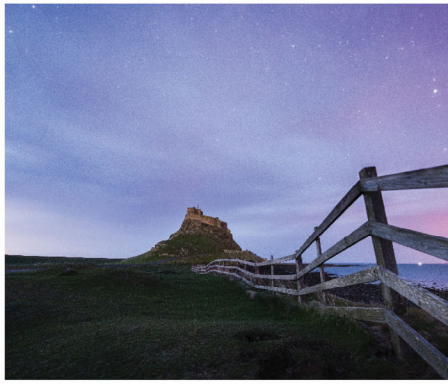
Northumberland County Council

Statement of Accounts 2021-22

Draft - Subject to Audit



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Leader's Introduction

Leader's Introduction

Introduction to the Statement of Accounts by the Leader of Northumberland County Council, Councillor Glen Sanderson

I am delighted to have overseen another year of development and growth across the county – in what continues to be challenging times.

While Covid-19 remains, and the cost of living rises affect all of us, I remain confident there is a bright future ahead as we continue on our road to recovery.

Earlier this year we agreed an ambitious £307.36 million capital programme for 2022-23 covering everything from major investment in affordable housing, continued improvements to leisure centres and a range of renewable energy schemes to make the county greener and cleaner.

Priorities include attracting investment and high-quality jobs to the county, driving rural economic growth, delivering planned school builds, investing in our parks, open spaces, public conveniences and town-centre parking and securing funding for major road and junction infrastructure in the county.

The past 12 months has seen some major companies pledging their future to the county, bringing thousands of jobs, and I know I speak for many when I say that I can't wait for construction work to start this summer on the reopening of the Northumberland Line, running regular passenger rail services from the south east of the county to Newcastle.

Our climate change action plan is a main driver behind the plans, with millions set aside for climate change improvements, from investing in a more environmentally friendly fleet of vehicles to installation of solar panels on buildings.

Of course, protecting frontline services and looking after the most vulnerable remains an absolute priority for us and will be a key focus as we go forward.

And I must add, as Leader of the Council, our staff are our strength and I am deeply grateful to them and everything they do.

I hope you find this year's Statement of Accounts useful and informative.

Councillor Glen Sanderson
Leader of Northumberland County Council

Written Statements and Narrative Report

About the County of Northumberland

Northumberland is the northern most county in England, bordering Cumbria to the west, County Durham and Tyne and Wear to the south and Scotland to the north.

The county was once known as "The Kingdom of Northumbria" and was the largest kingdom in Britain. It stretched from the Firth of Forth in Scotland to the River Humber (hence 'north-Humber-land').

Northumberland officially has the largest protected area of night skies in Europe, with the sky above Northumberland National Park and Kielder Water & Forest Park being awarded the Gold-tier International dark Sky status.

About the Council

8,911 staff employed by the Council (including schools).

We have **30 libraries** with 53,231 members with 364,581 physical issues and 227,942 digital issues.

There were **567,476 swims in 10 pools.**

8 million residential bins were emptied.

We have **47,410 streetlights.**

We maintain **5,186 km of roads** and 2,450 km of footways together with **4,100 structures** including 1,250 bridges, over 1,350 culverts and 1,500 retaining walls.

Our adult social care services helped more than 20,000 people in Northumberland.

Over 20,000 people received information, advice, support and services on adult social care.

2,500 adults were supported in care homes and 5,000 people received care in their own homes.

89% of older people were still living independently three months after being discharged from hospital.

96% of the Council's Short Term Support Service (STSS) referrals **did not go on to long-term services.**

48% of under 2's in the 30% most deprived areas regularly access our children's centres.

97% of all eligible 2 year-olds took up their statutory entitlement to early education.

98% of parents got their first choice of primary school.

70% of 20-24 year olds were employed in 2021, the highest in the North of Tyne area and the highest it's been in seven years.

Political Structure

Northumberland County Council is made up of 67 elected members, each representing constituents within an area of Northumberland. The political structure of the Council at 31 March 2022 is shown below:

Party	Seats
Conservative	33
Labour	20
Independent Group	6
Liberal Democrat	4
Green Party	2
Non-aligned	2

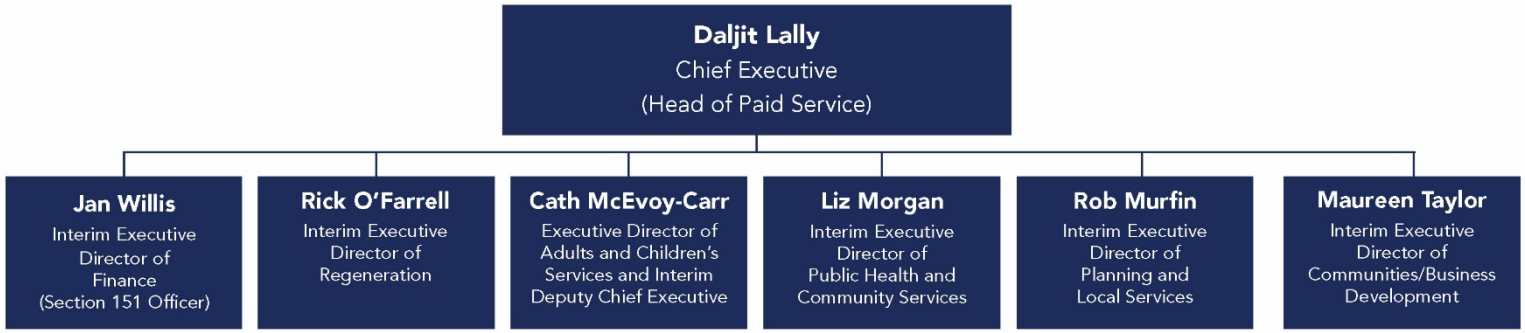
Financial Picture

In common with the rest of Local Government, the Council has faced significant cuts in funding in recent years, resulting in revenue budget reductions as below:

Delivered	Approved	Required
£240.97 million between 2009-10 and 2021-22	£9.70 million for 2022-23	£40.73 million up to 2025-26

Management Structure

The Executive management structure of the Council at 31 March 2022 is shown below. The full structure can be viewed on Northumberland County Council's website.



1. Corporate Plan 2021-24

The Council's Corporate Plan, "A Council that works for everyone", was approved in April 2022 and is the Council's main strategic planning document, providing a framework for the delivery of all services. It is a clear statement of the Council's vision, strategic aims and policy priorities for the period 2021-24. It informs both the Medium Term Financial Plan and the Service Statements against which the Council's performance service by service are measured.

The Council's vision and aims are focussed as follows *"The Council's overarching priority, as we recover from the Covid-19 pandemic is to do all we can to ensure Northumberland is a stronger place both economically and socially. We will invest in, and encourage business, attract new job opportunities, care for those who need our support, and build upon those things that were important and valued by residents during the pandemic"*

The overall vision for the Council is underpinned by a number of organisational values:

- Excellence and quality;
- Respect;
- Residents first, and;
- Keeping our communities safe and well.

The Council's Corporate Plan and Service Statements can be accessed in full at: https://www.northumberland.gov.uk/about/policy.aspx

2. Medium Term Financial Plan and Future Financial Prospects

The Council approved the Medium Term Financial Plan for 2022-23 to 2025-26 in February 2022 to support the objectives contained within the Corporate Plan whilst implementing budget reduction measures of £50.44 million over the same period. The first year of the plan is based on a one-year settlement with central government, meaning that, in theory, the level of government funding is fixed up until this date.

The funding landscape after this point is more unclear with a fundamental change to the way in which local government is financed on the horizon. This includes a revised relative needs formula and more emphasis on locally raised revenue in place of government grants.

Due to this uncertainty, there is a risk that the level of income in the Medium Term Financial Plan is overstated or the level of expenditure required to fund service provision is underestimated; both of which would have an impact on the level of savings required to balance the budget.

The Council's Medium Term Financial Plan can be accessed in full at: https://northumberland.moderngov.co.uk/ieListDocuments.aspx?CId=346&MId=1841&Ver=4

3. Revenue Budget and Outturn

The Council approved a net revenue budget of £335.03 million for 2021-22. Budget reduction measures and other savings totalling £8.17 million were needed in order to arrive at a balanced position. Revenue budget monitoring is reported to Cabinet and is regularly reviewed by the Executive Team. The final outturn, after accounting for transfers to earmarked reserves and provisions of £16.03 million as agreed by Cabinet on 7 June 2022, was an overspend of £0.97 million which was transferred from the Council's General Fund Reserve as show in the table below:

Service	Original Budget £000	Final Budget £000	Outturn £000	Variance £000
Adult Social Care & Commissioning	103,200	106,419	102,610	(3,809)
Chief Executive	29,233	28,502	28,212	(290)
Children's Services	65,628	106,800	105,932	(868)
Communities & Business Development	14,962	17,616	17,120	(496)
Finance	23,570	48,441	48,371	(70)
Planning & Local Services	75,712	73,470	84,580	11,110
Public Health & Community Services	3,849	4,125	3,762	(363)
Regeneration	2,308	2,388	2,814	426
Total Services	**318,462**	**387,761**	**393,401**	**6,136**
Corporate Items	30,842	(41,445)	(54,949)	(13,504)
Treasury Management	(22,960)	(25,218)	(25,168)	50
Capital Financing	8,684	88,586	87,896	(690)
Total Net Expenditure	**335,028**	**409,684**	**401,180**	**(8,504)**
Funded by:				
Council Tax	(203,149)	(203,149)	(203,149)	-
Retained Business Rates (including S31 Grants)	(34,390)	(34,390)	(44,695)	(10,305)
Revenue Support Grant	(10,508)	(10,508)	(10,508)	-
Top Up Grant	(27,535)	(27,535)	(27,535)	-
Other Corporate Grants	(41,937)	(41,936)	(42,273)	(337)
Other Income	-	-	-	-
Earmarked Reserves	(18,048)	(26,557)	(6,443)	20,114
Amortisation of Government Grants	-	(66,189)	(66,189)	-
Planned contribution to General Fund	539	580	580	-
Total Funding	**(335,028)**	**(409,684)**	**(400,212)**	**9,472**
Net Total	**-**	**-**	**968**	**968**

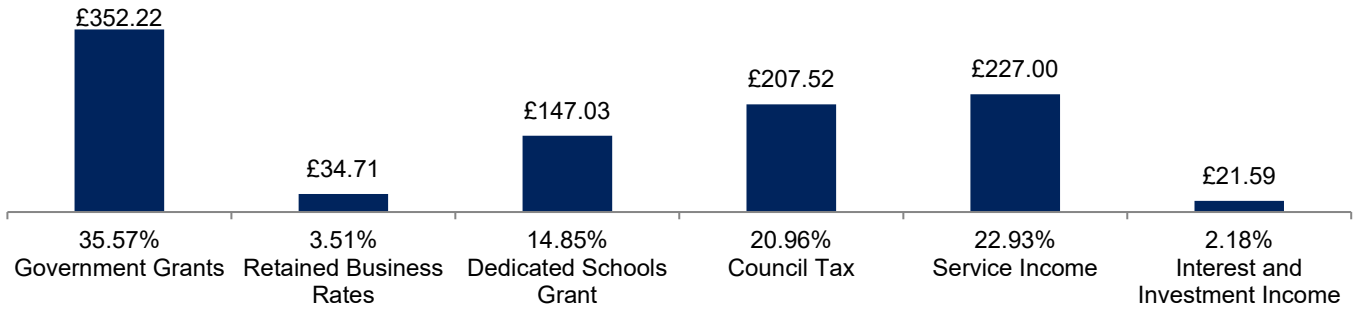
The main reasons for the overspend were:

- The Council faced cost pressures in relation to Covid-19. Grant funding of £8.51 million was provided by the government to mitigate these pressures;
- Adult Social Care & Commissioning underspent primarily due to the Covid-19 arrangement where NHS England funded additional interim care packages for up to six weeks following hospital discharge. This lasted until the end of June 2021 after which they continued to fund for up to four weeks. A high level of staff turnover and vacant posts also contributed to the underspend;
- Costs associated with Storm Arwen resulted in an overspend within Planning & Local Services. Cabinet approved on 8 March 2022 a recommendation to increase the Severe Weather Reserve by £5.00 million in order to provide resilience to fund future repairs to highways following severe weather conditions. A further £2.18 million was set aside at the year end for the remaining cost of repairs relating to Storm Arwen, as approved at the 7 June meeting;
- Corporate Items included Covid-19 grant funding which was utilised to offset pressures within service budgets as well as unspent contingency provision within the budget;
- Additional Section 31 Grants in relation to Business Rates reliefs were received. These were set aside in an earmarked reserve to

