

# Statement of accounts 2022/23



RYEDALE  
DISTRICT  
COUNCIL



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# Narrative report

## 1. Introduction

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

## 2. Explanation of the Financial Statements

The Council's accounts for the year ended 31 March 2023 are set out on pages 15 to 92. They have been compiled using the *Code of Practice on Local Authority Accounting in the UK 2022/23* (the Code). A summary of the statements in the accounts and an explanation of their purpose is highlighted below:

- the ***Statement of Responsibilities for the Accounts*** - sets out the respective responsibilities of the Authority and the Chief Financial Officer
- the ***Movement in Reserves Statement*** - this statement shows the movement from the start of the year to the end on the different reserves held by the Authority analysed into 'usable reserves' (i.e. those that can be applied to fund expenditure or reduce local taxation) and other 'unusable reserves'. This statement shows how the movements in year of the Authority's reserves are broken down between gains and losses incurred in accordance with generally accepted accounting practices and the statutory adjustments required to return to the amounts chargeable to council tax for the year. The Increase/Decrease line shows the statutory General Fund Balance movements in the year following those adjustments.
- the ***Comprehensive Income and Expenditure Statement*** - this statement shows the accounting cost in the year of providing services in accordance with generally accepted accounting practices, rather than the amount to be funded from taxation. Authorities raise taxation to cover expenditure in accordance with statutory requirements; this may be different from the accounting cost. The taxation position is shown in both the Expenditure and Funding Analysis and the Movement in Reserves Statement. The Cost of Services on the face of the Comprehensive Income and Expenditure Statement is analysed on the basis of the organisational structure under which the Authority operates and manages its services.

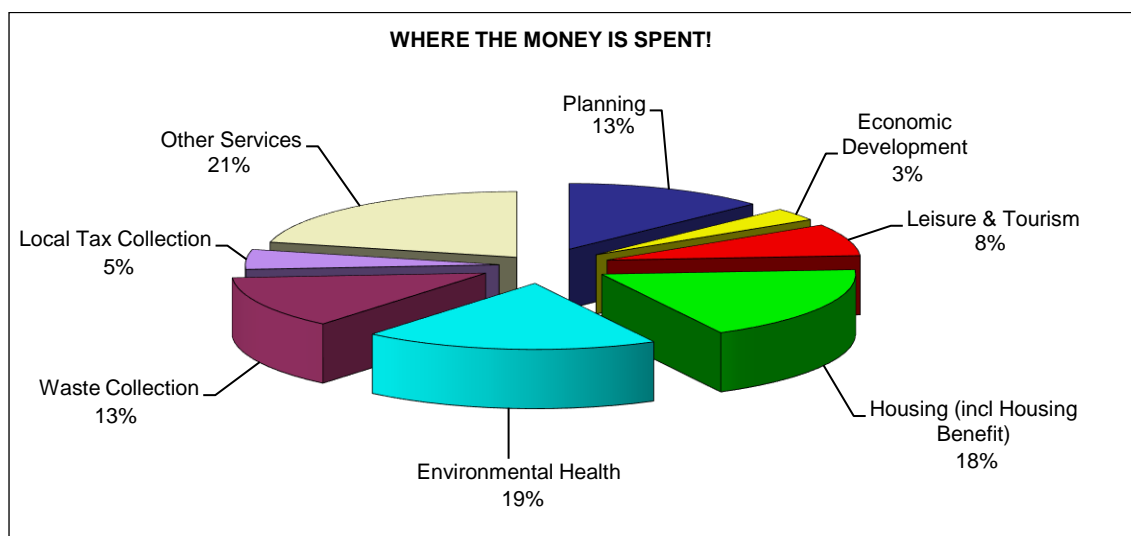
- the **Balance Sheet** - the Balance Sheet shows the value as at the Balance Sheet date of the assets and liabilities recognised by the Authority. The net assets (assets less liabilities) are matched by the reserves held by the Authority. Reserves are reported in two categories. The first category of reserves are useable reserves, i.e. those that the Authority may use to provide services subject to the need to maintain a prudent level of reserves and any statutory limitations on their use (for example the Capital Receipts Reserve that may only be used to fund capital expenditure or repay debt). The second category of reserves is those that the Authority is not able to use to provide services. This category of reserves includes reserves that hold unrealised gains and losses (for example the Revaluation Reserve) where amounts would only become available to provide services if the assets are sold; and reserves that hold timing differences shown in the Movement in Reserves Statement line 'Adjustments between accounting basis and funding basis under regulations'.
- the **Cash Flow Statement** - which shows the changes in cash and cash equivalents of the Authority during the reporting period. The statement shows how the Authority generates and uses cash and cash equivalents by classifying cash flows as operating, investing and financing activities. The amount of net cash flows arising from operating activities is a key indicator of the extent to which the operations of the Authority are funded by way of taxation and grant income or from the recipients of services provided by the Authority. Investing activities represent the extent to which cash outflows have been made for resources which are intended to contribute to the Authority's future service delivery. Cash flows arising from financing activities are useful in predicting claims on future cash flows by providers of capital (i.e. borrowing) to the Authority.
- the **Expenditure & Funding Analysis** - the objective of the Expenditure and Funding Analysis is to demonstrate to council taxpayers how the funding available to the Authority (i.e. government grants, rents, council tax and business rates) for the year has been used in providing services in comparison with those resources consumed or earned by authorities in accordance with generally accepted accounting practices. The Expenditure and Funding Analysis also shows how this expenditure is allocated for decision making purposes between the Council's services. Income and expenditure accounted for under generally accepted accounting practices is presented more fully in the Comprehensive Income and Expenditure Statement.
- The **Notes to the Core Financial Statements** – these provide further details and explanation of the figures included in the core financial statements.

#### **Supplementary statements:**

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

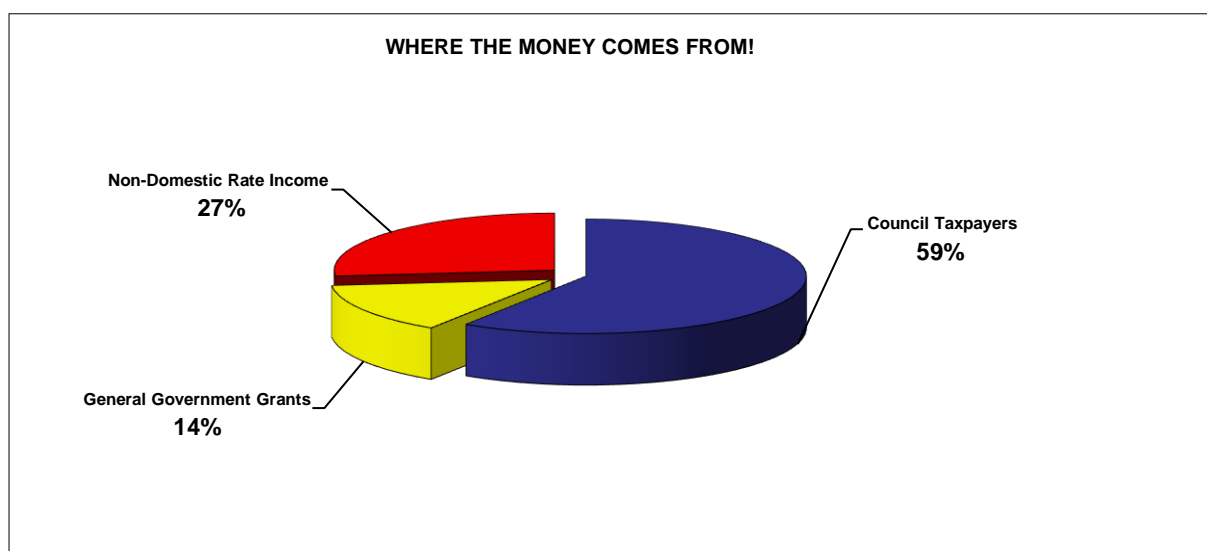
### **3. General Fund Revenue Expenditure in 2022/23**

The net cost of the Authority's revenue activities was £14.659m, this being spent on services as summarised in the chart below:



A more detailed analysis of the Net Cost of Services is shown on pages 118 and 119 of this document.

After adjusting for the payment of parish precepts of £1.135m, the receipt of investment income (£0.414m) and the net credit from appropriations (£5.770m) the amount met from Taxation and Non-Specific Grant Income was £9.610m, which is funded as follows:



The above chart shows that, of the funding to meet the Authority's net revenue expenditure, around 59% (£5.683m) was provided by the Council Taxpayers, an additional 27% (£2.560m) from the Authority's share of Non-Domestic Rates from the Business Rates Retention Scheme, some 14% (£1.367m) from non-ringfenced general government grants such as the New Homes Bonus Scheme.

#### 4. Revenue Budget Compared to Actual Income and Expenditure

The main components of the revenue budget for 2022/23 and how these compared with the actual expenditure are set out below:

	Budget £000	Actual £000	Difference £000
<b>Net Cost of Services</b>	<b>10,892</b>	<b>14,659</b>	<b>3,767</b>
<b>Other Operating Expenditure:</b>			
Precepts paid to Parish Councils	1,135	1,135	-
Capital Receipts unattached to non-current assets	-	-	-
(Gains) / Losses on disposal of non-current assets	-	5	5
	<b>1,135</b>	<b>1,140</b>	<b>5</b>
<b>Financing and Investment Income &amp; Expenditure</b>			
Interest Payable	70	72	2
Pensions interest cost & expected return on pension assets	320	268	(52)
Income from Investments	(80)	(414)	(334)
Impairment Losses on Financial Instruments	31	66	35
Income and expenditure in relation to investment properties	31	55	24
	<b>372</b>	<b>47</b>	<b>(325)</b>
<b>Taxation &amp; Non Specific Grant Income</b>			
Council Precept	(5,705)	(5,705)	-
Collection Fund Surplus	(41)	22	63
Retained Business Rates	(2,318)	(2,560)	(242)
Other General Government Grants	(1,324)	(1,367)	(43)
	<b>(9,388)</b>	<b>(9,610)</b>	<b>(222)</b>
<b>(Surplus) / Deficit on Provision of Services</b>	<b>3,011</b>	<b>6,236</b>	<b>3,225</b>
(Surplus) / Deficit on revaluation of property, plant & equipment assets	-	173	173
(Surplus) / Deficit on revaluation of available for sale financial assets	-	-	-
Actuarial (gains) / losses on Pensions assets / liabilities	-	(10,941)	(10,941)
<b>Total Comprehensive Income and Expenditure</b>	<b>3,011</b>	<b>(4,532)</b>	<b>(7,543)</b>
Adjustments between accounting basis and funding basis under regulations - transfers to (+) or from (-) unusable reserves	3,498	7,747	4,249
Contributions to (+) or from (-) earmarked reserves	(6,509)	(3,215)	3,294
<b>Increase/Decrease in General Fund Balance for Year</b>	<b>-</b>	<b>-</b>	<b>-</b>

In overall terms, after taking account of carry forward budgets, the Council achieved a surplus of £111k for the financial year when comparing budgeted (planned) expenditure with actual expenditure. The surplus for the year has been allocated to the Strategic Reserve and is included in 'Contributions to (+) or from (-) earmarked reserves in the table above, to balance the revenue account to zero with no transfer to General Fund Balance.

Supplementary information regarding the actual Net Cost of Services is shown at the end of this document on pages 118 and 119.

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

## **5. Reserves**

The balance of General Fund Earmarked Reserves during 2022/23 has decreased by £3.215m from £17.311m to £14.096m at 31 March 2023.

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

- Major drawings from reserves included £2.186m from Strategic Reserve, along with £0.237m from Collection Fund Reserve to support the revenue budget. £0.220m was drawn from the Collection Fund Equalisation Reserve in relation to collection fund surplus/deficits released between years. A total of £1.797m was drawn from various reserves to support the capital programme funding, including £1.371m from Capital Reserve, £0.262 from New Homes Bonus Reserve.
- Major contributions to reserves and balances included the transfer of £0.242m into the Collection Fund Reserve to mitigate against the funding risk in relation to Business Rates and £0.373m into the Pensions Reserve to offset the effect of future pension contributions. A net transfer to Carry Forward Reserve of £0.218m was made to fund revenue project slippage into 2023/24, and £0.301m to Strategic Reserve for unspent LGR contingency (£0.19m) and allocation of the year end surplus (£111k).

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

## **6. Pension Liability**

The Authority participates in the Local Government Pension Scheme, administered by North Yorkshire County Council. The Pension Liability shown in the Balance Sheet decreased from £8.802m as at 31 March 2022 to £0.233m as at 31 March 2023. This decrease of £8.569m is matched by a decrease in the level of the Pension Reserve and does not represent a decrease in the Authority's cash reserves or impact on the council tax.

## **7. Capital Expenditure**

The original capital budget for the financial year 2022/23 totalled £1.753m. The initial plans were revised to incorporate expenditure re-profiled from the previous year of £7.564m, with an additional supplementary estimate of £0.821m. This resulted in a revised total budget of £10.138m.

The total final outturn position against the capital programme was £3.360m, of which the major items relate to £1.105m Provision of Affordable Housing, £0.677m Disabled Facilities Grants, £0.316 Flood Grant Scheme and £0.160m Projects in Ryedale's rural communities.

The total value of projects re-profiled to progress in the next financial year amount to £6.572m of which the major items relate to, Property Condition Survey (£0.781m), industrial units - new development (£2.260m) Malton and Norton infrastructure (£0.184m), Vehicle replacement programme (£0.979m), Community led housing fund (£0.289m), affordable housing programmes (£1.415m)

Of the £3.360m capital expenditure incurred some, £0.323m was funded from Capital Receipts, with a further £0.460m being financed by section 106 receipts, £0.902 Capital Grants, and the reserve drawdown of £1.633m consists of £1.371m from Capital Fund reserve and £0.262 from New Homes Bonus reserve, and £0.042m Internal Borrowing.

The table below summarises the approved resources allocated for the 2023/24 Capital Programme and the indicative programme to 2024/25. This level of resources ensure that overall planned spending and funding are in balance.*	2023/24 £000	2024/25 £000	2025/26 £000
<i>No revenue consequences</i>			
Grants and Contributions	4,020	496	-
Council Resources	5,419	200	-
<b>Total</b>	<b>9,439</b>	<b>696</b>	<b>-</b>
<i>With revenue consequences</i>			
Prudential Borrowing	752	40	-
<b>Total</b>	<b>1,022</b>	<b>40</b>	<b>-</b>
<b>Total</b>	<b>10,191</b>	<b>736</b>	<b>-</b>

\*Capital budgets agreed under general consent as part of the Local Government reorganisation process were included in the 2023/24 budget for North Yorkshire Council, this included estimated slippage of £6.572m. For projects without firm commitments in place, these may be subject to review by the continuing Authority. The future capital programme, beyond those with prior approval will be developed to take account of the priorities of the continuing Authority as a whole, with combined resources.

## 8. Changes in Accounting Policy

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



## 9. Sustainability

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

Ryedale District Council is addressing this through:

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

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

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

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

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

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

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

Recycling performance has remained constant year on year achieving an estimated 45.1% in 2022/23 compared to 46% in 2021/22. There has been a 1.3% increase in the garden waste collection service with 12,861 licences sold in 2022/23 compared to 12,692 licences sold in 2021/22, giving a participation rate of 48.4%. During 2022/23 recycling bags were replaced with boxes with lids increasing capacity, reducing rejection of materials due to moisture content. The new boxes were implemented with a recycling awareness campaign and a reminder of what can be recycled at the kerbside. Also during 2022/23 household waste and recycling collection rounds have been optimised resulting in more efficient resource management across waste service operations undertaking less mileage with reduced numbers of vehicles, achieving an improved carbon footprint.

## **10. Ryedale's Financial Strategy for 2022-27**

In preparing the Financial Strategy for 2022/23 to 2026/27, the aim was to align to the objectives set out in the Council Plan, but also ensure that due to Local Government Reorganisation, the final budget for Ryedale District Council meant the financial affairs could be handed over to the new organisation in the best state it could be. The Strategy and detailed budget was approved at Council on 17 February 2022 and it set the framework to enable the Council to determine an appropriate course of action to address the significant financial challenges.

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

Future planning and budgeting from 2023/24 onwards is for the new council and North Yorkshire Council produced its first budget, approved at its Council meeting on 22 February 2023. This budget is essentially a consolidated position of the 8 legacy authorities, including known pressures and savings already included in respective Medium Term Financial plans, along with any additional expected pressures arising in year. This ensured there was a clear picture of the financial challenges faced by the new authority as a whole and to enable meaningful financial planning to start taking shape.

As with previous years, the major influences on the budget going forward into 2023/24 and beyond are the anticipated reductions in Government support, including the outcome of the Fair Funding Review, which has been linked to a likely Business Rates baseline reset and the continued financial impact of the changes announced to the New Homes Bonus. In addition, record levels of inflation have created additional cost pressures, particularly around pay budgets, utilities and fleet fuel, this however has been mitigated by improved investment income as a result of interest rate increases.

