



Statement of Accounts

2021/22

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STATEMENT OF ACCOUNTS

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NARRATIVE REPORT



NARRATIVE REPORT

1. INTRODUCTION

These accounts set out the financial results of the City of York Council activities for the year ending 31st March 2022. They are prepared in accordance with the Chartered Institute of Public Finance & Accountancy (CIPFA) Code of Practice on Local Authority Accounting (the Code) which requires that the accounts show a true and fair view of the financial position of the Council. Suitable accounting policies have been adopted and applied consistently. Where necessary judgements and estimates have been made which comply with the Code.

This narrative report explains the main information included in the accounts, gives an overview of the Council as at 31st March 2022 and provides further information about the most significant matters reported in the accounts, along with an analysis of the pressures and risks that may impact on future financial performance.

The structure of the accounts is as follows:

Statement of Responsibilities

This discloses the respective responsibilities of the Council and the Chief Finance Officer in relation to the proper administration of the Council's financial affairs.

Comprehensive Income and Expenditure Statement

This statement shows the accounting cost in the year of providing services in accordance with generally accepted accounting practice, rather than the amount to be funded from taxation. Councils raise taxation to cover expenditure in accordance with regulations and this may be different from the accounting cost. The taxation position is shown in the Movement in Reserves Statement.

Movement in Reserves Statement

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

Balance Sheet

The Balance Sheet shows the value as at the Balance Sheet date of the assets and liabilities recognised by the Council. The net assets of the Council (assets less liabilities) are matched by the reserves held by the Council.

Cash Flow Statement

This statement shows the changes in cash and cash equivalents of the Council during the reporting period.

Notes and Accounting Policies

The notes to the financial statements are important in the overall presentation of the accounts. They aim to assist understanding and have 3 key roles;

- Presenting information about the basis of preparation of the statements and the accounting policies used
- Disclosing information required by the Code that is not presented elsewhere

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- Disclosing information that is not presented elsewhere but is relevant to understanding the statements

Expenditure and Funding Analysis (EFA)

The objective of the EFA is to demonstrate to council tax payers 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 authority's services. Income and expenditure accounted for under generally accepted accounting practices is presented more fully in the Comprehensive Income and Expenditure Statement.

Housing Revenue Account Income and Expenditure Statement

The HRA Income and Expenditure Statement shows the economic cost in the year of providing housing services in accordance with generally accepted accounting practices, rather than the amount to be funded from rents and government grants.

Movement on the Housing Revenue Account Statement

This statement shows how the surplus or deficit on the Housing Revenue Account Income and Expenditure Account for the year reconciles to the movement on the Statutory Housing Revenue Accounts balance for the year.

Collection Fund

This fund 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 Council in relation to the collection from taxpayers and distribution to the Council, the Police and Crime Commissioner for North Yorkshire, North Yorkshire Fire and Rescue Authority, parish councils and central government of council tax and national non-domestic rates.

Annual Governance Statement (AGS)

This statement gives assurance that the Authority has conducted a review of the effectiveness of its systems of internal control and that the appropriate mechanisms are in place for the maintenance of good governance across the activities of the Authority.

Glossary

This is included to explain the technical terms used in the financial statements.

2. ABOUT THE COUNCIL

The policies of the Council are directed by the political leadership and implemented by the Corporate Management Team and officers of the Council. There are 47 Councillors who are elected every four years by local residents on a ward by ward basis. The May 2019 elections resulted in a new administration when the Liberal Democrats and the Green Party formed a partnership to lead the council and councillors from both parties sit on the ruling Executive.

Our Council Plan 2019 – 2023 sets out our priorities over the coming years and details what steps we'll take to ensure York continues to make history and build communities. We've focused our plan on eight key outcomes (seven of which will improve the quality of life for all residents, and one will enhance the way we work):

- good health and wellbeing
- well paid jobs and an inclusive economy
- getting around sustainably
- a better start for children and young people
- a greener and cleaner city
- creating homes and world-class infrastructure
- safe communities and culture for all
- an open and effective council

It's really important that we have capable, confident people, working positively for York. Therefore we all share a set of values, to help guide what we do and how we engage with our communities, our residents and each other. Our three values are:

- We work together
- We improve
- We make a difference

The people plan for 2016-2020 sets out the high level plan, to ensure we will have the right workforce in place to achieve the objectives set out in the Council Plan. The plan focuses on five key areas:

- Performance and Change
- Resourcing
- Pay Reward & Recognition
- Skills and Behaviours Development
- Wellbeing & Engagement

3. REVIEW OF THE FINANCIAL POSITION

Funding Context and Financial Planning

The Council's Medium Term Financial Strategy is set within a robust and well established planning framework and is based on an analysis of the key influences on the financial position and an assessment of the main financial risks facing the Council. This framework has enabled the Council to deliver significant performance improvements in many areas, whilst maintaining effective control and use of its limited financial resources. As part of the financial strategy, consideration is given to the likely savings required in future years and services are actively working to develop plans which will change the way services are provided, and deliver budget reductions in the future.

However, the council will need to continue to secure further savings and to manage cost pressures effectively. In doing so, the council will also need to provide capacity for additional investment in unavoidable costs and priorities. The continued development of the Medium Term Financial Strategy will ensure that the Council prepares effectively for these challenges.

Locally demand for council services continues to increase, with an ageing population and increased complex needs in respect of elderly care and there is continued pressure on many of the council's income budgets. There are also significant challenges in the health sector, including challenging financial positions for health partners which are in turn a significant financial risk to the Council.

In shaping the budget all the issues are carefully considered to ensure a budget that is both prudent and protects vulnerable people. Ensuring that there is the capacity to invest is a critical part of the budget deliberations. In relation to council tax, the 2021/22 budget included a council tax increase in of 1.99%, plus an additional increase of 3% in line with the Government's Adult Social Care precept.

All aspects of the public sector were already facing challenging times and in recent years the Council has had to deal with large reductions in funding, combined with a range of significant pressures. In 2021/22, core spending power in York sat at £706 per head, the second lowest in the country. The added pressure of additional expenditure and loss of income from fees and charges due to the COVID-19 pandemic that dominated 2020/21, and continued to have an impact in 2021/22, has added to an already difficult financial position for local government as a whole. The further postponement of the Fair Funding Review, and the uncertainty this brings, has added to the Council's financial challenges in the medium term.

Revenue Outturn 2021/22

The Council's General Fund budget for its own net expenditure was set at £131m. To this sum the parish precepts added a further £0.8m. Band D Council Tax, including both Police and Fire Authority precepts, was set at £1,797.56. This was a 4.4% increase on the previous year.

Comprehensive revenue and capital budget monitoring is carried out during the year and is supplemented by quarterly combined finance and performance reports presented to the Executive. This robust financial management has helped the Council to maintain good financial health, despite the continuing pressures on the public sector.

As outlined in reports to Executive throughout the year, the COVID-19 pandemic has continued to have an impact on the Council's financial position and adversely affected performance against a number of indicators. However, the overall financial impact has been mitigated by continued financial support from Government in the form of a COVID support grant and the Contain Outbreak Management Fund. These one off grants have been used, in accordance with the grant conditions, to fund additional COVID related pressures across the Council thus preventing the need to use the general reserve to balance the overall position.

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The key financial pressures are mainly underlying and recurring pressures relating to social care. In particular, the cost of placements and agency staff within children's services. There remain considerable financial challenges looking ahead into 2022/23 and beyond. These challenges include the underlying pressures in both adults and children's social care, rising inflation and the current "cost of living" crisis, all of which increase pressure on the Council's already stretched budget. This is alongside the need to deliver £6.4m of ongoing savings as outlined in the annual budget report considered by Executive in February of this year.

The 2022/23 budget agreed in February 2022 provided for significant growth in adults and children's services budgets and made proper provision for all known cost increases at that time. Since then, inflationary pressures have become apparent and further work is needed to identify ways to manage and mitigate this pressure.

Full details on the individual service areas position for 2021/22 were reported to Executive in June 2022.

The overall outturn position for the Council is shown below (note that + indicates an overspend against budget);

Directorate	2021/22 Net Budget	2021/22 Net expenditure	Variation
	£'000	£'000	£'000
People	69,592	77,134	+7,542
Place	21,772	19,930	-1,842
Customers & Communities, Public Health and Corporate Services	22,182	22,510	+328
Central budgets	17,844	14,454	-3,390
Use of COVID grants			-2,638
TOTAL	131,390	134,028	nil

Reserves

At the end of the financial year 2021/22 the useable reserves stood at £162m, compared to £163m at the end of 2020/21. Further details can be found in note 8. The table below summarises the position on useable reserves (note brackets indicate a reduction in reserve):

	Opening Balance	Net movement in year	Closing Balance at 31.3.22
	£'000	£'000	£'000
General Fund balance	11,158	972	12,130
Earmarked General Fund Reserves	77,255	(18,380)	58,875
Housing Revenue Account	28,832	737	29,569
Earmarked Housing Revenue Account Reserves	8,442	(2,356)	6,086
Major Repairs Reserve	3,777	(3,280)	497
Capital Receipts Reserve	5,525	4,752	10,277
Capital Grants Unapplied	28,341	16,723	45,064
Total	163,330	(832)	162,499

The Council takes a risk based approach to the management of useable reserves and as part of setting the annual budget, the s151 Officer undertakes a review of risks and known commitments to calculate a minimum level for the General Fund reserve, and this was incorporated into the Council budget reports. For 2021/22, it was determined that a level of £6.4m remained an appropriate figure. However in light of the risks facing the council, in particular the scale of future reductions on top of those already made, it was also considered that headroom should remain above the minimum level.

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The General Fund reserve balance of £12.1m in the table above also includes individual school balances of £5.1m. These earmarked reserves are not for Council use and the level of reserve, in accordance with the Code, forms part of the Movement in Reserves Statement. In compliance with the Education Reform Act 1988, individual school balances will be carried forward into 2021/22.

The other usable reserves are set aside to cover future expenditure, including capital schemes. Capital grants unapplied are grants received but not yet used and the capital receipts reserve holds the balance of receipts from the disposal of assets. These funds are considered in the annual capital programme report presented to Executive and Full Council in February each year.

The Housing Revenue Account, Major Repairs Reserve and Earmarked Housing Revenue Reserves are considered as part of the business planning process and are held for future use on maintaining existing council homes, as well as investment in developing new build schemes.

Risks and opportunities

The single largest issue during the year has again been the continued financial impact of the COVID-19 pandemic which has been significant and is likely to last for a number of years. The longer term financial impact of the pandemic is as yet uncertain but it could potentially impact on interest and inflation rates, property and rental values as well as the local business economy.

The Council has continued to support economic growth, recognising the significant financial benefits in the form of retained business rates, and creation of jobs. Ensuring that there is a strong link between the capital and revenue budgets to support the delivery of council priorities is essential. The Capital Strategy sets out continuing significant capital investment, and details regarding some of the major capital schemes that will impact on the economy of the city.

At a time of significant reductions in grants and rising demand it is absolutely essential to set a prudent, stable and achievable budget. Many councils across the country are now experiencing very severe financial challenges. Whilst the challenges for this council are significant, through sound financial planning, and in year management, the council retains strong financial health. In response to a shift in demand led expenditure pressures and reductions in grant funding, the council is taking steps to enable itself, residents and communities to work together as equal partners to meet their future needs and priorities.

The scale of future budget reductions required will inevitably affect all services and all residents to some extent. In considering what savings can be made we have taken long term approaches to the development of future services and this approach will help to protect the needs of the most vulnerable people in York.

The budget process adopted a risk based approach, and in particular prioritises statutory services to vulnerable adults and children, and key frontline services. Whilst all areas are asked to consider the long term implications of up to a 30% reduction in their net spend over a 4 year period, assessment of options, risks, and links with priorities took place in formulating the final proposals.

Alongside the revenue budget, there are proposals for further major investment in a variety of schemes. These continue the council's approach to prioritise investment in the economy, housing, transport, and to invest to save. In addition, the council is continuing to make a significant investment in Information and Communications technology (ICT), recognising that the need for high quality technology will be crucial to delivering services in the most effective manner in the future, particularly in relation to continued hybrid working.

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Key performance indicators

The Executive for the Council Plan (2019-23) agreed a core set of indicators to help monitor the council priorities and these provide the structure for performance updates in this report. The indicators have been grouped around the eight outcome areas included in the Council Plan

Further detailed performance information is provided on a quarterly basis via www.yorkopendata.org.uk

4. HOUSING REVENUE ACCOUNT (HRA)

In April 2012 the Localism Act introduced a significant change to the way that council housing is financed by replacing the old HRA subsidy system with a new system of self-financing. This resulted in a number of changes which have had a significant impact on the Council's HRA business plan and its stock retention strategy and involved the Council borrowing £122m to pay central government. This was a one off payment and in return the Council obtained greater independence and responsibility for the management of its housing stock as it now has the ability to actively manage the debt and its financial impact on the HRA.

The 2021/22 HRA budget was a deficit of £1,599k and the year end position was an underspend of £2,336k. Expenditure was significantly lower than budget, primarily because of delays in the capital programme resulting in a reduced revenue contribution of £2.1m and a small underspend on repairs and maintenance of £82k.

5. BUSINESS RATES AND COUNCIL TAX

The main aim of the Business Rates scheme is to give Councils a greater incentive to grow business in their area. However, it also increases financial risk to the Council through additional liabilities in respect of backdated appeals and risks from non-collection.

The Council is a member of the Leeds City Region Business Rates Pool. The pool is a voluntary arrangement which allows local authorities to retain locally a proportion of any growth in business rates income. The pool was established on 1st April 2021 with the aim of furthering economic development activities across the region. It is funded from "levies" on business rates growth which would otherwise be paid over to central government. In this scheme the pool retain 50% of retained business rates.

The operation of the pool is governed by a formal agreement between the authorities. The pool is led by a Joint Committee made up of the leaders from some of the authorities and is administered by Leeds City Council. The Joint Committee is responsible for making decisions about the use of pool receipts.

As outlined in the introduction, the Collection Fund is an agent's statement. The Council is required by statute to maintain this separate fund for the collection and distribution of amounts due in respect of Council Tax and Business Rates.

The account shows a deficit on Council Tax and Business Rates at 31 March 2022; as it did on 31 March 2021. The position continues to reflect the impact that Covid-19 has had. There was a reduction in the amount billed and in year collection rates, which has contributed to the deficit position. This is covered in further detail in the Collection Fund notes section of the Accounts. Collection rates have improved from those in 2020/21 which has seen the deficit position reduce overall. 96.8% of the total sum collectable for 2021/22 Council Tax bills was received in the year. Similarly, the recovery on Business Rates was 97.2% of the 2021/22 bills.

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6. CAPITAL EXPENDITURE

Capital expenditure for the year totalled £78.220m (2020/21 £92.397m). This was funded by capital receipts, internal borrowing, Government Grants and other contributions and revenue contributions.

A summary of where the money was spent in 2021/22 and how it was funded is shown below:

	2021/22 Outturn £m
Capital Expenditure	
Children's services	6.326
Adult Social Care	1.565
Housing & Community Safety	30.251
Transport, Highways & Environment	21.389
Property Services	13.979
Community Stadium & other major projects	1.329
FM & Buildings	0.011
ICT	2.942
Communities, Culture & Public Realm	0.297
Climate Change	0.131
Total expenditure	78.220
Funding	
Prudential Borrowing	30.451
HRA & RTB Receipts	12.305
Capital Receipts	0.583
Grants and other contributions	20.504
Earmarked Reserves	14.377
Total Funding	78.220

Over the last year there has been significant progress made on a number of major project.

The York Central project has now transitioned from the planning stages into delivery following the agreement of the reserved matters planning application for the first phase of infrastructure works in November 2020. This followed the agreement of £77.1m of funding from the Ministry of Housing Communities and Local Government (MHCLG) which was awarded directly to Homes England and Network Rail.

The decision by government to award this funding directly to the landowning bodies was a significant change and has reshaped the delivery arrangements for the infrastructure and the governance arrangements. CYC have recently completed the enabling works contract for the site including; site clearance, demolitions and further ground investigations for which the Council is being reimbursed. The landowning partners have confirmed their intention for Homes England to lead the delivery of the main Infrastructure Package IP2 and to enter into a construction contract with John Sisk Ltd, subject to ongoing due diligence. A decision is currently being ratified through the Homes England governance arrangements.

Executive agreed in March 2022 to provide a £35m capital contribution towards the IP2 package funded from future Enterprise Zone receipts.

The Guildhall project achieved Practical Completion (on the building contract) on 25 April 2022 with the hand over under the agreed lease arrangements to University of York following on 29 April 2022. The office space is already fully let, and formally opened on 16 May, there is a strong forward events programme and bookings for the main hall include a Christmas Market. There are competing interests to secure the restaurant unit and it is anticipated that the rental level modelled in the approved business case will be met.

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Work has continued to progress the delivery of the Castle Gateway project. Following extensive consultation with the public and stakeholders the design for the new public realm and event space to replace Castle Car Park and the Eye of York is complete and a planning application was submitted in January 2022. This will enable a shovel ready project and will be prioritised for central government funding opportunities. Work continues to develop the housing scheme at Castle Mills although there have been delays resulting in the council seeking a new contractor.

During 2021/22, one of the main tasks which the project team working on the Outer Ring Road and Dualling scheme have undertaken is to evaluate the public engagement process which took place in late 2020. There was a good response to this process and it demonstrated 79% support for the scheme proposals. However there were concerns from a range of groups and residents about the lack of pedestrian and cycle facilities at some locations. The project team worked on a series of revisions to address these concerns, conscious of maintaining the balance of the scope and the available budget. The evaluation of the public engagement process and accompanying scheme revisions were presented to Executive in September 2021. This report was accepted by Executive with the proviso that some minor adjustments be considered to address some further representations by members of the public. This iterative process would be commonly expected of a scheme of this magnitude.

Those final revisions have now been completed and subject to some specialist environmental work, the project team will be in a position to submit a planning application in early 2022/23 financial year. There has also been significant activity in other areas. Concurrent work has taken place attempting to purchase land for the scheme, detailed design and preparations for the final business case. 2022 will be a key year to achieve planning approval, land acquisition and submission of a Compulsory Purchase Order if it is required. The council is also working with utility companies to undertake diversion works prior to planning determination. Commencement of construction is still anticipated for mid 2023.

In November 2020, Council Executive approval was received allowing authority to begin the delivery of a package of enabling works, purchase land and proceed to detailed scheme design at York Station Gateway. Executive approval of the five-phase project Delivery and Procurement Strategy produced together with project partners Network Rail and LNER was also received. In November 2021 the Executive approved CYC entering into a Development Agreement with LNER to deliver Package 3 – the station works.

Land negotiations are currently progressing and the finalisation of deal with Canada Life for an area of land in front of George Stephenson House is expected in July 2022. Meanwhile, the Package 1 – Enabling Works to deliver a scheme of diversionary works for services in Queen Street Bridge and the station frontage area to allow demolition of the bridge began in January 2022. These works will continue into early 2023. This enabling package is valued at c£2m. Detailed design of the scheme is complete and the project team is working with the Local Planning Authority to discharge conditions. The second package of highway works is currently being tendered and will commence in autumn 2022. The station works package (expected to be delivered by LNER under a development agreement with CYC) and will begin in early 2024.

At Lowfield the council is directly delivering 140 new homes, of which around 90 are now complete and occupied. The remaining site contains plots of land for development by others. This includes six self-build plots which are progressing well, one home is occupied and the other five are expected to be completed in 2022. Adjacent to the self-build site is a community build plot which the council have agreed to sell to Yospace. Planning permission is secured for this site and the community group have discharged their pre-start on site planning conditions. The group are finalising their construction contract following sharp rises in construction costs in the last 12 months. Yospace expect to complete the land purchase and commence construction before the end of the year.

Duncombe and Burnholme housing delivery sites have completed RIBA design stage 3 and tenders have been awarded to the contractor Caddicks with a start on site expected to be in the July 2022 at Duncombe and by autumn on the Burnholme site. Ordnance Lane housing delivery site is at the

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design stage with the schemes planning application being submitted in December 2021. The scheme received planning permission in June 2022

7. TREASURY MANAGEMENT

The Council's year end treasury debt position for 2021/22 compared to 2020/21 is summarised in the table below:

Debt	31/03/2022 £000	31/03/2021 £000
Balance brought forward	299,088	257,483
Reversal of previous years carrying value	(1,123)	(1,018)
Add new loans taken	15,000	51,500
Less loans matured in year	(7,000)	(10,000)
Total debt as per Treasury Management Outturn Report	305,965	297,965
In year carrying value adjustment	1,304	1,123
Total Debt at 31 st March	307,269	299,088

Three new PWLB loans were taken during the year totalling £15.000m with interest rates on the loans ranging from 2.40% to 2.48% and maturities ranging from 22.34 years to 25.25 years. Four PWLB loans totalling £7.000m were repaid during the year.

The Council maintained an average investment balance of £45.722m in 2021/22 compared to £15.690m in 2020/21. The surplus funds earned an average rate of return of 0.10% in 2021/22 compared to 0.17% in 2020/21.

8. PENSIONS

The cost of pensions to the Council continues to increase year on year and remains a major item of expenditure. The Council is a member of the North Yorkshire Pension Fund (NYPF) and the last full actuarial valuation of the fund was carried out as at 31st March 2019. This has been updated by independent actuaries to take account of the requirements of International Accounting Standard 19 in order to assess liabilities as at 31st March 2022.

The Council's overall pension liability is £113.164m (a decrease from £157.293m in 2020/21). The overall defined benefit obligation has decreased and this has been primarily due to a reduction in the present value of scheme liabilities. Further details can be found in Note 49, Defined Benefit Pension Schemes

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9. NON CURRENT ASSETS

The council holds various non current assets which are categorised as follows:

- property, plant and equipment (PPE) – this includes council dwellings, land & buildings, infrastructure assets, community assets, surplus assets, assets under construction and tangible plant, vehicle and equipment assets
- intangible assets
- heritage assets
- investment property
- assets held for sale

The accounting standard IFRS 13 Fair Value Measurement was adopted by the council in 2015/16. In accordance with this accounting standard, the council's Investment Properties and Surplus Assets are valued at fair value and measured at their highest and best use. Assets Held for Sale are measured at the lower of the carrying value on reclassification to this category, or the fair value less costs to sell. The fair value measurements are carried out in accordance with IFRS 13.

All other property, plant and equipment assets, with the exception of assets under construction, community assets and infrastructure assets, are carried at current value. Further details of the measurement bases used are provided in the accounting policies section. Infrastructure and community assets are measured at depreciated historic cost, whilst assets under construction are measured at historic cost. Heritage assets are measured at market value where this exists, or replacement cost. Intangible assets are measured initially at cost and then usually carried at amortised cost.

The Valuation techniques adopted for each category of non current assets are in accordance with the requirements set out in the CIPFA Code of Practice.

The 2021/22 balance sheet value of the council's non current assets (including current assets held for sale) is £1,341.103m. This has increased by £73.876m from the 2020/21 value of £1,267.227m.

Capital enhancements to the value of £72.131m were made to these assets during 2021/22 and Assets to the value of £18.214m were disposed of during the year.

Non current assets were depreciated by £27.235m during 2021/22. This figure includes amortisation of intangible assets.

Valuations on the council's properties are carried out by qualified valuers within the council's Asset and Property Management Team. A revaluation programme exists which set out when each category of Asset will be valued and during 2021/22 this programme included schools, youth centres, residential homes and heritage properties. In addition, Car, Cycle and Coach parks have been revalued again in 2021/22. They were revalued in 2020/21, but Covid 19 impacted on car park usage and therefore on the valuations so it was agreed that they should be revalued again this year as things return to more normal levels.

The council's housing stock normally has a full revaluation every 5 years, and desktop revaluations are undertaken on the interim years. The last full revaluation was undertaken in 2017/18. In 2021/22, a desktop revaluation was undertaken at 01/04/2021 and then again at 31/03/2021 due to the significant changes in the housing market during the year. The value of the council's housing stock increased by £6.815m as a result of the 01/04/2021 desktop revaluation and increased by a further £13.746m as a result of the 31/03/2022 desktop revaluation.

The HRA has increased the type of housing offered with the Shared Ownership Programme. In total, 65 properties have been purchased to date, with 7 being purchased in 2021/22. In addition, we have

NARRATIVE REPORT

built 12 new shared ownership properties on the Lowfield Green site. As at the 31 March 2022, equity shares in 76 properties have been sold with one property remaining unsold. Customers have been purchasing an average a 58% share of their property, in addition, one customer has now purchased 100% of their property, which has reduced the stock numbers to 76. The budget for this scheme is modelled on 50% of each home being funded by the HRA and resources from Homes England funding. The matched funding is received as a capital receipt when the purchaser buys an equity share of the property, as such the receipts from the sale of the shared ownership homes are required to be reinvested back into the programme. The budget for this programme is currently £1.4m.

The revaluation of some investment properties led to an increase in their valuation of £0.273m. This is reflected in note 14 and in the Comprehensive Income and Expenditure statement.

The council's heritage assets increased in value by £18.424m during 2021/22. This is mainly due to an increase in the annual insurance valuations following the revaluation of some of the Art Gallery collection. This increase is reflected in note 13 and also in note 26.

10. OTHER ISSUES

Covid-19

During 2021/22 we saw a continuation of the challenges of the COVID-19 global pandemic, particularly within Adult Social Care. During the previous year the Council approved a 1 year Recovery and Renewal Strategy, along with a 1 year Transport and Place Strategy, Business Support Plan, Skills and Employment Plan and a Tourism Marketing Plan.

Government funding was received and used to offset COVID related pressures and loss of income in the form of a COVID support grant and the Contain Outbreak Management Fund. A range of other grant schemes were implemented by the Council on behalf of central government. These were often challenging to deliver within the timescales set out and took a significant amount of Council resource to deliver.

The pandemic has altered how we live and work, with working from home being a new experience for many employees across the UK. Many have enjoyed some of the benefits it has to offer; from increased flexibility and autonomy to reduced travel time. Anecdotal evidence from Make it York suggests that the vast majority of employees and company leaders recognise the need for a productive, collaborative space, away from home, to reconnect with colleagues and help build and sustain an inclusive company culture. The Council has implemented a range of measures to allow for hybrid working for staff and releasing further areas of West Offices to let out to partners and other organisations.

Integrated Care

Following changes in legislation to deliver Health and Care reform, Clinical Commissioning Groups (CCG's) will no longer exist after July 2022. The functions of the CCG will continue to be carried out by the NHS, and a new body will be created effective from August 2022. Whilst the formal structures and organisations associated with the commissioning of NHS services will change (the new arrangements have not yet been finalised), the commissioning structure will maintain a link with the Council at its core. The Council's relationship with NHS commissioners will therefore change as the system evolves. The ambition remains to work closely in partnership, with the NHS and Local Government as equals in the Integrated Care System.

Devolution

The Council is currently involved in negotiations with Government on a devolution deal for York and North Yorkshire which could potentially unlock around £2.4bn of investment over 30 years, with a focus on improving the economic prosperity and future long-term opportunities for all residents. The

NARRATIVE REPORT

aim is to form a Mayoral Combined Authority in 2023, with Mayoral elections in 2024, to put an elected Mayor in place for the whole of North Yorkshire and York. An announcement on a proposed Devolution deal is expected from Government this summer.

DSG Safety Valve

During 2021/22 the Council was successful in gaining financial support from the DfE as part of the Safety Valve Programme. This resulted in an additional payment of £7.6m of DSG on the 31st March 2022, which reduced the cumulative deficit to carry forward into 2022/23. This additional funding represents the first payment under this Safety Valve agreement, which commits the local authority to bring the DSG into an in-year balanced position by 2025/26. Further payments are conditional on the local authority meeting the targets set out in the Management Plan, and reporting quarterly to the DfE on progress, with the eventual aim of eliminating the in-year deficit by the target date, with additional payments by the DfE eliminating the historic deficit at that point.

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INDEPENDENT AUDITORS REPORT

INDEPENDENT AUDITORS REPORT

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STATEMENT OF ACCOUNTS



STATEMENT OF RESPONSIBILITIES

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STATEMENT OF RESPONSIBILITIES

1. THE COUNCIL'S RESPONSIBILITIES

The Council is required to:

- Make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of those affairs. In this Council that officer is the Chief Finance Officer Services (section 151 officer).
- Manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets.
- Approve the Statement of Accounts.

2. THE SECTION 151 OFFICER'S RESPONSIBILITIES

The Section 151 officer is responsible for the preparation of the Council's Statement of Accounts in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Council Accounting in the United Kingdom (the Code).

In preparing this Statement of Accounts, the Section 151 officer has:

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

The Section 151 officer has also:

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

3. CERTIFICATION OF THE ACCOUNTS

I certify that the Statement of Accounts presents fairly the position of the City of York Council at 31 March 2022 and its income and expenditure for the year ended 31 March 2022.

Signed *Debbie Mitchell*

Dated 20/06/22

Debbie Mitchell, ACMA

Chief Finance Officer

4. APPROVAL OF THE ACCOUNTS

I certify that the Statement of Accounts has been approved by a resolution of the Audit & Governance Committee of City of York Council in accordance with the Accounts and Audit Regulations 2015.