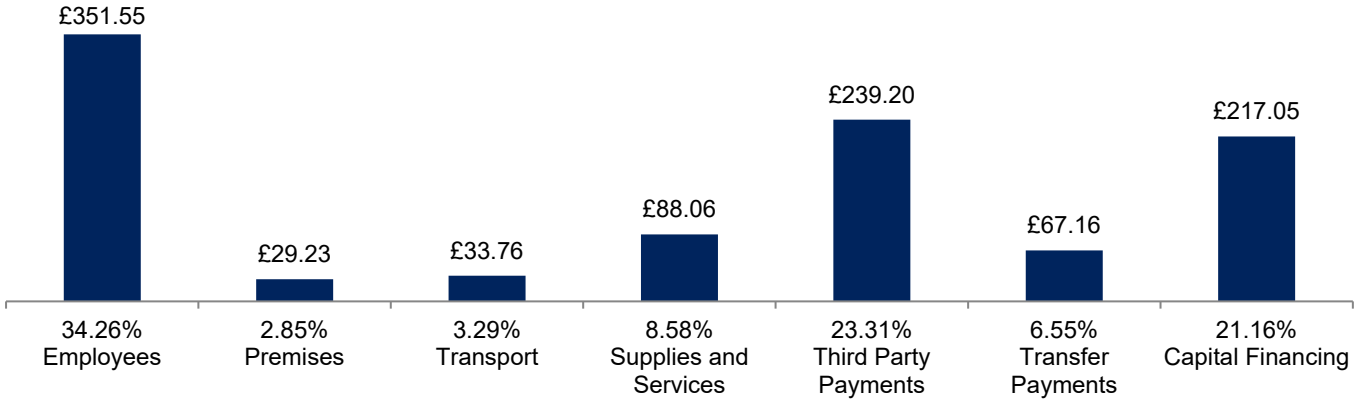
offset the business rates deficit which is to be recognised in the next financial year; and,

- Other funding was set aside for council tax support, regeneration and transformation projects, exceptional inflationary pressures and other earmarked projects as agreed by Cabinet at its 7 June meeting.

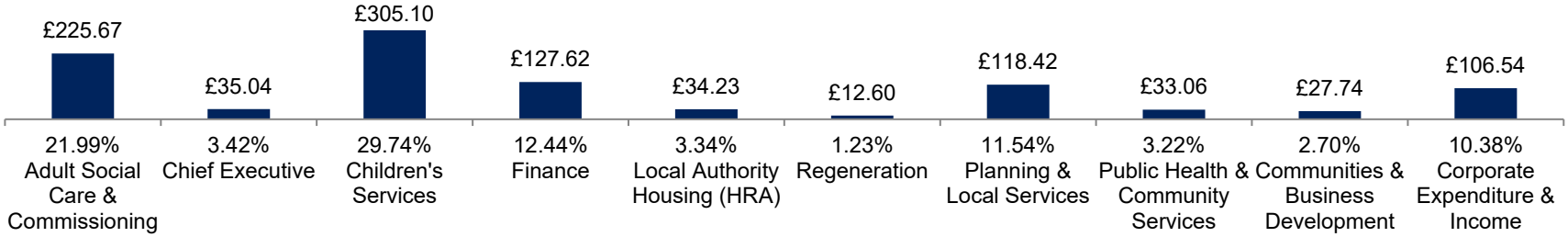
Where the money comes from*



What the money was spent on*



What services were provided?*



***All values are shown in millions**

4. Capital

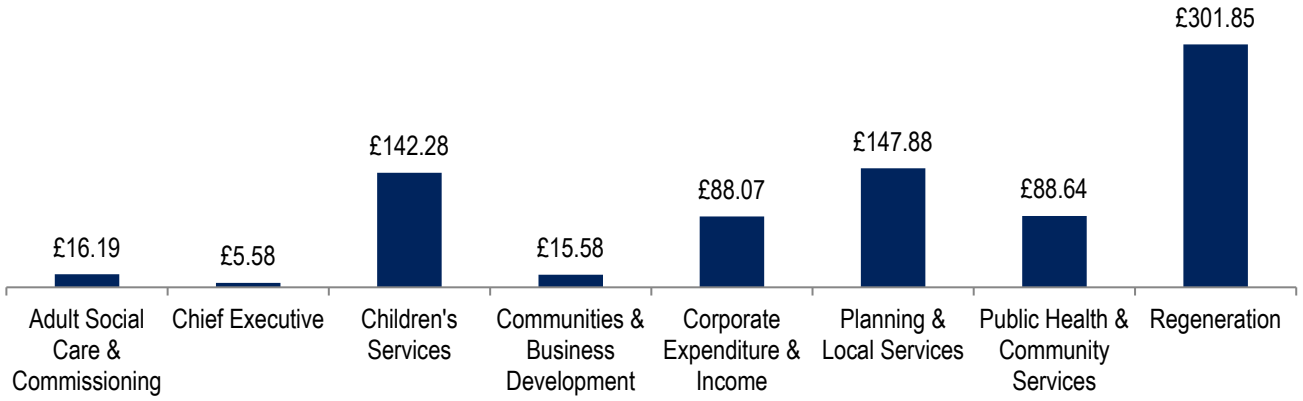
Capital Outturn and Three Year Budget Plan

The following table shows capital expenditure by service area for 2021-22 and the Council's four year plan as approved by the current Administration from 2022-23 to 2025-26:

	Original Budget 2021-22 £000	Final Budget 2021-22 £000	Outturn 2021-22 £000	Budget 2022-23 £000	Budget 2023-24 £000	Budget 2024-25 £000	Budget 2025-26 £000	Total Budget £000
Expenditure								
Adult Social Care & Commissioning	4,140	2,255	1,841	8,191	4,000	2,000	2,000	16,191
Chief Executive	2,142	2,159	1,881	1,999	1,181	1,170	1,237	5,587
Children's Services	25,716	24,993	21,441	24,540	47,732	63,275	6,733	142,280
Communities & Business Development	25,898	15,690	18,006	15,579	-	-	-	15,579
Corporate Expenditure & Income	48,024	29,872	23,187	33,027	21,980	21,209	11,850	88,066
Planning & Local Services	68,238	57,370	50,124	47,955	42,415	32,681	24,831	147,882
Public Health & Community Services	32,968	11,855	11,263	28,441	22,348	24,733	13,113	88,635
Regeneration	83,423	44,887	33,274	147,624	94,532	22,133	37,562	301,851
Total Capital Expenditure	**290,549**	**189,081**	**161,017**	**307,356**	**234,188**	**167,201**	**97,326**	**806,071**
Funding								
Borrowing - General Fund	150,964	98,976	80,025	126,981	109,203	94,466	34,712	365,362
Borrowing - Housing Revenue Account	-	-	-	-	3,750	11,250	-	15,000
Capital Receipts	3,980	3,980	6,945	4,716	3,650	2,650	2,655	13,671
External Grants	109,226	75,252	61,951	150,489	102,582	36,377	44,604	334,052
HRA Contributions	25,624	9,022	8,079	21,733	14,248	9,383	12,158	57,522
Revenue Contributions	755	1,851	4,017	3,437	755	13,075	3,197	20,464
Total Funding	**290,549**	**189,081**	**161,017**	**307,356**	**234,188**	**167,201**	**97,326**	**806,071**

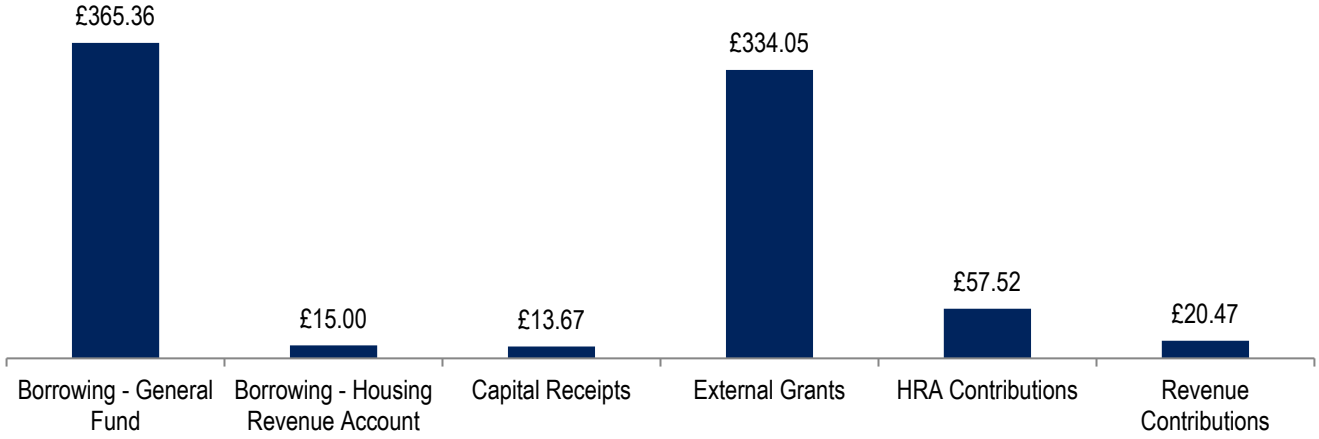
Four Year Capital Programme*

The Council agreed to embark on a four year capital programme totalling £806.07 million to show its commitment to boosting the local economy, assist in the creation of employment opportunities and create new infrastructure, transport links, regeneration and a wider choice of housing. A comprehensive schedule of capital schemes is included in Appendix 14 of the Council's Budget 2022-23 and Medium Term Financial Plan 2022-26 report at: https://northumberland.moderngov.co.uk/documents/s1991/App%2013.pdf



Capital Funding 2022-23 to 2025-26*

The Capital programme is funded through a number of sources including external grants, capital receipts, contributions from the general fund and housing revenue account and borrowing. Examples of external grants include the Local Transport Plan, Schools' Capital Investment Fund, Disabled Facilities and other sources.



***All values are shown in millions**

5. Covid-19 Impact on the Council

The Covid-19 pandemic maintained its significant impact on Northumberland. As at 31 March 2022, the county had recorded 101,890 positive SARS-CoV-2 results; 974 residents had died with a mention of Covid-19 on the death certificate and 5,777 people had been admitted to our local NHS Trust as confirmed cases (not all Northumberland residents). The pandemic has continued to shine a light on the structural inequalities which exist within and between our communities and this has been informed by a Covid-19 community impact assessment.

The strategic and operational coordinated crisis response has continued to focus on supporting those residents who are most vulnerable, both clinically and financially. This has developed in response to the changing epidemiology, national guidance and good practice, interpreted and applied to our local situation. The Council has continued to use its own resources, developing strong working relationships with wider agencies, voluntary and community sector colleagues. The pandemic has also been characterised by the strong collaborative response through the LA7 group of North East Councils (County Durham, North Tyneside, Newcastle, South Tyneside, Gateshead, Sunderland and Northumberland) and the ongoing work of the Northumbria Local Resilience Forum.

Council services have continued to be re-prioritised to support the most vulnerable residents and to ensure critical functions such as education and social care can continue to be supported and delivered. During periods of high prevalence, the Council has maintained a flexible and responsive approach, for instance when planning to take on the majority of the contact tracing function over the Christmas and New Year period. The Council has also responded to extremely short notice changes in policy and has worked hard with social care providers and the public to communicate up to date information in an understandable and concise way.

As well as supporting the Northumbria Local Resilience Forum and regional health partnerships, the Council has focussed upon the following, as key features of its own response plan:

- public health and overall planning and response to the pandemic through the Local Outbreak Management Plan;
- communications;
- population health management;
- community support and support for self-isolation;
- social care and commissioning;
- support to businesses and enforcement;
- minimising disruption to education and children's services;
- business continuity;
- human resource management;
- asymptomatic and symptomatic testing;
- supporting the Covid-19 vaccination programme;
- developing our Local Tracing Partnership; and,
- recovery planning focusing on health and wellbeing.

The financial implications of Covid-19 were captured and reported regularly to the Department for Levelling Up, Housing and Communities (DLUHC) during the year.

In 2021-22 the Council has received £8.51 million Covid-19 grant funding, £0.27 million in support from government through its compensation scheme for Sales, Fees and Charges lost income and £7.31 million Contain Outbreak Management Fund. No Covid-19 related government support has been provided for the Housing Revenue Account.

