on Treasury Management requires:-

- a Treasury Management Policy Statement (TMPS) stating the County Council's policies and objectives for its treasury management activities; and
- a framework of Treasury Management Practices (TMPs) setting out the manner in which the County Council will seek to achieve the policies and objectives set out above and prescribing how it will manage and control those activities.

The twelve recommended TMPs are reviewed and updated as and when necessary in the light of regulatory and/or local policy changes and cover the following areas:-

- risk management;
- performance measurement;
- decision-making and analysis;
- approved instruments, methods and techniques;
- organisation, clarity and segregation of responsibilities and dealing arrangements;
- reporting requirements and management information arrangements;
- budgeting, accounting and audit arrangements;
- cash and cash flow management;
- money laundering;
- training and qualifications;
- use of external service providers; and
- corporate governance.

The County Council provides treasury management services to the external bodies listed on page 112 (the external bodies listed as having temporary loans with the County Council) and the loans from them represent working balances which are invested with the County Council.

The County Council recognises and measures financial assets at either amortised cost, at fair value through profit and loss or at fair value through other comprehensive income. IFRS 9 – Financial Instruments states that investments in equity should be recognised as fair value through profit and loss, which would result in changes in valuation impacting upon the County Council's General Fund balance and its revenue budget. To mitigate this, the CIPFA Code of Practice allows councils to elect to treat equity investments as fair value through other comprehensive

income. The County Council has elected to designate its shareholdings in its non-consolidated subsidiaries and a joint venture as fair value through other comprehensive income

The County Council also holds a pooled investment in two property funds. IFRS 9 also requires any changes in valuation to be recognised as fair value through profit and loss, which again would impact upon the County Council's general fund balance and revenue budget. The DLUHC has permitted a temporary (5 year) statutory override for English local authorities to mitigate the impact of these changes in valuation, commencing 1st April 2018. The County Council will utilise the statutory override to account for any changes in the value of this investment.

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**(a) Categories of Financial Instruments**

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

**Financial Assets**

|                                                                               | Long Term    |               |               |               | Short Term     |                |                |                |
|-------------------------------------------------------------------------------|--------------|---------------|---------------|---------------|----------------|----------------|----------------|----------------|
|                                                                               | Investments  |               | Debtors       |               | Investments    |                | Debtors        |                |
|                                                                               | 31st March   | 31st March    | 31st March    | 31st March    | 31st March     | 31st March     | 31st March     | 31st March     |
|                                                                               | 2023         | 2022          | 2023          | 2022          | 2023           | 2022           | 2023           | 2022           |
|                                                                               | £000         | £000          | £000          | £000          | £000           | £000           | £000           | £000           |
| Fair Value through Profit or Loss                                             | 0            | 0             | 0             | 0             | 0              | 0              | 0              | 0              |
| Amortised Cost                                                                |              |               |               |               |                |                |                |                |
| Investments                                                                   | 3,518        | 3,518         | 0             | 0             | 347,914        | 348,374        | 0              | 0              |
| Loans to Subsidiary Companies                                                 | 0            | 0             | 25,218        | 28,593        | 0              | 0              | 0              | 0              |
| Loans to Growing Places Schemes                                               | 0            | 0             | 1,612         | 1,727         | 0              | 0              | 0              | 0              |
| Other                                                                         | 0            | 0             | 1,740         | 1,148         | 0              | 0              | 0              | 0              |
|                                                                               | <u>3,518</u> | <u>3,518</u>  | <u>28,570</u> | <u>31,468</u> | <u>347,914</u> | <u>348,374</u> | <u>0</u>       | <u>0</u>       |
| Fair Value through other Comprehensive Income - designated equity instruments | 6,393        | 7,612         | 0             | 0             | 0              | 0              | 0              | 0              |
| Fair Value through Other Comprehensive Income - other                         | 0            | 0             | 0             | 0             | 0              | 0              | 0              | 0              |
| Total Financial Assets                                                        | <u>9,911</u> | <u>11,130</u> | <u>28,570</u> | <u>31,468</u> | <u>347,914</u> | <u>348,374</u> | <u>0</u>       | <u>0</u>       |
| Non Financial Assets                                                          | 0            | 0             | 0             | 0             | 0              | 0              | 189,276        | 161,826        |
| Total                                                                         | <u>9,911</u> | <u>11,130</u> | <u>28,570</u> | <u>31,468</u> | <u>347,914</u> | <u>348,374</u> | <u>189,276</u> | <u>161,826</u> |

## Financial Liabilities

|                                      | Long Term        |                  |                |                 | Short Term       |                  |                  |                 |
|--------------------------------------|------------------|------------------|----------------|-----------------|------------------|------------------|------------------|-----------------|
|                                      | Borrowings       |                  | Creditors      |                 | Borrowings       |                  | Creditors        |                 |
|                                      | 31st March       | 31st March       | 31st March     | 31st March      | 31st March       | 31st March       | 31st March       | 31st March      |
|                                      | 2023             | 2022             | 2023           | 2022            | 2023             | 2022             | 2023             | 2022            |
| £000                                 | £000             | £000             | £000           | £000            | £000             | £000             | £000             |                 |
| Fair Value through Profit or Loss    | 0                | 0                | 0              | 0               | 0                | 0                | 0                | 0               |
| Amortised Cost                       |                  |                  |                |                 |                  |                  |                  |                 |
| PWLB Loans                           | (188,499)        | (188,500)        | 0              | 0               | (1,605)          | (15,142)         | 0                | 0               |
| Market LOBO Loans                    | (10,000)         | (20,000)         | 0              | 0               | (10,049)         | (46)             | 0                | 0               |
| Temporary Loans from External Bodies | 0                | 0                | 0              | 0               | (126,750)        | (131,072)        | 0                | 0               |
| PFI and Finance Leases               | <u>(139,956)</u> | <u>(143,620)</u> | <u>0</u>       | <u>0</u>        | <u>(3,665)</u>   | <u>(4,038)</u>   | <u>0</u>         | <u>0</u>        |
|                                      | <u>(338,455)</u> | <u>(352,120)</u> | <u>0</u>       | <u>0</u>        | <u>(142,069)</u> | <u>(150,298)</u> | <u>0</u>         | <u>0</u>        |
| Total Financial Liabilities          | <u>(338,455)</u> | <u>(352,120)</u> | <u>0</u>       | <u>0</u>        | <u>(142,069)</u> | <u>(150,298)</u> | <u>0</u>         | <u>0</u>        |
| Non Financial Liabilities            | 0                | 0                | (4,328)        | (13,191)        | 0                | 0                | (123,633)        | (95,909)        |
| Total                                | <u>(338,455)</u> | <u>(352,120)</u> | <u>(4,328)</u> | <u>(13,191)</u> | <u>(142,069)</u> | <u>(150,298)</u> | <u>(123,633)</u> | <u>(95,909)</u> |



**(b) Income, Expense, Gains and Losses**

|                                                                                                                                | 2022/23                                                           |                                                             | 2021/22                                                           |                                                             |
|--------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------|-------------------------------------------------------------|-------------------------------------------------------------------|-------------------------------------------------------------|
|                                                                                                                                | Surplus /<br>(Deficit) on the<br>Provision of<br>Services<br>£000 | Other<br>Comprehensive<br>Income and<br>Expenditure<br>£000 | Surplus /<br>(Deficit) on the<br>Provision of<br>Services<br>£000 | Other<br>Comprehensive<br>Income and<br>Expenditure<br>£000 |
| Net Gains / (Losses) on<br>investments in equity instruments<br>designated at fair value through<br>other comprehensive income | 1,219                                                             | 0                                                           | (1,031)                                                           | 0                                                           |
| Interest Revenue<br>financial assets measured at<br>amortised cost                                                             | (12,499)                                                          | 0                                                           | (2,848)                                                           | 0                                                           |
| Interest Expense                                                                                                               | 25,262                                                            | 0                                                           | 26,188                                                            | 384                                                         |

**(c) Fair Values of Assets and Liabilities**

The County Council holds units within two Property Funds. Inputs to the valuation techniques in respect of assets and liabilities for which fair value is measured or disclosed in the County Council's financial statements are categorised within the fair value hierarchy. Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the County Council can access at the measurement date. Level 2 inputs are those other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. Level 3 are unobservable inputs for the asset or liability. Property Fund investments are held at Net Asset Value, as per the Investment Manager's Annual Statement, therefore classified as a Level 2 input.

The funding of these investments was from Capital reserves. The County Council did not borrow funds to finance these investments therefore Minimum Revenue Provision (MRP) has not been adjusted. However, the performance of these investments will be monitored closely to ensure no / minimal loss, and MRP reviewed regularly and amended if indicated by the year end position.

As these gains or losses impact on the General Fund balance, the temporary statutory override, agreed with the DLUHC, will be utilised. This will result in any loss or gain being reversed and recorded in the Financial Instruments Revaluation Reserve. Any gain or loss will only be realised when the investments are sold and will be treated as a capital receipt and recognised through the Capital Adjustments Account, as these investments were funded from capital.

|                                 | 2022/23         |                    | 2021/22         |                    |
|---------------------------------|-----------------|--------------------|-----------------|--------------------|
|                                 | Nominal<br>£000 | Fair Value<br>£000 | Nominal<br>£000 | Fair Value<br>£000 |
| Property Funds                  |                 |                    |                 |                    |
| Blackrock                       | 3,003           | 2,779              | 3,003           | 3,449              |
| Threadneedle                    | 2,927           | 2,613              | 2,927           | 3,164              |
| Shareholding                    |                 |                    |                 |                    |
| Align Property Partners Limited | 500             | 500                | 500             | 500                |
| NY Highways Limited             | 500             | 500                | 500             | 500                |
|                                 | <u>6,930</u>    | <u>6,392</u>       | <u>6,930</u>    | <u>7,613</u>       |

Except for the Financial Assets valued at fair value above, all other financial liabilities and financial assets represented by loans and receivables are carried in the Balance Sheet at amortised costs. Their fair value can be assessed by calculating the present value of the cash flows that will take place over the remaining term of the instruments, using the following assumptions:-

- for loans from the Public Works Loan Board, (PWLB), new borrowing rates available from the PWLB have been applied and for other loans payable, current market rates were obtained from the County Council's Treasury Management Advisors, Link Asset Services;
- for loans receivable, the prevailing benchmark market rates have been used to provide fair value;
- no early repayment or impairment is recognised; and
- the fair value of trade and other receivables is taken to be the invoiced or billed amount. Please note that during the 2021/22 and 2022/23 all fair value measurements above were based on level 2 inputs, with no Level 1 or 3 for either year.

The fair values calculated are as follows:-

#### Borrowing Activities

|                     | 31st March 2023            |                       | 31st March 2022            |                       |
|---------------------|----------------------------|-----------------------|----------------------------|-----------------------|
|                     | Carrying<br>Amount<br>£000 | Fair<br>Value<br>£000 | Carrying<br>Amount<br>£000 | Fair<br>Value<br>£000 |
| PWLB Maturity Loans | 188,500                    | 183,008               | 202,790                    | 264,466               |
| PWLB Annuity Loans  | 0                          | 0                     | 851                        | 870                   |
| Market LOBO Loans   | <u>20,000</u>              | <u>17,904</u>         | <u>20,046</u>              | <u>28,162</u>         |
| Total               | <u>208,500</u>             | <u>200,912</u>        | <u>223,687</u>             | <u>293,498</u>        |

The fair value of the liabilities is lower than the carrying amount because the County Council's portfolio of loans includes a number of fixed rate loans where the interest rate payable is lower than the rates available for similar loans at the Balance Sheet date. This commitment to pay interest below market rates decreases the amount that the County Council would have to pay if the lender requested or agreed to early repayment of the loans.

The fair value of Public Works Loan Board (PWLB) loans measures the economic effect of the terms agreed with the PWLB compared with estimates of the terms that would be offered if the borrowing was undertaken at the Balance Sheet date. The difference between the carrying amount and the fair value measures the additional interest that the authority will pay over the remaining

terms of the loans under the agreements with the PWLB, against what would be paid if the loans were at prevailing PWLB rates.

However, the County Council has a continuing ability to borrow at concessionary rates from the PWLB rather than from the markets. A supplementary measure of the additional interest that the authority will pay as a result of its PWLB commitments for fixed rate loans is to compare the terms of these loans with the new borrowing rates available from the PWLB. If a value is calculated on this basis, the carrying amount of £208.5m would be valued at £230.7m. But, if the authority were to seek to realise the projected loss by repaying the loans to the PWLB, the PWLB would raise a penalty charge for early redemption in addition to charging a premium for the additional interest that will not now be paid.

### Investment Activities

|                                     | 31st March 2023         |                    | 31st March 2022         |                    |
|-------------------------------------|-------------------------|--------------------|-------------------------|--------------------|
|                                     | Carrying Amount<br>£000 | Fair Value<br>£000 | Carrying Amount<br>£000 | Fair Value<br>£000 |
| Money Market Loans more than 1 year | 0                       | 0                  | 0                       | 0                  |
| Financial Liabilities               | 0                       | 0                  | 0                       | 0                  |

In addition the financial assets representing the shareholding in Yorwaste Limited (£3,518k), Align Property Partners Limited (£500k), NY Highways Limited (£500k), First North Law Limited (£0.1k), Brierley Homes Limited (£0.1k), NYnet Limited (£1) and Veritau (£1) continued to be valued at Historic Cost and have been omitted from the above. These share-holdings are valued at Historic Cost because they do not have a quoted market price in an active market and therefore their fair value cannot be measured reliably. In addition these investments are not classified as “Held for Sale” and therefore in accordance with The Code, can be accounted for at Cost.

### (d) Disclosure of nature and extent of risks arising from Financial Instruments

The County Council’s activities expose it to a variety of financial risks, the key risks are:

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

### Overall Procedures for Managing Risk

The County Council’s overall risk management procedures focus on the unpredictability of financial markets and implementing restrictions to minimise these risks. The procedures for risk management are set out through a legal framework in the Local Government Act 2003 and the associated regulations. These require the County Council to comply with the CIPFA Prudential Code, the CIPFA Treasury Management in the Public Services Code of Practice and Investment

Guidance issued through the Act. Overall these procedures require the County Council to manage risk in the following ways:-

- adopt the requirements of the Code of Practice;
- approve annually in advance, prudential indicator limits for the following three years;
- review the County Council's overall borrowing limits;
  - its maximum and minimum exposures to fixed and variable rates;
  - its maximum and minimum exposures to the maturity structure of its debt;
  - its maximum annual exposures to investments maturing beyond a year; and
- approve an investment strategy for the forthcoming year setting out its criteria for both investing and selecting investment counterparties in compliance with the Government Guidance.

The Annual Treasury Management Strategy includes these procedures in order to manage the risks of the County Council's financial instrument exposure. It is approved at the County Council's annual council tax setting budget meeting before the beginning of the financial year.

Annual outturn reports are submitted to the Executive for Treasury Management and Prudential Indicators which set out full details of activities and performance during the preceding financial year. In addition, quarterly reports on Treasury Management matters are submitted to the Executive as part of the County Council's Quarterly Performance Monitoring report and periodic meetings are held between the Corporate Director - Strategic Resources, the Chairman of the Audit Committee and the Deputy Leader to discuss issues arising from the day to day management of Treasury Management activities. The Audit Committee is responsible for scrutinising the County Council's Treasury Management activities and receives regular reports and updates on Treasury Management matters.

### **Credit Risk**

Credit risk arises from deposits with banks and financial institutions, as well as credit exposures to the County Council's customers. Deposits are not made with banks and financial institutions unless they meet the minimum requirements of the investment criteria outlined in the treasury management strategy.

The County Council relies on credit ratings and "ratings watch" and "outlook" notices published by the three credit rating agencies (Fitch, Moody's and Standards & Poor's) to establish the credit quality of counterparties and investment schemes. All three credit rating agencies also produce a Sovereign Rating which assesses a country's ability to support a financial institution should they get into difficulty.

No combination of ratings can be viewed as entirely fail-safe and all credit ratings, ratings watches and outlooks are monitored on a daily basis and changes made as appropriate. In addition, the County Council takes into account trends within the Credit Default Swap (CDS) Market. Since they are a traded instrument they reflect the market perception of an institution's credit quality unlike credit ratings which often focus on a longer term view. The County Council also monitors other sources of market intelligence, including the financial press, for rumours and speculation which may impact on organisations which the County Council may invest with.

Further details of the County Council's investment criteria are included in the Annual Treasury Management Strategy, a copy of which is available on the County Council's website, [www.northyorks.gov.uk](http://www.northyorks.gov.uk).

In addition, the County Council has set maximum investment limits for each organisation which also reflect that institution's credit worthiness – the higher the credit quality, the greater the investment limit. These limits also reflect UK Government involvement (i.e. Government ownership or being part of the UK Government guarantee of liquidity).

These limits can be summarised as follows:-

| Maximum Investment Limit | Criteria                                                                       |
|--------------------------|--------------------------------------------------------------------------------|
| £75m                     | – UK "Nationalised" Banks / UK Banks with UK Central Government Involvement    |
| £20m - £75m              | - Selected UK "Clearing Banks" and other UK based Banks and Building Societies |
| £20m - £40m              | - High quality Foreign Banks                                                   |

The County 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. A risk of recoverability applies to all of the County Council's deposits, however, there was no evidence at the 31st March 2023 that this was likely to occur.

The following analysis summarises the County Council's potential maximum exposure to credit risk as at 31st March 2023, based on experience of default assessed by the credit rating agencies and experience of its customer collection levels over the last five financial years, adjusted to reflect current market conditions.

### Amounts Arising from Expected Credit Loss

The County Council has assessed all its short and long term investments and concluded that the expected credit loss is not material, therefore no allowances have been made.

A summary of the credit quality of the County Council's investments at 31st March 2023 is shown below along with the potential maximum exposure to credit risk, based on experience of default and collectability.

|                                                                       | Amount at 31st March 2023<br>£000 | Historical experience of default<br>% | Historical experience adjusted for market conditions<br>% | Estimated Maximum Exposure to default and uncollectability at 31 March 2023<br>£000 |
|-----------------------------------------------------------------------|-----------------------------------|---------------------------------------|-----------------------------------------------------------|-------------------------------------------------------------------------------------|
| Deposits for less than 1 year:-                                       |                                   |                                       |                                                           |                                                                                     |
| Deposits with Local Authorities                                       | 59,387                            | 0.0                                   | 0.0                                                       | 0.0                                                                                 |
| Institutions with Fitch Rating                                        |                                   |                                       |                                                           |                                                                                     |
| Long Term AA-, Short Term F1+                                         | 25,414                            | 0.0                                   | 0.0                                                       | 0.0                                                                                 |
| Long Term AA, Short Term F1+                                          | 10,220                            | 0.0                                   | 0.0                                                       | 0.0                                                                                 |
| Long Term A+, Short Term F1+                                          | 25,356                            | 0.0                                   | 0.0                                                       | 0.0                                                                                 |
| Long Term A+, Short Term F1                                           | 141,106                           |                                       |                                                           |                                                                                     |
| Long Term A-, Short Term F1                                           | 30,271                            |                                       |                                                           |                                                                                     |
| Part Nationalised Banks<br>(Fitch rating Long Term A+, Short Term F1) | 56,160                            | 0.0                                   | 0.0                                                       | 0.0                                                                                 |
|                                                                       | <u>347,914</u>                    |                                       |                                                           |                                                                                     |

The County Council's exposure to credit risk can also be analysed by the Sovereign Rating of the Country in which the financial institution is domiciled as follows:-

|           | Fitch Sovereign Rating<br>as at 31st March 2023 | Amount at<br>31st March<br>2023<br>£000 |
|-----------|-------------------------------------------------|-----------------------------------------|
| UK        | AA-                                             | 322,500                                 |
| Singapore | AAA                                             | <u>25,414</u>                           |
|           |                                                 | <u>347,914</u>                          |

The County Council does not generally allow credit for its trade debtors. Analysis of invoices raised as at 31st March 2023, which are included within the £189.3m Short Term Debtors, can be analysed by past-due and age status as follows:-

|                   | 31st March<br>2023<br>£m | 31st March<br>2022<br>£m |
|-------------------|--------------------------|--------------------------|
| Less than 1 month | 22.9                     | 25.9                     |
| 1 to 2 months     | 11.5                     | 8.8                      |
| 3 months or more  | 26.0                     | 19.4                     |
|                   | <u>60.4</u>              | <u>54.1</u>              |

It is considered that £26.0m of the £60.4m debtors invoice balance is past its due date for payment. The County Council maintains a Bad Debt Provision for debts based on both the age of the debt and the likelihood of a continued dispute or future settlement. No further assessment of the fair value has therefore been made. Amounts are carried on the Balance Sheet at their amounts outstanding and no amounts have been included in the table for the County Councils exposure to default.

### Liquidity Risk

The County 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 County Council has ready access to borrowings from the money markets to cover day to day cash flow need, whilst the PWLB and money markets provide access to longer term funds. The Council is also required to provide a balanced budget through the Local Government Finance Act 1992, which ensures sufficient monies are raised to cover annual expenditure. There is, therefore, no significant risk that it will be unable to meet its commitments under financial instruments.

The approved prudential indicators "limits for the maturity structure of debt" and the "limits placed on investments for greater than one year in duration" are the key parameters used to address liquidity risk. The maturity of debt limit is used when carefully planning new loans to be taken and (where it is economic to do so) making early loan repayments. Also the limit placed on investments is monitored when considering cash flow needs and placing funds in the longer term.

Creditors are paid in accordance with suppliers' terms which, for liquidity risk purposes to the County Council, are less than one year and are not shown in the table above. Further analysis of creditors can be found in note 32.

All investments held with banks and financial institutions are due to mature within less than one year.



## Refinancing and Maturity risk

The County Council maintains a significant debt and investment portfolio. Whilst the cash flow procedures above are considered against the refinancing risk procedures, longer-term risk to the County 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 County Council approved treasury and investment strategies address the main risks and the 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 County Council day to day cash flow needs, and the spread of longer term investments provides stability of maturities and returns in relation to the longer term cash flow needs.

The maturity analysis of financial liabilities (borrowing) is as follows:-

|                                             | 31st March<br>2023<br>£000 | 31st March<br>2022<br>£000 |
|---------------------------------------------|----------------------------|----------------------------|
| Less than one year                          |                            |                            |
| Public Works Loan Board                     | (1,605)                    | (15,142)                   |
| Market LOBO Loans                           | (10,049)                   | (46)                       |
| Temporary Loans from External Bodies        |                            |                            |
| - Selby District Council                    | (77,901)                   | (80,596)                   |
| - NYnet Limited                             | (11,678)                   | (5,985)                    |
| - Richmondshire District Council            | (7,800)                    | 0                          |
| - Peak District National Park               | (7,523)                    | (6,654)                    |
| - North Yorkshire Fire and Rescue Authority | (7,260)                    | (5,930)                    |
| - North York Moors National Park            | (6,467)                    | (4,505)                    |
| - Yorkshire Dales National Park             | (4,021)                    | (4,031)                    |
| - North Yorkshire Pension Fund              | (1,957)                    | (21,773)                   |
| - Align Property Partners Limited           | (1,917)                    | (1,371)                    |
| - National Parks England                    | (226)                      | (227)                      |
|                                             | <u>(126,750)</u>           | <u>(131,072)</u>           |
| Total Less than one year                    | <u>(138,404)</u>           | <u>(146,260)</u>           |
| Greater than one year                       |                            |                            |
| Public Works Loan Board                     | (188,500)                  | (188,500)                  |
| Market LOBO Loans                           | (10,000)                   | (20,000)                   |
|                                             | <u>(198,500)</u>           | <u>(208,500)</u>           |
| Analysis of loans by Maturity               |                            |                            |
| Between one and two years                   | (5,000)                    | (10,000)                   |
| Between two and five years                  | (15,000)                   | (20,000)                   |
| Between five and ten years                  | (24,700)                   | (24,700)                   |
| Between ten and fifteen years               | 0                          | 0                          |
| Between fifteen and twenty five years       | (47,600)                   | (47,600)                   |
| Between twenty five and forty years         | (106,200)                  | (106,200)                  |
| More than forty years                       | 0                          | 0                          |
|                                             | <u>(198,500)</u>           | <u>(208,500)</u>           |

## Market Risk - Interest rate risk

The County Council is exposed to interest rate movements on its borrowings and investments. Movements in interest rates have a complex impact on the County Council, depending on how variable and fixed interest rates move across differing financial instrument periods. For instance, a rise in variable and fixed interest rates would have the following effects:-

- borrowings at variable rates                      - the interest expense charged to the Comprehensive Income and Expenditure Statement will rise;
- borrowings at fixed rates                         - the fair value of the borrowing liability will fall;
- investments at variable rates                    - the interest income credited to the Comprehensive Income and Expenditure Statement will rise;
- investments at fixed rates                       - the fair value of the assets will fall.

Borrowings are not carried at fair value on the Balance Sheet, so nominal gains and losses on fixed rate borrowings would not impact on the Comprehensive Income and Expenditure Statement. However, changes in interest payable and receivable on variable borrowings and investments will be posted to the Comprehensive Income and Expenditure Statement and affect the General Working Balance.

The Treasury Management strategy includes sensitivity analysis and the prudential indicators for managing interest rate risk. One of the prudential indicators provides maximum and minimum limits for fixed and variable interest rate exposure. The treasury team also monitors the market and forecasts interest rates to adjust exposures accordingly. For example, during periods of falling interest rates, and where economic circumstances are favourable, fixed rate investments may be taken for longer periods to secure better long term returns.

If all interest rates had been 1.0% higher, with all other variables held constant, the financial effect would be:-

|                                                              | £000          |
|--------------------------------------------------------------|---------------|
| Increase in interest payable on variable rate borrowings     | 0             |
| Increase in interest receivable on variable rate investments | 10,070        |
| Increase in government grant receivable for financing costs  | 0             |
| Impact on Comprehensive Income and Expenditure Account       | <u>10,070</u> |
| Decrease in fair value of fixed rate investment assets       | <u>0</u>      |
| Decrease in fair value of fixed rate borrowing liabilities   | <u>25,631</u> |

The impact of a 1.0% fall in interest rates would be as above but with the movements being reversed.

## Market Risk – Price risk

The County Council does not invest in equity shares but does have shareholdings to the value of £3.5m in Yorwaste Limited, £0.5m in Align Property Partners Limited, £0.5m NY Highways Limited, £100 in First North Law Limited, £100 in Brierley Homes Limited and a nominal value of £1 in NYnet Limited and Veritau Limited. These holdings are generally illiquid and therefore are not exposed to losses arising from movements in the prices of these shares.



The shareholdings have arisen as they have been acquired rather than originated by the County Council. These long term investments are as a result of acquisition of specific interest and are not quoted in an active market. The County Council is not exposed to price movements.

The value of the above shares are classified as loans and receivables as a reliable fair value cannot be determined.

Further information can be found in note 29 Long Term Investments.

#### **Market Risk – Foreign exchange risk**

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

#### **40. Covid-19 Pandemic**

The County Council received no government funding in relation to the Covid 19 pandemic during 2022/23 however the following table has been retained to show the comparative figures for the previous financial year.

|                                        | 2022/23<br>£k | 2021/22<br>£k |
|----------------------------------------|---------------|---------------|
| Hospital Discharge                     | 0             | 11,782        |
| Local Authority Support                | 0             | 10,860        |
| Track and Trace / Contain the Outbreak | 0             | 5,478         |
| Winter Grant Scheme                    | 0             | 1,867         |
| Infection Control                      | 0             | 825           |
| Clinically Extremely Vulnerable        | 0             | 825           |
| Furlough Scheme                        | 0             | 446           |
| Sales, Fees and Charges                | 0             | 356           |
| Community Testing                      | 0             | 161           |
| Rapid Testing Fund                     | 0             | 78            |
| Income Guarantee Scheme                | 0             | 0             |
| Share of Fines                         | 0             | 0             |
|                                        | 0             | 32,678        |

## GROUP ACCOUNTS

### INTRODUCTION

1. The Code of Practice on Local Authority Accounting recognises the wide diversity of service delivery vehicles used nationally by Local Authorities. The County Council produces a consolidated set of Group Accounts to show the totality of its operations in a transparent manner.

The County Council has undertaken significant research to identify and document its relationships with all partners, companies, joint ventures and voluntary organisations. Consideration of issues such as the type of interest, ownership of share capital, membership of appropriate committees, the degree of operational and financial control, access to benefits and exposure to risks have been key elements in this analysis.

### SUMMARY OF FINDINGS

2. In the majority of cases the arrangements for accounting for relationships with these organisations are fully covered within the County Council's Comprehensive Income and Expenditure Statement. Similarly any assets and liabilities generated are accounted for within the County Council's Balance Sheet.

As a result there is no 'group' relationship for most of these arrangements.

After consideration of all relevant criteria, the County Council has determined that for 2022/23, it has a group relationship with eight bodies (including their subsidiaries where appropriate):-

- Align Property Partners Limited;
- Brierley Homes Limited;
- First North Law Limited;
- NY Highways Limited;
- NYnet Limited;
- Veritau Limited;
- Yorkshire Purchasing Organisation; and
- Yorwaste Limited.

#### **(a) Align Property Partners Limited**

The County Council owns 100% of the issued share capital of Align Property Partners Limited; a company established in 2016 whose principal activities are architectural and property consultancy services. The County Council has provided a loan facility to Align Property Partners Limited for £500k.

Align Property Partners Limited has not been consolidated into North Yorkshire County Council's Group Accounts as its values do not materially impact on the group financial position.

#### **(b) Brierley Homes Limited**

The County Council owns 100% of the issued share capital of Brierley Homes Limited; a company established in 2016 whose principal activities are development of building projects, construction of domestic buildings, buying and selling of own real estate and other letting and operating of own or leased real estate. The County Council has provided a loan facility to Brierley Homes Limited of £25m.

Brierley Homes Limited has not been consolidated into North Yorkshire County Council's Group Accounts as its values do not materially impact on the group financial position.

**(c) First North Law Limited**

The County Council owns 100% of the issued share capital of First North Law Limited; a company established in 2016 whose principal activities are the provision of professional legal services. The County Council has provided a loan facility to First North Law Limited for £250k.

First North Law Limited has not been consolidated into North Yorkshire County Council's Group Accounts as its values do not materially impact on the group financial position.

**(d) NY Highways Limited**

NY Highways Limited is a company set up by the County Council in June 2021 to undertake and deliver all highway maintenance activities. The County Council has provided a loan facility to NY Highways for £11m.

NY Highways Limited has been consolidated into North Yorkshire County Council's Group Accounts.

**(e) NYnet Limited**

NYnet Limited is a company set up by the County Council in February 2007 to provide a world class high speed communication (broadband) infrastructure across North Yorkshire.

The Company has competitively procured a 'next generation broadband network' and sells capacity on that network to public sector organisations (including the County Council) as well as private sector internet service providers (ISPs) who then sell onto the end users of businesses and consumers.

The Company is limited by shares, which are 100% owned by the County Council and is managed by a Board of Directors appointed by the County Council.

NYnet 100 Limited was established in 2011/12 to facilitate and fund on-going developments around the "Connecting North Yorkshire" project.

The financial results reported are for the entire NYnet sub-group. NYnet 100 Ltd is 100% owned by NYnet Limited.

A working capital loan facility is being provided by the County Council with the sum taken up at 31st March 2023 being nil. This loan is included in the County Council's Balance Sheet as a Long Term Debtor.

NYnet Limited has been consolidated into North Yorkshire County Council's Group Accounts as a consolidated subsidiary.