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

2022/23 saw the Council returning to a near business as usual state in relation to on-going Covid-19 support measures and adapted working arrangements. Budgets returned to pre-Covid levels, with the exception of 2 small budgets to support health and safety measures for Streetscene staff, along with depressed investment income levels following the crash base rate reductions at the start of the pandemic. Throughout the year, base rate increases started to improve, resulting in a surplus against the investment income budget.

Risks continue to be monitored to ensure the Council is able to react quickly to any issues arising going forward.

## **12. Performance Monitoring Highlights 2022/23**

The quarterly performance report provides an overview of how successful the authority has been in delivering its key performance indicators, and progress towards key activities highlighted to deliver the Council Plan.

At the end on financial year 2022/23, the Council reported 83.33% of KPI's in target, with 8.33% below target within acceptable range, and 8.33% below target, outside acceptable range. Below are some key highlights from the report:

### **Communities: Strong, Inclusive and Attractive**

There are several indicators linked to timely processing of new claims and change events relating to revenues and benefits processes. Overall the performance was positive for the year, with a number of areas exceeding target. In addition, the number of cases with successful outcomes for Housing services homeless prevention work demonstrates a positive outcome for customers who were facing homelessness.

### **Economy: Harnessing Ryedale's Unique Economy to Deliver Growth, Homes and Jobs**

#### Climate Change

Throughout the year a significant and wide-reaching consultation exercise has been undertaken to establish the potential for geothermal heat extraction across the district. RDC secured £80,000 of funding from the Heat Network Distribution Unit and working with Third Energy has been exploring the potential for a number of well sites across the district to provide renewable energy solutions.

Significant preparation and planning has also been undertaken across a number of projects which will commence in the 2023/24 financial year. These initiatives include delivering on projects such as the Net Zero Fund award to install solar panels RDC owned industrial units which will contribute to lowering running costs.

#### Business Support

Throughout the year RDC has been active in hosting job fairs in partnership with the Job Centre Plus. These events have provided a useful link between local employers and prospective employees. Malton, Kirkbymoorside and Pickering have all benefitted from events and given the value and benefit they have delivered a further programme of job fairs is scheduled for the Autumn.

## Tourism, Culture and Leisure

Work has continued over the year to develop the district into a cycling friendly destination, starting with the opening of the Malton to Pickering cycle path. Additional work with the Pickering Community Interest Company to develop Pickering as a cycling destination has been undertaken and further plans to improve facilities and marketing to cyclists will be done throughout the 2023/24 financial year.

There have been several successful cultural projects over the year most notably a successful curriculum engagement project called 'Out of the Box' which has seen museums and local collections linking in with education providers to share artefacts and engage with pupils in on online around the local heritage and culture of the district. These sessions have not only proven to be well attended and valuable learning tools for pupils but also attracted press and journal interest with organisers also invited to speak at national conferences. In terms of the future of the project there is some interest in rolling it out across the wider North Yorkshire region.

Other projects in this area include the ongoing development and support for a sector specific creative workspace and the development of a local culture network and small grants and commissions; whilst wider engagement has successfully been achieved through linking with the University of York to facilitate placements for students within local culture and heritage organisations.

## Place

Improving the facilities across the district has been an area of significant focus over the last year; in particular two major projects have commenced focussing on improving access for people. The first is the delivery of £90,000 worth of improvements to disabled facilities through the Changing Places fund which will create three enhanced public toilet facilities for disabled customers. Two sites are currently in development (Malton and Pickering) with a third to be delivered by the end of 2023/24. The second major scheme is the improvements to the ten RDC owned car parks. Work has begun on a c.£150k improvement plan to improve navigation, remove unsightly vegetation and initiate more effective layouts. Work will again be concluded by the end of the 2023/24 financial year.

## **Environment: A Sustainable, Safe and Clean Space**

Whilst the indicator link to anti-social behaviour cases has shown an increase in activity, in the past few months the 'Operation Community' initiative has helped residents feel reassured that NYC, alongside partners, are doing their best to address the rise in anti-social behaviour. The increase in anti-social behaviour is not just a trend in Ryedale but has increased over the past year in areas across the country. The Community Team will continue working with the NY Police Safer Neighbourhood Team to prioritise community safety in the Ryedale area.

Indicators linked to % of household waste being sent for re-use, recycling and composting fell slightly below target, although this is linked to the amount of material available as a result of long, dry summers. That said, the % of Household waste being recycled has exceeded target for the year.

## **Equalities Updates**

The Equalities Action Plan across Q4 focussed primarily on preparing staff for the journey to the new council and included sessions looking specifically at training, development, attitude and behaviours.

Monthly talks on well-being and professional development were well-attended on the day, with an average of 30 staff per session. In addition to the wellbeing speakers, workshops were organised and delivered by the national careers service to help staff update their CV, apply for jobs (in the new council or elsewhere) and practise interview techniques. NYCC's learning and development team delivered a workshop on opportunities within the new council and how to identify transferrable skills.

Staff also got to vote on awards such as the most helpful team member, the 'above and beyond' award and the most positive member of staff. Awards and certificates were handed out to the winners at the afternoon tea event. Certificates were also produced for staff members who had worked at RDC for 15 years or more by 31 March 2023.

## **13. Further Information**

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

# Statement of responsibilities

## **The Authority's Responsibilities**

The Authority is required to:

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

## **The Chief Finance Officer (s151)'s Responsibilities**

The Chief Finance Officer (s151) is responsible for the preparation of the Authority's Statement of Accounts in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom (the Code).

In preparing this Statement of Accounts, the Chief Finance Officer (s151) has:

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

### **Certification of the Accounts**

I certify that the Statement of Accounts presents a true and fair view of the financial position of Ryedale District Council as at 31 March 2023 and its income and expenditure for the year ended 31 March 2023.

Signed:		Dated:	12 November 2024
Gary Fielding CPFA Corporate Director of Resources (s151)			

### **Certification of the Audit Committee**

I confirm that this Statement of Accounts were approved by the Audit Committee on 18 March 2024 following completion of the External Audit.

Signed:		Dated:	12 November 2024
Cllr Cliff Lunn Chair of the Audit Committee			

## Movement in Reserves Statement for the year ended 31 March 2023

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

The Movement in Reserves Statement shows how the movements in year of the Council's reserves are broken down between gains and losses incurred in accordance with generally accepted accounting practices and the statutory adjustments required to return to the amounts chargeable to Council Tax for the year. (Further analysed in Note 9).

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

	General Fund Balance £000	Capital Receipts Reserve £000	Capital Grants Unapplied £000	Total Usable Reserves £000	Unusable Reserves £000	Total Authority Reserves £000
<b>Balance as at 31 March 2021</b>	<b>19,243</b>	<b>427</b>	<b>349</b>	<b>20,019</b>	<b>1,991</b>	<b>22,010</b>
<b><u>Movement in reserves during 2021/22</u></b>						
Total Comprehensive Income and Expenditure	(2,434)	-	-	(2,434)	6,518	4,084
Adjustments between accounting basis & funding basis under regulations (Note 9)	502	31	195	728	(728)	-
<b>Increase / Decrease in 2021/22</b>	<b>(1,932)</b>	<b>31</b>	<b>195</b>	<b>(1,706)</b>	<b>5,790</b>	<b>4,084</b>
<b>Balance as at 31 March 2022</b>	<b>17,311</b>	<b>458</b>	<b>544</b>	<b>18,313</b>	<b>7,781</b>	<b>26,094</b>
<b><u>Movement in reserves during 2022/23</u></b>						
Total Comprehensive Income and Expenditure	(6,236)	-	-	(6,236)	10,768	4,532
Adjustments between accounting basis & funding basis under regulations (Note 9)	3,021	(71)	(81)	2,869	(2,869)	-
<b>Increase / Decrease in 2022/23</b>	<b>(3,215)</b>	<b>(71)</b>	<b>(81)</b>	<b>(3,367)</b>	<b>7,899</b>	<b>4,532</b>
<b>Balance as at 31 March 2023</b>	<b>14,096</b>	<b>387</b>	<b>463</b>	<b>14,946</b>	<b>15,680</b>	<b>30,626</b>



# Comprehensive Income and Expenditure Statement for the year ended 31 March 2023

2021/22				2022/23		
Gross Expenditure £000	Gross Income £000	Net Expenditure £000		Gross Expenditure £000	Gross Income £000	Net Expenditure £000
1,973	573	1,400	<b>Policy and Resources Committee</b>	2,036	609	1,427
1,957	602	1,355	Central Services to the Public	1,264	110	1,154
6,233	2,434	3,799	Cultural and Related Services	7,235	2,601	4,634
2,833	1,400	1,433	Environmental and Regulatory Services	3,307	955	2,352
392	882	(490)	Planning Services	482	873	(391)
10,617	9,915	702	Highways and Transport Services	12,079	9,389	2,690
2,508	36	2,472	Housing Services	2,723	30	2,693
128	1	127	Corporate and Democratic Core	104	4	100
			Other Corporate and Non Distributed Costs			
26,641	15,843	10,798	<b>COST OF SERVICES</b>	29,230	14,571	14,659
1,074	55	1,019	Other Operating Expenditure (Note 11)	1,380	240	1,140
618	265	353	Financing and Investment Income and Expenditure (Note 12)	715	668	47
-	-	-	(Surplus) or Deficit of Discontinued Operations	-	-	-
6,213	15,949	(9,736)	Taxation and Non-Specific Grant Income (Note 13)	6,307	15,917	(9,610)
		2,434	<b>(SURPLUS) OR DEFICIT ON PROVISION OF SERVICES</b>			6,236
		(685)	(Surplus) or Deficit on Revaluation of Property, Plant and Equipment Assets			173
		-	Impairment Losses on Non Current Assets Charged to the Revaluation Reserve			-
		-	(Surplus) or Deficit on Revaluation of Available for Sale Financial Assets			-
		(5,833)	Actuarial (Gains) / Losses on Pension Assets / Liabilities			(10,941)
		(6,518)	<b>OTHER COMPREHENSIVE INCOME &amp; EXPENDITURE</b>			(10,768)
		(4,084)	<b>TOTAL COMPREHENSIVE INCOME &amp; EXPENDITURE</b>			(4,532)

## Balance Sheet as at 31 March 2023

31 March 2022 £000		31 March 2023 £000	Notes Ref.
18,380	Property Plant & Equipment	17,225	<u>14</u>
-	Heritage Assets	-	<u>15</u>
2,224	Investment Property	2,310	<u>16</u>
193	Intangible Assets	260	<u>17</u>
-	Assets Held for Sale	81	<u>23</u>
-	Long Term Investments	-	<u>18</u>
351	Long Term Debtors	366	<u>18</u>
-	Assets Related to Defined Pension Scheme	0	<u>40</u>
21,148	<b>Long Term Assets</b>	20,242	
30,021	Short Term Investments	24,750	<u>18</u>
-	Assets Held for Sale	-	<u>23</u>
179	Inventories	140	<u>19</u>
1,953	Short Term Debtors	3,091	<u>21</u>
4,845	Cash and Cash Equivalents	1,010	<u>22</u>
36,998	<b>Current Assets</b>	28,991	
-	Cash and Cash Equivalents	-	<u>22</u>
(19)	Short Term Borrowing	(4,025)	<u>18</u>
(9,090)	Short Term Creditors	(8,196)	<u>24</u>
(139)	Other Short Term Liabilities	(143)	<u>18</u>
(787)	Provisions	(709)	<u>25</u>
(8,276)	Revenue Grants Receipts in Advance	(673)	<u>34</u>
(18,311)	<b>Current Liabilities</b>	(13,746)	
(3,045)	Long Term Creditors	(2,916)	<u>18</u>
-	Provisions	-	<u>25</u>
(1,474)	Long Term Borrowing	(1,434)	<u>18</u>
(8,802)	Liability Related to Defined Pension Scheme	(233)	<u>40</u>
(420)	Other Long Term Liabilities	(278)	<u>18</u>
(13,741)	<b>Long Term Liabilities</b>	(4,861)	
26,094	<b>Net Assets / (Liabilities)</b>	30,626	
18,313	Usable Reserves	14,946	<u>26</u>
7,781	Unusable Reserves	15,680	<u>27</u>
26,094	<b>Total Reserves</b>	30,626	

**Chief Finance Officers Certificate:**

I certify that the above Balance Sheet, fairly states the financial position of the Authority as at 31 March 2023

Signed:

Gary Fielding CPFA  
Corporate Director of Resources (s151)

Dated: 12 November 2024

## Cash Flow Statement for the year ended 31 March 2023

2021/22 £000		2022/23 £000
(2,434)	Net surplus or (deficit) on the provision of services	(6,236)
8,690	Adjustments to net surplus or deficit on the provision of services for non-cash movements (Note 28a)	(2,568)
(1,609)	Adjustments for items included in the net surplus or deficit on the provision of services that are investing and financing activities (Note 28b)	(997)
4,647	Net cash flows from Operating Activities	(9,801)
(2,567)	Net cash flows from Investing Activities (Note 29)	5,357
1,874	Net cash flows from Financing Activities (Note 30)	609
3,954	Net increase or (decrease) in cash and cash equivalents	(3,835)
891	Cash and cash equivalents at the beginning of the reporting period	4,845
<b>4,845</b>	<b>Cash and cash equivalents at the end of the reporting period (Note 22)</b>	<b>1,010</b>

# Notes to the Accounts

## 0. Expenditure and Funding Analysis

For the year ended 31 March 2023

2021/22				2022/23		
Net Expenditure Chargeable to the General Fund Balance £000	Adjustments between the Funding and Accounting Basis £000	Net Expenditure in the Comprehensive Income and Expenditure Statement £000		Net Expenditure Chargeable to the General Fund Balance £000	Adjustments between the Funding and Accounting Basis £000	Net Expenditure in the Comprehensive Income and Expenditure Statement £000
1,149	251	1,400	<b>Policy and Resources Committee</b>	1,111	316	1,427
1,086	269	1,355	Central Services to the Public	838	316	1,154
2,845	954	3,799	Cultural and Related Services	3,688	946	4,634
1,072	361	1,433	Environmental and Regulatory Services	1,885	467	2,352
(543)	53	(490)	Planning Services	(470)	79	(391)
611	91	702	Highways and Transport Services	1,189	1,501	2,690
2,089	383	2,472	Housing Services	2,209	484	2,693
206	(79)	127	Corporate and Democratic Core	78	22	100
			Other Corporate and Non Distributed Costs			
8,515	2,283	10,798	<b>NET COST OF SERVICES</b>	10,528	4,131	14,659
(6,583)	(1,781)	(8,364)	Other Income and Expenditure	(7,313)	(1,110)	(8,423)
1,932	502	2,434	<b>(SURPLUS) OR DEFICIT</b>	3,215	3,021	6,236
(19,243)			<b>OPENING GENERAL FUND BALANCE</b>	(17,311)		
1,932			(Surplus) or Deficit on General Fund Balance in Year	3,215		
(17,311)			<b>CLOSING GENERAL FUND BALANCE</b>	(14,096)		

## **1. Accounting Policies**

### **i. General Principles**

The Statement of Accounts summarises the Authority's transactions for the 2022/23 financial year and its position at the year-end of 31 March 2023. The Authority is required to prepare an annual Statement of Accounts, in accordance with proper accounting practices, by the Accounts and Audit Regulations 2015. These practices primarily comprise the Code of Practice on Local Authority Accounting in the United Kingdom 2022/23 and the Service Reporting Code of Practice 2022/23, supported by International Financial Reporting Standards (IFRS).

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

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

The accounts of the Council are, in general, maintained on an accruals basis in accordance with recognised accounting policies. The Accounts reflect sums due to or incurred by the Council during the year, whether or not the amount has actually been received or paid in the year. Appropriate provision has been made, therefore, for Creditors and Debtors at 31 March 2023.

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

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

### **iii. Cash and Cash Equivalents**

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are investments that mature in one month or less from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value. In the cash flow statement cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Authority's cash management.