In responding to the pandemic, the Council:

- updated overall pandemic response planning arrangements and delivery in accordance with the national CONTAIN framework and associated guidance. This was underpinned by the continuous improvement of Covid-19 surveillance processes, dynamic risk assessments and the

triangulation of evidence to inform local and cross border action, supported by dedicated intelligence and data analysis, public health practitioner advice, communications and human resources management until the government's approach to managing the pandemic changed with the introduction of 'Living with Covid-19';

- dealt with 14,574 referrals which have been made to Northumberland Communities Together for direct support and assistance, connecting individuals with local practical support solutions on offer through the Voluntary and Community Sector (VCS);
- provided 100,419 awards to vulnerable households totaling £4.88 million through the Department for Work and Pensions; Covid-19 Winter Support Grant Local Support Grant, and the Household Support Fund;
- provided 21,915 places for young people with a Free School Meal entitlement to access Holiday Activity and Food provision over Easter Summer and Christmas Holiday periods funded through Department for Education grant allocation of £1.03 million;
- continued to provide enhanced support for residents affected by domestic abuse, homelessness and drug and alcohol problems, all of which have been exacerbated by the pandemic;
- implemented a Covid-19 Hardship Fund to provide up to an additional £200 council tax relief to 16,020 council taxpayers in receipt of council tax support (over £2.40 million) and arranged individually with council taxpayers in financial hardship for their payments to be deferred and spread across the remainder of the financial year;
- continued to invite providers to approach them to discuss financial support on an ad hoc basis if they incurred Covid-19 related costs beyond the Government funded Covid-19 grants for adult care settings that have been distributed in 2021-22. There have been no claims against this offer of additional support during 2021-22;
- issued over 2.83 million pieces of Personal and Protective Equipment (PPE) to the social care sector on an emergency basis including the PPE coordinated and issued on behalf of the Northumbria Local Resilience Forum;
- continued to provide dedicated wrap around support for care settings through a multi-agency team with a focus on infection prevention and control to prevent and tackle infection outbreaks;
- processed mandatory and discretionary business grants to assist businesses impacted by Covid-19, making over 48,000 awards amounting to over £208.50 million;
- recalculated the business rates bills of just under 3,000 businesses, applying business rate reductions and relief totalling over £17.11 million;
- supported schools with specialist staff support and interventions to target behavioral challenges experienced when children return to schools after periods of lockdown and intermittent attendance due to isolations;
- worked closely with Children's Social Care to develop a 'Team around the School' pilot with co-location of services and support for education;
- continued to support schools and skills providers through issuing digital devices and digital connectivity;
- maintained skills training provision and diversified to support more digital delivery;
- maintained skills provision at eight sites fully from September 2021;
- prioritised and maintained service delivery wherever possible, which has involved the redeployment, training and development of staff as well as in 2021 using the experiences of the previous ways of working to adopt systems and practices that meet residents changing needs;
- developed comprehensive emergency human resource guidance, a social distancing policy and comprehensive physical and mental health support packages for staff. The Health and Wellbeing offer has increased even further over the last 12 months, temporary and permanent amendments have been made to policies to support staff when Covid-19 reasons have impacted on their ability to work, regularly spoken

to/surveyed staff to understand issues impacting on them. April 2022 saw employees returning to the office environment in a safe and reduced capacity. In 2020-21 our absence rate had reduced by around 1% which equated to approximately £1 million saving, however, rates are now back to similar levels as pre-pandemic; and,

- established and maintained a targeted community approach to asymptomatic testing, responding to changes in national delivery mechanisms and continued to develop and extend our Local Tracing Partnership.

The Council's focus is now on ensuring services are delivered in a way which continues to balance the needs of residents with the continued high prevalence and the need for some caution. The Council is leading on the development of a Northumberland system wide inequalities plan in response to the pandemic and the increasing cost of living. The Director of Public Health has continued to lead on the development and delivery of the Council's Local Outbreak Management Plan and subsequently, its response to 'Living with Covid-19'.

Regular updates on the Council's Covid-19 response and recovery to date have been presented regularly to the Northumberland Health and Wellbeing Board in its capacity as Covid-19 Control Board. These can be accessed at: https://northumberland.moderngov.co.uk/mgCalendarMonthView.aspx?XXR=0&M=4&DD=2021&ACT=Go.

6. Performance

This section has been compiled in accordance with the CIPFA Code of Practice on Local Authority Accounting 2021-22.

How do we measure performance?

The Northumberland County Council Corporate Performance Framework operates on a quarterly and annual cycle, producing reports at a Service level and for the entire Council that include operational, workforce, and financial information for each Service, as well as progress against the Cabinet's key priorities.

The reports are compiled centrally, and are circulated to the Executive Team, and to Elected Members via Cabinet and the Scrutiny Chairs. Following the publication of quarterly reports, exception reports are raised as necessary in order to ensure Services respond to any performance issues raised.

The Corporate Performance Framework is subject to its own continuous improvement programme; this has resulted in both improved engagement with Executive Officers and Elected Members, and a more simplified process in 2021-22.

Progress on performance measures

Council wide performance is monitored in several ways including:

- 15 operational indicators that have been identified by the Cabinet and the Executive Team as a barometer of overall Council performance.
- Council wide absence levels, monitored against a threshold of 3.5%.
- The delivery status of the 54 priorities identified by the Cabinet.

The Top 15 Key Performance Indictors (KPIs)

As Figure 1 shows, the financial year 2021-22 has seen 40% of the top 15 KPIs being on target (green), 40% not being on target (red) and 20% almost being on target (amber).

#	KPI name	Service	Target	End of Year	Status
1	65+ Admissions	Adult Services	806.5 per 100k	601 per 100k	Green
2	Children Looked After	Children's Social Care	70 per 10k	72 per 10k	Amber
3	Child Protection Plans	Children's Social Care	65 per 10k	68 per 10k	Red
4	School exclusions	Education & Skills	37	66	Red
5	Complaints answered on time	Complaints & IG	100%	72.9%	Red
6	Freedom of Information	Complaints & IG	100%	81%	Red
7	Urgent Carriageway Defects	Technical Services	96%	96.6%	Amber
8	Property Statutory Tests	Property Services	94%	97.2%	Green
9	Housing Benefit new claims	Revenues & Benefits	20 days	17 days	Green
10	Birth/death registrations	Culture, Leisure & Tourism	5,479	4,988	Red
11	Days lost to sickness	Human Resources	3.5%	4.4%	Red
12	Homelessness cases prevented	Housing	55%	62.5%	Green
13	Planning appeals allowed	Planning	10%	1.54%	Green
14	Successful alcohol treatments	Public Health	32.05%	30.8%	Amber
15	Street cleanliness below standard	Neighbourhood Services	14%	10.1%	Green

Top 15 KPIs 2021-22

1. Admissions to residential/nursing 65+ (per 100k population)
   Performance is measured against a target of admitting no more than 806.5 people aged 65 and older per 100,000 people, to residential and nursing care homes. This KPI continues to exceed its target and throughout 2021-22 the number consistently fell to 601, so reduced numbers of those aged 65 and older are being admitted.
2. Rate of Children Looked After (CLA) (per 10k population)
   This KPI shows the performance of Children's Social Care by measuring the rate of children who are Children Looked After (CLA) per 10,000 people, with a target of 70. It shows that the number of looked after children just missed the target at 72 per 10,000 people.
3. Rate of Child Protection Plans (per 10k population)
   The number of children and young people subject to child protection plans per 10,000 people measures performance against a target of 65 for Children's Social Care. A slight increase in numbers have meant the rate of child protection plans exceeded the agreed target in the past year recording 68 per 10,000 people.
4. Permanent exclusions – Secondary (Number of pupils)
   Performance is measured based on an indicator of the number of permanent exclusions from primary and secondary schools in the previous 12 months, with a target of 37. Exclusions have reduced throughout the year; however, numbers have remained above target and are currently at 66 exclusions over the past 12 months.
5. Complaints answered within timescale (%)
   Complaints and Information Governance measure performance against a target of answering 100.0% of complaints within the timescales specified by each department's complaints management process. Percentages of complaints to the Council have not met the target at any quarter over the last year with an overall performance for the year at 72.9%.
6. FOI Responses within timescale (%)
   The target for responding to freedom of information requests is in line with the statutory requirement of responding within 20 days and performance is measured against a target of reaching this target for 100.0% of requests. Performance has consistently missed this target throughout the year, worsening overall and reaching 81.0%.
7. Carriageway defects made safe (%)
   This KPI measures performance by looking at the percentage of carriageway defects which are made safe the next working day, with a target of 96.0%. Performance has varied throughout the year; with 96.6% being achieved.
8. Property statutory tests completed on time (%)
   This KPI measures the number of property statutory tests completed on time, against a target of 94.0%. The target was met with 97.2% achieved.
9. Time to process new housing benefit claims (days)
   This KPI measures the performance of the time it takes to process new housing benefit claims, with a target of within 20 days of the claim being received. The target has been exceeded throughout 2021-22, with the processing of these new claims taking 17 days.
10. Birth/death registrations (%)
    Performance is measured against a target of registering 94.0% of all births and deaths on time. Performance against this target in 2021-22 was 91.0% overall with 4,988 registrations completed on time out of a possible 5,479, however throughout the year the percentages for births were consistently below target and for deaths were above target.
11. Days lost to sickness (%)
    The number of days lost to sickness has a target of 7.5 days per full-time-equivalent. In 2021-22, the rate of sickness was above the threshold for most of the year, with an overall average of 7.14 days per full-time-equivalent or 4.4% against a target of 3.5%

12. Homelessness cases prevented (%)
    Performance in housing is measured by looking at the percentage of those who approach the Council for homelessness assistance, who find housing within 56 days. The target of 55.0% was reached only at the end of 2021-22 achieving 62.5%.

13. Major and County Matter planning decisions made in 2 years, 9 months prior allowed at appeal (%)
    The percentage of all major and county matter planning decisions made in two years and nine months prior allowed at appeal measures the performance in planning, with a low percentage desired. The target of 10.0% has been exceeded throughout 2021-22, with 1.54% of planning decisions allowed at appeal being achieved overall.

14. Successful treatments – alcohol (%)
    One KPI for Public Health can be measured by the percentage of successful alcohol treatments completed by individuals who do not re-present for treatment, which has a target of 32.05% of all those who enter treatment. This KPI has not reached its target and latest data records 30.8%.

15. Street cleanliness below standard (%)
    Performance is measured against a KPI of the percentage of surveyed area in Northumberland which is below standard for littering, dog fouling and detritus, with a target of 14.0%. 2021-22 saw this KPI consistently exceed the target, although the percentage of land below standard has increased from 6.8% to 10.1% throughout the year.

Reasons for Top 15 KPIs

In June 2020, as part of the continuous improvement of the Corporate Performance Framework, a selection of 16 KPIs were selected by Executive Officers from the 220 corporate indicators that would be highlighted as part of the quarterly executive summary. These indicators were selected due to having significant strategic impact. The selection has since been reduced to 15 following the removal of 'Delayed Transfers of Care' which is no longer reported on.

Workforce

The financial year 2021-22 saw the Council's workforce increase by 647 to a total of 4,932 employees (excluding schools), with the transfer of Northumbria Healthcare NHS Foundation Trust staff to the Council following the dissolution of the partnership. This will have affected staff absence percentages due to the increased sample sizes of service and also the efficacy of KPIs will have been affected.

During this time, the percentage of full-time-equivalent working hours taken as staff absence has increased from being at the threshold of 3.5% at the start of the year, to being 4.6% at the end of the year.

Services which have absence rates above the threshold rate include all 26 areas except for; Revenues and Benefits, Human Resources/Organisational Development, Education and Skills, Culture, Corporate Finance, Information Services, Public Protection, Legal, Democratic, Northumberland Communities Together, Procurement, Planning, Economy and Regeneration, Public Health, Communications, Complaints and Information Governance, Climate and Policy. In general, the larger the service headcount, the higher the rate of absence so smaller services by headcount such as Climate, Policy and Complaints and Information Governance may not be statistically significant enough to comment on staff absence.

In terms of the percentage of staff who have completed their mandatory learning, there has been an increase in this percentage from 90% to 92% which is above the target of 85%. The percentage of appraisals which have been completed has exceeded the target of 85% at 87% which is the highest completion rate in the last three years.

Cabinet Members' Priorities

Progress against the 52 Cabinet Members' priorities (around six for each Cabinet Member) is tracked each quarter. For each of the Cabinet Members' Priorities, measures of success have been proposed, but further work is required to define specific milestones that will enable more effective tracking of progress in the next financial year.

Additionally, existing KPIs have been mapped Cabinet Members' Priorities where possible, to ensure a link between them and operational service activity. All 52 Cabinet Members' Priorities are reported to be on track at the end of 2021-22.