**(f) Veritau Limited**

In April 2009 North Yorkshire County Council and the City of York Council worked in partnership to develop a shared service covering all the functions of internal audit, counter fraud and information governance.

The company is wholly owned by both councils, with each council holding 50% of the shares. Veritau Limited has responsibility for carrying out all internal audit, information governance and counter fraud services for the two councils and a number of other District Councils.

Veritau Limited is not consolidated into North Yorkshire County Council's Group Accounts as their values do not materially impact on the group financial position.

#### **(g) Yorkshire Purchasing Organisation (YPO)**

Established as a joint committee of Local Authorities in 1974, YPO is a purchasing and supply service for office supplies, stationery and general equipment. The company supplies the constituent 13 member authorities but also schools, the voluntary sector and the general public. YPO operates on a self-financing basis with no subsidies payable by any member authority. Any surpluses are used for dividend payment primarily but with some scope for re-investment.

Due to the involvement of all member authorities in the Management Committee and its increasing use of customers outside of the local authority market, the County Council does not exert a significant level of influence over YPO's activities. Analysis of the relationship for group Account purposes concludes that it is equivalent to a simple investment. As the County Council made no original investment in 1974 and has no share capital, no consolidation adjustments are necessary.

#### **(h) Yorwaste Limited**

The County Council owns 78% of the issued share capital of Yorwaste Limited; a company established in 1993 and based in Northallerton whose principal activity is the provision of waste disposal facilities by the operation and management of landfill sites/recycling centres. The remaining shareholder in Yorwaste Limited is the City of York Council holding 22%.

The policies of Yorwaste Limited in relation to Fixed Assets are different to that operated by the County Council. All the company's Fixed Assets are valued at historic cost less depreciation. The useful economic life of each asset is calculated individually with depreciation calculated on a straight line basis taking into account both commercial and technical obsolescence.

The total issued share capital of Yorwaste Limited is £4,526k (a total of 4,526,000 ordinary shares issued at £1 each).

The County Council has provided a loan facility to Yorwaste Limited for £3.7m. This loan is included in the County Councils Balance Sheet as a Long Term Debtor.

Yorwaste Limited has paid the County Council a dividend in 2022/23 of £Nil (2021/22 £Nil). Yorwaste Limited has been consolidated into North Yorkshire County Council's Group Accounts as a subsidiary.

### **FINANCIAL STATEMENTS AND RESULTS**

3. The Group Accounts for the County Council are based upon the consolidation of the County Council, NYnet Limited, Yorwaste Limited and NY Highways Limited. It should be noted that although adjustments have been made to facilitate comparability between the sets of Accounts, there is a fundamental difference between the objectives of the organisations with the County Council being a non-profit making body. The figures included are based on Draft Accounts for the two bodies. These companies do not report under IFRS, rather as small unlisted companies, and their accounts are produced under UK GAAP, incorporating FRS 102 in their 2022/23 accounts.

## GROUP COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT

| Year to 31st March 2022 |                  |                  |                                                                   | Year to 31st March 2023 |                  |                  |
|-------------------------|------------------|------------------|-------------------------------------------------------------------|-------------------------|------------------|------------------|
| Expenditure             | Income           | Net              |                                                                   | Expenditure             | Income           | Net              |
| £000                    | £000             | £000             |                                                                   | £000                    | £000             | £000             |
| 523,255                 | (364,824)        | 158,431          | Children and Young People's Service                               | 517,337                 | (375,900)        | 141,437          |
| 158,496                 | (61,771)         | 96,725           | Business and Environmental Services                               | 163,972                 | (60,977)         | 102,995          |
| 332,561                 | (142,230)        | 190,331          | Health and Adult Services                                         | 367,825                 | (151,131)        | 216,694          |
| 98,516                  | (20,575)         | 77,941           | Central Services                                                  | 113,133                 | (29,980)         | 83,153           |
| 3,252                   | (34,320)         | (31,068)         | Corporate Miscellaneous                                           | 15,932                  | (40,965)         | (25,033)         |
| 2,961                   | (4,761)          | (1,800)          | Yorwaste Limited                                                  | 3,078                   | (4,187)          | (1,109)          |
| 1,199                   | (1,239)          | (40)             | NYnet Limited                                                     | 1,564                   | (1,050)          | 514              |
| 6,702                   | 994              | 7,696            | NY Highways                                                       | <u>25,262</u>           | <u>(26,409)</u>  | <u>(1,147)</u>   |
| <b>1,126,942</b>        | <b>(628,726)</b> | <b>498,216</b>   | <b>Cost of Services</b>                                           | <b>1,208,103</b>        | <b>(690,599)</b> | <b>517,504</b>   |
|                         |                  |                  | <b>Other Operating Expenditure</b>                                |                         |                  |                  |
|                         |                  | 36,895           | Loss on Disposal of Property, Plant and Equipment                 |                         |                  | 8,066            |
|                         |                  | 0                | Impairment of Assets Held for Sale                                |                         |                  | 0                |
|                         |                  | 719              | Precepts of Local Precepting Authorities                          |                         |                  | <u>742</u>       |
|                         |                  | <u>37,614</u>    |                                                                   |                         |                  | <u>8,808</u>     |
|                         |                  |                  | <b>Financing and Investment Income and Expenditure</b>            |                         |                  |                  |
|                         |                  | 26,529           | Interest payable and similar charges                              |                         |                  | 25,504           |
|                         |                  | (1,988)          | Interest receivable and similar income                            |                         |                  | (9,262)          |
|                         |                  | (1,031)          | Financial Instruments                                             |                         |                  | 1,219            |
|                         |                  | 57               | Investment Properties; revaluation and impairment                 |                         |                  | (49)             |
|                         |                  | 950              | Deficit / (Surplus) on trading activities                         |                         |                  | 860              |
|                         |                  | 9,944            | Net interest on the net defined pension benefit liability (asset) |                         |                  | <u>10,030</u>    |
|                         |                  | <u>34,461</u>    |                                                                   |                         |                  | <u>28,302</u>    |
|                         |                  |                  | <b>Taxation and Non-Specific Grant Income (Analysis)</b>          |                         |                  |                  |
|                         |                  | (337,345)        | Council Tax Income                                                |                         |                  | (360,109)        |
|                         |                  | (64,286)         | Non-Domestic Rates Income                                         |                         |                  | (70,722)         |
|                         |                  | (41,707)         | Non-Ringfenced Government Grants                                  |                         |                  | (28,953)         |
|                         |                  | (66,103)         | Capital Grants                                                    |                         |                  | <u>(67,247)</u>  |
|                         |                  | <u>(509,441)</u> |                                                                   |                         |                  | <u>(527,031)</u> |
|                         |                  | <b>60,850</b>    | <b>(Surplus) or Deficit on Provision of Services</b>              |                         |                  | <b>27,583</b>    |

## GROUP COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT (continued)

| Year to 31st March 2022 |                |                  | Year to 31st March 2023 |                |                  |
|-------------------------|----------------|------------------|-------------------------|----------------|------------------|
| Expenditure<br>£000     | Income<br>£000 | Net<br>£000      | Expenditure<br>£000     | Income<br>£000 | Net<br>£000      |
|                         |                | <b>60,850</b>    |                         |                | <b>27,583</b>    |
|                         |                |                  |                         |                |                  |
|                         |                | 460              |                         |                | 6                |
|                         |                | 0                |                         |                | 0                |
|                         |                | <b>61,310</b>    |                         |                | <b>27,589</b>    |
|                         |                |                  |                         |                |                  |
|                         |                | (85,893)         |                         |                | (71,959)         |
|                         |                | 13,707           |                         |                | 8,073            |
|                         |                | (162,490)        |                         |                | (446,958)        |
|                         |                | <b>(234,676)</b> |                         |                | <b>(510,844)</b> |
|                         |                |                  |                         |                |                  |
|                         |                | <b>(173,366)</b> |                         |                | <b>(483,255)</b> |

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

### GROUP MOVEMENT IN RESERVES STATEMENT

|                                                                          | Total Usable Reserves<br>£000 | Total Unusable Reserves<br>£000 | Total Authority Reserves<br>£000 | County Council's Share of Subsidiaries<br>£000 | Minority Share of Reserves<br>£000 | Total Group Reserves<br>£000 |
|--------------------------------------------------------------------------|-------------------------------|---------------------------------|----------------------------------|------------------------------------------------|------------------------------------|------------------------------|
| <b><u>Movement in Reserves during 2022/23</u></b>                        |                               |                                 |                                  |                                                |                                    |                              |
| <b>Balance at 31st March 2022</b>                                        | <b><u>(370,356)</u></b>       | <b><u>(922,240)</u></b>         | <b><u>(1,292,596)</u></b>        | <b><u>12,882</u></b>                           | <b><u>(1,965)</u></b>              | <b><u>(1,281,679)</u></b>    |
| Total Comprehensive Expenditure and Income                               | 27,813                        | (510,844)                       | (483,031)                        | (86)                                           | (138)                              | (483,255)                    |
| Adjustments between accounting basis and funding basis under regulations | (49,111)                      | 49,111                          | 0                                | 0                                              | 0                                  | 0                            |
| <b>Net (Increase) / Decrease before Transfers</b>                        | <b><u>(21,298)</u></b>        | <b><u>(461,733)</u></b>         | <b><u>(483,031)</u></b>          | <b><u>(86)</u></b>                             | <b><u>(138)</u></b>                | <b><u>(483,255)</u></b>      |
| <b>Balance at 31st March 2023</b>                                        | <b><u>(391,654)</u></b>       | <b><u>(1,383,973)</u></b>       | <b><u>(1,775,627)</u></b>        | <b><u>12,796</u></b>                           | <b><u>(2,103)</u></b>              | <b><u>(1,764,934)</u></b>    |
| <b><u>Movement in Reserves during 2021/22</u></b>                        |                               |                                 |                                  |                                                |                                    |                              |
| <b>Balance at 31st March 2021</b>                                        | <b><u>(341,285)</u></b>       | <b><u>(770,871)</u></b>         | <b><u>(1,112,156)</u></b>        | <b><u>5,640</u></b>                            | <b><u>(1,797)</u></b>              | <b><u>(1,108,313)</u></b>    |
| Total Comprehensive Expenditure and Income                               | 54,236                        | (234,676)                       | (180,440)                        | 7,242                                          | (168)                              | (173,366)                    |
| Adjustments between accounting basis and funding basis under regulations | (83,307)                      | 83,307                          | 0                                | 0                                              | 0                                  | 0                            |
| <b>Net (Increase) / Decrease before Transfers</b>                        | <b><u>(29,071)</u></b>        | <b><u>(151,369)</u></b>         | <b><u>(180,440)</u></b>          | <b><u>7,242</u></b>                            | <b><u>(168)</u></b>                | <b><u>(173,366)</u></b>      |
| <b>Balance at 31st March 2022</b>                                        | <b><u>(370,356)</u></b>       | <b><u>(922,240)</u></b>         | <b><u>(1,292,596)</u></b>        | <b><u>12,882</u></b>                           | <b><u>(1,965)</u></b>              | <b><u>(1,281,679)</u></b>    |

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



**GROUP BALANCE SHEET AS AT 31ST MARCH 2023**

| 31st March<br>2022<br>£000 |                                                    | 31st March<br>2023<br>£000 |
|----------------------------|----------------------------------------------------|----------------------------|
| 1,689,278                  | Property, Plant and Equipment (note 3)             | 1,733,255                  |
| 47,559                     | Investment Property                                | 46,219                     |
| 4,870                      | Intangible Assets                                  | 7,078                      |
| 7,112                      | Long Term Investments                              | 5,893                      |
| 17,476                     | Long Term Debtors                                  | 13,910                     |
| <b>1,766,295</b>           | <b>Long Term Assets</b>                            | <b>1,806,355</b>           |
| 348,542                    | Short Term Investments                             | 351,075                    |
| 170                        | Assets held for sale                               | 170                        |
| 2,459                      | Inventories                                        | 2,854                      |
| 145,485                    | Short Term Debtors (note 5)                        | 156,903                    |
| 85,856                     | Cash and Cash Equivalents (note 4)                 | 106,210                    |
| 0                          | Current Tax Assets                                 | 0                          |
| <b>582,512</b>             | <b>Current Assets</b>                              | <b>617,212</b>             |
| (140,275)                  | Short Term Borrowing                               | (126,725)                  |
| (84,521)                   | Short Term Creditors (note 6)                      | (102,656)                  |
| (4,024)                    | PFI/PPP Liability repayable within 12 months       | (3,650)                    |
| (2,723)                    | Provisions to be used within 12 months             | (2,567)                    |
| (14)                       | Finance Lease repayable within 12 months           | (15)                       |
| (1,159)                    | Capital Grant Receipts in Advance                  | (11,107)                   |
| <b>(232,716)</b>           | <b>Current Liabilities</b>                         | <b>(246,720)</b>           |
| (42,066)                   | Long Term Creditors                                | (28,375)                   |
| (142,611)                  | PFI/PPP Liability repayable in excess of 12 months | (138,961)                  |
| (1,009)                    | Finance Lease payable in excess of 12 months       | (994)                      |
| (403,171)                  | Pensions Liability                                 | (10,626)                   |
| (19,947)                   | Provisions to be used in excess of 12 months       | (22,698)                   |
| (209,612)                  | Long Term Borrowing                                | (199,500)                  |
| (15,996)                   | Capital Grant Receipts in Advance                  | (10,759)                   |
| <b>(834,412)</b>           | <b>Long Term Liabilities</b>                       | <b>(411,913)</b>           |
| <b>1,281,679</b>           | <b>Net Assets</b>                                  | <b>1,764,934</b>           |
| 370,356                    | Usable Reserves                                    | 391,654                    |
| 922,240                    | Unusable Reserves                                  | 1,383,973                  |
| (10,917)                   | Reserves - Group Entities                          | (10,693)                   |
| <b>1,281,679</b>           | <b>Total Reserves</b>                              | <b>1,764,934</b>           |

The Balance Sheet shows the value as at the Balance Sheet date of the Assets and Liabilities recognised by the Group. The net Assets of the Group (Assets less Liabilities) are matched by the Reserves held by the Group.



## GROUP CASH FLOW STATEMENT

| 31st March<br>2022<br>£000 |                                                                                                                                          | 31st March<br>2023<br>£000 |
|----------------------------|------------------------------------------------------------------------------------------------------------------------------------------|----------------------------|
| <b>(61,310)</b>            | <b>Net Surplus / (Deficit) on the Provision of Services</b>                                                                              | <b>(27,589)</b>            |
|                            | <b>Adjust Net Surplus / (Deficit) on the Provision of Services for non cash movements</b>                                                |                            |
| 70,314                     | Depreciation / Amortisation                                                                                                              | 74,485                     |
| 42,009                     | Impairment and revaluations charged to the provision of services                                                                         | 10,998                     |
| 61,481                     | Movement in Creditors                                                                                                                    | 24,751                     |
| (67,727)                   | Movement in Debtors                                                                                                                      | (40,849)                   |
| 243                        | Movement in Inventories                                                                                                                  | (97)                       |
| (1,463)                    | Movement in Provisions                                                                                                                   | 2,595                      |
| 68,672                     | Pensions Liability                                                                                                                       | 54,413                     |
| 48,668                     | Carrying Amount of Non-current Assets sold                                                                                               | 21,218                     |
| 12,360                     | Other non-cash items charged to the provision of services                                                                                | (10,698)                   |
| <b>234,557</b>             |                                                                                                                                          | <b>136,816</b>             |
|                            | <b>Adjust for items included in the Net Surplus / (Deficit) on the Provision of Services that are investing and financing activities</b> |                            |
| (66,103)                   | Grants received for investment purposes                                                                                                  | (67,247)                   |
| (2,630)                    | Proceeds from the sale of property and other assets                                                                                      | (3,104)                    |
| <b>(68,733)</b>            |                                                                                                                                          | <b>(70,351)</b>            |
| 0                          | Equity Dividends Paid                                                                                                                    | 0                          |
| 0                          | Taxation                                                                                                                                 | 0                          |
| <b>104,514</b>             | <b>Net cash flows from Operating Activities</b>                                                                                          | <b>38,876</b>              |
|                            | <b>Investing Activities</b>                                                                                                              |                            |
| (97,654)                   | Purchase of Property, Plant and Equipment and Intangible Assets                                                                          | (76,295)                   |
| (650,090)                  | Purchase of Short Term and Long Term investments                                                                                         | (777,540)                  |
| 2,621                      | Proceeds from the Sale of Property (and other Assets)                                                                                    | 3,104                      |
| 714,000                    | Proceeds from Short Term and Long Term Investments                                                                                       | 779,219                    |
| 50,753                     | Other receipts for investing activities                                                                                                  | 72,426                     |
| <b>19,630</b>              | <b>Net cash flows from Investing Activities</b>                                                                                          | <b>914</b>                 |
|                            | <b>Financing Activities</b>                                                                                                              |                            |
| (5,124)                    | Cash receipts of Short and Long Term Borrowing                                                                                           | 8,985                      |
| (9,084)                    | Other receipts from Financing Activities                                                                                                 | (10,022)                   |
| (3,961)                    | Repayment of the outstanding liability of Finance Lease and similar arrangements                                                         | (4,038)                    |
| (88,675)                   | Repayment of Short and Long Term Borrowing                                                                                               | (14,361)                   |
| (86)                       | Other payments for Financing Activities                                                                                                  | 0                          |
| <b>(106,930)</b>           | <b>Net cash flows for Financing Activities</b>                                                                                           | <b>(19,436)</b>            |
| <b>17,214</b>              | <b>Net Increase / (decrease) in Cash and Cash Equivalents</b>                                                                            | <b>20,354</b>              |
| 68,642                     | Cash and Cash Equivalents at the beginning of the reporting period                                                                       | 85,856                     |
| 85,856                     | Cash and Cash Equivalents at the end of the reporting period                                                                             | 106,210                    |
| <b>17,214</b>              |                                                                                                                                          | <b>20,354</b>              |

## NOTES TO THE GROUP STATEMENTS

### 1. Expenditure and Funding Analysis 2022/23

|                                                  | Net<br>Expenditure<br>£000 | Movement to<br>Earmarked<br>Reserves<br>£000 | Net<br>Expenditure<br>Chargeable to<br>the General<br>Fund<br>£000 | Adjustments<br>between the<br>Funding and<br>Accounting<br>Basis<br>£000 | Net Expenditure<br>in the<br>Comprehensive<br>Income and<br>Expenditure<br>Statement<br>£000 |
|--------------------------------------------------|----------------------------|----------------------------------------------|--------------------------------------------------------------------|--------------------------------------------------------------------------|----------------------------------------------------------------------------------------------|
| Children and Young People's Service              | 94,925                     | 2,449                                        | 97,374                                                             | 44,063                                                                   | 141,437                                                                                      |
| Business and Environmental Services              | 77,823                     | 23                                           | 77,846                                                             | 25,149                                                                   | 102,995                                                                                      |
| Health and Adult Services                        | 200,365                    | 4,743                                        | 205,108                                                            | 11,586                                                                   | 216,694                                                                                      |
| Central Services                                 | 73,327                     | 1,159                                        | 74,486                                                             | 8,667                                                                    | 83,153                                                                                       |
| Corporate Miscellaneous                          | (19,237)                   | (15,466)                                     | (34,703)                                                           | 9,670                                                                    | (25,033)                                                                                     |
| NYES                                             | 0                          | 488                                          | 488                                                                | (488)                                                                    | 0                                                                                            |
| Yorwaste Limited                                 | (1,109)                    | 0                                            | (1,109)                                                            | 0                                                                        | (1,109)                                                                                      |
| NYnet Limited                                    | 514                        | 0                                            | 514                                                                | 0                                                                        | 514                                                                                          |
| NY Highways                                      | (1,147)                    | 0                                            | (1,147)                                                            | 0                                                                        | (1,147)                                                                                      |
| <b>Net Cost of Service</b>                       | <b>425,461</b>             | <b>(6,604)</b>                               | <b>418,857</b>                                                     | <b>98,647</b>                                                            | <b>517,504</b>                                                                               |
| Other Operating Income and Expenditure           | (26)                       | 0                                            | (26)                                                               | 8,834                                                                    | 8,808                                                                                        |
| Financing and Investment Income and Expenditure  | 1538                       | 0                                            | 1,538                                                              | 26,764                                                                   | 28,302                                                                                       |
| Taxation and non specific Income and Expenditure | (429,225)                  | (1,912)                                      | (431,137)                                                          | (95,894)                                                                 | (527,031)                                                                                    |
| Tax Expenses                                     | 6                          | 0                                            | 6                                                                  | 0                                                                        | 6                                                                                            |
| <b>(Surplus) or Deficit</b>                      | <b>(2,246)</b>             | <b>(8,516)</b>                               | <b>(10,762)</b>                                                    | <b>38,351</b>                                                            | <b>27,589</b>                                                                                |
| Opening Group Balance                            |                            |                                              | (310,699)                                                          |                                                                          |                                                                                              |
| Less/Plus Surplus or (Deficit) on Group in Year  |                            |                                              | (10,762)                                                           |                                                                          |                                                                                              |
| Closing Group Balance at 31 March 2023           |                            |                                              | <b>(321,461)</b>                                                   |                                                                          |                                                                                              |
| General Working Balance                          |                            |                                              | (28,431)                                                           |                                                                          |                                                                                              |
| Earmarked Reserves                               |                            |                                              | (303,723)                                                          |                                                                          |                                                                                              |
| Group Reserves                                   |                            |                                              | 10,693                                                             |                                                                          |                                                                                              |
|                                                  |                            |                                              | <b>(321,461)</b>                                                   |                                                                          |                                                                                              |

Adjustments from General Fund to arrive at the Comprehensive Income and Expenditure Statement amounts

|                                                                                                                                                              | Adjustments<br>for Capital<br>Purposes<br>£000 | Net change for<br>the Pensions<br>Adjustments<br>£000 | Other<br>Differences<br>£000 | Total<br>Adjustments<br>£000 |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------|-------------------------------------------------------|------------------------------|------------------------------|
| Children and Young People's Service                                                                                                                          | 30,177                                         | 15,482                                                | (1,596)                      | 44,063                       |
| Business and Environmental Services                                                                                                                          | 43,147                                         | 3,808                                                 | (21,806)                     | 25,149                       |
| Health and Adult Services                                                                                                                                    | 3,786                                          | 10,195                                                | (2,395)                      | 11,586                       |
| Central Services                                                                                                                                             | 2,892                                          | 9,706                                                 | (3,931)                      | 8,667                        |
| Corporate Miscellaneous                                                                                                                                      | 0                                              | 1,470                                                 | 8,200                        | 9,670                        |
| NYES                                                                                                                                                         | 0                                              | 3,722                                                 | (4,210)                      | (488)                        |
| Yorwaste Limited                                                                                                                                             | 0                                              | 0                                                     | 0                            | 0                            |
| NYnet Limited                                                                                                                                                | 0                                              | 0                                                     | 0                            | 0                            |
| NY Highways                                                                                                                                                  | 0                                              | 0                                                     | 0                            | 0                            |
| <b>Net Cost of Services</b>                                                                                                                                  | <b>80,002</b>                                  | <b>44,383</b>                                         | <b>(25,738)</b>              | <b>98,647</b>                |
| Other Operating Income and Expenditure                                                                                                                       | 8,092                                          | 0                                                     | 742                          | 8,834                        |
| Financing and Investment Income and Expenditure                                                                                                              | 0                                              | 10,030                                                | 16,734                       | 26,764                       |
| Taxation and non specific income and Expenditure                                                                                                             | 0                                              | 0                                                     | (95,894)                     | (95,894)                     |
| <b>Difference between General Fund surplus or deficit and Comprehensive Income and Expenditure Statement Surplus or Deficit on the Provision of Services</b> | <b>88,094</b>                                  | <b>54,413</b>                                         | <b>(104,156)</b>             | <b>38,351</b>                |

Comparative Expenditure and Funding Analysis 2021/22

|                                                  | Net<br>Expenditure<br>£000 | Movement<br>to<br>Earmarked<br>Reserves<br>£000 | Net Expenditure<br>Chargeable<br>to the<br>General Fund<br>£000 | Adjustments<br>between the<br>Funding and<br>Accounting Basis<br>£000 | Net Expenditure<br>in the<br>Comprehensive<br>Income and<br>Expenditure<br>Statement<br>£000 |
|--------------------------------------------------|----------------------------|-------------------------------------------------|-----------------------------------------------------------------|-----------------------------------------------------------------------|----------------------------------------------------------------------------------------------|
| Children and Young People's Service              | 85,027                     | (3,577)                                         | 81,450                                                          | 76,981                                                                | 158,431                                                                                      |
| Business and Environmental Services              | 74,047                     | 710                                             | 74,757                                                          | 21,968                                                                | 96,725                                                                                       |
| Health and Adult Services                        | 180,268                    | (3,769)                                         | 176,499                                                         | 13,832                                                                | 190,331                                                                                      |
| Central Services                                 | 66,750                     | (899)                                           | 65,851                                                          | 12,090                                                                | 77,941                                                                                       |
| Corporate Miscellaneous                          | (14,165)                   | (26,550)                                        | (40,715)                                                        | 9,647                                                                 | (31,068)                                                                                     |
| NYES                                             | 0                          | 492                                             | 492                                                             | (492)                                                                 | 0                                                                                            |
| Yorwaste Limited                                 | (1,800)                    | 0                                               | (1,800)                                                         | 0                                                                     | (1,800)                                                                                      |
| Nynet Limited                                    | (40)                       | 0                                               | (40)                                                            | 0                                                                     | (40)                                                                                         |
| NY Highways                                      | 7,696                      | 0                                               | 7,696                                                           | 0                                                                     | 7,696                                                                                        |
| <b>Net Cost of Services</b>                      | <b>397,783</b>             | <b>(33,593)</b>                                 | <b>364,190</b>                                                  | <b>134,026</b>                                                        | <b>498,216</b>                                                                               |
| Other Operating Income and Expenditure           | (59)                       | 0                                               | (59)                                                            | 37,673                                                                | 37,614                                                                                       |
| Financing and Investment Income & Expenditure    | 817                        | 0                                               | 817                                                             | 33,644                                                                | 34,461                                                                                       |
| Taxation and non specific income and Expenditure | (403,365)                  | (1,315)                                         | (404,680)                                                       | (104,761)                                                             | (509,441)                                                                                    |
| Tax Expenses                                     | 460                        | 0                                               | 460                                                             | 0                                                                     | 460                                                                                          |
| <b>(Surplus) or Deficit</b>                      | <b>(4,364)</b>             | <b>(34,908)</b>                                 | <b>(39,272)</b>                                                 | <b>100,582</b>                                                        | <b>61,310</b>                                                                                |
| Opening Group Balance                            |                            |                                                 | (271,427)                                                       |                                                                       |                                                                                              |
| Less/Plus Surplus or (Deficit) on Group in Year  |                            |                                                 | (39,272)                                                        |                                                                       |                                                                                              |
| Closing Group Balance at 31 March 2022           |                            |                                                 | <b>(310,699)</b>                                                |                                                                       |                                                                                              |

Comparator Adjustments from General Fund to arrive at the Comprehensive Income and Expenditure Statement amounts 2021/22

|                                                                                                                                                              | Adjustments<br>for Capital<br>Purposes<br>£000 | Net change for<br>the Pensions<br>Adjustments<br>£000 | Other<br>Differences<br>£000 | Total<br>Adjustments<br>£000 |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------|-------------------------------------------------------|------------------------------|------------------------------|
| Children and Young People's Service                                                                                                                          | 59,466                                         | 19,178                                                | (1,663)                      | 76,981                       |
| Business and Environmental Services                                                                                                                          | 41,579                                         | 4,623                                                 | (24,234)                     | 21,968                       |
| Health and Adult Services                                                                                                                                    | 3,903                                          | 11,983                                                | (2,054)                      | 13,832                       |
| Central Services                                                                                                                                             | 4,018                                          | 10,979                                                | (2,907)                      | 12,090                       |
| Corporate Miscellaneous                                                                                                                                      | 0                                              | 1,156                                                 | 8,491                        | 9,647                        |
| NYES                                                                                                                                                         | 0                                              | 4,591                                                 | (5,083)                      | (492)                        |
| Yorwaste Limited                                                                                                                                             | 0                                              | 0                                                     | 0                            | 0                            |
| NYnet Limited                                                                                                                                                | 0                                              | 0                                                     |                              |                              |
| NY Highways                                                                                                                                                  | 0                                              | 0                                                     | 0                            | 0                            |
| <b>Net Cost of Services</b>                                                                                                                                  | <b>108,966</b>                                 | <b>52,510</b>                                         | <b>(27,450)</b>              | <b>134,026</b>               |
| Other Operating Income and Expenditure                                                                                                                       | 36,954                                         | 0                                                     | 719                          | 37,673                       |
| Financing and Investment Income and Expenditure                                                                                                              | 0                                              | 9,944                                                 | 23,700                       | 33,644                       |
| Taxation and non specific income and Expenditure                                                                                                             | 0                                              | 0                                                     | (104,761)                    | (104,761)                    |
| <b>Difference between General Fund surplus or deficit and Comprehensive Income and Expenditure Statement Surplus or Deficit on the Provision of Services</b> | <b>145,920</b>                                 | <b>62,454</b>                                         | <b>(107,792)</b>             | <b>100,582</b>               |

2. The Individual Group Companies together with consolidating adjustments are identified within the following schedules for the Comprehensive Income and Expenditure Statement and the respective Balance Sheets.