#### **iv. Exceptional Items**

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

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

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

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

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

#### **vi. Charges to Revenue for Non-Current Assets**

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

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

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

#### **vii. Council Tax and Non-Domestic Rates**

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

## ***Accounting for Council Tax and NDR***

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

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

### **viii. Employee Benefits**

#### ***Benefits Payable during Employment***

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

#### ***Termination Benefits***

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

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

#### ***Post Employment Benefits***

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

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



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

- The liabilities of the North Yorkshire pension fund attributable to the Authority are included in the Balance Sheet on an actuarial basis using the projected unit method – i.e. an assessment of the future payments that will be made in relation to retirement benefits earned to date by employees, based on assumptions about mortality rates, employee turnover rates, etc, and projections of projected earnings for current employees.
- Liabilities are discounted to their value at current prices, using a discount rate based on the indicative rate of return on high quality corporate bonds.
- The assets of the North Yorkshire pension fund attributable to the Authority are included in the Balance Sheet at their fair value:
  - quoted securities – current bid price;
  - unquoted securities – professional estimate;
  - unitised securities – current bid price;
  - property – market value.
- The change in the net pensions liability is analysed into the following components:
  - Service cost comprising:
    - current service cost – the increase in liabilities as a result of years of service earned this year – allocated in the Comprehensive Income and Expenditure Statement to the revenue accounts of services for which the employees worked
    - past service cost – the increase in liabilities as a result of a scheme amendment or curtailment whose effect relates to years of service earned in earlier years – debited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement as part of Non Distributed Costs
    - net interest cost on the net defined benefit liability (asset), i.e. net interest expense for the authority – the change during the period in the net defined benefit liability (asset) that arises from the passage of time charged to the Financing and Investment Income and Expenditure line of the Comprehensive Income and Expenditure Statement – this is calculated by applying the discount rate used to measure the defined benefit obligation at the beginning of the period to the net defined liability (asset) at the beginning of the period – taking into account any changes in the net defined benefit liability (asset) during the period as a result of contribution and benefit payments.
  - Remeasurements comprising:
    - the return on plan assets – excluding amounts included in net interest on the net defined liability (asset) – charged to the Pensions Reserve as Other Comprehensive Income and Expenditure.
    - actuarial gains and losses – changes in the net pensions liability that arise because events have not coincided with assumptions made at the last actuarial valuation or because the actuaries have updated their assumptions – charged to the Pensions Reserve as Other Comprehensive Income and Expenditure.
    - contributions paid to the North Yorkshire pension fund – cash paid as employer's contributions to the pension fund in settlement of liabilities; not accounted for as an expense.

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

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

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

### ***Discretionary Benefits***

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

## **ix. Events After the Reporting Period**

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

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

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

## **x. Financial Instruments**

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

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

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

## ***Financial Liabilities***

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

## ***Financial Assets***

### ***Financial Assets Measured at Amortised Cost***

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

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

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

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

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

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

### ***Expected Credit Loss Model***

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

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

## **xi. Foreign Currency Translation**

Where the Authority has entered into a transaction denominated in a foreign currency, the transaction is converted into sterling at the exchange rate applicable on the date the transaction was effective. Where amounts in foreign currency are outstanding at the year-end, they are reconverted at the spot exchange rate at 31 March. Resulting gains or losses are recognised in the Financing and Investment line in the Comprehensive Income and Expenditure Statement. During 2022/23 the Council did not enter into any foreign currency transactions.

## **xii. Government Grants and Contributions**

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

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

Amounts recognised as due to the Authority are not credited to the Comprehensive Income and Expenditure Statement until conditions attached to the grant or contribution have been satisfied. Conditions are stipulations that specify that the future economic benefits or service potential embodied in the asset acquired using the grant or contribution are required to be consumed by the recipient as specified, or future economic benefits or service potential must be returned to the transferor.

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

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

## ***Community Infrastructure Levy***

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

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

### **xiii. Heritage Assets**

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

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

Disposal proceeds are disclosed separately in the notes to the financial statements and are accounted for in accordance with statutory accounting requirements relating to capital expenditure and capital receipts. During 2022/23, the Council did not hold any heritage assets.

### **xiv. Intangible Assets**

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

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

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

### **xv. Inventories and Long Term Contracts**

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

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

## **xvi. Investment Property**

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

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

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

## **xvii. Leases**

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

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

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

### ***The Authority as Lessee***

#### ***Finance Leases***

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

Lease payments are apportioned between:

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

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

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

### *Operating Leases*

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

### ***The Authority as Lessor***

#### *Finance Leases*

Where the Authority grants a finance lease over a property or an item of plant or equipment, the relevant asset is written out of the Balance Sheet as a disposal. At the commencement of the lease, the carrying amount of the asset in the Balance Sheet (whether Property, Plant and Equipment or Assets Held for Sale) is written off to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal. A gain representing the Authority's net investment in the lease is credited to the same line in the Comprehensive Income and Expenditure Statement, also as part of the gain or loss on disposal i.e. netted off against the carrying value of the asset at the time of disposal, matched by a lease (long term debtor) asset in the Balance Sheet.

Lease rentals receivable are apportioned between:

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

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

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

## *Operating Leases*

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

## **xviii. Overheads and Support Services**

The costs of overheads and support services are charged to those that benefit from the supply or service in accordance with the costing principles of the CIPFA Service Reporting Code of Practice 2022/23 (SeRCOP). The total absorption costing principle is used – the full cost of overheads and support services are shared between users in proportion to the benefits received, with the exception of:

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

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

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

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

### ***Recognition***

Expenditure on the acquisition, creation or enhancement of Property, Plant and Equipment in excess of £10,000 is capitalised on an accruals basis, provided that it is probable that the future economic benefits or service potential associated with the item will flow to the Authority and the cost of item can be measured reliably. Expenditure that maintains but does not add to an asset's potential to deliver future economic benefits or service potential i.e. repairs and maintenance is charged as an expense when it is incurred.

### ***Measurement***

Assets are initially measured at cost, comprising:

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



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

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

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

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

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

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

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

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

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

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

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

### ***Impairment***

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

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

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

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

### ***Depreciation***

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

Depreciation is calculated on the following bases:

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

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

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

### ***Disposals and Non-current Assets Held for Sale***

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

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

When an asset is disposed of or decommissioned, the carrying amount of the asset in the Balance Sheet is written off to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal. Receipts from disposals (if any) are credited to the same line in the Comprehensive Income and Expenditure Statement also as part of the gain or loss on disposal (i.e. netted off against the carrying value of the asset at the time of disposal). Any revaluation gains accumulated for the asset in the Revaluation Reserve are transferred to the Capital Adjustment Account.

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

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

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

### ***Provisions***

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

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

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

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

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

### ***Contingent Liabilities***

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

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

## ***Contingent Assets***

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

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

## **xxi. Reserves**

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

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

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

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

## **xxiii. VAT**

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

## **xxiv. Fair Value Measurement**

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

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

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

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

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

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

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

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

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

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

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

### **4. Assumptions made about the future and other major sources of estimation uncertainty**

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

The items in the Authority Balance Sheet at 31 March 2023 for which there is a significant risk of material adjustment in the forthcoming financial year are as follows:

Item	Uncertainties	Effect if Actual Results differ from Assumptions
Pensions Liability	<p>Estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets. A firm of consulting actuaries is engaged to provide the Authority with expert advice about the assumptions to be applied.</p> <p>The net pensions liability was based on the 2022 actuarial valuation. It includes a share of the overall Pension Fund investment assets. The assumptions made to calculate the net liability are affected by a multitude of factors. One such assumption, the discount rate, has seen a significant increase over the year, which has led to an apparent accounting surplus result for the Council as at 31 March 2023. However, further calculations carried out by the Pension Fund's actuary indicated that it is unclear that a surplus can be recognised under IAS 19 (paragraph 8 and 64) in this case. The Council has therefore adopted a prudent approach to limit the asset (asset ceiling) and restrict the surplus recognition to nil.</p>	<p>The effects on the net pensions liability of changes in individual assumptions can be measured. For instance, a 0.1% increase in the discount rate would result in a decrease in the pension liability of £1.053m.</p>
Property, Plant and Equipment (land & buildings) and Investment Property Valuations	<p>Assets are depreciated over the useful economic life that the asset (or components of the assets where appropriate) will be operational. The useful economic life of an individual asset is dependent upon maintaining an appropriate level of repair and maintenance expenditure on that asset. Should insufficient expenditure be incurred to properly maintain an asset then it may be the case that the useful economic life of that asset is reduced; this might give rise to an impairment or accelerated depreciation being required. In addition, the Council appointed Valuer undertakes an assessment of assumptions in external market factors when valuing assets and reviewing those assets not due for revaluation.</p>	<p>The effect on land and property valuations due to changes in assumptions around market conditions can be measured. For example, a 5% reduction in value could result in a decrease in values of</p> <p>PPE - Land &amp; Buildings, Surplus Assets - £0.86m</p> <p>Investment Property - £0.12m</p>

## **5. Material items of income and expenses**

There are no material items of income and expenditure in 2022/23 that warrant separate disclosure.

## **6. Events after the reporting period**

Under IAS 10 the Authority is required to disclose the date that the financial statements are authorised for issue. This confirms the date after which events will not have been recognised in the Statement of Accounts. The Statement of Accounts was issued by the responsible financial officer, Gary Fielding - Corporate Director of Resources (s151) on 31 May 2023.

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

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



## 7. Note to the expenditure and funding analysis

### Adjustments between Funding and Accounting Basis

Adjustments from General Fund to arrive at the Comprehensive Income and Expenditure Statement amounts	2022/23			
	Adjustments for Capital Purposes £000	Net Change for the Pensions Adjustments £000	Other Differences £000	Total Adjustments £000
<b>Policy and Resources Committee</b>				
Central Services to the Public	33	283	-	316
Cultural and Related Services	250	66	-	316
Environmental and Regulatory Services	578	368	-	946
Planning Services	67	400	-	467
Highways and Transport Services	66	13	-	79
Housing Services	950	551	-	1,501
Corporate and Democratic Core	55	429	-	484
Other Corporate and Non Distributed Costs	-	(17)	39	22
<b>Net Cost of Services</b>	1,999	2,093	39	4,131
Other Income and Expenditure from the Expenditure and Funding Analysis	(1,252)	280	(138)	(1,110)
<b>Difference between General Fund Surplus or Deficit and Comprehensive Income and Expenditure Statement Surplus or Deficit on the Provision of Services</b>	747	2,373	(99)	3,021

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

## 8. Expenditure and income analysed by nature

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

Expenditure/Income	2022/23 £000	2021/22 £000
<b>Expenditure</b>		
Employee benefits expenses	9,495	8,433
Other service expenses	14,558	14,128
Support service recharges	3,598	3,304
Depreciation, amortisation and impairment	1,579	776
Interest payments	340	341
Precepts and levies	1,135	1,074
Gain or loss on disposal of non-current assets	5	-
Capital receipts unattached to non-current assets	-	(55)
Impairment losses on financial instruments	66	17
<b>Total Expenditure</b>	<b>30,776</b>	<b>28,018</b>
<b>Income</b>		
Contributions, fees, charges and other service income	5,833	5,590
Interest and investment income	359	5
Income from council tax and non-domestic rates	8,243	7,993
Grants	10,105	11,996
<b>Total Income</b>	<b>24,540</b>	<b>25,584</b>
<b>Surplus or Deficit on the Provision of Services</b>	<b>6,236</b>	<b>2,434</b>

## **9. Adjustments between accounting basis and funding basis under regulations**

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

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

### **General Fund Balance**

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

### **Capital Receipts Reserve**

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

### **Capital Grants Unapplied**

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

## 2022/23 Adjustments

2022/23	General Fund Balance £000	Capital Receipts Reserve £000	Capital Grants Unapplied £000	Movement in Unusable Reserves £000
<b>Adjustments primarily involving the Capital Adjustment Account:</b>				
<u>Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement:</u>				
Charges for depreciation and impairment of non-current assets	1,789	-	-	(1,789)
Revaluation losses on Property Plant and Equipment	-	-	-	-
Movements in the fair value of investment properties	(86)	-	-	86
Amortisation of intangible assets	91	-	-	(91)
Capital grants and contributions applied	(757)	-	-	757
Income in relation to donated assets	-	-	-	-
Revenue expenditure funded from capital under statute	883	-	-	(883)
Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	244	-	-	(244)
<u>Insertion of Items not debited or credited to the Comprehensive Income and Expenditure Statement:</u>				
Statutory provision for the financing of capital investment	(174)	-	-	174
Capital expenditure charged against the General Fund	(1,003)	-	-	1,003
<b>Adjustments primarily involving the Capital Grants Unapplied Account:</b>				
Capital grants and contributions unapplied credited to the Comprehensive Income and Expenditure Statement	-	-	-	-
Application of grants to capital financing transferred to the Capital Adjustment Account	-	-	(81)	81
<b>Adjustments primarily involving the Capital Receipts Reserve:</b>				
Transfer of cash sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	(240)	240	-	-
Use of the Capital Receipts Reserve to finance new capital expenditure	-	(324)	-	324
Contribution from the Capital Receipts Reserve towards administrative costs of non-current asset disposals	-	-	-	-
Contribution from the Capital Receipts Reserve to finance the payments to the Government capital receipts pool	-	-	-	-
Transfer from Deferred Capital Receipts Reserve upon receipt of cash	-	13	-	(13)

Capital receipts unattached to non-current assets	-	-	-	-
Repayment of principal on loans	-	-	-	-
<b>Adjustments primarily involving the Deferred Capital Receipts Reserve:</b>				
Transfer of deferred sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	-	-	-	-
<b>Adjustment primarily involving the Financial Instruments Adjustment Account:</b>				
Amount by which finance costs charged to the Comprehensive Income and Expenditure Statement are different from finance costs chargeable in the year in accordance with statutory requirements	-	-	-	-
<b>Adjustments primarily involving the Pensions Reserve:</b>				
Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement (see note 40)	3,573	-	-	(3,573)
Employers pensions contributions and direct payments to pensioners payable in the year	(1,201)	-	-	1,201
<b>Adjustments primarily involving the Collection Fund Adjustment Account:</b>				
Amount by which council tax income credited to the Comprehensive Income and Expenditure Statement is different from council tax income calculated for the year in accordance with statutory requirements	(139)	-	-	139
<b>Adjustment primarily involving the Accumulated Absences Account</b>				
Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	41	-	-	(41)
<b>Total Adjustments</b>	<b>3,021</b>	<b>(71)</b>	<b>(81)</b>	<b>(2,869)</b>

## 2021/22 Comparative Figures

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

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

## 10. Transfers to/from earmarked reserves

This note sets out the amounts set aside from the General Fund in earmarked reserves to provide financing for future expenditure plans and the amounts posted back from earmarked reserves to meet General Fund expenditure in 2022/23.

	Balance At 31/03/21 £000	Transfers Out 2021/22 £000	Transfers In 2021/22 £000	Balance At 31/03/22 £000	Transfers Out 2022/23 £000	Transfers In 2022/23 £000	Balance At 31/03/23 £000
General Reserve	3,981	(475)	10	3,516	-	-	3,516
Capital Fund	5,405	(1,075)	-	4,330	(1,434)	-	2,896
Collection Fund Equalisation Reserve	3,040	(709)	-	2,331	(220)	-	2,111
Collection Fund Reserve	836	(600)	413	649	(237)	241	653
New Homes Bonus Reserve	3,582	-	-	3,582	(262)	-	3,320
Election Reserve	7	-	30	37	(120)	30	(53)
Pensions Reserve	81	-	225	306	-	373	679
Strategic Reserve	1,764	(233)	-	1,531	(2,186)	301	(354)
Carry Forward Reserve	370	(63)	242	549	(403)	622	768
Council Tax Hardship Fund	78	(29)	-	49	(32)	-	17
Grants Reserve	99	(42)	374	431	(9)	121	543
<b>Total</b>	<b>19,243</b>	<b>(3,226)</b>	<b>1,294</b>	<b>17,311</b>	<b>(4,903)</b>	<b>1,688</b>	<b>14,096</b>



The main purpose of the reserves is as follows:

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

## 11. Other operating expenditure

2021/22 £000		2022/23 £000
1,074	Parish council precepts	1,135
-	Payments to the Government Housing Capital Receipts Pool	-
-	(Gains)/losses on the disposal of non-current assets	5
(55)	Capital receipts unattached to non-current assets	-
1,019	Total	1,140

## 12. Financing and investment income and expenditure

2021/22 £000		2022/23 £000
59	Interest payable and similar charges	72
282	Pensions net interest on the net defined benefit liability/(asset)	268
(55)	Interest receivable and similar income	(414)
50	Income and expenditure in relation to investment properties and changes in their fair value	55
17	Impairment losses on financial instruments	66
353	Total	47

## 13. Taxation and non-specific grant income

2021/22 £000		2022/23 £000
(5,597)	Council tax income	(5,683)
(2,396)	Non domestic rates income and expenditure	(2,560)
(1,743)	Non-ringfenced government grants	(1,367)
-	Capital grants and contributions	-
(9,736)	Total	(9,610)

## 14. Property, plant and equipment

### Movements on Balance Sheet in 2022/23

	Other Land & Buildings £000	Vehicles, plant, furniture & equipment £000	Infrastructure assets £000	Community Assets £000	Surplus assets £000	Assets under construction £000	Total property, plant & equipment £000
<b>Cost or Valuation</b>							
At 1 April 2022	<b>16,565</b>	<b>5,444</b>	-	<b>511</b>	<b>1,060</b>	<b>818</b>	<b>24,398</b>
Additions	323	83	-	-	-	728	1,134
Donations	-	-	-	-	-	-	-
Revaluation increases/ (decreases) recognised in the Revaluation Reserve	(368)	-	-	-	(50)	-	(418)
Revaluation increases/ (decreases) recognised in the Surplus/Deficit on the Provision of Services	(999)	-	-	-	-	-	(999)
Derecognition – disposals	(245)	-	-	-	-	-	(245)
Derecognition – other	-	(4,012)	-	-	-	-	(4,012)
Assets reclassified (to)/from Held for Sale	-	-	-	-	-	(81)	(81)
Other movements in cost or valuation	1,410	-	-	-	-	(1,410)	-
<b>At 31 March 2023</b>	<b>16,686</b>	<b>1,515</b>	-	<b>511</b>	<b>1,010</b>	<b>55</b>	<b>19,777</b>
<b>Accumulated Depreciation and Impairment</b>							
At 1 April 2022	<b>1,502</b>	<b>4,516</b>	-	-	-	-	<b>6,018</b>
Depreciation charge	503	278	-	-	10	-	791
Depreciation written out to the Revaluation Reserve	-	-	-	-	(10)	-	(10)
Depreciation written out to the Surplus/Deficit on the Provision of Services	-	-	-	-	-	-	-
Impairment losses/(reversals) recognised in the Revaluation Reserve	-	-	-	-	-	-	-
Impairment losses/(reversals) recognised in the Surplus/Deficit on the Provision of Services	(235)	-	-	-	-	-	(235)
Derecognition – disposals	-	-	-	-	-	-	-
Derecognition – other	-	(4,012)	-	-	-	-	(4,012)
Other movements in depreciation and impairment	-	-	-	-	-	-	-
<b>At 31 March 2023</b>	<b>1,770</b>	<b>782</b>	-	-	-	-	<b>2,552</b>
<b>Net Book Value</b>							
<b>At 31 March 2023</b>	<b>14,916</b>	<b>733</b>	-	<b>511</b>	<b>1,010</b>	<b>55</b>	<b>17,225</b>
<b>At 31 March 2022</b>	<b>15,063</b>	<b>928</b>	-	<b>511</b>	<b>1,060</b>	<b>818</b>	<b>18,380</b>
Owned asset as at 31 March 2023	14,916	368	-	511	1,010	55	16,860
Asset acquired under finance lease as at 31 March 2023	-	365	-	-	-	-	365
<b>Total</b>	<b>14,916</b>	<b>733</b>	-	<b>511</b>	<b>1,010</b>	<b>55</b>	<b>17,225</b>

## Comparative Movements in 2021/22

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

## Depreciation

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

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

## Capital Commitments

At 31 March 2023 the Authority had not entered into any contracts for the construction or enhancement of Property Plant and Equipment.