Governance

Quarterly Corporate Performance reports are circulated to the Executive Team for review, prior to being presented to the Council's Cabinet, and to the Chairs of the Scrutiny Committees. In addition, the service reports are reviewed with the respective Portfolio Holder and Executive Director.

Covid-19 and Tackling Health Inequalities

We know that pre-Covid-19, significant health inequalities existed between our most and least deprived communities. Initial evidence suggests that some of these inequalities have widened during the Covid-19 pandemic due to the direct impacts and indirect impacts (due to loss of work, reduced wages, loss of education and loneliness due to social restrictions) of Covid-19 on communities who were already experiencing worse health prior to the pandemic.

We also know that health and wellbeing is determined by a wide range of factors such as employment, poverty, housing, education and environment and that many of these factors have been adversely impacted through Covid-19. For example, many people have also had to cope with a reduction in income and increased financial pressures as businesses closed during the lockdown periods. The wellbeing of young people has been particularly impacted by interruptions to school, college and university terms as well as lack of interaction with their friends at critical stages in their emotional development. The unprecedented pressure on our health services during Covid-19 has also created a backlog of hospital treatments and we are already seeing increased demand for General Practitioners appointments and emergency care as well as delayed presentations of cancer and other diseases. There were also some unexpected, short-term positive benefits. In particular, the initial lockdown period saw a profound reduction in vehicle emissions as many people had to work from home. Less traffic and fresh air encouraged more people to get out and enjoy the benefits of walking and cycling in their local areas. As our communities continue to recover from the Covid-19 pandemic, the Council is committed to working with all partners to reduce health inequalities in our communities. Everything the Council does - providing great education facilities, ensuring new, affordable homes, tackling climate change, keeping neighbourhoods clean and safe, helping vulnerable residents, providing parks, open spaces and leisure & cultural facilities, as well as support to ensure the best start in life – these all have an impact on our residents' health and wellbeing. All of this goes hand-in-hand with ensuring people have access to good job opportunities, because having well-paid, fulfilling employment can make a huge contribution to our wellbeing.

Moving forwards, should other unprecedented public health or economic shocks occur, we have developed effective processes to respond quickly to them to be able to effectively tackle the problem while continuing to deliver services to residents.

Strategic Performance - How

In everything we do, we will listen to and communicate with residents, businesses and partners and, ensure value for money in our services. We will pull our weight regionally and nationally, working with our partners to secure maximum benefit for residents and businesses.

- Since April 2020, the Council has accessed Government funding to support Northumberland-based businesses through the Covid-19 pandemic. Over £208.50 million has been paid out by The Council, via Government grants, to local businesses. Between April 2020 and March 2022 over 48,000 payments have been made by the Council to Northumberland businesses.
- Throughout Covid-19, the Council has played a pivotal role in communicating key messages to residents and businesses, helping to keep people safe and advising on what residents and businesses could do, as well as helping people access vital services such as Covid-19-testing facilities. Working with neighbouring councils and partners, our campaigns have helped to reduce the spread of Covid-19 in partnership

with residents and Covid-19 community champions at critical points as well as achieving high rates of vaccination across our population.

- Our Customer Services adapted quickly to Covid-19 restrictions and continued to operate throughout, ensuring our residents' queries were answered and they were able to access the services they needed. Alongside this, we have progressed work to make more services and transactions available online and digitally – indeed the need to respond to Covid-19 restrictions, in many ways, accelerated this work.
- Our ways of working across all services have adapted quickly and effectively to the fast-changing circumstances. Alongside this, we have progressed the refurbishment of County Hall over the past year, ensuring a modern, fit for purpose facility for the future.

Strategic Performance - Thriving

We will vigorously secure more and new investment into the county. We want to attract more and better jobs.

Pre-Covid-19, we were already laying the foundations for future economic growth across the county. Our focus is now to support our economy to recover and return to strong growth through a five-point plan:

i. Investing in the transition to a future economy
ii. Investing in our places, culture and tourism
iii. Investing in transport, digital and connectivity
iv. Investing in our people, jobs, skills and livelihoods
v. Investing in a green recovery

The following progress has been achieved:

- BritishVolt is on target to manufacture some of the world's most sustainable, low carbon battery cells on the site of the former Blyth Power Station. Work has started on site at the BritishVolt development at Cambois, with BritishVolt commencing enabling works on the Gigaplant site. The development will bring 3,000 highly skilled jobs and another 5,000+ in the associated supply chains. Once at full capacity, the Gigaplant will have a production capability equating to approximately enough cells for around 300,000 electric vehicle battery packs per year, intended primarily for the automotive industry.
- Work is continuing at pace on reopening the Northumberland Line to passenger travel helping to connect communities to jobs and other opportunities across the North of Tyne area. The Council is working with the Department for Transport, Network Rail and Northern Trains Limited on the ambitious programme to reintroduce regular passenger trains between Ashington and Newcastle by 2024 - boosting education, employment and housing prospects for the region. The planning applications required to deliver the re-opening of passenger rail services on the Northumberland Line remain on track. The application for Chase Meadows footbridge in Ashington was the first of the Northumberland Line applications to be granted planning permission. The Council has also submitted planning applications for new stations at Ashington; Bedlington; Blyth Bebside; Northumberland Park and Seaton Delaval with decisions expected in the coming months.
- The Council has played a pivotal role in supporting businesses across key sectors to survive the Covid restrictions and prepare for recovery. Since April 2020, the Council has accessed the Government funding to support Northumberland-based businesses through the Covid pandemic.
- The multi-million Borderlands programme of investment in rural growth and regeneration across the England-Scotland Border is making good progress. Partners are working together to deliver transformative change across the region to maximise the benefits of growth. Borderlands projects are focusing on several key themes including digital technology; innovation; low carbon; and energy.
- The latest trends for unemployment and employment rates show that, following the economic challenges from the Covid-19 lockdowns, we are showing signs of recovery with most trends heading in the right direction. However, the Economic Inactivity rate is increasingly influenced by a substantial growth in early retirement. This is similar to trends following the recession in 2008.

Strategic Performance - Living, Learning

We will care for our residents, supporting the most vulnerable in our society as well as encouraging active citizens. We will ensure the best education standards for our children and young people.

- The Council's commitment to provide a multi-million-pound learning and leisure project in Ponteland is now complete and has now welcomed students and leisure users through the doors. The community of Ponteland and its surrounding areas are benefitting from one of the Council's largest ever capital programmes. The now completed first phase of the £50.61 million project introduces state-of-the-art leisure buildings, and brand-new facilities for primary and high school students in the area.
- The Council's schools investment and improvement programme is gaining pace with projects completed, nearing completion and beginning despite Covid-19 setbacks. Multi-million-pound investments across the county are part of the Council's largest ever capital programme, improving education prospects for all. In the north of the county £40.00 million has been allocated for a new school to replace the ageing Berwick Academy buildings. Investment is planned at Seaton Valley as well as James Calvert Spence College in Amble, where the Council will be developing plans to improve the school facilities to meet the demand of a 21st century curriculum.
- Significant capital investment has been made to improve the quality of leisure facilities across the county. This investment includes a £5.00 million upgrade of Blyth Sports Centre, a £21.00 million new sport and leisure centre in Morpeth, a £2.04 million upgrade of Newbiggin Sports Centre and a new £23.15 million sport and leisure centre in Berwick.
- We ensured local parks and open spaces were safe and accessible to residents during the Covid-19 pandemic – giving people a valuable outlet to maintain health and wellbeing during the challenges of lockdown. Close working arrangements were established last spring/summer with a range of partner organisations to better manage the visitor numbers across the county. Work included the Love it Like It's Yours campaign encouraging positive responsible behaviours, enhanced litter picking / toilet cleaning and parking enforcement activity, additional overflow parking provision and new restrictions at pinch point areas.
- We adapted our Library Service during the Covid-19 restrictions to maintain services to those who needed them most and, critically, helped potentially vulnerable residents cope with periods of isolation by offering a 'befriending service'.
- We supported the survival and recovery of Tourism and Hospitality businesses through direct grants; adapting the Discover our Land campaign to the restrictions of Covid-19; creating 'Lockdown Stories' an online exhibition that showcased artwork, music, poems and writing produced by Northumberland residents during the lockdowns; and, launching the 'Shop Local' campaign to support local businesses
- Multi-million-pound investments across the county are part of the Council's largest ever capital programme improving education prospects.

Strategic Performance - Enjoying, Connecting

We will maintain, protect and enhance the environment, prioritising our commitments on Climate Change. We will deliver high-quality services in all our communities and secure investment in housing and transport across the county.

- The works at Druridge Bay Country Park have been completed and the new 20 pitch touring camping and caravan area within the park will be opening autumn 2022, with strong interest already being expressed in the facility from various camping and motorhome touring organisations. This builds on the earlier investments in the expansion of the cafe and visitor centre and new children's play area – which are both proving very popular.
- Funding has been agreed to support the provision of a new major play area at the southern end of Newbiggin Bay in partnership with the Town Council.

- Despite the challenges to our Local Transport Plan programme presented by Covid-19, progress has generally been good and the surface dressing and micro-surfacing works programmes are now completed for the year and resurfacing and footway improvement schemes all well underway. We are also continuing with the 2nd year of the £15.00 million investment in U&C (minor) roads and footways.
- We continue to make good progress with our car park action plans. The Council has already invested heavily to provide an excellent public Electric Vehicle Charging Points network – with 74 individual chargers and 147 charging bays already in operation.
- As part of our continued Covid-19 response the temporary enhanced cleansing of all public conveniences continued until March 2022 and for a second consecutive year we will keep all public conveniences open during the winter.
- Road safety remains important and a number of highway improvements have been implemented since April 2021 to improve safety for all road users. Work also continues to progress on many planned improvements for pedestrians and cyclists across the county, including new footways, pedestrian/toucan crossings and bus stop access improvements. 20mph limits at schools have been fully introduced at five new locations, with a further seven being issued for programming for delivery on site. A further 20 schemes are currently being developed in discussion with Councillors or Town and Parish Councils.

7. Treasury Management Activities

The Council's debt and investment position, excluding accrued interest, at the end of the period was as follows:

	31 March 2022	
	Principal £000	Average Rate %
Public Works Loans Board	451,281	2.66
Local Authority Loans	60,000	0.95
Other Market Loans	245,649	3.99
Total Debt	**756,930**	**2.96**
Total Investments	**188,100**	**0.85**

During the year the Council repaid £55.58 million of maturing borrowing and took out replacement borrowing of £0.04 million in line with authorised limits. This resulted in a net decrease in total borrowing of £55.54 million, from £812.47 million at the start of the year to £756.93 million at 31 March 2022.

Overall external investments (excluding cash and accrued interest) decreased during the year by £18.50 million from £206.60 million to £188.10 million, and the Council maintained an average balance of £229.08 million of internally managed funds. The decrease was largely due to the utilisation of investment balances to cover the Capital Financing Requirement (CFR) in lieu of borrowing externally.

The Council manages its investments in-house and invests with the institutions listed in the Council's approved counterparty list. The Council's aim is to achieve the optimum return on its investments while remaining within the authorised levels of security and liquidity.

The Council invests for a range of periods from overnight to 12 months for banks and building societies, dependent on the Council's cash flows, the interest rates on offer, durational limits set out in the approved investment strategy and assumptions about future changes in interest rates. Funds are also placed with other local authorities for longer periods. Although market rates remain low the Council has achieved higher than average interest rates on its investments during the period.

8. Pension Deficit

At 31 March 2022 the Council's net liability for future pension costs was £784.36 million. 65.0% of this net liability is attributable to the Local Government Pension Scheme (LGPS), which is a funded scheme, and the rest to unfunded schemes such as the Firefighters' Pension Scheme. For the LGPS, the Council pays an employer's contribution into the Tyne and Wear Pension Fund at a rate set by the Fund's actuary. The rate paid in 2021-22 was set on the basis of the actuarial valuation of the Fund as at 31 March 2019. This set the rate payable for the 3 years ending 31 March 2023 with an aim to fully fund the liabilities within approximately 10 years.

9. Group Results

The Council delivers some of its activities through a number of wholly owned subsidiaries. Group financial statements are therefore produced to reflect the full extent of the Council's economic activity and financial position.

The Group accounts consolidate the results and balances of the Council with those organisations considered to be part of the Group. Intra-company transactions are eliminated and the accounting policies of the subsidiaries are aligned with those of the Council on consolidation in order to present the overall Group position. The Group and Single Entity accounts should be viewed with equal prominence.

On the 13 November 2018, the Arch Group was re-organised with Arch (Corporate Holdings) Limited being removed as the Group holder and replaced with Advance Northumberland Limited. Arch (Corporate Holdings) Limited remained dormant throughout 2020-21, and on 10 November 2020 was dissolved.