Summarised Income and Expenditure Statements for the period to  
31st March 2023

|                                                                            | NYCC<br>£000     | NYnet<br>Limited<br>£000 | Yorwaste<br>Limited<br>£000 | NY<br>Highways<br>£000 | Consolidation<br>Adjustments<br>£000 | Group<br>£000    |
|----------------------------------------------------------------------------|------------------|--------------------------|-----------------------------|------------------------|--------------------------------------|------------------|
| <b>Cost of Service</b>                                                     | 519,246          | 601                      | (1,196)                     | (1,147)                | 0*                                   | 517,504          |
| <b>Other Operating Expenditure</b>                                         |                  |                          |                             |                        |                                      |                  |
| Loss on Disposal of Property, Plant and Equipment                          | 8,092            | 0                        | 0                           | (26)                   | 0                                    | 8,066            |
| Impairment of Assets Held for Sale                                         | 0                | 0                        | 0                           | 0                      | 0                                    | 0                |
| Precepts of Local Precepting Authorities                                   | 742              | 0                        | 0                           | 0                      | 0                                    | 742              |
|                                                                            | <u>8,834</u>     | <u>0</u>                 | <u>0</u>                    | <u>(26)</u>            | <u>0</u>                             | <u>8,808</u>     |
| <b>Financing and Investment Income and Expenditure</b>                     |                  |                          |                             |                        |                                      |                  |
| Interest payable and similar charges                                       | 25,262           | 0                        | 602                         | 962                    | (1,322)                              | 25,504           |
| Interest receivable and similar income                                     | (10,558)         | 0                        | (26)                        | 0                      | 1,322                                | (9,262)          |
| Financial Instruments                                                      | 1,219            | 0                        | 0                           | 0                      | 0                                    | 1,219            |
| Investment Properties; revaluation and impairment                          | (49)             | 0                        | 0                           | 0                      | 0                                    | (49)             |
| Surplus of trading activities                                              | 860              | 0                        | 0                           | 0                      | 0                                    | 860              |
| Net interest on the defined benefit liability (asset)                      | 10,030           | 0                        | 0                           | 0                      | 0                                    | 10,030           |
|                                                                            | <u>26,764</u>    | <u>0</u>                 | <u>576</u>                  | <u>962</u>             | <u>0</u>                             | <u>28,302</u>    |
| Taxation and Non-Specific Grant Income                                     | (527,031)        | 0                        | 0                           | 0                      | 0                                    | (527,031)        |
| <b>(Surplus) / Deficit on Provision of Services</b>                        | <u>27,813</u>    | <u>601</u>               | <u>(620)</u>                | <u>(211)</u>           | <u>0</u>                             | <u>27,583</u>    |
| Tax Expenses                                                               | 0                | 6                        | 0                           | 0                      | 0                                    | 6                |
| Interim Dividend                                                           | 0                | 0                        | 0                           | 0                      | 0                                    | 0                |
| <b>Group (Surplus) / Deficit</b>                                           | <u>27,813</u>    | <u>607</u>               | <u>(620)</u>                | <u>(211)</u>           | <u>0</u>                             | <u>27,589</u>    |
| (Surplus) / Deficit on Revaluation of Fixed Assets                         | (71,959)         | 0                        | 0                           | 0                      | 0                                    | (71,959)         |
| Impairment losses on non-current assets charged to the Revaluation Reserve | 8,073            | 0                        | 0                           | 0                      | 0                                    | 8,073            |
| Remeasurements of the Net Defined Benefit Liability                        | (446,958)        | 0                        | 0                           | 0                      | 0                                    | (446,958)        |
| <b>Other Comprehensive Income and Expenditure</b>                          | <u>(510,844)</u> | <u>0</u>                 | <u>0</u>                    | <u>0</u>               | <u>0</u>                             | <u>(510,844)</u> |
| <b>Total Comprehensive Income and Expenditure</b>                          | <u>(483,031)</u> | <u>607</u>               | <u>(620)</u>                | <u>(211)</u>           | <u>0</u>                             | <u>(483,255)</u> |

\* Gross Expenditure and Gross Income for the Group included consolidation adjustments of £47.1m

Balance Sheet as at 31st March 2023

|                                                   | NYCC<br>£000     | NYnet<br>Limited<br>£000 | Yorwaste<br>Limited<br>£000 | NY<br>Highways<br>£000 | Consolidation<br>Adjustments<br>£000 | Group<br>£000    |
|---------------------------------------------------|------------------|--------------------------|-----------------------------|------------------------|--------------------------------------|------------------|
| Property, Plant and Equipment                     | 1,695,281        | 15,256                   | 16,736                      | 5,982                  | 0                                    | 1,733,255        |
| Investment Property                               | 46,219           | 0                        | 0                           | 0                      | 0                                    | 46,219           |
| Intangible Assets                                 | 7,078            | 0                        | 0                           | 0                      | 0                                    | 7,078            |
| Long Term Investments                             | 9,911            | 0                        | 0                           | 0                      | (4,018)                              | 5,893            |
| Long Term Debtors                                 | 28,570           | 0                        | 0                           | 0                      | (14,660)                             | 13,910           |
| <b>Long Term Assets</b>                           | <b>1,787,059</b> | <b>15,256</b>            | <b>16,736</b>               | <b>5,982</b>           | <b>(18,678)</b>                      | <b>1,806,355</b> |
| Short Term Investments                            | 347,914          | 0                        | 3,161                       | 0                      | 0                                    | 351,075          |
| Inventories                                       | 1,633            | 412                      | 0                           | 809                    | 0                                    | 2,854            |
| Short Term Debtors                                | 189,276          | 1,781                    | 6,384                       | 8,494                  | (49,032)                             | 156,903          |
| Cash and Cash Equivalents                         | 98,653           | 3                        | 4,181                       | 3,373                  | 0                                    | 106,210          |
| Assets held for sale                              | 170              | 0                        | 0                           | 0                      | 0                                    | 170              |
| Current Tax Assets                                | 0                | 0                        | 0                           | 0                      | 0                                    | 0                |
| <b>Current Assets</b>                             | <b>637,646</b>   | <b>2,196</b>             | <b>13,726</b>               | <b>12,676</b>          | <b>(49,032)</b>                      | <b>617,212</b>   |
| Short Term Borrowing                              | (138,404)        | 0                        | 0                           | 0                      | 11,679                               | (126,725)        |
| Short Term Creditors                              | (123,633)        | (2,283)                  | (5,373)                     | (8,720)                | 37,353                               | (102,656)        |
| PF/PPP Liability repayable within 12 months       | (3,650)          | 0                        | 0                           | 0                      | 0                                    | (3,650)          |
| Finance Lease repayable within 12 months          | (15)             | 0                        | 0                           | 0                      | 0                                    | (15)             |
| Provisions to be used within 12 months            | (2,567)          | 0                        | 0                           | 0                      | 0                                    | (2,567)          |
| Capital Grant Receipts in Advance                 | (11,107)         | 0                        | 0                           | 0                      | 0                                    | (11,107)         |
| <b>Current Liabilities</b>                        | <b>(279,376)</b> | <b>(2,283)</b>           | <b>(5,373)</b>              | <b>(8,720)</b>         | <b>49,032</b>                        | <b>(246,720)</b> |
| Long Term Creditors                               | (4,328)          | (24,047)                 | 0                           | 0                      | 0                                    | (28,375)         |
| PF/PPP Liability repayable in excess of 12 months | (138,961)        | 0                        | 0                           | 0                      | 0                                    | (138,961)        |
| Finance Lease repayable in excess of 12 months    | (994)            | 0                        | 0                           | 0                      | 0                                    | (994)            |
| Pension Liability                                 | (4,408)          | 0                        | 0                           | (6,218)                | 0                                    | (10,626)         |
| Provisions to be used in excess of 12 months      | (11,752)         | 0                        | (10,946)                    | 0                      | 0                                    | (22,698)         |
| Long Term Borrowing                               | (198,500)        | 0                        | (4,700)                     | (10,960)               | 14,660                               | (199,500)        |
| Capital Grant Receipts in Advance                 | (10,759)         | 0                        | 0                           | 0                      | 0                                    | (10,759)         |
| <b>Long Term Liabilities</b>                      | <b>(369,702)</b> | <b>(24,047)</b>          | <b>(15,646)</b>             | <b>(17,178)</b>        | <b>14,660</b>                        | <b>(411,913)</b> |
| <b>Net Assets</b>                                 | <b>1,775,627</b> | <b>(8,878)</b>           | <b>9,443</b>                | <b>(7,240)</b>         | <b>(4,018)</b>                       | <b>1,764,934</b> |
| Usable Reserves                                   | 391,654          | 0                        | 0                           | 0                      | 0                                    | 391,654          |
| Unusable Reserves                                 | 1,383,973        | 0                        | 0                           | 0                      | 0                                    | 1,383,973        |
| Reserves - Group Entities                         | 0                | (8,878)                  | 9,443                       | (7,240)                | (4,018)                              | (10,693)         |
| <b>Total Reserves</b>                             | <b>1,775,627</b> | <b>(8,878)</b>           | <b>9,443</b>                | <b>(7,240)</b>         | <b>(4,018)</b>                       | <b>1,764,934</b> |

### 3. Movement in Property, Plant and Equipment

|                                                    | Aggregated Land<br>and Buildings<br>£000 | Vehicles,<br>Plant and<br>Equipment<br>£000 | Infrastructure<br>£000 | Landfill Site<br>Development &<br>Restoration<br>Costs<br>£000 | Total<br>£000    |
|----------------------------------------------------|------------------------------------------|---------------------------------------------|------------------------|----------------------------------------------------------------|------------------|
| <b>Cost of Valuation</b>                           |                                          |                                             |                        |                                                                |                  |
| As at 1st April 2022                               | 901,362                                  | 153,187                                     | 1,070,280              | 37,228                                                         | 2,162,057        |
| Additions                                          | 2,889                                    | 5,884                                       | 53,437                 | 4,536                                                          | 66,746           |
| Disposals                                          | (19,877)                                 | (1,985)                                     | 0                      | 0                                                              | (21,862)         |
| Revaluations / (Impairments)                       |                                          |                                             |                        |                                                                |                  |
| Recognised in the Revaluation Reserve              | 73,664                                   | 0                                           | 0                      | 0                                                              | 73,664           |
| Recognised in Provision of Services                | (25,203)                                 | 0                                           | 0                      | 0                                                              | (25,203)         |
| <b>As at 31st March 2023</b>                       | <b>932,835</b>                           | <b>157,086</b>                              | <b>1,123,717</b>       | <b>41,764</b>                                                  | <b>2,255,402</b> |
| <b>Depreciation and Impairments</b>                |                                          |                                             |                        |                                                                |                  |
| As at 1st April 2022                               | (46,288)                                 | (129,097)                                   | (262,949)              | (34,445)                                                       | (472,779)        |
| Year on Year Adjustments                           | 1,512                                    | (1,526)                                     | 0                      | 0                                                              | (14)             |
| Charge for the year                                | (36,393)                                 | (5,848)                                     | (29,846)               | (1,756)                                                        | (73,843)         |
| Disposals                                          | 0                                        | 1,944                                       | 0                      |                                                                | 1,944            |
| Revaluations / (Impairments)                       |                                          |                                             |                        |                                                                |                  |
| Recognised in the Revaluation Reserve              | 0                                        | 0                                           | 0                      | 0                                                              | 0                |
| Recognised in Provision of Services                | 268                                      | 0                                           | 0                      | 0                                                              | 268              |
| Yorwaste Asset Impairment                          | 22,277                                   | 0                                           | 0                      | 0                                                              | 22,277           |
| <b>As at 31st March 2023</b>                       | <b>(58,624)</b>                          | <b>(134,527)</b>                            | <b>(292,795)</b>       | <b>(36,201)</b>                                                | <b>(522,147)</b> |
| <b>Balance Sheet Net Amount at 31st March 2023</b> | <b>874,211</b>                           | <b>22,559</b>                               | <b>830,922</b>         | <b>5,563</b>                                                   | <b>1,733,255</b> |
| <b>Balance Sheet Net Amount at 31st March 2022</b> | <b>855,074</b>                           | <b>24,090</b>                               | <b>807,331</b>         | <b>2,783</b>                                                   | <b>1,689,278</b> |



## Comparative Movements in 2021/22

|                                                    | Aggregated Land<br>and Buildings<br>£000 | Vehicles,<br>Plant and<br>Equipment<br>£000 | Infrastructure<br>£000 | Landfill Site<br>Development &<br>Restoration<br>Costs<br>£000 | Total<br>£000    |
|----------------------------------------------------|------------------------------------------|---------------------------------------------|------------------------|----------------------------------------------------------------|------------------|
| <b>Cost of Valuation</b>                           |                                          |                                             |                        |                                                                |                  |
| As at 1st April 2021                               | 921,021                                  | 144,438                                     | 1,011,068              | 37,119                                                         | 2,113,646        |
| Landfill Site Restoration Costs Adjustment         | (314)                                    | (3,400)                                     | 0                      | 1                                                              | (3,713)          |
| Additions                                          | 9,206                                    | 23,722                                      | 67,706                 | 108                                                            | 100,742          |
| Disposals                                          | (40,237)                                 | (11,573)                                    | (8,494)                | 0                                                              | (60,304)         |
| Revaluations / (Impairments)                       |                                          |                                             |                        |                                                                |                  |
| Recognised in the Revaluation Reserve              | 72,062                                   | 0                                           | 0                      | 0                                                              | 72,062           |
| Recognised in Provision of Services                | (60,376)                                 | 0                                           | 0                      | 0                                                              | (60,376)         |
| <b>As at 31st March 2022</b>                       | <b>901,362</b>                           | <b>153,187</b>                              | <b>1,070,280</b>       | <b>37,228</b>                                                  | <b>2,162,057</b> |
| <b>Depreciation and Impairments</b>                |                                          |                                             |                        |                                                                |                  |
| As at 1st April 2021                               | (44,165)                                 | (131,696)                                   | (242,934)              | (33,645)                                                       | (452,440)        |
| Year on Year Adjustments                           |                                          | 2,794                                       |                        | (2)                                                            | 2,792            |
| Charge for the year                                | (35,320)                                 | (3,535)                                     | (28,509)               | (798)                                                          | (68,162)         |
| Disposals                                          | 0                                        | 3,340                                       | 8,494                  |                                                                | 11,834           |
| Revaluations / (Impairments)                       |                                          |                                             |                        |                                                                |                  |
| Recognised in the Revaluation Reserve              | 1,123                                    | 0                                           | 0                      | 0                                                              | 1,123            |
| Recognised in Provision of Services                | 32,074                                   | 0                                           | 0                      | 0                                                              | 32,074           |
| Yorwaste Asset Impairment                          | 0                                        | 0                                           | 0                      | 0                                                              | 0                |
| <b>As at 31st March 2022</b>                       | <b>(46,288)</b>                          | <b>(129,097)</b>                            | <b>(262,949)</b>       | <b>(34,445)</b>                                                | <b>(472,779)</b> |
| <b>Balance Sheet Net Amount at 31st March 2022</b> | <b>855,074</b>                           | <b>24,090</b>                               | <b>807,331</b>         | <b>2,783</b>                                                   | <b>1,689,278</b> |
| <b>Balance Sheet Net Amount at 31st March 2021</b> | <b>876,856</b>                           | <b>12,742</b>                               | <b>768,134</b>         | <b>3,474</b>                                                   | <b>1,661,206</b> |

#### 4. Cash and Cash Equivalents

|                                                                       | 31st March<br>2023<br>£000 | 31st March<br>2022<br>£000 |
|-----------------------------------------------------------------------|----------------------------|----------------------------|
| Bank current accounts and cash held by the County Council             | 5,538                      | 10,262                     |
| Short term / call deposits, inc. Cash Balances held by Group Entities | <u>100,672</u>             | <u>75,594</u>              |
| Total Cash and Cash Equivalents                                       | <u>106,210</u>             | <u>85,856</u>              |

#### 5. Short Term Debtors

|                                                                      | 31st March 2023<br>£000 |                 | 31st March 2022<br>£000 |                 |
|----------------------------------------------------------------------|-------------------------|-----------------|-------------------------|-----------------|
| Government Entities                                                  |                         |                 |                         |                 |
| Central Government Bodies                                            | 13,920                  |                 | 13,666                  |                 |
| Other Local Authorities                                              | 30,977                  |                 | 22,640                  |                 |
| NHS Bodies                                                           | <u>20,806</u>           | 65,703          | <u>17,522</u>           | 53,828          |
| General Debtors<br>(including Public Corporations and Trading Funds) |                         | 83,130          |                         | 82,046          |
| Payments in Advance                                                  |                         | <u>28,861</u>   |                         | <u>25,659</u>   |
|                                                                      |                         | 177,694         |                         | 161,533         |
| Less: Bad Debts Provision                                            |                         | <u>(20,791)</u> |                         | <u>(16,047)</u> |
| Total Short Term Debtors                                             |                         | <u>156,903</u>  |                         | <u>145,485</u>  |

#### 6. Short Term Creditors

|                                                                        | 31st March 2023<br>£000 |                | 31st March 2022<br>£000 |               |
|------------------------------------------------------------------------|-------------------------|----------------|-------------------------|---------------|
| Government Entities                                                    |                         |                |                         |               |
| Central Government Bodies                                              | 13,319                  |                | 11,839                  |               |
| Other Local Authorities                                                | 3,469                   |                | 5,212                   |               |
| NHS Bodies                                                             | <u>656</u>              | 17,444         | <u>857</u>              | 17,908        |
| General Creditors<br>(including Public Corporations and Trading Funds) |                         | 31,818         |                         | 33,838        |
| Income in Advance                                                      |                         | <u>53,394</u>  |                         | <u>32,775</u> |
| Total Short Term Creditors                                             |                         | <u>102,656</u> |                         | <u>84,521</u> |

## 7. Provisions

|                                | Changes during the year               |                        |                        |                                | Balance as at 31st March 2023<br>£000 | To be used            |                             |               |
|--------------------------------|---------------------------------------|------------------------|------------------------|--------------------------------|---------------------------------------|-----------------------|-----------------------------|---------------|
|                                | Balance as at 31st March 2022<br>£000 | Provision Made<br>£000 | Provision Used<br>£000 | Provision Written Down<br>£000 |                                       | Within 1 year<br>£000 | In excess of 1 year<br>£000 | Total<br>£000 |
| Insurance                      | 7,617                                 | 618                    | (966)                  | 0                              | 7,269                                 | 2,423                 | 4,846                       | 7,269         |
| Highways Advance Payments      | 7,818                                 | 1,078                  | (2,071)                | 0                              | 6,825                                 | 0                     | 6,825                       | 6,825         |
| Other                          | 265                                   | 0                      | (40)                   | 0                              | 225                                   | 144                   | 81                          | 225           |
|                                | <u>15,700</u>                         | <u>1,696</u>           | <u>(3,077)</u>         | <u>0</u>                       | <u>14,319</u>                         | <u>2,567</u>          | <u>11,752</u>               | <u>14,319</u> |
| Yorwaste Limited - Restoration | 2,247                                 | 1,988                  | 0                      | 0                              | 4,235                                 | 0                     | 4,235                       | 4,235         |
| Yorwaste Limited - Aftercare   | 4,723                                 | 1,988                  | 0                      | 0                              | 6,711                                 | 0                     | 6,711                       | 6,711         |
|                                | <u>22,670</u>                         | <u>5,672</u>           | <u>(3,077)</u>         | <u>0</u>                       | <u>25,265</u>                         | <u>2,567</u>          | <u>22,698</u>               | <u>25,265</u> |

### Comparative Movements in 2021/22

|                                | Changes during the year               |                        |                        |                                | Balance as at 31st March 2022<br>£000 | To be used            |                             |               |
|--------------------------------|---------------------------------------|------------------------|------------------------|--------------------------------|---------------------------------------|-----------------------|-----------------------------|---------------|
|                                | Balance as at 31st March 2021<br>£000 | Provision Made<br>£000 | Provision Used<br>£000 | Provision Written Down<br>£000 |                                       | Within 1 year<br>£000 | In excess of 1 year<br>£000 | Total<br>£000 |
| Insurance                      | 8,057                                 | 720                    | (1,160)                | 0                              | 7,617                                 | 2,539                 | 5,078                       | 7,617         |
| Highways Advance Payments      | 7,745                                 | 1,538                  | (1,465)                | 0                              | 7,818                                 | 0                     | 7,818                       | 7,818         |
| Other                          | 273                                   | 0                      | (8)                    | 0                              | 265                                   | 184                   | 81                          | 265           |
|                                | <u>16,075</u>                         | <u>2,258</u>           | <u>(2,633)</u>         | <u>0</u>                       | <u>15,700</u>                         | <u>2,723</u>          | <u>12,977</u>               | <u>15,700</u> |
| Yorwaste Limited - Restoration | 1,702                                 | 0                      | 545                    | 0                              | 2,247                                 | 0                     | 2,247                       | 2,247         |
| Yorwaste Limited - Aftercare   | 4,178                                 | 0                      | 545                    | 0                              | 4,723                                 | 0                     | 4,723                       | 4,723         |
|                                | <u>21,955</u>                         | <u>2,258</u>           | <u>(1,543)</u>         | <u>0</u>                       | <u>22,670</u>                         | <u>2,723</u>          | <u>19,947</u>               | <u>22,670</u> |

**NORTH YORKSHIRE PENSION FUND**  
**FUND ACCOUNT FOR THE YEAR ENDED 31ST MARCH 2023**

| 2021/22<br>£000                   |                                                               | 2022/23<br>£000 | £000             |
|-----------------------------------|---------------------------------------------------------------|-----------------|------------------|
| <b>CONTRIBUTIONS AND BENEFITS</b> |                                                               |                 |                  |
| <b>Contributions</b>              |                                                               |                 |                  |
| 100,316                           | Employers - Normal                                            | 106,551         |                  |
| 1,314                             | - Deficit                                                     | 1,343           |                  |
| 1,228                             | - Early Retirement Costs Recharged                            | 2,339           |                  |
| 32,477                            | Employees - Normal                                            | 35,401          |                  |
| 161                               | - Additional Voluntary                                        | 194             |                  |
| <u>135,496</u>                    | <b>Total Contributions Receivable (note 7)</b>                |                 | 145,828          |
| 11,941                            | <b>Transfers in (note 8)</b>                                  |                 | 18,654           |
| <b><u>Less</u></b>                |                                                               |                 |                  |
| <b>Benefits</b>                   |                                                               |                 |                  |
| (99,282)                          | Pensions                                                      | (106,333)       |                  |
| (25,949)                          | Commutation and Lump Sum Retirement Benefits                  | (25,917)        |                  |
| (3,570)                           | Lump Sums Death Benefits                                      | (3,321)         |                  |
| <u>(128,801)</u>                  | <b>Total Benefits Payable (note 9)</b>                        |                 | (135,571)        |
| <b>Leavers</b>                    |                                                               |                 |                  |
| (405)                             | Refunds to Members Leaving Service                            | (780)           |                  |
| (8,878)                           | Transfers Out                                                 | (14,515)        |                  |
| <u>(9,283)</u>                    | <b>Total Payments on Account of Leavers (note 10)</b>         |                 | (15,295)         |
| (3,681)                           | <b>Management Expenses (note 11)</b>                          |                 | (4,274)          |
| <u>5,672</u>                      | <b>Net additions/(withdrawals) from dealings with Members</b> |                 | <u>9,342</u>     |
| <br><b>RETURNS ON INVESTMENTS</b> |                                                               |                 |                  |
| 7,447                             | Investment income (note 12)                                   |                 | 12,744           |
| 0                                 | Taxation (note 12a)                                           |                 | 0                |
| (26,583)                          | Investment management costs (note 11)                         |                 | (34,069)         |
| 137,804                           | Change in market value of investments (note 14a)              |                 | (401,746)        |
| <u>118,668</u>                    | <b>Net returns on investments</b>                             |                 | <u>(423,071)</u> |
| 124,340                           | <b>Net increase/ (decrease) in the Fund during the year</b>   |                 | (413,729)        |
| 4,510,113                         | <b>Opening Net Assets of the Fund</b>                         |                 | 4,634,453        |
| <u>4,634,453</u>                  | <b>Closing Net Assets of the Fund</b>                         |                 | <u>4,220,724</u> |

## NORTH YORKSHIRE PENSION FUND – NET ASSETS STATEMENT

| 31st March<br>2022<br>£000 |                                         | 31st March<br>2023<br>£000 |
|----------------------------|-----------------------------------------|----------------------------|
|                            | <b>INVESTMENT ASSETS</b>                |                            |
| 0                          | Fixed Interest Securities               | 0                          |
| 1,182                      | Equities                                | 1,182                      |
| 4,258,476                  | Pooled Investments                      | 3,545,213                  |
| 343,740                    | Pooled Property Investments             | 266,225                    |
| 0                          | Private Equity                          | 392,532                    |
| <u>4,603,398</u>           |                                         | <u>4,205,152</u>           |
| 1,501                      | Cash Deposits                           | 1,902                      |
| 736                        | Investment Debtors                      | 787                        |
| <u>4,605,635</u>           | <b>TOTAL INVESTMENT ASSETS</b>          | <u>4,207,841</u>           |
|                            | <b>INVESTMENT LIABILITIES</b>           |                            |
| <u>0</u>                   | <b>TOTAL INVESTMENT LIABILITIES</b>     | <u>0</u>                   |
| <u>4,605,635</u>           | <b>NET INVESTMENT ASSETS (note 14a)</b> | <u>4,207,841</u>           |
|                            | <b>LONG-TERM DEBTORS</b>                |                            |
| 0                          |                                         | 0                          |
|                            | <b>CURRENT ASSETS</b>                   |                            |
| 11,863                     | Contributions due from employers        | 11,708                     |
| 1,147                      | Other Non-Investment Debtors            | 1,588                      |
| 21,742                     | Cash                                    | 1,776                      |
| <u>34,752</u>              | <b>TOTAL CURRENT ASSETS</b>             | <u>15,072</u>              |
|                            | <b>CURRENT LIABILITIES</b>              |                            |
| (5,934)                    | Non-Investment Creditors                | (2,189)                    |
| <u>(5,934)</u>             | <b>TOTAL CURRENT LIABILITIES</b>        | <u>(2,189)</u>             |
| <u>4,634,453</u>           | <b>TOTAL NET ASSETS (note 14c)</b>      | <u>4,220,724</u>           |

The accounts summarise the transactions of the Fund and deal with the net assets. They do not take account of the obligations to pay pensions and benefits which fall after the end of the financial year.

**NOTES TO THE NORTH YORKSHIRE PENSION FUND ACCOUNT**  
**FOR THE YEAR ENDED 31ST MARCH 2023**

**1. Description of the Fund**

The North Yorkshire Pension Fund (NYPF or “the Fund”) is part of the Local Government Pension Scheme (LGPS) and is administered by North Yorkshire County Council (NYCC). The County Council is the reporting entity for the Fund.

The following description of the Fund is a summary only. For more detail, refer to the NYPF Annual Report 2022/23 and the statutory powers underpinning the Scheme, namely the Public Service Pensions Act 2013 and the Local Government Pension Scheme (LGPS) Regulations.

**(a) General**

The Fund is governed by the Public Service Pensions Act 2013 and is administered in accordance with the following secondary legislation:

- the LGPS Regulations 2013 (as amended)
- the LGPS (Transitional Provisions, Savings and Amendment) Regulations 2014 (as amended)
- the LGPS (Management and Investment of Funds) Regulations 2016 (as amended)

It is a contributory defined benefit pension scheme administered by NYCC to provide pensions and other benefits for pensionable employees of NYCC, other local authorities in North Yorkshire and a range of other scheduled and admitted bodies within the county area. Teachers, police officers and fire fighters are not included as they come within other national pension schemes.

The Fund is overseen by the Pension Fund Committee, which is a committee of NYCC.

**(b) Membership**

Membership of the LGPS is voluntary and employees are free to choose whether to join the Fund, remain in the Fund or make their own personal arrangements outside the Scheme.

Organisations participating in NYPF include:

- scheduled bodies, which are local authorities, academy trusts and similar bodies whose staff are automatically entitled to be members of the Fund
- admitted bodies, which are other organisations that participate in the Fund under an admission agreement between the Fund and the relevant organisation. Admitted bodies include voluntary, charitable and similar bodies or private contractors undertaking a local authority function following outsourcing to the private sector.

At 31 March 2023 there were 131 contributing employer organisations within NYPF including the County Council itself, and over 99,000 individual members, as detailed below.

**91 Scheduled Bodies including 49 Academy Trusts**

Ainsty 2008 Internal Drainage Board  
Askham Bryan College

Brimhams Active Limited  
Chief Constable (North Yorkshire Police)  
City of York Council  
Craven College

North Yorkshire Fire & Rescue Service  
North Yorkshire Police, Fire and Crime  
Commissioner  
Northallerton & Romanby Joint Burial Board  
Northallerton Town Council  
Norton on Derwent Town Council  
Pickering Town Council

Craven District Council  
Easingwold Town Council  
Filey Town Council  
Foss 2008 Internal Drainage Board  
Fulford Parish Council  
Glusburn Parish Council  
Great Ayton Parish Council  
Hambleton District Council  
Harrogate Borough Council  
Haxby Town Council  
Hunmanby Parish Council  
Knaresborough Town Council  
Malton Town Council  
North York Moors National Park Authority  
North Yorkshire County Council

Richmond Town Council  
Richmondshire District Council  
Ripon City Council  
Ryedale District Council  
Scarborough Borough Council  
Scarborough Sixth Form College  
Selby District Council  
Selby Town Council  
Skipton Town Council  
Sutton in Craven Parish Council  
Tadcaster Town Council  
Vale of Pickering Internal Drainage Board  
Whitby Town Council  
York College  
Yorkshire Dales National Park Authority

### Academy Trusts

Areté Learning Trust - Northallerton School & Sixth Form College  
Areté Learning Trust - Richmond School & Sixth Form College  
Areté Learning Trust - Stokesley Academy  
Areté Learning Trust - Mill Hill Primary School  
Bishop Konstant Catholic Academy Trust  
Bishop Wheeler Catholic Academy Trust  
Coast and Vale Learning Trust - Filey School  
Coast and Vale Learning Trust - Friarage Community Primary School  
Coast and Vale Learning Trust - Lady Lumley's School  
Coast and Vale Learning Trust - Newby & Scalby Primary School  
Coast and Vale Learning Trust - Scalby School  
Coast and Vale Learning Trust - Scarborough University Technical College  
Dales Academies Trust  
David Ross Education Trust - Thomas Hinderwell Primary Academy  
Ebor Academy Trust  
Elevate Multi Academy Trust  
Enquire Learning Trust - East Whitby Primary Academy  
Enquire Learning Trust - Roseberry Primary Academy  
Enquire Learning Trust - Stakesby Primary Academy  
Enquire Learning Trust - Stokesley Primary Academy  
Great Smeaton Academy Primary School  
Hope Sentamu Learning Trust  
Huntington Primary Academy  
Leeds Diocesan Learning Trust  
Lingfield Education Trust  
Moorlands Learning Trust  
Nicholas Postgate Catholic Academy Trust  
Northern Star Academies Trust  
Norton College  
Outwood Academy Easingwold  
Outwood Academy Ripon  
Outwood Primary Academy Alne  
Outwood Primary Academy Greystone  
Pathfinder Multi Academy Trust  
Red Kite Learning Trust  
Rodillian Multi Academy Trust – Brayton Academy  
Rossett School Academy  
Ryedale Learning Trust  
Selby Educational Trust  
South Bank Multi Academy Trust  
South Craven School  
South York Multi Academy Trust  
STAR Multi Academy Trust  
St Cuthbert's Roman Catholic Academy Trust  
The Woodlands Academy  
Venn Academy Trust  
Wellspring Academy Trust  
Yorkshire Causeway Schools Trust  
Yorkshire Collaborative Academy Trust  
Yorkshire Endeavour Academy Trust

## 40 Admitted Bodies

|                                     |                                                                |
|-------------------------------------|----------------------------------------------------------------|
| ABM Catering Ltd                    | Hutchinson Catering Ltd                                        |
| Absolutely Catering Ltd             | Independent Cleaning Services Ltd                              |
| Align Property Partners Ltd         | ISS Mediclean Ltd                                              |
| Aramark Ltd                         | Lark T/A Betterclean Services                                  |
| Atlas Facilities Management Ltd     | Make It York                                                   |
| Barnsley Norse Ltd                  | Mellors Catering Services Ltd                                  |
| Beyond Housing Ltd                  | NY Highways Ltd                                                |
| Bulloughs Cleaning Services Ltd     | Richmondshire Leisure Trust                                    |
| Cater Link Ltd                      | Springfield Home Care Services Ltd                             |
| CH & Co Catering Group Ltd          | Taylor Shaw Ltd                                                |
| Churchill Contract Services Ltd     | University of Hull (Scarborough)                               |
| City of York Trading Ltd            | Urbaser Ltd                                                    |
| Compass Contract Services (U.K) Ltd | Veritau Ltd                                                    |
| Dolce Ltd                           | Veritau North Yorkshire Ltd                                    |
| Everyone Active (SLM Scarborough)   | Wigan Leisure and Culture Trust (Inspiring Healthy Lifestyles) |
| Explore York Libraries and Archives | York Archaeological Trust Ltd                                  |
| Gough and Kelly Security Ltd        | Yorkare (Haxby) Ltd                                            |
| Greenwich Leisure Ltd               | York Mind                                                      |
| Grosvenor Facilities Management     | York Museums and Galleries Trust                               |
| Human Support Group Ltd             | York St John University                                        |

Active, pensioner and deferred pensioner numbers, split between NYCC as the Administering Authority and all other employers were as follows:

|                                         | 31st March<br>2023<br>No. | 31st March<br>2022<br>No. |
|-----------------------------------------|---------------------------|---------------------------|
| Number of Employers with Active Members | 131                       | 131                       |
| Employees in the Fund                   |                           |                           |
| NYCC                                    | 12,771                    | 14,009                    |
| Other employers                         | <u>18,177</u>             | <u>18,146</u>             |
| Total                                   | <u>30,948</u>             | <u>32,155</u>             |
| Pensioners                              |                           |                           |
| NYCC                                    | 15,573                    | 15,235                    |
| Other employers                         | <u>13,129</u>             | <u>11,971</u>             |
| Total                                   | <u>28,702</u>             | <u>27,206</u>             |
| Deferred Pensioners                     |                           |                           |
| NYCC                                    | 24,333                    | 23,911                    |
| Other employers                         | <u>15,827</u>             | <u>14,761</u>             |
| Total                                   | <u>40,160</u>             | <u>38,672</u>             |



### **(c) Funding**

Benefits are funded by contributions and investment earnings. Contributions are made by active members of the Fund in accordance with the LGPS Regulations 2013 and range from 5.5% to 12.5% of pensionable pay for the financial year ended 31 March 2023. Employee contributions are supplemented by employers' contributions which are primarily determined as part of the each triennial valuations. The last such valuation was at 31 March 2022 and that set the contribution rates for 2023/24, 2024/25, 2025/26; details of the rates for individual employers are available on the Fund's website.