## Revaluations

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

The valuations and reviews were carried out by N Collins a RICS registered Valuer of City of York Council.

	<b>Land &amp; Buildings</b>	<b>Vehicles, Furniture &amp; Equipment</b>	<b>Community Assets</b>	<b>Surplus Assets</b>	<b>Assets Under Construction</b>	<b>Total</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Valued at Historic Cost	-	733	511	1,010	55	2,309
Valued at Current Value in:-						
2022/23	1,753					1,753
2021/22	4,279	-	-	-	-	4,279
2020/21	508	-	-	-	-	508
2019/20	3,961	-	-	-	-	3,961
2018/19	4,308	-	-	-	-	4,308
2017/18	107	-	-	-	-	107
<b>Total</b>	<b>14,916</b>	<b>733</b>	<b>511</b>	<b>1,010</b>	<b>55</b>	<b>17,225</b>

## Non-Operational Property Plant and Equipment (Surplus Assets)

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

	2022/23 £000	2021/22 £000
<b>Balance at start of the year</b>	<b>1,060</b>	<b>696</b>
Additions	-	-
Purchases	-	-
Construction	-	-
Subsequent expenditure	-	-
Disposals	-	-
Net gains / (losses) from fair value adjustments	(50)	364
Transfers:	-	-
To/from inventories	-	-
To/from Property Plant and Equipment	-	-
Other changes	-	-
<b>Balance at end of the year</b>	<b>1,010</b>	<b>1,060</b>

## 15. Heritage assets

In compliance with the 2022/23 Code, the Authority has reviewed its assets and concluded that there is no reclassification of assets to heritage assets to disclose in the accounts (2021/22 Nil).

## 16. Investment properties

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

	2022/23 £000	2021/22 £000
Income from Investment Property	143	149
Net gain / (loss) from fair value adjustment	86	36
	229	185
Direct operating expenses arising from investment property	(284)	(235)
<b>Net gain / (loss)</b>	<b>(55)</b>	<b>(50)</b>

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

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

	2022/23 £000	2021/22 £000
<b>Balance at start of the year</b>	<b>2,224</b>	<b>2,188</b>
Additions	-	-
Purchases	-	-
Construction	-	-
Subsequent expenditure	-	-
Disposals	-	-
Net gains / (losses) from fair value adjustments	86	36
Transfers:	-	-
To/from inventories	-	-
To/from Property Plant and Equipment	-	-
Other changes	-	-
<b>Balance at end of the year</b>	<b>2,310</b>	<b>2,224</b>

### Fair Value Hierarchy

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

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

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

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

### Highest and Best Use

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

### Valuation Process for Investment Properties

The Council's investment property has been valued as at 31 March 2023 by N Collins, a RICS registered Valuer of City of York Council in accordance with the methodologies and bases for estimation set out in the professional standards of the Royal Institution of Chartered Surveyors.

## 17. Intangible assets

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

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

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

The carrying amount of intangible assets is amortised on a straight-line basis. The amortisation of £91k charged to revenue in 2022/23 was charged direct to services where appropriate, however, an element was charged to the IT Administration cost centre and then as overhead across the service headings in the net expenditure of services. It is not possible to quantify exactly how much of the amortisation is attributable to each service heading.



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

	2022/23			2021/22		
	Internally Generated Assets £000	Other Asset Costs £000	Total £000	Internally Generated Assets £000	Other Asset Costs £000	Total £000
Balance at start of year:						
Gross carrying amounts	-	1,581	1,581	-	1,420	1,420
Accumulated amortisation	-	(1,388)	(1,388)	-	(1,321)	(1,321)
Net carrying amount at start of year	-	193	193	-	99	99
Additions:						
Internal development	-	-	-	-	-	-
Purchases	-	158	158	-	161	161
Acquired through business combinations	-	-	-	-	-	-
Assets reclassified as held for sale	-	-	-	-	-	-
Other disposals	-	-	-	-	-	-
Revaluation increases or decreases	-	-	-	-	-	-
Impairment losses recognised or reversed directly in the Revaluation Reserve	-	-	-	-	-	-
Impairment losses recognised in the surplus/deficit on the Provision of Services	-	-	-	-	-	-
Reversal of amortisation on disposal	-	-	-	-	-	-
Amortisation for the period	-	(91)	(91)	-	(67)	(67)
Other changes	-	-	-	-	-	-
Net carrying amount at year end	-	260	260	-	193	193
Compromising:						
Gross carrying amounts	-	1,739	1,739	-	1,581	1,581
Accumulated amortisation	-	(1,479)	(1,479)	-	(1,388)	(1,388)
	-	260	260	-	193	193

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

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

## 18. Financial instruments

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

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

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

#### Financial Assets

	Non-Current				Current			
	Investments		Debtors		Investments		Debtors	
	31 March 2023 £000	31 March 2022 £000	31 March 2023 £000	31 March 2022 £000	31 March 2023 £000	31 March 2022 £000	31 March 2023 £000	31 March 2022 £000
Fair Value through Profit and Loss	-	-	-	-	-	-	-	-
Amortised Cost								
Investments	-	-	-	-	24,750	30,021	-	-
Loans	-	-	366	351	-	-	-	-
Other	-	-	-	-	-	-	1,058	1,068
	-	-	366	351	24,750	30,021	1,058	1,068
Fair Value through Other Comprehensive Income - designated equity instruments	-	-	-	-	-	-	-	-
Fair Value through Other Comprehensive Income - other	-	-	-	-	-	-	-	-
<b>Total Financial Assets</b>	-	-	366	351	24,750	30,021	1,058	1,068
Non Financial Assets	-	-	-	-	-	-	2,033	885
<b>Total</b>	-	-	366	351	24,750	30,021	3,091	1,953

Under current financial assets, cash and cash equivalents of £1,010,000 are held in the Balance Sheet at amortised cost (2021/22 £4,845,000).

## Financial Liabilities

	Non-Current				Current			
	Borrowings		Creditors		Borrowings		Creditors	
	31 March 2023 £000	31 March 2022 £000	31 March 2023 £000	31 March 2022 £000	31 March 2023 £000	31 March 2022 £000	31 March 2023 £000	31 March 2022 £000
Fair Value through Profit and Loss	-	-	-	-	-	-	-	-
Amortised Cost								
PWLB Loans	(1,434)	(1,474)	-	-	(25)	(19)	-	-
Finance Leases	(278)	(420)	-	-	(143)	(139)	-	-
Other	-	-	(2,916)	(3,045)	(4,000)	-	(6,706)	(5,318)
<b>Total Financial Liabilities</b>	<b>(1,712)</b>	<b>(1,894)</b>	<b>(2,916)</b>	<b>(3,045)</b>	<b>(4,168)</b>	<b>(158)</b>	<b>(6,706)</b>	<b>(5,318)</b>
Non Financial Liabilities	-	-	-	-	-	-	(1,490)	(3,772)
<b>Total</b>	<b>(1,712)</b>	<b>(1,894)</b>	<b>(2,916)</b>	<b>(3,045)</b>	<b>(4,168)</b>	<b>(158)</b>	<b>(8,196)</b>	<b>(9,090)</b>

## Fair value of Assets and Liabilities

	Fair value		Historic cost	
	31 March 2023 £000	31 March 2022 £000	31 March 2023 £000	31 March 2022 £000
Borrowings	(5,300)	(1,841)	(5,478)	(1,493)
Loans and receivables	24,750	30,021	24,750	30,021

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

The fair value of borrowings is lower than the carrying amount because the authority's portfolio of loans includes a number of fixed rate loans where the interest rate payable is lower than the prevailing rates at the Balance Sheet date. This shows a notional future gain (based on economic conditions at 31 March 2023) arising from a commitment to pay interest to lenders below current market rates.

The fair value of Public Works Loan Board (PWLb) loans of £1.275m measures the economic effect of the terms agreed with the PWLB compared with estimates of the terms that would be offered for market transactions undertaken at the Balance Sheet date.

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

A supplementary measure of the additional interest that the authority will pay as a result of its PWLB commitments for fixed rate loans is to compare the terms of these loans with the new borrowing rates available from the PWLB. If a value is calculated on this basis, the carrying amount of £1.453m would be valued at £1.275m. But, if the authority were to seek to avoid the projected loss by repaying the loans to the PWLB, the PWLB would raise a penalty charge for early redemption in addition to charging a premium for the additional interest that will not now be paid. The exit price for the PWLB loans including the penalty charge would be £1.470m.

## 19. Inventories

	Consumable Stores		Client Services Work in Progress		Property Acquired or Constructed for Sale		Total	
	2022/23 £000	2021/22 £000	2022/23 £000	2021/22 £000	2022/23 £000	2021/22 £000	2022/23 £000	2021/22 £000
<b>Balance outstanding at start of year</b>	<b>179</b>	<b>114</b>	-	-	-	-	<b>179</b>	<b>114</b>
Purchases	396	343	-	-	-	-	396	343
Recognised as an expense in the year	(435)	(278)	-	-	-	-	(435)	(278)
Written off balances	-	-	-	-	-	-	-	-
Reversals of write-offs in previous years	-	-	-	-	-	-	-	-
<b>Balance outstanding at year-end</b>	<b>140</b>	<b>179</b>	-	-	-	-	<b>140</b>	<b>179</b>

## 20. Construction contracts

As at the 31 March 2023 the Authority had no significant contracts in progress.

## 21. Debtors

	31 March 2023 £000	31 March 2022 £000
Central government bodies	1,597	377
Other local authorities	418	343
NHS Bodies	-	-
Public corporations and trading funds	-	-
Other entities and individuals	1,870	1,233
<b>Total</b>	<b>3,885</b>	<b>1,953</b>

## 22. Cash and cash equivalents

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

	31 March 2023 £000	31 March 2022 £000
Cash held by the Council	204	183
Bank current account	806	4,662
Special Interest Bearing Account	-	-
<b>Total Cash and Cash Equivalents</b>	<b>1,010</b>	<b>4,845</b>

## 23. Assets held for sale

	Current		Non Current	
	2022/23 £000	2021/22 £000	2022/23 £000	2021/22 £000
<b>Balance outstanding at start of year</b>	-	-	-	-
Assets newly classified as held for sale:				
Property, Plant and equipment	-	-	81	-
Intangible Assets	-	-	-	-
Revaluation losses	-	-	-	-
Revaluation gains	-	-	-	-
Impairment losses	-	-	-	-
Assets declassified as held for sale:				
Property, Plant and equipment	-	-	-	-
Intangible Assets	-	-	-	-
Assets sold	-	-	-	-
Transfers from non-current to current	-	-	-	-
<b>Balance outstanding at year end</b>	-	-	<b>81</b>	-

## 24. Creditors

	31 March 2023 £000	31 March 2022 £000
Central government bodies	298	2,765
Other local authorities	2,646	1,158
NHS Bodies	-	-
Public corporations and trading funds	-	-
Other entities and individuals	5,895	5,167
<b>Total</b>	<b>8,839</b>	<b>9,090</b>

## 25. Provisions

2022/23	Business Rate Retention Appeals £000
Balance at 1 April 2022	787
Additional Provisions made in 2022/23	-
Amounts used in 2022/23	-
Unused amounts reversed in 2022/23	(78)
Total	709

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

### Provision for Business Rate Appeals

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

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

The Council retains a 40% (40% 2021/22) share of net business rates income under the new localised scheme. The amount shown in the Council's Balance Sheet reflects the Council's proportion of the appeals provision as at 31 March 2023.

There are no other significant events that have taken place that would give the Authority a legal or constructive obligation to provide any material provision for the financial year ending 31 March 2023.

## 26. Usable reserves

31 March 2022 £000		31 March 2023 £000
17,311	Earmarked General Fund Reserves	14,096
458	Capital Receipts Reserve	387
544	Capital Grants Unapplied	463
<b>18,313</b>	<b>Total Usable Reserves</b>	<b>14,946</b>

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

### Earmarked General Fund Reserves

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

### Capital Receipts Reserve

2021/22 £000		2022/23 £000
427	<b>Balance at 1 April</b>	458
-	Receipts from disposal of non-current assets and held for sale assets	240
13	Transfer from the Deferred Capital Receipts Reserve upon receipt of cash	13
67	Other receipts	-
507		711
(49)	Receipts used to finance capital expenditure	(324)
458	<b>Balance at 31 March</b>	387

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

### Capital Grants Unapplied

2021/22 £000		2022/23 £000
349	<b>Balance at 1 April</b>	544
651	Reversal of grants credited to the Comprehensive Income and Expenditure Statement but expenditure has not been incurred	-
1,000		544
(456)	Grants used to finance capital expenditure	(81)
544	<b>Balance at 31 March</b>	463

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



## 27. Unusable reserves

31 March 2022 £000		31 March 2023 £000
6,860	Revaluation Reserve	6,508
-	Financial Instruments Revaluation Reserve	-
11,953	Capital Adjustment Account	11,550
-	Financial Instruments Adjustment Account	-
74	Deferred Capital Receipts Reserve	61
(8,802)	Pensions Reserve	(233)
(2,232)	Collection Fund Adjustment Account	(2,093)
(72)	Accumulated Absences Account	(113)
<b>7,781</b>	<b>Total Unusable Reserves</b>	<b>15,680</b>

### Revaluation Reserve

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

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

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

2021/22 £000		£000	2022/23 £000
6,347	<b>Balance at 1 April</b>		6,860
685	Upward revaluation of assets	-	
-	Downward revaluation of assets and impairment losses not charged to the Surplus/Deficit on the Provision of Services	(173)	
685	Surplus or deficit on revaluation of non-current assets and held for sale assets not posted to the Surplus or Deficit on the Provision of Services		(173)
(172)	Difference between fair value depreciation and historical cost depreciation	(179)	
-	Accumulated gains on assets sold or scrapped	-	
(172)	Amount written off to the Capital Adjustment Account		(179)
6,860	<b>Balance at 31 March</b>		6,508