On 17 September 2020 Northumberland Enterprise Holdings Limited was incorporated at Companies House, and on 29 March 2021 Northumbria Integrated Consultancy Limited was also incorporated. Northumbria Integrated Consultancy Limited is a wholly owned subsidiary of

Northumberland Enterprise Holdings Limited. Both Companies commenced trading in 2021-22.

The Group results show a deficit on the provision of services after taxation of £12.78 million (£31.17 million deficit in 2020-21 restated), incorporating a net surplus for the Advance Northumberland Group after group consolidation adjustments of £34.60 million (£5.50 million surplus in 2020-21), and a net deficit for Northumberland Enterprise Holdings Group of £0.09 million. Within the Advance Northumberland Group balance there is an unrealised net gain of £19.43 million on Investment Properties (£17.21 million unrealised net loss in 2020-21 restated) as a result of net upward revaluations. Prior to consolidation adjustments the Advance Northumberland Group showed a surplus of £19.30 million (£17.12 million deficit in 2020-21), and the Northumberland Enterprise Holdings Group showed a deficit of £0.15 million.

The Group balance sheet shows the value of assets and liabilities recognised by the Group at 31 March 2022 and the level of reserves, split into usable and unusable.

31 March 2021 £m		31 March 2022 £m
1,821.86	Long Term Assets	1,918.52
125.24	Net Current Assets	109.90
(1,750.85)	Long Term Liabilities and Provisions	(1,586.52)
196.25	**Net Assets**	**441.90**
	Represented by:	
347.06	Usable Reserves - Council	362.75
(143.43)	Unusable Reserves - Council	68.63
(7.38)	Unusable Reserves - Subsidiaries	10.52
196.25	**Total Reserves**	**441.90**

At 31 March 2022 the Advance Northumberland Group owed the Council £281.61 million (£281.85 million 2020-21) primarily in respect of principal and interest due on a commercial loan facility; whilst, the Council owed the Advance Northumberland Group £1.89 million (£2.56 million in 2020-21) primarily for capital grant claims for Northumberland Energy Park Phase 1, Ashington Leisure Centre and Ashwood Business Park.

At 31 March 2022 the Northumberland Enterprise Holdings Group neither owed or were due any funds from the Council.

10. Corporate Risks

The Council has a process to manage risks and assist the achievement of its objectives, alongside national and local performance targets. The Corporate Risk Register plays an integral role in supporting achievement of priorities as set out in the Corporate Plan.

Key risks currently identified and being managed at the corporate level during 2021-22 include those relating to the following areas:

- Financial Assumptions;
- Engagement of Communities;
- Economic Inclusion;
- Organisational Development/Workforce;
- Civil Contingency & Business Continuity;
- Corporate Compliance;
- Information Governance;
- Multiple and Concurrent High-profile Large-scale Capital Projects;
- Contract Management;
- Response to Climate Change;
- Northumberland Enterprise Holdings Limited;
- Regeneration;
- Covid-19 Local Outbreak Prevention and Control Plan;
- Covid-19 Recovery;
- Exceptional Governance Matters; and,
- Advance Northumberland.

11. Explanation of the Financial Statements

The Statement of Accounts for Northumberland County Council presents the overall financial performance and position of the Council for the year ended 31 March 2022 and has been produced in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2021-22, published by the Chartered Institute of Public Finance and Accountancy (CIPFA). The amounts presented in the financial statements and notes have been rounded to the nearest thousand pounds unless otherwise stated.

It comprises core financial statements together with disclosure notes and the following:

- Housing Revenue Account (HRA)
- Collection Fund Account
- Group Accounts
- Firefighters' Pension Fund

The Core Financial Statements are:

Comprehensive Income and Expenditure Statement

This reports the income and expenditure associated with the provision of Council services. It also discloses non-cash surpluses and deficits relating to the revaluation of Council assets, and, gains and losses on pension scheme assets and liabilities.

Movement in Reserves Statement

This shows the movement in the year for the different reserves held by the Council. These reserves are analysed into "usable" (i.e. those that represent resources that can be applied to fund expenditure) and "unusable" (i.e. those that must be set aside for specific purposes).

Balance Sheet

This is fundamental to the understanding of the Council's year-end financial position. It shows the balances and reserves at the Council's disposal, its long term indebtedness and summarised information on the assets held.

Cash Flow Statement

This summarises the inflows and outflows of cash and cash equivalents arising from transactions with third parties for revenue and capital purposes. Cash is defined for the purpose of this statement as cash in hand. Cash equivalents are deposits repayable on demand.

Notes to the Financial Statements

The notes to the accounts provide further detail of material items within the core Financial Statements.

Housing Revenue Account (HRA)

This separately identifies the Council's statutory landlord function as a provider of social housing under the Local Government and Housing Act 1989.

Collection Fund Account

This account is maintained separately as a statutory requirement, to show the transactions of the Council as a billing authority in relation to Council Tax and Non-domestic Rates. It shows the way in which the income collected has been distributed to precepting authorities.

Group Accounts

The Group Accounts show the full extent of the Council's economic activities by reflecting the Group's activities.

Firefighters' Pension Fund

These statements provide information relating to the transactions in the year.

Independent Auditor's Report to the Members of Northumberland County Council

To be inserted

The Council's Responsibilities

The Council is required to:

- make arrangements for the proper administration of its financial affairs and to ensure that one of its officers has the responsibility for the administration of those affairs. In this authority that officer is the Section 151 Officer;
- manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets; and,
- approve the Statement of Accounts.

The Section 151 Officer's responsibilities

The Section 151 Officer is responsible for the preparation of the Council's Statement of Accounts which, in terms of the CIPFA Code of Practice on Local Authority Accounting in the United Kingdom ("the Code"), are required respectively to present fairly the financial position of the at the accounting date and the income and expenditure for the year then ended.

In preparing this Statement of Accounts the Section 151 Officer has:

- selected suitable accounting policies and then applied them consistently except where policy changes have been noted in these accounts;
- made judgements and estimates that were reasonable and prudent; and,
- complied with the Code.

The Section 151 Officer has also:

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

Executive Director of Finance - Finance Certificate (subject to Audit)

I certify that the Statement of Accounts (subject to Audit) presents fairly the financial position of the Council as at 31 March 2022 and their income and expenditure for the year ended 31 March 2022.

Jan Willis

Interim Executive Director of Finance & Section 151 Officer

Date 22 July 2022

- **Approval of Audited Statement of Accounts**

In accordance with the Accounts and Audit Regulations 2015, I confirm that the Statement of Accounts was approved by the Audit Committee on (TBC).

Stephen Watson

Chair of Audit Committee

Date

- **Executive Director of Finance - Finance Certificate (Audited Accounts)**

I certify that the Audited Statement of Accounts presents fairly the financial position of the Council as at 31 March 2022 and their income and expenditure for the year ended 31 March 2022.

Jan Willis

Interim Executive Director of Finance & Section 151 Officer

Date

Core Financial Statements

Core Financial Statements

Comprehensive Income and Expenditure Statement

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

As Restated 2020-21					2021-22		
Gross Expenditure £000	Gross Income £000	Net Expenditure £000		Note	Gross Expenditure £000	Gross Income £000	Net Expenditure £000
223,014	(120,741)	102,273	Adult Social Care & Commissioning		225,664	(117,913)	107,751
33,167	(5,828)	27,339	Chief Executive		35,038	(5,432)	29,606
270,428	(176,703)	93,725	Children's Services		305,094	(200,980)	104,114
25,477	(4,276)	21,201	Communities & Business Development		27,740	(10,070)	17,670
3,228	(3,146)	82	Corporate Expenditure & Income		5,393	(21)	5,372
122,998	(80,954)	42,044	Finance		127,615	(71,571)	56,044
29,660	(36,822)	(7,162)	Local Authority Housing (HRA)		30,645	(54,766)	(24,121)
113,717	(26,922)	86,795	Planning & Local Services		118,397	(38,035)	80,362
28,287	(32,253)	(3,966)	Public Health & Community Services		33,056	(25,014)	8,042
8,538	(7,101)	1,437	Regeneration		12,600	(9,372)	3,228
858,514	**(494,746)**	**363,768**	**Cost of Services**		**921,242**	**(533,174)**	**388,068**
55,776	(25,015)	30,761	Other Operating Income and Expenditure	3	53,986	(27,095)	26,891
87,468	(22,227)	65,241	Financing and Investment Income and Expenditure	4	50,783	(21,826)	28,957
-	(437,439)	(437,439)	Taxation and Non-Specific Grant Income	5	-	(408,181)	(408,181)
1,001,758	**(979,427)**	**22,331**	**Deficit/(Surplus) on Provision of Services**		**1,026,011**	**(990,276)**	**35,735**
		2,941	(Gains)/Losses on Revaluation of Non Current Assets	14,16			(80,037)
		(693)	Surplus from investments in equity instruments designated at fair value through other comprehensive income	29			(3,761)
		66,948	Actuarial Losses/(Gains) on remeasurement of the net defined benefit liability	31			(174,625)
		69,196	**Other Comprehensive Income and Expenditure**				**(258,423)**
		91,527	**Total Comprehensive Income and Expenditure**				**(222,688)**

The 2020-21 comparative Cost of Services figures have been restated to reflect the current service structure. There is no net impact on the Cost of Services or the (Surplus) or Deficit on Provision of Services. The impact of this is illustrated in Note 45 Prior Period Adjustments.

This statement shows the movement in the year of the 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.

2020-21	General Fund Balance £000	Earmarked General Fund Reserves £000	Housing Revenue Account £000	Earmarked HRA Reserves £000	Capital Receipts Reserve £000	Capital Grants Unapplied £000	Major Repairs Reserve £000	Total Usable Reserves £000	Unusable Reserves £000	Total £000
Balance brought forward 1 April 2020	**(56,926)**	**(122,833)**	**(27,405)**	**(4,000)**	**(3,102)**	**(32,364)**	**(4,304)**	**(250,934)**	**(17,374)**	**(268,308)**
Movement in Reserves during 2020-21:										
(Surplus)/Deficit on the provision of services	25,716	-	(3,385)	-	-	-	-	**22,331**	-	**22,331**
Other Comprehensive Income & Expenditure	-	-	-	-	-	-	-	**-**	69,196	**69,196**
Total Comprehensive Income & Expenditure	**25,716**	**-**	**(3,385)**	**-**	**-**	**-**	**-**	**22,331**	**69,196**	**91,527**
Adjustments between accounting basis & funding basis under regulations (Note 12)	(90,856)	-	2,792	-	(923)	(24,170)	(4,303)	**(117,460)**	117,460	**-**
Net (Increase)/Decrease before Transfers to Earmarked Reserves	**(65,140)**	**-**	**(593)**	**-**	**(923)**	**(24,170)**	**(4,303)**	**(95,129)**	**186,656**	**91,527**
Transfers (to)/from Earmarked Reserves (Note 13)	51,597	(51,597)	(892)	892	-	-	-	**-**	-	**-**
(Increase)/Decrease in 2020-21	**(13,543)**	**(51,597)**	**(1,485)**	**892**	**(923)**	**(24,170)**	**(4,303)**	**(95,129)**	**186,656**	**91,527**
Balance at 31 March 2021 carried forward	**(70,469)**	**(174,430)**	**(28,890)**	**(3,108)**	**(4,025)**	**(56,534)**	**(8,607)**	**(346,063)**	**169,282**	**(176,781)**

2021-22	General Fund Balance £000	Earmarked General Fund Reserves £000	Housing Revenue Account £000	Earmarked HRA Reserves £000	Capital Receipts Reserve £000	Capital Grants Unapplied £000	Major Repairs Reserve £000	Total Usable Reserves £000	Unusable Reserves £000	Total £000
Balance brought forward 1 April 2021	**(70,469)**	**(174,430)**	**(28,890)**	**(3,108)**	**(4,025)**	**(56,534)**	**(8,607)**	**(346,063)**	**169,282**	**(176,781)**
Movement in Reserves during 2021-22:										
(Surplus)/Deficit on the provision of services	56,058	-	(20,323)	-	-	-	-	**35,735**	-	**35,735**
Other Comprehensive Income & Expenditure	-	-	-	-	-	-	-	**-**	(258,423)	**(258,423)**
Total Comprehensive Income & Expenditure	**56,058**	**-**	**(20,323)**	**-**	**-**	**-**	**-**	**35,735**	**(258,423)**	**(222,688)**
Adjustments between accounting basis & funding basis under regulations (Note 12)	(64,388)	-	20,271	-	(926)	(4,772)	(1,606)	**(51,421)**	51,421	**-**
Net (Increase)/Decrease before Transfers to Earmarked Reserves	**(8,330)**	**-**	**(52)**	**-**	**(926)**	**(4,772)**	**(1,606)**	**(15,686)**	**(207,002)**	**(222,688)**
Transfers (to)/from Earmarked Reserves (Note 13)	8,718	(8,718)	(931)	931	-	-	-	**-**	-	**-**
(Increase)/Decrease in 2021-22	**388**	**(8,718)**	**(983)**	**931**	**(926)**	**(4,772)**	**(1,606)**	**(15,686)**	**(207,002)**	**(222,688)**
Balance at 31 March 2022 carried forward	**(70,081)**	**(183,148)**	**(29,873)**	**(2,177)**	**(4,951)**	**(61,306)**	**(10,213)**	**(361,749)**	**(37,720)**	**(399,469)**

The Balance Sheet shows the value as at 31 March 2022 of the assets and liabilities recognised by the Council. The net assets of the Council (assets less liabilities) are matched by the reserves held. Reserves are reported in two categories. The first category of reserves is usable reserves, i.e. those reserves that the Council may use to provide services, subject to the need to maintain a prudent level of reserves and any statutory limitations on their use (for example the Capital Receipts Reserve that may only be used to fund capital expenditure or repay debt). The second category of reserves is those that the Council is not able to use to provide services. This category of reserve includes reserves that hold unrealised gains and losses (for example the Revaluation Reserve), where amounts would only become available to provide services if the assets are sold; and, reserves that hold timing differences shown in the Movement in Reserves Statement line 'Adjustments between accounting basis and funding basis under regulations'.