### **(d) Benefits**

Prior to 1 April 2014 pension benefits under the LGPS up to 31 March 2014 are based on final pensionable pay and length of pensionable service.

For service up to 31 March 2008 each year worked is worth 1/80<sup>th</sup> of final pensionable salary, an automatic lump sum of three times salary is payable, and part of the annual pension can be exchanged for a one-off tax free cash payment at the rate of £12 lump sum for each £1 pension given up. For service from 1 April 2008 each year worked is worth 1/60<sup>th</sup> of final pensionable salary, there is no automatic lump sum, and part of the annual pension can be exchanged at the same rate as for service up to 31 March 2008.

From 1 April 2014 the scheme became a career average scheme whereby members accrue benefits based on their pensionable pay in that year at an accrual rate of 1/49<sup>th</sup>. Accrued pension is updated annually in line with CPI.

There are a range of other benefits provided under the Scheme including early retirement, disability pensions and death benefits. For more details please refer to the Publications section on the Fund's website at <https://www.nypf.org.uk/index.shtml>.

## **2. Basis of Preparation**

The Statement of Accounts summarises the Fund's transactions for the 2022/23 financial year and its year end position as at 31 March 2023. The accounts have been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2022/23 which is based upon International Financial Reporting Standards (IFRS), as amended for the UK public sector. The accounts have been prepared on a going concern basis.

The accounts report on the net assets available to pay pension benefits. They do not take account of obligations to pay pensions and benefits which fall due after the end of the financial year.

## **3. Summary of Significant Accounting Policies**

### **Fund Account – Revenue Recognition**

#### **(a) Contribution Income**

Normal contributions, both from the members and from the employer, are accounted for on an accruals basis at the rate recommended by the Fund's Actuary in the payroll period to which they relate.

Employer deficit funding contributions are accounted for in the period in which they are payable under the schedule of contributions set by the Actuary or on receipt if earlier than the due date.

Employers' augmentation contributions (pension strain due to early retirement and compensatory added years) are accounted for in the period in which the liability arises. Any amount due in year but unpaid will be classed as a current asset. Amounts due in future years are classed as long term assets.

## **(b) Transfers To and From Other Schemes**

Transfer values represent the amounts received and paid during the year for members who have either joined or left the Fund during the financial year and are calculated in accordance with LGPS Regulations (see notes 8 and 10).

Individual Transfers in/out are accounted for when received/paid, which is normally when the member liability is accepted or discharged.

Transfers in from members wishing to use the proceeds of their additional voluntary contributions or other defined contribution arrangements to purchase scheme benefits are accounted for on a receipts basis and are included in Transfers In (see note 8).

Bulk (group) transfers are accounted for on an accruals basis in accordance with the terms of the transfer agreement.

## **(c) Investment Income**

Interest income is recognised in the Fund as it accrues, using the effective interest rate of the financial instrument as at the date of acquisition or origination. Income includes the amortisation of any discount or premium, transaction costs or other differences between the initial cost of the instrument and its value at maturity calculated on an effective interest rate basis.

Dividend income is recognised on the date the shares are quoted ex-dividend. Any amount not received by the end of the reporting period is disclosed in the Net Assets Statement as a current asset.

Distributions from pooled funds are recognised at the date of issue. Any amount not received by the end of the reporting period is disclosed in the Net Assets Statement as a current asset.

Changes in the net market value of investments are recognised as income/expenditure and comprise all realised and unrealised profits/losses during the year.

## **Fund Account – Expense Items**

### **(d) Benefits Payable**

Pensions and lump sum benefits payable include all amounts known to be due as at the financial year end. Any amounts due but not paid are disclosed in the Net Assets Statement as current liabilities.

### **(e) Taxation**

The Fund is a registered public service scheme under Section 1(1) of Schedule 36 of the Finance Act 2004 and as such is exempt from UK income tax on interest received and from capital gains tax on the proceeds of investments sold. Income from overseas investments suffers withholding tax in the country of origin, unless exemption is permitted. Irrecoverable tax is accounted for as a Fund expense as it arises.

**(f) Management expenses**

The Fund discloses its pension fund management expenses in accordance with the CIPFA guidance Accounting for Local Government Pension Scheme Management Expenses (2016), as shown below. All items of expenditure are charged to the fund on an accruals basis as follows:

|                                |                                                                                                                                                                                                                                                                                 |
|--------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Administrative expenses        | All staff costs of the pensions administration team are charged direct to the Fund. Associated management, accommodation and other overheads are apportioned to this activity and charged as expenses to the Fund.                                                              |
| Oversight and governance       | All staff costs associated with governance and oversight are charged direct to the Fund. Associated management, accommodation and other overheads are apportioned to this activity and charged as expenses to the Fund.                                                         |
| Investment management expenses | Fees of the external investment managers are set out in the respective mandates governing their appointments. Broadly, these are based on the market value of the investments under their management and therefore increase or reduce as the value of these investments change. |

In addition, the Fund has negotiated with the following managers that an element of their fee will be performance related:

- Baillie Gifford & Co - Global Equities
- Arcmont (formerly Bluebay) – Private Debt
- Permira – Private Debt
- BCPP – Infrastructure, Private Debt and Climate Opportunities

Where an investment manager's fee note has not been received by the year-end date, an estimate based upon the market value of their mandate as at the end of the year is used for inclusion in the Fund Account.

**Net Assets Statement**

**(g) Lifetime Allowances**

Members are entitled to request the Fund pays their tax liabilities due in respect of lifetime allowance in exchange for a reduction in pension. Where the Fund pays member tax liabilities direct to HMRC it is treated as an expense in the year in which the payment occurs.

**(h) Financial Assets**

Equity shares in the LGPS asset pool, Border to Coast Pensions Partnership (BCPP), are valued at transaction price, i.e. cost, as an appropriate estimate of fair value. All other assets are included in the Net Assets Statement on a fair value basis as at the reporting date. An asset is recognised in the Net Assets Statement on the date the Fund becomes party to the contractual acquisition of the asset. From this date any gains or losses arising from changes in the fair value of the asset are recognised in the Fund Account.

If valuations at the reporting date are not yet available, as may be the case for private debt and infrastructure investments, the latest available valuation is adjusted for cashflows in the intervening period.

The values of investments as shown on the Net Assets Statement have been determined at fair value in accordance with the requirements of the Code and IFRS 13 (see Note 16). For the purposes of disclosing levels of fair value hierarchy, the Fund has adopted the classification guidelines recommended in *Practical Guidance on Investment Disclosures* (PRAG / Investment Association, 2016).

**(i) Foreign Currency Transactions**

Dividends, interest and purchases and sales of investments in foreign currencies have been accounted for at the spot market rates at the date of the transaction. End of year spot market exchange rates are used to value cash balances held in foreign currency bank accounts, market values of overseas investment and purchases and sales outstanding at the end of the reporting period.

**(j) Derivatives**

The Fund does not hold derivatives for speculative purposes (see note 15).

**(k) Cash and Cash Equivalents**

Cash comprises cash in hand and demand deposits, and includes amounts held by the Fund's external managers and custodian.

Cash equivalents are short term, highly liquid investments that are readily convertible into known amounts of cash and that are subject to minimal risk of changes in value.

**(l) Liabilities**

The Fund recognises liabilities at fair value as at the reporting date. A liability is recognised in the Net Assets Statement on the date the Fund becomes party to the liability. From this date any gains or losses arising from changes in the fair value of the liability are recognised in the Fund Account as part of the change in market value of investments.

**(m) Actuarial Present Value of Promised Retirement Benefits**

The actuarial present value of promised retirement benefits is assessed on a triennial basis by the Fund's Actuary in accordance with the requirements of IAS19 and relevant actuarial standards.

As permitted under the Code, the Fund has opted to disclose the actuarial present value of promised retirement benefits by way of an **Appendix** to these statements.

**(n) Additional Voluntary Contributions**

The Fund provides an Additional Voluntary Contribution (AVC) scheme for its members, the assets of which are invested separately from those of the Fund. The Fund has appointed Prudential as its AVC provider. AVCs are paid to the AVC provider by employers and are specifically for providing additional benefits for individual contributors. Each AVC contributor receives an annual statement showing the amount held in their account and the movements in the year.

AVCs are not included in the accounts in accordance with Section 4(1)(b) of the LGPS (Management and Investment of Funds) Regulations 2016 but are disclosed for information only (see note 23).

## (o) Contingent assets and contingent liabilities

A contingent asset arises where an event has taken place giving rise to a possible asset whose existence will only be confirmed or otherwise by the occurrence of future events.

A contingent liability arises where an event has taken place prior to the year-end giving rise to a possible financial obligation whose existence will only be confirmed or otherwise by the occurrence of future events. Contingent liabilities can also arise in circumstances where a provision would be made, except that it is not possible at the balance sheet date to measure the value of the financial obligation reliably.

Contingent assets and liabilities are not recognised in the Net Assets Statement but are disclosed by way of narrative in the notes.

## 4. Critical Judgement in Applying Accounting Policies

### Pension Fund Liability

The Fund's liability is calculated every three years by the Actuary, with annual updates in the intervening years. The methodology used is in line with accepted guidelines and in accordance with IAS19. Assumptions underpinning the valuations are agreed with the Actuary and are summarised in note 19. This estimate is subject to significant variances based on changes to the underlying assumptions.

### Equity Shares in Border to Coast Pensions Partnership (BCPP)

The Fund's shareholding in the asset pool BCPP Ltd. has been valued at transaction price i.e. cost, as an appropriate estimate of fair value. The Class A share is valued at £1 and reflects the ownership stake in the company carrying full voting rights, dividend and capital distribution rights, whilst the Class B shares are valued at £1,181,818 and represented the Fund's contribution to the company's FCA regulatory capital requirement. Management have made this judgement using the criteria set out in IFRS 9 Financial Instruments:

- fair value cannot be otherwise established for these assets as there is currently no market for the shares and no identical or similar market to compare to;
- After two of the pool's partner funds (Northumberland and Tyne & Wear) merged on 1 April 2020, the obligation to meet the company's capital requirement were re-allocated between the remaining eleven partner funds. This serves as a precedent that in the event of a future exit from the partnership, the Fund's shares could be disposed of at cost back to the pool and re-issued to the remaining partners;
- BCPP is intending to trade at a breakeven position (nominal profit or loss) with any values offset against partner funds future costs. The company's own audited accounts show its shareholder funds to be equal to the regulatory capital invested.

The cost of these shares has therefore been determined as a reasonable and appropriate estimate of their fair value.

## 5. Assumptions Made About the Future and Other Major Sources of Estimation Uncertainty

These accounts require management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities at the balance sheet date and for revenue and expenses during the year. Estimates are made taking into account historical experience, current trends and other relevant factors. However, the nature of estimation means that the actual outcomes could differ from those based on these assumptions and estimates.

The item in the Net Assets Statement as at 31 March 2023 for which there is a significant risk of material adjustment being required is the actuarial present value of promised retirement benefits,

which is based on assumptions on the discount rate, salary increases, retirement ages, mortality rates and the return on investments.

The effects of changing individual assumptions on the value of pension liabilities can be measured. A 0.1% increase in the discount rate would reduce liabilities by 2.1% (£114.5m), a 0.1% increase in inflation would increase liabilities by 2% (£112.7m), and an increase in life expectancy of one year would increase liabilities by 4.2% (£235.1m).

## 6. Events After the End of the Reporting Period

Global investment markets have been particularly volatile during 2022 impacted by concerns over issues such as inflation and the ongoing conflict in Ukraine. However the estimated funding level as at 31 March 2023 of 110% means the Fund is well positioned to meet its future pensions obligations.

## 7. Contributions Receivable

By category

|                                    | 2022/23<br>£000 | 2021/22<br>£000 |
|------------------------------------|-----------------|-----------------|
| Employees' Contributions           | 35,595          | 32,638          |
| Employers' Contributions           |                 |                 |
| Normal contributions               | 106,551         | 100,316         |
| Deficit recovery contributions     | 1,343           | 1,314           |
| Early Retirement Recharges         | 1,066           | 974             |
| Compensatory Added Years Recharges | 1,273           | 254             |
| Total Contributions                | <u>145,828</u>  | <u>135,496</u>  |

By authority

|                                | 2022/23<br>£000 | 2021/22<br>£000 |
|--------------------------------|-----------------|-----------------|
| Contributions Receivable       |                 |                 |
| North Yorkshire County Council | 65,242          | 57,986          |
| Other Scheduled Bodies         | 72,969          | 70,209          |
| Admitted Bodies                | 7,617           | 7,301           |
|                                | <u>145,828</u>  | <u>135,496</u>  |

## 8. Transfers In from Other Pension Funds

All transfers in were individual transfers. There were no group transfers during the year.

## 9. Benefits Payable

|                                | 2022/23<br>£000 | 2021/22<br>£000 |
|--------------------------------|-----------------|-----------------|
| Benefits Payable               |                 |                 |
| North Yorkshire County Council | 55,620          | 52,858          |
| Other Scheduled Bodies         | 69,636          | 65,685          |
| Admitted Bodies                | 10,315          | 10,258          |
|                                | <u>135,571</u>  | <u>128,801</u>  |

## 10. Payments To and On Account of Leavers

|                                    | 2022/23<br>£000 | 2021/22<br>£000 |
|------------------------------------|-----------------|-----------------|
| Leavers                            |                 |                 |
| Refunds to Members Leaving Service | 780             | 405             |
| Individual Transfers               | 14,515          | 8,878           |
| Group Transfers                    | 0               | 0               |
|                                    | <u>15,295</u>   | <u>9,283</u>    |

## 11. Management Expenses

|                                | 2022/23<br>£000 | 2021/22<br>£000 |
|--------------------------------|-----------------|-----------------|
| Administrative Costs           | 2,405           | 2,294           |
| Investment Management Costs    | 34,069          | 26,583          |
| Oversight and Governance Costs | 1,869           | 1,387           |
|                                | <u>38,343</u>   | <u>30,264</u>   |

Investment Management Costs includes £6,569k (2021/22: £3,984k) in respect of performance related fees payable to the Fund's investment managers and £10,659k in respect of transaction costs (2021/22 £7,805k).

In addition to these costs, indirect costs are incurred through the bid-offer spread on investments sales and purchases. These are reflected in the cost of acquisitions and in the proceeds from the sales of investments (see Note 14a).



**(a) Investment Management Expenses**

|                             | 2022/23       |                            |                             |                             |
|-----------------------------|---------------|----------------------------|-----------------------------|-----------------------------|
|                             | Total<br>£000 | Management<br>Fees<br>£000 | Performance<br>Fees<br>£000 | Transaction<br>Fees<br>£000 |
| Fixed Interest Securities   |               | 0                          | 0                           | 0                           |
| Equities                    |               | 0                          | 0                           | 0                           |
| Pooled Investments          | 28,714        | 14,426                     | 6,569                       | 7,719                       |
| Pooled Property Investments | 5,120         | 2,180                      |                             | 2,940                       |
| Cash and FX Contracts       |               |                            |                             |                             |
|                             | <u>33,834</u> | <u>16,606</u>              | <u>6,569</u>                | <u>10,659</u>               |
| Custody Fees                | 235           |                            |                             |                             |
| Total                       | <u>34,069</u> |                            |                             |                             |

|                             | 2021/22       |                            |                             |                             |
|-----------------------------|---------------|----------------------------|-----------------------------|-----------------------------|
|                             | Total<br>£000 | Management<br>Fees<br>£000 | Performance<br>Fees<br>£000 | Transaction<br>Fees<br>£000 |
| Fixed Interest Securities   | 909           | 626                        |                             | 283                         |
| Equities                    | 2             | 2                          |                             |                             |
| Pooled Investments          | 20,993        | 12,542                     | 3,984                       | 4,387                       |
| Pooled Property Investments | 4,665         | 1,610                      |                             | 3,123                       |
| Cash and FX Contracts       | 13            | 13                         |                             | 13                          |
|                             | <u>26,582</u> | <u>14,793</u>              | <u>3,984</u>                | <u>7,806</u>                |
| Custody Fees                | 1             |                            |                             |                             |
| Total                       | <u>26,583</u> |                            |                             |                             |

**12. Investment Income**

|                                          | 2022/23<br>£000 | 2021/22<br>£000 |
|------------------------------------------|-----------------|-----------------|
| Income from Bonds                        | 0               | 215             |
| Income from Equities                     | 49              | 2               |
| Pooled Property Investments              | 1,613           | 1,635           |
| Pooled Investments - Other Managed Funds | 9,630           | 6,223           |
| Interest on Cash Deposits                | 1,130           | 0               |
| Other                                    | 322             | (628)           |
|                                          | <u>12,744</u>   | <u>7,447</u>    |

**(a) Taxes on Income**

|                              | 2022/23<br>£000 | 2021/22<br>£000 |
|------------------------------|-----------------|-----------------|
| Withholding Tax on Dividends | <u>0</u>        | <u>0</u>        |



### 13. Other Fund Account Disclosures

|                                      | 2022/23<br>£000 | 2021/22<br>£000 |
|--------------------------------------|-----------------|-----------------|
| Payable in respect of external audit | <u>19</u>       | <u>19</u>       |

### 14. Investments

#### (a) Reconciliation of Movements in Investments

|                                 | Value as at<br>31st<br>March<br>2023<br>£000 | Change in<br>market value<br>£000 | Sale<br>proceeds<br>receipts<br>£000 | Purchases<br>as at cost<br>payments<br>£000 | Value as at<br>1st April<br>2022<br>£000 |
|---------------------------------|----------------------------------------------|-----------------------------------|--------------------------------------|---------------------------------------------|------------------------------------------|
| Fixed Interest Securities       | 0                                            | 0                                 | 0                                    | 0                                           | 0                                        |
| Equities                        | 1,182                                        | 0                                 | 0                                    | 0                                           | 1,182                                    |
| Pooled Investments              | 3,545,213                                    | (387,752)                         | (625,238)                            | 545,518                                     | 4,012,685                                |
| Pooled Property                 | 266,225                                      | (37,117)                          | (40,399)                             | 0                                           | 343,741                                  |
| Private Equity / Infrastructure | 392,532                                      | 24,111                            | (59,646)                             | 182,277                                     | 245,790                                  |
| Total Invested                  | <u>4,205,152</u>                             | <u>(400,758)</u>                  | <u>(725,283)</u>                     | <u>727,795</u>                              | <u>4,603,398</u>                         |
| Spot FX                         |                                              | (574)                             |                                      |                                             |                                          |
| Cash Deposits                   | 1,902                                        | (414)                             |                                      |                                             | 1,501                                    |
| Net Investment Debtors          | 787                                          |                                   |                                      |                                             | 736                                      |
| Net Investment Assets           | <u>4,207,841</u>                             | <u>(401,746)</u>                  |                                      |                                             | <u>4,605,635</u>                         |

|                                 | Value as at<br>31st<br>March<br>2022<br>£000 | Change in<br>market value<br>£000 | Sale<br>proceeds<br>& derivative<br>receipts<br>£000 | Purchases as<br>at cost and<br>derivative<br>payments<br>£000 | Value as at<br>1st April<br>2021<br>£000 |
|---------------------------------|----------------------------------------------|-----------------------------------|------------------------------------------------------|---------------------------------------------------------------|------------------------------------------|
| Fixed Interest Securities       | 0                                            | 52,664                            | (611,498)                                            | 221,152                                                       | 337,682                                  |
| Equities                        | 1,182                                        | 0                                 | 0                                                    | 0                                                             | 1,182                                    |
| Pooled Funds                    | 4,012,685                                    | 1,002                             | (1,181,338)                                          | 1,539,550                                                     | 3,653,471                                |
| Pooled Property                 | 343,741                                      | 68,097                            | (4,220)                                              | 0                                                             | 279,864                                  |
| Private Equity / Infrastructure | 245,790                                      | 15,803                            | (51,004)                                             | 166,643                                                       | 114,348                                  |
| Total Invested                  | <u>4,603,398</u>                             | <u>137,566</u>                    | <u>(1,848,060)</u>                                   | <u>1,927,345</u>                                              | <u>4,386,547</u>                         |
| Cash Deposits                   | 1,501                                        | 237                               |                                                      |                                                               | 105,209                                  |
| Net Investment Debtors          | 736                                          |                                   |                                                      |                                                               | 2,129                                    |
| Net Investment Assets           | <u>4,605,635</u>                             | <u>137,803</u>                    |                                                      |                                                               | <u>4,493,885</u>                         |

**(b) Analysis of Investments**

|                               | 2022/23<br>£000  | 2021/22<br>£000  |
|-------------------------------|------------------|------------------|
| Fixed Interest Securities     |                  |                  |
| UK Public Sector Quoted       | <u>0</u>         | <u>0</u>         |
| Equities                      |                  |                  |
| UK Unquoted                   | <u>1,182</u>     | <u>1,182</u>     |
|                               | <u>1,182</u>     | <u>1,182</u>     |
| Pooled Investments            |                  |                  |
| UK Cash Funds                 | 25,221           |                  |
| Overseas Cash Funds           | 10,022           |                  |
| UK Equity                     | 415,870          | 367,839          |
| UK Property                   | 266,225          | 343,740          |
| UK Government Bonds           | 496,490          | 716,917          |
| UK Corporate Bonds            | 301,144          | 333,727          |
| Multi Asset Credit            | 220,369          | 565,445          |
| Overseas Equity               | 2,067,679        | 2,016,767        |
| Private Debt                  | 163,560          | 105,839          |
| Insurance Linked Securities   | 8,418            | 11,990           |
| Infrastructure                | 228,972          | 139,952          |
| Equity Protection             | 0                | 0                |
| Diversified Growth Funds - UK | <u>0</u>         | <u>0</u>         |
|                               | <u>4,203,970</u> | <u>4,602,216</u> |
| Total Investments             | <u>4,205,152</u> | <u>4,603,398</u> |
| Cash Deposits                 | 1,902            | 1,501            |
| Net Investment Debtors        | 787              | 736              |
| Net Investment Assets         | <u>4,207,841</u> | <u>4,605,635</u> |

**(c) Investments analysed by Fund Manager**

|                                                                      | 31st March 2023         |                     | 31st March 2022         |                     |
|----------------------------------------------------------------------|-------------------------|---------------------|-------------------------|---------------------|
|                                                                      | £000                    | %                   | £000                    | %                   |
| Investments managed by Border to Coast                               |                         |                     |                         |                     |
| Pension Partnership:                                                 |                         |                     |                         |                     |
| BCPP - Global Equity Alpha                                           | 1,219,592               | 29.0                | 1,299,651               | 28.0                |
| BCPP - UK Equities                                                   | 178,386                 | 4.2                 | 178,608                 | 3.9                 |
| BCPP - Listed Alternatives                                           | 288,091                 | 6.9                 | 336,357                 | 7.3                 |
| BCPP - Multi Asset Credit                                            | 220,369                 | 5.2                 | 227,926                 | 4.9                 |
| BCPP - Index Linked Gilt Fund                                        | 496,490                 | 11.8                | 716,917                 | 15.5                |
| BCPP - Investment Grade Credit                                       | 301,144                 | 7.2                 | 333,727                 | 7.2                 |
| BCPP - Infrastructure 1                                              | 213,575                 | 5.1                 | 139,951                 | 3.0                 |
| BCPP - Private Credit                                                | 99,344                  | 2.4                 | 43,038                  | 0.9                 |
| BCPP - Climate Opportunities Fund                                    | 16,973                  | 0.4                 |                         |                     |
| BCPP - Infrastructure 2                                              | 6,910                   | 0.2                 |                         |                     |
| BCPP - Private Credit Series 2                                       | 5,087                   | 0.1                 |                         |                     |
|                                                                      | <u>3,045,961</u>        | <u>72.5</u>         | <u>3,276,175</u>        | <u>70.7</u>         |
| Investments managed outside of Border to Coast Pensions Partnership: |                         |                     |                         |                     |
| Baillie Gifford & Co. - LTGG                                         | 797,479                 | 19.1                | 657,500                 | 14.3                |
| Dodge & Cox                                                          | 0                       | 0.0                 | 248,847                 | 5.4                 |
| Threadneedle                                                         | 188,373                 | 4.5                 | 214,685                 | 4.6                 |
| Legal & General                                                      | 44,004                  | 1.0                 | 88,810                  | 1.9                 |
| Northern Trust Held Cash                                             | 35,243                  | 0.8                 | 0                       | 0.0                 |
| Hermes                                                               | 33,848                  | 0.8                 | 40,246                  | 0.9                 |
| Permira                                                              | 22,948                  | 0.5                 | 33,060                  | 0.7                 |
| Arcmont (formerly Bluebay)                                           | 27,696                  | 0.7                 | 29,741                  | 0.6                 |
| Internally Managed (cash and net debtors)                            | 0                       | 0.0                 | 28,818                  | 0.6                 |
| Leadenhall Diversified Fund                                          | 2,055                   | 0.0                 | 4,180                   | 0.1                 |
| Leadenhall NAT CAT Fund                                              | 1,154                   | 0.0                 | 4,079                   | 0.1                 |
| Leadenhall Remote Fund                                               | 3,059                   | 0.1                 | 3,731                   | 0.1                 |
| Cash with Bank of New York Mellon                                    | 0                       | 0.0                 | 1,469                   | 0.0                 |
| BCPP - UK Unquoted Equities                                          | 1,182                   | 0.0                 | 1,182                   | 0.0                 |
| PIMCO                                                                | 0                       | 0.0                 | 1,162                   | 0.0                 |
| Fidelity International                                               | 0                       | 0.0                 | 766                     | 0.0                 |
| UK Equity Transition                                                 | 0                       | 0.0                 | 2                       | 0.0                 |
|                                                                      | <u>1,157,041</u>        | <u>27.5</u>         | <u>1,358,278</u>        | <u>29.3</u>         |
| <b>Total Net Assets</b>                                              | <u><b>4,203,002</b></u> | <u><b>100.0</b></u> | <u><b>4,634,453</b></u> | <u><b>100.0</b></u> |

The investments with BCPP Global Equity Alpha, BCPP Listed Alternatives, BCPP Multi Asset Credit, BCPP Index Linked Gilts, BCPP Investment Grade Credit, BCPP Infrastructure and Baillie Gifford & Co each represent more than 5% of net assets. These investments are in pooled funds.

**(d) Stock Lending**

The Fund has not released stock to a third party under a stock lending arrangement within a regulated market at this period end or in any previous years.

**15. Analysis of Derivatives**

The Fund does not hold derivatives.

**16. Fair Value – Basis of Valuation**

The basis of the valuation of each class of investment asset is set out below. There has been no change in the valuation techniques used during the year. All assets have been valued using fair value techniques which represent the highest and best price available at the reporting date.

| <b>Description of asset</b>                                         | <b>Valuation hierarchy</b> | <b>Basis of valuation</b>                                                                                           | <b>Observable and unobservable inputs</b>         | <b>Key sensitivities affecting the valuations provided</b>                                                                             |
|---------------------------------------------------------------------|----------------------------|---------------------------------------------------------------------------------------------------------------------|---------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------|
| <b>Market quoted investments</b>                                    | Level 1                    | Published bid market price ruling on the final day of the accounting period                                         | Not required                                      | Not required                                                                                                                           |
| <b>Quoted bonds</b>                                                 | Level 1                    | Fixed interest securities are valued at a market value based on current yields                                      | Not required                                      | Not required                                                                                                                           |
| <b>Exchange traded pooled investments</b>                           | Level 1                    | Closing bid value on published exchanges                                                                            | Not required                                      | Not required                                                                                                                           |
| <b>Unquoted bonds</b>                                               | Level 2                    | Average of broker prices                                                                                            | Evaluated price feeds                             | Not required                                                                                                                           |
| <b>Overseas bond options</b>                                        | Level 2                    | Option pricing model                                                                                                | Annualised volatility of counterparty credit risk | Not required                                                                                                                           |
| <b>Pooled investments – overseas unit trusts and property funds</b> | Level 2                    | Closing bid price where bid and offer prices are published<br><br>Closing single price where single price published | NAV-based pricing set on a forward pricing basis  | Not required                                                                                                                           |
| <b>Pooled investments – hedge funds</b>                             | Level 3                    | Closing bid price where bid and offer prices are published<br><br>Closing single price where single price published | NAV-based pricing set on a forward pricing basis  | Valuations could be affected by material events occurring between the date of the financial statements provided and the pension fund's |

|                                                                  |         |                                                                                                                                           |                                                                                              |                                                                                                                                                                                 |
|------------------------------------------------------------------|---------|-------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|                                                                  |         |                                                                                                                                           |                                                                                              | own reporting date, by changes to expected cashflows, and by any differences between audited and unaudited accounts<br><br>Required by 6.5.5.1 d) and f), 7.4.2.13 of the Code. |
| <b>Other unquoted and private equities</b>                       | Level 3 | Comparable valuation of similar companies in accordance with International Private Equity and Venture Capital Valuation Guidelines (2012) | EBITDA multiple<br>Revenue multiple<br>Discount for lack of marketability<br>Control premium | Valuations could be affected by changes to expected cashflows, and by any differences between audited and unaudited accounts                                                    |
| <b>Shares in Border to Coast Pensions Partnership asset pool</b> | Level 3 | Estimated value of the Fund's share of net assets of the partnership company, based on relative % of shares held and voting rights        | Current estimates of future dividend income                                                  | Valuations could be affected by future trading income, post-Balance Sheet events, or changes to expected cashflows.                                                             |

### Sensitivity of assets valued at level 3

Having analysed historical data and current market trends, and consulted with independent investment advisors, the Fund has determined that the valuation methods described above are likely to be accurate to within the following ranges, and has set out below the consequent potential impact on the closing value of investments held at 31 March 2023.

|                                    | Value at<br>31 March 2023<br>£000 | Value on<br>increase<br>£000 | Value on<br>decrease<br>£000 |
|------------------------------------|-----------------------------------|------------------------------|------------------------------|
| Assessed valuation range (+/-)     |                                   |                              |                              |
| Pooled investments- Private Debt   | 163,561                           | 176,482                      | 150,640                      |
| Pooled investments- Infrastructure | 228,972                           | 246,374                      | 211,570                      |
| UK Unquoted Equities               | 1,182                             | 1,182                        | 1,182                        |
| Total                              | <u>393,715</u>                    | <u>424,038</u>               | <u>363,392</u>               |

#### a. Fair Value Hierarchy

Asset and liability valuations have been classified into three levels, according to the quality and reliability of information used to determine fair values. Transfers between levels are recognised in the year in which they occur.