## **Financial Instruments Revaluation Reserve**

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

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

## **Capital Adjustment Account**

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

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

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

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

2021/22 £000		£000	2022/23 £000
11,117	<b>Balance at 1 April</b>		11,953
	Reversal of items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement:		
(970)	• Charges for depreciation and impairment of non-current assets	(1,789)	
-	• Revaluation losses on Property, Plant and Equipment	-	
-	• Loss on revaluation of held for sale assets	-	
-	• Reduction in Revaluation Reserve on disposal of held for sale assets	-	
(67)	• Amortisation of Intangible Assets	(91)	
-	• Amounts of non-current assets and held for sale assets written off on disposal or sale as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	(244)	
(943)	• Revenue Expenditure Funded by Capital Under Statute	(883)	
(1,980)			(3,007)
172	Adjusting amounts written out of the Revaluation Reserve		179
9,309	Net written out amount of the cost of non-current assets consumed in the year		9,125
	Capital financing applied in the year:		
49	• Use of the capital receipts reserve to finance new capital expenditure	324	
903	• Capital grants and contributions credited to the Comprehensive Income and Expenditure Statement that has been applied to capital financing	757	
456	• Application of grants to capital financing from the Capital Grants Unapplied Account	81	
209	• Statutory provision for the financing of capital investment charged against the General fund	174	
1,003	• Capital expenditure charged against the General Fund	1,003	
2,620			2,339
36	Movements in the market value of Investment Properties debited or credited to the Comprehensive Income and Expenditure Statement		86
-	Movements in the Donated Assets Account credited to the Comprehensive Income and Expenditure Statement		-
(12)	Movements in Long-term Debtors		-
11,953	<b>Balance at 31 March</b>		11,550

## Financial Instruments Adjustment Accounts

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

## Pensions Reserve

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

2021/22 £000		2022/23 £000
(12,422)	<b>Balance at 1 April</b>	(8,802)
5,833	Re-measurements of the net defined benefit liability/(asset)	10,941
(3,506)	Reversal of items relating to retirement benefits debited or credited to the surplus or deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement	(3,573)
1,293	Employer's pensions contributions and direct payments to pensioners payable in the year	1,201
(8,802)	<b>Balance at 31 March</b>	(233)

### Deferred Capital Receipts Reserve

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

2021/22 £000		2022/23 £000
87	<b>Balance at 1 April</b>	74
-	Transfer of deferred sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	-
(13)	Transfer to the Capital Receipts Reserve upon receipt of cash	(13)
74	<b>Balance at 31 March</b>	61

### Collection Fund Adjustment Account

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

2021/22 £000		2022/23 £000
(3,004)	<b>Balance at 1 April</b>	(2,232)
772	Amount by which council tax income credited to the Comprehensive Income and Expenditure Statement is different from council tax and non-domestic rates income calculated for the year in accordance with statutory requirements	139
(2,232)	<b>Balance at 31 March</b>	(2,093)

## Accumulated Absences Account

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

2021/22 £000		£000	2022/23 £000
(134)	<b>Balance at 1 April</b>		(72)
134	Settlement or cancellation of accrual made at the end of the preceding year	72	
(72)	Amount accrued at the end of the current year	(113)	
62	Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements		(41)
(72)	<b>Balance at 31 March</b>		(113)

## 28. Cash flow statement – operating activities

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

2021/22 £000		2022/23 £000
823	Depreciation	790
147	Impairment and downward valuations	999
67	Amortisation	91
-	Increase / decrease in impairment for bad debts	-
5,734	Increase / decrease in creditors and revenue grants received in advance	(5,573)
(319)	Increase / decrease in debtors	(1,367)
(65)	Increase / decrease in inventories	39
2,213	Movement in pension liability	2,373
-	Carrying amount of non-current assets and non-current assets held for sale, sold or derecognised	245
126	Contributions to / from provisions	(78)
(36)	Other non-cash items charged to the net surplus or deficit on the provision of services	(87)
8,690		(2,568)

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

2021/22 £000		2022/23 £000
-	Proceeds from short-term (not considered to be cash equivalents) and long-term investments	-
-	Proceeds from the sale of property, plant and equipment, investment property and intangible assets	(240)
(55)	Capital receipts unattached to non-current assets	-
(1,554)	Capital grants received	(757)
(1,609)		(997)

**c. Interest received, interest paid and dividends received**

2021/22 £000		2022/23 £000
115	Interest received	185
(60)	Interest paid	(66)
-	Dividends received	-

**29. Cash flow statement – investing activities**

2021/22 £000		2022/23 £000
(1,697)	Purchase of property, plant and equipment, investment property and intangible assets	(1,125)
(39,500)	Purchase of short-term and long-term investments	(36,500)
(9)	Other payments for investing activities	(33)
13	Proceeds from the sale of property, plant and equipment, investment property and intangible assets	253
37,000	Proceeds from short-term and long-term investments	42,000
55	Capital receipts unattached to non-current assets	-
1,554	Capital grants received	757
17	Other receipts from investing activities	5
(2,567)	Net cash flows from investing activities	5,357

### 30. Cash flow statement – financing activities

2021/22 £000		2022/23 £000
-	Cash receipts of short and long term borrowing	4,000
-	Other receipts from financing activities	-
(174)	Cash payments for the reduction of the outstanding liabilities relating to finance leases	(138)
(39)	Repayments of short and long-term borrowing	(40)
2,087	Movement in council tax and business rates	(3,213)
1,874	Net cash flows from financing activities	609

### 31. Member allowances

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

	2022/23 £000	2021/22 £000
Allowances	114	127
Expenses	-	-
Total	114	127

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



## 32. Officers' remuneration

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

Job Title	Year	Salary, fees and allowances £	Bonuses £	Expenses allowances £	Compensation for loss of office £	Pension contribution £	Total £	Note
Chief Executive	2022/23	119,347	-	-	90,505	17,455	227,307	A
	2021/22	111,867	-	-	-	21,255	133,122	B
Head of Waste & Environmental Services	2022/23	72,608	-	-	-	11,182	83,790	
	2021/22	62,537	-	-	-	11,882	74,419	
Interim Programme Director - Place & Resources	2022/23	2,755	-	-	-	424	3,179	C
Programme Director - Place & Resources	2022/23	81,893	-	-	-	12,569	94,462	D
	2021/22	74,563	-	-	-	13,905	88,468	
Head of Planning & Regulatory Services	2021/22	47,918	-	-	-	8,751	56,669	E
Monitoring Officer	2022/23	2,447	-	-	-	-	2,447	F
Chief Finance Officer (s151)	2022/23	-	-	-	-	-	-	G
	2021/22	-	-	-	-	-	-	H
Head of Communications, Technologies & Business Transformation	2021/22	38,907	-	-	-	6,833	45,740	I
Programme Director - People & Resources	2022/23	86,118	-	-	-	12,806	98,924	
	2021/22	74,362	-	-	-	13,905	88,267	
Interim Head of Corporate Governance	2022/23	10,130	-	-	-	692	10,822	J
Corporate Governance & Monitoring Officer	2022/23	73,876	-	-	-	11,377	85,253	K
Head of Corporate Governance	2021/22	45,179	-	-	-	8,107	53,286	L

Senior Officers served for the whole of 2022/23 unless stated below.

- A £30,000 was recharged for the Chief Executive to North Yorkshire County Council during 2022/23. The Chief Executive left the Authority on 31st March 2023.
- B £29,000 was recharged for the Chief Executive to North Yorkshire County Council during 2021/22.
- C The Interim Programme Director - Place & Resources assumed their position on 1st February 2023 through to 31st March 2023.
- D The Programme Director - Place & Resources left the Authority on 26th February 2023.
- E The Head of Planning & Regulatory Services left the Authority on 31st December 2021.
- F The Monitoring Officer assumed their position on 9th February 2023.
- G The Chief Finance Officer (S151) is employed by North Yorkshire County Council whose s151 duties are undertaken on a contractual basis through a service level agreement, with £40,000 being recharged to Ryedale District Council during 2022/23.
- H £38,000 was charged to Ryedale District Council by North Yorkshire County Council for the Chief Finance Officer (S151) during 2021/22.
- I The Head of Communications, Technology & Business Transformation left the Authority on 30th September 2021.
- J The Interim Head of Corporate Governance assumed their position on 1st February 2023 through to 31st March 2023.

- K The Corporate Governance & Monitoring Officer left the Authority on 5th March 2023.
- L The Head of Corporate Governance left the Authority on 31st January 2022. The responsibilities of the Monitoring Officer were undertaken by the Corporate Governance & Monitoring Officer, employed by an agency until their appointment on the 26th April 2022.

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

Remuneration Band	2022/23 Number of employees	2021/22 Number of employees
£50,000 - £54,999	6	1
£55,000 - £59,999	1	-
£60,000 - £64,999	-	-
£65,000 - £69,999	-	-
£70,000 - £74,999	-	-
£75,000 - £79,999	-	-
£80,000 - £84,999	-	-
£85,000 - £89,999	-	-
£90,000 - £94,999	-	-
£95,000 - £99,999	-	-
£100,000 - £104,999	-	-
£105,000 - £109,999	-	-
£110,000 to £114,999	-	-

All other employees earning more than £50,000 for the year are included in the table on page 72.

### 33. External audit costs

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

	2022/23 £000	2021/22 £000
* Fees payable to Grant Thornton UK LLP with regard to external audit services carried out by the appointed auditor for the year	60	60
* Fees payable to Grant Thornton UK LLP for the certification of grant claims and returns for the year	20	13
* Fees payable in respect of other services provided by Grant Thornton UK LLP during the year	-	4
* Refund of fees payable by PSAA Ltd during the year	-	(6)
	80	71

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

### 34. Grant income

The Authority credited the following grants, contributions and donations to the Comprehensive Income and Expenditure Statement in 2022/23:

	2022/23 £000	2021/22 £000
<b>Credited to Taxation and Non Specific Grant Income:</b>		
Revenue Support Grant	-	-
New Homes Bonus	488	567
Transitional Grant to Rural Local Authorities	600	600
S31 grant Business Rates	2,599	3,589
Covid 19 Support Grants	-	487
Lower Tier Services Grant	75	70
Services Grant	113	-
Other Grants	90	19
<b>Total</b>	<b>3,965</b>	<b>5,332</b>
<b>Credited to Services:</b>		
<b>Government Grants:</b>		
Disabled Facilities Grant (Capital)	662	662
Housing Benefit Subsidy and Rent Rebate	6,893	7,039
Housing Benefit & Council Tax Support Administration	200	203
S31 Council Tax	19	-
Council Tax Rebate Grant	97	-
New Burdens Council Tax Rebate Scheme	114	-
COVID 19 Council Tax and Business Rates Support	-	524
COVID 19 Enforcement and Testing Grants	-	221
Rough Sleeping Initiative & Preventing Homelessness Grant	273	310
European Community Grant (Capital)	95	534
Other Government Grants	130	72
	<b>8,483</b>	<b>9,565</b>
<b>Non Government Grants:</b>	<b>143</b>	<b>688</b>
<b>Total</b>	<b>8,626</b>	<b>10,253</b>
<b>S106 Contributions</b>	<b>512</b>	<b>548</b>

S31 grant Business Rates of £2,599,000 has been disclosed within income from council tax and non domestic rates rather than grants and contributions (31 March 2022 £3,589,000).

As at 31 March 2023 the Authority has one grant with a balance of £9,000 that has yet to be recognised as income as it has conditions attached to it. This is in relation to a DEFRA grant towards the development of a Food Enterprise Zone (31 March 2022 £9,000).

In addition, as at 31 March 2023, the Authority has BEIS grants of £318,000 relating to alternative fuel payments which will be distributed in 2023/24 (31 March 2022 Nil).

The Authority also has two grants with a balance of £154,000 that have yet to be recognised as income. These are in relation to DLUHC grants towards Changing Places and Low Emissions (31 March 2022 Nil).

As at 31 March 2023, the Authority has COVID-19 grants of £150,000 where the Authority was acting as the agent and which will be repaid in 2023/24 (31 March 2022 £5,386,000).

The Authority also has a Council Tax rebate grant of £42,000 which is due to be repaid in 2023/24 (31 March 2022 £2,881,000).

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

## 35. Related parties

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

### Central Government

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

### Members

Members of the Authority have direct control over the Authority's financial and operating policies. The total of members' allowances paid in 2022/23 is shown in Note 31.

### Officers

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

### Other Public Bodies

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

		Receipts £000	Payments £000
The Vale of Pickering Internal Drainage Board	Levy	-	104
Veritau North Yorkshire Ltd	See note below	-	62
North Yorkshire Building Control Partnership	See note below	(21)	28

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

With effect from 1 April 2012, Veritau North Yorkshire Ltd provided an internal audit service for a number of local authorities in the region. Ryedale District Council was a full shareholder, other local authorities within the Company being Scarborough BC, Selby DC, Hambleton DC and Richmondshire DC. Ryedale District Council's contribution to the Company's share capital is £3,000 as at 31 March 2023.

The North Yorkshire Building Control Partnership provides a building control service on behalf of five councils: Ryedale DC (host authority), Selby DC, Hambleton DC, Scarborough BC and Richmondshire DC. Ryedale District Council's proportion of the Partnership's accumulated reserve is £50,000 as at 31 March 2023.

### 36. Capital expenditure and capital financing

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

	2022/23 £000	2021/22 £000
<i>Opening Capital Financing Requirement</i>	2,213	2,069
Capital investment		
Property plant and equipment	1,052	1,652
Investment properties	-	-
Held for sale assets	81	-
Intangible assets	158	160
Revenue expenditure funded from capital under statute	883	943
Loans	33	9
<i>Sources of finance</i>		
Capital receipts	(323)	(49)
Government grants and other contributions	(838)	(1,359)
Sums set aside from revenue		
Direct revenue contributions	(1,004)	(1,003)
Minimum Revenue Provision	(174)	(209)
<i>Closing Capital Financing Requirement</i>	2,081	2,213
<i>Explanation of movements in year</i>		
Increase/(Decrease) in underlying need to borrow (unsupported by government financial assistance)	(132)	(75)
Assets acquired under finance leases	-	219
<i>Increase / (decrease) in Capital Financing Requirement</i>	(132)	144

## 37. Leases

### Authority as Lessee – Finance Leases

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

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

	31 March 2023 £000	31 March 2022 £000
Finance lease liabilities (net present value of minimum lease payments)		
Current	143	139
Non-current	278	421
Finance costs payable in future years	24	39
Minimum lease payments	445	599

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

	Minimum lease payments		Finance lease liabilities	
	31 March 2023 £000	31 March 2022 £000	31 March 2023 £000	31 March 2022 £000
Not later than one year	155	154	143	139
Later than one year and not later than five years	290	445	278	421
Later than five years	-	-	-	-
	445	599	421	560

### Authority as Lessee - Operating Leases

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

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

	31 March 2023 £000	31 March 2022 £000
Not later than one year	219	239
Later than one year and not later than five years	624	819
Later than five years	-	-
	843	1,058

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

	2022/23 £000	2021/22 £000
Minimum lease payments	287	232
Contingent rents	-	-
Sublease payments receivable	-	-
	287	232

#### **Authority as Lessor**

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

### **38. Impairment losses**

During 2022/23 the Authority has recognised an impairment loss of £999k, which includes £154k in relation to the valuations carried out on public conveniences, £33k identified as Ropery House formerly utilised by the Authority and fully utilised as an investment asset and £812k in relation to properties acquired at market value, which have been revalued upon acquisition by the Valuer based on its current use.

### **39. Termination benefits**

The Authority has agreed to terminate the contract of 1 employee in 2022/23, incurring a liability of £90,505.