31 March 2021 £000		Note	31 March 2022 £000
1,370,891	Property, Plant and Equipment	14	1,479,280
7,951	Heritage Assets	16	7,951
2,029	Investment Property	15	2,268
1,735	Long Term Intangible Assets	18	1,237
497	Assets Held for Sale - non current	24	295
39,067	Long Term Investments	19	18,128
405,474	Long Term Debtors	19,22	397,692
1,827,644	**Long Term Assets**		**1,906,851**
99,382	Short Term Investments	19	90,122
1,587	Assets Held for Sale - current	24	3,793
1,260	Inventories		2,255
95,067	Short Term Debtors	19,22	86,213
83,373	Cash and Cash Equivalents	23	98,876
280,669	**Current Assets**		**281,259**

31 March 2021 £000		Note	31 March 2022 £000
(13,729)	Bank Overdraft	23	(11,988)
(61,090)	Short Term Borrowing	19	(56,978)
(104,690)	Short Term Creditors	19,26	(136,096)
(8,392)	Short Term Provisions	28	(9,529)
(884)	Revenue Grants Receipts in Advance	11	(2,146)
(188,785)	**Current Liabilities**		**(216,737)**
(69,987)	Long Term Creditors - PFI	19,25	(67,318)
-	Long Term Provisions	28	(127)
(756,893)	Long Term Borrowing	19,20	(705,378)
(907,319)	Net Defined Pension Liability	29	(784,357)
(8,548)	Capital Grants Receipts in Advance	11	(14,724)
(1,742,747)	**Long Term Liabilities**		**(1,571,904)**
176,781	**Net Assets**		**399,469**
346,063	Usable Reserves		(361,749)
(169,282)	Unusable Reserves	29	(37,720)
176,781	**Total Reserves**		**(399,469)**

The Cash Flow Statement shows the changes in cash and cash equivalents of the Council during the year to 31 March 2022 by classifying cash flows as operating, investing and financing activities. The amount of net cash flows arising from operating activities is a key indicator of the extent to which the operations of the Council are funded by way of taxation and grant income or from the recipients of services provided by the Council. Investing activities represent the extent to which cash outflows have been made for resources which are intended to contribute to the Council's future service delivery. Cash flows arising from financing activities are useful in predicting claims on future cash flows by providers of capital to the Council.

2020-21 £000		Note	2021-22 £000
(22,331)	Net surplus/(deficit) on the provision of services		(35,735)
183,555	Adjustments to net surplus or deficit on the provision of services for non-cash movements	32	147,588
(101,417)	Adjustments for items included in the net surplus or deficit on the provision of services that are investing and financing activities	32	(76,105)
59,807	**Net cash flows from Operating Activities**		**35,748**
(14,674)	Investing Activities	33	29,405
(34,326)	Financing Activities	34	(47,909)
10,807	**Net increase in cash and cash equivalents**		**17,244**
58,837	Cash and cash equivalents at the beginning of the reporting period		69,644
69,644	**Cash and cash equivalents at the end of the reporting period**		**86,888**

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Notes to the Accounts

Notes to the Accounts

Notes References

Note	Note Description	Note	Note Description
	Notes Supporting the CIES	23	Cash and Cash Equivalents
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2	Expenditure and Income Analysed by Nature	25	Private Finance Initiatives and Similar Contracts
3	Other Operating Income and Expenditure	26	Creditors
4	Financing and Investment Income and Expenditure	27	Significant Commitments Under Capital Contracts
5	Taxation and Non-Specific Grant Income	28	Provisions
6	Better Care Fund	29	Unusable Reserves
7	Members' Allowances	30	Pension Schemes Accounted for as Defined Contribution Schemes
8	Officers' Remuneration	31	Defined Benefit Pension Schemes
9	External Audit Costs		**Notes Supporting the Cash Flow Statement**
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12	Adjustments Between Accounting Basis and Funding Basis under Regulations		**Other Notes**
13	Transfers to/from Earmarked Reserves	35	Related Parties
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14	Property, Plant and Equipment	37	Impairment Losses
15	Investment Property	38	Contingent Liabilities
16	Heritage Assets	39	Contingent Assets
17	Capital Expenditure and Capital Financing	40	Accounting Policies
18	Intangible Assets	41	Accounting Standards That Have Been Issued but Have Not Yet Been Adopted and Other Issues
19	Financial Instruments	42	Critical Judgements in Applying Accounting Policies
20	Nature and Extent of Risks Arising from Financial Instruments	43	Assumptions Made About the Future and Other Major Sources of Estimation Uncertainty
21	Leases	44	Events After the Reporting Period
22	Debtors	45	Restatements and Prior Period Adjustments

Notes Supporting the Comprehensive Income and Expenditure Statement

1. Expenditure and Funding Analysis

The objective of the Expenditure and Funding Analysis is to demonstrate to council tax and rent payers how the funding available to the Council (i.e. government grants, rents, council tax and business rates) for the year has been used in providing services in comparison with those resources consumed or earned by authorities in accordance with generally accepted accounting practices.

The Expenditure and Funding Analysis also shows how this expenditure is allocated for decision making purposes between the Council's services.

Income and expenditure accounted for under generally accepted accounting practices is presented more fully in the Comprehensive Income and Expenditure Statement (CIES).

2020-21				2021-22		
Net Expenditure Chargeable to the General Fund and HRA Balances	Adjustments between Funding and Accounting Basis	Net Expenditure in the CIES		Net Expenditure Chargeable to the General Fund and HRA Balances	Adjustments between Funding and Accounting Basis	Net Expenditure in the CIES
£000	£000	£000		£000	£000	£000
95,655	6,618	102,273	Adult Social Care & Commissioning	98,876	8,875	107,751
23,379	3,960	27,339	Chief Executive	27,546	2,060	29,606
54,145	39,580	93,725	Children's Services	49,508	54,606	104,114
13,736	7,465	21,201	Communities & Business Development	10,929	6,741	17,670
(75,399)	75,481	82	Corporate Expenditure and Income	(29,090)	34,462	5,372
22,334	19,710	42,044	Finance	24,225	31,819	56,044
(4,370)	(2,792)	(7,162)	Local Authority Housing (HRA)	(3,850)	(20,271)	(24,121)
53,787	33,008	86,795	Planning & Local Services	43,761	36,601	80,362
(4,524)	558	(3,966)	Public Health & Community Services	7,059	983	8,042
(4,839)	6,276	1,437	Regeneration	2,765	463	3,228
173,904	**189,864**	**363,768**	**Net Cost of services**	**231,729**	**156,339**	**388,068**
(239,636)	(101,801)	(341,437)	Other Income And Expenditure	(240,111)	(112,222)	(352,333)
(65,732)	88,063	22,331	**Deficit/(Surplus) on General Fund and HRA**	**(8,382)**	44,117	**35,735**
(211,165)			Opening General Fund and HRA Balance at 31 March 2020	(276,897)		
(65,732)			Add: Surplus on General Fund and HRA Balance in Year	(8,382)		
(276,897)			**Closing General Fund and HRA Balance at 31 March 2021**	**(285,279)**		

Notes to the Accounts

The 2020-21 comparative Cost of Services figures have been restated to reflect the current service structure. There is no impact on the net Cost of Services or the Total (Surplus) or Deficit on the General Fund and HRA

Note the split between the General Fund and HRA balances is detailed in the Movement in Reserves Statement.

Notes to the Expenditure and Funding Analysis

The adjustments between the funding and accounting basis shown above are analysed further in the following tables.

Adjustments for Capital Purposes

This column adds in depreciation, impairment and revaluation gains and losses in the services line; and, for:

- Other Operating Expenditure – adjusts for capital disposals with a transfer of income on disposal of assets and the amounts written off for those assets. Also any change in the fair value of assets held for sale is reflected in this note;
- Financing and Investment income and expenditure – the statutory charges for capital financing 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,
- 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 line is credited with capital grants receivable in the year without conditions; or, for which conditions were satisfied in the year.

Net Change for the Pensions Adjustments

Net change for the removal of pension contributions and the addition of IAS 19 Employee Benefits pension related expenditure and income:

- For Services - this represents the removal of the employers' 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 and expenditure – the net interest on the defined benefit liability is charged to the comprehensive income and expenditure statement.

Other Differences

Other differences between amounts debited/credited to the comprehensive income and expenditure statement and amounts payable/receivable to be recognised under statute:

- For Financing and Investment income and expenditure - the other differences column recognises adjustments to the General Fund for the timing differences for premiums and discounts;
- For Services - this represents the change in accrued employee benefits such as annual leave; and,

- The charge under taxation and non-specific grant income represents the difference between what is chargeable under statutory regulations for council tax and non-domestic rates 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 in the Collection Fund.
- Adjustments from the General Fund to arrive at the amounts disclosed within the Comprehensive Income and Expenditure Statement:

2020-21					2021-22			
Adjustments for Capital Purposes	Net Change for the Pensions Adjustment	Other Differences	Total Adjustments		Adjustments for Capital Purposes	Net Change for the Pensions Adjustment	Other Differences	Total Adjustments
£000	£000	£000	£000		£000	£000	£000	£000
2,000	4,626	(8)	6,618	Adult Social Care & Commissioning	3,046	5,640	189	8,875
2,328	1,623	9	3,960	Chief Executive	94	1,939	27	2,060
34,713	5,854	(987)	39,580	Children's Services	46,557	7,273	776	54,606
6,172	1,286	7	7,465	Communities & Business Development	4,951	1,770	20	6,741
77,010	(1,529)	-	75,481	Corporate Expenditure & Income	35,724	(1,262)	-	34,462
21,580	(1,888)	18	19,710	Finance	25,563	6,242	14	31,819
(5,119)	2,336	(9)	(2,792)	Local Authority Housing (HRA)	(23,120)	2,826	23	(20,271)
27,406	5,592	10	33,008	Planning & Local Services	29,251	7,291	59	36,601
(447)	1,005	-	558	Public Health & Community Services	(534)	1,497	20	983
5,954	322	-	6,276	Regeneration	(57)	517	3	463
171,597	**19,227**	**(960)**	**189,864**	**Net Cost of services**	**121,475**	**33,733**	**1,131**	**156,339**
(144,117)	16,934	25,382	(101,801)	Other Income And Expenditure	(117,079)	17,930	(13,073)	(112,222)
27,480	**36,161**	**24,422**	**88,063**	**(Surplus) or Deficit**	**4,396**	**51,663**	**(11,942)**	**44,117**

The 2020-21 comparative Cost of Services figures have been restated to reflect the current service structure. There is no impact on the net Cost of Services or the (Surplus) or Deficit.