The Statement of Accounts was approved by Audit and Governance Committee on:

Signed

Dated

Cllr Lomas

Chair, Audit and Governance Committee

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MAIN FINANCIAL STATEMENTS

COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT

Comprehensive Income and Expenditure Statement

	Note	2021/22			2020/21		
		Gross	Net		Gross	Net	
		Exp.	Income	Exp.	Exp.	Income	Exp.
		£000's	£000's	£000's	£000's	£000's	£000's
Service Costs							
Public Health		10,451	(10,791)	(340)	8,416	(14,448)	(6,032)
Housing Revenue Account		31,640	(36,302)	(4,662)	33,159	(37,181)	(4,022)
Adult Social Care and Integration		109,127	(40,840)	68,287	106,046	(40,864)	65,182
Children and Education		132,537	(95,384)	37,153	127,922	(95,129)	32,793
Place		93,767	(55,777)	37,990	81,004	(37,882)	43,122
Corporate Services and Governance		105,285	(31,460)	73,825	61,412	(50,755)	10,657
Customer and Communities		36,612	(9,399)	27,213	29,497	(7,023)	22,474
Cost of Services		519,419	(279,953)	239,466	447,456	(283,282)	164,174
Other Operating Expenditure	(9)			2,419			(363)
Financing and Investment Income and Expenditure	(10)			12,523			14,251
Taxation and Non-Specific Grant Income	(11)			(249,900)			(184,390)
(Surplus)/Deficit on Provision of Services	(30)			4,508			(6,328)
Revaluation (gains) on non current assets	(26)			(48,104)			(17,858)
Surplus or deficit from investments in equity instruments designated at fair value through other comprehensive income	(16)			200			275
Fair value not recycled through Surplus or deficit on provision of services on derecognition	(49)			200			-
Re-measurement of net defined benefit/ liability	(49)			(70,052)			(60)
Other Comprehensive Income and Expenditure				(117,756)			(17,643)
Total Comprehensive Income and Expenditure				(113,248)			(23,971)

This statement shows the accounting cost in the year of providing services in accordance with generally accepted accounting practice, rather than the amount to be funded from taxation. Councils raise taxation to cover expenditure in accordance with regulations and this may be different from the accounting cost. The taxation position is shown in the Movement in Reserves Statement.

MOVEMENT IN RESERVES STATEMENT

Movement in Reserves Statement

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

		General Fund Balance	Earmarked General Fund Reserves	Housing Revenue Account	Earmarked HRA Reserves	Major Repairs Reserve	Capital Receipts Reserve	Capital Grants Unapplied	Total Usable Reserves	Unusable Reserves	Total Authority Reserves
	Note	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's
2021/22											
Balance at 1 April 2021		(11,158)	(77,255)	(28,832)	(8,442)	(3,777)	(5,525)	(28,341)	(163,330)	(625,292)	(788,622)
Movement in Reserves during 2021/22											
(Surplus) /Deficit on Provision of Services		9,432	-	(4,924)	-	-	-	-	4,508	-	4,508
Other Comprehensive Income and Expenditure movement		-	-	-	-	-	-	-	-	(117,756)	(117,756)
Total Comprehensive Expenditure and Income		9,432	-	(4,924)	-	-	-	-	4,508	(117,756)	(113,248)
Adjustments between accounting basis & funding basis under regulations	7	7,976	-	6,543	-	3,280	(4,752)	(16,723)	(3,676)	3,676	-
Net Increase/Decrease before Transfers to Earmarked Reserves		17,408	-	1,619	-	3,280	(4,752)	(16,723)	832	(114,080)	(113,248)
Transfers to/from Earmarked Reserves	8	(18,380)	18,380	(2,356)	2,356	-	-	-	-	-	-
Increase/Decrease in Year		(972)	18,380	(737)	2,356	3,280	(4,752)	(16,723)	832	(114,080)	(113,248)
Balance at 31 March 2022 carried forward		(12,130)	(58,875)	(29,569)	(6,086)	(497)	(10,277)	(45,064)	(162,498)	(739,372)	(901,870)

MOVEMENT IN RESERVES STATEMENT

2020/21:

<u>2020/21</u>	Note	General Fund Balance £000's	Earmarked General Fund Reserves £000's	Housing Revenue Account £000's	Earmarked HRA Reserves £000's	Major Repairs Reserve £000's	Capital Receipts Reserve £000's	Capital Grants Unapplied £000's	Total Usable Reserves £000's	Unusable Reserves £000's	Total Authority Reserves £000's
Balance at 1 April 2020		(9,843)	(21,825)	(26,400)	(12,759)	(4,720)	(15,421)	(26,828)	(117,796)	(646,855)	(764,651)
Reporting of Schools Budget Deficit to new Adjustment Account at 1 April 2020			(4,865)						(4,865)	4,865	
Restated balance at 1 April 2020		(9,843)	(26,690)	(26,400)	(12,759)	(4,720)	(15,421)	(26,828)	(122,661)	(641,990)	(764,651)
Movement in Reserves during 2020/21											
(Surplus) /Deficit on Provision of Services		(5,353)	-	(975)	-	-	-	-	(6,328)	-	(6,328)
Other Comprehensive Income and Expenditure movement		-	-	-	-	-	-	-	-	(17,643)	(17,643)
Total Comprehensive Expenditure and Income		(5,353)	-	(975)	-	-	-	-	(6,328)	(17,643)	(23,971)
Adjustments between accounting basis & funding basis under regulations	7	(46,527)	-	2,860	-	943	9,896	(1,513)	(34,341)	34,341	-
Net Increase/Decrease before Transfers to Earmarked Reserves		(51,880)	-	1,885	-	943	9,896	(1,513)	(40,669)	16,698	(23,971)
Transfers to/from Earmarked Reserves	8	50,565	(50,565)	(4,317)	4,317	-	-	-	-	-	-
Increase/Decrease in Year		(1,315)	(50,565)	(2,432)	4,317	943	9,896	(1,513)	(40,669)	16,698	(23,971)
Balance at 31 March 2021 carried forward		(11,158)	(77,255)	(28,832)	(8,442)	(3,777)	(5,525)	(28,341)	(163,330)	(625,292)	(788,622)

MOVEMENT IN RESERVES STATEMENT

Split of General Fund Balance between Schools and GF

	31-Mar-22 £000's	31-Mar-21 £000's
Amount of General Fund Balance held by governors under schemes to finance schools	(5,189)	(2,274)
Amount of General Fund Balance generally available for new expenditure	(6,941)	(6,941)
Total General Fund Balance	(12,130)	(9,843)

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BALANCE SHEET

Balance Sheet

	Note	31 March 2022	31 March 2021
		£000's	£000's
Property, Plant and Equipment	(12)	1,153,914	1,098,814
Investment Property	(14)	66,466	65,149
Intangible Assets	(15)	2,705	2,880
Heritage Assets	(13)	118,018	99,594
Long - Term Investments	(16)	4,596	4,996
Long - Term Debtors	(20)	4,913	5,084
LONG - TERM ASSETS		1,350,612	1,276,517
Short-Term Investments	(16)	51	-
Assets Held for Sale	(22)	-	790
Inventories	(17)	507	412
Short-Term Debtors	(19)	63,242	91,004
Cash and Cash Equivalents	(21)	39,048	9,254
CURRENT ASSETS		102,848	101,460
Short-Term Borrowing	(16) / (52)	(6,575)	(8,750)
Provisions due to be settled within 12 months	(24)	(891)	(867)
Short-Term Creditors	(23)	(80,656)	(81,450)
Other Short-Term Liabilities	(23)	(4,988)	(4,749)
CURRENT LIABILITIES		(93,110)	(95,816)
Provisions	(24)	(2,045)	(2,157)
Long-Term Borrowing	(16) / (52)	(300,480)	(290,083)
Other Long-Term Liabilities	(16)	(42,791)	(44,006)
Liability related to Defined Benefit Pension Scheme	(26) / (49)	(113,164)	(157,293)
LONG-TERM LIABILITIES		(458,480)	(493,539)
NET ASSETS		901,870	788,622
RESERVES			
<u>Usable Reserves</u>			
Capital Receipts Reserve		(10,277)	(5,525)
General Fund Balance		(12,130)	(11,158)
Housing Revenue Account Reserve		(29,569)	(28,832)
Major Repairs Reserve		(497)	(3,777)
Capital Grants Unapplied		(45,064)	(28,341)
Earmarked Reserves	(8)	(64,961)	(85,697)
	MIRS	(162,498)	(163,330)
<u>Unusable Reserves</u>			
Revaluation Reserve		(441,402)	(399,087)
Capital Adjustment Account		(441,022)	(434,150)
Financial Instruments Adjustment Account		1,146	1,225
Financial Instruments Revaluation Reserve		(2,176)	(2,376)
Dedicated Schools Grant Adjustment Account		5,843	9,940
Pensions Reserve		113,164	157,293
Collection Fund Adjustment Account		21,303	38,326
Employee Benefit Adjustment Account		3,772	3,537
	(26)	(739,372)	(625,292)
TOTAL RESERVES		(901,870)	(788,622)

BALANCE SHEET

The Balance Sheet shows the value as at the Balance Sheet date of the assets and liabilities recognised by the Council. The net assets of the Council (assets less liabilities) are matched by the reserves held by the Council

Cash flow Statement

	Note	2021/22	2020/21
		£000's	£000's
Net (Surplus)/Deficit on the provision of Services		4,508	(6,328)
Adjustments to the Net (Surplus)/Deficit on the Provision of Services for non-cash movements	(27)	(100,668)	(32,215)
Adjustments for items included in the Net (Surplus)/Deficit on the Provision of Services that are investing and financing activities	(27)	54,762	37,869
Net Cash Flows from Operating Activities		(41,398)	(674)
Investing Activities	(28)	17,120	43,343
Financing Activities	(29)	(5,516)	(40,493)
Net (Increase)/Decrease in Cash and Cash Equivalents		(29,794)	2,176
Cash and Cash Equivalents at the beginning of the reporting period	(21)	(9,254)	(11,430)
Cash and Cash Equivalents at the end of the reporting period	(21)	(39,048)	(9,254)

This statement shows the changes in cash and cash equivalents of the Council during the reporting period.

NOTES TO THE MAIN FINANCIAL STATEMENTS

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1. ACCOUNTING POLICIES

I. General

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

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

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

- Revenue from contracts with service recipients, whether for services or the provision of goods, is recognised when the goods or services are transferred to the service recipient in accordance with the performance obligations in the contract.
- Supplies are recorded as expenditure when they are consumed. Where there is a gap between the date supplies are received and their consumption, they are carried as inventories on the Balance Sheet.
- 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 highly liquid investments that mature in no more than 30 days or less from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

In the Cash Flow Statement, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Council's cash management.

IV. Exceptional Items

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

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

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

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

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

VI. Charges to Revenue for Non-Current Assets

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

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

The Council is not required to raise council tax to fund depreciation, revaluation and impairment losses or amortisations. 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 Council in accordance with statutory guidance. Depreciation, revaluation and impairment losses and amortisations are therefore replaced by the Minimum Revenue Provision (MRP) contribution in the General Fund Balance, by way of an adjusting transaction with the Capital Adjustment Account in the Movement in Reserves Statement for the difference between the two.

VII. Employee Benefits

Benefits Payable during Employment

Short-term employee benefits are those due to be settled within 12 months of the year-end. They include such benefits as wages and salaries, paid annual leave and paid sick leave, bonuses and non-monetary benefits (eg cars) for current employees and are recognised as an expense for services in the year in which employees render service to the Council. An accrual is made for the cost of holiday entitlements (or flexi-leave) earned by employees but not taken before the year-end which employees can carry forward into the next financial year. The accrual is made at the wage and 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 Council 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 appropriate service in the Comprehensive Income and Expenditure Statement at the earlier of when the authority can no longer withdraw the offer of those benefits or when the authority recognises costs for a restructuring.

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

Post Employment Benefits

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

- The Teachers' Pension Scheme, administered by Capita Teachers' Pensions on behalf of the Department for Education (DfE).
- The NHS Pensions Scheme, administered by NHS Pensions.
- The Local Government Pensions Scheme, administered by North Yorkshire County Council.

All schemes provide defined benefits to members (retirement lump sums and pensions), earned as employees worked for the Council.

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

The Local Government Pension Scheme

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

- The liabilities of the North Yorkshire Pension Fund (NYPF) attributable to the Council are included in the Balance Sheet on an actuarial basis using the projected unit method – ie 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. Further information can be found in NYPF's Annual Report that is available upon request from Financial Services, County Hall, Northallerton, DL7 8AL.
- Liabilities are discounted to their value at current prices, using a discount rate of 2.7% as at 31st March 2022.
- The assets of the NYPF attributable to the Council are included in the Balance Sheet at their fair value:
 - quoted securities – current bid price
 - unquoted securities – professional estimate
 - unitised securities – current bid price
 - property – market value.
- The change in the net pensions liability is analysed into the following components:
 - current service cost – the increase in liabilities as a result of years of service earned this year – allocated in the Comprehensive Income and Expenditure Statement to the services for which the employees worked
 - past service cost – the increase in liabilities arising from current year decisions whose effect relates to years of service earned in earlier years – debited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement
 - net interest on the defined benefit liability ie net interest expense for the Council – the change during the period in the net defined benefit liability that arises from the passage of time charged to the Financing and Investment Income and Expenditure line of the Comprehensive Income and Expenditure Statement. This is calculated by applying the

discount rate used to measure the defined benefit obligation at the beginning of the period to the net defined benefit liability at the beginning of the period, taking into account any changes in the net defined benefit liability during the period as a result of contribution and benefit payments.

- Re-measurement comprising
 - o the return on plan assets – excluding amounts included in net interest on the net defined benefit liability charged to the Pensions Reserve as Other Comprehensive Income and Expenditure
 - o 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 – debited to the Pensions Reserve
 - o contributions paid to the NYPF – cash paid as employer’s contributions to the pension fund in settlement of liabilities; not accounted for as an expense.

In relation to retirement benefits, statutory provisions require the General Fund balance to be charged with the amount payable by the Council to the pension fund or directly to pensioners in the year, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement, this means that there are appropriations to and from the Pensions Reserve to remove the notional debits and credits for retirement benefits and replace them with debits for the cash paid to the pension fund and pensioners and any such amounts payable but unpaid at the year-end. The negative balance that arises on the Pensions Reserve thereby measures the beneficial impact to the General Fund of being required to account for retirement benefits on the basis of cash flows rather than as benefits are earned by employees.

Discretionary Benefits

The Council 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 (including teachers) are accrued in the year of the decision to make the award and accounted for using the same policies as are applied to the NYPF.

VIII. Events After the Balance Sheet Date

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

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

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

IX. Fair Value Measurement

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

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

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

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

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

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

- Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities that the Council can access at the measurement date. It is considered that no property is identical and hence Level 1 observable inputs do not exist in the property market as opposed to say shares in private companies
- Level 2 – inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly
- Level 3 – unobservable inputs for the asset or liability

X. Financial Instruments

In the 2018/19 Statement of Accounts the Council transitioned to the accounting standard IFRS 9 Financial Instruments which introduced new classifications and measurement of financial assets along with a new model for impairing financial assets based on expected credit loss. The accounting policy that follows recognises the IFRS 9 standard and further information detailing the judgements and classifications for the Council's Financial Instrument assets can be found in Note 16.

Financial Liabilities

Financial liabilities are recognised on the Balance Sheet when the Council becomes a party to the contractual provisions of a financial instrument. Such instruments are initially measured at fair value and are carried at their amortised cost. Annual charges to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement for interest payable are based on the carrying amount of the liability, multiplied by the effective rate of interest for the instrument. The effective interest rate is the rate that exactly discounts estimated future cash payments over the life of the instrument to the amount at which it was originally recognised.

For the majority of the borrowings that the Council has, this means that the amount presented in the Balance Sheet is the outstanding principal repayable (plus accrued interest); and interest charged to

the Comprehensive Income and Expenditure Statement is the amount payable for the year according to the loan agreement.

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

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

For loans taken out at concessionary rates, either interest free or at less than prevailing market rates, the effective interest rate is calculated. The value of the loan is discounted using a prevailing market rate at the date of drawdown to reflect the benefit obtained by the Council. The fair value of the loan is taken to the Financial Instruments Adjustment Account and amortised based on the assumed interest rate per annum. The balance on the Financial Instruments Adjustment Account is written down annually in line with the loan amortisation until the value of the loan at redemption equals the value of the loan originally drawn down. Notional interest is debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement reflecting the prevailing market rate used to discount the loan, with the difference serving to increase the amortised cost of the loan in the Balance Sheet. The reconciliation of amounts between the Comprehensive Income and Expenditure Statement and Balance Sheet is managed by a transfer to or from the Financial Instruments Adjustment Account in the Movement in Reserves Statement.

Financial Assets

Financial assets are classified based on a classification and measurement approach that reflects the business model for holding the financial assets and their cash flow characteristics. There are three main classes of financial assets measured at:

- Amortised Cost
- Fair Value through Profit or Loss (FVPL)
- Fair Value through Other Comprehensive Income (FVOCI)

The authority's business model is to hold investments to collect contractual cash flows. Financial assets are therefore classified as amortised cost, except for those whose contractual payments are not solely payment of principal and interest (i.e. where the cash flows do not take the form of a basic debt instrument).

Financial Assets measured at Amortised Cost

Financial assets measured at Amortised Cost are recognised on the Balance Sheet when the authority 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 for interest receivable are based on the carrying amount of the asset multiplied by the effective rate of interest for the instrument. For most of the financial assets held by the authority, this means that the amount presented in the Balance Sheet is the outstanding principal receivable (plus accrued interest) and interest credited to the Comprehensive Income and Expenditure Statement is the amount receivable for the year in the loan agreement.

For loans made at less than market rates (soft loans) a loss is recorded in the Comprehensive Income and Expenditure Statement (debited to the appropriate service) for the present value of the interest that will be foregone over the life of the instrument, resulting in a lower amortised cost than the outstanding principal.

Interest is credited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement at a marginally higher effective rate of interest than the rate receivable, with the difference serving to increase the amortised cost of the loan in the Balance Sheet. Statutory provisions require that the impact of soft loans on the General Fund Balance is the interest receivable for the financial year – the reconciliation of amounts debited and credited to the Comprehensive Income and Expenditure Statement to the net gain required against the General Fund Balance is managed by a transfer to or from the Financial Instruments Adjustment Account in the Movement in Reserves Statement.

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 within the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement.

Expected Credit Loss Model

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

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.

For financial assets carried at amortised cost impairment and expected credit loss is netted off from the gross value of the asset to reduce its carrying amount in the balance sheet and a charge is made to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement.

Financial Assets measured at Fair Value through Profit of Loss

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

Fair value of an asset is the price that would be received to sell an asset in an orderly transaction between market participants at the measurement date. The fair value measurements of the financial assets are based on the following techniques:

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

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

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

Any gains and losses that arise on the derecognition of the asset are credited or debited to the Financing and Investment Income and Expenditure line within the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement.

Financial Assets measured at Fair Value through Other Comprehensive Income

Financial assets that are measured at FVOCI are recognised on the Balance Sheet when the Authority becomes a party to the contractual provisions of a financial instrument and are initially measured and carried at fair value. Fair value gains and losses are recognised as they arise in Other Comprehensive Income and Expenditure.

Changes in impairment over the lifetime of the instrument are credited or debited to the Financing and Investment Income and Expenditure line within the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement.

When an instrument measured at FVOCI is derecognised the fair value is transferred out of the Financial Instruments Revaluation Reserve Account and credited or debited to the Financing and Investment Income and Expenditure line within the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement. Any gains or losses on derecognition are also credited or debited to the Financing and Investment Income and Expenditure line within the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement.

Financial Assets designated to Fair Value through Other Comprehensive Income

IFRS 9 permits equity instruments not held for trading to be considered for designation to FVOCI. The decision to designate is based on which accounting treatment and presentation of fair value best reflects the Council's reason for investment and the business model for holding the investment. Designation can only be made at initial recognition and the decision to designate an equity instrument is irrevocable.

For equity instruments designated to FVOCI the Council holds these at fair value on the Balance Sheet. The fair value measurements of the financial assets are based on the following techniques:

- instruments with quoted market prices – the market price
- other instruments with fixed and determinable payments – discounted cash flow analysis
- equity shares with no quoted market prices – IFRS 13 Adjusted Net Asset Value method.

The fair value is measured annually with increases and decreases credited or debited to Other Comprehensive Income and Expenditure in the Comprehensive Income and Expenditure Statement. In order that gains and losses from movements in fair value are not reflected in the General Fund Balance, the movement in fair value is balanced off in the Financial Instruments Revaluation Reserve Account in the Movement in Reserves Statement.

When an equity instrument designated FVOCI is derecognised the fair value is reversed out of the Financial Instruments Revaluation Reserve Account and transferred to the General Fund balance in the Movement in Reserves Statement. Any gains or losses on derecognition are credited or debited to the Financing and Investment Income and Expenditure line within the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement..

Further information on equity instruments designated to FVOCI can be found in the Financial Instruments section of the Statement of Accounts under Note 16.

XI. Government Grants and Contributions

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

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

Amounts recognised as due to the Council are not credited to the Comprehensive Income and Expenditure Statement until conditions attached to the grant or contribution have been satisfied. Conditions are stipulations that specify that the future economic benefits or service potential embodied in the asset 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 Grant Income (non-ring fenced revenue grants and all capital grants) in the Comprehensive Income and Expenditure Statement.

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

XII. Heritage Assets

The Council's Heritage Assets are grouped into four main areas:

- (a) Heritage properties
- (b) Art Collection
- (c) Mansion House Collection and Civic Regalia
- (d) Museum Collections

All categories of heritage assets increase the knowledge, understanding and appreciation of the Council's history and local area. Heritage Assets are recognised and measured (including the treatment of revaluation gains and losses) in accordance with the Council's accounting policies on property, plant and equipment. However, some of the measurement rules are relaxed in relation to heritage assets, further detail is provided below.

The accounting policies in relation to intangible heritage assets are not included in this document as no intangible heritage assets have been identified. All heritage assets are tangible.

Records for Heritage Properties are maintained by the Council's Asset & Property Management team, whilst records for the contents of the Art Gallery are held by York Museums Trust. Items from the Museum, Art Gallery and Mansion House collections are on view for members of the public to see at these sites.

The Council's collections of heritage assets are accounted for as follows.

Heritage properties – assets are valued in accordance with the property RICS guidance and for heritage assets where a market value exists, the assets are valued at fair value market value. Where

no market value exists, the value stated is replacement cost. All valuations are recorded on a valuation certificate.

The code recognises that it may not be possible to value all heritage assets due to their size and unique historical importance. Four such assets have been identified and are consequently not included in the council's balance sheet:

- (a) Medieval City Walls
- (b) Yorkshire Museum and Gardens and Hospitium
- (c) Abbey Walls – Marygate and Bootham
- (d) Roman Multangular Tower and adjoining Walls

Art Collection - including paintings (both oil and watercolour) and sketches, is reported in the Balance Sheet at insurance valuation which is based on market values. The art collection is deemed to have indeterminate life and a high residual value, hence the Council does not consider it appropriate to charge depreciation.

The collection is relatively static and acquisitions and donations are rare. If acquisitions did occur they would initially be recognised at cost and donations would be recognised at valuation provided by external valuers and with reference to appropriate commercial markets for the paintings using the most relevant and recent information from sales at auctions.

Mansion House Collection and Civic Regalia –are recorded on the 2021/22 balance sheet using the valuations provided by a fine art external valuation expert who revalued the assets in the collection in March 2018. The Regalia and items in the Mansion House are deemed to have indeterminate lives and the Council does not consider it appropriate to charge depreciation. The policy for acquisitions, made by purchase or donation, is the same as for the art collection.

Museum Collections – both Castle Museum and Yorkshire Museum are held in Trust but the collections are insured by the Council. For Castle Museum, the collection is of social history value and therefore has a relatively low insurance valuation which is included on the balance sheet.

Yorkshire Museum, the Council considers that obtaining valuations for the vast majority of items and artefacts exhibited within the museum would involve a disproportionate cost in comparison to the benefits to the users of the Council's financial statements. This is because of the diverse nature of the assets held and the lack of comparable values. The Council does not recognise this collection of heritage assets on the Balance Sheet. The Council does not consider that reliable cost or valuation information can be obtained for items held as a result of archaeological investigations. The diverse nature of the assets held, the lack of comparable market values, the length of time the items have existed results in the Council not recognising these assets on the balance sheet. The Council does not (normally) make any purchases of archaeological items.

Acquisitions are again initially recognised at cost or, if bequeathed or donated at nil consideration, at valuation.

Heritage Assets – General

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

Disposal: disposal of heritage assets are accounted for in accordance with the Council's general provisions relating to the disposal of property, plant and equipment. Heritage asset 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 (again see note XX in this summary of accounting policies).

XIII. Intangible Assets

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

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

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

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

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

XIV. Interests in Companies and Other Entities

An assessment of the Council's interests has been carried out during the year, in accordance with the Code of Practice, to determine the group relationships that exist. Inclusion in the group is dependent upon the extent of the Council's control over the entity demonstrated through ownership, such as a shareholding in an entity or representation on an entity's board of directors. The Council does have a number of interests in companies and other entities, the majority of which are not material and thus the production of group accounts is not required for these interests. The main Council interests relate to CYT Ltd which, whilst material, is fully disclosed within the Related Parties disclosure rather than group accounts.

The Council has interests in companies and other entities that have the nature of subsidiaries, associates and joint ventures but, due to the values involved, these do not require the Council to prepare Group Accounts. Further detail on all these arrangements can be found within the Related Parties note 41.

XV. Joint Arrangements

Joint arrangements are arrangements by which two or more parties have joint control bound by contract. A Joint Arrangement can be classified as follows:

- A Joint Venture
- A Joint Operation

Joint Venture

A joint Venture is an arrangement under which two or parties have contractually agreed to share control, such that decisions about the activities of the arrangement are given unanimous consent from all parties.

Joint Operation

A Joint Operation is an arrangement by which the parties that have joint control of the arrangement have the rights to the assets and obligations for the liabilities relating to the arrangement. All parties have joint control with decisions of the activities of the arrangement requiring unanimous consent from all parties. The Council recognises on its Balance Sheet the assets that it controls and the liabilities that it incurs and debits and credits the Comprehensive Income and Expenditure Statement with the expenditure it incurs and the share of income it earns from the activity of the operation.

XVI. Inventories and Long Term Contracts

Inventories are included in the Balance Sheet at the lower of cost and net realisable value.

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.

XVII. 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 price that would be received to sell an asset in an orderly transaction between market participants at the measurement date. As a non-financial asset, investment properties are measured at highest and best use. Properties are not depreciated but are reviewed annually by the Council's Property and Asset Management team (Royal Institute of Chartered Surveyors registered valuer) according to market conditions at the year-end. Properties over £0.5m are revalued annually whilst properties below this level are revalued under the rolling programme or in the intervening periods if there is considered to be a material difference between the carrying value and the fair value of the property reflecting market conditions at the balance sheet date. Gains and losses on revaluation are posted to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement. The same treatment is applied to gains and losses on disposal.

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

XVIII. 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 Council as Lessee

Finance Leases

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

Lease payments are apportioned between:

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

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

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

Operating Leases

Rentals paid under operating leases are charged to the Comprehensive Income and Expenditure Statement as an expense of the services 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 Council as Lessor

Finance Leases

Where the Council grants a finance lease over a property or an item of plant or equipment, the relevant asset is written out of the Balance Sheet as a disposal. At the commencement of the lease,

the carrying amount of the asset in the Balance Sheet (whether Property, Plant and Equipment or Assets Held for Sale) is written off to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal. A gain, representing the Council's net investment in the lease, is credited to the same line in the Comprehensive Income and Expenditure Statement also as part of the gain or loss on disposal (ie netted off against the carrying value of the asset at the time of disposal), matched by a lease (long-term debtor) asset in the Balance Sheet.

Lease rentals receivable are apportioned between:

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

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

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

Operating Leases

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

XIX. 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 21/22 (SeRCOP). The total absorption costing principle is used – the full cost of overheads and support services are shared between users in proportion to the benefits received, with the exception of costs relating to the Council's status as a multifunctional, democratic organisation which are charged under Corporate and Customer Services in the Comprehensive Income and Expenditure Statement.

XX. Property, Plant and Equipment

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

Recognition

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

The Council has a de minimis level of £10k for Property assets. Any properties valued at less than this are not generally added to the Council's balance sheet. The exception to this is when capital money has been used to buy the property, and it would then be included on the balance sheet.

The Council recognises schools in line with the provisions of the Code of Practice, consequently schools are recognised on the balance sheet only if the future economic benefits or service potential associated with the school will flow to the Council. The Council regards that the economic benefits or service potential of a school flows to the Council where the Council has the ability to employ the staff of the school and is able to set the admission criteria.

Voluntary Aided, Voluntary Controlled and Academy schools are not recognised within the Council's financial statements as the Council does not exercise sufficient influence on the governing bodies to warrant recognition. The Council does, however, include the playing fields for Voluntary Aided and Voluntary Controlled schools where these are owned by the Council and have not been included in any Academy conversion.

All elements of the 16 Local Authority controlled schools are shown in the Council's financial statements.