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

Exit package cost band (including special payments)	Number of compulsory redundancies		Number of other departures agreed		Total number of exit packages by cost band		Total cost of exit packages in each band	
	2022/23	2021/22	2022/23	2021/22	2022/23	2021/22	2022/23	2021/22
£0 - £20,000	-	-	-	-	-	-	-	-
£20,001 - £40,000	-	-	-	-	-	-	-	-
£40,001 - £60,000	-	-	1	-	1	-	£90,505	-
£60,001 - £80,000	-	-	-	-	-	-	-	-
£80,001 - £100,000	-	-	-	-	-	-	-	-
£100,001 - £150,000	-	-	-	-	-	-	-	-
Total	-	-	-	-	-	-	-	-

## 40. Defined benefit pension schemes

### Participation in Pension Schemes

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

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

### Transactions Relating to Retirement Benefits

We recognise the cost of retirement benefits in the reported cost of services when they are earned by employees, rather than when the benefits are eventually paid as pensions. However, the charge we are required to make against council tax is based on the cash payable in the year, so the real cost of post employment/retirement benefits is reversed out of the General Fund via the Movements in Reserves Statement. The following transactions have been made in the Comprehensive Income and Expenditure Statement and the General Fund Balance via the Movement in Reserves Statement during the year:



	Local Government Pension Scheme		Discretionary Benefits Arrangements	
	2022/23 £000	2021/22 £000	2022/23 £000	2021/22 £000
Comprehensive Income and Expenditure Statement				
<i>Cost of Services:</i>				
• Current service cost	3,351	3,258	-	-
• Past service costs / (gains)	-	-	-	-
• (Gain) / Loss from settlements	-	-	-	-
<i>Financing and Investment Income and Expenditure:</i>				
• Net interest expense	215	242	7	6
<i>Total Post Employment Benefits charged to the Surplus or Deficit on the Provision of Services</i>	3,566	3,500	7	6
<i>Other Post Employment Benefits charged to the Comprehensive Income and Expenditure Statement</i>				
<i>Remeasurement of the net defined benefit liability comprising:</i>				
• Return on plan assets (excluding the amount included in the net interest expense)	9,237	104	-	-
• Actuarial (gains) and losses due to changes in financial assumptions	(32,122)	(5,336)	(52)	(8)
• Actuarial (gains) and losses due to changes in demographic assumptions	746	(891)	9	(3)
• Actuarial (gains) and losses due to liability experience	9,655	300	23	1
• Adjustment in respect of paragraph 64	1,563	-	-	-
<i>Total Post Employment Benefits charged to the Comprehensive Income and Expenditure Statement</i>	(7,355)	(2,323)	(13)	(4)
<i>Movement in Reserves Statement:</i>				
• Reversal of net charges made to the Surplus or Deficit on the Provision of Services for post employment benefits in accordance with the Code	(3,566)	(3,500)	(7)	(6)
<i>Actual amount charged against the General Fund Balance for pensions in the year:</i>				
• Employers contributions payable to scheme	1,184	1,276		
• Retirement benefits payable to pensioners			17	17

## Pensions Assets and Liabilities Recognised in the Balance Sheet

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

	Local Government: Pension Scheme £000		Discretionary Benefits £000	
	2022/23	2021/22	2022/23	2021/22
Present value of the defined benefit obligation	(70,182)	(88,165)	(232)	(262)
Fair value of plan assets	70,181	79,625	-	-
Net liability arising from defined benefit obligation	(1)	(8,540)	(232)	(262)

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

	Local Government: Pension Scheme £000		Discretionary Benefits Arrangements £000	
	2022/23	2021/22	2022/23	2021/22
Opening fair value of scheme assets	79,625	78,637	-	-
Interest income	2,140	1,646	-	-
Remeasurement gain/(loss):				
• The return on plan assets, excluding the amount included in the net interest expense	(9,237)	(104)	-	-
• Adjustment in respect of paragraph 64	(1,563)	-	-	-
The effect of changes in foreign exchange rates	-	-	-	-
Contributions from employer	1,184	1,276	17	17
Contributions from employees into the scheme	508	439	-	-
Benefits paid	(2,476)	(2,269)	(17)	(17)
Closing fair value of scheme assets	70,181	79,625	-	-

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

	Funded liabilities: Local Government Pension Scheme £000		Unfunded liabilities: Discretionary Benefits £000	
	2022/23	2021/22	2022/23	2021/22
Opening balance at 1 April	88,165	90,776	262	283
Current service cost	3,351	3,258	-	-
Interest cost	2,355	1,888	7	6
Contribution from scheme participants	508	439	-	-
Remeasurement (gains) and losses:				
• Financial Assumptions	(32,122)	(5,336)	(52)	(8)
• Demographic Assumptions	746	(891)	9	(3)
• Liability Experience	9,655	300	23	1
Past service costs	-	-	-	-
Losses/(gains) on curtailment	-	-	-	-
Entity combinations	-	-	-	-
Benefits paid	(2,476)	(2,269)	(17)	(17)
Closing balance at 31 March	70,182	88,165	232	262

## Local Government Pension Scheme assets comprised:

	31 March 2023 £000	31 March 2022 £000
Equities	36,564	44,351
Property	4,492	5,892
Government Bonds	7,720	13,377
Corporate Bonds	5,053	6,131
Multi Asset Credit	3,720	-
Cash	982	876
Other	11,650	8,998
Closing fair value of scheme assets at 31 March	70,181	79,625

## Basis for Estimating Assets and Liabilities

Liabilities have been assessed on an actuarial basis using the projected unit credit method, an estimate of the pensions that will be payable in future years dependent on assumptions about mortality rates, salary levels etc. Both the Local Government Pension Scheme and Discretionary Benefits liabilities have been assessed by Aon Solutions UK Limited, an independent firm of actuaries, estimates for the County Council Fund being based on the full valuation of the scheme as at 31 March 2022.

The significant assumptions used by the actuary have been:

	31 March 2023	31 March 2022
Mortality assumptions:		
Longevity at 65 for current pensioners:		
Men	22.6 yrs	21.8 yrs
Women	25.0 yrs	23.8 yrs
Longevity at 65 for future pensioners:		
Men	23.5 yrs	23.5 yrs
Women	26.0 yrs	25.7 yrs
Rate of Inflation (CPI)	2.70%	3.00%
Rate of increase in salaries	3.95%	4.25%
Rate of increase in pensions	2.70%	3.00%
Rate of revaluation in pension accounts	2.70%	3.00%
Rate for discounting scheme liabilities	4.70%	2.70%

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

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

### Impact on the Defined Benefit Obligation in the Scheme

	Base Figure	+0.1% pa -0.1% pa Discount Rate	+0.1% pa -0.1% pa Salary Increase Rate	+0.1% pa -0.1% pa Pension Increase Rate	-1 year +1 year Mortality Assumption
Present Value of Total Obligation (£000)	70,182	69,129 71,235	70,252 70,112	71,165 69,199	72,007 68,287
Change in Present Value of Total Obligation (%)		-1.5 1.5	0.1 -0.1	1.4 -1.4	2.6 -2.7
Projected Service Cost (£000)	1,499	1,436 1,563	1,499 1,499	1,563 1,436	1,553 1,445
Approx Change in Projected Service Cost (%)		-4.2 4.3	0.0 0.0	4.3 -4.2	3.6 -3.6

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

### Impact on the Authority's Cash Flows

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

Funding levels are monitored on an annual basis. The next triennial valuation is due to be completed on 31 March 2025.

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

The Authority paid £1,201,000 expected contributions to the scheme in the year to 31 March 2023.

The weighted average duration of the defined benefit obligation for scheme members is 15.3 years 2022/23 (18.4 years 2021/22).

### Assets Related to Defined Pension Scheme

IFRIC 14 - IAS 19 - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction is considered to be relevant to Ryedale District Council for the first time in 2022/23 since this is the first year that a net LGPS pension asset has been reported by Aon, the actuary.

The backdrop for the LGPS asset reported for the first time is an increase in the discount rate assumption and a decrease in the rate of pension increase (CPI) assumption. This has led to an increase in the real discount rate and improvement in the LGPS balance sheet position. It should be noted that IAS 19 requires the discount rate assumption to be based on that of holding solely high-quality corporate bonds which is not representative of the asset-mix held in North Yorkshire Pension Fund's asset portfolio. Therefore, the IAS 19 asset position reported may not be a true representation of the underlying funding position, which is understood to be more closely related to the level of future contributions.

The IAS 19 calculations from the actuary indicated a net pension asset of £1.5m prior to the asset ceiling adjustment. The actuary produced an IFRIC14 asset ceiling calculation which indicated an asset of negative £2.2m. In line with IAS19 and IFRIC14 accounting principles, the asset ceiling cannot be negative and has been capped at £nil.

The IFRIC 14 assessment has considered whether any future economic benefits are available from the improved LGPS IAS 19 accounting position and whether these support the recognition of an asset. The negative asset ceiling has arisen due to the calculation indicating that future cash contributions are expected to be greater than the future service cost. Primary contributions (relating to future service) have been assumed to be payable in perpetuity in line with minimum funding requirement principles and based on the Rates and Adjustments Certificate for North Yorkshire Council published alongside the 2022 triennial valuation. Secondary contributions (relating to past service) per the Rates and Adjustments Certificate are expected to be negative for the next 18 years, which indicates that some surplus currently exists. The economic benefit arising from the negative secondary contributions has been considered by the actuary in the calculation of the net pension asset ceiling, however the magnitude of this benefit was not sufficient to produce a positive net pension asset ceiling i.e. greater than zero.

The calculated position, an asset of £nil, is considered appropriate on the grounds that this is the first year that a pension asset has existed and there is a degree of uncertainty as to the sustainability of this position. By adopting a no asset/no liability accounting position, significant fluctuations between an asset and liability can be prevented in coming years until a greater understanding of any economic benefits available from the net pension asset can be obtained. North Yorkshire Council will also observe experience going forward across the local government sector in terms of appropriately accounting for the substance of the LGPS net pension asset and capture relevant experience in future LGPS pension estimates, as appropriate.

## **41. Contingent liabilities**

At 31 March 2023 the Authority had no material contingent liabilities.

## **42. Contingent assets**

At 31 March 2023 the Authority had no material contingent assets to report.

### 43. Nature and extent of risks arising from financial instruments

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

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

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

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

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

#### **Credit Risk**

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

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

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

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

The Authority's maximum exposure to credit risk in relation to its investments in banks and building societies of £3m cannot be assessed generally as the risk of any institution failing to make interest payments or repay the principal sum will be specific to each institution. Recent experience has shown that it is rare for such entities to be unable to meet their commitments. The risk of non recovery applies to all of the authority's deposits but there is no evidence at 31 March 2023 that this was likely to occur.

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

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

	Amount at 31 March 2023	Historical Experience of Default	Historical Experience adjusted for market conditions at 31 March 2023	Estimated maximum exposure to default and uncollectability at 31 March 2023	Estimated maximum exposure to default and uncollectability at 31 March 2022
	£000	%	%	£000	£000
Deposits with Banks and Financial Institutions	24,750	0%	0%	-	-

### Liquidity Risk

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

	31 March 2023 £000	31 March 2022 £000
Up to 20 years	4,445	479
21 to 50 years	1,014	1,014
	5,459	1,493

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



## **Market Risk**

### ***Interest Rate Risk***

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

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

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

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

### ***Price Risk***

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

### ***Foreign Exchange Risk***

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

## Collection Fund Statement for the year ended 31 March 2023

2021/22			2022/23		Note
Council Tax £000	Business Rates £000		Council Tax £000	Business Rates £000	
(44,829) (46)		<b>INCOME</b>	(47,034) (53)		
		Council Tax Section 13a Discretionary Reliefs			
-		Transfers from General Fund - Council Tax Benefits	-		
	(12,465) (165)	Income collectable from business ratepayers Transitional Protection Payments		(15,479) (7)	
(44,875)	(12,630)	Total Income	(47,087)	(15,486)	
		<b>EXPENDITURE</b>			
30,538		Precepts and Demands:	32,840		(2)
5,866		North Yorkshire County Council	6,290		
1,604		North Yorkshire Police & Crime Commissioner	1,693		
5,516		North Yorkshire Fire & Rescue	5,746		
54		Ryedale District Council	58		
		Street Lighting Expenses			
		Business Rates:			(3)
	-	Payment to National Pool		-	
	5,342	Central Government		7,417	
	4,307	Ryedale District Council		5,934	
	979	North Yorkshire County Council		1,335	
	107	North Yorkshire Fire & Rescue		148	
	110	Allowance for cost of Business Rate Collection		112	
624	(40)	Allowance for Impairment	(191)	(45)	(4)
	315	Provision for Appeals		(196)	(4)
43	2	Write Off of uncollectable amounts	61	40	(4)
44,245	11,122	Total Expenditure	46,497	14,745	
(630) 127	(1,508) 7,498	(Surplus) / deficit for the year (Surplus) / deficit at 1 April	(590) (503)	(741) 5,990	
(503)	5,990	(Surplus) / deficit at 31 March	(1,093)	5,249	

# Notes on the Collection Fund

## 1. General

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

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

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

The Local Government Finance Act 2012 introduced a business rates retention scheme that enabled local authorities to retain a proportion of the business rates generated in their area. The new arrangements for the business rates came into effect on 1 April 2013. Billing authorities act as agents on behalf of the major preceptors (10% 2022/23; 10% 2021/22), central government (50% 2022/23; 50% 2021/22) and themselves (40% 2022/23; 40% 2021/22).

## 2. Council Tax

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

Band	No of Chargeable Dwellings	Ratio	Band D Equivalent Dwellings
A	1,987	6/9	1,325
B	5,700	7/9	4,433
C	5,632	8/9	5,006
D	4,393	1	4,393
E	3,375	11/9	4,125
F	2,009	13/9	2,902
G	1,110	15/9	1,850
H	108	18/9	216
<b>TOTAL</b>	<b>24,314</b>		<b>24,250</b>
Empty Property Premium			81.06
Cost of LCTS Scheme			(1,650.37)
Less adjustment for Collection Rate			(453.84)
Council Tax Base			22,226.85

Precepts and demands for 2022/23 are analysed as follows:

	Ryedale DC £000	NYCC £000	NYPCC £000	NYFRA £000
2022/23 Precept/Demand	5,705	32,614	6,247	1,681
Payment in respect of 2021/22 surplus	41	226	43	12
	5,746	32,840	6,290	1,693

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

	£000
Ryedale District Council	-
North Yorkshire County Council	(906)
North Yorkshire Police & Crime Commissioner	(147)
North Yorkshire Fire & Rescue Authority	(40)

The balance of Council Tax for Ryedale District Council is nil due to Local Government Reorganisation, with the balance being allocated to North Yorkshire Council based on the 2023/24 precept.

### 3. Income from business rates

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

Additional information is as follows:

Total National Non Domestic Rateable Value in £ at 31 March 2023	49,717,866
NDR Rate in £ for 2022/23	51.2p
Small Business Rate in £ for 2022/23	49.9p
Number of Business Premises (Hereditament) at 31 March 2023	3,257
Number of Local Council Tax Support Claimants at 31 March 2023	3,057

Business Rate Yield for 2022/23 is analysed as follows:

	Ryedale DC £000	NYCC £000	NYFRA £000	Government £000
2022/23 Estimates Yield	5,713	1,285	143	7,140
Payment in respect of 2021/22 surplus	221	50	5	277
	5,934	1,335	148	7,417

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

	£000
Ryedale District Council	2,100
North Yorkshire County Council	472
North Yorkshire Fire & Rescue Authority	53
Central Government	2,624

#### **4. Bad and doubtful debts and provision for appeals**

The figures show any movement on the provision for bad and doubtful debts. Provision has been made for Council Tax payers of £712,000 (2021/22: £903,000) and Business Ratepayers of £179,000 (2021/22: £224,000) and is included within Debtors in the Authority's Balance Sheet. Provision has been made for the cost of successful business rate appeals of £1,772,000 (2021/22: £1,968,000).

# Annual governance statement 2022/23

## Scope of Responsibility

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

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

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

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

## Purpose of the Governance Framework

The governance framework comprises the systems and processes, culture and values, by which the Council directs and controls its activities, and how it leads, engages with and is accountable to the community it serves. It enables the Council to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate, cost-effective services.

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

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

The governance framework will have been in place at Ryedale District Council for the year ended 31 March 2023.

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

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

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

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

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

- The Council's key priorities during 2022/23 were reflected in its Council Plan 2020-24, which was approved by Full Council in September 2020. This sets out the following key aims:
  - Support strong, inclusive and attractive communities
  - Harness Ryedale's unique economy to deliver growth, homes and jobs
  - Create an environment that is sustainable, safe and clean
  - Develop our organisation as an innovative, enterprising Council
- The Constitution sets out how the Council operates, how decisions are made, and the procedures that are followed to ensure that these are lawful, efficient, transparent and accountable to local people. This incorporates the Members' Code of Conduct and a number of other locally agreed codes and protocols.
- The Council's budget and policy framework is set by the full Council. The Policy and Resources Committee has delegated authority to operate and make decisions within the framework. Some powers are delegated to senior officers.
- In addition to the Policy and Resources Committee there are two specific regulatory committees for Licensing and Planning. These have independent powers within their legislative framework. Each of these acts within defined terms of reference agreed by the full Council.

- Throughout 2022/23 Council committee meetings were held physically with officers and other participants (such as External Auditors) able to join through MS Teams. They have been broadcast to be able to be viewed by members of the public.
- The Overview and Scrutiny Committee acting as a Corporate Governance Standards Committee has monitored standards of conduct of Members and advised the Council on probity issues. Entries made in the Register of Members' Interests were reviewed by the Monitoring Officer.
- Council decisions are subject to review by the Council's Scrutiny function, which has the ability to call-in and review decisions and also to contribute to the development of policy.
- The committee management system (modern.gov) enables the recording, tracking and monitoring of committee agenda, minutes, reports and decision records.
- Council meetings are accessible for the public except when exempt or confidential matters are being disclosed.
- A number of areas are delegated to officers for the purposes of decision-making; however, limits on the exercise of delegation are laid down in the Council's Constitution. The Council also has a specific delegation scheme for Planning which is published on the website.
- The Council has adopted a Local Code of Corporate Governance.
- The Council has a Counter Fraud and Corruption Strategy, covering 2020-24 and a Counter Fraud and Corruption Policy, which are reviewed annually. A revised strategy and policy were approved by Overview and Scrutiny (acting as Audit) Committee in January 2021. The Council also has separate Speak Out and Anti Money Laundering Policies. The Council employs Veritau to provide a counter fraud service.
- The Chief Executive post is also an Assistant Chief Executive at North Yorkshire County Council (NYCC). The two councils are working together to support efficiencies and deliver improved services through effective partnership working and in preparation for Local Government Reorganisation (LGR). Due to the substantive postholder's sickness during the period 6 December - 31 March, the Chief Executive role was filled by the Programme Director - Place & Resources (6 December - 10 February) and subsequently by the Programme Director - People & Resources (10 February - 31 March).
- For 2022/23 the Council has ensured that it has had a designated Monitoring Officer in accordance with Section 5 of the Local Government and Housing Act 1989. This has included the appointment of a temporary postholder to cover the period 6 - 31 March. It is the function of the Monitoring Officer to report to Members upon any contravention of any enactment or rule of law or any maladministration by the Authority. The Monitoring Officer also has responsibilities relating to the Members' Code of Conduct.
- The Chief Finance Officer (s151) (a joint role employed by NYCC where the postholder is an Assistant Director for Strategic Resources) is the officer with statutory responsibility for the proper administration of the Council's financial affairs, in accordance with Section 151 of the Local Government Act 1972. In compliance with CIPFA's "Statement on the Role of the Chief Financial Officer in Local Government", Ryedale is in full compliance as the Chief Finance Officer (s151) is a member of the Strategic Management Board.