2. Expenditure and Income Analysed by Nature

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

	2021-22	Adult Social Care & Commissioning	Chief Executive	Children's Services	Finance	Local Authority Housing (HRA)	Regeneration	Planning & Local Services	Public Health & Community Services	Communities & Business Development	Corporate Expenditure & Income
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
Expenditure:											
Depreciation, amortisation, impairment	52,560	714	1,465	6,343	2,378	9,686	-	26,625	-	5,349	-
Employee Benefits Expenses	346,758	39,471	23,035	155,597	26,013	11,155	3,601	46,527	10,185	10,841	20,333
(Gain) or Loss on the Disposal of Assets	8,310	-	-	-	(7)	-	-	-	-	-	8,317
Interest Payments	32,079	4	-	3	-	3,588	-	-	-	-	28,484
Other Services Expenditure	559,778	185,855	11,050	134,963	105,193	9,585	9,223	68,160	17,501	12,781	5,467
Payments to Housing Capital Receipts Pool	1,511	-	-	-	-	-	-	-	-	-	1,511
Precepts and Levies	16,438	-	-	-	-	-	-	-	-	-	16,438
Support Services Recharges	(18,734)	(376)	(512)	8,190	(5,968)	219	(224)	(23,107)	5,370	(1,231)	(1,095)
Total Expenditure	**998,700**	**225,668**	**35,038**	**305,096**	**127,609**	**34,233**	**12,600**	**118,205**	**33,056**	**27,740**	**79,455**
Income:											
Fees Charges and Other Services Income	(199,903)	(78,279)	(1,429)	(21,747)	(5,939)	(54,667)	(77)	(30,804)	(3,377)	(3,583)	(1)
Government Grants	(499,243)	(39,633)	(4,003)	(179,233)	(65,632)	(633)	(9,296)	(7,697)	(21,665)	(6,488)	(164,963)
Income from Council Tax and Non-domestic Rates	(242,230)	-	-	-	-	-	-	-	-	-	(242,230)
Interest and Investment Income	(21,589)	-	-	-	-	(7)	-	(6)	-	-	(21,576)
Total Income	**(962,965)**	**(117,912)**	**(5,432)**	**(200,980)**	**(71,571)**	**(55,307)**	**(9,373)**	**(38,507)**	**(25,042)**	**(10,071)**	**(428,770)**
Deficit on the Provision of Services	**35,735**	**107,756**	**29,606**	**104,116**	**56,038**	**(21,074)**	**3,227**	**79,698**	**8,014**	**17,669**	**(349,315)**

	2020-21 £000	Adult Social Care & Commissioning £000	Chief Executive £000	Children's Services £000	Finance £000	Local Authority Housing (HRA) £000	Regeneration £000	Planning & Local Services £000	Public Health & Community Services £000	Communities & Business Development	Corporate Expenditure & Income £000
Expenditure:											
Depreciation, amortisation, impairment	53,219	700	1,605	6,964	2,894	9,613	-	25,859	-	5,584	-
Employee Benefits Expenses	319,423	37,763	21,362	151,182	17,878	10,010	2,597	42,571	7,630	9,416	19,014
(Gain) or Loss on the Disposal of Assets	52,026	-	-	-	-	-	-	-	-	-	52,026
Interest Payments	31,005	11	-	2	-	3,452	-	-	-	-	27,540
Other Services Expenditure	527,242	183,670	11,190	106,870	109,369	9,107	6,013	69,961	16,710	11,411	2,941
Payments to Housing Capital Receipts Pool	909	-	-	-	-	-	-	-	-	-	909
Precepts and Levies	16,641	-	-	-	-	-	-	-	-	-	16,641
Support Services Recharges	(23,742)	880	(990)	5,411	(7,142)	913	(72)	(24,664)	3,946	(934)	(1,090)
Total Expenditure	**976,723**	**223,024**	**33,167**	**270,429**	**122,999**	**33,095**	**8,538**	**113,727**	**28,286**	**25,477**	**117,981**
Income:											
Fees Charges and Other Services Income	(157,637)	(83,978)	(2,750)	(6,018)	(4,755)	(36,745)	(64)	(20,034)	(2,102)	(1,140)	8
Government Grants	(554,241)	(36,762)	(3,078)	(170,685)	(76,199)	(422)	(7,037)	(7,252)	(30,180)	(3,137)	(219,551)
Income from Council Tax and Non-domestic Rates	(220,315)	-	-	-	-	-	-	-	-	-	(220,315)
Interest and Investment Income	(22,201)	-	-	-	-	(6)	-	(6)	-	-	(22,189)
Total Income	**(954,394)**	**(120,740)**	**(5,828)**	**(176,703)**	**(80,954)**	**(37,173)**	**(7,101)**	**(27,292)**	**(32,282)**	**(4,277)**	**(462,047)**
Deficit on the Provision of Services	**22,329**	**102,284**	**27,339**	**93,726**	**42,045**	**(4,078)**	**1,437**	**86,435**	**(3,996)**	**21,200**	**(344,066)**

3. Other Operating Income and Expenditure

2020-21 £000		2021-22 £000
16,641	Parish and other precepts	16,438
909	Payments to the Government Housing Capital Receipts Pool	1,511
10	(Upward)/Downward Valuation of Assets Held for Sale	632
13,201	(Gains)/Losses on the disposal of non-current assets*	8,310
30,761	**Total net operating expenditure**	**26,891**

* Includes losses of £26.22 million and gains of £27.09 million

4. Financing and Investment Income and Expenditure

2020-21 £000		2021-22 £000
31,004	Interest payable and similar charges	32,079
17,627	Net interest on the net defined benefit liability (asset)	18,681
(22,201)	Interest receivable and similar income	(21,589)
(15)	Income and expenditure in relation to investment properties and changes in fair value	(214)
38,826	Disposal due to Academy transfer*	-
65,241	**Total Financing and Investment Income and Expenditure**	**28,957**

* Further details of schools transferring to academy status is shown within Note 42

5. Taxation and Non-Specific Grant Income

2020-21 £000		2021-22 £000
(196,757)	Council tax income	(207,521)
(23,558)	Non domestic rates income	(34,710)
(118,656)	Non-ring fenced government grants*	(99,227)
(98,468)	Capital grants and contributions*	(66,723)
(437,439)	**Total Taxation and Non Specific Grant Income**	**(408,181)**

* Further analysis is shown within Note 11

6. Better Care Fund

National policy requires local authorities and NHS Clinical Commissioning Groups (CCGs) to establish a pooled fund under Section 75 of the NHS Act 2006, and to make joint decisions about how to use the fund to promote integration between health and social care services. A Better Care Fund Plan for 2021-22, submitted to NHS England in November 2021, set out in detail how the funds, which the Council and Northumberland CCG were required to include in the pooled fund, would be allocated to specific purposes. The CCG was required under national rules to transfer a total of £16.65 million from its contribution to the local authority; the local authority was required to include in the fund “Improved Better Care Fund" (iBCF) grant funding paid directly to the Council, as well as capital funding for adaptations to the homes of disabled people and related purposes.

2020-21 £000		2021-22 £000
	Funding provided to the pooled budget:	
(15,457)	Northumberland County Council	(15,457)
(25,418)	Northumberland Clinical Commissioning Group	(26,708)
(40,875)		**(42,165)**
	Expenditure met from the pooled budget:	
31,350	Northumberland County Council	32,103
9,525	Northumberland Clinical Commissioning Group	10,062
40,875		**42,165**
-	**Net surplus**	**-**

7. Members' Allowances

The Council paid the following amounts to Members during the year:

2020-21 £000		2021-22 £000
1,375	Allowances	1,406
5	Expenses	22
1,380	**Total**	**1,428**

8. Officers' Remuneration

The Accounts and Audit Regulations 2015 require authorities to disclose the number of employees whose remuneration in the year was £50,000 and above, shown in bands of £5,000. Remuneration is defined as all amounts paid to or receivable by an employee, expense allowances chargeable to tax and the money value of benefits. The change in the profile of number of employees within each band reflects salary increments and pay awards, early retirements and part-year effects of staff joining or leaving the Council within the year.

The note excludes senior employees whose individual remuneration is in the remuneration of senior officers' disclosure.

2020-21 All Employees	Remuneration Band	2021-22 All Employees
123	£50,000 to £54,999	149
78	£55,000 to £59,999	86
43	£60,000 to £64,999	55
41	£65,000 to £69,999	40
17	£70,000 to £74,999	24
9	£75,000 to £79,999	8
4	£80,000 to £84,999	7
7	£85,000 to £89,999	3
9	£90,000 to £94,999	7
1	£95,000 to £99,999	4
3	£100,000 to £104,999	2
-	£105,000 to £109,999	1
2	£110,000 to £114,999	2
1	£115,000 to £119,999	-
2	£120,000 to £124,999	2
-	£125,000 to £129,999	1
1	£130,000 to £134,999	2
341	**Total**	**393**

Notes to the Accounts

The Accounts and Audit Regulations 2015 require authorities to disclose the remuneration of senior officers. There have been no bonuses paid to senior officers in 2020-21 or 2021-22.

2021-22 Post Holder Information	Note	Salary £	Allowances £	Compensation for loss of office £	Strain on the Fund £	Benefits in kind* £	Total Renumeration £	Pension Contributions £	Total Renumeration inc Pension Contributions £
Senior Officers – salary is £150,001 or more per year									
Chief Executive and Head of Paid Service - Daljit Lally #	1	168,792	40,000	-	-	27,299	**236,091**	43,846	**279,937**
Executive Director of Adults and Children's Services - Cath McEvoy-Carr	2	155,261	-	-	-	7,639	**162,900**	32,605	**195,505**
Executive Director of HR and OD and Deputy Chief Executive - Kelly Angus	3	82,915	-	-	-	11,224	**94,139**	8,515	**102,654**
Director of Transformation - Allison Joynson	4	146,745	-	-	-	14,494	**161,239**	30,816	**192,055**
Senior Officers emoluments – salary is between £50,000 and £150,000 per year									
Interim Executive Director Regeneration/Accountable Officer Advance	5	134,006	-	-	-	-	**134,006**	28,141	**162,147**
Interim Executive Director of Planning and Local Services	6	128,613	-	-	-	-	**128,613**	27,009	**155,622**
Executive Director of Finance and Section 151 Officer	7	-	-	-	-	-	**-**	-	**-**
Interim Executive Director Public Health and Community Services	8	134,105	-	-	-	-	**134,105**	28,162	**162,267**
Interim Executive Director of Communities and Business Development	9	132,155	-	-	-	7,327	**139,482**	27,753	**167,235**
Monitoring Officer and Director of Corporate Governance	10	-	-	-	-	-	**-**	-	**-**
Chief Fire Officer		137,441	-	-	-	-	**137,441**	39,583	**177,024**
Interim Service Director HR & OD	11	84,775	-	-	-	6,852	**91,627**	12,176	**103,803**
Service Director - Adult Care	12	112,567	-	-	-	15,222	**127,789**	16,187	**143,976**
Senior Service Director	13	100,887	-	-	-	-	**100,887**	21,186	**122,073**
Acting Head of Internal Audit & Risk Management	14	91,019	-	-	-	-	**91,019**	18,022	**109,041**
Director of Corporate Assurance	15	61,646	-	-	-	-	**61,646**	12,206	**73,852**

Notes:

*The amounts included within this column include both the salary sacrifice and the P11D benefit in kind values.