Measurement

Assets are initially measured at cost, comprising:

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

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

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

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

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

- infrastructure and community assets – depreciated historical cost

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- assets under construction – historical cost
- dwellings – current value, determined using the basis of existing use value for social housing (EUV-SH)
- surplus assets – the current value measurement base is fair value, estimated at highest and best use from a market participant's perspective
- Specialised assets, for example school buildings, residential homes and hostels, and sports facilities – current value, but because of their specialist nature, are measured at depreciated replacement cost which is used as an estimate of current value
- all other assets:
 - – equipment is measured using depreciated historical cost as a proxy for current value
 - – buildings and land are measured at current 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 current value because of the specialist nature of an asset, depreciated replacement cost (DRC) is used as an estimate of current value.

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

Assets included in the Balance Sheet at current value are revalued sufficiently regularly to ensure that their carrying amount is not materially different from their current value at the year-end, but as a minimum every five years. Increases in valuations are matched by credits to the Revaluation Reserve to recognise unrealised gains. Exceptionally, gains might be credited to the 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)
- where there is no balance in the Revaluation Reserve or an insufficient balance, the carrying amount of the asset is written down against the relevant service line(s) in the Comprehensive Income and Expenditure Statement.

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

Componentisation

All Property assets containing a building are split into two components - Land and Buildings. The buildings are then further reviewed to assess if there are additional components which should be recognised. This assessment is based on the value of the building and the value of the components. A materiality level has been set, below which this additional review will not be done. Only buildings with a valuation greater than £1m will be considered for componentisation, which accounts for approximately 76% of depreciation charged to the Comprehensive Income & Expenditure Account for buildings. The cost of the component should be at least 20% of the value of the building.

Components whose value is under this level will be considered if the circumstances are deemed appropriate. Componentisation will only be done either at the full 5 yearly valuations or when major capital improvements are undertaken.

Impairment

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

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

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

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

Depreciation

Depreciation is provided for on all Property, Plant and Equipment assets by the systematic allocation of their depreciable amounts over their useful lives. An exception is made for assets without a determinable finite useful life (ie freehold land and certain Community Assets) and assets that are not yet available for use (ie 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
- Mechanical and electrical components for Allerton Waste Recycling plant – reducing balance or straight-line over the life of the components as advised by the valuer.
- vehicles, plant, furniture and equipment – straight-line allocation over 3-10 years
- infrastructure – straight-line allocation over 40 years.

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 will be depreciated separately.

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

Disposals and Non-current Assets Held for Sale

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

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

Assets that are to be abandoned or scrapped are not reclassified as Assets Held for Sale. When an asset is disposed of or decommissioned, the carrying amount of the asset in the Balance Sheet (whether Property, Plant and Equipment or Assets Held for Sale) is written off to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal. Receipts from disposals (if any) are credited to the same line in the Comprehensive Income and Expenditure Statement also as part of the gain or loss on disposal (ie netted off against the carrying value of the asset at the time of disposal). Any revaluation gains accumulated for the asset in the Revaluation Reserve are transferred to the Capital Adjustment Account.

Amounts received for a disposal in excess of £10,000 are categorised as capital receipts. A proportion of receipts relating to a housing disposal is payable to the Government. The balance of receipts is required to be credited to the Capital Receipts Reserve and can then only be used for new capital investment or set aside to reduce the Council's underlying need to borrow (the capital financing requirement).

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

XXI. Private Finance Initiative (PFI) and Similar Contracts

PFI and similar contracts are agreements to receive services, where the responsibility for making available the property, plant and equipment needed to provide the services passes to the PFI contractor. As the Council is deemed to control the services that are provided under its PFI schemes, and as ownership of the property, plant and equipment will pass to the Council at the end of the contracts for no additional charge, the Council carries the assets used under the contracts on its Balance Sheet as part of Property, Plant and Equipment.

The original recognition of these assets at fair value (based on the cost to purchase the property, plant and equipment) was balanced by the recognition of a liability for amounts due to the scheme operator to pay for the capital investment. For the Schools PFI, the liability was written down by an initial capital contribution of £4.2m. Four schools are incorporated in the PFI scheme – Hob Moor Primary, Hob Moor Oaks, St Barnabas Primary and St Oswalds Primary. St Barnabas and St Oswalds Primaries belong to the Church of England Diocese and were never included on the LAs balance sheet. However, the two Hob Moor schools was previously owned by the council and were recognised as assets. These two schools became Academies during 2018/19, therefore the accounting treatment is now the same as the two other schools and they are no longer included as assets.

The amounts payable to the PFI operators each year are analysed into five elements:

- **fair value of the services received during the year** – debited to the relevant service in the Comprehensive Income and Expenditure Statement
- **finance cost** – an interest charge on the outstanding Balance Sheet liability, debited to the **Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement**

- **contingent rent** – increases in the amount to be paid for the property arising during the contract, debited to the Financing and Investment Income and Expenditure line in the **Comprehensive Income and Expenditure Statement**
- **payment towards liability** – applied to write down the Balance Sheet liability towards the PFI operator (the profile of write-downs is calculated using the same principles as for a finance lease)
- **lifecycle replacement costs** – proportion of the amounts payable is posted to the Balance Sheet as a prepayment and then recognised as additions to Property, Plant and Equipment when the relevant works are eventually carried out.

XXII. Provisions, Contingent Liabilities and Contingent Assets

Provisions

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

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

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

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

Contingent Liabilities

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

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

Contingent Assets

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

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

XXIII. Reserves

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

The category of Unusable Reserves includes those reserves that are kept to manage the accounting processes for non-current assets, financial instruments, and retirement and employee benefits and do not represent usable resources for the Council – these reserves are explained in the relevant notes.

Earmarked Reserves

Amounts set aside for purposes falling outside the definition of provisions, e.g. for future policy purposes or to cover contingencies, have been accounted for as reserves. In line with the code the creation of a reserve is shown by an appropriation entry on the Movement in Reserves. When expenditure to be financed from a reserve is incurred, it is charged to the appropriate service revenue account in that year, and shown in the Net Cost of Services in the Income and Expenditure Account. The use of the reserve is then appropriated back into the General Fund Balance statement so that there is no net charge against council tax for the expenditure.

The earmarked reserves held by the Council are shown in the Core Statements and detailed in note 8.

Usable Reserves

In addition to those funds under the Earmarked Reserves classification there are a number of usable reserves for specific and non specific purposes.

Councils are required by the Accounts and Audit Regulations 2015 to maintain the Major Repairs Reserve (MRR), which controls an element of the capital resources required to be used on HRA assets or for capital financing purposes. Under the new arrangements in the self-financing HRA, to establish the resources available on an annual basis in the Major Repairs Reserve, the regulations require the MRR to be credited with an amount equivalent to the total depreciation charges for all HRA assets.

Unusable Reserves

Certain reserves are kept to manage the accounting processes for non-current assets and retirement benefits and that do not represent usable resources for the Council. These reserves are shown in Note 26.

XXIV. Revenue Expenditure Funded from Capital under Statute

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

XXV. Value Added Tax (VAT)

The Comprehensive Income and Expenditure Account excludes amounts relating to VAT and will be included as an expense only if it is not recoverable from Her Majesty's Revenue and Customs. VAT receivable is excluded from income within the Council's income and expenditure account.

2. ACCOUNTING STANDARDS THAT HAVE BEEN ISSUED BUT NOT YET ADOPTED

The Code of Practice on Local Authority Accounting in the United Kingdom (the Code) requires the disclosure of information relating to the expected impact of an accounting change that will be required by a new standard which has been issued but is yet to be adopted by the 2021/22 Code.

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

Accounting changes that are introduced by the 2022/23 Code are:

- IFRS 16 Leases (but only for those local authorities that have decided to adopt IFRS 16 in the 2022/23 year).
- Annual Improvements to IFRS Standards 2018–2020. The annual IFRS improvement programme notes 4 changed standards:
 - IFRS 1 (First-time adoption) – amendment relates to foreign operations of acquired subsidiaries transitioning to IFRS
 - IAS 37 (Onerous contracts) – clarifies the intention of the standard
 - IFRS 16 (Leases) – amendment removes a misleading example that is not referenced in the Code material
 - IAS 41 (Agriculture) – one of a small number of IFRSs that are only expected to apply to local authorities in limited circumstances.

These changes are not expected to have a material impact on the Council's Statement of Accounts.

3. CRITICAL JUDGEMENTS IN APPLYING ACCOUNTING POLICIES

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

Future levels of funding for local government – the main critical judgement made in the statement of accounts is regarding the high degree of uncertainty about future levels of funding for local government. There remains no firm date set by Government for the move to 75% business rates retention and changes to how funding is distributed between councils under the fair funding review. Therefore whilst this uncertainty continues it is highly likely that there will be no immediate change to the level of funding

Pensions - The Council has made estimates of net pay liability to pay pensions which depend on a number of complex judgements and projections supported by the actuary, which include; the discount rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected future returns on Pension Fund Assets

Accounting for schools – Consolidation - In line with the requirements of the Code of Practice on Group Accounts, all maintained schools are now considered to be entities controlled by the Council. Rather than prepare group accounts however, the income, expenditure, liabilities, reserves and cash flows of each schools are recognised in the Council's single entity accounts.

Accounting for schools – Balance sheet recognition – The Council recognises schools in line with the provisions of the Code of Practice, consequently schools are recognised on the balance sheet only if the future economic benefits or service potential associated with the school will flow to the Council. The Council regards that the economic benefits or service potential of a school flows to the Council where the Council has the ability to employ the staff of the school and is able to set the admission criteria. The Council has undertaken a detailed review to assess the level of control it exercises in relation to both the VA & VC schools. The analysis undertaken considered the governing bodies majority appointment rights and concluded that in all cases the Council did not exercise sufficient influence to warrant recognition of assets in relation to the schools on its balance sheet.

Accounting for schools – Transfer to Academy status – When a school that is held on the Council's balance sheet transfers to Academy status the Council accounts for this as a disposal and subsequent creation of a finance lease (at nil consideration) on the date that the school converts to Academy status.

Further information on the treatment of Voluntary Aided and Voluntary Controlled schools can be found under Accounting Policies point XX.

Group Accounts Boundaries – The Councils group boundaries have been assessed using the criteria outlined in the Code of Practice, which has confirmed the Council has a number of interests in other entities which therefore fall within the boundary. However, the Council's interests in aggregate are not sufficiently material to warrant producing consolidated financial statements when reviewing both quantitative and qualitative information. The Council therefore considers that the reader of the accounts is better served by expanding the related party disclosure note in respect of these interests rather than completing separate group accounts statements. The enhanced related parties note can be found at Note 41.

Allerton Waste Recycling Plant – Componentisation and Depreciation – The Council holds a share in Allerton Waste Recycling Plant which is included in the Council's accounts in Other Land and Buildings (Note 12). Following an external valuation of the site in 2020/21, a judgement was made to continue show the whole asset, including the mechanical and electrical components, under Other Land and Buildings as it is felt that components are an integral part of the site. However, within the Other Land and Buildings header, the asset is split into land, building, and mechanical and electrical component for the purpose of depreciation to reflect their different useful economic lives. The various mechanical and electrical components identified in the valuation have been grouped together as one component but are depreciated separately using the methods and asset lives provided by the valuer. The accounting treatment for Allerton Waste Recycling Plant will be reviewed regularly to ensure the accuracy of depreciation.

4. ASSUMPTIONS MADE ABOUT THE FUTURE AND OTHER MAJOR SOURCES OF ESTIMATION UNCERTAINTY

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

The items in the Council's Balance Sheet at 31 March 2022 for which there is a significant risk of material adjustment in the forthcoming financial year are as follows:

Pensions

Estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets. A firm of consulting actuaries is engaged to provide the Council with expert advice about the assumptions to be applied. Variations in the key assumptions would have the following impact on the net liability:

- A 0.1% increase in the discount rate would reduce the net pension liability by £19.957m
- A 0.1% increase in the assumed level of pension increases will increase the net pension liability by £18.057m
- An increase in one year of longevity would increase the net pension liability by £33.262m

Property, Plant & Equipment including Investment properties

Assets are depreciated over useful lives that are dependent on assumptions about the level of repairs and maintenance that will be incurred in relation to individual assets. The current economic climate makes it uncertain that the Council will be able to sustain its current spending on repairs and maintenance, bringing into doubt the useful lives assigned to assets. If the useful life of assets is reduced, depreciation increases and the carrying amount of the assets falls. The closing Net Book Value of these assets at 31 March 2022 is £1,153.914m for Property, Plant & Equipment and £66.466m for Investment Properties.

5. MATERIAL ITEMS OF INCOME AND EXPENSE

This note identifies material items of income and expenditure that are not disclosed on the face of the Comprehensive Income and Expenditure Statement. For the purposes of this note the Council considers material items to be those greater than £9.3m. For 2021/22 there were no material items of income and expenditure.

6. EVENTS AFTER THE REPORTING PERIOD

The Statement of Accounts was authorised for issue by the Chief Finance Officer on 20 June 2022. Events taking place after this date are not reflected in the financial statements or notes. Where events taking place before this date provided information about conditions existing at 31 March 2022, the figures in the financial statements and notes have been adjusted in all material respects to reflect the impact of this information.

Adjusting Events:

Adjusting events after the balance sheet date are those that are indicative of conditions that arose after the reporting period. The Code sets out that where material the financial statements should be amended to reflect the impact of these events.

Non- adjusting Events:

Non Adjusting events after the balance sheet date are those that are indicative of conditions that arose after the reporting period – the Statement of Accounts is not adjusted to reflect these events however material items are disclosed in terms of the nature of the events and their financial effects.

There are no adjusting or non-adjusting events after the balance sheet in 2021/22.

7. ADJUSTMENTS BETWEEN ACCOUNTING BASIS AND FUNDING BASIS UNDER REGULATIONS

This note details the adjustments that are made to the total comprehensive income and expenditure recognised by the Council in the year in accordance with proper accounting practice to the resources that are specified by statutory provisions as being available to the Council to meet future capital and revenue expenditure. The movement in reserves statement includes the totals shown in this note.

Adjustments between Accounting Basis and Funding Basis under Regulations – 2021/22

2021/22

	General Fund Balance	Housing Revenue Account	Major Repairs Reserve	Capital Receipts Reserve	Capital Grants Unapplied	Movement in Unusable Reserves
	£000	£000	£000	£000	£000	£000
Adjustments primarily involving the Capital Adjustment Account:						
<u>Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement:</u>						
Charges for depreciation and impairment of non-current assets	(17,268)	(8,906)	-	-	-	26,174
Revaluation losses on Property Plant and Equipment	(815)	(369)	-	-	-	1,184
Movements in the market value of Investment Properties	273	-	-	-	-	(273)
Amortisation of intangible assets	(1,058)	(3)	-	-	-	1,061
Capital grants and contributions applied	19,279	979	-	-	-	(20,258)
Revenue expenditure funded from Capital under statute	(6,091)	-	-	-	-	6,091
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	(3,544)	(14,670)	-	-	-	18,214
<u>Insertion of items not debited or credited to the Comprehensive income and Expenditure Statement:</u>						
Statutory provision for the financing of capital investment	6,061	-	-	-	-	(6,061)
Capital expenditure charged against the General Fund and HRA balances	37	3,439	-	-	-	(3,476)
Adjustments primarily involving the Capital Grants Unapplied Account:						
Capital grants and contributions unapplied credited to the Comprehensive Income and Expenditure Statement	20,832	2,502	-	-	(23,334)	-
Application of grants to capital financing transferred to the Capital Adjustment Account	(6,611)	-	-	-	6,611	-
Adjustments primarily involving the Capital Receipts Reserve:						
Transfer of cash sale proceeds credited as part of the gain/ loss on disposal to the Comprehensive Income and Expenditure Statement	662	17,119	-	(17,781)	-	-
Transfer of cash loan repayment to the Capital Receipts Reserve	-	-	-	(100)	-	100
Use of the Capital Receipts Reserve to finance new capital expenditure	-	-	-	11,854	-	(11,854)
Contribution from the Capital Receipts Reserve towards revenue costs under Capital Receipts flexibility	-	-	-	-	-	-

NOTES TO THE MAIN FINANCIAL STATEMENTS

	General Fund Balance	Housing Revenue Account	Major Repairs Reserve	Capital Receipts Reserve	Capital Grants Unapplied	Movement in Unusable Reserves
	£000	£000	£000	£000	£000	£000
Contribution from the Capital Receipts Reserve to finance the payments to the Government Capital receipts pool	-	(1,179)	-	1,179	-	-
Contribution from the Capital Receipts Reserve to finance disposal costs	-	(96)	-	96	-	-
Contribution from the Capital Receipts Reserve to finance repayment of 141 RTB receipts	-	-	-	-	-	-
Adjustment primarily involving the Major Repairs Reserve:						
Reversal of Major Repairs Allowance credited to the HRA	-	8,905	(8,905)	-	-	-
Use of the Major Repairs Reserve to finance new capital expenditure	-	-	12,185	-	-	(12,185)
Adjustment primarily involving the Financial Instruments Adjustment Account:						
Amount by which finance costs charged to the Comprehensive Income and Expenditure Statement are different from finance costs chargeable in the year in accordance with statutory requirements	79	-	-	-	-	(79)
Adjustments primarily involving the Financial Instruments Revaluation Reserve						
Movement in fair value of Financial Instruments	-	-	-	-	-	-
Adjustment primarily involving the Pensions Reserve:						
Employer's pensions contributions and direct payments to pensioners payable in the year	13,108	603	-	-	-	(13,711)
Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement	(37,855)	(1,779)	-	-	-	39,634
Adjustments primarily involving the Collection Fund Adjustment Account:						
Amount by which council tax income credited to the Comprehensive Income and Expenditure Statement is different from council tax income calculated for the year in accordance with statutory requirements	17,023	-	-	-	-	(17,023)
Adjustments primarily involving the Dedicated Schools Grant Adjustment Account:						
Transfer of deficit in respect of schools budget	4,097	-	-	-	-	(4,097)
Adjustment primarily involving the Accumulated Absences Account:						
Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	(235)	-	-	-	-	235
Total Adjustments:	7,974	6,545	3,280	(4,752)	(16,723)	3,676

NOTES TO THE MAIN FINANCIAL STATEMENTS

Adjustments between Accounting Basis and Funding Basis under Regulations – 2020/21

2020/21

	General Fund Balance	Housing Revenue Account	Major Repairs Reserve	Capital Receipts Reserve	Capital Grants Unapplied	Movement in Unusable Reserves
	£000	£000	£000	£000	£000	£000
Adjustments primarily involving the Capital Adjustment Account:						
Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement:						
Charges for depreciation and impairment of non-current assets	(13,714)	(8,408)	-	-	-	22,122
Revaluation losses on Property Plant and Equipment	1,139	(4,300)	-	-	-	3,161
Movements in the market value of Investment Properties	(1,410)	31	-	-	-	1,379
Amortisation of intangible assets	(979)	(3)	-	-	-	982
Capital grants and contributions applied	22,965	2,894	-	-	-	(25,859)
Revenue expenditure funded from Capital under statute	(10,163)	-	-	-	-	10,163
Amounts of non-current assets written off on disposal or sale as part of the gain/ loss on disposal to the Comprehensive Income and Expenditure Statement	(1,706)	(6,450)	-	-	-	8,156
Insertion of items not debited or credited to the Comprehensive income and Expenditure Statement:						
Statutory provision for the financing of capital investment	9,182	-	-	-	-	(9,182)
Capital expenditure charged against the General Fund and HRA balances	187	4,904	-	-	-	(5,091)
Adjustments primarily involving the Capital Grants Unapplied Account:						
Capital grants and contributions unapplied credited to the Comprehensive Income and Expenditure Statement	8,773	-	-	-	(8,773)	-
Application of grants to capital financing transferred to the Capital Adjustment Account	(7,260)	-	-	-	7,260	-
Adjustments primarily involving the Capital Receipts Reserve:						
Transfer of cash sale proceeds credited as part of the gain/ loss on disposal to the Comprehensive Income and Expenditure Statement	2,795	7,702	-	(10,497)	-	-
Transfer of cash loan repayment to the Capital Receipts Reserve	-	-	-	(100)	-	100
Use of the Capital Receipts Reserve to finance new capital expenditure	-	-	-	19,254	-	(19,254)
Contribution from the Capital Receipts Reserve towards revenue costs under Capital Receipts flexibility	-	-	-	-	-	-
Contribution from the Capital Receipts Reserve to finance the payments to the Government Capital receipts pool	-	(1,179)	-	1,179	-	-
Contribution from the Capital Receipts Reserve to finance disposal costs	-	(60)	-	60	-	-
Contribution from the Capital Receipts Reserve to finance repayment of 141 RTB receipts	-	-	-	-	-	-
Adjustment primarily involving the Major Repairs Reserve:						
Reversal of Major Repairs Allowance credited to the HRA	-	8,408	(8,408)	-	-	-
Use of the Major Repairs Reserve to finance new capital expenditure	-	-	9,351	-	-	(9,351)

NOTES TO THE MAIN FINANCIAL STATEMENTS

	General Fund Balance	Housing Revenue Account	Major Repairs Reserve	Capital Receipts Reserve	Capital Grants Unapplied	Movement in Unusable Reserves
	£000	£000	£000	£000	£000	£000
Adjustment primarily involving the Financial Instruments Adjustment Account:						
Amount by which finance costs charged to the Comprehensive Income and Expenditure Statement are different from finance costs chargeable in the year in accordance with statutory requirements	83	-	-	-	-	(83)
Adjustments primarily involving the Financial Instruments Revaluation Reserve						
Movement in fair value of Financial Instruments	-	-	-	-	-	-
Adjustment primarily involving the Pensions Reserve:						
Employer's pensions contributions and direct payments to pensioners payable in the year	14,504	646	-	-	-	(15,150)
Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement	(28,777)	(1,326)	-	-	-	30,103
Adjustments primarily involving the Collection Fund Adjustment Account:						
Amount by which council tax income credited to the Comprehensive Income and Expenditure Statement is different from council tax income calculated for the year in accordance with statutory requirements	(37,052)	-	-	-	-	37,052
Adjustments primarily involving the Dedicated Schools Grant Adjustment Account:						
Transfer of deficit in respect of schools budget	(5,075)	-	-	-	-	5,075
Adjustment primarily involving the Accumulated Absences Account:						
Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	(18)	-	-	-	-	18
Total Adjustments:	(46,526)	2,859	943	9,896	(1,513)	34,341

8. TRANSFERS TO/FROM EARMARKED RESERVES

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

	Transfers Out During Year £000's	Transfers In During Year £000's	Net mov't During Year £000's	Balance at 31-Mar-22 £000's	Balance at 31-Mar-21 £000's
General Fund					
Developers Contributions Unapplied	1,491	(2,321)	(830)	(9,383)	(8,553)
Venture Fund	-	(146)	(146)	(4,384)	(4,238)
Public Health COMF Funding reserve	2,301	-	2,301	(100)	(2,401)
Waste Management Reserve	-	-	-	(2,031)	(2,031)
Better Care Fund	-	-	-	(1,541)	(1,541)
Yearsley Pool Reserve	320	(38)	282	(1,131)	(1,413)
Mental Health Accommodation Programme	46	-	46	(880)	(926)
NNDR Reserve	43,263	(23,356)	19,907	(23,097)	(43,004)
Miscellaneous	35,089	(38,269)	(3,180)	(16,328)	(13,148)
Subtotal General Fund	82,510	(64,129)	18,380	(58,875)	(77,255)
HRA					
Miscellaneous	-	(40)	(40)	(40)	-
53rd Week Rent	106	-	106	209	103
HRA Investment Reserve	2,421	(132)	2,290	(6,255)	(8,545)
Subtotal HRA	2,527	(172)	2,356	(6,086)	(8,442)
Total Earmarked Reserves	85,037	(64,301)	20,736	(64,961)	(85,697)

Reserves

The most significant item held within **Developers Contributions** relates to the Community Stadium.

Venture Fund - This fund was established with an initial capital balance of £4m. The fund makes monies available for Council projects that have the ability to generate expenditure savings or increased income. Advances from the fund are required to be repaid over an appropriate life of the project in relation to the life of the asset

Public Health Contain Outbreak Management Fund – The Contain Outbreak Management Fund (COMF) is funding provided by the Government to Support the additional Public Health Costs incurred dealing with the Covid 19 pandemic. The funding is provided for expenditure incurred in areas such as testing, contact tracing, communications and marketing of public health messages, enforcement measures, support for vulnerable people, support of commercial areas and rough sleepers. Funding has been provided throughout the year and is available to cover expenditure up to 31st March 2022 and residual costs into 2022/23.

Waste Management Reserve – When the Long Term Waste Contract was agreed by Council, it was agreed to set aside additional funds in order to build up sufficient budget to fund the contractual obligations. These increased budgets have funded waste contractual increases such as Landfill Tax and the balance has been added to a Waste Reserve. This reserve has funded and will continue to

fund one off costs relating to the Waste Project such as s106 obligations, highway improvements and lease payments.

Better Care Fund – The Better Care Fund is a pooled budget between City of York Council and Vale of York Clinical Commissioning Group for the provision of certain aspects of health and social care. The s75 agreement governing this arrangement provides the legal mechanism to carry forward any uncommitted resource in this reserve

Yearsley Pool Reserve – This reserve was created following a Council decision in February 2015 to approve a sum of £1.5m over a 5 year period towards support for maintaining Yearsley Pool, to be funded from unallocated New Homes Bonus monies

Mental Health Accommodation Programme - Mental Health Accommodation Programme. This reserve holds the Tees, Esk & Wear Valleys NHS Foundation Trust’s initial contribution to the development of specialist mental health housing and support for people with multiple and complex needs in York. The programme was agreed by the Executive in August 2020, with work starting in 2021/22

NNDR reserve - The NNDR Reserve was created to account for ‘timing differences’ between NNDR receipts in the Collection Fund and General Fund, which occur mainly due to S31 grants. When central government provide a discount on a business sector’s NNDR liability, central government compensates the Council by providing a S31 grant equivalent to the discount given, which is allocated to the General Fund. This ‘discount’ results in a deficit on the Collection Fund and a corresponding surplus on the General Fund. The surplus on the General Fund is transferred to the NNDR earmarked reserve to use in the following year against the Collection Fund deficit. In 2020/21 Central Government support for businesses’ NNDR liability significantly increased due to Covid-19. This resulted in a significant increase in the NNDR reserve in 2020/21. During 2021/22, a proportion of the reserve built up due to Covid-19 S31 grants has been transferred into the General Fund to offset the deficit in the Collection Fund

Miscellaneous reserves include a range of earmarked reserves to hold monies over the year end period pending investment, such as Care Act funds and the York Financial Assistance Scheme.

In 2012 the Localism Act introduced a significant change to the way that Council Housing is financed by dismantling the previous system of HRA subsidy and introducing self financing. As part of the self financing HRA Business Plan a reserve was created for HRA investment in new build / redevelopment opportunities.