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

- A revised approach to managing risk has been adopted in recent years.
  - This has led to an overhaul of the Corporate Risk Register and the development of Service Risk Registers. Advice and guidance has been provided by Veritau and in some cases by North Yorkshire County Council. This work has been recognised and endorsed by Members who see it as an important part of the Council's improvement strategy. As part of that, an update on Risk Management, including the Corporate Risk Register, is presented to Audit Committee twice a year.
  - A Risk Management guidance document has been developed for key staff along with risk management training
  - The maintenance of the Corporate Risk Register comprising risks for the Council as a whole, assigned to designated officers, with appropriate counter-measures and an action plan established for each key risk
  - As well as presentation of this to Committee, Strategic Management Board also keeps the corporate risk management arrangements under review and examine and challenge this and service risk registers
  - Management and Internal Audit of a risk-based approach in the preparation and delivery of the audit plan
  - Officers of the Council are required to consider risk management issues when submitting reports to Committees and Council for consideration by Members. This includes managing risks around equalities, safeguarding and health and safety.
- The Council has established a Corporate Information Governance Group (CIGG) in order to address the requirements of the General Data Protection Regulation (GDPR) which came into effect on 25 May 2018. The Council's Senior Information Risk Owner (SIRO) is the Head of Corporate Governance. The CIGG includes representatives from Veritau, who have been engaged as the Council's Data Protection Officer (DPO), a requirement of the GDPR. Veritau provide regular updates to the Audit Committee.
- The maintenance of an adequate and effective system of Internal Audit is a requirement of the Accounts & Audit Regulations. Internal Audit is provided by Veritau North Yorkshire Ltd. (VNY), which is part of the Veritau group. The work of Internal Audit is governed by the Accounts and Audit Regulations 2015 and the Public Sector Internal Audit Standards. In accordance with these standards Internal Audit is required to prepare an audit plan on at least an annual basis.
- Internal Audit examines and evaluates the adequacy of the Council's system of internal controls as a contribution to ensuring that resources are used in an economical, efficient and effective manner. Internal Audit is an independent and objective appraisal function established by the Council for reviewing the system of internal control.
- The audit plan is informed by the Council's main strategic risks. This is intended to ensure limited audit resources are prioritised towards those systems which are considered to be the most risky and/or which contribute the most to the achievement of the Council's priorities and objectives.
- The Council seeks to ensure resources are utilised in the most economic, effective and efficient manner whilst delivering continuous improvement. It aims to achieve this by a variety of means including the following:
  - Service/process transformation and efficiency reviews
  - Working with partners
  - External and Internal Audit feedback

## Review of Effectiveness

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

- the Annual Internal Audit Assurance opinion, as provided by Veritau North Yorkshire
- the External Auditor's Annual Report on the Council's VFM arrangements
- other comments made by the external auditors and other review agencies and inspectorates
- the Overview & Scrutiny Committee review that the elements of the governance framework are in place and effective, to ensure compliance with the principles. They also reviewed the system of internal audit and concluded it was effective and remained a key source of assurance for the Council in 2022/23.

The Overview and Scrutiny (O&S) Committee process has provided challenge and has monitored the Council's policies and performance on an ongoing basis. The Members of O&S have worked together, adopting a non-political approach, developing and using their knowledge and expertise, and that of others to the best effect. An evidence-based approach to the O&S work has been instrumental in achieving good results.

The Overview and Scrutiny Committee received reports on:

- External Audit Plan
- Internal Audit and Counter Fraud Annual Report
- Equalities Action Plan
- Customer Complaints and Compliments Quarterly Reports
- Treasury Management Annual Report
- CIPFA Financial Management Code
- Local Government and Social Care Ombudsman Annual Review Letter
- Review of the Council's Procedures for Waste Collection from Holiday Lets
- Report of Everyone Active on the 2021/22 Delivery of the Leisure Contract for Ryedale District Council
- Health and Safety Annual Review 2021/22
- Corporate Risk Register Update
- Delivering the Council Plan Updates
- Standards Complaints Overview and Annual Report
- Update on the use of Regulation of Investigatory Powers Act 2000 (RIPA)

The Council is dedicated to ensuring that its resources are utilised in the most effective and efficient manner whilst delivering continuous improvement. Although LGR has meant that the Council has not had to prepare its own budget for the period after the current financial year, Members continued to receive regular budget monitoring reports which set out the impact of the Council as a going concern on the financial position of the new North Yorkshire Council.

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

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

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

Key systems were audited in 2022/23 and a number of audit reports and other pieces of work were provided to management and the O&S Committee.

In December 2022 the Council's external auditors (Grant Thornton) provided the Council with an unqualified opinion on the Council's accounts within their Audit Findings (ISA260) Report. The Auditor's Annual Report on the Council's VFM arrangements was presented to O&S Committee in February 2023.

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

## **Coronavirus**

There has continued to be some impact on Council services of the coronavirus pandemic in 2022/23. Despite the challenges, the Council has maintained consistent essential services for residents, whilst adapting to provide alternative virtual services wherever appropriate and possible.

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

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

## **Key Issues**

No system of governance or internal control can provide absolute assurance against material misstatement or loss. This Statement is intended to provide reasonable assurance. In concluding this overview of the Council's governance arrangements, a number of issues were identified that need to be addressed to ensure continuous improvement in the Governance Framework. The aim is to address these issues during the 2023/24 financial year, by way of an action plan for improving the governance framework and system of internal control. This will be subject to monitoring by the Overview and Scrutiny Committee.

The most significant issues that the Council highlighted it would need to address during 2022/23 were those resulting from the residual impacts of the pandemic, Local Government Reorganisation (LGR), the invasion of Ukraine and escalating costs of living.

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

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

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

## Key Issues

In the 2021/22 Annual Governance Statement, seven key issues were identified. An update on these is shown below.

This Statement is intended to provide reasonable assurance. It is stressed that no system of control can provide absolute assurance against material misstatement or loss. In concluding this overview of the Council's governance arrangements, a number of issues were identified that have been addressed to ensure continuous improvement in the Governance Framework. Although the Council will cease to exist on 31 March 2023, the issues below will assist the new Council in agreeing any action plan for improving the governance framework and system of internal control.

### 1. Financial Sustainability

<b>Accountable Officer</b>	s151 Officer.
<b>Challenge</b>	<p>On-going and future changes to the Council's financial framework including several changes to national and local funding regimes will increase the financial pressure on the Council and risk profile.</p> <p>This needs to be matched with effective financial management on the part of members and officers.</p> <p>This Challenge was revised in 2020/21 to include dealing with the ongoing impact of the Coronavirus Pandemic.</p>
<b>Actions</b>	<p>The agreed Medium Term Financial Strategy of the Council highlights the expected need to make future savings. This informs the budget process for future years for the new North Yorkshire Council.</p> <p>The s151 Officer considers the risk as part of the closure of accounts including the need to make appropriate provisions and reserves at the year-end.</p> <p>Ensure effective budget management is in operation across the Council, including accurate data and forecasting and reporting to members. Ensure that members are kept aware of all relevant financial information to assist in budget setting in future years.</p> <p>The MTFS also took into account the ongoing impact of the Coronavirus pandemic and LGR.</p> <p>The financial impact of LGR was a major feature in 2022/23. The LGR decision and other agreements did not affect the requirement on Ryedale District Council to set a legal budget for 2022/23 that addresses the Council's aims and objectives. There will also be a direct cost to the Council related to the implementation of LGR and some funding has been set aside to cover this. Staff were also expected to contribute to the transformation to the new council and therefore this could impact on capacity.</p>

<b>Progress Report</b>	<p>This is a Key Issue which has formed part of the AGS for a number of years, and it is expected that this will continue to be the case.</p> <p>A revised Financial Strategy was approved by Council in February 2022 and members were consulted during the preparation of the budget through reports and briefings.</p> <p>Financial monitoring is now fully in place and has explicitly included the impact of LGR.</p> <p>Reviews on additional services are undertaken to ensure that required capacity is funded and resources managed effectively.</p> <p>A budget for Local Government Reorganisation was agreed by Full Council so that Ryedale can play its part in shaping the new Council for North Yorkshire. Costs are being monitored and will be reported as part of budgeting processes.</p> <p>The financial impact of Local Government Review has required careful consideration with regard to use of resources and financial impact as will ongoing monitoring of impact of supply chain disruption and inflationary risks.</p> <p>The revised MTFS has been monitored during 2022/23 to ensure that members of RDC and of the new North Yorkshire Council are aware of the existing financial pressures and opportunities in Ryedale.</p> <p>A Financial Protocol is in place to ensure that any decisions taken by Ryedale which impact on the new Council are transparent.</p> <p>Improved procurement support has led to the monitoring of a forward procurement plan and the correct governance around contract management. Again this is being aligned to the future operation of North Yorkshire Council.</p>
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## 2. Waste and Recycling Review

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



<b>Progress Report continued</b>	There has been ring-fenced investment in place to facilitate this including a new vehicle replacement programme, which was approved as part of the capital programme for the period 2021/22 to 2024/25, and a Streetscene transformation capacity funding which was agreed as part of the 2021/22 revenue budget. Therefore all three actions highlighted above have now been completed and the ongoing revenue budget is now back on track.
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### 3. The Local Plan

<b>Accountable Officer</b>	<p>Programme Director for Place and Resources.</p> <p>Planning Services Manager.</p>
<b>Challenge</b>	<p>The Local Plan requires review and adoption given its age. This Project is ongoing, beginning in 2020/21. The review process has identified that the Local Plan must be subjected to a full review, and this has resulted in a position whereby the review cannot be formally published prior to LGR taking place in April. A full plan review would not be completed until 2026. A new Local Plan for North Yorkshire is to be commenced in spring of 2023, and a decision will be made by North Yorkshire Council as to whether the review of the Ryedale Plan continues as a standalone plan alongside the new Local Plan for North Yorkshire, or it is subsumed into the new Local Plan. A decision on this is due May 2023.</p>
<b>Actions</b>	<p>This will highlight expected levels of development that will take place in the District and will set out the specific types of new development required to meet Ryedale's needs. It will also set out the approach to responding to climate change in terms of policies which will be applied to a range of new developments.</p>
<b>Progress Report</b>	<p>As set out above, a new Local Plan for North Yorkshire is to be commenced in spring of 2023, and a decision will be made by North Yorkshire Council as to whether the review of the Ryedale Plan continues as a standalone plan alongside the new Local Plan for North Yorkshire, or it is subsumed into the new Local Plan. A decision on this is due May 2023.</p>

#### 4. Resilience and Capacity

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

## 5. Economic Recovery and Growth

<b>Accountable Officer</b>	<p>Programme Director - Place and Resources.</p> <p>Programme Director - People and Resources.</p>
<b>Challenge</b>	Economic Recovery and Growth.
<b>Actions</b>	<p>Delivering a strong, sustainable economy will need to now take account of the recovery required post-Covid to address the long-term, sustainable economic success of the district. This includes addressing the needs of those who are experiencing poverty and severely reduced income as a consequence of the pandemic.</p> <p>Submission of York/North Yorkshire devolution asks to Government were agreed by Elected Members. Submission has occurred and councils across York and North Yorkshire are continuing to ask for a negotiation process with Government to begin.</p> <p>A plan for leaving the European Union is also critical given the impact this may have on many businesses. Component parts of the proposed devolution deal relating to thriving businesses, strong job opportunities, robust infrastructure, and strong culture, tourism and low carbon sectors, are aiming to be progressed through bids into new Government funding tranches (e.g. Community Renewal Funding, Levelling Up) that are replacing EU funding tranches.</p> <p>Inclusive growth is also key to mitigate the increasing levels of poverty that are arising from the consequences of Covid-19. This includes a focus on partnership initiatives with other key bodies including Town and Parish Councils, NYCC and the voluntary and community sector.</p>
<b>Progress Report</b>	<p>This has been highlighted as a Key Issue since 2018/19 but was revised in 2021 to take account of the recovery required post-Covid.</p> <p>A key focus has been on providing immediate support to businesses. This included handling increased service demands and direct action to enable businesses to trade safely (e.g. environmental health, community officer roles in Covid secure management, increased benefits claims and housing applications). Grants to business and individuals have been made as quickly and effectively as possible to ease distress and protect lives and livelihoods (e.g. self-isolation, a variety of business grants).</p> <p>The Council's actions to support economic recovery are aligned to the Council Plan and have also been progressed as part of the regional Local Resilience Forum arrangements.</p> <p>Ryedale is also playing a key role in the management of poverty across York and North Yorkshire.</p>

<p><b>Progress Report continued</b></p>	<p>Examples of Economic Development work carried out in 2022/23 included:</p> <ul style="list-style-type: none"> <li>• Secured approval for the provision of new light industrial Starter Units in Pickering.</li> <li>• Continued project development work for the relocation of Malton Livestock Market.</li> <li>• Completed implementation of Malton - Pickering Cycle route, funded with £628,000 from the Rural Development Programme for England (with funding from the European Agricultural Fund for Rural Development).</li> </ul> <p>In addition to the above and all other work undertaken by the team, the Local Government Reorganisation process has latterly become a more significant aspect of work, with Officers regularly participating across two major work streams - Economic Development and Culture, Leisure and Sport.</p> <p>Discussions on devolution have now begun and the AGS will be updated to cover these as appropriate.</p>
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## 6. Climate Change

<b>Accountable Officer</b>	Programme Director - Place and Resources.
<b>Challenge</b>	Delivering the Climate Change Action Plan to ensure that Ryedale District Council can contribute towards the reduction in global temperature rise.
<b>Actions</b>	Progressing Action Plan delivery through numerous projects which include operations, partnerships with public, private, voluntary sectors and Ryedale Environmental sectors and residents, building and assets, transport and vehicles.
<b>Progress Report</b>	<p>This continues to be highlighted as a Key Issue and specifically to review and enact the Action Plan. This has been done and taken into account in the update below.</p> <p>Agreed three-year revenue budget in place to support delivery. Climate Change Officer in place from November 2021. Since the baseline year (2018/19), RDC has achieved a 19.5% reduction in its Carbon Dioxide equivalent emissions. This is 4.5% higher than the 15% reduction target for the financial year 2021/22.</p> <p>RDC holds quarterly climate change working group meetings to ensure the Climate Change Action Plan is kept up-to-date, progress is being achieved against listed actions, and that new opportunities are incorporated. A range of projects have been delivered, including:</p> <ul style="list-style-type: none"> <li>• delivery of LED street lighting across Malton and Norton (364 lamps, equating to a CO<sub>2</sub> saving of 36 tonnes per year).</li> <li>• delivery of 20 fast-charging units (at car parks) and 10 RDC workplace units.</li> <li>• delivery of 11.4 mile Malton - Pickering cycle route enhancements.</li> <li>• secured £80,250 from the UK Government's Heat Network Delivery Unit for feasibility studies into Geothermal energy.</li> <li>• delivery of first round of the community environmental grant to 6 community groups across Ryedale. Energy efficiency projects with a community focus, ranging from roof insulation to an EV charge point.</li> <li>• delivery of BEIS Local Authority Delivery Grant 2 (LAD2) funding, 73 measured ranging from Solar, EWI, ASHA and SMHC.</li> </ul> <p>replacement of vehicle fleet to ensure Euro 6 compliant.</p> <p>Carbon impact assessments are required for all projects. RDC's Procurement Plan 2021 - 2023 "Theme 3" outlines that climate change impacts should be considered within the Council's supply chain.</p> <p>RDC works collaboratively with local authorities across York and North Yorkshire to develop and deliver climate change projects, including through LGR, in developing the new authority's climate strategy.</p>

## 7. Council Plan

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

## Approval of the Annual Governance Statement

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

Signed:	Dated: 12 November 2024
Cllr Carl Les Leader of the Council	

Signed:	Dated: 12 November 2024
Richard Flinton Chief Executive Officer	



# Independent auditor's report to the members of North Yorkshire Council regarding the former Ryedale District Council

## Report on the audit of the financial statements

### Opinion on financial statements

We have audited the financial statements of Ryedale District Council (the 'Authority') for the year ended 31 March 2023, which comprise the Movement in Reserves Statement, the Comprehensive Income and Expenditure Statement, the Balance Sheet, the Cash Flow Statement, the Collection Fund Statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2022/23.