##### Level 1

Assets and liabilities at level 1 are those where the fair values are derived from unadjusted quoted prices in active markets for identical assets or liabilities. Products classified as level 1 comprise quoted equities, quoted fixed securities, quoted index linked securities and unit trusts.

##### Level 2

Assets and liabilities at level 2 are those where quoted market prices are not available; for example, where an instrument is traded in a market that is not considered to be active, or where valuation techniques are used to determine fair value.

##### Level 3

Assets and liabilities at level 3 are those where at least one input that could have a significant effect on the instrument's valuation is not based on observable market data.

The following table provides an analysis of the financial assets and liabilities of the Pension Fund grouped into levels 1 to 3, based on the level at which the fair value is observable.

|                                                             | Quoted<br>market<br>price<br>Level 1<br>£000 | Using<br>observable<br>inputs<br>Level 2<br>£000 | With significant<br>unobservable<br>inputs<br>Level 3<br>£000 | Total<br>£000    |
|-------------------------------------------------------------|----------------------------------------------|--------------------------------------------------|---------------------------------------------------------------|------------------|
| Values at 31 March 2023                                     |                                              |                                                  |                                                               |                  |
| Financial assets at fair value through profit and loss      | 37,932                                       | 3,776,195                                        | 393,714                                                       | 4,207,841        |
| Non-financial assets at fair value through profit and loss  | 0                                            | 0                                                | 0                                                             | 0                |
| Financial liabilities at fair value through profit and loss | 0                                            | 0                                                | 0                                                             | 0                |
| Net investment assets                                       | <u>37,932</u>                                | <u>3,776,195</u>                                 | <u>393,714</u>                                                | <u>4,207,841</u> |

|                                                             | Quoted market price Level 1 £000 | Using observable inputs Level 2 £000 | With significant unobservable inputs Level 3 £000 | Total £000       |
|-------------------------------------------------------------|----------------------------------|--------------------------------------|---------------------------------------------------|------------------|
| Values at 31 March 2022                                     |                                  |                                      |                                                   |                  |
| Financial assets at fair value through profit and loss      | 36,989                           | 4,356,426                            | 246,972                                           | 4,640,387        |
| Non-financial assets at fair value through profit and loss  | 0                                | 0                                    | 0                                                 | 0                |
| Financial liabilities at fair value through profit and loss | (5,934)                          | 0                                    |                                                   | (5,934)          |
| Net investment assets                                       | <u>31,055</u>                    | <u>4,356,426</u>                     | <u>246,972</u>                                    | <u>4,634,453</u> |

### b. Reconciliation of Fair Value Measurements Within Level 3

|                      | Market Value at 1 April 2022 £000 | Transfers into Level 3 £000 | Transfers out of Level 3 £000 | Purchases During the Year £000 | Sales During the Year £000 | Unrealised Gains and Losses £000 | Realised Gains and Losses £000 | Market Value at 31 March 2023 £000 |
|----------------------|-----------------------------------|-----------------------------|-------------------------------|--------------------------------|----------------------------|----------------------------------|--------------------------------|------------------------------------|
| Private Debt         | 105,839                           | 0                           | 0                             | 80,063                         | (23,096)                   | 1,733                            | (978)                          | 163,560                            |
| Infrastructure       | 139,952                           | 0                           | 0                             | 102,214                        | (29,956)                   | 15,435                           | 1,327                          | 228,972                            |
| UK Unquoted Equities | 1,182                             |                             | 0                             | 0                              | 0                          | 0                                | 0                              | 1,182                              |
|                      | <u>246,973</u>                    | <u>0</u>                    | <u>0</u>                      | <u>182,277</u>                 | <u>(53,052)</u>            | <u>17,168</u>                    | <u>349</u>                     | <u>393,714</u>                     |

## 17. Financial Instruments

### (a) Classification of Financial Instruments

Accounting policies describe how different asset classes of financial instruments are measured, and how income and expenses, including fair value gains and losses, are recognised. The following table summarises the carrying amounts of financial assets and liabilities by category.

| 31st March 2022                                                   |                                     |                                                          | 31st March 2023                                                   |                                     |                                                          |
|-------------------------------------------------------------------|-------------------------------------|----------------------------------------------------------|-------------------------------------------------------------------|-------------------------------------|----------------------------------------------------------|
| Designated<br>as fair value<br>through profit<br>and loss<br>£000 | Loans<br>and<br>Receivables<br>£000 | Financial<br>Liabilities<br>amortised<br>at cost<br>£000 | Designated<br>as fair value<br>through profit<br>and loss<br>£000 | Loans<br>and<br>Receivables<br>£000 | Financial<br>Liabilities<br>amortised<br>at cost<br>£000 |
| <b>Assets</b>                                                     |                                     |                                                          |                                                                   |                                     |                                                          |
| 0                                                                 | 0                                   | 0                                                        | 0                                                                 | 0                                   | 0                                                        |
| 1,182                                                             | 0                                   | 0                                                        | 1,182                                                             | 0                                   | 0                                                        |
| 4,012,685                                                         | 0                                   | 0                                                        | 3,545,213                                                         | 0                                   | 0                                                        |
| 343,741                                                           | 0                                   | 0                                                        | 266,225                                                           | 0                                   | 0                                                        |
| 245,790                                                           | 0                                   | 0                                                        | 392,532                                                           | 0                                   | 0                                                        |
| 0                                                                 | 0                                   | 0                                                        | 0                                                                 | 0                                   | 0                                                        |
| 0                                                                 | 23,243                              | 0                                                        | 0                                                                 | 3,678                               | 0                                                        |
| 736                                                               | 0                                   | 0                                                        | 787                                                               | 0                                   | 0                                                        |
| 0                                                                 | 13,010                              | 0                                                        | 0                                                                 | 1,588                               | 0                                                        |
| <u>4,604,134</u>                                                  | <u>36,253</u>                       | <u>0</u>                                                 | <u>4,205,939</u>                                                  | <u>5,266</u>                        | <u>0</u>                                                 |
| <b>Liabilities</b>                                                |                                     |                                                          |                                                                   |                                     |                                                          |
| 0                                                                 | 0                                   | 0                                                        | 0                                                                 | 0                                   | 0                                                        |
| 0                                                                 | 0                                   | (5,934)                                                  | 0                                                                 | 0                                   | (2,189)                                                  |
| 0                                                                 | 0                                   | (5,934)                                                  | 0                                                                 | 0                                   | (2,189)                                                  |
| <u>4,604,134</u>                                                  | <u>36,253</u>                       | <u>(5,934)</u>                                           | <u>4,205,939</u>                                                  | <u>5,266</u>                        | <u>(2,189)</u>                                           |

**(b) Net Gains and Losses on Financial Instruments**

|                                  | 2022/23<br>£000  | 2021/22<br>£000 |
|----------------------------------|------------------|-----------------|
| Fair Value Through Profit & Loss | (401,746)        | 137,804         |
| Loans and Receivables            | 0                | 0               |
|                                  | <u>(401,746)</u> | <u>137,804</u>  |

**18. Nature and Extent of Risks Arising from Financial Instruments**

**Risk and Risk Management**

The Fund's primary long term risk is that the Fund's assets will fall short of its liabilities (i.e. promised benefits payable to members). Therefore, the aim of investment risk management is to minimise the risk of an overall reduction in the value of the Fund and to maximise the opportunity for gains across the whole Fund portfolio. The Fund achieves this through asset diversification to reduce exposure to market risk (price risk, currency risk and interest rate risk) and credit risk to an acceptable level. In addition, the Fund manages its liquidity risk to ensure there is sufficient liquidity to meet the Fund's forecast cash flows. NYCC manages these investment risks as part of its overall approach to Pension Fund risk.

Responsibility for the Fund's risk management strategy rests with the Pension Fund Committee. A Risk Register has been established to identify and analyse the risks faced by NYCC's pensions operations. This document is reviewed regularly to reflect changes in activity and in market conditions.



## **(a) Market Risk**

Market risk is the risk of loss from fluctuations in equity prices, interest and foreign exchange rates and credit spreads. The Fund is exposed to market risk from its investment activities, particularly through its equity holdings. The level of risk exposure depends on market conditions, expectations of future price and yield movements and the asset mix.

The objective of the Fund's Risk Register includes identifying, managing and controlling market risk exposure within acceptable parameters, whilst optimising the risk-adjusted return.

In general, excessive volatility in market risk is managed through the diversification of the portfolio in terms of geographical and industry sectors and individual securities. To mitigate market risk, the Pension Fund Committee (PFC) and its investment advisers undertake appropriate monitoring of market conditions and benchmark analysis.

The Fund manages these risks in two ways:

- the exposure of the Fund to market risk is monitored through advice from the investment advisers to ensure that risk remains within tolerable levels
- specific risk exposure is limited by applying risk weighted maximum exposures to individual investments through Investment Management Agreements

### **Other Price Risk**

Other price risk represents the risk that the value of a financial instrument will fluctuate as a result of changes in market prices (other than those arising from interest rate risk or foreign exchange risk), whether those changes are caused by factors specific to the individual instrument or its issuer or factors affecting all such instruments in the market.

The Fund is exposed to share and derivative price risk. This arises from investments held by the Fund for which the future price is uncertain. All securities investments present a risk of loss of capital. The maximum risk resulting from financial instruments is determined by the fair value of the financial instruments.

The Fund's investment managers mitigate this price risk through diversification and the selection of securities and other financial instruments is monitored to ensure it is within limits specified in the Fund's investment strategy.

### **Other Price Risk – Sensitivity Analysis**

Following analysis of historical data and expected investment return movement during the financial year, in consultation with the Fund's investment consultants, the Fund has determined that the following movements in market price risk are reasonably possible for the 2023/24 reporting period.

| Asset Type                  | Potential Market        |
|-----------------------------|-------------------------|
|                             | Movements<br>(+/-)<br>% |
| Equities                    | 7.0                     |
| Property                    | 5.9                     |
| Infrastructure              | 7.6                     |
| Listed alternatives         | 6.9                     |
| Illiquid credit             | 7.9                     |
| Investment grade credit     | 5.2                     |
| Non-investment grade credit | 6.4                     |
| Absolute Return             | 6.0                     |
| Gilts                       | 2.9                     |
| Cash                        | 3.3                     |

The potential price changes disclosed above are broadly consistent with a one-standard deviation movement in the value of the assets. The sensitivities are consistent with the assumptions contained in the investment advisors' most recent review. This analysis assumes that all other variables, in particular foreign currency exchange rates and interest rates, remain the same.

Had the market price of the Fund investments increased/decreased in line with the above, the change in the net assets available to pay benefits in the market price would have been as follows (the prior year comparator is shown below).

| Asset Type                  | Value as at<br>31st March<br>2023<br>£000 | Potential<br>Market<br>Movement<br>£000 | Value on<br>Increase<br>£000 | Value on<br>Decrease<br>£000 |
|-----------------------------|-------------------------------------------|-----------------------------------------|------------------------------|------------------------------|
| Equities                    | 2,483,549                                 | 173,848                                 | 2,657,397                    | 2,309,701                    |
| Gilts                       | 496,490                                   | 14,398                                  | 510,888                      | 482,092                      |
| Investment grade credit     | 301,144                                   | 15,659                                  | 316,803                      | 285,485                      |
| Non-investment grade credit | 220,369                                   | 14,104                                  | 234,473                      | 206,265                      |
| Other Pooled Investments    | 8,418                                     | 505                                     | 8,923                        | 7,913                        |
| Property                    | 266,225                                   | 15,707                                  | 281,932                      | 250,518                      |
| Infrastructure              | 228,972                                   | 17,402                                  | 246,374                      | 211,570                      |
| Illiquid credit             | 163,561                                   | 12,921                                  | 176,482                      | 150,640                      |
| Total Assets                | <u>4,168,728</u>                          |                                         | <u>4,433,272</u>             | <u>3,904,184</u>             |

| Asset Type                         | Value as at<br>31st March<br>2022<br>£000 | Potential<br>Market<br>Movement<br>£000 | Value on<br>Increase<br>£000 | Value on<br>Decrease<br>£000 |
|------------------------------------|-------------------------------------------|-----------------------------------------|------------------------------|------------------------------|
| Cash and Cash Equivalents          | 1,501                                     | 30                                      | 1,531                        | 1,471                        |
| UK Unquoted<br>Equities            | 1,182                                     | 0                                       | 1,182                        | 1,182                        |
| Gilts                              | 2,384,606                                 | 163,624                                 | 2,548,230                    | 2,220,982                    |
| Investment grade credit            | 716,917                                   | 17,564                                  | 734,481                      | 699,353                      |
| Non-investment grade credit        | 333,727                                   | 3,004                                   | 336,731                      | 330,723                      |
| Other Pooled Investments           | 565,445                                   | 26,689                                  | 592,134                      | 538,756                      |
| Property                           | 11,990                                    | 528                                     | 12,518                       | 11,462                       |
| Infrastructure                     | 343,741                                   | 18,218                                  | 361,959                      | 325,523                      |
| Illiquid credit                    | 139,952                                   | 11,826                                  | 151,778                      | 128,126                      |
| Non-Investment Debtors / Creditors | 105,839                                   | 6,296                                   | 112,135                      | 99,543                       |
|                                    | <u>7,075</u>                              | <u>0</u>                                | <u>7,075</u>                 | <u>7,075</u>                 |
| Total Assets                       | <u>4,611,975</u>                          |                                         | <u>4,859,754</u>             | <u>4,364,196</u>             |

### Interest Rate Risk

The Fund invests in financial assets for the primary purpose of obtaining a return on investments. These investments are subject to interest rate risks, which represent the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Fund's interest rate risk is monitored by the Fund and its investment advisers through the risk management strategy, including monitoring the exposure to interest rates and assessment of actual interest rates against the strategic benchmark.

The Fund's direct exposure to interest rate movements as at 31 March 2023 and 31 March 2022 is set out in the tables below. These disclosures present interest rate risk based on the underlying financial assets at fair value.

|                           | 2022/23<br>£000  | 2021/22<br>£000  |
|---------------------------|------------------|------------------|
| Cash and Cash Equivalents | 1,902            | 1,501            |
| Pooled Investments        | <u>1,018,003</u> | <u>1,050,644</u> |
|                           | <u>1,019,905</u> | <u>1,052,145</u> |

The Fund recognises that interest rates can vary and can affect both income to the Fund and the value of the net assets available to pay benefits. For illustrative purposes if it were to change by +/- 1% the values in the table above would change by £157m for 2022/23 and £226m for 2021/22.

### Currency Risk

Currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Fund is exposed to currency risk on financial instruments that are denominated in any currency other than the functional currency of the Fund (GBP). The Fund holds both monetary and non-monetary assets denominated in currencies other than GBP.

The Fund's currency rate risk is monitored in accordance with the Fund's risk management strategy, including monitoring the range of exposure to currency fluctuations. After receiving advice it is considered that the likely volatility associated with foreign exchange movements to be +/-8.2%. A fluctuation of this size is considered reasonable based on an analysis of the implied volatility of the 1-year options contracts for the exchange rates in the financial market.

Assuming all other variables, in particular, interest rates remain constant, an 8.24% strengthening/weakening of the pound against the various currencies in which the Fund holds investments would increase/decrease the net assets available to pay benefits as follows:

| Asset Type            | Value as at<br>31st March<br>2023<br>£000 | Value<br>on 8.2%<br>Increase<br>£000 | Value<br>on 8.2%<br>Decrease<br>£000 |
|-----------------------|-------------------------------------------|--------------------------------------|--------------------------------------|
| Overseas Cash Fund    | 10,022                                    | 10,844                               | 9,200                                |
| Overseas Bonds        | 212,877                                   | 230,333                              | 195,421                              |
| Overseas Equity       | 2,067,679                                 | 2,237,229                            | 1,898,129                            |
| Overseas Pooled Funds | 300,026                                   | 324,628                              | 275,424                              |
|                       | <u>2,590,604</u>                          | <u>2,803,034</u>                     | <u>2,378,174</u>                     |

| Asset Type        | Value as at<br>31st March<br>2022<br>£000 | Value<br>on 8.2%<br>Increase<br>£000 | Value<br>on 8.2%<br>Decrease<br>£000 |
|-------------------|-------------------------------------------|--------------------------------------|--------------------------------------|
| Overseas Equities | <u>2,016,768</u>                          | <u>2,182,142</u>                     | <u>1,851,393</u>                     |

## (b) Credit Risk

Credit risk is the risk that the counterparty to a transaction or a financial instrument will fail to discharge an obligation and cause the Fund to incur a financial loss. The market values of investments generally reflect an assessment of credit in their pricing and consequently the risk of loss is implicitly provided for in the carrying value of the Fund's assets and liabilities.

In essence the Fund's entire investment portfolio is exposed to some form of credit risk, where the risk equates to the net market value of a positive derivative position. However the selection of high quality counterparties, brokers and financial institutions minimises credit risk that may occur through the failure to settle a transaction in a timely manner.

Contractual credit risk is represented by the net payment or receipt outstanding, and the cost of replacing the derivative position in the event of counterparty default. The residual risk is minimal due to the various insurance policies held by the exchanges to cover defaulting counterparties.

Credit risk on over the counter derivative contracts is minimised as counterparties are recognised financial intermediaries with acceptable credit ratings determined by recognised rating agencies.

Deposits are not made with banks and financial institutions unless they are rated independently and meet NYCC's credit criteria. NYCC has also set limits as to the maximum amount of deposits placed with any one financial institution. The banks and institutions chosen all have at least the minimum credit rating as described in NYCC's Treasury Management Strategy.

NYCC believes it has managed its exposure to credit risk and has had no experience of default or uncollectible deposits over the past five financial years. The Fund's cash holding under its treasury

management arrangements with NYCC at 31 March 2023 was £1.7m (31 March 2022, £21.7m) and was held with the following institutions:

|                                           | Credit Rating | 31 March<br>2023<br>£000 | 31 March<br>2022<br>£000 |
|-------------------------------------------|---------------|--------------------------|--------------------------|
| <b>Call Accounts</b>                      |               |                          |                          |
| Barclays Bank Plc (NRFB)                  | A+ / F1       | 255                      | 3,370                    |
| Handelsbanken                             | AA / F1+      | 163                      | 0                        |
| <b>Fixed Term Deposit Notice Accounts</b> |               |                          |                          |
| Santander UK                              | A+ / F1       | 203                      | 3,168                    |
| Bank of Scotland                          | A+ / F1       | 0                        | 0                        |
| National Westminster Bank PLC             | A+ / F1 PN    | 224                      | 3,695                    |
| DBS Bank Ltd                              | AA- / F1+     | 102                      | 1,584                    |
| Goldman Sachs                             | A / F1        | 183                      | 3,168                    |
| Standard Chartered                        | A+ / F1       | 183                      | 2,640                    |
| Helaba                                    | A+ / F1+      | 102                      | 1,056                    |
| Sumitomo Mitsui BCE                       | A- / F1       | 122                      |                          |
| Local Authorities                         | -             | 239                      | 3,061                    |
|                                           |               | <u>1,776</u>             | <u>21,742</u>            |

The Fund held liquid cash in a UK and an Overseas Short Term Investment Fund during 2022/23, the average investment balances for these funds were £25m and £4m respectively. The Fund received interest of £735k on these funds in 2022/23.

### (c) Liquidity Risk

Liquidity risk represents the risk that the Fund will not be able to meet its financial obligations as they fall due. The Fund therefore takes steps to ensure that it has adequate cash resources to meet its commitments.

The Fund has immediate access to its cash holdings, subject to the fixed periods determined when deposits are placed. These deposits are scheduled to ensure cash is available when required.

The Fund also has access to an overdraft facility for short term (up to three months) cash needs. This facility is only used to address changes in the strategic benchmark and is met by either surplus cash from contributions received exceeding pensions paid or if necessary, disinvesting.

The Fund defines liquid assets as assets that can be converted to cash within three months. Illiquid assets are those assets which will take longer than three months to convert to cash. As at 31 March 2023 the value of illiquid assets was £377m (31 March 2022, £247m).

All liabilities at 31 March 2023 are due within one year. The Fund does not have any financial instruments that have a refinancing risk as part of its treasury management and investment strategies.

## 19. Funding Arrangements

In line with the Local Government Pension Scheme Regulations 2013 the Fund's Actuary, Aon, undertakes a funding Valuation every three years for the purpose of setting employer contribution rates for the forthcoming triennial period. The last such Valuation took place as at 31 March 2022.

The key elements of NYPF's funding policy are:

- to ensure the long term solvency of the Fund, i.e. that sufficient funds are available to meet all pension liabilities as they fall due for payment
- to ensure that employer contribution rates are as stable as possible
- to minimise the long term cost of the scheme by recognising the link between assets and liabilities and adopting an investment strategy that balances risk and return
- to reflect the different characteristics of employing bodies in determining contribution rates where the Administering Authority considers it reasonable to do so
- to use reasonable measures to reduce the risk to other employers and ultimately to the council tax payer from an employer defaulting on its pension obligations

At the 2022 Valuation the aim was to achieve 100% solvency over a period of 18 years from April 2023 and to provide stability in employer contribution rates by spreading any increases in rates over a period of time. Solvency is achieved when the funds held, plus future expected investment returns and future contributions are sufficient to meet expected future pension benefits payable.

At the 2022 Triennial Valuation the Fund was assessed as 116% funded (114% at the 2019 Valuation). This reflected a surplus of £640m (surplus of £450m at the 2019 Valuation).

The common rate of employers' contributions is the average rate required from all employers calculated as being sufficient, together with contributions paid by employees, to meet all liabilities arising in respect of service after the Valuation date. For 2022/23 the common rate (determined at the 2019 Valuation) is 17.7% of pensionable pay.

Individual employers' rates will vary from the common contribution rate depending on the demographic and actuarial factors particular to each employer. Full details of the contribution rates payable can be found in the 2022 Triennial Valuation Report and the Funding Strategy Statement on the Fund's website.

The valuation of the Fund has been undertaken using the projected unit method under which the salary increase for each member is assumed to increase until they leave active service by death, retirement or withdrawal from service. The principal assumptions were:

|                    | For Future Service Liabilities |           |
|--------------------|--------------------------------|-----------|
| Investment Return  | 4.20%                          | per annum |
| Inflation          | 2.30%                          | per annum |
| Salary Increases   | 3.55%                          | per annum |
| Pensions Increases | 2.30%                          | per annum |

Future life expectancy (from age 65) based on the Actuary's Fund specific mortality review was:

|                                            | Male | Female |
|--------------------------------------------|------|--------|
| Future Pensioners (assumed current age 45) | 23.4 | 26.0   |
| Current Pensioners                         | 22.5 | 24.9   |

### Commutation Assumption

It is assumed that future retirees will take 75% of the maximum additional tax-free lump sum up to HMRC limits for pre-April 2008 service and for post-April 2008 service.

### 50:50 Option

It is assumed that no active members (evenly distributed across the age, service and salary range) will take up the 50:50 option in the LGPS 2014 scheme.

## 20. Actuarial Present Value of Promised Retirement Benefits

In addition to the Triennial Funding Valuation, the Actuary also undertakes a valuation of pension fund liabilities on an IAS19 basis every year using the same base data as the Valuation, rolled forward to the current financial year, taking account of changes in membership numbers and using updated assumptions. A statement prepared by the Actuary is attached as an **Appendix**.

## 21. Current Assets

|                                                      | 31st March<br>2023<br>£000 | 31st March<br>2022<br>£000 |
|------------------------------------------------------|----------------------------|----------------------------|
| <b>Debtors</b>                                       |                            |                            |
| <b>Investment Debtors</b>                            |                            |                            |
| Accrued Dividends                                    | 0                          | 0                          |
| Withholding Taxes Recoverable                        | 787                        | 736                        |
|                                                      | <u>787</u>                 | <u>736</u>                 |
| <b>Other Debtors</b>                                 |                            |                            |
| Contributions due from Scheduled (Government) Bodies | 11,708                     | 11,863                     |
| Contributions due from Admitted Bodies               | 0                          | 0                          |
| Pensions Rechargeable                                | 1,031                      | 759                        |
| Other                                                | 557                        | 388                        |
|                                                      | <u>13,296</u>              | <u>13,010</u>              |
| <b>Cash</b>                                          | 1,776                      | 21,742                     |
|                                                      | <u>15,859</u>              | <u>35,488</u>              |

## (a) Long Term Debtors

|                                          | 31st March<br>2023<br>£000 | 31st March<br>2022<br>£000 |
|------------------------------------------|----------------------------|----------------------------|
| <b>Long Term Debtors</b>                 |                            |                            |
| Reimbursement of Lifetime Tax Allowances | <u>0</u>                   | <u>0</u>                   |

## 22. Current Liabilities

|                        | 31st March<br>2023<br>£000 | 31st March<br>2022<br>£000 |
|------------------------|----------------------------|----------------------------|
| <b>Creditors</b>       |                            |                            |
| Sundry Other Creditors | <u>2,189</u>               | <u>5,934</u>               |
|                        | <u>2,189</u>               | <u>5,934</u>               |

## 23. Additional Voluntary Contributions (AVCs)

The AVC provider for the North Yorkshire Pension Fund is Prudential. The market value of the AVCs as at 31 March 2022 was £16.8m, as at 31<sup>st</sup> March 2023 was £15.9m. Contributions paid directly to Prudential during the year 2022/23 was £2.6m.



## **24. Agency Services**

The North Yorkshire Pension Fund does not operate Agency Services contracts.

## **25. Related Party Transactions**

### **North Yorkshire County Council**

The North Yorkshire Pension Fund is administered by North Yorkshire County Council. Consequently, there is a strong relationship between the Council and the Fund.

The Council incurred costs of £1.9m (£1.8m in 2021/22) in relation to the administration of the Fund and was subsequently reimbursed by the Fund for these expenses. The Council is also the single largest employer of members of the Fund and contributed £65.2m to the Fund in 2022/23 (£58.0m in 2021/22).

The Fund's cash holdings for cashflow purposes are invested with banks and other institutions by the treasury management operations of NYCC, through a service level agreement. During the year to 31 March 2023 the Fund had an average investment balance of £11.2m (£16.7m during 2021/22) and received interest of £181.7k (£31k received in 2021/22) on these funds.

### **Governance**

As at 31 March 2023 there were no Pension Fund Committee Members who were also active members of the Fund. The Corporate Director – Strategic Resources, who was also the Treasurer of the Fund was an active member. Benefits for the Treasurer were accrued on exactly the same basis as for all other members of the Fund.

### **Key Management Personnel**

The Code exempts local authorities from the key management personnel disclosure requirements of IAS 24. This exemption applies in equal measure to the accounts of the Fund. The disclosures required by The Accounts and Audit (England) Regulations can be found in the main accounts of NYCC.

## **26. Contingent Liabilities and Contractual Commitments**

Outstanding capital commitments (investments) at 31 March 2023 were £508.6m (31 March 2022 £380.1m). These commitments relate to outstanding call payments due on unquoted limited partnership funds held in the private debt and infrastructure parts of the portfolio.

## **27. Contingent Assets**

Four admitted body employers hold insurance bonds to guard against the possibility of being unable to meet their pension obligations. These bonds are drawn in favour of the Fund and payment will only be triggered in the event of an employer default.

## **28. Impairment Losses**

The Fund had no material impairment losses at the year-end (£nil in 2021/22).



Statement of the Actuary

North Yorkshire Pension Fund

**Introduction**

This statement has been prepared in accordance with Regulation 57(1)(d) of the Local Government Pension Scheme Regulations 2013 (the 'LGPS Regulations').

The LGPS Regulations require that a full actuarial valuation is carried out every third year. The purpose of this is to establish that the North Yorkshire Pension Fund (the 'Fund') is able to meet its liabilities to past and present contributors and to review employer contribution rates. The last full actuarial investigation into the financial position of the Fund was completed as at 31 March 2022 by Aon, in accordance with Regulation 62 of the LGPS Regulations.

**Actuarial Position**

1. The valuation as at 31 March 2022 showed that the funding level of the Fund had increased since the previous valuation with the market value of the Fund's assets as at 31 March 2022 (of £4,634.5M) covering 116% of the liabilities.
2. The valuation also assessed each individual employer's (or group of employers') position separately. Contribution requirements were determined based on the principles in the Fund's Funding Strategy Statement and are set out in Aon's report dated 29 March 2023 (the "actuarial valuation report"). In addition to the contributions certified, payments to cover additional liabilities arising from early retirements (other than ill-health retirements) will be made to the Fund by the employers.

Total contributions payable by all employers over the three years to 31 March 2026 are estimated to be:

| Year from 1 April | % of pensionable pay | Plus total contribution amount (£M) |
|-------------------|----------------------|-------------------------------------|
| 2023              | 17.3                 | 1.495                               |
| 2024              | 17.0                 | 1.685                               |
| 2025              | 16.7                 | 1.888                               |

3. The funding plan adopted in assessing the contributions for each employer is in accordance with the Funding Strategy Statement. Different approaches were adopted in relation to the calculation of the primary contribution rate, stepping of contribution changes and individual employers' recovery periods as agreed with the Administering Authority and reflected in the Funding Strategy Statement, reflecting the employers' circumstances.
4. The valuation was carried out using the projected unit actuarial method for most employers, allowing for future increases in pensionable pay. The main financial actuarial assumptions used for assessing the funding target and the contribution rates were as follows.

Discount rate for periods in service

|                                                        |            |
|--------------------------------------------------------|------------|
| Scheduled and subsumption body funding target *        | 4.20% p.a. |
| Intermediate (strong covenant approach) funding target | 3.85% p.a. |
| Intermediate (standard approach) funding target        | 3.60% p.a. |
| Ongoing orphan funding target                          | 3.60% p.a. |

Discount rate for periods after leaving service

|                                                        |            |
|--------------------------------------------------------|------------|
| Scheduled and subsumption body funding target *        | 4.20% p.a. |
| Intermediate (strong covenant approach) funding target | 3.85% p.a. |
| Intermediate (standard approach) funding target        | 3.60% p.a. |
| Ongoing orphan funding target                          | 0.80% p.a. |

|                                                                                          |            |
|------------------------------------------------------------------------------------------|------------|
| Rate of pay increases                                                                    | 3.55% p.a. |
| Rate of increase to pension accounts **                                                  | 2.30% p.a. |
| Rate of increases in pensions in payment **<br>(in excess of Guaranteed Minimum Pension) | 2.30% p.a. |

\* The secure scheduled body discount rate was also used for employers whose liabilities will be subsumed after exit by a scheduled body.

\*\* In addition, a 10% uplift has been applied to the past service liabilities on the scheduled body and subsumption funding targets to make allowance for short-term inflation above the long-term assumption.

In addition, the discount rate and rate of increases to pensions for already orphaned liabilities (i.e. where there is no scheme employer responsible for funding those liabilities and the employer has exited the Fund) were assumed to be 1.7% p.a. and 3.4% p.a. respectively.

The assets were valued at market value.