9. OTHER OPERATING EXPENDITURE

	2021/22	2020/21
	£'000's	£'000's
Parish council precepts	807	799
Payments to the Government Housing Capital Receipts Pool	1,179	1,179
Gains/losses on the disposal of non-current assets	433	(2,341)
Total	2,419	(363)

10. FINANCING AND INVESTMENT INCOME AND EXPENDITURE

	2021/22	2020/21
	£'000's	£'000's
Interest payable and similar charges	14,363	13,890
Net interest on the net defined benefit liability	3,159	3,105
Interest receivable and similar income	(122)	(84)
Income and expenditure in relation to investment properties and changes in their fair value	(4,668)	(2,209)
Other investment income	(208)	(451)
Total	12,524	14,251

11. TAXATION AND NON SPECIFIC GRANT INCOME

	2021/22	2020/21
	£'000's	£'000's
Council tax income	(97,995)	(92,794)
Non domestic rates	(50,769)	2,314
Non-ringfenced or government grants	(66,807)	(74,276)
Capital grants and contributions	(34,329)	(19,634)
Total	(249,900)	(184,390)

NOTES TO THE MAIN FINANCIAL STATEMENTS

12. PROPERTY, PLANT AND EQUIPMENT

2021/22	Council Dwellings	Other Land & Buildings	Plant / Vehicle / Equipment	Infrastructure Assets	Community Assets	Surplus Assets	Assets Under Construction	Total Property, Plant & Equipment	Service concession assets included in Property, Plant & Equipment
	£000	£000	£000	£000	£000	£000	£000	£000	£000
<u>Cost or Valuation (GCA)</u>									
At 1 April 2021	484,542	369,504	39,810	196,627	115	23,827	76,925	1,191,350	47,233
Additions	14,498	6,296	5,167	7,188	-	-	38,408	71,557	-
Acc Dep & Imp WO to GCA	(15,942)	(12,813)	-	-	-	-	-	(28,755)	-
Revaluation increases/(decreases) recognised in the Revaluation Reserve	20,689	6,814	-	-	-	2,178	-	29,681	-
Revaluation increases/(decreases) recognised in the Surplus/Deficit on the Provision of Services	(129)	(1,065)	-	-	-	10	-	(1,184)	-
Derecognition - Disposals	(5,037)	(3,694)	(4,611)	-	-	(42)	(8,736)	(22,120)	-
Derecognition - Other	-	-	-	-	-	-	-	-	-
Assets reclassified (to)/from Held for Sale	-	-	-	-	-	-	-	-	-
Assets reclassified (to)/from Investment Property	-	(818)	-	-	-	-	-	(818)	-
Other movements in Cost or Valuation	9,804	190	1,821	3,558	-	1,522	(17,577)	(682)	-
At 31 March 2022	508,425	364,414	42,187	207,373	115	27,495	89,020	1,239,029	47,233
<u>Accumulated Depreciation & Impairment</u>									
At 1 April 2021	(7,884)	(12,952)	(25,158)	(46,536)	(4)	-	(2)	(92,536)	-
Depreciation Charge for 2021/22	(8,058)	(9,531)	(3,369)	(5,214)	(2)	-	-	(26,174)	(3,182)
Acc. Depreciation WO to GCA	15,942	12,813	-	-	-	-	-	28,755	-
Derecognition - Disposals	-	229	4,482	-	-	-	-	4,711	-
Assets reclassified (to)/from Investment Property	-	129	-	-	-	-	-	129	-
Other movements in Depreciation and Impairment	-	-	-	-	-	-	-	-	-
At 31 March 2022	-	(9,312)	(24,045)	(51,750)	(6)	-	(2)	(85,115)	(3,182)
<u>Net Book Value</u>									
At 31 March 2022	508,425	355,102	18,142	155,623	109	27,495	89,018	1,153,914	44,051
At 31 March 2021	476,658	356,552	14,652	150,091	111	23,827	76,923	1,098,814	47,233

NOTES TO THE MAIN FINANCIAL STATEMENTS

Comparative Movements in 2020/21:

2020/21	Council Dwellings	Other Land & Buildings	Plant / Vehicle / Equipment	Infrastructure Assets	Community Assets	Surplus Assets	Assets Under Construction	Total Property, Plant & Equipment	Service concession assets included in Property, Plant & Equipment
	£000	£000	£000	£000	£000	£000	£000	£000	£000
<u>Cost or Valuation (GCA)</u>									
At 1 April 2020	481,558	293,222	34,553	185,587	115	24,936	103,605	1,123,576	41,294
Additions	11,297	15,480	4,582	8,830	-	-	40,254	80,443	-
Acc Dep & Imp WO to GCA	(7,928)	(5,317)	-	-	-	(105)	-	(13,350)	(4,114)
Revaluation increases/(decreases) recognised in the Revaluation Reserve	(426)	18,790	-	-	-	(541)	-	17,823	10,053
Revaluation increases/(decreases) recognised in the Surplus/Deficit on the Provision of Services	-	(3,010)	-	-	-	(129)	(25)	(3,164)	-
Derecognition - Disposals	(3,031)	(3,519)	(1,068)	-	-	(217)	-	(7,835)	-
Derecognition - Other	-	-	-	-	-	-	-	-	-
Assets reclassified (to)/from Held for Sale	-	-	-	-	-	(800)	-	(800)	-
Assets reclassified (to)/from Investment Property	-	(3,910)	-	-	-	(731)	-	(4,641)	-
Other movements in Cost or Valuation	3,072	57,768	1,743	2,210	-	1,414	(66,909)	(702)	-
At 31 March 2021	484,542	369,504	39,810	196,627	115	23,827	76,925	1,191,350	47,233
<u>Accumulated Depreciation & Impairment</u>									
At 1 April 2020	(7,928)	(11,757)	(23,349)	(41,631)	(3)	-	(2)	(84,670)	(2,707)
Depreciation Charge for 2020/21	(7,884)	(6,617)	(2,716)	(4,905)	(1)	-	-	(22,123)	(1,407)
Acc. Depreciation WO to GCA	7,928	5,317	-	-	-	105	-	13,350	4,114
Derecognition - Disposals	-	-	907	-	-	-	-	907	-
Other movements in Depreciation and Impairment	-	105	-	-	-	(105)	-	-	-
At 31 March 2021	(7,884)	(12,952)	(25,158)	(46,536)	(4)	-	(2)	(92,536)	-
<u>Net Book Value</u>									
At 31 March 2021	476,658	356,552	14,652	150,091	111	23,827	76,923	1,098,814	47,233
At 31 March 2020	473,630	281,465	11,204	143,956	112	24,936	103,603	1,038,906	38,587

NOTES TO THE MAIN FINANCIAL STATEMENTS

Depreciation

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

- Council Dwellings & Shared Ownership Properties – 45 years
- Other Land and Buildings – As advised by the valuer
- Vehicles, Plant, Furniture & Equipment – 3-10 years
- Infrastructure – 40 years

Capital Commitments

- At 31 March 2022, the Council has entered into a number of contracts for the construction or enhancement of Property, Plant and Equipment in 2022/23 and future years budgeted to cost c£15.490m. Similar commitments as 31 March 2021 were c£14.070m.

Revaluations

The Council carries out a rolling programme that ensures all Property, Plant and Equipment required to be measured at current value is revalued at least every five years. All valuations are carried out internally with the exception of Allerton Waste Recycling Plant which was valued in 2020/21 by external valuers due to its specialist nature. Valuations of land and buildings were carried out in accordance with the methodologies and bases for estimation set out in the professional standards of the Royal Institute of Chartered Surveyors. Valuations of vehicles, plant, furniture and equipment are based on depreciated cost. The effective date for Property, Plant and Equipment valuations is usually 31st March, with the exception of Housing Revenue Account assets which usually have an effective valuation date of 1st April.

The council's housing stock normally has a full revaluation every 5 years, with the last full revaluation undertaken in 2017/18. On the interim years, desktop revaluations are normally undertaken. This year an additional valuation was undertaken at 31/03/2022 due to significant changes in house prices over the period. The value of the council's housing stock increased by £6.815m as a result of the desktop revaluation at 01/04/2021 and increased by a further £13.746m as a result of the desktop revaluation at 31/03/2022.

	Council dwellings £000's	Other land and buildings £000's	Vehicles, plant etc. £000's	Infra-structure £000's	Community £000's	Surplus Assets £000's	Asset under Construction £000's	TOTAL £000's
Carried at historical cost	-	-	42,187	207,373	-	-	89,020	338,580
Valued at Fair Value as at:								
31-Mar-22	508,425	156,364	-	-	-	27,495	-	692,284
31-Mar-21	-	114,520	-	-	-	-	-	114,520
31-Mar-20	-	45,451	-	-	-	-	-	45,451
31-Mar-19	-	32,163	-	-	-	-	-	32,163
31-Mar-18	-	15,916	-	-	115	-	-	16,031
Total Cost or Valuation	508,425	364,414	42,187	207,373	115	27,495	89,020	1,239,029

Fair Value measurement of Non-operational Property, Plant and Equipment (Surplus Assets)

All of the Council's Surplus Properties have been categorised as Level 2 within the fair value hierarchy as at 31 March 2022. The fair value of Surplus Properties as at 31 March 2022 is £27.495m. There were no transfers between Levels 1 and 2 during the year.

Valuation Techniques used to determine Level 2 Fair Values for Surplus Properties

The fair value for surplus properties has been based on the market approach using current market conditions and recent sales prices and other relevant information for similar properties in the local authority area. 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 at Level 2 in the fair value hierarchy.

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

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

13. HERITAGE ASSETS

Reconciliation of the Carrying Value of Heritage Assets Held by the Council

	Heritage Properties	Art Collection	Mansion House Collection & Civic Regalia	Castle Museum Collections	TOTAL
	£000	£000	£000	£000	£000
Cost or Valuation					
1 April 2020	1,387	88,485	8,517	1,170	99,559
Revaluations	-	-	-	35	35
31 March 2021	1,387	88,485	8,517	1,205	99,594
Cost or Valuation					
1 April 2021	1,387	88,485	8,517	1,205	99,594
Revaluations	249	18,144	-	31	18,424
31 March 2022	1,636	106,629	8,517	1,236	118,018

All heritage assets in the Council are tangible assets and have been reported at valuation rather than cost. The different heritage assets have been valued in accordance with the nature of the category.

Heritage Properties

The Council's valuer, values assets in accordance with the property RICS guidance and for heritage assets where a market value exists, the assets are valued at current value market value. Where no market value exists, the value stated is replacement cost. All valuations are recorded on a valuation certificate.

The code recognises that it may not be possible to value all heritage assets due to their size and unique historical importance. Four such assets have been identified:

- (a) Medieval City Walls
- (b) Yorkshire Museum and Gardens and Hospitium
- (c) Abbey Walls – Marygate and Bootham
- (d) Roman Multangular Tower and adjoining Walls

Art Collection

The Council's collection of art is located at the City Art Gallery and is reported in the Balance Sheet at insurance valuation which is based on market values. The insurance valuation is reviewed annually and used to update the values as necessary.

Mansion House Collection and Civic Regalia

An external Antiques & Fine Art valuer carried out a full valuation of the Mansion House collection and Civic Regalia in March 2018. The valuation for the Mansion House Collection and Civic Regalia is included at the Balance Sheet date.

The valuation details all contents of the Mansion House and details all items individually including furniture, pictures, works of art, ceramics & glassware, etc. Specifically the Regalia includes the Bowes Sword, the Emperor Sigismund's Sword, the Great Mace, the Lady Mayoress' staff of Honour, the Lord Mayor's gold chain of office.

Museum Collections

Both Castle Museum and Yorkshire Museum are incorporated into Museums Trust which is a separate charitable organisation. The Museum's collections have been considered as part of the Council's heritage assets as the ownership / responsibility for the collections is with the Council.

The Castle Museum collection has a relatively low insurance valuation included on the Balance Sheet as the nature of the museum is that of a social history collection and therefore many items are of low value. Insurance valuations are reviewed annually.

Yorkshire Museum collection has not been included on the Balance Sheet as no monetary value is available. There are many unique items held at Yorkshire Museum where it would be difficult to obtain an insurance valuation, for example. The CIPFA Code recognises that in some circumstances it is not possible to gain a valuation without considerable cost to the Council, where by it would not be beneficial to obtain one.

14. INVESTMENT PROPERTY

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

	2021/22	2020/21
	£000's	£000's
Commercial rental income from investment property	(5,431)	(5,029)
Commercial direct operating expenses arising from investment property	763	2,820
Net Income	(4,668)	(2,209)

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

	2021/22	2020/21
	£000's	£000's
Balance at start of the year	65,149	60,260
<u>Additions:</u>		
Acquisitions	-	1,538
Enhancements	355	89
Disposals	-	-
Net gain or loss on Fair Value	273	(1,379)
<u>Transfers:</u>		
to/ from Property, Plant & Equipment	689	4,641
Balance at end of year	66,466	65,149

Fair Value measurement of Investment Property

All of the Council's Investment Properties have been categorised as Level 2 within the fair value hierarchy as at 31 March 2022. The fair value of Investment Properties as at 31 March 2022 is £66.466m. There were no transfers between Levels 1 and 2 during the year.

Valuation Techniques used to determine Level 2 Fair Values for Investment Properties

The fair value for investment properties has been based on the market approach using current market conditions and recent sales prices and other relevant information for similar properties in the local authority area. 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 at Level 2 in the fair value hierarchy.

In estimating the fair value of the Council’s investment properties, the highest and best use of the properties is normally their current use. However, there are 3 Investment Properties where this is not the case. One is a unit in a retail parade which is being used as a housing office, and the other two are accommodation over shops which are currently leased to a housing organisation. When these existing leases expire, the usage can be reviewed.

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

Valuation Processes for Investment Properties

The fair value of the council’s investment property is measured annually at each reporting date. Properties valued at over £0.5m are subject to a full revaluation annually whilst those less than £0.5m are subject to a full revaluation every 5 years as part of the rolling programme, and a desktop review is undertaken on the interim years. All valuations are carried out internally, in accordance with the methodologies and bases for estimation set out in the professional standards of the Royal Institute of Chartered Surveyors.

15. INTANGIBLE ASSETS

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

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

	Internally Generated Assets	Other Assets
1 - 3 years	None	Schools & Children's Services, Corporate, Financial & Audit, Property, Legal, Highways, Environmental, Leisure, Adult Services
4 - 5 years	None	Schools & Children's Services, Corporate, Financial & Audit, Highways, Environmental, Leisure, Adult Services, Housing
6 - 10 years	None	Highways, Human Resources, Schools & Children's Services, Adult Services

The carrying amount of intangible assets is amortised on a straight-line basis and the amortisation charge in 2021/22 was £1,061k (2020/21 was £982k), contained in this figure is £3k relating to HRA assets.

NOTES TO THE MAIN FINANCIAL STATEMENTS

The movement on Intangible Asset balances during the year is shown in the following table:

	2021/22			2020/21		
	Internally Generated Assets £000	Other Assets £000	Total £000	Internally Generated Assets £000	Other Assets £000	Total £000
Balance at start of year:						
- Gross carrying amounts	-	7,679	7,679	-	7,686	7,686
Category Adjustments	-	682	682	-	702	702
- Revised Gross carrying amounts	-	8,361	8,361	-	8,388	8,388
- Accumulated amortisation	-	(4,799)	(4,799)	-	(4,626)	(4,626)
Net carrying amount at the start of the year	-	3,562	3,562	-	3,762	3,762
Purchases	-	219	219	-	168	168
Other disposals	-	(15)	(15)	-	(68)	(68)
Amortisation for the period	-	(1,061)	(1,061)	-	(982)	(982)
Net carrying amount at the end of year	-	2,705	2,705	-	2,880	2,880
Comprising:						
- Gross carrying amounts	-	8,065	8,065	-	7,679	7,679
- Accumulated amortisation	-	(5,360)	(5,360)	-	(4,799)	(4,799)
	-	2,705	2,705	-	2,880	2,880

16. FINANCIAL INSTRUMENTS

Categories of Financial Instruments

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

Financial Assets	Non-Current				Current				Total
	Investments		Debtors		Investments		Debtors		
	31-Mar-22 £'000	31-Mar-21 £'000	31-Mar-22 £'000	31-Mar-21 £'000	31-Mar-22 £'000	31-Mar-21 £'000	31-Mar-22 £'000	31-Mar-21 £'000	
Fair Value through profit or loss	-	-	-	-	-	-	-	-	-
Amortised cost	-	-	4,913	5,084	51	-	29,369	38,909	34,333
Fair value through other comprehensive income - designated equity instruments	4,596	4,996	-	-	-	-	-	-	4,596
Fair value through other comprehensive income - other	-	-	-	-	-	-	-	-	-
Total financial assets	4,596	4,996	4,913	5,084	51	-	29,369	38,909	38,929
Non-financial assets	-	-	-	-	-	-	33,873	52,095	33,873
Total	4,596	4,996	4,913	5,084	51	-	63,242	91,004	72,802

Financial Liabilities	Non-Current				Current				Total
	Borrowings		Creditors		Borrowings		Creditors		
	31-Mar-22 £'000	31-Mar-21 £'000	31-Mar-22 £'000	31-Mar-21 £'000	31-Mar-22 £'000	31-Mar-21 £'000	31-Mar-22 £'000	31-Mar-21 £'000	
Fair Value through profit or loss	-	-	-	-	-	-	-	-	-
Amortised cost	(300,480)	(290,083)	-	-	(6,575)	(8,750)	(31,939)	(28,095)	(338,994)
PFI	(42,791)	(44,006)	-	-	(1,216)	(1,212)	-	-	(44,007)
Total financial liabilities	(343,271)	(334,089)	-	-	(7,791)	(9,962)	(31,939)	(28,095)	(383,001)
Non-financial liabilities	-	-	-	-	-	-	(48,717)	(53,355)	(48,717)
Total	(343,271)	(334,089)	-	-	(7,791)	(9,962)	(80,656)	(81,450)	(431,718)

Note 1 – Under accounting requirements the carrying value of the financial instrument value is shown in the balance sheet which includes the principal amount borrowed or lent and further adjustments for breakage costs or stepped interest loans (measured by an effective interest rate calculation) including accrued interest. Accrued interest is shown separately in current assets/liabilities where the payments/receipts are due within one year. The effective interest rate is effectively accrued interest receivable under the instrument, adjusted for the amortisation of any premiums or discounts reflected in the purchase price.

Note 2 - The above table does not include cash held by the authority that is either on call, instant access or on a notice period of 30 days or less. These amounts are included in Note 21 Cash and Cash Equivalents totalling £39.048m in 2021/22 (£9.254m in 2020/21). Short term investments within Note 21 Cash and Cash Equivalents total £36.100m in 2021/22 (£0.000m in 2020/21).

Fair value of Equity Instruments designated to Fair Value through Other Comprehensive Income

With the introduction of IFRS 9 in 2018/19 the authority designated the following equity at 1st April 2018 as Fair Value through Other Comprehensive Income:

	Nominal	Gain / (Loss) within equity	31-Mar-22 Fair Value	31-Mar-22 Dividend	31-Mar-21 Dividend
	£'000s	£'000s	£'000s	£'000s	£'000s
Yorwaste	1,008	832	1,840	-	289
Veritau Shares	-	-	-	-	-
Municipal Bonds Agency Shares	40	(40)	-	-	-
Make It York	-	-	-	-	-
City of York Trading Ltd	-	1272	1272	36	110
Leeds City Region Revolving Investment Fund	1,372	112	1,484	20	77
Total	2,420	2,176	4,596	56	476

- **Yorwaste** – Equity instrument not held for trading and is held as part of a business model to meet a service objective. Following government legislation in 1992/93 all local authorities had to outsource their waste disposal functions. Yorwaste Limited created and owned by NYCC. Upon local government reorganisation at 01/04/96 CYC gained 22.27% shareholding in Yorwaste (based on % of population).
- **Veritau Shares** - Equity instrument not held for trading and is held as part of a business model to meet a service objective - provision of internal audit and counter-fraud services. The company is jointly owned by City of York Council and North Yorkshire County Council, with each Council holding 50% of the shares.
- **Make It York** - Equity instrument not held for trading and is held as part of a business model to meet a service objective. The objects of the Company are to carry on activities which benefit the City of York and its functioning economic area within the areas of marketing, culture, tourism and business development

- **City of York Trading Ltd** - Equity instrument not held for trading and is held as part of a business model to meet a service objective – supply of temporary staff to the Council.
- **Leeds City Region Revolving Investment Fund** - Equity instrument not held for trading and is held as part of a business model to meet a strategic objective. The Leeds City Region Revolving Investment Fund provides short term loans of over £1m to support businesses to accelerate economic growth and job creation within the Leeds City Region.
- **Municipal Bonds Agency** - Equity instrument not held for trading and is held as part of a business model to meet a strategic objective. The UK Municipal Bonds Agency PLC was set up in June 2014 with the primary aim of helping to reduce local authority finance costs, backed by 56 local authority shareholders and the Local Government Association (LGA).

Fair value of Equity Instruments designated to Fair Value through Other Comprehensive Income disclosures on derecognition

	31 March 2022 £'000s	31 March 2021 £'000s
Non-current assets (long-term)		
Fair value on Derecognition:		
Innovation Centre	453	453
Total	453	453
Gains/Losses on Derecognition:		
Innovation Centre	47	-
Total	47	-

The council had held a minority shareholding of £0.200m in York Science Park Ltd since July 1994. With the introduction of IFRS 9 in 2018/19 the authority designated the shares as fair value through other comprehensive income as the equity instrument was not held for trading and was held as part of a business model to meet a service objective - the development, operation and management of the Innovation Centre. It was agreed by the Council's executive in November 2020 to dispose of the council's shareholder interest in York Science Park Ltd for £0.500m, of which was received in July 2021.

Fair value

Basis for recurring fair value measurements:

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

Fair value of Financial Assets

Some of the authority's financial assets are measured at fair value on a recurring basis and are described in the following table, including the valuation techniques used to measure them.

Financial Assets measured at fair value	Recurring fair value measurements	Input level in fair value hierarchy	Valuation technique used to measure fair value	As at 31/03/22	Investment / Redemption	As at 31/03/21	Gain / (Loss) posted to Other Comprehensive Income and Expenditure
				£'000s	£'000s	£'000s	£'000s
Equity Shareholding in Yorwaste		Level 3		1,840	-	1,609	231
Equity Shareholding in Veritau Shares		Level 3		-	-	39	(39)
Equity Shareholding in Make It York		Level 3		-	-	114	(114)
Equity Shareholding in City of York Trading Ltd		Level 3	IFRS 13 Fair Value Measurement - Adjusted Net Asset Value Method	1,272	-	1,270	2
Equity Shareholding in Leeds City Region Revolving Investment Fund		Level 3		1,484	-	1,511	(27)
Equity Shareholding in UK Municipal Bonds Agency PLC		Level 3		-	-	-	-
Total				4,596	-	4,543	53

Note 3 – Fair value has been measured with reference to IFRS 13 Fair Value Measurement - Adjusted Net Asset Value Method. The adjusted net asset method involves deriving the fair value of an equity instrument by reference to the fair value of the investees assets and liabilities. The adjusted net asset method requires an investor to measure the fair value of the individual assets and liabilities recognised in an investee's statement of financial position. This method is deemed appropriate to measure the Councils equity investments as they are not held for trading and are part of specific service or strategic business models.

Note 4 – The fair value for the shareholding in York Science Park has been removed from the above table as the designated equity instrument to Fair Value through Other Comprehensive Income was derecognised in 2021/22 following the sale of shares. See the above table and details under 'Fair value of equity instruments designated at Fair Value through Other Comprehensive Income disclosures on derecognition'.

The fair values of Financial Assets and Financial Liabilities that are not measured at fair value (but for which fair value disclosures are required)

Except for the financial assets carried at fair value (described in the table above), all other financial liabilities and financial assets, including Long-term debtors and creditors are, represented by Amortised Cost in the Balance Sheet. Their fair value can be assessed by calculating the present value of the cash flows that take place over the remaining life of the instruments, using the following assumptions:

- For loans from the PWLB payable, PWLB premature repayment rates have been applied to provide the fair value under PWLB debt redemption procedures. An additional note to the table sets out the alternative fair value measurement applying the borrowing rates (the alternative to the above), highlighting the impact of the alternative valuation;
- For non-PWLB loans payable, PWLB premature repayment rates have been applied to provide the fair value under PWLB debt redemption procedures;
- For loans taken out at concessionary rates the value of the loan is discounted using a prevailing market rate to reflect the fair value. For more information see Note 26 Unusable Reserves - Financial Instruments Adjustment Account;
- For loans receivable prevailing benchmark market rates have been used to provide the fair value;
- No early repayment or impairment is recognised;
- Where an instrument has a maturity of less than 12 months the fair value is taken to be the carrying amount;
- The fair value of trade and other receivables and payables is taken to be the invoiced or billed amount.
- Short-term debtors and creditors are carried at cost as this is a fair approximation of their value.

The fair values calculated are as follows:

Financial Liabilities	31 March 2022		31 March 2021	
	Carrying Amount £'000s	Fair Value £'000s	Carrying Amount £'000s	Fair Value £'000s
Financial Liabilities held at amortised cost:				
PWLB debt	(298,044)	(363,143)	(289,988)	(383,506)
Interest on PWLB debt	(1,778)	(1,778)	(1,653)	(1,653)
Market debt	(5,000)	(9,591)	(5,000)	(10,946)
Interest on Market debt	(97)	(97)	(97)	(97)
WYCA debt	(2,136)	(2,350)	(2,095)	(2,350)
Interest on WYCA debt	-	-	-	-
Short-term creditors	(31,939)	(31,939)	(28,095)	(28,095)
Long-term creditors	-	-	-	-
PFI liabilities	(44,007)	(44,007)	(45,218)	(45,218)
Finance lease liabilities	-	-	-	-
Total	(383,001)	(452,905)	(372,146)	(471,865)

The fair value of the liabilities is greater than the carrying amount because the Council's portfolio of loans includes a number of fixed rate loans where the interest rate payable is higher than the rates available for

NOTES TO THE MAIN FINANCIAL STATEMENTS

similar loans in the market at the balance sheet date. This shows a notional future loss (based on economic conditions at 31 March 2022) arising from a commitment to pay interest to lenders above current market rates.

The fair value of Public Works Loan Board (PWLB) loans of £364.921m 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 of £299.822m and the fair value of £364.921m is £65.099m; £64.528m PWLB fair value amount and £0.571m PWLB carrying value adjustment. The £64.528m 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 existing PWLB loans principal amount £298.615m (Carrying value £299.822m plus £0.571m PWLB carrying value adjustment and less £1.778m accrued interest) would be valued at £325.674m, the fair value being £27.059m. But, if the authority were to seek to realise the projected gain by repaying the loans to the PWLB, the PWLB would raise a penalty charge for early redemption in addition to charging a premium for the additional interest that will not now be paid. The exit price for the PWLB loans including the penalty charge would be £65.099m.

Financial Assets

	31 March 2022		31 March 2021	
	Carrying Amount £'000s	Fair Value £'000s	Carrying Amount £'000s	Fair Value £'000s
Financial Assets held at amortised cost:				
Cash (current bank accounts and held)	2,936	2,936	9,254	9,254
Cash callable in less than 30 days	36,100	36,100	-	-
Investment Interest	12	12	-	-
Investments less than 365 days	51	51	-	-
Investments greater than 365 days	-	-	-	-
Short-term debtors	29,369	29,369	38,909	38,909
Long-term debtors	4,913	4,913	5,084	5,084
Total	73,381	73,381	53,247	53,247

Fair value hierarchy for Financial Assets and Financial Liabilities that are not measured at fair value

31 March 2022

	Quoted prices in active markets for identical assets (Level 1)	Other significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
Recurring fair value measurements using:	£'000	£'000	£'000	£'000
Financial Liabilities				
Financial Liabilities held at amortised cost:				
PWLB debt			(364,921)	(364,921)
Market debt			(9,688)	(9,688)
WYCA debt			(2,350)	(2,350)
Short-term creditors			(31,939)	(31,939)
Long-term creditors			-	-
PFI liabilities			(44,007)	(44,007)
Finance lease liabilities			-	-
Total	-	-	(452,905)	(452,905)
Financial Assets				
Financial Assets held at amortised cost:				
Cash and Cash Equivalents	39,048			39,048
Investments	51			51
Short-term debtors			29,369	29,369
Long-term debtors			4,913	4,913
Total	39,099	-	34,282	73,381

Comparator year 2020/21:

31 March 2021

	Quoted prices in active markets for identical assets (Level 1)	Other significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
Recurring fair value measurements using:	£'000	£'000	£'000	£'000
Financial Liabilities				
Financial Liabilities held at amortised cost:				
PWLB debt			(385,159)	(385,159)
Market debt			(11,043)	(11,043)
WYCA debt			(2,350)	(2,350)
Short-term creditors			(28,095)	(28,095)
Long-term creditors			-	-
PFI liabilities			(45,218)	(45,218)
Finance lease liabilities			-	-
Total	-	-	(471,865)	(471,865)
Financial Assets				
Financial Assets held at amortised cost:				
Cash	9,254			9,254
Investments				-
Short-term debtors			38,909	38,909
Long-term debtors			5,084	5,084
Total	9,254	-	43,993	53,247

17. INVENTORIES

	Consumable Stores		Total	
	31-Mar-22 £000's	31-Mar-21 £000's	31-Mar-22 £000's	31-Mar-21 £000's
Balance Outstanding at 1 April	412	417	412	417
Purchases	1,281	1,114	1,281	1,114
Recognised as an Expense in the Year	(1,186)	(1,119)	(1,186)	(1,119)
Balance Outstanding at 31 March	507	412	507	412

18. TRUST FUNDS

The Council administers various trust/third party funds. These funds do not represent assets of the Council and are therefore not included in the Council's Balance Sheet. The balances of these funds are invested with the Council. There are over 20 funds; the table shows the movements in the year, with details on the main trusts following.

	Expenditure During Year £000's	Income During Year £000's	Balance at 31-Mar-22 £000's	Balance at 31-Mar-21 £000's
Haughton/Gardiner Trust			(56)	(56)
Staff Lottery		(1)	(21)	(20)
Other Funds	27	(28)	(26)	(25)
	27	(29)	(103)	(101)

In August 2009 a new Trust Fund was established for the **Staff Lottery** Scheme, half of the money from ticket sales is paid out in prize money and the balance is used for funding staff benefits. In the years where not all funds have been used up, then the balance of staff contributions is transferred to a trust fund at the end of the year.

The **Haughton/Gardiner Trust** Fund was amended by 'power of resolution' on 8 August 2001, with consolidation being on 1 September 2002, from the original foundation regulated by will dated 23 July 1770. It also now incorporates six other funds. The income is to be used for the benefit of young people under 25, who are in need of financial assistance.

19. DEBTORS

	Balance at 31-Mar-22 £000's	Balance at 31-Mar-21 £000's
Trade Recievables	33,225	42,596
Prepayments	3,971	4,343
Other receivable amounts	35,715	53,159
Sub-total	72,911	100,098
Impairment	(9,669)	(9,094)
Total Debtors	63,242	91,004

Other receivable amounts include statutory debtors of £11.389m due for Council Tax and NNDR (£11.699m in 2020/21) and £2.385m due from HMRC (£1.529m in 2020/21). All other amounts included in other receivable amounts are for Collection Fund. These balances are treated as non-financial assets within the Financial Instruments Note 16. The £11.389m Council Tax and NNDR has an impairment allowance of £5.813m for (£5.407m in 2020/21) which assumes a collection rate of 96.6% for Council Tax and 96.4% for NNDR (96.4% for Council Tax and 90.0% for NNDR in 2020/21). The £5.813m is included in the £9.669m impairment allowance (£9.094m in 2020/21) shown in the table above. The £1.385m due from HMRC is VAT owed and has no provision against it.