In our opinion, the financial statements:

- give a true and fair view of the financial position of the Authority as at 31 March 2023 and of its expenditure and income for the year then ended;
- have been properly prepared in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2022/23; and
- have been prepared in accordance with the requirements of the Local Audit and Accountability Act 2014.

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law, as required by the Code of Audit Practice (2024) ("the Code of Audit Practice") approved by the Comptroller and Auditor General. Our responsibilities under those standards are further described in the 'Auditor's responsibilities for the audit of the financial statements' section of our report. We are independent of the Authority in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Emphasis of matter – Local Government Reorganisation in North Yorkshire

In forming our opinion on the financial statements, which is not modified, we draw attention to note '6. Events after the reporting period' to the financial statements, which indicates that as a result of Local Government Reorganisation in North Yorkshire, the County, District and Borough councils became a single North Yorkshire Council on 1 April 2023. The Authority's services, assets and liabilities transferred to the new authority, North Yorkshire Council, on that date.

### Conclusions relating to going concern

We are responsible for concluding on the appropriateness of the Corporate Director for Strategic Resources' (s151) use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Authority's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify the auditor's opinion. Our conclusions are based on the audit evidence obtained up to the date of our report. However, future events or conditions may cause the Authority to cease to continue as a going concern.

In our evaluation of the Corporate Director for Strategic Resources' (s151) conclusions, and in accordance with the expectation set out within the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2022/23 that the Authority's financial statements shall be prepared on a going concern basis, we considered the inherent risks associated with the continuation of services provided by the Authority. In doing so we had regard to the guidance provided in Practice Note 10 Audit of financial statements and regularity of public sector bodies in the United Kingdom (Revised 2022) on the application of ISA (UK) 570 Going Concern to public sector entities. We assessed the reasonableness of the basis of preparation used by the Authority and the Authority's disclosures over the going concern period.

In auditing the financial statements, we have concluded that the Corporate Director for Strategic Resources' (s151) use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Authority's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Corporate Director for Strategic Resources (s151) with respect to going concern are described in the relevant sections of this report.

### **Other information**

The other information comprises the information included in the Statement of Accounts, other than the financial statements and our auditor's report thereon. The Corporate Director for Strategic Resources (s151) is responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

### **Other information we are required to report on by exception under the Code of Audit Practice**

Under the Code of Audit Practice published by the National Audit Office in November 2024 on behalf of the Comptroller and Auditor General (the Code of Audit Practice) we are required to consider whether the Annual Governance Statement does not comply with 'Delivering Good Governance in Local Government Framework 2016 Edition' published by CIPFA and SOLACE, or is misleading or inconsistent with the information of which we are aware from our audit. We are not required to consider whether the Annual Governance Statement addresses all risks and controls or that risks are satisfactorily addressed by internal controls.

We have nothing to report in this regard.

### **Opinion on other matters required by the Code of Audit Practice**

In our opinion, based on the work undertaken in the course of the audit of the financial statements, the other information published together with the financial statements in the Statement of Accounts for the financial year for which the financial statements are prepared is consistent with the financial statements.

### **Matters on which we are required to report by exception**

Under the Code of Audit Practice, we are required to report to you if:

- we issue a report in the public interest under section 24 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of the audit; or
- we make a written recommendation to the Authority under section 24 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of the audit; or
- we make an application to the court for a declaration that an item of account is contrary to law under Section 28 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of the audit; or
- we issue an advisory notice under Section 29 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of the audit; or
- we make an application for judicial review under Section 31 of the Local Audit and Accountability Act 2014, in the course of, or at the conclusion of the audit.

We have nothing to report in respect of the above matters.

## **Responsibilities of the Authority and the Corporate Director for Strategic Resources (s151)**

As explained more fully in the Statement of Responsibilities, the Authority is required to make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of those affairs. In this authority, that officer is the Corporate Director for Strategic Resources (s151). The Corporate Director for Strategic Resources (s151) is responsible for the preparation of the Statement of Accounts, which includes the financial statements, in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2022/23, for being satisfied that they give a true and fair view, and for such internal control as the Corporate Director for Strategic Resources (s151) determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Corporate Director for Strategic Resources (s151) is responsible for assessing the Authority's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they have been informed by the relevant national body of the intention to dissolve the Authority without the transfer of its services to another public sector entity.

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

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. Irregularities, including fraud, are instances of non-compliance with laws and regulations. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

We obtained an understanding of the legal and regulatory frameworks that are applicable to the Authority and determined that the most significant which are directly relevant to specific assertions in the financial statements are those related to the reporting frameworks, including the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2022/23, the Local Audit and Accountability Act 2014, the Accounts and Audit Regulations 2015, the Local Government Act 2003, the Local Government Act 1972, and the Local Government Finance Act 1988 (as amended by the Local Government Finance Act 1992 and the Local Government Finance Act 2012).

We enquired of senior officers and the former Ryedale District Council Overview and Scrutiny (Audit) Committee, concerning the Authority's policies and procedures relating to:

- the identification, evaluation and compliance with laws and regulations;
- the detection and response to the risks of fraud; and
- the establishment of internal controls to mitigate risks related to fraud or non-compliance with laws and regulations.

We enquired of senior officers, internal audit and the former Ryedale District Council Overview and Scrutiny (Audit) Committee, whether they were aware of any instances of non-compliance with laws and regulations or whether they had any knowledge of actual, suspected or alleged fraud.

We assessed the susceptibility of the Authority's financial statements to material misstatement, including how fraud might occur, by evaluating management's incentives and opportunities for manipulation of the financial statements. This included the evaluation of the risk of management override of controls and of the and the potential for fraud to occur in the recognition of revenue and expenditure. We rebutted the risks in respect of revenue and expenditure recognition. We determined that the principal risks were in relation to material areas of management judgement and estimation, material closing journals, and journal posted by senior management. Our audit procedures involved:

- evaluation of the design effectiveness of controls that management has in place to prevent and detect fraud,
- journal entry testing, with a focus on unusual and high-risk journals made at the year-end accounts production stage and journals posted by senior management,

- challenging assumptions and judgements made by management in its significant accounting estimates in respect of land and buildings and defined benefit pensions net balance valuations,
- assessing the extent of compliance with the relevant laws and regulations as part of our procedures on the related financial statement item.

These audit procedures were designed to provide reasonable assurance that the financial statements were free from fraud or error. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error and detecting irregularities that result from fraud is inherently more difficult than detecting those that result from error, as fraud may involve collusion, deliberate concealment, forgery or intentional misrepresentations. Also, the further removed non-compliance with laws and regulations is from events and transactions reflected in the financial statements, the less likely we would become aware of it.

Our assessment of the appropriateness of the collective competence and capabilities of the engagement team included consideration of the engagement team's:

- understanding of, and practical experience with audit engagements of a similar nature and complexity through appropriate training and participation
- knowledge of the local government sector
- understanding of the legal and regulatory requirements specific to the Authority including:
  - the provisions of the applicable legislation
  - guidance issued by CIPFA/LASAAC and SOLACE
  - the applicable statutory provisions.

In assessing the potential risks of material misstatement, we obtained an understanding of:

- the Authority's operations, including the nature of its income and expenditure and its services and of its objectives and strategies to understand the classes of transactions, account balances, expected financial statement disclosures and business risks that may result in risks of material misstatement.
- the Authority's control environment, including the policies and procedures implemented by the Authority to ensure compliance with the requirements of the financial reporting framework.

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

## **Report on other legal and regulatory requirements – the Authority’s arrangements for securing economy, efficiency and effectiveness in its use of resources**

### **Matter on which we are required to report by exception – the Authority’s arrangements for securing economy, efficiency and effectiveness in its use of resources**

Under the Code of Audit Practice, we are required to report to you if, in our opinion, we have not been able to satisfy ourselves that the Authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2023.

We have nothing to report in respect of the above matter.

### **Responsibilities of the Authority**

The Authority is responsible for putting in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources.

### **Auditor’s responsibilities for the review of the Authority’s arrangements for securing economy, efficiency and effectiveness in its use of resources**

We are required under Section 20(1)© of the Local Audit and Accountability Act 2014 to be satisfied that the Authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. We are not required to consider, nor have we considered, whether all aspects of the Authority’s arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively.

We undertake our review in accordance with the Code of Audit Practice, having regard to the guidance issued by the Comptroller and Auditor General in November 2024. This guidance sets out the arrangements that fall within the scope of ‘proper arrangements’. When reporting on these arrangements, the Code of Audit Practice requires auditors to structure their commentary on arrangements under three specified reporting criteria:

- Financial sustainability: how the Authority plans and manages its resources to ensure it can continue to deliver its services;
- Governance: how the Authority ensures that it makes informed decisions and properly manages its risks; and
- Improving economy, efficiency and effectiveness: how the Authority uses information about its costs and performance to improve the way it manages and delivers its services.

We document our understanding of the arrangements the Authority has in place for each of these three specified reporting criteria, gathering sufficient evidence to support our risk assessment and commentary in our Auditor’s Annual Report. In undertaking our work, we consider whether there is evidence to suggest that there are significant weaknesses in arrangements.

## **Report on other legal and regulatory requirements – Delay in certification of completion of the audit**

We cannot formally conclude the audit and issue an audit certificate for Ryedale District Council for the year ended 31 March 2023 in accordance with the requirements of the Local Audit and Accountability Act 2014 and the Code of Audit Practice until we have completed the work necessary to issue our Whole of Government Accounts (WGA) Component Assurance statement for the Authority for the year ended 31 March 2023. We are satisfied that this work does not have a material effect on the financial statements for the year ended 31 March 2023.

### **Use of our report**

This report is made solely to the members of the Authority, as a body, in accordance with Part 5 of the Local Audit and Accountability Act 2014 and as set out in paragraph 44 of the Statement of Responsibilities of Auditors and Audited Bodies published by Public Sector Audit Appointments Limited. Our audit work has been undertaken so that we might state to the Authority's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Authority and the Authority's members as a body, for our audit work, for this report, or for the opinions we have formed.

# ***Gareth D Mills***

**Gareth Mills, Key Audit Partner**

for and on behalf of Grant Thornton UK LLP, Local Auditor

**Leeds**

**18 November 2024**

## Analysis of the cost of services (unaudited)

### (Comprehensive income and expenditure statement)

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

2021/22 Net Exp. £000	Service	2022/23 Expenditure £000	2022/23 Income £000	2022/23 Net Exp. £000
	<b>Central Services to the Public</b>			
105	Grants, Bequests & Donations	174	-	174
257	Emergency Planning	99	-	99
634	Local Tax Collection	1,151	441	710
414	Elections	445	2	443
(10)	Local Land Charges	167	166	1
<b>1,400</b>	<b>Net Expenditure Central Services to the Public</b>	<b>2,036</b>	<b>609</b>	<b>1,427</b>
	<b>Cultural &amp; Related Services</b>			
107	Culture & Heritage	153	-	153
227	Open Spaces	220	16	204
940	Recreation & Sport	598	-	598
81	Tourism	293	94	199
<b>1,355</b>	<b>Net Expenditure Cultural &amp; Related Services</b>	<b>1,264</b>	<b>110</b>	<b>1,154</b>
	<b>Environmental &amp; Regulatory Services</b>			
1	Closed Churchyards	8	-	8
-	Community Safety (CCTV)	-	-	-
47	Community Safety (Crime Reduction)	56	4	52
15	Community Safety (Safety Services)	16	-	16
81	Flood Defence & Land Drainage	459	-	459
748	Recycling	2,403	1,425	978
1,128	Regulatory Services	1,876	232	1,644
619	Street Cleansing	598	24	574
160	Trade Waste	865	891	(26)
1,000	Waste Collection	954	25	929
<b>3,799</b>	<b>Net Expenditure Environmental &amp; Regulatory Services</b>	<b>7,235</b>	<b>2,601</b>	<b>4,634</b>

2021/22 Net Exp. £000	Service	2022/23 Expenditure £000	2022/23 Income £000	2022/23 Net Exp. £000
	<b>Planning Services</b>			
71	Building Control	291	215	76
(58)	Business Support	268	50	218
131	Community Development	618	-	618
547	Development Control	1,035	515	520
224	Economic Development	632	175	457
87	Environmental Initiatives	101	-	101
431	Planning Policy	362	-	362
<b>1,433</b>	<b>Net Expenditure Planning Services</b>	<b>3,307</b>	<b>955</b>	<b>2,352</b>
	<b>Highways &amp; Transport Services</b>			
(536)	Parking Services	431	873	(442)
46	Transport Support	51	-	51
<b>(490)</b>	<b>Net Expenditure Highways &amp; Transport Services</b>	<b>482</b>	<b>873</b>	<b>(391)</b>
	<b>Housing Services</b>			
85	Enabling	96	1	95
309	Homelessness	1,216	728	488
128	Housing Advice	152	-	152
140	Housing Benefits Administration	364	150	214
162	Housing Benefits Payments	7,057	6,894	163
(612)	Housing Strategy	576	520	56
295	Other Council Property	1,035	100	935
234	Other Welfare Services	595	251	344
(39)	Private Sector Housing Renewal	988	745	243
<b>702</b>	<b>Net Expenditure Housing Services</b>	<b>12,079</b>	<b>9,389</b>	<b>2,690</b>
	<b>Corporate &amp; Democratic Core</b>			
1,421	Corporate Management	1,648	30	1,618
1,051	Democratic Representation & Management	1,075	-	1,075
<b>2,472</b>	<b>Net Expenditure Corporate &amp; Democratic Core</b>	<b>2,723</b>	<b>30</b>	<b>2,693</b>
	<b>Other Corporate &amp; Non Distributed Costs</b>			
(37)	Other Services	65	4	61
164	Non Distributed Costs	39	-	39
<b>127</b>	<b>Net Expenditure Other Corporate &amp;</b>	<b>104</b>	<b>4</b>	<b>100</b>
	<b>Non Distributed Costs</b>			
<b>10,798</b>	<b>COST OF SERVICES</b>	<b>29,230</b>	<b>14,571</b>	<b>14,659</b>



# Glossary

## **Accounting Concepts**

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

## **Accounting Period**

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

## **Accounting Policies**

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

## **Accruals**

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

## **Actuarial Gains and Losses**

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

## **Amortisation**

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

## **Asset**

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

## **Assets Under Construction**

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

## **Balance Sheet**

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

## **Business Rates Retention Scheme**

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

## **Capital Adjustment Account**

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

**Capital Charge**

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

**Capital Expenditure**

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

**Capital Expenditure charged to Revenue Account (CERA)**

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

**Capital Financing**

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

**Capital Programme**

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

**Capital Receipts**

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

**Cash Flow Statement**

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

**Charging Authority**

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

**Collection Fund**

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

**Community Assets**

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

**Consistency**

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

**Contingent Asset**

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

**Contingent Liability**

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

**Corporate and Democratic Core**

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

**Council Tax**

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

**Creditors**

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

**Current Assets**

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

**Current Liabilities**

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

**Current Service Cost (Pensions)**

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

**Curtailment**

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

**Debtors**

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

**Deferred Debtors**

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

**Deferred Liabilities**

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

**Defined Contribution Pension Scheme**

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

**Depreciation**

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

**Emoluments**

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

**Expected Rate of Return on Pension Assets**

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

**Fair Value**

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

**Financial Reporting Standards (FRSs)**

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

**Financial Year**

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

**Fixed Assets**

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

**General Fund**

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

**Going Concern**

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

**Government Grants**

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

**Impairment**

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

**Income and Expenditure Account**

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

**Infrastructure Assets**

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

**Intangible Fixed Asset**

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

**Interest Cost**

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

**International Financial Reporting Standards (IFRS)**

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

**Investment**

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

**Investment Properties**

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

**Leasing**

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

**Liability**

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

**Liquid Resources**

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

**Long-Term Contracts**

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

**Minimum Revenue Provision**

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

**Monitoring Officer**

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

**National Non-Domestic Rates (NDR)**

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

**Net Book Value**

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

**Non- Current Assets**

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

**Non Distributed Costs**

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

**Non-Operational Assets**

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

**Operational Assets**

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

**Past Service Cost**

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

**Post Balance Sheet Events**

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

**Precept**

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

**Precepting Authority**

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

**Prior Year Adjustments (or Prior Period Adjustments)**

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

**Provisions**

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

**Prudence**

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

**Prudential Indicators**

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

**Realisable Value**

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

**Related Party**

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

**Reserves**

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

**Residual Value**

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

**Retirement Benefits**

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

**Revaluation Reserve**

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

**Revenue Account**

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

**Revenue Expenditure Funded from Capital Under Statute**

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

**Revenue Support Grant (RSG)**

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

**Scheme Liabilities**

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

**Section 151 Officer (s151)**

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

**Statement of Recommended Practice (SORP)**

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

**Stocks (inventories)**

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

**Support Services**

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

**Temporary Borrowing/Investment**

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

**Useful Life**

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

**Work in Progress**

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



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