5. The key demographic assumption was the allowance made for longevity. The post retirement mortality assumption adopted for the actuarial valuation was in line with standard self-administered pension scheme (SAPS) S3 mortality tables with appropriate scaling factors applied based on an analysis of the Fund's pensioner mortality experience and a Fund membership postcode analysis using Aon's Demographic Horizons™ longevity model, and included an allowance for future improvements based on the 2021 Continuous Mortality Investigation Projections Model, with a long term annual rate of improvement in mortality rates of 1.5% p.a. The resulting average future life expectancies at age 65 (for normal health retirements) were:

|                                                      | Men  | Women |
|------------------------------------------------------|------|-------|
| Current pensioners aged 65 at the valuation date     | 22.5 | 24.9  |
| Current active members aged 45 at the valuation date | 23.4 | 26.0  |

Further details of the assumptions adopted for the valuation, including the other demographic assumptions, are set out in the actuarial valuation report.

6. The valuation results summarised in paragraph 1 above are based on the financial position and market levels at the valuation date, 31 March 2022. As such the results do not make allowance for changes which have occurred subsequent to the valuation date. The Actuary, in conjunction with the Administering Authority, monitors the funding position on a regular basis.
7. The formal actuarial valuation report and the Rates and Adjustments Certificate setting out the employer contribution rates for the period from 1 April 2023 to 31 March 2026 were signed on 29 March 2023. Other than as agreed or otherwise permitted or required by the Regulations, employer contribution rates will be reviewed at the next actuarial valuation of the Fund as at 31 March 2025 in accordance with Regulation 62 of the Local Government Pension Scheme Regulations 2013.
8. This Statement has been prepared by the Actuary to the Fund, Aon, for inclusion in the accounts of the Fund. It provides a summary of the results of their actuarial valuation which was carried out as at 31 March 2022. The valuation provides a snapshot of the funding position at the valuation date and is used to assess the future level of contributions required.

This Statement must not be considered without reference to the formal actuarial valuation report which details fully the context and limitations of the actuarial valuation.

Aon does not accept any responsibility or liability to any party other than our client, North Yorkshire Council, the Administering Authority of the Fund, in respect of this Statement.

9. The report on the actuarial valuation as at 31 March 2022 is available on the Fund's website at the following address:

[https://www.nypf.org.uk/Documents/Actuarial%20valuation%20report%202022\\_29.3.2023.pdf](https://www.nypf.org.uk/Documents/Actuarial%20valuation%20report%202022_29.3.2023.pdf)

Aon Solutions UK Limited

May 2023



# IAS 26 Results

## Whole of Pension Fund Accounting 2023

Prepared for: North Yorkshire Council, as Administering Authority to the North Yorkshire Pension Fund  
 Prepared by: Scott Campbell FIA  
 Date: 19 May 2023

### Glossary

|                              |                                                                                                                                                                                      |
|------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Accounting Date              | 31 March 2023                                                                                                                                                                        |
| Fund                         | North Yorkshire Pension Fund                                                                                                                                                         |
| Fund Administering Authority | North Yorkshire Council                                                                                                                                                              |
| 2022 Valuation               | Actuarial Valuation of the North Yorkshire Pension Fund as at 31 March 2022 as reported in the document titled 'Report on the 31 March 2022 actuarial valuation' dated 29 March 2023 |

# Introduction

## Why bring you this report?

This report is commissioned by and addressed to North Yorkshire Council (the Addressee).

This report sets out pension cost information required by the Fund Administering Authority in order to meet their disclosure requirements in relation to their pension obligations as specified by the accounting standard, IAS 26.

We have carried out this work in relation to benefits payable from the Fund.

## Related documents

The advice provided in this report is supported by advice contained in the following documents:

- IAS 26 Terms of Reference - Whole of Pension Fund accounting 2023 ('Terms of Reference').
- IAS 26 Assumptions Advice - Whole of Pension Fund accounting 2023 ('Assumptions Advice').

In addition, the following documents should be referred to:

- 2022 Valuation report

## Background

CIPFA's Code of Practice indicates that the Fund accounts for the year ending 31 March 2023 should disclose the "actuarial present value of the promised retirement benefits" as set out in IAS 26 and that the actuarial present value should be calculated on assumptions set in accordance with IAS 19 rather than on the funding assumptions.

CIPFA put forward three options for disclosing the actuarial present value of promised retirement benefits. Further detail on these can be found in our Terms of Reference.

The Fund Administering Authority has chosen option C which was confirmed to us in an e-mail dated 17 April 2023. Option C requires the actuarial valuation of the liabilities on an IAS 19 basis to be prepared at formal triennial valuations only, the most recent being as at 31 March 2022. Under option C this, together with other related information, should be disclosed in an actuarial report which will accompany the notes to the accounts.

The calculations contained in this document have been carried out on a basis consistent with our understanding of IAS 19.

I confirm that I am an independent qualified actuary.

## Contents

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## Methodology

The approach to our calculations was set out in the Terms of Reference and Appendix A of this report.

# IAS 26 disclosures

IAS 26 requires the 'actuarial present value of the promised retirement benefits' to be disclosed, which is the IAS 26 terminology for what IAS 19 refers to as the 'defined benefit obligation'.

The information set out below relates to the actuarial present value of the promised retirement benefits in the Fund which is part of the Local Government Pension Scheme.

The LGPS is a funded defined benefit plan with benefits earned up to 31 March 2014 being linked to final salary. Benefits after 31 March 2014 are based on a Career Average Revalued Earnings scheme. Details of the benefits covered by these figures are set out in 'The Local Government Pension Scheme Regulations 2013' (as amended) and 'The Local Government Pension Scheme (Transitional Provisions, Savings and Amendment) Regulations 2014' (as amended).

## Actuarial present value of promised retirement benefits

CIPFA's Code of Practice on local authority accounting for 2022/23 sets out that the actuarial present value of promised retirement benefits based on projected salaries should be disclosed.

The results as at 31 March 2022, together with the results as at 31 March 2019 are shown in the table below. The corresponding fair value of Fund assets is also shown in order to show the level of surplus or deficit within the Fund when the liabilities are valued using IAS 19 assumptions.

We do not believe the Fund Administering Authority needs to show the 2019 figures under IAS 26 if it does not wish to do so. The Code of Practice is not clear if the fair value of assets and the surplus / deficit at 31 March 2022 also needs to be disclosed but you may want to include these figures for clarity.

|                                                                 | Value as at<br>31 March 2022<br>(£M) | Value as at<br>31 March 2019<br>(£M) |
|-----------------------------------------------------------------|--------------------------------------|--------------------------------------|
| Fair value of net assets                                        | 4,634.5                              | 3,575.2                              |
| Actuarial present value of the defined benefit obligation       | 5,533.1                              | 4,418.3                              |
| Surplus / (deficit) in the Fund as measured for IAS 26 purposes | (898.6)                              | (843.1)                              |

## Assumptions

The latest full triennial actuarial valuation of the Fund's liabilities was carried out as at 31 March 2022. The principal assumptions used for the purpose of IAS 26 by the Fund's independent qualified actuaries were:

|                                  | 31 March 2022 | 31 March 2019 |
|----------------------------------|---------------|---------------|
| Discount rate                    | 2.70%         | 2.40%         |
| CPI inflation <sup>(1) (2)</sup> | 3.00%         | 2.20%         |
| Salary increases <sup>(3)</sup>  | 4.25%         | 3.45%         |

### Notes

- (1) Pension increases on pension in excess of Guaranteed Minimum Pension in payment where appropriate.
- (2) The assumption for the revaluation rate of pension accounts is set equal to the assumption for pension increases. In the 2022 assumption we have also made allowance for higher actual CPI for the period 30 September 2021 to 31 March 2022, where 30 September 2021 is the date of the reference CPI index that the Scheme's benefits had been increased by in April 2022.
- (3) A promotional salary scale is assumed to apply in addition to this, at the rates assumed in the relevant valuation of the Fund.

## Demographic assumptions

The mortality assumptions are based on actual mortality experience of members within the Fund based on an analysis carried out as part of the 2022 Actuarial Valuation and allow for expected future mortality improvements. Sample life expectancies at age 65 in normal health resulting from these mortality assumptions are shown below:

|                                                                   | 31 March 2022 | 31 March 2019 |
|-------------------------------------------------------------------|---------------|---------------|
| <b>Males</b>                                                      |               |               |
| Future lifetime from age 65 (pensioners aged 65 at 31 March 2022) | 22.5          | 22.0          |
| Future lifetime from age 65 (actives aged 45 at 31 March 2022)    | 23.4          | 23.7          |
| <b>Females</b>                                                    |               |               |
| Future lifetime from age 65 (pensioners aged 65 at 31 March 2022) | 24.9          | 24.0          |
| Future lifetime from age 65 (actives aged 45 at 31 March 2022)    | 26.0          | 25.9          |

Different mortality assumptions have been used for other categories of member as set out in the actuary's report on the 2022 valuation. Assumptions for the rates of withdrawal and ill health retirements (for active members), the allowance made for cash commutation on retirement, and the proportion of members whose death gives rise to a dependant's pension are the same as those adopted in the 2022 valuation of the Fund, which are detailed in the actuary's valuation report.



## Key risks associated with reporting under IAS 26 and sensitivity

### Volatility of results

Results under IAS 26 can change dramatically depending on market conditions. The defined benefit obligation is linked to yields on AA-rated corporate bonds, while a significant proportion of the assets of the Fund are invested in equities and other growth assets. Changing markets in conjunction with discount rate volatility will lead to volatility in the funded status of the pension fund. For example:

- A decrease in corporate bond yields will increase the value placed on the liabilities for accounting purposes, although this will be marginally offset by the increase in the assets as a result (to the extent the Fund invests in corporate bonds).
- The majority of the pension liabilities are linked to either pay or price inflation. Higher inflation expectations will lead to a higher liability value. The assets are not perfectly correlated with inflation meaning that an increase in inflation will increase the deficit.
- The majority of the Fund's obligations are to provide benefits for the life of the member following retirement, so increases in life expectancy will result in an increase in the liabilities.

### Post balance sheet date experience

Since 31 March 2022 the Fund's assets have generally delivered lower than expected returns and inflation has been higher than expected. However, corporate bond yields have increased significantly which will have led to a reduction in the value of the defined benefit obligation (liabilities) on an accounting basis. We would expect the Funds' IAS 26 balance sheet position to have improved significantly over the year, with a lower IAS 26 deficit, at 31 March 2023 if the Fund had chosen to update the position annually.

If at any time during the year you want us to provide you with an update of the IAS 26 position, please let us know.

### Choice of accounting assumptions

The calculation of the actuarial present value of the promised retirement benefits involves projecting future cash-flows from the Fund many years into the future. This means that the assumptions used can have a material impact on the surplus / deficit. As such, the Fund Administering Authority should ensure that it understands the reasoning behind the assumptions adopted and is comfortable that they are appropriate.

Furthermore, the Fund Administering Authority should bear in mind that, as required by the accounting standard, the assumptions (with the exception of the discount rate) have been set so that they represent a best estimate of future experience from the Fund. In practice future experience within the Fund may not be in line with the assumptions adopted. This means that the liabilities shown in this report only represent one view of the future and the true position could be different from those shown. For example, members could live longer than foreseen or inflation could be higher or lower than allowed for in the calculations.

### Sensitivity of results to key assumptions

In order to understand the magnitude of the possible volatility in the balance sheet position and to understand which assumptions are most important in determining the

size of the liabilities, it is helpful to understand how sensitive the results are to the key assumptions.

IAS 19 requires entities to disclose information about the sensitivity of the defined benefit obligation to changes in key assumptions although it is not clear that IAS 26 or the CIPFA Code of Practice requires this information. Nevertheless, we have set out below how the results would alter by changing the discount rate, the pay increase assumption and pension increase assumption by plus or minus 0.1% and if life expectancy was to reduce or increase by 1 year. In each case, only the assumption mentioned is altered; all other assumptions remain the same.

#### Discount rate assumption

| Adjustment to discount rate assumption                      | +0.1%<br>£M | -0.1%<br>£M |
|-------------------------------------------------------------|-------------|-------------|
| £ change to present value of the defined benefit obligation | (114.5)     | 116.9       |
| % change in present value of defined benefit obligation     | -2.1%       | 2.1%        |

#### Rate of general increase in salaries

| Adjustment to salary increase rate assumption               | +0.1%<br>£M | -0.1%<br>£M |
|-------------------------------------------------------------|-------------|-------------|
| £ change to present value of the defined benefit obligation | 4.2         | (4.1)       |
| % change in present value of defined benefit obligation     | 0.1%        | -0.1%       |

#### Rate of increase to pensions and rate of revaluation of pensions accounts

| Adjustment to pension increase rate assumption              | +0.1%<br>£M | -0.1%<br>£M |
|-------------------------------------------------------------|-------------|-------------|
| £ change to present value of the defined benefit obligation | 112.7       | (110.3)     |
| % change in present value of defined benefit obligation     | 2.0%        | -2.0%       |

#### Post retirement mortality assumption

| Adjustment to members' life expectancy                      | - 1 year<br>£M | + 1 year<br>£M |
|-------------------------------------------------------------|----------------|----------------|
| £ change to present value of the defined benefit obligation | (233.6)        | 235.1          |
| % change in present value of defined benefit obligation     | -4.2%          | 4.2%           |

## Membership data

A summary of the membership data used in these calculations is set out in the 2022 Valuation report.



# Appendix A: Explanation of actuarial methods used

## Benefits

Our calculations relate to benefits payable from the Fund (as set out in LGPS Regulations at the relevant times – further details can be found in the 2022 valuation report). These benefits include retirement pensions and benefits on members' death and leaving service.

Unfunded defined benefit obligations e.g. discretionary pensions benefits being paid under the Local Government (Early Termination of Employment) (Discretionary Compensation) Regulations (generally referred to as Compensatory Added Years), have not been valued as they do not form part of the Fund. However, they may be required in the IAS 19 figures prepared for individual employers within the Fund.

## Data

The valuation of accrued pension benefits for IAS 26 purposes requires detailed information in respect of each member such as date of birth, gender, date of joining the fund, their accrued pension and so forth.

This information was supplied by the Fund Administering Authority for the 2022 formal actuarial valuation of the Fund in the form of a standardised data extract from the Fund Administering Authority's administration systems.

The formal valuation process (which is a precursor to the valuation for IAS 26 purposes) involves a series of structured validation tests on the data items for integrity and reasonableness. These tests, together with any actions taken in respect of specific data issues, are documented as part of the normal valuation process.

Where tests reveal issues with the data, the Fund Administering Authority is contacted with a view to resolving all data queries. Only when the data queries have been resolved to the satisfaction of the Fund Actuary, will the valuation proceed.

We can confirm that no data issues were identified at the 2022 valuation that we believe would have a material effect on the calculations presented in this report. Overall, it is our opinion that the data presented at the valuation is sufficiently accurate, relevant and complete for the Fund Administering Authority to rely on the resulting IAS 19 (IAS 26) figures.

## Assumptions

IAS 19 sets out the following general requirements for the setting of assumptions:

Actuarial assumptions shall be unbiased and mutually compatible; and

Financial assumptions shall be based on market expectations, at the balance sheet date, for the period over which the obligations are to be settled.

Furthermore IAS 19 requires that the assumed discount rate is determined by reference to market yields at the balance sheet date on high quality corporate bonds

and in countries where there is no deep market in such bonds, the market yield (at the balance sheet date) on government bonds shall be used.

The assumptions are ultimately the responsibility of the Fund Administering Authority. Any assumptions that are affected by economic conditions (financial assumptions) should reflect market expectations at the balance sheet date.

The key financial assumptions are set out in "Information required for IAS 26" and the derivation of the assumptions is set out in our assumptions letter referred to in the Related Documents section.

## Method of calculation

The figures at 31 March 2022 have been based on a full calculation of the liabilities using the data summarised in this report and the assumptions set out in the Assumptions Advice. Further information on the method was set out in the Terms of Reference.

## Assets

IAS 19 requires that assets be valued at Fair Value which is defined as the amount for which an asset could be exchanged or a liability settled between knowledgeable, willing parties in an arm's length transaction. For the purposes of this exercise we have taken the asset values directly from the Fund's draft annual accounts as at 31 March 2022.

The assets do not include defined contribution Additional Voluntary Contributions.

## Treatment of risk benefits

To value the risk benefits paid on death in service and ill health early retirement we have valued service related benefits based on service completed to the date of calculation only.

## Expenses

Fund administration expenses are not reserved for in the net present value of actuarial liabilities, consistent with the treatment adopted for individual employers who require IAS 19 disclosures.

## IFRIC 14

IFRIC 14 is an interpretation of paragraph 58 of the IAS 19 accounting standard setting out limits to the amount of surplus that can be recognised by employing organisations in their accounts. We do not believe it has any relevance to IAS 26.

# Appendix B: Compliance and disclaimer

This document has been prepared in accordance with the framework below.

## Compliance with Professional Standards

This document, and the work relating to it, complies with 'Technical Actuarial Standard 100: Principles for Technical Actuarial Work' ('TAS 100').

## Disclaimer

The calculations contained in this report have been made on a basis consistent with our understanding of IAS 19 and IAS 26. Figures required for other purposes should be calculated in accordance with the specific requirements of those purposes. It must not be assumed that figures produced for the purposes of IAS 26, which we present in this report, have any relevance beyond the scope of IAS 26.

This report is prepared on the instructions of the Fund Administering Authority ("you" or "your") in relation to the preparation of accounting figures for your financial reporting as at the Accounting Date. It has been prepared at this date, for the purpose and on the basis set out in this report.

This report should not be used or relied upon by any person other than the Addressee for any other purpose including, without limitation, other professional advisers, including the auditors and accountants ("third parties" or "third party") to the Addressee. All third parties are hereby notified that this report shall not be used as a substitute for any enquiries, procedures or advice which ought to be undertaken or sought by them. We do not accept any responsibility for any consequences arising from any third party seeking to rely on this report.

We neither warrant nor represent (either expressly or by implication) to any third party who receives this report that the information contained within is fair, accurate or complete, whether at the date of its preparation or at any other time.

Unless we provide express prior written consent, no part of this report should be reproduced, distributed or communicated to any other person other than to meet any statutory requirements and, in providing this report, we do not accept or assume any responsibility for any other purpose or to anyone other than the Fund Administering Authority.

We recognise that the Fund Administering Authority's auditors may request to see a copy of our report, as part of their audit process and under statutory requirements. We agree that you may release our report to your auditors for such purpose however in making such disclosure you shall ensure that this disclaimer remains attached to this report, and you further agree that you shall ensure that your auditors have read this disclaimer. For the avoidance of doubt, if we are approached directly by any third party for copies of this report or requested to answer queries about the report, we will require such third party to accept a third party release non reliance letter agreeing that we did not prepare the report for the third party and we do not accept any legal obligations to them. Please rest assured that this approach does not affect our contractual obligations to you as our client, with whom we continue to hold a duty of care in accordance with our terms of engagement.

This report was based on data available to us at the effective date of our calculations and takes no account of developments after that date except where explicitly stated otherwise.

With respect to data on which we have relied in producing this report, whilst we have taken certain limited steps to satisfy ourselves that the data provided to us is of a quality sufficient for the purposes of our investigation, including carrying out certain basic tests for the purpose of detecting manifest inconsistencies, it is not possible for us to confirm the accuracy or completeness of the detailed information provided. Whilst the Fund Administering Authority may have relied on others for the maintenance of accurate data, it is their responsibility to ensure the adequacy of these arrangements and ultimately the Fund Administering Authority that bears the primary responsibility for the accuracy of such information provided.

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# Draft Annual Governance Statement 2022/23

## Contents

### Section

1. Introduction and Scope of Responsibility
2. Executive Summary
3. The Purpose of the Governance Framework
4. The Governance Framework
5. Activities of the Audit Committee
6. Review of Effectiveness
7. Significant Governance Issues
8. Conclusion
9. Signatures

**May 2023**

## 1.0 INTRODUCTION AND SCOPE OF RESPONSIBILITY

1.1 Good governance can mean different things to people – in the public sector it means:

"Achieving the intended outcomes while acting in the public interest at all times"

Corporate governance generally refers to the processes by which an organisation is directed, controlled, led and held to account.

1.2 North Yorkshire Council and the 7 District Councils came together and became a unitary authority in April 2023 and is now known as North Yorkshire Council. North Yorkshire Council's (the Council) governance framework aims to ensure that in conducting its business it:

- operates in a lawful, open, inclusive and honest manner,
- makes sure public money is safeguarded, properly accounted for and spent wisely
- has effective arrangements in place to manage risk
- meets the needs of North Yorkshire communities – secures continuous improvements in the way it operates.

1.3 Our governance framework comprises of the culture, values, systems and processes by which the Council is directed and controlled. It brings together an underlying set of legislative and regulatory requirements, good practice principles and management processes. The full Governance Framework can be found at paragraph 3 in this document.

1.4 Each year the Council is required to produce an Annual Governance Statement (AGS) which describes how its corporate governance arrangements have been working. To help us do this the Council's Corporate Governance Officers Group and Audit Committee undertake a review of our Governance Framework and the development of the AGS.

1.5 It is crucial to the Council's success that its governance arrangements are applied in a way that demonstrates the spirit and ethos of good governance – this cannot be achieved by rules and procedures alone. The Council is expected to have a culture that places the public and integrity at the heart of its business.

1.6 This AGS is linked to the Council's **Local Code of Corporate Governance (Local Code)** through the seven Principles of Corporate Governance in the Local Code. The Local Code is also consistent with the principles of the CIPFA/SOLACE Framework *Delivering Good Governance in Local Government (2016)* and is reviewed annually. Minor amendments have been made to the Local Code this year to ensure it represents continual corporate governance best practice. The current version was approved by the Audit Committee and the Executive in March 2023. A copy of the Code can be obtained from the Council website [here](#). The Audit Committee also review the Council's corporate governance arrangements usually in June of each year alongside the Annual Governance Statement.

1.7 This AGS explains how the Council has complied with its Local Code and also meets the requirements of Regulation 6(1) of the *Accounts and Audit Regulations 2015* in relation to the publication of an **Annual Governance Statement**.

1.8 This AGS confirms that the financial management arrangements within the Council conform with the governance requirements of the CIPFA Statement on the *Role of the Chief Financial Officer in Local Government (2015)*. The AGS also makes reference to the Council's compliance with the CIPFA *Financial Management (FM) Code (2019)* which applies from 1<sup>st</sup> April 2021.

1.9 The latest governance guidance issued by CIPFA is called Bulletin 06 Application of the Good Governance Framework 2020/21. The updating of this Statement has taken the guidance into account and has been amended to conform where appropriate.

**North Yorkshire Pension Fund**

1.10 The governance arrangements and Final Accounts of the North Yorkshire Pension Fund (NYPF) are audited separately from the Council. However, because the NYPF is administered by the Council, the governance arrangements of the Council also apply to the NYPF. This AGS therefore also forms part of the governance framework for the NYPF. However, there are also a number of additional documents that relate solely to the governance arrangements of the NYPF – these are **NOT** referred to further in this AGS as they relate only to the governance of the NYPF. For further details of the specific governance arrangements of the NYPF please refer to the NYPF website ([www.nypf.org.uk](http://www.nypf.org.uk)).

1.11 NYPF is one of 11 members of the Borders to Coast Pensions Pool (BCPP). This Company is now in full operation and has assets under management. NYPF has assets of circa £3.0 billion as at 31 March 2023 invested with BCPP and further plans to increase this amount. BCPP has established governance rules and procedures including a Joint Committee and how it engages with shareholders. Administration of the NYPF and the Investment Strategy remain entirely within the remit of the North Yorkshire Pension Fund Committee.

1.12 A triennial valuation was carried out for the North Yorkshire Pension Fund as at 31 March 2022. This involves collection of information following 31 March 2022 in order to establish the value of assets and liabilities in the Fund in order to establish a funding level to deliver payment of benefits to members. This then determines employer contribution rates which are advised to employers and then are incorporated into the following year – 2023/24 in this particular case. The triennial valuation for 31 March 2022 has been carried out at a time of particular economic volatility but it should be noted that the valuation exercise is taken over the long term.

**2.0 EXECUTIVE SUMMARY to be finalised**

2.1 North Yorkshire Council is responsible for ensuring that resources are directed in accordance with agreed policy, according to priorities and, that there is sound and inclusive decision making. There is also clear accountability to the public for the use of those resources in order to achieve desired outcomes for service users and communities.

2.2 A key focus of the Council's governance processes and structure is the attainment of sustainable economic, societal, and environmental objectives. The Council's governance arrangements are the framework by which the Council operates in order to achieve its objectives. The focus on sustainability and the links between governance and public financial management are crucial. Furthermore, the Council in exercising its responsibilities takes into account the impact of current decisions and actions on future generations.

2.3 The Governance Framework operating during 2022/23 is considered to have provided "substantial" assurance that significant risks impacting on the achievement of the Council's principal objectives would be identified and actions taken to avoid or mitigate their impact.

2.4 Having considered all the principles in the *CIPFA Code of Practice on Managing the Risk of Fraud and Corruption 2014*, on behalf of the Council the signatories of this Statement are satisfied that the Council has adopted a response that is appropriate for its fraud and corruption risks and commits to maintain its vigilance to tackle fraud.







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| <ul style="list-style-type: none"> <li>• <b>Registers of interests, gifts and hospitality</b> are also maintained for Members and officers. Guidance notes are produced to assist. Details of <b>Related Party Transactions</b> are sought from all Members and senior officers.</li> <li>• The Council has approved and implemented a formal <b>Whistleblowing Policy</b> which is reviewed annually by the Audit Committee.</li> <li>• The Council has a <b>complaints procedure</b> that is advertised by leaflets and on its website. The procedure includes targets for acknowledging and responding to complaints in full</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  | <p><a href="#">Whistleblowing Policy</a></p> <p><a href="#">Complaints Procedure</a></p>                                                                                                                                                                                |
| <p><b>b) Ensuring compliance with relevant laws and regulations, internal policies and procedures, and that expenditure is lawful</b></p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |                                                                                                                                                                                                                                                                         |
| <ul style="list-style-type: none"> <li>• The Assistant Chief Executive (Legal and Democratic Services) is the officer designated by the Council as the <b>Monitoring Officer</b> and is responsible for performing the duties required by <b>S.5</b> of the <b>Local Government and Housing Act 1989</b> which relate to ensuring the legality of the Council's operations and the duties in the <b>Localism Act 2011</b> relating to the promotion of high ethical standards. <ul style="list-style-type: none"> <li>○ the Monitoring Officer is a member of the Management Board and attends or is represented, and monitors decision making at the Council, Executive and all Committees.</li> </ul> </li> <li>• The Corporate Director – Strategic Resources is the Chief Financial Officer for the purposes of <b>S.151</b> of the <b>Local Government Act 1972</b></li> <li>• The requirements of the <b>Data Protection</b> and <b>Freedom of Information</b> legislation are overseen by the Corporate Information Governance Group (CIGG), the Corporate Director – Strategic Resources is the Senior Information Risk Owner (SIRO) for the Council. The Corporate Director – Strategic Resources with support from CIGG has developed and implemented a comprehensive Information Governance Framework which continues to be reviewed and updated in light of further guidance and developments.</li> <li>• In accordance with the UK <b>General Data Protection Regulation (GDPR)</b> and <b>Data Protection Act 2018</b>, the Council has adopted relevant policies and processes and appointed a Data Protection Officer (Veritau). Veritau provides internal audit and a range of related services to both the City of York Council and the Council. Both authorities jointly own the company. For governance purposes, Veritau reports to the Audit Committee in the same way as an in-house function.</li> <li>• The Council operates an <b>Information Security Management System</b> which is certified to the requirements of ISO/IEC 27001 (Information Security). Compliance will continue to be monitored, and further review audits by BSI (British Standards Institute) will be carried out every six months. <ul style="list-style-type: none"> <li>○ full re-certification to the ISO/IEC 27001 took place in December 2022 and was successful. The next re-certification will take place in December 2025 with regular annual assessments. The work to maintain this standard is coordinated by the Senior Information Security Compliance Officer working in conjunction with the Data Governance Team.</li> </ul> </li> <li>• In addition, the Council operates an <b>Information Technology Service Management System</b> which was awarded re-certification to ISO/IEC 20000 in February 2022. The next re-certification will be in February 2025. ISO 20000 provides quality assurance to the processes, policies and procedures</li> </ul> | <p><a href="#">S.5 Local Government and Housing Act 1989</a></p> <p><a href="#">Localism Act 2011</a></p> <p><a href="#">S.151 Local Government Act 1972</a></p> <p><a href="#">Data Protection Act 2018</a></p> <p><a href="#">Freedom of Information Act 2000</a></p> |