20. LONG TERM DEBTORS

	Expenditure During Year £000's	Income During Year £000's	Balance at 31-Mar-22 £000's	Balance at 31-Mar-21 £000's
Employee Loans	-	-	-	-
Housing Loans	-	-	10	10
Yorwaste Loans	-	(101)	1,601	1,702
Finance Lease Receivables	-	(6)	172	178
PFI Schemes	-	(64)	3,067	3,131
Other	-	-	63	63
	-	(171)	4,913	5,084

21. CASH AND CASH EQUIVALENTS

The balance of Cash and Cash Equivalents is made up of the following elements:

	Balance at 31-Mar-22 £000's	Balance at 31-Mar-21 £000's
Cash Held by the Authority	6,386	6,146
Bank Current Accounts	(3,450)	3,108
Short Term Deposits	36,112	3,108
Total Cash and Cash Equivalents	39,048	9,254

22. ASSETS HELD FOR SALE

	2021/22 £000's	2020/21 £000's
Balance outstanding at start of year	790	1,160
<u>Assets newly classified as held for sale:</u>		
- Property, Plant and Equipment	-	800
Revaluation losses	-	(10)
<u>Assets declassified as held for sale:</u>		
- Property, plant and Equipment	-	-
Assets sold	(790)	(1,160)
Balance outstanding at year-end	-	790

Fair Value measurement of Assets Held for Sale

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All of the Council's Assets Held for Sale have been categorised as Level 2 within the fair value hierarchy as at 31 March 2022. The fair value of Assets Held for Sale as at 31 March 2022 is nil. The fair value can be higher than the balance sheet value for Assets Held for Sale as, in line with accounting policies, Assets Held for Sale are held on the balance sheet at the lower of the carrying value on transfer to this category and fair value less costs to sell.

23. CREDITORS

	Balance at 31-Mar-22 £000's	Balance at 31-Mar-21 £000's
Trade Payables	(31,939)	(28,095)
Receipts in Advance	(36,801)	(10,726)
Other Payables	(11,916)	(42,629)
Total Creditors	(80,656)	(81,450)
Other Short-Term Liabilities	(4,988)	(4,749)
Total Short-Term Liabilities	(85,644)	(86,199)

Other payable amounts include statutory creditors of £3.241m for Council Tax and NNDR (£2.356m in 2020/21), £5.584m for payroll taxes and pension payments to HMRC and the Pension Funds (£4.342m in 2020/21), and £0.016m for CIS taxes to HMRC (£0.013m in 2020/21). All other amounts included in other payables are for Collection Fund. These balances are treated as non financial liabilities within the Financial Instruments Note 16.

Other Short term liabilities contain liabilities in relation to accumulated absences and PFI.

This note contains £0.120m (£-0.220m 2020/21) of Capital Grants received in advance and £35.141m (£6.983m 2020/21) of Revenue Grants received in advance. Further details can be found in Note 40

24. PROVISIONS

Total Provisions:	Insurance Fund £000's	Business Rates £000's	Other Provisions £000's	Total £000's
Balance at 1 April 2021	(1,833)	(883)	(308)	(3,024)
Additional provisions made in 2021/22	(394)	(767)	-	(1,161)
Amounts Used In 2021/22	482	767	-	1,249
Unused amounts reversed in 2021/22	-	-	-	-
Unwinding of discounting in 2021/22	-	-	-	-
Balance at 31 March 2022	(1,745)	(883)	(308)	(2,936)

of which the following are due to be settled within 12 months:

	Insurance Fund £000's	Business Rates £000's	Other Provisions £000's	Total £000's
Balance at 1 April 2021	(437)	(122)	(308)	(867)
Additional provisions made in 2021/22	(24)	(98)	-	(122)
Amounts Used In 2021/22	-	98	-	98
Unused amounts reversed in 2021/22	-	-	-	-
Unwinding of discounting in 2021/22	-	-	-	-
Balance at 31 March 2022	(461)	(122)	(308)	(891)

Insurance Fund

The general insurance provision is based on information provided by the Council's insurers and is held to meet future potential liabilities in respect of claims outstanding but not received covering a period of several years.

Business Rates

Provision in relation to backdated revaluations arising from the Business Rates retention scheme.

Other Provisions

All other provisions are individually insignificant.

25. USABLE RESERVES

Movements in the Council's usable reserves are detailed in the Movement in Reserves Statement and note 7.

26. UNUSABLE RESERVES

	Balance at 2021/22 £000's	Balance at 2020/21 £000's
Revaluation Reserve	(441,402)	(399,087)
Capital Adjustment Account	(441,022)	(434,150)
Financial Instruments Adjustment Account	1,146	1,225
Financial Instruments Revaluation Reserve	(2,176)	(2,376)
Dedicated Schools Grant Adjustment Account	5,843	9,940
Pensions Reserve	113,164	157,293
Collection Fund Adjustment Account	21,303	38,326
Accumulated Absences Account	3,772	3,537
Total Unusable Reserves	(739,372)	(625,292)

Revaluation Reserve

The Revaluation Reserve contains the gains made by the Council arising from increases in the value of its Property, Plant and Equipment and Intangible Assets. The balance is reduced when assets with accumulated gains are:

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

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

	2021/22 £000's	2020/21 £000's
Balance at 1 April	(399,087)	(386,182)
Upward revaluation of assets	(54,818)	(23,727)
Downward revaluation of assets and impairment losses not charged to the (Surplus)/Deficit on the Provision of Services	6,714	5,869
(Surplus)/deficit on revaluation of non-current assets not posted to the (Surplus)/Deficit on the Provision of Services	(48,104)	(17,858)
Difference between fair value depreciation and historical cost depreciation	4,664	3,884
Accumulated gains on assets sold or scrapped	1,125	1,069
Amount written off to the Capital Adjustment Account	5,789	4,953
Properties RR movement with CAA		
Balance at 31 March	(441,402)	(399,087)

Capital Adjustment Account

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

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

NOTES TO THE MAIN FINANCIAL STATEMENTS

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

	2021/22	2020/21
	£000's	£000's
Balance at 1st April	(434,150)	(406,525)
Reversal of items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement:		
Charges for depreciation and impairment of non current assets	26,174	22,123
Revaluation losses on Property, Plant and Equipment	1,184	3,151
Amortisation of intangible assets	1,061	982
Revenue expenditure funded from capital under Statute	6,091	10,163
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	18,214	8,156
	52,724	44,575
Adjusting amounts written out of the Revaluation Reserve	(5,789)	(4,953)
Net written out amount of the cost of non-current assets consumed in the year	46,935	39,622
Capital financing applied in the year:		
Use of the Capital Receipts Reserve to finance new capital expenditure	(11,854)	(19,254)
Use of the Major Repairs Reserve to finance new capital expenditure	(12,185)	(9,351)
Capital grants and contributions credited to the Comprehensive Income and Expenditure Statement that have been applied to capital financing	(13,647)	(24,276)
Application of grants to capital financing from the Capital Grants Unapplied Account	(6,611)	(1,582)
Statutory provision for the financing of capital investment charged against the General Fund and HRA balances	(5,761)	(9,082)
Statutory provision for the financing of the HRA subsidy	-	-
Capital expenditure charged against the General Fund and HRA balances	(3,476)	(5,091)
	(53,534)	(68,636)
Movements in the market value of Investment Properties debited or credited to the Comprehensive Income and Expenditure Statement	(273)	1,379
Revaluation Loss on AHFS	-	10
Balance at 31 March	(441,022)	(434,150)

Financial Instruments Adjustment Account

The Financial Instruments Adjustment Account absorbs the timing differences arising from the 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 Council uses the Account to manage premiums paid on the early redemption of loans. Premiums are debited to the Comprehensive Income and Expenditure Statement when they are incurred, but reversed out of the General Fund Balance to the Account in the Movement in Reserves Statement. Over time, the expense is posted back to the General Fund Balance in accordance with statutory arrangements for spreading the burden on council tax. In the Council's case, this period is the unexpired term that was outstanding on the loans when they were redeemed.

The Financial Instruments Adjustment Account is also used to manage the fair value / notional interest payable on loans at concessionary rates. For loans taken out at concessionary rates the value of the loan is discounted using a prevailing market rate to reflect the benefit obtained by the Council. The fair value is taken to the Account and amortised based on the assumed interest rate per annum and the balance on the Account is gradually written down as the value of the loan is amortised, until the value of the loan at redemption equals the value of the loan originally drawn down.

	2021/22		2020/21	
	£000's	£000's	£000's	£000's
Balance at 1st April		1,225		1,308
Premiums incurred in the year and charged to the Comprehensive Income and Expenditure Statement		(176)		(176)
Proportion of premiums incurred in previous financial years to be charged against the General Fund Balance in accordance with statutory requirements		56		53
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		(120)		(123)
NPV / Fair Value adj. for WYCA 0% loan (loan at concessionary rate) charged to CIES		-		-
Concessionary rate loan interest charged to CIES		41		40
Fair Value adjustment write up to reflect the benefit of having a loan at a concessionary rate		41		40
Balance at 31st March		1,146		1,225

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 is reduced when investments with accumulated gains are:

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

NOTES TO THE MAIN FINANCIAL STATEMENTS

	2021/22		2020/21	
	£000's	£000's	£000's	£000's
Balance at 1st April		(2,376)		(2,651)
Upward revaluation of investments	(233)		(240)	
Downward revaluation of investments	180		515	
Change in impairment loss allowances	-		-	
		(53)		275
Accumulated gains or losses on assets sold and maturing assets written out to the Comprehensive Income and Expenditure Statement as part of Other Investment Income		-		-
Accumulated gains or losses on assets sold and maturing assets written out to the General Fund Balances for financial assets designated to fair value through other comprehensive income		253		-
Balance at 31st March		(2,176)		(2,376)

Pensions Reserve

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

	31-Mar-22	31-Mar-21
	£000's	£000's
Balance at 1 April	157,293	142,400
Actuarial gains or losses on pensions assets and liabilities	(70,052)	(60)
Net increase in assets & liabilities from disposals	-	-
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	39,634	30,103
Employer's pensions contributions and direct payments to pensioners payable in the year.	(13,711)	(15,150)
Balance at 31 March	113,164	157,293

Collection Fund Adjustment Account

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

NOTES TO THE MAIN FINANCIAL STATEMENTS

	31-Mar-22	31-Mar-21
	£000's	£000's
Balance at 1 April	38,326	1,274
Amount by which council tax and business rates income credited to the Comprehensive Income and Expenditure Statement is different from council tax and business rates income calculated for the year in accordance with statutory requirements	(17,023)	37,052
Balance at 31 March	21,303	38,326

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, eg 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		2020/21	
	£000's	£000's	£000's	£000's
Balance at 1 April		3,537		3,520
Settlement or cancellation of accrual made at the end of the preceding year	(3,537)		(3,520)	
Amounts accrued at the end of the current year	3,772		3,537	
		235		17
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		-		-
Balance at 31 March		3,772		3,537

Dedicated Schools Grant Adjustment Account

The Dedicated Schools Grant Adjustment Account is a new statutory ring-fenced account introduced in 2020/21 for those authorities with a deficit on the schools budget, to allow separation of such deficits from the general fund. This is in response to the School and Early Years Finance (England) Regulations (2020) setting out that a schools budget deficit must be carried forward to be funded from future Dedicated Schools Grant income, unless permission is sought from the Secretary of State for Education to fund the deficit from general resources.

	31-Mar-22	31-Mar-21
	£000's	£000's
Balance at 1 April		
Deficit amount accumulated at 1st April	9,940	4,865
Amount by which expenditure chargeable to the DSG was exceeded by actual DSG Grant received for the financial Year 2021/22	(4,097)	5,075
Balance at 31 March	5,843	9,940

27. CASH FLOW STATEMENT – OPERATING ACTIVITIES

The cash flows for operating activities include the following items:

	Balance at 31-Mar-22	Balance at 31-Mar-21
	£000's	£000's
Interest received	(35)	(119)
Interest paid	9,543	9,167
Dividends received	(314)	(476)

The analysis for the adjustments to the net surplus or deficit on the provision of services for non cash movements is illustrated below:

	31-Mar-22	31-Mar-21
	£000's	£000's
Depreciation, Impairment and Amortisation of fixed assets	(28,419)	(26,266)
(Increase)/decrease in impairment for bad debt	(575)	(1,370)
Increase/(decrease) in stocks and works in progress	96	(5)
Increase/(decrease) in debtors	(27,311)	42,940
(Increase)/decrease in creditors	(555)	(34,493)
Pension Liability:		
Net Charge to the CIES	(39,634)	(30,103)
Employers contributions to pension funds and direct payments to pensioners	13,711	15,150
Carrying amount of non-current assets sold	(18,214)	(8,156)
Other non-cash items charged to the net Surplus or Deficit on the Provision of Services:		
Provisions	87	11,563
Movements in the value of investment properties	273	(1,379)
Movements in the value of Finance Leases and PFI	(71)	(43)
Movement in the FIAA	(56)	(53)
Movement in the FIRR		-
Adjustment to the Net Surplus or Deficit on Provision of Services for non-cash movements	(100,668)	(32,215)

The analysis for the adjustments to the net surplus or deficit on the provision of services that are investing and financing activities are illustrated below:

	31-Mar-22	31-Mar-21
	£000's	£000's
Proceeds from sale of property, plant and equipment, investment property and intangible assets	17,781	10,497
Grants applied to the financing of capital expenditure	36,981	27,372
Adjustments for items included in the net surplus or deficit on the Provision of Services that are investing and financing activities	54,762	37,869

28. CASH FLOW STATEMENT – INVESTING ACTIVITIES

	Balance at 31-Mar-22 £000's	Balance at 31-Mar-21 £000's
Purchase of property, plant and equipment, investment property and intangible assets	71,831	81,149
Purchase of short-term and long-term investments	190,201	351,050
Other payments for investing activities	-	63
Proceeds from the sale of property, plant and equipment, investment property and intangible assets	(17,781)	(10,497)
Proceeds from short-term and long-term investments	(190,150)	(351,050)
Other receipts from investing activities	(36,981)	(27,372)
Net cash flows from investing activities	17,120	43,343

29. CASH FLOW STATEMENT - FINANCING ACTIVITIES

	Balance at 31-Mar-22 £000's	Balance at 31-Mar-21 £000's
Cash receipts of short-term and long-term borrowing	(15,000)	(51,500)
Other receipts from financing activities	(100)	(101)
Cash payments for the reduction of the outstanding liabilities relating to finance leases and on-balance sheet PFI contracts	1,211	1,108
Repayments of short-term and long-term borrowing	7,000	10,000
Other payments for financing activities	1,373	-
Net cash flows from financing activities	(5,516)	(40,493)

Reconciliation of borrowing and PFI liabilities arising from financing activities:

2021/22:

	2021/22 01 April	Financing cash flows	Acquisition	Other non-cash changes	2021/22 31 March
	£000's	£000's	£000's	£000's	£000's
Long-term borrowings	(290,965)	(10,300)	-	-	(301,265)
Short-term borrowings	(7,000)	2,300	-	-	(4,700)
- Lease liabilities	-	-	-	-	-
- On balance sheet PFI liabilities	(45,218)	1,211	-	-	(44,007)
Total liabilities financing activities	(343,183)	(6,789)	-	-	(349,972)

2020/21

NOTES TO THE MAIN FINANCIAL STATEMENTS

	2020/21 01 April	Financing cash flows	Acquisition	Non cash changes Other non-cash changes	2020/21 31 March
	£000's	£000's	£000's	£000's	£000's
Long-term borrowings	(246,465)	(44,500)	-	-	(290,965)
Short-term borrowings	(10,000)	3,000	-	-	(7,000)
- Lease liabilities	-	-	-	-	-
- On balance sheet PFI liabilities	(46,326)	1,108	-	-	(45,218)
Total liabilities financing activities	(302,791)	(40,392)	-	-	(343,183)

PFI liabilities include long term liabilities of £42,791k (2020/21 £44,006k) as shown in the balance sheet under 'Other Long-Term Liabilities' and short term liabilities of £1,216k (2020/21 £1,212k) as shown in the balance sheet under 'Other Short-Term Creditors'. Borrowings are included in the table above at their principal amounts.

30. EXPENDITURE AND INCOME ANALYSIED BY NATURE

	2021/22	2020/21
	£000	£000
Expenditure/Income		
Expenditure		
Employee benefits expenses	178,072	162,224
Other services expenses	315,710	263,463
Support service recharges	866	1,003
Depreciaton, amortisation, impairment	28,419	26,278
Interest payments	14,363	13,890
Precepts and levies	807	799
Payments to Housing Capital Receipts Pool	1,179	1,179
Payments to Housing Capital Receipts Pool - Prior Year Repayments	-	-
Gain on the disposal of assets	433	(2,341)
Total Expenditure	539,849	466,495
Income		
Customer and client receipts	(101,038)	(86,794)
Interest and investment income	(330)	(535)
Income from council tax and non domestic rates	(148,764)	(90,479)
Government grants and contributions	(240,979)	(243,487)
Other Operating Income	(44,230)	(51,528)
Total Income	(535,341)	(472,823)
Surplus or Deficit on the Provision of Services	4,508	(6,328)

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

31. ACQUIRED AND DISCONTINUED OPERATIONS

All council operations are categorised as continuing operations.

32. TRADING OPERATIONS

The Council had no significant external trading operations in 21/22. The Council has established a number of internal trading units where the service manager is required to operate in a commercial environment and balance their budget by generating income from other parts of the Council or other organisations.

Trading operations are incorporated into the Comprehensive Income and Expenditure Statement. Some are an integral part of one of the Council's services to the public (eg refuse collection), whilst others are support services to the Council's services to the public (eg school governor support such as advice, training and clerking). The expenditure of these operations is allocated or recharged to headings in Net Cost of Services.

33. AGENCY SERVICES

The Council, as a billing Council, both bills and collects income on behalf of the central government, the Police and Crime Commissioner for North Yorkshire and the North Yorkshire Fire and Rescue Council for National Non-Domestic Rates and Council Tax. This statutory arrangement is treated in the Council's accounts as an agency agreement.

The Council provides payroll services to a number of external organisations including Multi Academy Trusts (MATs). The service is also provided for a college and various other small organisations mostly in the voluntary sector.

	2021/22	2020/21
	£000's	£000's
Expenditure incurred providing Payroll Services	68	69
Fee income earned	(79)	(85)
Net Position	(11)	(16)

34. ROAD CHARGING SCHEMES

There were no schemes under the Transport Act 2000 in 2021/22.

35. POOLED BUDGETS

Better Care Fund (BCF)

City of York Council (CYC) and the Vale of York Clinical Commissioning Group (VoY CCG) have entered into a pooled budget arrangements under section 75 of the Health Care Act 2006 for the management of commissioning resources related to the Better Care Fund (BCF). Both parties to this

NOTES TO THE MAIN FINANCIAL STATEMENTS

agreement contribute to a pooled commissioning budget which is overseen by the City of York Health and Wellbeing Board. The VoY CCG host the pooled budget

	2021/22	2020/21
	£000's	£000's
Contributions to the Better Care Fund		
Council - Disabled Facilities Grant*	1,468	1,468
Council - Improved Better Care Fund Grant	5,211	5,211
Vale of York CCG	13,331	14,269
	20,010	20,948
Expenditure met from the Better Care Fund		
Council Commissioned Schemes	11,258	10,996
Vale of York CCG Commissioned Schemes	8,752	8,411
Transferred to Pooled Bbudget Reserve	-	1,541
	20,010	20,948
Net Surplus arising on the Pooled budget during the year	-	-

36. MEMBERS ALLOWANCES

The Council paid the following amounts to members of the Council during the year.

	2021/22	2020/21
	£000's	£000's
Allowances	824	772
Expenses	5	1
Total	829	773

NOTES TO THE MAIN FINANCIAL STATEMENTS

37. OFFICERS' REMUNERATION

The Accounts and Audit Regulations (2015) requires authorities to include a note of the remuneration and the authority's contribution to the person's pension of senior officers in respect of their employment, whether on a permanent or temporary basis. Senior Officers are required to be listed individually and identified by way of job title only (except for persons whose salary is £150,000 or more per year, who must also be identified by name).

In addition, authorities must include in their statement of accounts, a note of the number of other employees in the financial year to which the accounts relate whose remuneration fell in each bracket of a scale in multiples of £5,000 starting with £50,000.

The remuneration paid to the Council's senior employees in 2021/22 was:

	Notes	Salary, fees and allowances ¹	Expenses ²	Compensation for loss of office	Total excluding employer's pension contribution ³	Employer's pension contribution	Total Remuneration Package
		£	£	£	£	£	£
Chief Operating Officer		148,261	-	-	148,261	25,501	173,762
Corporate Director Economy & Place		113,966	-	-	113,966	19,602	133,568
Director of Public Health (Officer 1)	A	113,966	-	-	113,966	19,602	133,568
Acting Director of Public Health (Officer 2)	A	83,087	-	-	83,087	14,291	97,378
Director of Governance		101,536	689	-	102,225	17,464	119,689
Corporate Director of People	B	65,497	-	-	65,497	11,266	76,763
Corporate Director of Adults and Integration	C	60,720	-	-	60,720	10,444	71,164
Director of Adults Safeguarding	C	90,182	-	-	90,182	15,511	105,693
Chief Finance Officer		77,456	-	-	77,456	13,322	90,778
Director Customer and Communities		91,601	-	-	91,601	15,755	107,356
Head of Human Resources & Organisational Development	D	20,195	-	-	20,195	3,474	23,669
Total							1,133,388

1. No bonuses or benefits in kind were paid to any senior officer during the 2021/22 financial year

2. Expenses include any expenses claimed during the 2021/22 financial year

3. Employer pension contributions are not payments made directly to officers, rather they are payments made directly to the relevant pension fund. The employer contribution rate for 2021/22 was 17.2%.

Notes

- A) The Assistant Director in Public Health (Officer 2) began acting up into the role Director of Public Health from 01/01/2022 following a period of absence of the Director of Public Health (Officer 1).
- B) The Corporate Director of People left the Council on 31/10/2021.
- C) Following the departure of the Corporate Director Children, Education & Communities, the statutory role of Director of Adult Social Services was initially covered by the Director of Adults Safeguarding until the role of Corporate Director of Adults and Integration was filled on 07/03/2022. The statutory role of Director of Children's Services is currently being covered by an interim employed through WorkWithYork and this arrangement is expected to end in the early part of the 2022/23 financial year.
- D) The Council appointed the current Head of Human Resources & Organisational Development on 29/11/2021 following the departure of the previous postholder who was employed through North Yorkshire County Council. This role has an annualised salary of £59,593.00 plus employer pension contributions.

NOTES TO THE MAIN FINANCIAL STATEMENTS

The remuneration paid to the Council's senior employees in 2020/21 was:

	Notes	Salary, fees and allowances ¹	Expenses ²	Compensation for loss of office	Total excluding employer's pension contribution ³	Employer's pension contribution	Total Remuneration Package
		£	£	£	£	£	£
Chief Operating Officer	A	143,679	-	-	143,679	27,443	171,122
Corporate Director Children, Education & Communities	B	112,281	-	-	112,281	21,446	133,727
Corporate Director Economy & Place		112,281	-	-	112,281	21,446	133,727
Corporate Director Health, Housing & Adult Social Care	C	61,573	-	-	61,573	11,761	73,334
Director of Public Health		112,281	-	-	112,281	21,446	133,727
Director of Governance		96,659	-	-	96,659	18,462	115,121
Assistant Director Customer Services & Digital		81,858	-	-	81,858	15,635	97,493
Chief Finance Officer	D	75,967	-	-	75,967	14,510	90,477
Head of Corporate Policy and City Partnerships		57,214	-	-	57,214	10,928	68,142
Total							1,016,870

1. No bonuses or benefits in kind were paid to any senior officer during the 2020/21 financial year

2. Expenses include any expenses claimed during the 2020/21 financial year

3. Employer pension contributions are not payments made directly to officers, rather they are payments made directly to the relevant pension fund. The employer contribution rate for 2020/21 was 19.1%.

NOTES TO THE MAIN FINANCIAL STATEMENTS

Notes

- A) The post holder was appointed to the role of Chief Operating Officer and the Council's Head of Paid Service on 01/11/2020. Previously the post holder held the position of Deputy Chief Executive & Director Customer & Corporate Services and was the Council's interim Head of Paid Service. The post holder received additional remuneration totalling £17,319.54 for fulfilling the Head of Paid Service role on an interim basis
- B) Following the departure of the Corporate Director Health, Housing & Adult Social Care on 18/10/2020 the post holder assumed the statutory role of Director of Adult Social Services in addition to their current statutory role of Director of Children's Services
- C) The Corporate Director Health, Housing & Adult Social resigned on 18/10/2020
- D) The post holder was appointed to the role of Chief Finance Officer and the Council's Section 151 Officer on 01/11/2020. Previously the post holder held the position of Head of Corporate Finance & Commercial Procurement Manager and was the Council's interim Section 151 Officer. The post holder received additional remuneration totalling £4,962.83 for fulfilling the Section 151 role on an interim basis. In addition, the post holder received a market supplement totalling £5,833.31 whilst fulfilling the Head of Corporate Finance & Commercial Procurement Manager role.

Other Officers' Remuneration

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

Remuneration band	2021/22		2020/21	
	Non-Schools	Schools	Non-Schools	Schools
£50,000 - £54,999	73	33	33	28
£55,000 - £59,999	42	22	31	21
£60,000 - £64,999	7	6	6	9
£65,000 - £69,999	5	6	5	8
£70,000 - £74,999	1	7	0	4
£75,000 - £79,999	1	2	0	0
£80,000 - £84,999	1	0	7	0
£85,000 - £89,999	0	0	1	1
£90,000 - £94,999	3	3	0	2
£95,000 - £99,999	0	1	0	0
£100,000 - £104,999	0	0	0	0
£105,000 - £109,999	0	1	0	1
Total	133	81	83	74

The increase in the number of employees earning more than £50k was caused by the inclusion of a number of staff who had previously been just below the minimum reporting threshold but due to pay increases now fall within scope of this disclosure.

Exit packages

The numbers of exit packages with total cost per band and total cost of the compulsory and other departures are set out in the table below:

(a) Exit package cost band (including special payments)	(b) Number of compulsory redundancies		(c) Number of other departures agreed		(d) Total number of exit packages by cost band [(b) + (c)]		(e) Total cost of exit packages in each band	
	2021/22	2020/21	2021/22	2020/21	2021/22	2020/21	2021/22 £	2020/21 £
£0 - £20,000	5	3	10	3	15	6	139,482	25,499
£20,001 - £40,000	3	0	4	0	7	0	202,375	-
£40,001 - £60,000	1	1	1	0	2	1	107,114	41,165
Total	9	4	15	3	24	7	448,971	66,664

The total cost of £449k (2020/21: £67k) in the table above includes £328k (2020/21: £67k) for exit packages that have been charged to the authority's comprehensive income and expenditure statement in the current year. The total number of exit packages in the table above includes 5 exits from local authority maintained schools during 2021/22.

38. EXTERNAL AUDIT COSTS

The Council 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 Council's external auditors:

	2021/22 £000's	2020/21 £000's
Fees payable to Mazars LLP with regard to external audit services carried out by the appointed auditor	78	133
<u>Fees payable in respect of other services provided by Mazars LLP</u>	<u>18</u>	<u>19</u>
	96	152

The 2021/22 scale fee is £78k. The fees for other services payable in 2021/22 relate to assurance work on the Teachers' Pensions return (£6k) and certification of grants claims and returns (£12k). In 2020/21 the Council paid a revised scale fee for the 2019/20 accounts (£55k). The 2020/21 scale fee is £78k. The fees for other services payable in 2020/21 relate to assurance work on the Teachers' Pensions return (£7k) and certification of grants claims and returns (£12k)

39. DEDICATED SCHOOLS GRANT

The Council's expenditure on schools is funded primarily by grant monies provided by the Department for Education, the Dedicated Schools Grant (DSG). DSG is ring fenced and can only be applied to meet expenditure properly included in the Schools Budget, as defined in the School Finance and Early years (England) Regulations 2021.

The Schools Budget includes elements for a range of educational services provided on an authority-wide basis and for the Individual Schools Budget (ISB), which is divided into a budget share for each maintained school.

Details of the deployment of the DSG receivable for 2021/22 are as follows:

	Central Expenditure £000's	Individual Schools Budget £000's	DSG Total £000's
Final DSG for 2021/22 before Academy recoupment			148,282
Academy figure recouped for 2021/22			(74,912)
Total DSG after Academy recoupment for 2021/22			73,370
Brought forward from 2020/21			(9,940)
Carry forward to 2022/23 agreed in advance			-
DSG resources available for distribution in 2021/22	9,147	54,283	63,430
In year adjustments	7,600	(180)	7,420
Final resources available for distribution in 2021/22			

NOTES TO THE MAIN FINANCIAL STATEMENTS

	16,747	54,103	70,850
Less actual central expenditure	(22,937)		(22,937)
Less actual ISB deployed to schools		(53,756)	(53,756)
Plus Local Authority contribution for 2021/22	-	-	-
Carry forward to 2022/23	(6,190)	347	(5,843)

In-year adjustments includes a £7.6m Safety Valve grant receipt in March 2022

40. GRANT INCOME

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

	2021/22 £000's	2020/21 £000's
Credited to Taxation and Non Specific Grant Income		
Demand on Collection Fund	(97,995)	(92,794)
Non-Domestic Rates	(50,769)	2,314
Capital Grants	(34,329)	(19,634)
Business Rates Retention Grant	(17,183)	(39,987)
MHCLG Flexible Homelessness	-	(264)
MHCLG Social Care	(9,956)	(9,650)
Covid Grants	(8,154)	(19,908)
MHCLG Income Compensation	-	(503)
DWP Winter Grant Scheme	(35)	(525)
DFT Transport Grants	(136)	(403)
ESFA Safety Valve Payments	(7,600)	-
Restart Grants	(20,141)	-
Other Government Grants	(3,123)	(2,854)
Other General Grants	(479)	(182)
TOTAL	(249,900)	(184,390)

Credited to Services

DFE Dedicated Schools Grant Base	(73,191)	(70,283)
DWP Council Tax, Housing Benefit & Administration Grant	(25,172)	(27,483)
DFE Other Education Funding	(6,946)	(7,290)
DFE Covid 19 Schools Grant	(577)	(626)
Public Health Grant	(8,143)	(8,021)
New Homes Bonus	(2,311)	(2,679)
DFE Pupil Premium Grant	(2,293)	(2,178)
Education Services Grant	(90)	(96)
Universal Infant Free Schools Meals - Revenue Funding	(798)	(923)
Trading Standards Institute Grant	-	(1,582)
Skills Funding Agency	(1,321)	(1,130)
HMRC Apprenticeship Levy	-	(145)

NOTES TO THE MAIN FINANCIAL STATEMENTS

PFI Revenue Support	(1,186)	(1,186)
Flood Grants	(293)	(353)
DFE Adoption Support Fund	(180)	(360)
DFT Grants	(791)	(536)
DWP Access to Work Grant	(77)	(82)
Homes Office Grants	(464)	(174)
DOH Covid Grants	(3,272)	(10,832)
Covid Grants	(2,076)	(6,311)
Hospital Discharge Programme	(3,935)	-
Other Grants	(8,457)	(6,270)
TOTAL	(141,573)	(148,540)

The Council has received a number of grants, contributions and donations that have yet to be recognised as income as they have conditions attached to them that will require the monies or property to be returned to the giver.

	2021/22	2020/21
	£000's	£000's
Current Liabilities		
Grants Receipts in Advance (Capital Grants)		
Miscellaneous other grants (capital)	120	(220)
TOTAL	120	(220)

Grants Receipts in Advance (Revenue Grants)		
MHCLG S31 NNDR	18,798	(1,511)
MHCLG Covid 19 Grant	-	6,708
DFE Covid 19 Schools Grant	-	23
DFE Adoption Support Fund	231	203
DFT Opening Data Grant	79	79
Skills for Care Social Worker Funding	4	-
Public Health England	36	-
DFE Pupil Premium Grant	169	164
Domestic Abuse Support	299	-
DFE Grant Improvement Fund	1,067	-
Homes England	287	-
DEFRA Air Quality Grant	292	-
DFT Travel Grants	363	-
DLUHC Community Renewal funding	119	-
BIES Energy Efficiency	55	-
Adult Social Care Grants	36	-
CT Energy Bills Rebate	11,632	-
Other	1,674	1,317
TOTAL	35,141	6,983

41. RELATED PARTIES

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

Central Government

Central government has significant influence over the general operations of the Council – it is responsible for providing the statutory framework, within which the Council operates, provides the majority of its funding in the form of grants and prescribes the terms of many of the transactions that the Council has with other parties (eg council tax bills, housing benefits). Grants received from government departments and Grant receipts outstanding at 31 March 2022 are shown in Note 40.

Members

Members of the Council have direct control over the Council's financial and operating policies. The total of members' allowances paid in 2021/22 is shown in Note 36.

During 2021/22 no works and services of a significant value were commissioned from companies in which members had an interest outside of their Council responsibilities.

The Council paid grants totalling £368k to York Museums & Gallery Trust, a private Limited company (Company number 04381647) of which two Council appointed members serve as directors. No other significant grants to voluntary organisations were paid during 2021/22 in which officers had positions on the governing body.

In all instances, the grants and works/services commissioned were made with proper consideration of declarations of interest. Details of all these transactions are recorded in the Register of Members' Interest, open to public inspection at West Offices during office hours.

Chief Officers

During 2021/22 no works and services of a significant value were commissioned from companies in which officers had an interest outside of their Council responsibilities.

No payments were made to organisations whose senior management included close family members of any chief officer.

Entities Controlled or Significantly Influenced by the Council

The Council has interests in companies and other entities that have the nature of subsidiaries, associates and joint ventures, but due to the values involved these do not require the Council to prepare Group Accounts.

For detailed information relating to Yorwaste Limited, Veritau Limited, CYT and Make it York please see Long Term Investments section of this note.

YPO (formerly known as the **Yorkshire Purchasing Organisation**) was established as a joint committee of Local Authorities in 1974 and City of York Council is one of the thirteen founder member authorities. One elected member is on the board of YPO Procurement Holdings Ltd. There is no remuneration for this role.

Other

The following are not entities that are controlled or significantly influenced by the Council. However, there are elected members on the board and therefore this additional information has been included below to enhance transparency.

York BID

A Business Improvement District is a specifically designated area where businesses within it work together to invest in services, special projects and events with the aim to increase economic development and growth. BID projects and programmes are in addition to services provided by the City of York Council and funded by an annual contribution of 1% of the rateable value from businesses that are within the BID area. The current BID term levy is based on 2017 business rates evaluation. The York BID was voted in by businesses by a 86.1% majority in January 2021. This establishes the BID to operate for five years requiring all businesses within the BID area (of rateable value threshold which is currently £17,500 and above) to pay the mandatory levy

The York BID Board oversees the delivery of the BID initiatives set out in the BID business plan. As outlined in the Company Articles of Association, the Board is comprised of representatives from levy-paying business and representatives from the local authority and Make It York.

The Council collects income from ratepayers on behalf of the York BID and there are 2 Councillors on the board. There is no remuneration for these roles.

West Yorkshire Combined Authority

The WYCA brings together local councils and businesses so that everyone in the region can benefit from economic prosperity and a modern, accessible transport network. York is an associate member of the combined authority, which works closely with the private sector through the Leeds City Region Enterprise Partnership (LEP) to ensure that their work meets the needs of employers in the region. It is led by Combined Authority members and the LEP Board. The Council has one elected member on each of the following committees;

Committee	Remuneration
Board	None
Transport committee	£4,500
Overview & scrutiny committee	£648

LONG TERM INVESTMENTS

The Council holds a number of investments for the medium / long term. They comprise mainly share investments in three companies: Yorwaste (£1,008k), Veritau (a nominal £1), City of York Trading (a nominal £1) and Make it York (a nominal £1). The shares are included in the balance sheet at Fair value which differs to the nominal value as detailed in Note 16.

Yorwaste

The Council has, as a result of the local government reorganisation in the area at 1 April 1996, a 22.27% shareholding in Yorwaste Ltd. The majority shareholder is North Yorkshire County Council who hold the remaining 77.73%. The Company's profit and loss account is not included as part of the Comprehensive Income and Expenditure Account. No dividends were received in 2021/22 (£289k in 2020/21). Similarly, the Company's assets and liabilities are not in the Consolidated Balance Sheet.

With effect from 1 October 2015 the Council has a service agreement with Yorwaste Limited for waste disposal services and is charged on a cost recovery basis. Prior to this contract prices were negotiated on an arms length commercial basis.

The Director of Economy and Place is also a director of Yorwaste, however no remuneration is paid for this role.

SJB Recycling Ltd is a sister company to Yorwaste and therefore also jointly owned with North Yorkshire County Council. It has the same Directors as Yorwaste and is managed by Yorwaste officers. It has no transactions with the Council. SJB Recycling ceased trading during 2021 and is in the process of being wound up. A final dividend is expected to be payable to the Council in 2022/23.

Member Directors on Yorwaste are entitled to an allowance established in accordance with North Yorkshire County Council's (NYCC's) remuneration arrangements which are paid for by the Company. One member sits on the board of this company and received total remuneration of £8.8k from Yorwaste in 2021/22 (£8.8k 2020/21). No amounts were paid directly by the Council.

York Science Park

City of York Council had owned shares in the company since July 1994 with the nominal value of the shares being £1. The Council had held 200,000 shares which represent less than 10% of the total share capital of £2,166k, however it was agreed by the Council's executive in November 2020 to dispose of the council's shareholder interest in York Science Park Ltd for £500k, of which was received in July 2021. The Council received no dividends or profits from York Science Park and holds no liability. A non-remunerated officer of the Council was on the board of York Science Park Ltd.

Veritau

Since 1 April 2009, internal audit and counter-fraud services have been provided by Veritau Limited. The company is jointly owned by City of York Council and North Yorkshire County Council, with each Council holding 50% of the shares. Contract prices are negotiated on an arms length commercial basis. The Council is represented on the Board by the Chief Finance Officer and one Member of the Council. There is no remuneration for either of these roles.

City of York Trading was incorporated as a private company on the 18th November 2011 and the company is 100% owned by the Council. The company has a Chief Executive and a Board of Directors, made up of the Chief Executive, 3 Members of the Council and 2 other independent non executive directors. No Council employees are on the Board. The company started trading in June 2013. The company provides temporary staff to the Council, schools and other external organisations.

Make it York is a company limited by shares created on 1 April 2015 and the Council is the sole shareholder. Of the 12 directors, 2 will represent the Council and these representatives are currently 2 members of the Council (2020/21). No remuneration is paid for either of these roles. In 2016/17 the ownership of Science City York and its remaining assets transferred from City of York Council to Make it York following Executive committee approval. No share capital transferred across, Make it York became the sole member and liable to contribute £1 in the event of the company being wound up

Net Value of Transactions and Balances at Year End

The net value of transactions during the year with entities the Council has a related party relationship with are as follows:

	2021/22			2020/21		
	Expenditure £'000	Income £'000	Net Exp £'000	Expenditure £'000	Income £'000	Net Exp £'000
City of York Trading Ltd	9,681	(54)	9,627	8,162	(55)	8,107
Make it York	1,073	(624)	449	898	(90)	808
Veritau	588	(45)	543	609	(44)	565
Yorwaste Ltd	4,101	(1,408)	2,693	4,392	(730)	3,662
York Science Park	-	(24)	(24)	25	-	25
YPO	21	-	21	67	-	67
	15,464	(2,155)	13,309	14,153	(919)	13,234

The following amounts were due from related parties at 31 March 2022 and are included in debtors:

	2021/22 £'000	2020/21 £'000
City of York Trading Ltd	0	88
Make it York	340	163
Veritau	0	24
Yorwaste Ltd	8	347
YPO	0	240
	348	862

The following amounts were due to related parties at 31 March 2022 and are included in creditors:

	2021/22 £'000	2020/21 £'000
City of York Trading Ltd	33	750
Yorwaste Ltd	233	11
YPO	-	1
	266	762

The values associated with these companies are not deemed to be material to provide group accounts.

42. CAPITAL EXPENDITURE AND FINANCING

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

	2021/22	2020/21
	£000's	£000's
Opening Capital Financing Requirement	441,496	417,839
Capital Investment		
Property, Plant and Equipment	71,558	80,443
Investment Properties	356	1,626
Intangible Assets	218	168
Revenue Expenditure Funded from Capital under Statute	6,091	10,163
Sources of Finance		
Capital Receipts	(11,854)	(19,254)
Government grants and other contributions	(20,258)	(25,858)
Direct revenue contributions	(3,476)	(5,091)
Major Repairs Reserve	(12,185)	(9,351)
MRP (Minimum Revenue Repayment)	(4,731)	(7,950)
PFI / PPP payments	(1,337)	(1,239)
Movement in Year	24,382	23,657
Closing Capital Financing Requirement	465,878	441,496
Explanations of movement in year		
Increase in underlying need to borrow (unsupported by government financial assistance)	30,450	32,846
MRP (Minimum Revenue Repayment)	(4,731)	(7,950)
PFI / PPP payments	(1,337)	(1,239)
Increase/ (decrease) in Capital Financing Requirement	24,382	23,657

The Capital Financing Requirement increased in 2021/22 as a result of the level of borrowing required to fund capital expenditure being greater than the provision set aside for the repayment of debt.

43. LEASES

Council as Lessee

Finance Leases

The Council currently has no leased assets classified as finance leases, or assets acquired under these leases carried as Property, Plant and Equipment in the Balance Sheet.

Operating Leases

The Council has acquired the right to use a number of assets through entering into agreements with external suppliers. These agreements contain operating lease arrangements as well as maintenance charges and cost of materials. Examples of the assets that have been acquired include:

- Fleet of light commercial vehicles
- IT equipment in ICT managed services,
- Various property assets,

The future minimum lease payments due (including payments for non-lease elements) under non-cancellable leases in future years are:

	31-Mar-22	31-Mar-21
	£000's	£000's
Not later than one year	407	569
Later than one year and not later than five years	649	922
Later than five years	876	1,134
	1,932	2,625

The expenditure charged (including payments for non-lease elements) in the Comprehensive Income and Expenditure Statement during the year in relation to these leases in 2021/22 was £595k (2020/21 £991k)

Council as Lessor

Finance Leases

The Council acts as lessor for a small number of property leases. The Council has a gross investment in the lease, made up of the minimum lease payments expected to be received over the remaining term and the residual value anticipated for the property when the lease comes to an end.

The minimum lease payments comprise settlement of the long-term debtor for the interest in the property acquired by the lessee and finance income that will be earned by the Council in future years whilst the debtor remains outstanding. The gross investment is made up of the following amounts:

	2021/22	2020/21
	£000's	£000's
Finance lease debtor (net present value of minimum lease payments)		
- Current	7	7
- Non-current	126	133
Unearned finance income	32	36
Gross Investment in the lease	165	176

NOTES TO THE MAIN FINANCIAL STATEMENTS

The gross investment in the lease and the minimum lease payments will be received over the following periods:

	Gross Investment in the Lease		Minimum Lease payments	
	2021/22	2020/21	2021/22	2020/21
	£000's	£000's	£000's	£000's
Not later than one year	11	11	7	7
Later than one year and not later than five years	55	55	39	38
Later than five years	100	111	87	95
	166	177	133	140

The minimum lease payments include rents that are contingent on events taking place after the lease was entered into. There were £0k contingent rents in relation to finance leases in 2021/22 (£0k 2020/21).

Operating Leases

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

- for the provision of community and leisure services.
- for income generation purposes

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

	2021/22	2020/21
	£000's	£000's
Not later than one year	2,557	3,134
Later than one year and not later than five years	6,863	7,947
Later than five years	45,748	46,222
	55,168	57,303

The minimum lease payments receivable do not include rents that are contingent on events taking place after the lease was entered into, such as adjustments following rent reviews. In 2021/22 contingent rents of £330k were receivable by the Council (2020/21 £264k)

44. PFI AND SIMILAR CONTRACTS

PFI - Schools

The Council has one PFI scheme for the provision of 3 primary schools and one special school, with Sewell Education (York) Ltd. PFI contracts are agreements to receive services, where the responsibility for making available the fixed assets needed to provide the services passes to the PFI contractor. The accounting requirements for PFI require that where ownership reverts to an entity at the end of the contract, PFI properties should be recognised on the Council's Balance Sheet along with a liability for the financing provided by the PFI operator. Payments made by the Council under a contract are generally charged to revenue to reflect the value of services received in each financial year and also relate to the repayment of the liability and finance costs associated with the asset. A

prepayment of £4.032m was made prior to service commencement. Under the terms of the contract the Council has granted Sewell a licence for use of the land for 30 years.

Property Plant and Equipment

Prior to 2018/19, the asset used to provide the services at two of the schools (Hob Moor Primary School and Hob Moor Oaks Special School, both on one site) was recognised on the Council’s Balance Sheet, with movements in the value over the year detailed in the analysis of the movement on the Property, Plant and Equipment balance in Note 12. The other 2 schools are voluntary aided where the asset does not revert back to the Council at the end of the contract. These assets are not included on the face of the Balance Sheet and the associated costs have been removed. However, on 1st May 2019 both Hob Moor schools converted to academy status. This means that, although still part of the PFI contract, these schools are no longer recognised on the councils balance sheet. All the entries have therefore been removed, with treatment now consistent with the two VA schools.

Payments

The Council makes an agreed payment each year which is increased each year by inflation and can be reduced if the contractor fails to meet availability and performance standards in any year but which is otherwise fixed. Payments remaining to be made under the PFI contract at 31 March 2022 (excluding any estimation of inflation and availability/ performance deductions) are as follows:

	Payment for Services £000's	Finance Payment £000's	Liability Repayment £000's	Total Payments £000's
Within 1 Yr	1429	416	321	2,166
Between 2 Yrs and 5 Yrs	6173	1409	1,192	8,774
Between 6 Yrs and 10 Yrs	8063	1572	1,729	11,364
Between 11 Yrs and 15 Yrs	5822	1494	2,242	9,558
Between 16 Yrs and 20 Yrs	-	-	-	-
Between 21 Yrs and 25 Yrs	-	-	-	-
	21,487	4,891	5,484	31,862

The payments made to the contractor are described as unitary payments and they have been calculated to compensate the contractor for the fair value of the services they provide.

PPP – Allerton Waste

Financial close for the Long Term Waste Services contract with AmeyCespa was achieved on 30th October 2014. Construction of the Allerton Waste Recovery Park commenced in January 2015 and the facility was completed becoming fully operational on 1st March 2018. The Council’s commitments on the contract are: North Yorkshire County Council has entered into a contract with Amey Cespa and the City Council has entered into a Joint Waste Management Agreement with North Yorkshire which commits the City Council into the obligations set out in the main contract with Amey Cespa the main requirement being to provide a guaranteed minimum number of tonnes of municipal waste into the facility. Under the Joint Waste Management Agreement the City Council is responsible for paying 21% of the overall unitary charge.

NOTES TO THE MAIN FINANCIAL STATEMENTS

The contract is to provide the services for 25 years at which time the asset transfers to the councils. The Council has therefore recognised 21% of the overall cost of the facility within its non current assets included on the Balance sheet during the year.

The Councils financial commitments under this are

	Repayment of Liability	Interest Payments	Provision of Services	Lifecycle costs	Total
	£'000	£'000	£'000	£'000	£'000
less than one year	880	4,007	2,826	114	7,827
between 2 and 5 years	3,336	14,638	12,517	1,507	31,998
between 6 and 10 years	4,063	14,608	17,639	5,382	41,692
between 11 and 15 years	10,274	11,245	20,018	2,304	43,841
between 16 and 20 years	15,862	2,648	22,813	3,887	45,210
between 21 and 25 years	4,107	-205	3,889	14	7,805
	38,522	46,941	79,702	13,208	178,373

The value of assets and liabilities for both PFI Schools and PPP Allerton Waste are as follows

Value of PFI Assets

	2021/22			2020/21		
	Schools	Waste	Total	Schools	Waste	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Opening Balance	-	47,233	47,233	0	38,587	38,587
Depreciation	-	(3,182)	(3,182)	-	(1,407)	(1,407)
Additions	-	-	-	-	-	-
Revaluations	-	-	-	-	10,053	10,053
Disposals	-	-	-	-	-	-
Closing Balance	-	44,051	44,051	-	47,233	47,233

Value of PFI Liabilities

	2021/22			2020/21		
	Schools	Waste	Total	Schools	Waste	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Opening Balance	5,820	39,398	45,218	6,156	40,170	46,326
Payments/Repayments	(335)	(876)	(1,211)	(336)	(772)	(1,108)
Additions	-	-	-	-	-	-
Closing Balance	5,485	38,522	44,007	5,820	39,398	45,218

45. IMPAIRMENT LOSSES

Impairment losses are where a physical loss to the asset occurs. In comparison a revaluation loss is a reduction in market value of the asset. There was no impairment losses charged to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement during the year.

46. CAPITALISATION OF BORROWING COSTS

No borrowing costs were capitalised during 2021/22.

47. TERMINATION BENEFITS

The Council terminated the contracts of a number of employees in 2021/22, incurring liabilities of £449k (£67k in 2020/21) of which £328k (2020/21 £67k) has been changed to the Authority's Comprehensive Income and Expenditure Statement in the current year. See Note 37 for further details of the number of exit packages and total cost per band. This sum consists of termination benefits payable to officers across all of the Council's directorates, including the pension strain payable to the relevant pension fund where applicable. The note includes 5 exits from schools controlled by the authority.

48. PENSIONS SCHEMES ACCOUNTED FOR AS DEFINED CONTRIBUTION SCHEMES

Teachers Pension Scheme

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

The scheme is a multi-employer defined benefit scheme. The scheme is unfunded and the Department for Education uses a notional fund as the basis for calculating the employers' contribution rate paid by local education authorities. However, it is not possible for the Council to identify its share of the underlying financial position and performance of the scheme with sufficient reliability for accounting purposes. For the purposes of the Statement of Accounts it is therefore accounted for on the same basis as a defined contribution scheme.

In 2021/22 the Council paid £6.076m (2020/21 £5.908m) to CTP in respect of teachers' retirement benefits, representing 23.68% (including a 0.08% administration levy) of pensionable pay since September 2019. The contributions due to be paid in the next financial year are estimated to be £6.078m.

The Council is responsible for the costs of any additional benefits awarded upon early retirement outside of the terms of the teachers' scheme. These amounted to £528k (2020/21 £528k) and are

fully accrued in the pensions liability described in the figures that follow in Note 49. The Council is not liable to the scheme for any other entities obligation under the plan.

NHS Staff Pension Scheme

NHS Staff transferred to the Council over recent years have maintained their membership in the NHS Pension Scheme. The Scheme provides these staff with specified benefits upon their retirement and the Council contributes towards the costs by making contributions based on a percentage of members' pensionable salaries.

The scheme is an unfunded defined benefit scheme. However, the Council is not able to identify its share of the underlying financial position and performance of the Scheme with sufficient reliability for accounting purposes. For the purposes of this Statement of Accounts, it is therefore accounted for on the same basis as a defined contribution scheme.

In 2021/22, the Council paid £102k (2020/21 £113k) to the NHS Pension Scheme in respect of former NHS staff retirement benefits, representing 14.38% (2020/21 14.38%) of pensionable pay. There were no contributions remaining payable at the year end. The contributions due to be paid in the next financial year are estimated to be £76k. The Council is not liable to the scheme for any other entities obligation under the plan.

49. DEFINED BENEFIT PENSION SCHEMES

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

The North Yorkshire Pension Fund, which is a Local Government Pension Scheme, is treated as a defined benefit scheme, since the Council's liabilities to its current and former employees can be identified within the fund, and the Council will be liable to meet these, irrespective of the future performance of the fund. This is a funded scheme, meaning that the Council and employees pay contributions into a fund, calculated at a level intended to balance the pension liabilities with investment assets. The information below relates to the cost of pension arrangements borne by this Council and included in the revenue accounts.

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

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

Transactions relating to post-employment benefits

We recognise the costs 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 retirement benefits is reversed out via the Movement 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:

NOTES TO THE MAIN FINANCIAL STATEMENTS

	LGPS £000's	Teachers £000's	2021/22 Total £000's	£000's	LGPS £000's	Teachers £000's	2020/21 Total £000's	£000's
Comprehensive Income and Expenditure Statement								
Cost of Services								
Current service cost	35,873		35,873		26,352		26,352	
Past service cost	227		227		272		272	
Administration expenses	375		375		374		374	
(Gain) / Loss from settlements and curtailments								
	36,475	-	36,475		26,998	-	26,998	
Financing and Investment Income and Expenditure								
Interest cost	20,459	220	20,679		18,088	229	18,317	
Expected return on assets in the scheme	(17,520)		(17,520)		(15,212)		(15,212)	
Net Interest expense	2,939	220	3,159		2,876	229	3,105	
Total Post Employment Benefit Charged to the Surplus or Deficit on the Provision of Services								
	39,414	220	39,634		29,874	229	30,103	
Other Post Employment Benefit Charged to Comprehensive I&E statement								
Remeasurement of the net defined benefit liability comprising:								
Return on plan assets (excluding the amount included in the net interest expense)	1,103		1,103		(159,443)		(159,443)	
Actuarial gains and losses arising on changes in demographic assumptions	(9,616)	(118)	(9,734)		-	-		
Actuarial gains and losses arising on changes in financial assumptions	(64,161)	(327)	(64,488)		167,690	982	168,672	
Experience gains and losses	3,026	41	3,067		(9,148)	(141)	(9,289)	
Actuarial gains and losses								
Gains and Losses from Disposals and Acquisitions	-		-		-		-	
Total post-employment benefits charged to the Comprehensive Income and Expenditure Statement								
	(69,648)	(404)	(70,052)		(901)	841	(60)	
Movement in Reserves statement								
Reversal of net charges made to the Surplus or Deficit for the Provision of Services for post employment benefits in accordance with the Code	(39,414)	(220)	(39,634)		(29,874)	(229)	(30,103)	
Actual amount charged against the General Fund Balance for pensions in the year:								
Employers' contributions payable to scheme	13,183	528	13,711		14,622	528	15,150	

Pensions Assets and Liabilities Recognised in the Balance Sheet

	2021/22	2020/21
	£000's	£000's
<u>Present Value of Liabilities</u>		
Local Government Pension Scheme	951,757	982,498
Unfunded Teachers Pensions	10,032	10,744
<u>Fair Value of Assets</u>		
Local Government Pension Scheme	(848,625)	(835,949)
<u>(Surplus)/Deficit in the Scheme</u>		
Local Government Pension Scheme	103,132	146,549
Unfunded Teachers Pensions	10,032	10,744
Net liability arising from defined benefit obligation	113,164	157,293

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

	As at 31-Mar-22		As at 31-Mar-21	
	Local Government Pension Scheme £000's	Unfunded Teachers Scheme £000's	Local Government Pension Scheme £000's	Unfunded Teachers Scheme £000's
Opening fair value of scheme assets	(835,949)		(661,076)	
Interest income	(17,520)		(15,212)	
Remeasurement (gain) / loss	1,103		(159,443)	
Net increase in assets from disposals	-		-	
Employer contributions	(13,183)	(528)	(14,622)	(528)
Contributions by scheme participants	(4,891)		(4,859)	
Benefits/transfers paid	21,815	528	19,263	528
Closing fair value of scheme assets	(848,625)	-	(835,949)	-

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

	As at 31-Mar-22		As at 31-Mar-21	
	Local Government Pension Scheme £000's	Unfunded Teachers Scheme £000's	Local Government Pension Scheme £000's	Unfunded Teachers Scheme £000's
Opening balance at 1 April	982,498	10,744	793,274	10,202
Current service cost	36,248	-	26,726	-
Interest cost	20,459	220	18,088	229
Contributions by scheme participants	4,891	-	4,859	-
Remeasurement (gains)/losses:				
Actuarial gains and losses arising on changes in demographic assumptions	(9,616)	(118)	-	-
Actuarial gains and losses arising on changes in financial assumptions	(64,161)	(327)	167,690	982
Experience gains and losses net increases in liabilities from disposals	3,026	41	(9,148)	(141)
	-	-	-	-
Benefits/transfers paid	(21,815)	(528)	(19,263)	(528)
Past service costs	227	-	272	-
Curtailments	-	-	-	-
Settlements	-	-	-	-
Closing balance at 31 March	951,757	10,032	982,498	10,744

The liabilities show the underlying commitments that the Council has to pay, namely retirement benefits in the long-term. The total liability of £113.2m (2020/21 £157.3m) has a substantial impact on the net worth of the Council as recorded in the Balance Sheet.

However, statutory arrangements for funding the deficit mean that the financial position of the Council remains healthy. The deficit on the North Yorkshire Pension Scheme will be made good by increased contributions over the remaining working life of employees, as assessed by the scheme actuary.

Basis for estimating assets and liabilities

In calculating the Council's assets and liabilities Aon Hewitt Ltd, an independent firm of actuaries, make a number of assumptions about events and circumstances in the future. This means that the calculations are subject to uncertainties within a range of possible values. The liabilities have been assessed using the projected unit method, an estimate of the pensions that will be payable in future years dependent on assumptions about mortality rates, salary levels, etc.