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| <p>operated in the delivery of ICT Services to the Council and is the only standard specifically aligned to Information Technology service delivery and service management</p> <ul style="list-style-type: none"> <li>○ by achieving and maintaining certification of both standards this serves to deliver services which are compliant, quality assured, and provide continual improvement.</li> </ul> <ul style="list-style-type: none"> <li>● The Council is also certified to the <b>Public Sector Network (PSN)</b> Code of Connection. The certifications have enabled the Council, for example, to be certified for connection to secure video conferencing with the Criminal Justice System. The certification also enabled our connection to the NHS.net and access to Department for Work and Pensions systems.</li> <li>● The Corporate <b>Health and Safety</b> Policy is reviewed annually in May and the revised and approved Policy is then issued in June. The Policy takes account of recent Health and Safety Executive guidance relating to the management of health and safety and sets out the key responsibilities of staff.             <ul style="list-style-type: none"> <li>○ each Directorate has a health and safety action plan which is reviewed on a quarterly basis to ensure that health and safety risks are identified and appropriately managed across the Council</li> </ul> </li> <li>● The <b>Equality and Diversity Policy Statement</b> is reviewed annually and revised when necessary. The Council uses equality impact assessments as part of ensuring that due regard is paid to eliminating unlawful discrimination, advancing equality of opportunity and fostering good relations. The County Council has also published equality information and objectives as required by the Equalities Act 2010.</li> <li>● There is a comprehensive annual plan for <b>Employment Policies</b> to ensure that all policies and practices adhere to all relevant legislation. This year compliance with the National Minimum Wage Regulations was reviewed. All policy updates go through a full consultation with unions recognised by the Council.</li> <li>● Public bodies employing more than 250 staff are required to publish figures on the <b>gender pay gap</b>; gender bonus gap; the proportion of men and women receiving bonuses and the proportion of men and women in each quartile of the pay structure. The Council publishes information annually relating to the gender pay gap. Information about this can be found on the Council website. Public bodies are also required to comply with the public sector equality duty – information about what the Council does is at this <a href="#">link</a></li> <li>● <b>Internal Audit</b> operates in accordance with the Public Sector Internal Audit Standards (PSIAS) and the Council's <b>Audit Charter</b>. The annual work programme is set out in a risk based Audit Plan following consultation with individual Directorates and the External Auditor. The Audit Committee approves the Audit Plan and receives, thereafter, regular reports on its progress.             <ul style="list-style-type: none"> <li>○ the Head of Internal Audit expresses an opinion on the Council's framework of governance, risk management and control on an annual basis.</li> <li>○ during 2022/23, the Audit Plan included audits on a number of corporate themes, such audits are key to providing the appropriate assurance to the Council that its overall governance arrangements remain effective.</li> </ul> </li> <li>● Coronavirus related governance arrangements - in the Constitution the Chief Executive can be given delegated authority for decision making arrangements. At the beginning of the pandemic this</li> </ul> | <p><a href="#">Public Sector Network (PSN)</a></p> <p><a href="#">Health and Safety Policy</a></p> <p><a href="#">Equality, Diversity and Inclusion Policy Statement</a></p> <p><a href="#">Gender Pay Gap</a></p> |
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| <p>delegated authority was invoked so that the Council could continue to function. This decision making by the Chief Executive was done in full consultation with the Executive.</p> <p>The Council then quickly embraced the new regulations which allowed for virtual decision making meetings and Members continued to make decisions during the pandemic and the appropriate changes to the Constitution were made to ensure transparent decision making. Prior to the Local Authorities and Police and Crime Panels (Coronavirus) (Flexibility of Local Authority and Police and Crime Panel Meetings) (England and Wales) Regulations 2020 (“the 2020 Regulations”) being revoked in May 2021, full Council approved the ability for informal virtual meetings to continue and allowed the Chief Executive to continue operating by making emergency decisions whilst considering the views of Members.</p> <ul style="list-style-type: none"> <li>In 2019 CIPFA developed the <b>Financial Management (FM) Code</b> as historically the general financial management of a local authority has not been supported by a specific professional code. The FM code is designed to support good practice in financial management and help local authorities demonstrate financial sustainability. It is consistent with other CIPFA Codes in that it is based on principles rather than narrow prescription. The Code doesn't, therefore, detail specific financial management processes that each organisation must follow. Instead, the local authority must demonstrate that the principles of the Code, the Financial Management Standards, are being satisfied.</li> </ul>                               |                                                                                                                                        |
| <b>c) Documenting a commitment to openness and acting in the public interest</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |                                                                                                                                        |
| <ul style="list-style-type: none"> <li>It is important to the Council to present itself in an open and accessible manner to ensure that matters are dealt with transparently, in so far as the need for confidentiality allows</li> <li>A <b>Council Plan</b> and a <b>Statement of Final Accounts</b> are published annually to inform stakeholders and services users of the Council's vision, ambitions and priorities for the next four years and the previous year's achievements and outcomes</li> <li>A Medium Term Financial Strategy, the Annual Revenue Budget including its impact on Council Tax, are published and consulted on each year</li> <li>Effective channels of communication which reach all groups within the community and other stakeholders are maintained as well as offering a range of consultation methods; to this end the Council has a <b>Communications Strategy</b> to support its LGR Transition Programme and an <b>Engagement Promise</b> <ul style="list-style-type: none"> <li>the Engagement Promise is a statement of principles about how the Council enables and encourages people to influence decisions. They are high level principles, so it is not anticipated that regular changes will be required but they are reviewed by officers annually</li> </ul> </li> <li>There are also a variety of opportunities for the public to engage effectively with the Council including attending meetings, opportunity to ask questions at meetings, written consultations, surveys, web chats with the Leader and Chief Executive. This all contributes to a commitment to openness, acting in the public interest and are documented where appropriate.</li> </ul> | <p><a href="#">Council Plan</a></p> <p><a href="#">Final Accounts</a></p> <p><a href="#">Consultation and Community Engagement</a></p> |
| <b>d) Establishing clear channels of communication with all sections of the community and other stakeholders, ensuring accountability and encouraging open consultation</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |                                                                                                                                        |
| <ul style="list-style-type: none"> <li><b>Elected Members</b> have a significant role to play in ensuring compliance and propriety, either collectively (e.g. through the work of the Overview and Scrutiny Committees), and individually as local representatives, providing feedback from their constituents</li> <li>The Council communicates the Vision of its purpose and intended outcomes for all stakeholders to enable accountability and encourage open consultation. To enable this, analysis of the Council's</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |                                                                                                                                        |

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| <p>stakeholders is undertaken and <b>relevant and effective channels of communication</b> are developed. Key mechanisms include –</p> <ul style="list-style-type: none"> <li>○ publishing a <b>Council Plan</b> which sets out the Council’s vision, ambitions and priorities for the next four years</li> <li>○ the Council Plan, and annual Statement of Final Accounts also inform stakeholders and services users of the previous year’s achievements and outcomes</li> <li>○ opportunities for the public to engage effectively with the Council including attending meetings and submitting petitions</li> <li>○ Consultation toolkit and on-line training package that provide advice to all staff about how to consult effectively</li> <li>○ an <b>engagement promise</b> setting out in simple terms how everyone who lives or works in the county, or uses the Council’s services can influence decisions.</li> <li>○ maintaining a Council website that provides access to information, delivers services and opportunities for public engagement, including delivery of information required by the transparency agenda</li> <li>○ using social media to inform and engage with residents for example, on development of services, provision of information, responding to concerns and issues</li> <li>○ publication of an e-newsletter, available by subscription or through the council website, covering news and information about the Council and its services</li> <li>○ a partnership with newspaper publisher Johnston Press to provide a monthly round-up of news and information specific for the local area, for local readers</li> <li>○ communicating and engaging with staff across the Council, through a number of different internal communications channels</li> </ul> | <p><a href="#">Council Plan</a></p> <p>N Y Views</p> <p><a href="#">Engagement promise</a></p> |
| <p><b>e) Developing and communicating a vision which specifies intended outcomes for citizens and service users and is used as a basis for planning</b></p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |                                                                                                |
| <ul style="list-style-type: none"> <li>● The key corporate strategy documents (i.e. the <b>Council Plan, Medium Term Financial Strategy</b> and <b>Revenue Budget</b>), are reviewed and updated annually</li> <li>● The Terms of Reference of the Audit Committee require it to maintain an on-going assessment of the adequacy and effectiveness of the internal control environment within the Council. The published Work Programme for the <b>Audit Committee</b> includes provision to review the impact of changes to service delivery and / or management processes on the governance arrangements of the Council</li> <li>● The <b>Members’ Constitution Working Group</b> supported and advised by the <b>Monitoring Officer</b> review the Constitution as required on an ongoing basis and conduct a formal review of the whole Constitution every four years.</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |                                                                                                |
| <p><b>f) Translating the vision into courses of action for the Council, its commercial companies, its partnerships and collaborations</b></p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |                                                                                                |
| <ul style="list-style-type: none"> <li>● Based on the <b>Council Plan</b> and Annual Budget / MTFS process, each Service sets out its detailed objectives, performance targets, available resources and risk assessment which are included in a Service Plan</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                | <p><a href="#">Council Plan</a></p>                                                            |

|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |                                     |
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| <ul style="list-style-type: none"> <li>• <b>Commercial Companies</b> – the Council has a number of companies which it uses to deliver specific services/functions. Along with the in-house traded services to schools, these companies are grouped together to form the 'Brierley Group'. A <b>Shareholder Sub Committee of Executive and a Shareholder Board</b> oversees the governance of the commercial companies and a number of delegations have been made to the Chief Executive for operational activities. Briefings have been provided for Members, Audit Committee and a further review is to take place on governance of commercial companies. Training has been made available to directors of the companies of their legal responsibilities under Company Law.</li> <li>• An annual review is carried out on <b>partnership arrangements</b> which considers a range of factors. This is reported to the Audit Committee as part of the Council's approach to governance.</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |                                     |
| <p><b>g) Reviewing the effectiveness of the decision-making framework, including delegation arrangements, decision-making in partnerships, information provided to decision makers and robustness of data quality</b></p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |                                     |
| <ul style="list-style-type: none"> <li>• The <b>Constitution</b> sets out how the Council operates, how decisions are made and by whom, and the procedures that are followed to ensure that these are efficient, transparent and accountable to local people. The Constitution also includes the detailed Contract, Financial and Property Procedure Rules, Schemes of Delegation, Codes of Conduct. These are reviewed and updated when the need arises to ensure they are consistent with the contemporary operating requirements of the Council.</li> <li>• As indicated above, the Council has approved <b>Budget and Policy Framework Procedure Rules, Contract Procedure Rules, Financial Procedure Rules, and Property Procedure Rules</b>. The purpose of these rules is to set out a framework within which the Council conducts its business affairs. These rules are applied and monitored by the Corporate Director – Strategic Resources and are designed to ensure that proper financial arrangements are in place and operational at all times across the Council. They are reviewed by the Audit Committee on an annual basis.</li> <li>• <b>Partnership Arrangements</b> – the Council's Constitution and Finance Procedure Rules cover the issues to be considered before the Council becomes involved in a partnership (see paragraph i) below for further detail).</li> <li>• <b>Coronavirus Pandemic</b> - in the Constitution the Chief Executive can be given <b>delegated authority</b> for decision making arrangements. At the beginning of the pandemic this delegated authority was invoked so that the County Council could continue to function. This decision making by the Chief Executive was done in full consultation with the Executive. The Council then quickly embraced the new Regulations which allowed for virtual decision making meetings and Members continued to make decisions during the pandemic, and the appropriate changes to the Constitution were made to ensure transparent decision making. Prior to the Local Authorities and Police and Crime Panels (Coronavirus) (Flexibility of Local Authority and Police and Crime Panel Meetings) (England and Wales) Regulations 2020 ("the 2020 Regulations") being revoked in May 2021, full Council approved the ability for informal virtual meetings to continue and allowed the Chief Executive to continue operating by making emergency decisions whilst considering the views of Members.</li> </ul> | <p><a href="#">Constitution</a></p> |
| <p><b>h) Measuring the performance of services and related projects and ensuring that they are delivered in accordance with defined outcomes and that they represent the best use of resources and value for money</b></p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |                                     |
| <ul style="list-style-type: none"> <li>• There is an <b>integrated Service Planning and Budget Process</b> under which each Service in each Directorate sets out its detailed objectives, performance targets, available resources and risk assessment. These feed into both the Council Plan and the Annual Budget/MTFS process</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |                                     |



- The **Performance Management framework**, continues to be refined with the aim of strengthening links from individual performance management through team plans and service plans to Council ambitions and priorities.
- There is quarterly reporting of **key performance information** to Management Board and a quarterly meeting of the Executive and the Scrutiny Committee Chairs. This information brings together activity levels; financial information; quality issues; customer feedback; improvement areas; workforce; and compliments and complaints. Part of this approach is to ensure that the key components of value for money are considered together and that both senior management and Members can better understand and challenge key services and areas of Council spending. This is supplemented by more frequent reporting and monitoring processes within Directorates.
- **Comprehensive budgeting systems** are applied across all Directorates. These systems are regularly reviewed and improved and include greater use of systems by budget managers and stakeholders into a more consolidated service. The Finance function is also regularly reviewed and improved where necessary.
- Priority has been given to frontline services in determining the **savings programme**. A planned and prioritised approach has been taken and investments have been made in areas to aid with delivery of the savings and to deliver a modern Council that is fit for purpose.
- In the past benchmarking statistics have shown an overall level of high **performance and value for money** for the Council. Ofsted benchmarking data tends to continue to show the Council in a positive light and in other areas greater reliance is made on “softer” networking in order to identify areas of best practice across the County. An increased focus on team performance is also providing key management information to assess the productivity of staff and teams and ultimately services with a view to driving improvements in performance. This approach is incorporated into the quarterly monitoring reports provided to the Executive and will help to shape budget thinking on an on-going basis.
- The LGR Transition Programme and governance arrangements provide a framework to ensure effective change to the new North Yorkshire Council by 1 April 2023. The Programme is made up of a number of workstreams as follows:
  - Corporate governance, Communications, engagement and branding, Culture, leisure and sport , Customer (including revenues and benefits), Devolution, Economic development, Finance, Housing, Human resources, ICT and digital, Locality, Organisational development, Planning, Property, Regulatory services and emergency planning, Waste, highways, parking and street scene

These workstreams also include several sub workstreams which work on matters related to that particular area. Examples of such work are as follows:

  - ensure that there is a shadow budget and MTFS in place, and a common set of Financial, Procurement and Property Procedure Rules
  - ensure that the new authority has a lawful constitution with robust policy frameworks in place
  - develop the Values and Behaviours Framework for the new council
  - Produce an Anti Money Laundering policy for the new council, incorporating the latest anti money laundering regulations
  - ensure a joined up risk management approach is in place for the new council
  - ensure coherent arrangements for the internal audit service are in place for the new council

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| <p>This Programme will be absorbed into the LGR Transformation Programme following conversion to the unitary Council and will proceed over the remaining life of this Council.</p> <ul style="list-style-type: none"> <li>● The <b>Asset Management Strategy</b> sets out key corporate processes (e.g. purchasing and disposal of property) including the adoption of a corporate approach to dealing with property needs. A Capital Project Management system (Gateway) is in place to improve the delivery of larger projects. This dovetails with the Council's property partners. This Strategy sets out the key role of property in supporting the Council's objectives.</li> <li>● The Council's improvement priorities, as set out in the Council Plan and in its service performance plans and strategies, are <b>reviewed regularly</b> throughout the year. This is achieved through –             <ul style="list-style-type: none"> <li>○ quarterly reports on key service performance plus corporate issues such as personnel, finance and commendations / complaints are considered by Management Board, the Executive and Chairs of the Overview and Scrutiny Committees</li> <li>○ regular reports to Corporate Directors and Executive Portfolio Holders</li> <li>○ publication of an <b>Annual Report on Overview and Scrutiny</b> and statements to every Council meeting by the Scrutiny Committee Chairs</li> </ul> </li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |                                     |
| <p><b>i) Defining and documenting the roles and responsibilities of Members and management, with clear protocols for effective communication in respect of the authority, its commercial companies and partnership arrangements</b></p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |                                     |
| <ul style="list-style-type: none"> <li>● As explained in <b>paragraph 4(g) above</b> as per the <b>Constitution</b></li> <li>● All 90 Councillors meet together as the <b>Council</b>. Virtual meetings have previously been broadcast live online. At its annual meeting in May each year the Council appoints its Chairman. The Leader is elected by the Council at its annual meeting every four years in the election year, and s/he appoints the Executive Members, and determines their portfolios. The Leader allocates executive functions and maintains the Executive delegation scheme. The full Council is responsible for setting the budget and policy framework of the Council. Elections were held in May 2022 to appoint 90 councillors who will run the Council for 11 months. They will then be responsible for the new unitary Council of North Yorkshire in April 2023 for the following 4 years.</li> <li>● The <b>Executive</b> is legally responsible for developing and making proposals to the Council for the budget and the policy framework and taking the decisions to implement them once they are agreed. If the Executive wishes to make a decision that is outside the budget and policy framework, then this must be referred to the Council as a whole to decide. They are also responsible for all other functions not falling within the responsibility of the Council or any other committee. Each Member of the Executive has a portfolio responsibility that relates to a specific area(s) of the Council's services and responsibilities. The Executive meets formally at least once a month but will hold informal meetings on a more regular basis as required to progress the business of the Council</li> <li>● The <b>Management Board</b> (which comprises the Chief Executive and all Corporate Directors plus Assistant Chief Executives) is responsible for implementing all Council policies and decisions at officer level, providing advice to Members, for co-ordinating the use of resources and the work of the Directorates. The 'Role of Management Board' is set out formally within the Constitution. Circumstances permitting, the Management Board meets weekly.</li> </ul> | <p><a href="#">Constitution</a></p> |

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| <ul style="list-style-type: none"> <li>● There are four <b>Overview and Scrutiny Committees</b> that support the work of the Council and the Executive, together with a Scrutiny of Health Committee. Their roles and responsibilities are detailed in Article 6 of the Constitution.</li> <li>● <b>Statutory Officers / Codes and Protocol</b> – the Council employs officers to give advice, implement decisions and manage the day-to-day delivery of its services. Certain officers have a designated duty to ensure that the Council acts within the law and uses its resources wisely. A Protocol on Member / Officer relations, is part of the Constitution and, amongst other documents, governs the relationships between Officers and Members of the Council.</li> <li>● Pursuant to its powers under Section 101 of the Local Government Act 1972 the Council arranges for certain of its functions (non-executive functions) to be discharged by officers of the Council, these are included in the <b>Officers Delegation Scheme</b></li> <li>● <b>Commercial Companies</b> – the Council has a number of companies which it uses to deliver specific services/functions. Along with the in-house traded services to schools, these companies are grouped together to form the ‘Brierley Group’. A Shareholder Sub Committee of Executive and a Shareholder Board oversees the governance of the commercial companies and a number of delegations have been made to the Chief Executive for operational activities. Briefings have been provided for Members, Audit Committee and a further review is to take place on governance of commercial companies. . Training has been made available to directors of the companies for their legal responsibilities under Company Law.</li> <li>● <b>Partnership Arrangements</b> - the Council’s Constitution and Finance Procedure Rules contain a number of important steps to be considered before the Council enters into a partnership, including the need for approval by the Executive or under the terms of the Delegation Schemes, of appropriate written governance arrangements and interaction with the Council’s decision making arrangements commensurate with the role of the partnership, the part played in it by the Council, and the risks attached to that involvement. Detailed guidance is provided to Members and Officers who represent the Council on external bodies. An annual report is made to the Audit Committee on the governance arrangements and work of partnerships. The Executive receives an ‘issues’ report when the Audit Committee determines there is a matter of concern relating to a partnership</li> </ul> |                                                                                                                                                                                                                                                                     |
| <p><b>j) Ensuring that financial management arrangements conform to the governance requirements of the CIPFA Statement on the Role of the Chief Financial Officer in Local Government (2015) and, where they do not, explain why and how they deliver the same impact</b></p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |                                                                                                                                                                                                                                                                     |
| <ul style="list-style-type: none"> <li>● The <b>statutory duties of the Corporate Director – Strategic Resources</b> in relation to financial management derive from five principal sources:             <ul style="list-style-type: none"> <li>○ Section 151 of the Local Government Act 1972</li> <li>○ Section 114 of the Local Government Financial Act 1988</li> <li>○ Local Government Act 2000 (particular decisions contrary to policy or budget)</li> <li>○ Local Government Act 2003 (prudential limits for borrowing and investment)</li> <li>○ Accounts and Audit Regulations 2015</li> </ul> </li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           | <p><a href="#">S.151 Local Government Act 1972</a></p> <p><a href="#">S.114 Local Government Financial Act 1988</a></p> <p><a href="#">Local Government Act 2000</a></p> <p><a href="#">Local Government Act 2003</a></p> <p><a href="#">Accounts and Audit</a></p> |



- The Corporate Director – Strategic Resources (CD-SR) drafts a **Medium Term Financial Strategy** and presents it (at least) annually to the Executive and the Council; linked to this Strategy are the detailed **Revenue Budget, Savings Plan, Capital Plan, Treasury Management** arrangements and **Prudential Indicators**
- The CD-SR is responsible for determining the accounting procedures, the form of financial records and statements and for maintaining the financial accounts of the Council. The CD-SR also ensures that proper accounting arrangements are established in all Directorates. Individual Corporate Directors are responsible for the satisfactory operation of financial and accounting systems, and associated controls, within their Directorates – this responsibility is defined in the Financial Procedure Rules.
- To support this process, there is an Assistant Director (qualified as an Accountant) allocated to each Directorate with specific responsibility for financial matters. The Assistant Director sits on the Management Team of the Service Directorate and Strategic Resources.
- It is the duty of all Service Managers within Directorates to plan and manage their budgets to meet the agreed bottom line budget figure for their Service Unit. This includes ensuring that adequate arrangements exist for monitoring revenue and capital budgets throughout the year, and taking action to adjust the budget to ensure that overall control of expenditure is maintained. The CD-SR is responsible for submitting a quarterly report to Executive on the overall Revenue Budget / Capital Plan position; this report is part of the Quarterly Performance and Improvement reporting arrangements
- The CD-SR prepares and publishes an annual **Statement of Final Accounts** that conforms to all statutory and professional requirements, codes of practice and timetables
- The Council's appointed **external auditor** is Deloitte for 2022/23 after which Mazars is appointed. They will publish an Annual Audit Letter on the completion of their audit that follows the end of each financial year
- Under the *Accounts and Audit Regulations 2015*, the Council has a legal responsibility to provide an adequate and effective **internal audit** of its records and control systems. The Council has delegated this responsibility to the CD-SR who provides the service through Veritau (Veritau provides internal audit and a range of related services to both the City of York Council and the Council. Both authorities jointly own the company. For governance purposes, Veritau reports to the Audit Committee in the same way as an in-house function). The Head of Internal Audit is the CEO of Veritau.
- Using a risk assessment methodology, the Head of Internal Audit produces an **Annual Audit Plan** for approval by the Audit Committee; progress against this Plan is also reported quarterly to the CD-SR and to the Audit Committee. In addition to carrying out the work specified in the Annual Audit Plan, Veritau also provides –
  - advice and assistance to service managers in the design and implementation of internal controls
  - support to managers in the prevention and detection of fraud, corruption and other irregularities

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| <ul style="list-style-type: none"> <li>○ advice and guidance on information governance related matters.</li> <li>● The Head of Internal Audit provides an <b>audit opinion</b>, based on the level of assurance gained by the work carried out, for each audit undertaken. The results of audit work are reported to the Audit Committee on a regular basis.</li> <li>● The <b>Head of Internal Audit also submits an Annual Report</b> to the Audit Committee that includes his overall opinion on the adequacy and effectiveness of the framework of governance, risk management and control operating in the Council as a whole.</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |  |
| <p><b>k) Ensuring effective arrangements are in place for the discharge of the monitoring officer function.</b></p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |  |
| <ul style="list-style-type: none"> <li>● The Council has appointed the Assistant Chief Executive (Legal and Democratic Services) as <b>Monitoring Officer</b>. The role and duties of the Monitoring Officer are contained in the Council's Constitution and appropriate resources are made available for him/her to undertake the role. The Monitoring Officer is a member of the Council's Management Board, and has sight of all Committee and Executive reports before they are presented to Members.</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |  |
| <p><b>l) Ensuring effective arrangements are in place for the discharge of the Head of Paid Service function</b></p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |  |
| <ul style="list-style-type: none"> <li>● The Council has appointed the Chief Executive as <b>Head of Paid Service</b>. The role and duties of the Head of Paid Service are contained in the Council's Constitution, and the Chief Executive leads the Council's Management Team and appropriate resources are made available for him/her to undertake the role.</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |  |
| <p><b>m) Providing induction and identifying the development needs of Members and senior officers in relation to their strategic roles, supported by appropriate training</b></p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |  |
| <ul style="list-style-type: none"> <li>● Developing the skills of Members continues to be targeted through a <b>Member Development Programme</b>, a dedicated online learning site and a suite of resources and training events. There is also a specific induction programme for any newly elected Member(s) and comprehensive induction following the election. There are also regular Member seminars throughout the year on a whole series of areas in order to keep Members abreast of current issues and to ensure awareness of responsibilities for both Council and individual Members.</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |  |
| <p><b>n) Reviewing the effectiveness of the framework for identifying and managing risks and for performance and demonstrating clear accountability</b></p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |  |
| <ul style="list-style-type: none"> <li>● The Council's comprehensive and well established approach to <b>risk management</b> is laid out in the Corporate Risk Management Policy and its associated Strategy. Risk Registers are developed and maintained at Corporate, Directorate and Service Unit levels. The generic risk assessment methodology is also applied to specific key projects or areas of policy development. The <b>risk prioritisation process</b> is designed to identify key risks that are a threat to the achievement of objectives, evaluate risk controls and ensure risk reduction actions are embedded within Service Performance Plans.</li> <li>● Internal Audit (Veritau) review the effectiveness of the framework for identifying and managing risks on a regular basis. Any weaknesses identified are addressed and progress to rectify those weaknesses is monitored by the Corporate Risk Management Group as well as Internal Audit.</li> <li>● An annual progress report on risk management is made to the Audit Committee. The Audit Committee's role is to assess the effectiveness of the authority's risk management arrangements and to review progress on the implementation of risk management throughout the authority.</li> </ul> |  |

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| <ul style="list-style-type: none"> <li>• Corporate Directors provide an update on the progress of mitigating risks identified in their risk registers to Audit Committee once a year.</li> <li>• Clear accountability is shown in both the Corporate Risk Management Policy and Strategy and as part of the risk register process.</li> <li>• The <b>Performance Management framework</b> has been further refined in order to strengthen the links between individuals, teams and services. Benchmarking and best practice from other Authorities is an inherent part of the planning process to ensure that each plan can look for further improvements. The service planning process also involves identification of savings as an initial part of the generation of savings proposals for the Budget / MTFS.</li> <li>• There is quarterly reporting of <b>key performance information</b> to Management Board and a quarterly meeting of the Executive and the Scrutiny Committee Chairs. This information brings together activity levels; financial information; quality issues; customer feedback; improvement areas; workforce; and compliments and complaints. Part of this approach is to ensure that the key components of value for money are considered together and that both senior management and Members can better understand and challenge key services and areas of Council spending. This is supplemented by more frequent reporting and monitoring processes within Directorates.</li> </ul> |  |
| <p><b>o) Ensuring effective counter fraud and anti-corruption arrangements are developed and maintained in accordance with the <i>Code of Practice on Managing the Risk of Fraud and Corruption (CIPFA, 2014)</i>.</b></p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |  |
| <ul style="list-style-type: none"> <li>• The Council has approved and implemented a formal <b>Counter Fraud Strategy</b> which is reviewed annually by the Audit Committee. The Strategy is designed to minimise the risk of fraud and corruption by adopting and maintaining measures which prevent fraud occurring, that ensure instances of fraud which do occur are detected promptly and enable robust action to be taken against any perpetrators.</li> <li>• The risks of fraud and corruption are kept under constant review. A formal <b>Fraud and Loss Risk Assessment</b> is also completed each year by Veritau and the results are report to the Audit Committee. Preventative measures are taken to address any new or emerging risks.</li> <li>• Where instances of fraud are detected, Veritau will work closely with management and other agencies to ensure that the allegations are fully investigated, the extent of any losses is quantified, evidence is properly collected for further action (including possible criminal or disciplinary action), losses are recovered where possible and appropriate measures are taken to prevent any further occurrences</li> </ul>                                                                                                                                                                                                                                                                                                                     |  |
| <p><b>p) Ensuring an effective Scrutiny function is in place</b></p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |  |
| <ul style="list-style-type: none"> <li>• The <b>Constitution</b> sets out how the Council operates, how decisions are made and by whom, and the procedures that are followed to ensure that these are efficient, transparent and accountable to local people.</li> <li>• The <b>Executive</b> is legally responsible for developing and making proposals to the Council for the budget and the policy framework and taking the decisions to implement them once they are agreed. If the Executive wishes to make a decision that is outside the budget and policy framework, then this must be referred to the Council as a whole to decide. They are also responsible for all other functions not falling within the responsibility of the Council or any other committee. Each Member of the Executive has a portfolio responsibility that relates to a specific area(s) of the Council's services</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |  |

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| <p>and responsibilities. The Executive meets formally at least once a month but will hold informal meetings on a more regular basis as required to progress the business of the Council.</p> <ul style="list-style-type: none"> <li>• There are four <b>Overview and Scrutiny Committees</b> that support the work of the Council and the Executive, together with a Scrutiny of Health Committee. Their roles and responsibilities are detailed in Article 6 of the Constitution and the Overview and Scrutiny Procedure Rules. These Committees are supported by a small team of officers including a Statutory Scrutiny Officer (the Democratic Services and Scrutiny Manager). The Overview and Scrutiny Committees continue to meet both face to face and virtually (both formally and informally respectively). Work was undertaken to consider how to scrutinise the transitional functions that the Council is responsible for in creating the new unitary Council of North Yorkshire.</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |  |
| <p><b>q) Ensuring that assurance arrangements conform to the governance requirements of the CIPFA Statement on the <i>Role of the Head of Internal Audit (2019)</i> and, where they do not, explain why and how they deliver the same impact</b></p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |  |
| <ul style="list-style-type: none"> <li>• The Head of Internal Audit is responsible for reviewing and reporting on the adequacy and effectiveness of the Council’s governance, risk management and control framework. The objective is to provide independent and objective assurance to management and those charged with governance, including the Corporate Director – Strategic Resources and the Audit Committee. Where weaknesses in control are identified then Internal Audit will support management to make the necessary improvements. The Financial Procedure Rules provide the framework for internal audit activities within the Council, and define the respective roles and responsibilities of management and the Head of Internal Audit as well as confirming Internal Audit’s rights of access to premises, information, records and other documentation. The specific objectives, scope and approach to Internal Audit are set out in the <b>Audit Charter</b> which is reviewed annually and subject to approval by the Audit Committee.</li> <li>• The <i>CIPFA Statement on the Role of the Head of Internal Audit</i> contains five principles which set out the governance arrangements necessary to ensure that the Head of Internal Audit (HIA) is able to operate effectively and perform his/her core duties. These five principles are:             <ul style="list-style-type: none"> <li>- The HIA plays a critical role in delivering the organisation’s strategic objectives by championing best practice in governance, objectively assessing the adequacy of governance and management of existing risks, commenting on responses to emerging risks and proposed developments.</li> <li>- The HIA plays a critical role in delivering the organisation’s strategic objectives by giving an objective and evidence based opinion on all aspects of governance, risk management and internal control.</li> <li>- The HIA must be a senior manager with regular and open engagement across the organisation, particularly with the Leadership Team and with the Audit Committee.</li> <li>- The HIA must lead and direct an internal audit service that is resourced to be fit for purpose.</li> <li>- The HIA must be professionally qualified and suitably experienced.</li> </ul> <p>The Council’s arrangements for internal audit are assessed against the five principles on an annual basis and the HIA and Internal Audit were able to comply and operate in accordance with the five principles.</p> </li> </ul> |  |
| <p><b>r) Undertaking the core functions of an audit committee, as identified in <i>Audit Committees: practical guidance for local authorities and police (CIPFA, 2022)</i></b></p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |  |
| <ul style="list-style-type: none"> <li>• A separate Audit Committee, which includes external independent Members, has been in operation since April 2006. (<b>see section 5 below for activities during 2022/23</b>). A key role of the Audit</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |  |

Committee is to act as the responsible body charged with ensuring that a sound system of governance and internal control operates throughout the Council. In doing so, it provides independent assurance to the Council on the adequacy of the risk management framework and the associated control environment and independent scrutiny of the Council's financial and non-financial performance to the extent that it affects the Council's exposure to risk and weakens the control environment. It also oversees the Procedure Rules that relate to Contracts, Finance and Property matters as well as Information Governance and Counter Fraud arrangements. It is also responsible for scrutinising the Treasury Management policies and activities of the Council and for ensuring that arrangements exist to secure value for money. The appointment of external independent Members helps to bring additional knowledge and expertise to the working of the Audit Committee.

**s) Ensuring that the Council provides timely support, information and responses to External Auditors and properly considers audit findings and recommendations**

- The Council's appointed **External Auditor** is Deloitte for 2022/23 after which time Mazars is appointed. The External Auditor attends Audit Committee meetings.
- Each year the External Auditor provides an External Audit Plan which sets out their key objectives for the year which can include a review and report on Financial Statements including the Annual Governance Statement; providing an opinion on the Financial Statements and also the arrangements to secure value for money.
- the External Auditor publishes an External Audit Report on the completion of their audit.
- Throughout the year the Council's Members and Officers work with the External Auditor to address any concerns and risks highlighted by the external auditor.
- Findings and recommendations made by the External Auditor receive an appropriate management response setting out how the Council will address such recommendations and areas of concern.

**t) Incorporating good governance arrangements in respect of partnerships and other joint working and ensuring that they are reflected across the Council's overall governance structures**

- The Council's Constitution and Finance Procedure Rules contain a number of issues to be considered before the Council becomes involved in a partnership, including the need for approval by the Executive or under the terms of the Delegation Schemes, of appropriate written governance arrangements and interaction with the Council's decision making arrangements commensurate with the role of the partnership, the part played in it by the Council, and the risks attached to that involvement. An annual report is made to the Audit Committee on the governance arrangements and work of partnerships.
- Where the Council is a substantial **equity holder in a company** (NYnet, Veritau, Yorwaste, Align Property Partners, Brierley Homes, First North Law, N Y Highways) it ensures appropriate governance arrangements are in place both within the company and as between the company and the Council. These will be based on the **Local Code** but also take into account the operational circumstances of the company.