NOTES TO THE MAIN FINANCIAL STATEMENTS

The principal assumptions used by the actuary have been:

	As at 31-Mar-22	As at 31-Mar-21
Life expectancy		
Of a male future pensioner aged 65 in 20 years time	23.5	23.6
Of a female future pensioner aged 65 in 20 years time	25.7	25.8
Of a male current pensioner aged 65	21.8	21.9
Of a female current pensioner aged 65	23.8	24

The following shows the inflation factors used:

	As at 31-Mar-22	As at 31-Mar-22	As at 31-Mar-21	As at 31-Mar-21
	% pa LGPS	% pa UTS	% pa LGPS	% pa UTS
Rate of Inflation	3.0	3.0	2.7	2.7
Rate of increase in salaries	4.25	N/A	3.95	N/A
Rate of increase in pensions	3.0	3.0	2.7	2.7
Discount rate	2.7	2.7	2.1	2.1

The estimation of the defined benefit obligation is sensitive to the actuarial assumptions set out in the tables 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 assumption analysed changes while all 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, ie on an actuarial basis using the projected unit credit method. The method 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

	Increase in assumption £'000	Decrease in assumption £'000
Longevity (increase in 1 year)	33,262	
Rate of inflation (increase by 0.1%)	18,057	
Rate of increase in salaries (increase by 0.1%)	1,901	
Rate of increase in pensions (increase by 0.1%)	18,057	
Rate for discounting scheme liabilities (increase by 0.1%)		(19,957)

Impact on the Council’s Cash Flows

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 Pensions Scheme in England and Wales may not provide benefits in relation to service after 31 March 2014. The Act provides for scheme regulations to be made within a common framework, to establish new career average revalued earning schemes to pay pensions and other benefits to certain public servants.

The total employer contributions expected to be made to the Local Government Pension Scheme by the Council in the year to 31 March 2023 is £11,710k. The weighted average duration of the defined benefit obligation for scheme members is 21 years (21 years in 2020/21).

The Unfunded Teacher’s Pension Scheme has no assets to cover its liabilities. The Local Government Pension Scheme’s assets comprised:

	As at 31-Mar-22		As at 31-Mar-21	
	%	£m	%	£m
Equities	55.7%	472.7	57.8%	483.2
Property	7.4%	62.8	6.1%	51.0
Government Bonds	16.8%	142.6	16.2%	135.4
Corporate Bonds	7.7%	65.3	2.1%	17.6
Cash	1.1%	9.3	3.3%	27.6
Other	11.3%	95.9	14.5%	121.2
Total	100.0%	848.6	100.0%	836.0

50. CONTINGENT LIABILITIES

At 31 March 2022, the authority had three contingent liabilities:

- Museums Trust irrevocable Standby letter of credit** for £1,950k - Approved at City of York Council December Executive meeting 27th August 2020 (<https://democracy.york.gov.uk/%28S%28aw2b23jfofoyuejfc1asnI055%29%29/ieListDocuments.aspx?CId=733&MID=12296>). Available from 22nd September 2020 until 5th April 2022. No credit was drawn on prior to 31st March 2022.
- Make It York loan facility** of £300k - Approved at City of York Council December Executive meeting 15th December 2020 ([https://democracy.york.gov.uk/\(S\(er5fig3cbkjmjx55ekdxrgfc\)\)/ieListDocuments.aspx?MId=12428](https://democracy.york.gov.uk/(S(er5fig3cbkjmjx55ekdxrgfc))/ieListDocuments.aspx?MId=12428)) so available from that date. Terms of the loan are to be determined at the time they are called upon so any loan does not breach the UK Subsidy Control Regime. No loan was drawn down prior to 31st March 2022.
- Make It York financial guarantee** of up to £1,000k for a period of two years - Approved at City of York Council December Executive meeting 15th December 2020 ([https://democracy.york.gov.uk/\(S\(er5fig3cbkjmjx55ekdxrgfc\)\)/ieListDocuments.aspx?MId=12428](https://democracy.york.gov.uk/(S(er5fig3cbkjmjx55ekdxrgfc))/ieListDocuments.aspx?MId=12428)) so available from that date. Terms of the guarantee are to be determined at the time they are called upon to ensure compliance with the UK Subsidy Control Regime. No guarantees were given prior to 31st March 2022.

51. CONTINGENT ASSETS

No contingent assets have been identified.

52. NATURE AND EXTENT OF RISKS ARISING FROM FINANCIAL INSTRUMENTS

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 Council;
- **Liquidity risk** - the possibility that the Council might not have funds available to meet its commitments to make payments;
- **Re-financing risk** - the possibility that the Council might be requiring to renew a financial instrument on maturity at disadvantageous interest rates or terms.
- **Market risk** - the possibility that financial loss might arise for the Council as a result of changes in such measures as interest rates or stock market movements.

Overall procedures for managing risk

The Council's overall risk management programme focuses on the unpredictability of financial markets, and seeks to minimise potential adverse effects on the resources available to fund services.

The procedures for risk management are set out through a legal framework in the Local Government Act 2003 and associated regulations. These require the Council 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 Council 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/constitution;
- by approving annually in advance prudential and treasury indicators for the following 5 years limiting:
 - The Council's overall borrowing;
 - Its maximum and minimum exposures to the maturity structure of its debt;
 - Its maximum annual exposures to investments maturing beyond a year.
- 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 annual Budget Council or before the start of the year to which they relate. These items are reported in the annual treasury management strategy which outlines the detailed approach to managing risk in relation to the Council's financial instrument exposure. Actual performance is also reported after each year, and through a mid year update.

The annual treasury management strategy which incorporates the prudential indicators was approved by Full Council on 25th February 2021 after recommendation by Executive on 11th February 2021 and

is available on the Council website

<https://democracy.york.gov.uk/ieListDocuments.aspx?CId=331&MId=12628>

and

<https://democracy.york.gov.uk/%28S%28aw2b23jofoyuejfc1asnI055%29%29/ieListDocuments.aspx?CId=733&MID=12508>

The key issues within the strategy were:

- The Authorised Limit for 2021/22 was set at £526.120m (prudential indicator 5A).
- The Operational Boundary for 2021/22 was set at £516.120m (prudential indicator 5B).
- The maximum and minimum exposures to the maturity structure of debt which are contained within prudential indicator 6. The maturity structure of debt table is contained within this note under the 'Refinancing and Maturity Risk' section.

Risk management is carried out by a central treasury team, under policies approved by the Council in the annual Treasury Management Strategy Statement.

Credit Risk

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

Investments

This risk is minimised through the Annual Investment Strategy set out in the annual Treasury Management Strategy Statement, which is available on the authority's website

<https://democracy.york.gov.uk/%28S%28aw2b23jofoyuejfc1asnI055%29%29/ieDecisionDetails.aspx?AllId=57483>

The Annual Investment Strategy requires that deposits are not made with financial institutions unless they meet identified minimum credit criteria, in accordance with the Fitch, Moody's and Standard & Poor's Credit Ratings Services. The Annual Investment Strategy also considers maximum amounts and time limits with a financial institution located in each category.

The Council uses the creditworthiness service provided by Link Asset Services. This service uses a sophisticated modelling approach with credit ratings from all three rating agencies - Fitch, Moody's and Standard and Poor's, forming the core element. However, it does not rely solely on the current credit ratings of counterparties but also uses the following as overlays:

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

The full Investment Strategy for 2021/22 was approved by Full Council on 25th February 2021 after recommendation by Executive on 11th February 2021 and is available on the Council website

<https://democracy.york.gov.uk/ieListDocuments.aspx?CId=331&MId=12628>

and

<https://democracy.york.gov.uk/%28S%28aw2b23jofoyuejfc1asnI055%29%29/ieListDocuments.aspx?CId=733&MID=12508>

NOTES TO THE MAIN FINANCIAL STATEMENTS

No breaches of the Council's counterparty criteria occurred during the reporting period and the Council does not expect any losses from non-performance by any of its counterparties in relation to deposits.

The Council's Treasury Investments are shown below:

	Balance at 31-Mar-22 £000	Balance at 31-Mar-21 £000
Fixed Term Investments	-	-
Notice Accounts	51	-
Money Market Funds	36,100	-
Total	36,151	-

The Council's maximum exposure to credit risk in relation to its investments in banks, building societies and Money Market Funds of £36.151m (£0.000m in 2020/21) is not assessed collectively as the risk of any institution failing to make interest payments or repay the principal sum will be specific to each individual institution. Recent experience has shown that it is rare for such entities to be unable to meet their commitments. A risk of irrecoverability applies to all of the Council's deposits, but there was no evidence at 31 March 2022 that this was likely to crystallise.

There were no circumstances known as at 31 March 2022 that would require impairment on any investments.

Long-term debtors

The Council has long-term debtors of £4.914m (£5.084m in 2020/21) and further details can be found in Note 20.

When assessing impairment and Expected Credit Loss for long-term debtors an assessment is made separately. This includes, where applicable to the financial instrument, looking at the loan agreements and the individual debtor records as well as taking into account current known facts and circumstances regarding the individual debt.

There was no evidence at 31 March 2022 that indicated any loans to third parties or long-term debtors were credit impaired and Expected Credit Loss was deemed to be low, therefore no Expected Credit Loss was made.

Short-term debtors

Trade receivables form part of the Council's short-term debtors. The Council does not generally allow credit for its invoiced trade receivables, such that £10.182m of the £33.225m short term trade receivables debtors balance is past its due date for payment in 2020/21 (£9.550m of the £42.596m in 2020/21). A balance is past its due date if it is over 28 days old. The past due date amounts can be analysed by age as follows:

	Balance at 31-Mar-22 £000's	Balance at 31-Mar-21 £000's
Less than 3 months	2,925	1,890
3 to 6 months	966	932
6 months to 1 year	2,033	2,175
More than 1 year	4,258	4,553
Total	10,182	9,550

NOTES TO THE MAIN FINANCIAL STATEMENTS

When assessing impairment and Expected Credit Loss, debtors are assessed collectively rather than individually using the simplified approach allowable under IFRS 9 for short-term receivables.

The Council makes an annual impairment allowance and at 31 March 2022 the Councils total impairment was £9.669m (£9.094m at 31 March 2021) for all short-term debtors. Further details on short-term debtors can be found at Note 19 and in the table below showing exposure to credit risk.

Bad debts are written off in line with the Councils bad debt policy as outlined in its Financial Regulations within the Constitution. During the year, the authority wrote off financial assets with a contractual amount outstanding of £0.757m (£0.160m in 2020/21).

Amounts Arising from Expected Credit Losses and Credit Risk Exposure

The authority has the following exposure to credit risk at 31 March 2022:

Financial Instrument Type	Credit Rating	Gross Carrying Amount	Gross Carrying Amount	Total Expected Credit Loss	Total Expected Credit Loss	Change in Expected Credit Loss from previous year
		31-Mar-22	31-Mar-21	31-Mar-22	31-Mar-21	
		£000	£000	£000	£000	£000
Investments	AAA to A+	36,151	-	-	-	-
Loans to third parties	Not Rated	1,674	1,774	-	-	-
Finance lease receivables	Not Rated	172	179	-	-	-
PFI	Not Rated	3,068	3,131	-	-	-
Short term debtors - trade receivables	Not Rated	33,225	42,596	(3,856)	(3,687)	(169)

Note 1 – As per the CIPFA code, equity instruments designated into the category of Fair Value through Other Comprehensive Income are not within the scope of impairment. Further details on equity instruments can be found in Note 16.

Note 2 – Short-term debtors in the above table includes trade receivables and any impairment allowance against these. It excludes prepayments and other receivable amounts and any impairment allowance against these. Further details on Short-term debtors can be found in Note 19.

Liquidity risk

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

The Council has ready access to borrowings from the money markets to cover any day to day cash flow need and the PWLB and money markets for access to longer term funds. There is therefore no significant risk that it will be unable to raise finance to meet its commitments under financial instruments.

NOTES TO THE MAIN FINANCIAL STATEMENTS

The maturity analysis of financial liabilities is as follows:

	Balance at 31-Mar-22	Balance at 31-Mar-21
	£000's	£000's
Interest Due within one year	(1,875)	(1,750)
Maturing within one year	(4,700)	(7,000)
Maturing in 1 - 2 years	(4,315)	(4,700)
Maturing in 2 - 5 years	(44,750)	(33,115)
Maturing in 5 - 10 years	(82,200)	(65,300)
Maturing in more than 10 years	(170,000)	(187,850)
Carrying Value Adjustment	571	627
Total	(307,269)	(299,088)

Note 3 – The Councils LOBO loan is shown at its maturity date not the next call date in the above table. The Councils WYCA loan is shown at its principal amount.

The table below shows the Council loans outstanding split by loan type / lender:

	Interest Rates Payable	Balance at 31-Mar-22	Balance at 31-Mar-21
		£000's	£000's
Public Works Loan Board (PWLB)	1.50% to 4.75%	(298,615)	(290,615)
PWLB (Carrying Value Adjustment)		571	627
Dexia Bank LOBO	3.88%	(5,000)	(5,000)
WYCA	0.00%	(2,350)	(2,350)
Interest Owed on Long Term Debt at 31st March		(1,875)	(1,750)
Total		(307,269)	(299,088)

All trade payables of £31.939m (£28.095m in 2020/21) are due to be paid in less than one year and are not shown in the table above. Further details for short term creditors can be found in Note 23.

Refinancing and Maturity Risk

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

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

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

NOTES TO THE MAIN FINANCIAL STATEMENTS

The maturity analysis of financial liabilities is as follows, with the maximum and minimum limits for fixed interest rates maturing in each period (Prudential Indicator 6) as approved in the Treasury Management Strategy by Full Council on 25th February 2021 after recommendation by Executive on 11th February 2021 and is available on the Council website

<https://democracy.york.gov.uk/ieListDocuments.aspx?CId=331&MId=12628>

and

<https://democracy.york.gov.uk/%28S%28aw2b23jofoyuejfc1asnl055%29%29/ieListDocuments.aspx?CId=733&MID=12508>

	Approved Minimum Limits at	Approved Maximum Limits at	Authority Actual at	Authority Actual at	Authority Actual at	Authority Actual at
	31-Mar-22	31-Mar-22	31-Mar-22	31-Mar-22	31-Mar-21	31-Mar-21
	%	%	£000's	%	£000's	%
Less than 1 year	0	30	(4,700)	1.54%	(7,000)	2.35%
Between 1 and 2 years	0	30	(4,315)	1.41%	(4,700)	1.58%
Between 2 and 5 years	0	40	(44,750)	14.63%	(33,115)	11.11%
Between 5 and 10 years	0	40	(82,200)	26.87%	(65,300)	21.92%
More than 10 years	30	90	(170,000)	55.56%	(187,850)	63.04%
Total			(305,965)	100.00%	(297,965)	100.00%

Note 4 – This table shows the principal loan amount outstanding excluding interest. The Councils LOBO loan is shown at its maturity date not the next call date in the above table. The Councils WYCA loan is shown at its principal amount.

Market Risk

Interest Rate Risk

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

- Borrowings at variable rates – the interest expense charged to the Comprehensive Income and Expenditure Statement will rise;
- Borrowings at fixed rates – the fair value of the borrowing will fall (no impact on revenue balances);
- Investments at variable rates – the interest income credited to the Comprehensive Income and Expenditure Statement will rise;
- Investments at fixed rates – the fair value of the assets will fall (no impact on revenue balances).

Borrowings are not carried at fair value on the balance sheet, so nominal gains and losses on fixed rate borrowings would not impact on the Surplus or Deficit on the Provision of Services or Other Comprehensive Income and Expenditure. However, changes in interest payable and receivable on variable rate borrowings and investments will be posted to the Surplus or Deficit on the Provision of Services and affect the General Fund Balance, Movements in the fair value of fixed rate investments that have a quoted market price will be reflected in the Other Comprehensive Income and Expenditure Statement.

NOTES TO THE MAIN FINANCIAL STATEMENTS

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

If interest rates had been 1% higher (with all other variables held constant) the financial effect would be:

	Balance at 31-Mar-22 £000's	Balance at 31-Mar-21 £000's
Increase in interest payable on variable rate investments borrowings	-	-
Increase in interest receivable on variable rate investments	(362)	-
Impact on Surplus or Deficit on the Provision of Services	(362)	-
Decrease in fair value of fixed rate investment assets	-	-
Impact on Other Comprehensive Income and Expenditure	-	-
Decrease in fair value of fixed rate borrowing liabilities (no impact on Surplus or Deficit on Provision of Services or Other Comprehensive Income and Expenditure)	(53,562)	(66,692)

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

Price risk

The Council, excluding the pension fund, does not generally invest in equity shares or marketable bonds. However, it does have shareholdings to the value of £4.596m (£4.996m in 2020/21) in a number of equity investments detailed further in Note 16 to the Statement of Accounts. Whilst these holding are generally illiquid, the Council is exposed to gains or losses arising from movements in the price of the shares.

These shareholdings have arisen due to specific service or strategic objectives; the Council is not in a position to limit its exposure to price movements by diversifying its portfolio. In line with the Councils accounting policy for these types of investments the shares have all been designated as Fair Value through Other Comprehensive Income, meaning that all movements in price will impact on gains and losses recognised in the Financial Instrument Revaluation Reserve. A general shift of 5% in the general price of shares (positive or negative) would thus have resulted in a £0.230m (£0.250m in 2020/21) gain or loss being recognised in the Financial Instrument Revaluation Reserve.

Foreign Exchange Risk

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

NOTES TO THE MAIN FINANCIAL STATEMENTS

53. EXPENDITURE AND FUNDING ANALYSIS (EFA)

2020/21			2021/22			
Net Expenditure Chargeable to the General Fund and HRA Balances £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 and HRA Balances £000	Adjustments between the Funding and Accounting Basis £000	Net Expenditure in the Comprehensive Income and Expenditure Statement £000
(3,562)	(2,470)	(6,032)	Public Health	(3,037)	2,697	(340)
(1,836)	(2,186)	(4,022)	Housing Revenue Account	10,847	(15,509)	(4,662)
64,427	755	65,182	Adult Social Care and Integration	63,511	4,776	68,287
21,144	11,649	32,793	Children and Education	32,158	4,995	37,153
35,728	7,394	43,122	Place	24,431	13,559	37,990
24,481	(13,824)	10,657	Corporate Services and Governance	74,736	(911)	73,825
20,157	2,317	22,474	Customer and Communities	19,483	7,730	27,213
160,539	3,635	164,174	Net Cost of Services	222,129	17,337	239,466
(164,286)	(6,216)	(170,502)	Other Income and Expenditure	(223,838)	(11,120)	(234,958)
(3,747)	(2,581)	(6,328)	Surplus or Deficit	(1,709)	6,217	4,508
(36,243)			Opening General Fund and HRA Balance	(39,990)		
(3,747)			Surplus or Deficit	(1,709)		
			Transfer of underspend 2019/20 to Contingency			
(39,990)			Closing General Fund and HRA Balance at 31 March 2021	(41,699)		

The objective of the EFA is to demonstrate to council tax payers 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 Authority's Services. Income and expenditure accounted for under generally accepted accounting practices is presented more fully in the Comprehensive Income and Expenditure Statement.

NOTES TO THE MAIN FINANCIAL STATEMENTS

The adjustments between the funding and accounting basis can be further analysed between:

- Adjustments for Capital purposes
- The net change in relation to Pensions adjustments
- Other differences

Adjustments for Capital Purposes - this column adds in depreciation and impairment and revaluation gains and losses in the services line, and for:

- Other Operating Expenditure – adjusts for capital disposal with a transfer of income on disposal of assets and the amounts written off for those assets;
- Taxation and non-specific grant income and expenditure – capital grants are adjusted for income not chargeable under generally accepted accounting practices. Revenue grants are adjusted from those receivable in the year to those receivable without conditions or for which conditions were satisfied throughout the year. The Taxation and non-specific grant income and expenditure line is credited with capital grants receivable in the year without conditions or for which conditions were satisfied in the year.

Net Change for Pension Adjustments – net change for the removal of pension contributions and the addition of IAS 19 Employee Benefit pension related expenditure and income:

- For Services this represents the removal of the employer pension contributions made by the Authority as allowed by statute and the replacement with current service costs and past service costs; and
- For Financing and Investment Income & Expenditure the net interest on the defined benefit liability is charged to the CIES.

Other differences - between amounts debited/credited to the CIES and amounts payable/receivable to be recognised under statute and include:

- For services this includes adjustments made from accruing compensated absences earned but not taken in the year;
- For Financing and Investment Income & Expenditure the adjustments relate to the timing differences for premiums and discounts; and
- The charge under Taxation and no-specific grant income and expenditure represents the difference between what is chargeable under statutory regulations for Council Tax and NDR that was projected to be received at the start of the year and the income recognised under generally accepted accounting practices in the Code. This is a timing difference as any difference will be brought forward in future Surpluses or Deficits on the Collection Fund.
- Financing and Investment Income & Expenditure – the statutory charges for capital i.e. Minimum Revenue Provision and other revenue contributions are deducted from other income and expenditure as these are not chargeable under generally accepted accounting practices; and

NOTES TO THE MAIN FINANCIAL STATEMENTS

2020/21				2021/22				
Adjustments for Capital Purposes £000	Net change for the Pensions Adjustments £000	Other Differences £000	Total Adjustments £000	Adjustments from General Fund to arrive at the Comprehensive Income and Expenditure Statement amounts	Adjustments for Capital Purposes £000	Net change for the Pensions Adjustments £000	Other Differences £000	Total Adjustments £000
4	388	(2,862)	(2,470)	Public Health	4	843	1,850	2,697
12,712	552	(15,450)	(2,186)	Housing Revenue Account	9,278	1,043	(25,830)	(15,509)
670	2,409	(2,324)	755	Adult Social Care and Integration	2,082	2,676	18	4,776
3,667	2,375	5,607	11,649	Children and Education	4,636	4,650	(4,291)	4,995
9,215	2,145	(3,966)	7,394	Place	11,232	6,113	(3,786)	13,559
-	3,981	(17,805)	(13,824)	Corporate Services and Governance	13	4,290	(5,214)	(911)
2,246	-	71	2,317	Customer and Communities	3,710	3,149	871	7,730
28,514	11,850	(36,729)	3,635	Net Cost of Services	30,955	22,764	(36,382)	17,337
				Other Income and Expenditure from the Expenditure and Funding Analysis				
(11,801)	3,105	2,480	(6,216)		(14,231)	3,159	(48)	(11,120)
16,713	14,955	(34,249)	(2,581)	Difference between General Fund surplus or deficit and Comprehensive Income and Expenditure Statement Surplus or Deficit on the Provision of Services	16,724	25,923	(36,430)	6,217

OTHER STATEMENTS

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HOUSING REVENUE ACCOUNT



HOUSING REVENUE ACCOUNT

Income and Expenditure Statement:

	Note	2021/22 £000's	2020/21 £000's
Income			
Dwellings Rents	(3)	(31,517)	(31,008)
Non-dwelling rents		(429)	(410)
Charges for Services and Facilities		(2,323)	(1,176)
Contributions Towards Expenditure		(328)	(2,256)
Total Income		(34,597)	(34,850)
Expenditure			
Repairs and maintenance		7,976	7,198
Supervision and management		11,769	10,061
Rents, Rates, Taxes and Other Charges		500	474
Depreciation, impairment and revaluation losses of non-current assets	(6)	9,278	12,681
Debt Management Costs		53	58
Movement in the allowance for bad debts	(4)	357	324
Total Expenditure		29,933	30,796
Net Cost of Services included in the Comprehensive Income and Expenditure Statement		(4,664)	(4,054)
Share of Corporate Costs			
HRA share of other amounts included in the Council's Net Cost of Services but not allocated to specific services		2	(9)
Net Cost of HRA Services		(4,662)	(4,063)
HRA share of operating income and expenditure included in the Comprehensive Income and Expenditure Statement:			
Payments to the Government Housing Capital Receipts pool		1,179	1,179
Payments to the Government Housing Capital Receipts pool - prior year repayments		-	-
(Gain) or loss on sale of HRA non-current assets		(2,448)	(1,253)
Interest payable and similar charges		4,382	4,357
Interest and investment income		(27)	(131)
Pensions interest cost and expected return on pension assets	(5)	133	128
Capital grants and contributions receivable		(3,481)	(1,192)
(Surplus)/Deficit on Provision of Services		(4,924)	(975)

HOUSING REVENUE ACCOUNT

Movement on the HRA Statement

	2021/22		2020/21	
	£000's	£000's	£000's	£000's
Balance on the HRA at the end of the previous year		(28,832)		(26,400)
(Surplus)/Deficit for the year on the HRA Income and Expenditure Statement	(4,924)		(975)	
Adjustments between accounting basis & funding basis under regulations				
Depreciation and impairment charges	(9,278)		(12,681)	
Capital grants applied in year	979		2,894	
Transfer to Capital Grants Reserve	2,503		-	
Non-current assets written off	(14,670)		(6,450)	
Capital Expenditure funded by the HRA	3,439		4,906	
Income from non-current asset sales	17,119		7,702	
Transfer from Capital Receipts Reserve	(1,279)		(1,239)	
Transfer to Capital Receipts Reserve	-		-	
Depreciation costs met by MRR	8,906		8,408	
Retirement benefits	1,620		1,170	
Pension payments	(2,796)		(1,850)	
Net Increase/Decrease before Transfers to or from reserves	1,619	-	1,885	-
Transfers to/(from) reserves	(2,356)		(4,317)	
(Increase)/Decrease in Year on the HRA		(737)		(2,432)
Balance on the HRA at the end of the current year		(29,569)		(28,832)

1. SIGNIFICANCE OF THE STATUTORY HOUSING REVENUE ACCOUNT

The HRA Income and Expenditure Account shows the economic cost in the year of providing housing services in accordance with generally accepted accounting practices, rather than the amount to be funded from rents and government grants. Councils charge rents to cover expenditure in accordance with regulations; this may be different from the accounting cost. The increase or decrease in the year, on the basis on which rents are raised, is shown in the Movement on the Housing Revenue Account Reserve.

The surplus or deficit on the HRA Income and Expenditure Account is the best measure of the Council's operating financial performance for the year for HRA services. However, the statutory surplus or deficit on the Statutory HRA is also an important amount since it indicates whether the Council added to or drew from the brought forward balance on its Statutory HRA Reserve during the year. This in turn, affects the amount of the balance on the HRA that the Council can take into account when determining its spending plans on HRA services for the following year.

There is a surplus of £4.924m (2020/21 surplus of £0.975m) on the Housing Revenue Account Income and Expenditure Account, this reduces to a surplus of £0.737m (2020/21 surplus of £2.432m) for the year on the Statutory Housing Revenue Account.

2. LEGISLATIVE BACKGROUND

The Housing Revenue Account (HRA) shows the major elements of housing revenue expenditure to reflect the Council's activities as landlord: maintenance, administration and capital financing costs, and how these are met by rents and other income. There is also a statutory requirement to show revenue financing of any HRA capital expenditure within the account.

The Local Government and Housing Account 1989 sets out the framework for ring-fencing the HRA, thereby preventing rents being subsidised from the general income of the Council and vice versa.

3. GROSS RENTS

Gross rental income is the total amount due for the year before the allowance for voids of £1,027k (2020/21 £869k) which represents 3.16% (2020/21 2.72%) of the gross rental income including charges for services. The average weekly rent for 2021/22 was £80.80 compared to £79.83 in 2020/21.

Assistance with rents is available under the Housing Benefits Scheme for those on low incomes. The cost of rebates granted is met by the Council's General Fund not by the HRA

	2021/22	2020/21
	£000's	£000's
Rents due from Tenants	(22,950)	(21,452)
Rents remitted by Rent Rebates through the Housing Benefit System	(9,594)	(10,425)
Total Gross Rental Income	(32,544)	(31,877)
Less void loss	1,027	869
Net Dwelling Rental Income	(31,517)	(31,008)

HOUSING REVENUE ACCOUNT

The Council was responsible for managing 7,588 dwellings at 31 March 2022. In addition a further 245 properties were managed on behalf of a Housing Association and 43 properties on behalf of private landlords through the social lettings agency, Yorhome, although these properties are not part of the HRA stock.

The HRA dwelling stock was made up as follows:

	2021/22	2020/21 (restated)
Houses	3,490	3,538
Bungalows	490	480
Flats, Bedsits & Maisonettes	3,469	3,451
Hostel Places	63	56
Shared Ownership*	76	58
	7,588	7,583

*This is the total number of properties in which the Council holds an equity share - the retained proportion of each property will vary.

The changes in the HRA dwelling stock within the year can be summarised as follows:

	2021/22	2020/21 (restated)
Stock at 31st March	7,583	7,574
Dwelling Sales	(74)	(46)
Shared Ownership Freehold sales	(1)	-
Additions to Council dwelling stock	55	25
Additions to Shared ownership stock	19	27
Temporary use of additional Hostel units	7	3
Re-categorised to HRA non-dwelling stock	(1)	-
	7,588	7,583

4. PROVISION FOR BAD/DOUBTFUL DEBTS

A provision is made for bad and doubtful debts in accordance with the HRA (Arrears of Rent and Charges) Directions 1990. During 2021/22 rent arrears as a proportion of gross rent income have increased from 4.70% of the amount due to 5.50%. The rent arrears figures are as follows:

		2021/22	2020/21
		£000's	£000's
Arrears at 31 March	- Current tenants	1,475	1,260
	- Former tenants	315	242
Amounts Written Off during the Year		77	93
Increased/(Reduced) Provision during the Year		342	315
Provision for Bad and Doubtful Debts		1,300	1,035

HOUSING REVENUE ACCOUNT

The rent arrears as a proportion of gross rent income split between current and former tenants is shown in the following table:

	2021/22	2020/21
	%	%
Dwelling rent arrears as a % of gross rent debit		
- Current tenants	4.53%	3.95%
- Former tenants	0.97%	0.76%
	5.50%	4.70%

A bad and doubtful debt provision is made for debts outstanding on rechargeable repairs. The arrears figures are as follows:

	2021/22	2020/21
	£000's	£000's
Arrears at 31 March	38	29
Amounts Written Off during the Year	(8)	(1)
Increased/(Reduced) Provision during the Year	15	10
Provision for Bad and Doubtful Debts	45	38

5. IAS19 TRANSACTIONS FOR THE HRA

The HRA share of pension adjustments is based on the proportion of employees charged to the HRA. The IAS19 transactions included in the HRA are shown in the following table:

	2021/22		2020/21	
	£000's	£000's	£000's	£000's
Income and Expenditure Account Entries				
Net Cost of HRA Services				
Current service cost	1,620		1,170	
Past service cost	9		11	
Administration Expenses	17		17	
Curtailment Cost	-		-	
		1,646		1,198
Financing and Investment Income and Expenditure				
Interest cost	924		803	
Expected return on assets in the scheme	(791)		(675)	
		133		128
Net Charge to the Income and Expenditure Account		1,779		1,326

Statement of Movement on the Housing Revenue Account Balance Entries

Reversal of net charges made for retirement benefits		
Contribution to/(from) Pensions Reserve	(2,382)	(1,972)
Actual amount charged to the Housing Revenue Account for Pensions in the year	603	646

6. CONTRIBUTION TO/(FROM) MAJOR REPAIRS RESERVE (MRR)

Councils are required by an amendment to the Accounts and Audit Regulations 1996, to establish and maintain an MRR. The main credit to the reserve is an amount equivalent to the total depreciation charges for all HRA assets.