[Local Code of Corporate Governance](#)

**5.0 ACTIVITIES OF THE AUDIT COMMITTEE**



- 5.1 During 2022/23 and up to the date this AGS was signed, the Audit Committee had met 6 times. During this period its activities included:-

#### **External Audit**

- Considered the external audit plan prepared by Deloitte for the audit of the 2021/22 Statement of Final Accounts (SOFA) and the review of the Council's arrangements for securing value for money.

#### **Internal Audit**

- approved the Internal Audit Plan for 2022/23.
- Monitored the delivery of the annual Internal Audit work programme through regular update reports presented by the Head of Internal Audit.
- assessed the performance of the Council's internal audit provider, Veritau. The Committee also considered the outcome of the internal audit quality assurance and improvement programme (QAIP). The Committee was pleased that internal audit practices continue to meet the required professional standards and therefore continued reliance could be placed on the results of internal audit work.

#### **Counter Fraud**

- received regular reports outlining the key fraud risks facing the public sector and local government. The Committee also received details of the plans which have been developed to address possible fraud risks arising from the LGR process. The Committee noted that LGR will also provide opportunities to combat fraud through the increased use of data matching.
- approved updated whistleblowing and counter fraud and corruption policies
- considered the results of the annual fraud risk assessment and approved the Council's updated Counter Fraud Strategy action plan

#### **Risk Management**

- continued to oversee the Council's risk management arrangements and strategy.
- Continue to assess the adequacy and effectiveness of each Directorate's risk management arrangements through consideration of the risks and mitigating actions identified in each Directorate Risk Register.

#### **Corporate and Information Governance**

- considered changes to the Local Code of Corporate Governance prior to approval.
- received details of the latest update to the Corporate Governance self-assessment checklist, the changes made to the Council's governance arrangements during the year following the Covid-19 pandemic and the governance arrangements introduced to support the LGR programme
- considered the ongoing work of the Corporate Information Governance Group (CIGG) which is responsible for updating the corporate information policy framework, identifying new or emerging risks, sharing best practice, and monitoring compliance with corporate information governance standards. The Committee also received details of the work being done to mitigate cyber security risks.

- received a report outlining the Council's current resilience and business continuity arrangements. The report provided details of the Business Continuity Policy and Plan. The report also outlined the work of the Resilience and Emergencies Team (RET) to raise awareness of risks and train staff within directorates to respond to incidents.

#### Financial Management

- received a report detailing the results of a self-assessment of compliance with the Chartered Institute of Public Finance and Accountancy (CIPFA) Financial Management Code.
- received details of proposed changes to the Code of Practice on Local Authority Accounting and the likely impact of these changes on the Council's accounting policies.

#### Other

- considered the Council's arrangements for securing value for money. The report outlined the existing framework for planning, decision-making, managing resources and reporting outcomes in respect to service delivery. This includes the Council Plan, Medium Term Financial Strategy (MTFS), service planning arrangements, the quarterly performance reports and various qualitative measures.
- received a report outlining the work of the Procurement and Contract Management Service during the year. The report included details of the actions taken in response to the Covid-19 pandemic, including the ongoing procurement of personal protective equipment (PPE) and the arrangements in place to maintain stability and resilience in the Council's supply chain.
- continued to scrutinise the Council's treasury management arrangements. This included reviewing the updated Treasury Management Strategy for 2022/23.
- considered the Statement of Accounts including the Annual Governance Statement of the Council and the North Yorkshire Pension Fund submitted by the Corporate Director – Strategic Resources following detailed work by a sub group of the Committee.
- received briefings from officers on cyber and information security, LGR and the medium term financial statement (MTFS). The new members of the Committee also received induction training.
- reviewed its Terms of Reference and its own effectiveness.

5.2 All this work has been used in supporting the preparation of the Council's (ie this) Annual Governance Statement for 2022/23.

#### 6.0 REVIEW OF EFFECTIVENESS

6.1 The Council has responsibility for formally conducting, at least annually, a review of the effectiveness of its governance framework including the system of internal control. The review relates to the Governance Framework which has been in place at the Council for the year ended 31 March 2023 and up to the date of approval of the Statement of Accounts. Any issues identified as a significant governance issue are reported within the AGS, and the progress made by



management in 2023/24 to address these issues will be reported regularly to the Audit Committee as the body charged with governance.

- 6.2 The review of effectiveness of governance and internal control systems is informed by the work of the Executive, the senior managers within the Council who have responsibility for the development and maintenance of the governance environment; by the Internal Audit function (as carried out by Veritau) and the Insurance and Risk Management Service; comments made by External Auditors and other review agencies and inspectorates. The Corporate Governance Officers Group is responsible for co-ordinating the review.

### **Delivery/Operational Area of Assurance**

- 6.3 Management Board and all of the Corporate Directors have reviewed their service areas in relation to the governance and internal control procedures and confirm that the functions they are responsible for comply and conform to the Governance Framework. Significant governance issues are provided in section 7.
- 6.4 In addition the Council has identified a suite of key performance indicators to help assess the effectiveness of its arrangements. These are reported quarterly to the Executive, and include the outcome of external inspections (see below in paragraph 6.6 for further details).

### **Oversight of Management Activity**

- 6.5 A range of reports are produced annually or throughout the year from those responsible for the oversight of management activity which provide assurance on the operation of elements of the governance framework, including those listed below:
- The latest published version of the Constitution, and on the Council website (see link above)
  - Annual Report of the Standards Committee (now known as Standards and Governance Committee from 1 April 2023) – The Standards Committee consider and approve the annual report on the work undertaken by the Committee which includes a review of ethical framework developments, Members attendance at Committees, dispensations and complaints. There are 2 independent persons on the Committee who provide independent assurance in respect of ethical behaviour and conduct. No significant ethical failings were found and the report was approved at Full Council.
  - Counter Fraud annual report (including fraud and loss risk assessment) - the Audit Committee received and considered the annual report prepared by Veritau and the actions being taken to mitigate possible fraud risks. No significant frauds or losses occurred during the period.
  - Internal audit - the 2022/23 Head of Internal Audit Report and Opinion - provided “substantial” assurance in relation to the Council’s framework of governance, risk management and control.
  - Annual Report of the Audit Committee for the year ended 30 September 2022 – this is based on details of the work carried out by the Audit Committee and details of how the Audit Committee has fulfilled its Terms of Reference. See paragraph 5 above for further details of the activities of the Audit Committee.
  - Treasury Management and Investment Strategy Report- regular reports are provided to the Audit Committee throughout the year, with an annual report presented to Full Council. This shows compliance with investment policy and strategy.
  - Annual Information Governance Report - the Audit Committee is provided with an annual update on developments in the Council’s information governance arrangements and

compliance with relevant legislation. Progress has been made in developing the Council's information governance arrangements during the year. However information governance continues to be identified as a high risk area on the corporate risk register and by the internal auditors, Veritau. This is in part due to the consequences should the Council suffer a serious data breach. See also Section 7 for further details.

- Annual Partnership Governance Report – the Audit Committee is provided with an annual update on partnerships and noted that in 2022/23 none of the partnerships were identified as being high risk other than Welcome to Yorkshire (which entered administration in Feb 2022). There had been no governance failures in the year.
- Risk Management – the Audit Committee is provided with annual reports on the adequacy and effectiveness of each Directorate's risk management arrangements, and regular audits on the risk management strategy and process are also carried out. Internal Audit activities show that the Council is managing its risks appropriately and effectively.
- Commercial Governance – the Audit Committee received a report in December 2022 which highlighted the best practice for commercial governance set out in the Chartered Institute of Public Finance & Accountancy (CIPFA) updated publication "Local Authority Owned Companies – A good practice guide 2022 edition". This report summarises best practice from the CIPFA guide. A review of the existing arrangements will take place of the next few months alongside work undertaken for LGR.
- North Yorkshire Safeguarding Children's Partnership (NYSCP) Annual Report (on their [website](#)) - the latest annual report of the independent Scrutineer detailed the work undertaken by the NYSCP including key achievements in the areas of Social, Emotional Mental Health; Online Safety / Abuse; and Child Exploitation and Contextual safeguarding. The report also covered communication and engagement activities both in-person and using social media and set out the Partnership's key priorities for the year ahead, which are; children's emotional wellness and wellbeing; parental conflict; and promoting the positives of online engagement whilst minimising the risk children face online.
- North Yorkshire Safeguarding Adults Board (NYSAB) Annual Report (on their [website](#)) - the latest annual report noted work around the key priorities of reconnecting with North Yorkshire communities; having policies and procedures in line with best practice; working effectively with partners and organisations; and adapting and responding to change. It also covered activities that took place during 'Safeguarding week', the engagement project the board has carried out, the work of key partners and the setting of post-Covid priorities around homelessness and domestic abuse
- Assurance is provided by the Monitoring Officer in relation to legality issues and a section 5 report is issued in circumstances where the Council is not operating lawfully. No section 5 notices were issued during this period.
- Procurement and Contract Management - the Audit Committee is provided with an annual report on procurement and contract management activities. This year's report included details of the actions taken in response to the Covid-19 pandemic, including the ongoing procurement of personal protective equipment (PPE) and the arrangements in place to maintain stability and resilience in the Council's supply chain. The Committee noted that the Council had joined with the City of Bradford Metropolitan District Council, Calderdale Metropolitan Borough Council and Barnsley Council to invest in local business development through the Go4Growth Programme. The Service has also worked to build contract management capacity in the Council through training and the launch of a dedicated toolkit.
- Annual Workforce Update – sickness absence (measured in number of FTE days lost) was 8.72 days in 2021/22, an increase on the previous year, but still lower than 11.5 mean FTE for all English single tier and Councils and 10.0 mean FTE for all

English authorities (2021- 2022). In the first 3 quarters of 2022/23 this has continued to increase with a projected outturn figure of around 9.1 days. This still remains low in comparison with other similar benchmark councils which are looking to outturn at 10.4 -12.2 days. In 2022/23 working days lost to long term sickness absence accounted for 53% of all absence, with the most common causes of sickness absence remaining as stress, depression and anxiety related (28%), musculo-skeletal problems (11.8%) and infections (12.6%). The impact of Covid is still ongoing, making up 6.5% of absences in 2022/23, and Covid infection can also be recorded under other absence reasons including chest and respiratory due to the effects of long Covid. Sickness absence was particularly low at the start of the pandemic, when large parts of the workforce moved to homeworking, and normal sickness absence was reduced due to self-isolation requirements or employees being furloughed. The Council has, along with other employers, seen a rise in sickness absence subsequently. The reasons for this are varied. Postponed operations result in sickness absence prior to surgery and during post-operative recovery. The extended demands of the pandemic, and staff shortages in the last 18 months, will have had an impact on pressures for the remaining employees and consequent illness and absence levels. Covid infections have continued to have an impact, and there has also been a rise in infections other than Covid which have spiked due to less communal transmission of viruses during the pandemic.

- Assessment of compliance with the latest CIPFA Financial Management Code 2019 – the Audit Committee was provided with a report in June 2022 on a self-assessment and overview of compliance with the FM Code when there is a better understanding of the inherited practices from all 8 councils.

### Independent Oversight

6.6 Independent oversight includes the following:

- *OFSTED Inspections*

School Ofsted inspections outcomes of 'Good' or 'Outstanding' in some recent inspections have improved with 84% of Primary schools in North Yorkshire being judged as 'Good' or 'Outstanding' compared to 82% at the same point last year. This is also the case for secondary schools, with 79% being judged 'Good' or 'Outstanding' compared to 74% last year. This is directly reflective of the impact of the support the School Improvement Service is providing and the improved relationships with schools post-lockdown. Whilst this is an improvement, performance remains below the national average of 89.5% for primary and 80% for secondary.

- *GCSE Examinations*

Our children continue to out-perform their peers across England at GCSE. In 2022, 53.6% of children achieved a grade 9-5 in both English and Maths in North Yorkshire. Whilst this is a slight reduction on 2019 (the last year in which comparable data is available due to Covid) it is higher than the 49.8% who achieved this nationally in 2022.

- *Care Market Quality*

Based on the most recent published Care Quality Commission (CQC) inspection ratings, 80.9% of care home provision across the county was rated as "good" or better. That was up by 2.2% between quarters, and remains higher than the regional average (77.5%, up by 0.4%), and in-line with the England average (80.9%, down by 0.1%).

Inspection outcomes for in-house provision (Provider Services) remained at 92.3% well above all comparator averages.  
 Ratings for domiciliary care provision continue to be better than those for care homes.  
 Provision in North Yorkshire, including outcomes for in-house services, remain better than the relevant comparator averages.

- *Improved Public Satisfaction with Highways and Transportation*

The National Highways and Transportation (NHT) Public Satisfaction Survey, results are based on 966 responses (29.6%) from 3300 questionnaires sent out to the residents of North Yorkshire. This is higher than the overall national response rate of 22.8%  
 Comparative figures are against 34 other Councils and large unitary authorities who face similar challenges in delivering a highways service to a largely rural area. Any changes are against the 2021 results.

The overall score for the NHT survey, which also includes passenger transport, was 47 and is up 2 points placing us in quartile 2 of the 34 comparable authorities. The highways maintenance score increased by 4 points to 36 placing us in quartile 2.

- *Ombudsman Investigations*

In 2022/23 there were 47 Ombudsman complaints received, 57 decisions were made (some cases go across financial years), 29 of which were upheld.

7.0 **SIGNIFICANT GOVERNANCE AND BUSINESS CHALLENGES to be completed**

7.1 The governance and internal control arrangements can provide only reasonable and not absolute assurance that assets are safeguarded, that transactions are authorised and properly recorded, that material errors or irregularities are either prevented or would be detected within a timely period and that significant risks impacting on the achievement of the Council’s objectives have been mitigated. It also needs to be recognised that the current external challenges to local government and the wider public sector are such that there are an unparalleled number of business risks and challenges; an effective governance framework therefore helps but cannot by itself eliminate such issues.

7.2 On the basis of the review work carried out it was considered that the majority of the governance and internal control arrangements continue to be fit for purpose and the overall governance framework was effective during the financial year 2022/23. **There were, however, some areas identified which require attention either as a result of weaknesses or as a result of external challenges. The most significant of these areas (ie business challenges and Coronavirus recovery) are set out below in a spirit of ensuring continuous improvement of governance; internal control arrangements; and service delivery.**

7.3 At the time of writing the items included in the table below represent the list of key issues requiring attention in 2023/24 and beyond.

| Significant Governance and Business Challenges requiring attention in 2023/24 and beyond |                                                                                                                                                                                                                                                                      |
|------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Challenge                                                                                |                                                                                                                                                                                                                                                                      |
| A1                                                                                       | <b>Information Governance</b><br>To ensure the council continues to comply with its data protection, information governance and information security legislative, regulatory and statutory obligations ( <b>responsible officer: Senior Information Risk Owner</b> ) |
| Actions                                                                                  |                                                                                                                                                                                                                                                                      |
| a)                                                                                       |                                                                                                                                                                                                                                                                      |

|                  |                                                             |
|------------------|-------------------------------------------------------------|
| b)               |                                                             |
| <b>Challenge</b> |                                                             |
| A2               | <b>Transition and Consolidation into a Cohesive Council</b> |
| <b>Actions</b>   |                                                             |
| a)               |                                                             |
| b)               |                                                             |
| <b>Challenge</b> |                                                             |
| A3               | <b>Transformation and Savings</b>                           |
| <b>Actions</b>   |                                                             |
| a)               |                                                             |
| b)               |                                                             |
| <b>Challenge</b> |                                                             |
| A4               | <b>Resourcing (recruitment and retention)</b>               |
| <b>Actions</b>   |                                                             |
| a)               |                                                             |
| b)               |                                                             |

8.0 **CONCLUSION to be amended and updated on completion of AGS**

- 8.1 The Council has in place strong governance arrangements which we are confident protect its interests and provide necessary assurances to our citizens and stakeholders. However, the Council has a duty to seek continuous improvement and will take steps in 2023/24 to further enhance governance arrangements.
- 8.2 Issues that require attention have, however, been identified and these are set out in **Section 7** above together with details of how they will be addressed during 2023/24. Reports on progress will be submitted to the Audit Committee.

9.0 **SIGNATURES**

- 9.1 We, the undersigned, accept primary responsibility for the content of this Annual Governance Statement and will over the coming year, take steps to address the matters identified in Section 7 of this Statement to further enhance the governance arrangements of the Council. We are satisfied that these steps will address the need for improvements that were identified in the significant governance and business challenges and will monitor their implementation and operation as part of the next annual review.

**Signed:**

Cllr Carl Les  
Leader of the County Council

Richard Flinton  
Chief Executive

Date:

Date:

9.2 I confirm that the Audit Committee (meeting on the 18 September 2023) was satisfied, on the basis of the information available to it, that this Annual Governance Statement for 2022/23 has been prepared and approved after due and careful enquiry.

Cllr Clifford Lunn  
Chairman of the Audit Committee

Date:

DRAFT



## **GLOSSARY OF TERMS**

### **Accruals**

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

### **Actuary**

An actuary is an expert on pension scheme assets and liabilities. The Local Government Pension Scheme Actuary determines the rate of employer contributions due to the Pension Fund every three years.

### **Amortised**

Written off over a suitable period of time (usually in line with the useful life of a fixed asset). This is a proxy for depreciation for intangible assets.

### **Appropriations**

Amounts transferred from the Comprehensive Income and Expenditure Statement through the Movement in General Fund Balance to revenue or capital reserves.

### **Asset Rental Charges**

The County Council charges Asset Rentals to Services in order to reflect the economic costs of the assets they use in service provision. These charges do not impact on Council Tax.

### **Assets**

Anything which has a monetary value e.g. property, investments or cash.

### **Assets Held for Sale**

Those assets that are actively being marketed with the expectation that disposal will occur within a 12 month period.

### **Associate**

An entity is an associate of a reporting authority if it has a participating interest and over whose operating and financial policies the reporting authority is able to exercise significant influence.

### **AVC**

Additional Voluntary Contributions.

### **Benchmark**

A measure against which investment performance is assessed. The benchmark may take the form of a "market index" where performance is measured by comparison with a particular market or where measurement is against an average established by reference to the performance of a peer group or league table.

### **BCF**

Better Care Fund

### **Bid Price**

In the context of stock trading on a stock exchange, the bid price is the highest price a buyer of a stock is willing to pay for a share of that given stock.

### **Bond**

A type of investment where cash is exchanged for a certificate of debt issued by the government or company, promising regular payment on a specified date, or range of dates, usually involving a final lump sum capital payment at the time the bond is given up by the investor.



**Budget**

A statement of the County Council's expected level of service and spending over a set period, usually one year.

**Callable Deposit**

Deposit with a bank or building society for an agreed term but where the bank has the option of repaying the full amount at set intervals. For example, a three year deposit with six monthly calls.

**Capital Expenditure**

Expenditure on the acquisition of a fixed asset or expenditure which adds to, or enhances, the life or value of an existing fixed asset.

**Capital Financing**

Funds used to pay for capital expenditure. These funds can come from both external and internal sources.

**Capital Plan**

The proposed budget for capital expenditure and funding for the County Council.

**Capital Receipts**

Proceeds from the sale of Fixed Assets. These are used to finance new capital expenditure.

**Carrying Amount**

The amount at which an asset is recognised in the Balance Sheet.

**Cash and Cash Equivalents**

A Balance Sheet heading to identify both cash (or overdraft) and other highly liquid resources, these liquid resources are deemed to be short term investments that are held with maturity periods of three months or less and are for the purposes of cash management.

**CCG**

Clinical Commissioning Groups.

**The Code**

In relation to the financial statements The Code refers to the Code of Practice on Local Authority Accounting. The Code of Practice is based upon approved accounting standards and provides the accounting standards under which the Statement of Accounts are prepared.

**CFR**

Capital Financing Requirement.

**CIPFA**

The Chartered Institute of Public Finance and Accountancy is the lead accountancy body for the Public Sector on accounting practice and the preparation of local authority Accounts.

**CIPFA FM Code**

Chartered Institute of Public Finance and Accountancy Financial Management Code. This Code sets the standards of financial management for Local Authorities.

**Consolidation**

The process of adjusting and combining financial information from the individual financial statements of a reporting authority and its subsidiaries. The overall aim is to prepare consolidated financial statements that present financial information for the group as a single entity.

**Contingencies**

Sums set aside to meet either the potential costs of activities expected to occur during the year, over and above those costs included in the services budget (pay and price), or items which are difficult to predict in terms of financial impact or timing (uncertain items).

**Corporate Governance**

The authoritative rules and controls in place within an organisation required to promote openness, inclusivity, integrity and accountability.

**Council Tax**

The means of raising money locally to pay for local authority services. This is a property based tax where the amount levied depends on the valuation of each dwelling.

**Credit Rating**

A published ranking, based on detailed financial analysis by a credit bureau, of an organisation's financial history, specifically relating to an organisation's ability to meet its debt obligations.

**Creditors**

Amounts owed by the County Council for goods or services that it has received but for which payment had not been made by the last day of the financial year (31st March).

**Current Assets and Liabilities**

Current assets are items that are owed to County Council and can be readily converted into cash. Current liabilities are items that are due for payment immediately or in the short term.

**Current Service Cost IAS 19**

Employer pension contributions charged during the year have been removed from the Comprehensive Income and Expenditure Statement and replaced with an amount (i.e. current service cost) which reflects the increase in the scheme liabilities expected to arise from employee membership of the scheme in the year of account.

**Debtors**

Amounts owed to the County Council at the last day of the financial year (31st March) where services have been delivered but payment has not been received.

**Delegated Budgets**

Budgets for which schools and other services have complete autonomy in spending decisions.

**Depreciation**

The measure of the wearing out, consumption, or other reduction in the useful economic life of a fixed asset, whether arising from use, age or obsolescence through technological or other changes.

**DfE**

Department for Education.

**DLUHC**

Department for Levelling Up, Housing and Communities (formerly MHCLG - Ministry of Housing, Communities and Local Government).

**DSG**

Dedicated Schools Grant. A ring-fenced grant which can only be applied to expenditure properly included in the Schools budget.

**Earmarked Reserves**

These reserves represent monies set aside that can only be used for a specific purpose.

**EFA**

Expenditure & Funding Analysis

**Expected Return on Assets**

The average rate of return expected on the actual assets held by the Local Government Pension Fund.

**Fair Value**

A rational and unbiased estimate of the potential market price of a good, service or asset.

**Finance Leases**

Under a finance lease agreement, most of the risks and rewards associated with ownership are transferred to the lessee. The accounting policy is to recognise these assets.

**FRS**

Financial Reporting Standard

**FVOCI**

Financial Assets Measured at Fair Value through Other Comprehensive Income

**FVPL**

Financial Assets Measured at Fair Value through Profit or Loss

**GAAP**

Generally Accepted Accounting Practice.

**Government Grants**

Revenue grants and contributions are credited to the appropriate service Revenue Account where they relate to a specific service; general grants including capital grants are credited to non-specific grant income within the Comprehensive Income and Expenditure Statement to the extent that the conditions of the grant have been met.

**HWRC**

Household Waste Recycling Centre

**IAS**

International Accounting Standard

**ICT**

Information and Communications Technology.

**IFRIC**

Interpretations originated from the International Financial Reporting Interpretations Committee.

**IFRS**

International Financial Reporting Standards. Guidelines and rules set by the International Accounting Standards Board (IASB) that companies and organisations can follow when compiling financial statements.

**Impairment**

The worsening of an asset, through damage, dilapidation etc., which affects the value of that asset.

**Income**

Amounts which the County Council receives, or expects to receive, from any source. Income includes fees, charges, sales, capital receipts, government grants, the precept on Council Tax collection funds, Revenue Support Grant and National Non-Domestic Rate.

**Income in Advance**

Amounts received by the County Council during the current financial year relating to services to be delivered in the following financial year.

**Intangible Assets**

Assets that do not have physical substance but are identified and are controlled by the County Council through custody or legal rights.

**Interest Cost**

A financing charge reflecting the increases in the present value of Pension Fund scheme liabilities.

**Investments**

Short term investments comprise of deposits of funds with banks or similar institutions.

**Investment Properties**

Properties that are held for income or capital appreciation only, rather than used for any service delivery purposes.

**ISAB**

International Accounting Standards Board.

**ISB**

Individual School Budgets.

**ISP**

Internet Service Provider.

**Joint Venture**

An entity in which the reporting authority has an interest on a long term basis and is jointly controlled by the reporting authority and one or more entities under a contractual or other binding arrangement.

**LAA**

Local Area Agreement. A partnership with other public bodies involving the pooling of government grants to finance work towards jointly agreed objectives for local public services.

**LAAP**

Local Authority Accounting Panel. Bulletins issued by CIPFA to provide guidance on topical issues and accounting developments and when appropriate provide clarification on the detailed accounting requirements.

**LASAAC**

Local Authorities (Scotland) Accounts Advisory Committee.

**LDDF**

Learning Difficulties Development Fund.

**LGPS**

Local Government Pension Scheme.

**LGR**

Local Government Reorganisation.

**LIBOR**

The London Interbank Offered Rate. A daily reference rate based on the interest rates at which banks borrow unsecured funds from other banks in the London wholesale money.

**LOBO**

Lender Option Borrower Option. Financial instrument used to borrow from the money market such loans feature on initial fixed interest period followed by a specified series of calls where the lender has the option to request an interest rate increase. The borrower has the option of repaying the loan (at no penalty) or accepting the higher rate.

**LPSA**

Local Public Service Agreement.

**LSP**

Local Strategic Partnership. A non-statutory, multi-agency partnership, which matches a local authority boundary, and includes representatives from the public, private, community and voluntary sector.

**LMS**

Local Management of Schools.

**Long Term Borrowing**

Long term borrowing is loans that have been raised to finance capital expenditure.

**Market Value**

The monetary value of an asset as determined by current market conditions.

**Mid-market price**

The mid-point between the bid price and the offer price for a security based on quotations for transactions of normal market size by recognised market-makers or recognised trading exchanges.

**Minimum Revenue Provision**

The statutory minimum amount that must be charged to a Revenue Account in each financial year to repay external debt.

**Minority Interest**

The interest in a subsidiary entity that is attributable to the share held by, or on behalf of persons other than the reporting authority.

**MTFS**

Medium Term Financial Strategy

**NAHT**

National Association of Head Teachers.

**NASUWT**

National Association of Schoolmasters Union of Women Teachers.

**National Non-Domestic Rate**

The Government levies a standard rate on all properties used for commercial purposes. The rates are collected on behalf of the government by District Councils, and then redistributed nationally on the basis of resident population.

**Net Book Value**

The amount at which Fixed Assets are included in the Balance Sheet, i.e. their historical cost or current value less the cumulative amounts provided for depreciation.

**Net Current Replacement Cost**

The cost of replacing or recreating the particular asset in its existing condition and in its existing use, i.e. the cost of its replacement or of the nearest equivalent asset, adjusted to reflect the current condition of the existing asset.

**Net Debt**

This comprises cash in hand, cash overdrawn, short term investments and long term borrowing.

**Net Realisable Value**

The 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.

**NEU**

National Education Union (formerly NUT National Union of Teachers and ATL Association of Teachers and Lecturers).

**NHS**

National Health Service.

**NJC**

National Joint Council.

**Non-Current Assets**

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

**NYBEP**

North Yorkshire Business and Education Partnership.

**NYES**

North Yorkshire Education Services.

**NYnet Limited**

A company providing broadband connectivity within North Yorkshire.

**Past Service Cost**

The increase in Pension Fund liabilities arising in the current period as a result of the introduction of, or improvement to, retirement benefits.

**PFC**

Pension Fund Committee.

**PFI**

Private Finance Initiative. A means of securing new assets and associated services in partnership with the private sector.

**PIP**

The Pending Issues Provision (PIP) was set up in 2008/09 as part of the budget and medium term financial strategy process to underpin a financial strategy that would ensure sufficient recurring funds are available in future years to meet the predicted year on year costs of the Waste Strategy.

The provision was funded by increasing the annual Council Tax charge in the three year period 2008/09 to 2010/11 by more than was strictly needed to pay for the annual cost of the County Council's services in those year's.

In addition to providing the longer term funding required for the Waste Strategy, the funding paid into the PIP but not yet drawn down by the Waste Strategy is available for non-recurring items of urgent expenditure and investment in services.

**Portfolio**

A block of assets managed by a fund manager, to an agreed performance specification, on behalf of an investor.

**PPP**

Public Private Partnership. A long-term contract between a private party and a government entity for providing a public asset.

**Precept**

The amount of money the County Council has to levy on Council Tax payers (via district collection funds) to pay for County Council services.

**Prepayments**

Amounts paid by the County Council in the current financial year that relate to goods and services not received until the following financial year.

**Provisions**

Provisions represent sums set aside for any liabilities of uncertain amount or timing that have been incurred.

**PWLB**

Public Works Loan Board. The Government agency set up to provide loans to Local Authorities to finance capital expenditure.

**REFCUS (Revenue Expenditure funded from Capital under Statute)**

Expenditure which may be properly capitalised, but which does not result in the creation of any fixed asset.

**Reserves**

There are two types of reserves, usable and unusable reserves. Usable reserves are those reserves that can be applied to fund expenditure or reduce local taxation. Unusable reserves are other reserves, such as the revaluation reserve, that arise from accounting requirements.

**Revenue Expenditure**

Revenue expenditure is spending on the day to day running costs of the County Council. It includes expenditure on employees, premises, transport and supplies and services.

**RICS**

Royal Institution of Chartered Surveyors.

**RSG**

Revenue Support Grant. Central Government grant support towards local government expenditure.

**SEN**

Special educational needs.

**SEND**

Special educational needs and disability.

**SDT**

Standard Desktop.

**Section 151 Officer**

The Officer designated to assume overall responsibility for the administration of the financial affairs of the County Council and for the preparation of the Council's Statement of Accounts.



**Settlements and Curtailments**

Settlements and liabilities settled at a cost materially different to the IAS 19 reserve during the year. Curtailments represent the cost arising from early payment of accrued pensions in respect of any redundancies during the year.

**Simple Investment**

The reporting authority's interest does not qualify the entity as a subsidiary, associate or a joint venture because the reporting authority has limited influence or its interest is not long term.

**SIF**

Special Investment Fund.

**SIP**

Statement of Investment Principles.

**Subsidiary**

An entity is a subsidiary of a reporting authority if the authority is able to exercise control over the operating and financial policies of the entity and is able to gain benefits / be exposed to risk of potential losses from this control.

**Surplus Properties**

Those properties that are not used in service delivery but neither do they meet the classification of investment properties or assets held for sale.

**T&C**

Technology and Change.

**Term Deposit**

A deposit held in a financial institution for a fixed term at a fixed rate.

**TMP**

Treasury Management Practices.

**TMPS**

Treasury Management Policy Statement.

**VAT**

Value Added Tax.

**Veritau Limited**

A company providing Internal Audit, Counter fraud and Information Governance Services.

**VOICE**

This is a union for Education Professionals.

**Work in Progress**

The value of rechargeable work which has not been recharged at the end of the financial year.

**YDHTP**

Yorkshire Dales and Harrogate Tourism Partnership.

**Yorwaste Limited**

A subsidiary waste disposal company.

**YPO**

Yorkshire Purchasing Organisation.