Councils are also able to charge capital expenditure directly to the reserve. The following table shows the depreciation charged during the year:

	2021/22	2020/21
	£000's	£000's
Dwellings	8,058	7,884
Other Land and Buildings	813	494
Intangible assets	3	4
Plant, Vehicles & Equipment	34	30
Infrastructure	1	-
	8,909	8,412
Reversal of Revaluation loss/Impairment	369	4,269
	9,278	12,681

As well as the depreciation credit which must be transferred back to the HRA, councils can also charge capital expenditure directly to the MRR. The following table shows the movement in the year:

	2021/22	2020/21
	£000's	£000's
Balance at 1 April	(3,777)	(4,720)
Depreciation on HRA dwellings	(8,058)	(7,884)
Depreciation on other HRA assets	(847)	(524)
Capital expenditure on houses within the HRA charged to the reserve	12,185	9,351
Balance at 31 March	(497)	(3,777)

HOUSING REVENUE ACCOUNT

7. MOVEMENT OF PROPERTY, PLANT AND EQUIPMENT

The HRA owns land, houses and other property where the value is included in the Council's balance sheet. The Council dwellings are revalued annually on 1st April to comply with Housing Resource Accounting requirements, however this year a further desktop valuation was completed on 31st March 2022 due to the significant changes in the housing market during the year. The analysis of the movement on the HRA element of the tangible non-current assets is as follows:

2021/22 Movement of Property, Plant and Equipment

	Council dwellings £000's	Other land and buildings £000's	Vehicles, plant furniture & equipment £000's	Infra-structure Assets £000's	Communi-ty Assets £000's	Surplus £000's	Assets under Cons-truction £000's	Total Property, plant & Equipment £000's
Cost or Valuation (GCA)								
At 1 April 2021	484,542	31,891	289	42	-	456	27,145	544,365
Additions	14,498	1,714	60	-	-	-	12,181	28,453
Acc Dep & Imp WO to GCA	(15,942)	(792)	-	-	-	-	-	(16,734)
Revaluation increases/(decreases) recognised in the Revaluation Reserve	20,689	1,274	-	-	-	113	-	22,076
Revaluation increases/(decreases) recognised in the Surplus/Deficit on the Provision of Services	(129)	(240)	-	-	-	-	-	(369)
Derecognition - Disposals	(5,037)	(897)	-	-	-	-	(8,736)	(14,670)
Assets reclassified (to)/from Held for Sale	-	-	-	-	-	-	-	-
Other movements in Cost or Valuation	9,804	(830)	43	(25)	-	700	(10,048)	(356)
At 31 March 2022	508,425	32,120	392	17	-	1,269	20,542	562,765
Accumulated Depreciation & Impairment								
At 1 April 2021	(7,884)	(29)	(50)	(9)	-	-	-	(7,972)
Depreciation Charge for 2021/22	(8,058)	(813)	(34)	(1)	-	-	-	(8,906)
Acc. Depreciation WO to GCA	15,942	792	-	-	-	-	-	16,734
Other movements in Depreciation and Impairment	-	-	-	2	-	-	-	2
At 31 March 2022	-	(50)	(84)	(8)	-	-	-	(142)
Net Book Value								
At 31 March 2022	508,425	32,070	308	9	-	1,269	20,542	562,623
At 31 March 2021	476,658	31,862	239	33	-	456	27,145	536,393

HOUSING REVENUE ACCOUNT

2020/21 Movement of Property, Plant and Equipment

	Council dwellings £000's	Other land and buildings £000's	Vehicles, plant furniture & equipment £000's	Infra-structure Assets £000's	Communi-ty Assets £000's	Surplus £000's	Assets under Cons-truction £000's	Total Property, plant & Equipment £000's
Cost or Valuation (GCA)								
At 1 April 2020	481,558	18,784	289	42	-	88	27,920	528,681
Additions	11,297	6,342	-	-	-	-	16,639	34,278
Acc Dep & Imp WO to GCA	(7,928)	(484)	-	-	-	-	-	(8,412)
Revaluation increases/(decreases) recognised in the Revaluation Reserve	(426)	786	-	-	-	208	-	568
Revaluation increases/(decreases) recognised in the Surplus/Deficit on the Provision of Services	-	(4,287)	-	-	-	-	(13)	(4,300)
Derecognition - Disposals	(3,031)	(3,419)	-	-	-	-	-	(6,450)
Assets reclassified (to)/from Held for Sale	-	-	-	-	-	-	-	-
Other movements in Cost or Valuation	3,072	14,169	-	-	-	160	(17,401)	-
At 31 March 2021	484,542	31,891	289	42	-	456	27,145	544,365
Accumulated Depreciation & Impairment								
At 1 April 2020	(7,928)	(19)	(20)	(9)	-	-	-	(7,976)
Depreciation Charge for 2020/21	(7,884)	(494)	(30)	-	-	-	-	(8,408)
Acc. Depreciation WO to GCA	7,928	484	-	-	-	-	-	8,412
Other movements in Depreciation and Impairment	-	-	-	-	-	-	-	-
At 31 March 2021	(7,884)	(29)	(50)	(9)	-	-	-	(7,972)
Net Book Value								
At 31 March 2021	476,658	31,862	239	33	-	456	27,145	536,393
At 31 March 2020	473,630	18,765	269	33	-	88	27,920	520,705

8. VACANT POSSESSION VALUE OF COUNCIL DWELLINGS

In accordance with the Department for Levelling Up, Housing and Communities guidance, council house valuations are reduced from an open market value by a regional adjustment factor in recognition of their status as social housing. The adjustment factor is 41%. The council recognises council dwellings at a value of £508.43m (2020/21 £472.98m) on the balance sheet. The vacant possession value of the council dwellings at 31st March 2022 was £1,215.029m (2020/21 £1,136.119m). The difference between vacant possession value and balance sheet value of dwellings shows the economic cost of providing council housing at less than market rents.

9. SUMMARY OF CAPITAL EXPENDITURE AND FINANCING

The capital expenditure to be financed in 2021/22 is £27.889m (2020/21 £33.861m). The analysis of the expenditure and the sources of financing used are set out in the following table:

	2021/22				2020/21			
	Dwellings £000's	Equipment £000's	Intangibles £000's	Total £000's	Dwellings £000's	Equipment £000's	Intangibles £000's	Total £000's
Total capital expenditure	28,594	1	184	28,779	28,594	1	184	28,779
Financing								
Capital Receipts	(11,002)			(11,002)	(16,712)			(16,712)
Major Repairs Reserve	(12,185)			(12,185)	(9,351)			(9,351)
Grants Revenue	(877)			(877)	(1,158)			(1,158)
Contributions	(3,032)		(407)	(3,439)	(4,770)	-	(134)	(4,904)
Other Contributions	(386)			(386)	(1,736)			(1,736)
	(27,482)	-	(407)	(27,889)	(33,727)	-	(134)	(33,861)

10. CAPITAL RECEIPTS

In accordance with Part 1 of the Local Government Act 2003 housing capital receipts are subject to capital pooling requirements. A proportion of dwelling receipts can be retained with the remainder paid to the Government. However, 100% of the value of land sales may be retained if it is to be used for affordable housing. The receipts received can be analysed as follows:

	2021/22			2020/21		
	Council	Other	Total	Council	Other	Total
	Dwellings £000's	Properties £000's		Dwellings £000's	Properties £000's	
Sales proceeds	(7,159)	(9,904)	(17,063)	(4,206)	(3,419)	(7,625)
less: administrative costs	96		96	60		60
Net proceeds	(7,063)	(9,904)	(16,967)	(4,146)	(3,419)	(7,565)
Right to buy discount repaid	(56)		(56)	(77)		(77)
Mortgage principal repaid						
	(7,119)	(9,904)	(17,023)	(4,223)	(3,419)	(7,642)
of which:						
Usable	(5,940)	(9,904)	(15,844)	(3,044)	(3,419)	(6,463)
Payable to Housing Pooled Capital Receipts	(1,179)		(1,179)	(1,179)		(1,179)
	(7,119)	(9,904)	(17,023)	(4,223)	(3,419)	(7,642)

11. INVESTMENT PROPERTIES

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

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

	2021/22	2020/21
	£000's	£000's
Balance 1 April	71	40
Additions	-	-
Disposals	-	-
Net gain or loss on Fair Value	-	31
Transfers:		
- To / From Property, Plant & Equipment	-	-
Balance 31 March	71	71

12. ASSETS HELD FOR SALE

There were no HRA Assets held for sale in 2021/22 or 2020/21.

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COLLECTION FUND



COLLECTION FUND

INCOME AND EXPENDITURE ACCOUNT

	Note	2021/22 Business Rates £000	2021/22 Council Tax £000	2021/22 Total £000	2020/21 Total £000
Income					
Council Tax Receivable	2		(121,994)	(121,994)	(117,449)
Business Rates Receivable	3	(73,968)		(73,968)	(33,278)
Total Income		(73,968)	(121,994)	(195,962)	(150,727)
Expenditure					
Apportionment of Prior Year Surplus					
Central Government		(34,403)		(34,403)	546
City of York Council		(34,149)	-	(34,149)	(455)
North Yorkshire Police & Crime Commissioner			-	-	-
North Yorkshire Fire & Rescue Authority		(692)	-	(692)	1
		(69,244)	-	(69,244)	92
Precepts, Demands and Shares					
Central Government		52,838		52,838	52,224
City of York Council		51,782	98,051	149,833	144,987
Parish Councils			807	807	799
North Yorkshire Police & Crime Commissioner			18,300	18,300	18,023
North Yorkshire Fire & Rescue Authority		1,057	5,005	6,062	5,973
		105,677	122,163	227,840	222,006
Disregarded amounts - Enterprise Zone growth					
		-		-	-
Charges to Collection Fund					
Write Offs			143	143	348
Interest on refunds				-	-
Increase/(Decrease) in Bad Debt Provision		(163)	757	594	2,075
Increase/(Decrease) in Provision for Appeals		1,566		1,566	1,634
Appeals charged to the Collection Fund		(1,566)		(1,566)	(1,434)
Cost of Collection		289		289	290
Transitional Protection		1,481		1,481	1,092
		1,607	900	2,507	4,005
Total Expenditure		38,040	123,063	161,103	226,103
(Surplus)/Deficit Arising In Year		(35,928)	1,069	(34,859)	75,376
(Surplus)/Deficit Brought Forward		73,919	1,978	75,897	521
(Surplus)/Deficit Carried Forward		37,991	3,047	41,038	75,897

1. LEGISLATIVE BACKGROUND

This fund is an agent's statement that reflects the statutory obligation, under the Local Government Finance Act 1988, for billing authorities (i.e. City of York Council) to maintain a separate Collection Fund. This is a fund specifically for the collection and distribution of amounts due in respect of Council Tax and National Non-Domestic Rates (NNDR).

The statement shows the transactions of the Council in relation to the collection from taxpayers of sums due for council tax and NNDR, and their distribution to the Council, North Yorkshire Police and Crime Commissioner (NYPCC), North Yorkshire Fire and Rescue Authority (NYFRA), parish councils and central government.

2. COUNCIL TAX

The Council Tax is a charge on domestic property. Each property has been independently valued and put into one of eight bands (A to H). The charge for each property is calculated by reference to the 'band' charge. The Council Tax base for 2021/22 was 67,511.6 (67,813.1 in 2020/21).

In order to calculate the charge to be levied the estimated number of properties for each band for the year is converted to a Band D Equivalent figure (e.g. 20 band H properties is equivalent to 40 band D properties - $20 \times 18/9$). A new band, band A reduced, was introduced by the government to allow a discount to be given to those people who are entitled to a one-band discount but who live in a band A property.

This gives the tax base for the Council. The valuation bands, the Band D equivalent figures originally estimated for the year, the year-end Band D equivalent figures and the 2021/22 charges are included in the table below.

In addition, the government makes a contribution for properties classed as "Crown" properties in lieu of paying Council Tax. These contributed £604k (2020/21 £587k) to the Council Tax income.

Property Band	Property Value	Estimated Chargeable dwellings	Proportion of Band D	Estimated Tax Base	Average Charge In Year
A reduced	up to £40,000	15.8	5/9	8.8	£998.64
A	up to £40,000	7,373.3	6/9	4,915.5	£1,198.37
B	£40,000 to £52,000	19,043.6	7/9	14,811.7	£1,398.10
C	£52,000 to £68,000	21,887.6	8/9	19,455.6	£1,597.83
D	£68,000 to £88,000	11,710.9	9/9	11,710.9	£1,797.56
E	£88,000 to £120,000	6,961.2	11/9	8,508.1	£2,197.02
F	£120,000 to £160,000	3,318.6	13/9	4,793.5	£2,596.48
G	£160,000 to £320,000	1,679.8	15/9	2,799.7	£2,995.93
H	over £320,000	84.7	18/9	169.3	£3,595.12
TOTAL		72,075.4		67,173.1	
Crown Properties				338.5	
Taxbase for the calculation of Council Tax				67,511.6	

The impact of Covid-19 continues to reduce the Council Tax amount collectable due to an increased number of applicants for council tax support prior to Covid. The in year collection rate has increased slightly to 96.58% compared to last year of 96.4%, but is still below pre Covid levels. It should be noted that the majority of amounts not collected in year are usually collected in the following financial year.

Outstanding arrears that are irrecoverable are written off against the provision for bad and doubtful debts made in prior years, although wherever possible action continues to be taken to recover as much of these sums as possible. During the year arrears of £143k (2020/21 £384k) were written off against the impairment allowance for non-collection. An annual assessment of the level of arrears and their age and recoverability, the amount to be provided as provision for future write-offs and the value of outstanding appeals against the council tax band that has been awarded for new properties is undertaken. Following this exercise the level of provision set-aside against the impairment allowance for non-collection on the current level of arrears was increased by £1,566k (increase in 2020/21 of £1,784k). The bad debt provision is currently much higher than it was pre Covid, but this is considered prudent at this stage.

3. INCOME FROM BUSINESS RATES

Under the arrangements for business rates, the Council collects NNDR for its area based on the local rateable value multiplied by a uniform rate. The rateable value at 31 March 2022 was 255,734,051 (2020/21 255,784,673) and the rate for 2020/21 was 51.2p (2020/21 51.2p), with a reduction to 49.9p (2020/21 49.9p) for small businesses. The Council has no control over these values.

The current business rates retention scheme aims to give Council's a greater incentive to grow businesses but also increases the financial risk due to volatility and non- collection rates. Instead of paying NNDR to a central pool, local authorities retain a proportion of the collectable rates due. In 2021/22 as a member of the Leeds City Region (LCR) Business Rates pool, the Council retains 49% and the remainder is distributed to central government (50%) and the preceptors which in the case of York is 1% to North Yorkshire Fire and Rescue Authority (NYFRA).

The business rates shares payable for 2021/22 were estimated before the start of the financial year as £52.838m (£52.224m in 2020/21) to central government, £1.057m (£1.044m in 2020/21) to NYFRA and £51.782m (£51.179m in 2020/21) to City of York Council. These sums have been paid in 2021/22 and charged to the Collection Fund in year.

There continues to be a significant impact on the business rates account due to Covid-19. As part of central government's support for business, reductions were applied to business rate bills, which account for the significant deficit on the NNDR collection fund account since less rates were billed and therefore collected. The reduction applied by central government was reimbursed to the Council through the General Fund account. The deficit on the collection fund is offset by additional grant income on the General Fund account. The total income from business rate payers collected in 2021/22 was £73.968m (£33.278m in 2020/21). The government support in 2020/21 was much higher, which explains the difference between the two financial years.

In 2020/21 there was a significant reduction in the in year collection rate due to Covid-19. This has improved in 2021/22 to 96.38% compared to last year of 90.0%. However, this is still below pre Covid-19 rates. It should be noted that the majority of amounts not collected in year are usually collected in the following financial year. To reflect the improvement in collection rate, the impairment allowance for non-collection has decreased by £163k (increase of £291k in 2020/21).

In addition to the local management of business rates, authorities are expected to finance appeals made in respect of rateable values as defined by the Valuation Office Agency (VAO) and hence business rates outstanding as at 31 March 2021. As such, authorities are required to make a provision for these amounts. Appeals are charged and provided for in proportion of the precepting shares. The increase in provision charged to the collection fund for 2021/22 has been calculated at £1,566k.

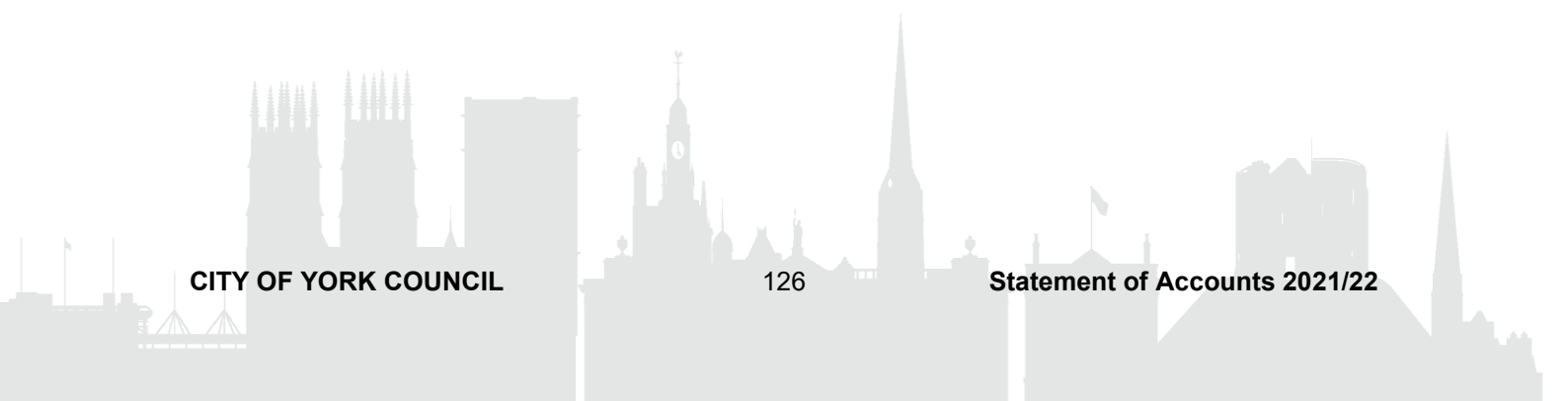
4. DISTRIBUTION OF YEAR END (SURPLUS)/DEFICIT

As set out in note 1 the year-end (surplus)/deficit is distributed to Central Government, City of York Council, the North Yorkshire Police and Crime Commissioner (NYPCC) and the North Yorkshire Fire and Rescue Authority (NYFRA).

	2021/22	2021/22	2021/22	2020/21
	Business	Council	Total	Total
	Rates	Tax	£'s	£'s
	£'s	£'s		
Central Government	18,995,634	-	18,995,634	36,740,316
City of York Council	18,615,719	2,464,115	21,079,834	38,040,328
North Yorkshire Police Authority	-	459,114	459,114	296,326
North Yorkshire Fire and Rescue Authority	379,913	123,510	503,423	820,242
	37,991,266	3,046,739	41,038,005	75,897,212

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ANNUAL GOVERNANCE STATEMENT



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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 Council 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.

Accruals Basis

The accruals principle is that income is recorded when it is earned rather than when it is received, and expenses are recorded when goods or services are received rather than when the payment is made

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.

Agency

The provision of services by one body (the Agent) on behalf of, and generally reimbursed by, the responsible body.

Amortisation

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

Appropriation of Land or Buildings

The transfer of a holding of land or buildings from one service area to another, at current market value.

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.

Authorised Limit

The level of external debt that the Council may have. This limit cannot be breached in any circumstances and is set annually by the Council.

Balance Sheet

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

CDS

Credit Default Swap

Capital Charge

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

Capital Expenditure

Expenditure on the acquisition of fixed assets that will be of use or benefit to the Council 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 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 Programme

The capital schemes the Council 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 Council and third parties, for revenue and capital purposes.

Charging Council

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

Cipfa Accounting Code of Practice

Guidance issued by CIPFA to ensure Local Authorities comply with IFRS.

Collection Fund

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

Commutation Option

This is an option available from 6 April 2006 to members of the North Yorkshire Pension Fund to take a larger lump sum on retirement in exchange for a smaller future pension payment.

Community Assets

Assets that the Council 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, historic buildings and the bar walls.

Community Charge

A flat rate charge which was payable by all registered chargepayers within the Council's area. The income from the charge was used to finance a proportion of the Council's expenditure.

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 Council'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 Council'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 Council engages in specifically because it is an elected, multi-purpose Council. 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 Council's area to finance a proportion of the Council's expenditure.

Council Tax Requirement

This is the estimated revenue expenditure on General Fund services that needed to be financed from the Council Tax after deducting income from fees and charges, certain specific grants and any funding from reserves.

Creditors

Amounts owed by the Council 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

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

Curtailement

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

Debtors

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

Deferred Consideration

Expenditure which is determined precisely at the time of the acquisition of an asset, but where the payment is delayed for a defined period.

Deferred Credits

Amounts due to the Council from the sale of fixed assets that are not receivable immediately on sale, but will be received in instalments over agreed periods of time.

Deferred Debtors

Amounts due to the Council 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 Benefit Pension Scheme

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

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.

Earmarked Reserves

The Council holds a number of reserves earmarked to be used to meet specific, known or predicted future expenditure.

Economic Infrastructure Fund (EIF)

A fund set up to deliver economic benefits for the city.

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.

Exceptional Items

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

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.

Extraordinary Items

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

Fixed Asset Register (FAR)

A system that allows the council to measure and record assets in line with International Financial Reporting Standards and the IFRS-based code of practice on local authority accounting in the United Kingdom (the code).

Fees and Charges

Income arising from the provision of services.

Financial Instruments and the Financial Instruments Adjustment Account (FIAA)

Financial Instruments are contracts that give rise to a financial asset of one entity and a financial liability or equity instrument of another. They refer to both financial assets and financial liabilities and includes both the straightforward financial assets and liabilities such as trade receivables and trade payables and the most complex ones such as derivatives and embedded derivatives. The FIAA is a balancing account to allow for differences in statutory requirements and proper accounting practices for borrowings and investments.

Financial Regulations

These are the written code of procedures approved by the Council, intended to provide a framework for proper financial management. Financial regulations usually set out rules on accounting, audit, administrative and budgeting procedures.

Financial Year

Period of time to which a Statement of Accounts relates. The financial year of the Council 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 Council in providing its services for more than one accounting period.

General Fund

The main account of the Council that records the costs of service provision except those shown in the Housing Revenue Account and the Collection Fund.

Going Concern

The concept that the Council 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 Council services either specifically (e.g. improvement grants) or generally (e.g. revenue support grant).

Gross Carrying Amount

Amount at which fixed assets are included in the notes, prior to the provision for accumulated depreciation.

Heritage Asset

A tangible asset with historical, artistic, scientific, technological, geophysical

Housing Revenue Account (HRA)

A separate account to the General Fund recording all the transactions relating to the provision of council houses.

Impairment

A reduction in the value of a fixed asset below its current value on the Council's balance sheet.

Income and Expenditure Account

The Income and Expenditure Account combines the income and expenditure relating to all the Council's functions including the General Fund and the Housing Revenue Account.

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.

Inventories

Amounts of unused or unconsumed stocks held in expectation of future use. Inventories are comprised of the following categories:

- Goods or other assets purchased for resale
- Consumable stores
- Raw materials and components
- Products and services in intermediate stages of completion
- Finished goods

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.

Lenders Option Borrowers Option (LOBO)

A LOBO loan is a loan that permits the lender to nominate a revised interest rate payable on the debt at periodic dates and also gives the borrower the option as to whether to pay the revised rate or repay the debt in its entirety.

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 Council without disrupting its business and are readily convertible to cash.

Materiality

An item would be considered material to the financial statements if, through its omission or non-disclosure, the financial statements would no longer show a true and fair view.

Minimum Revenue Provision (MRP)

The minimum amount which must be charged to the Council's revenue accounts each year and set aside as a provision to meet the Council'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 Council decision making. Councils may choose who to designate as Monitoring Officer except that it may not be the Head of Paid Service (Chief Operating Officer). In York the Monitoring Officer is Janie Berry, Director of Governance.

National Non-Domestic Rates (NNDR)

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

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-Operational Assets

These are fixed assets owned by the Council, but not directly occupied, used or consumed in the delivery of Council 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 Council in the direct delivery of those services for which it has either a statutory or discretionary responsibility.

Operational Boundary

This is a measure of the most money the Council would normally borrow at any time during a financial year. It may be exceeded temporarily, but a regular pattern of borrowing above this level should be avoided.

PA92

These are tables of figures used by actuaries for standard mortality reflecting mortality experience in the period 1991-94, with assumptions for future rates of change. The 'mc' to 'medium cohort' which was introduced to reflect the increased life expectancy of a specific age group of retirees.

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 Council requires from a Charging Council to meet its expenditure requirements.

Precepting Council

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 (District Councils).

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 Councils must set as part of their budget process. They are designed to show the affordability of the capital programme and that the Council's borrowing is prudent and sustainable.

Public Works Loan Board (PWLB)

A government agency that lends money to public bodies for capital purposes. At present nearly all borrowers are local authorities. Monies are drawn from the National Loans Fund and rates of interest are determined by the Treasury. Councils are free to borrow as much as they like from the PWLB provided that it is prudent, affordable, sustainable and within the prudential indicators set at full council.

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 fixed assets.

Revenue Expenditure

Expenditure incurred on the day-to-day running of the Council. This mainly includes employee costs, general running expenses and capital financing costs.

Revenue Expenditure Funded from Capital Under Statute (REFCUS)

Expenditure which may be properly capitalised, but which does not result in, or remain matched with, tangible fixed assets.

Revenue Support Grant (RSG)

A general central government grant paid to the Income and Expenditure Account in support of the Charging Council'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 Council'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. In York the Section 151 Officer is Debbie Mitchell, Chief Finance Officer.

Service Reporting Code of Practice (SeRCOP)

Prepared and published by CIPFA, the Service Reporting Code of Practice (SeRCOP) replaced the previous Best Value Accounting Code of Practice (BVACOP). It is reviewed annually to ensure that it develops in line with the needs of modern Local Government, Transparency, Best Value and public services reform. SeRCOP establishes proper practices with regard to consistent financial reporting for services and in England and Wales, it is given legislative backing by regulations which identify the accounting practices it propounds as proper practices under the Local Government Act 2003.

Settlement

An irrevocable action that relieves the employer (or the defined benefit pension scheme) of the primary responsibility for a pension obligation and eliminates significant risks relating to the obligation and the assets used to effect the settlement. Settlements can include: a lump-sum cash payment to scheme members in exchange for their rights to receive specified pension benefits; the purchase of an irrevocable annuity contract sufficient to cover vested benefits; and the transfer of scheme assets and liabilities relating to a group of employees leaving the scheme.

Subsidiary

This is an entity over which the reporting Authority is able to exercise control over operating and financial policies and is able to gain benefits from the entity or is exposed to the risk of potential losses arising from this control.

Support Services

The costs of departments that provide professional and administrative assistance to services.

Tangible Fixed Assets

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

Temporary Borrowing/Investment

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

Trading Services

These are activities of the Council where the workers are directly employed to carry out specified tasks. Such organisations were formerly known as Direct Service Organisations (DSO). In York the work is undertaken under the name of Neighbourhood Services.

Treasury Management

This is the process by which the Authority controls its cash flow and its borrowing and lending activities.

Trust Funds

Money owned by an individual or organisation that is administered by the Council.

Unapportionable Central Overheads

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

Useful Life

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

Vested Rights

In relation to a defined benefit pension scheme these are for active members, benefits to which they would unconditionally be entitled on leaving the scheme, for deferred pensioners, their preserved rights and for pensioners, pensions to which they are entitled.

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.

Write Out

Removal of an Asset by charging to the CIES, or reversal of accumulated depreciation against a fixed asset on revaluation of that asset.

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