#Whilst the allowance for this post has been paid by the Council to the postholder; following the issuance of a report by the Council's Interim Executive Director of Finance and Section 151 Officer, under Section 114 of the Local Government Finance Act 1988 to Members, further investigation is required regarding the lawfulness of the payment in the first instance. Following that investigation, a decision may need to be made regarding potential recovery. The link to the report is https://www.northumberland.gov.uk/About/Transparency.aspx#statutoryfinancereport

Note	From	To	Post Holder	Information
1	01-Apr-21	14-May-21	Chief Executive and Head of Paid Service	This post is 0.50 FTE. The Chief Executive also receives an International Allowance.
	15-May-21	31-Mar-22	Chief Executive and Head of Paid Service	This post is contractually 0.50 FTE. However, the Chief Executive worked for the Council on a quantum meruit basis during this period and received the equivalent of a full-time salary. The Chief Executive also receives an International Allowance.
2	01-Apr-21	14-Nov-21	Executive Director of Adult Social Care & Children's Services	
	15-Nov-21	31-Mar-22	Executive Director of Adult Social Care & Children's Services and Deputy Chief Executive	
3	01-Apr-21	31-Aug-21	Executive Director of HR & OD and Deputy Chief Executive	Employee seconded from and paid by Northumbria Healthcare NHS Foundation Trust. Salary recharged 100.00% to Northumberland County Council. The secondment ended on 31 August 2021.
4	01-Apr-21	30-Sep-21	Director of Transformation	Jointly funded post with Northumbria Healthcare NHS Foundation Trust. Each organisation paid 50.00%.
	01-Oct-21	31-Mar-22	Director of Transformation	The post was fully funded by Northumberland County Council
5	01-Apr-21	31-Aug-21	Interim Executive Director: Regeneration, Commercial & Economy	
	01-Sep-21	31-Mar-22	Interim Executive Director: Regeneration	
6	01-Apr-21	31-Aug-21	Director of Planning	
	01-Sep-21	31-Mar-22	Interim Executive Director of Planning and Local Services	
7	01-Apr-21	31-Mar-22	Executive Director of Finance and Section 151 Officer	The role was covered by an interim appointment and was not a Northumberland County Council employee.
8	01-Apr-21	31-Aug-21	Director of Public Health	
	01-Sep-21	31-Mar-22	Interim Executive Director Public Health and Community Services	
9	01-Apr-21	31-Aug-21	Director of Business Development and Communities	
	01-Sep-21	31-Mar-22	Interim Executive Director of Communities and Business Development	
10	14-Oct-21	31-Mar-22	Monitoring Officer and Director of Corporate Governance	The role was covered by an interim appointment who was not a Northumberland County Council employee.
11	01-Apr-21	31-Aug-21	Strategic HR Lead	Employee seconded from and paid by Northumbria Healthcare NHS Foundation Trust. Salary recharged 100.00% to Northumberland County Council.
	01-Sep-21	31-Mar-22	Interim Service Director HR & OD	Employee seconded from and paid by Northumbria Healthcare NHS Foundation Trust. The salary is recharged 100.00% to Northumberland County Council.
12	01-Apr-21	30-Sep-21	Service Director Adult Services	Employee of Northumbria Healthcare NHS Foundation Trust. This was a jointly funded post – each organisation paid 50.00%.
	01-Oct-21	31-Mar-22	Service Director Adult Care	Following the dissolution of the Partnership Agreement the employee TUPE transferred to Northumberland County Council. The post is fully funded by Northumberland County Council.
13	01-Apr-21	31-Aug-21	Service Director	
	01-Sep-21	31-Mar-22	Interim Senior Service Director	

Note	From	To	Post Holder	Information
14	01-Apr-21	30-Sep-21	Acting Chief Internal Auditor	Employee of North Tyneside Council. Post jointly funded by Northumberland County Council and North Tyneside Council as part of the shared service arrangement.
	01-Oct-21	31-Mar-22	Acting Head of Internal Audit & Risk Management	Employee of North Tyneside Council. Post jointly funded by Northumberland County Council and North Tyneside Council as part of the shared service arrangement.
15	01-Apr-21	30-Sep-21	Director of Corporate Assurance	Employee seconded from and paid by North Tyneside Council. Salary recharged 100.00% to Northumberland County Council. The secondment ended on 30 September 2021.

2020-21 Post Holder Information	Note	Salary £	Allowances £	Compensation for loss of office £	Strain on the Fund** £	Benefits in kind*** £	Total Renumeration £	Pension Contributions £	Total Renumeration inc Pension Contributions £
Senior Officers – salary is £150,001 or more per year									
Chief Executive and Head of Paid Service - Daljit Lally #	1	85,522	40,000	-	-	20,897	**146,419**	26,360	**172,779**
Executive Director of Adults and Children's Services - Cath McEvoy-Carr		151,196	-	-	-	6,406	**157,602**	31,751	**189,353**
Executive Director of HR and OD and Deputy Chief Executive - Kelly Angus	2	149,500	-	-	-	14,470	**163,970**	21,486	**185,456**
Director of Transformation - Allison Joynson	3	146,047	-	-	-	14,541	**160,588**	30,670	**191,258**
Senior Officers emoluments – salary is between £50,000 and £150,000 per year									
Executive Director of Regeneration, Commercial and Economy		141,524	4,314	-	-	4,810	**150,648**	4,985	**155,633**
Executive Director of Place		139,017	-	-	-	-	**139,017**	29,194	**168,211**
Executive Director of Finance (Section 151 Officer)	4	130,378	-	-	-	6,268	**136,646**	27,026	**163,672**
Chief Fire Officer		128,520	2,460	-	-	-	**130,980**	37,014	**167,994**
Director of Business Development (Care Services)		118,802	-	-	-	5,007	**123,809**	24,883	**148,692**
Service Director - Adult Services and Community *	5	103,255	-	64,656	395,154	-	**563,065**	10,284	**573,349**
Director of Corporate Assurance	6	92,867	-	-	-	-	**92,867**	18,388	**111,255**

Notes:

*The post of Service Director - Adult Services and Community was deleted following voluntary redundancy of the postholder.

**This figure currently includes a final pay control charge.

***The amounts included within this column include both the salary sacrifice and the P11D benefit in kind values.

#Whilst the allowance for this post has been paid by the Council to the postholder; following the issuance of a report by the Council's Interim Executive Director of Finance and Section 151 Officer, under Section 114 of the Local Government Finance Act 1988 to Members, further investigation is required regarding the lawfulness of the payment in the first instance. Following that investigation, a decision may need to be made regarding potential recovery. The link to the report is https://www.northumberland.gov.uk/About/Transparency.aspx#statutoryfinancereport

Note	From	To	Post Holder	Information
1	01-Apr-20	31-Mar-21	Chief Executive and Head of Paid Service	This post is 0.50 FTE. The Chief Executive also receives an International Allowance.
2	01-Apr-20	31-Mar-21	Executive Director of HR & OD and Deputy Chief Executive	Employee seconded from and paid by Northumbria Healthcare NHS Foundation Trust. Salary recharged 100.00% to Northumberland County Council.
3	01-Apr-20	31-Mar-21	Director of Transformation	Jointly funded post with Northumbria Healthcare NHS Foundation Trust. Each organisation pays 50.00%.
4	01-Apr-20	28-Feb-21	Executive Director of Finance (Section 151 Officer)	Leaving date 28 February 2021.
5	01-Mar-20	31-Oct-20	Service Director – Adult Services and Community	Leaving date 31 October 2020.
6	01-Apr-20	31-Mar-21	Director of Corporate Assurance	Employee seconded from and paid by North Tyneside Council. Salary recharged 100.00% to Northumberland County Council.
Note:	01-Mar-21	31-Mar-21	Executive Director of Finance (Section 151 Officer)	The role was covered by an interim appointment who was not a Northumberland County Council employee.

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

Exit package cost band	Number of Compulsory Redundancies 2020-21	Number of Compulsory Redundancies 2021-22	Number of Other Departures Agreed 2020-21	Number of Other Departures Agreed 2021-22	Total Number of Exit Packages by cost band 2020-21	Total Number of Exit Packages by cost band 2021-22	Total Cost of Exit packages in each band 2020-21 £	Total Cost of Exit packages in each band 2021-22 £
£0 - £20,000	-	2	62	81	62	83	514,411	608,394
£20,001 - £40,000	1	-	13	11	14	11	372,070	335,982
£40,001 - £60,000	-	-	1	3	1	3	40,835	168,297
£60,001 - £80,000	1	1	5	4	6	5	414,697	347,512
£80,001 - £100,000	-	-	-	1	-	1	-	90,472
£100,001 - £150,000	-	-	1	1	1	1	101,845	140,141
£150,001 - £200,000	-	-	-	1	-	1	-	168,138
£450,001 - £500,000	-	-	1	-	1	-	488,024*	-
	2	**3**	**83**	**102**	**85**	**105**	**1,931,882**	**1,858,936**
Add amounts provided for in Comprehensive Income and Expenditure Statement not included in bandings	-	-	-	-	3	-	171,180	-
Total cost included in Comprehensive Income and Expenditure Statement	**2**	**3**	**83**	**102**	**88**	**105**	**2,103,062**	**1,858,936**

*This figure currently includes a final pay control charge.

A redundancy provision was not created in the 2021-22 accounts; therefore, there is no provision for redundancies in the Council's Comprehensive Income and Expenditure Statement. The 2020-21 accounts included a provision of £0.17 million payable to three officers. An additional line has been added to reconcile to the total cost of termination benefits reported in the previous year's Comprehensive Income and Expenditure Statement.

9. External Audit Costs

The Council has incurred the following costs in relation to the audit of the Statement of Accounts, assurance work in relation to grant claims and for non-audit services provided by the Council's external auditors:

2020-21 £000		2021-22 £000
170	Fees payable to the appointed auditor with regard to external audit services carried out by the appointed auditor for the year	170
18	Fees payable to the appointed auditor for assurance work in relation to grant claims and returns for the year	18
-	Public Sector Audit Appointments (PSAA) distribution of surplus funds*	(37)
188	**Total**	**151**

*Note: The PSAA refund was awarded following approval of its 2020-21 audited annual accounts.

10. Dedicated Schools Grant

The Council's expenditure on schools is funded primarily by grant monies provided by the Education Skills Funding Agency (ESFA), the Dedicated Schools Grant (DSG). DSG is ring-fenced and can only be applied to meet expenditure properly included in the Schools' Budget, as defined in the Schools 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 DSG receivable for 2021-22 are as follows:

Schools' Budget Funded by DSG	Central Expenditure £000	Individual Schools' Budget £000	Total £000
Final DSG for 2021-22 before academy and high needs recoupment	-	-	263,943
Academy figure recouped for 2021-22	-	-	(117,624)
Total DSG after Academy Recoupment	**-**	**-**	**146,319**
Plus: Brought forward from 2020-21	-	-	898
Agreed budgeted distribution in 2021-22	**35,251**	**111,966**	**147,217**
In Year Adjustments *	470	40	510
Final Budget Distribution for 2021-22	**35,721**	**112,006**	**147,727**
Less Actual Central Expenditure	31,689	-	31,689
Less Actual ISB deployed to Schools	-	112,006	112,006
Carried forward to 2022-23	**4,032**	**-**	**4,032**

*Note: The £0.51 million In Year adjustment relates to the clawback of the 2020-21 Early Years block funding by the Department for Education in November 2021 and an estimate of final Early Years block funding for 2021-22, due to be confirmed in July 2022.

11. Grant Income

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

2020-21 £000		2021-22 £000
	Revenue Grants Credited to Taxation and Non Specific Grant Income:	
30,072	Business Rates Section 31 Grants	18,352
14,956	Covid-19 Grant	8,510
3,382	Covid-19 Hardship Fund	4,580
12,128	Improved Better Care Fund	12,128
5,965	New Homes Bonus Grant	4,331
478	Other	1,023
27,535	Retained Business Rates Top up Grant	27,535
10,451	Revenue Support Grant	10,508
2,340	Rural Services Delivery Grant	2,456
2,904	Sales, Fees and Charges Compensation	270
8,445	Social Care Support Grant	9,534
118,656	**Total Revenue Grants Credited to Taxation and Non Specific Grant Income**	**99,227**

2020-21 £000		2021-22 £000
	Grants Credited to Services:	
	Revenue:	
61,748	Council Tax / Housing Benefit Subsidy Grants	56,594
5,466	Covid-19 Additional Restrictions Support Grant	6,361
7,977	Covid-19 Adult Social Care Infection Control Fund	4,321
9,397	Covid-19 Contain Outbreak Management Fund	2,196
4,119	Covid-19 Discretionary Grant Fund	-
1,529	Covid-19 Local Authority Test & Trace Service Support Grant	-
2,272	Covid-19 Local Restrictions Support Grant	-
1,189	Covid-19 Winter Grant Scheme	-
137,668	Dedicated Schools Grant (DSG)	147,026
3,961	Education and Skills Funding Agency (ESFA)	3,571
18,180	Grants in Support of Individual School Budgets	13,674
-	Household Support Fund	2,802
6,470	North East Combined Authority Grant	6,127
15,825	Other Grants	20,908
16,742	Public Health Grant	16,891
-	Rapid Testing Grant	2,585
-	Social Care Workforce Capacity Grant	3,312
1,501	Syrian Resettlement Grant	-
4,760	The Private Finance Initiative (PFI)	4,760
298,804	**Total Revenue Grants**	**291,128**
	Donations and Contributions:	
8,186	Contribution from Other Local Authorities	7,435
17,830	Health Service	18,352
3,100	Other Donations and Contributions	5,731
9,198	S117 Health Contribution	10,647
38,314	**Total Donations and Contributions**	**42,165**
337,118	**Total Credited to Services**	**333,293**

2020-21 £000		2021-22 £000
	Capital:	
-	Department for Business, Energy and Industrial Strategy - Green Homes Grant	1,055
-	Department for Business, Energy and Industrial Strategy - Public Sector Decarbonisation Scheme	1,594
1,926	Department for Culture, Media and Sport - Local Full Fibre Network	3,948
11,426	Department for Education - Capital Maintenance	7,802
7,124	Department for Education - Priority Schools Building programme	3,346
19,863	Department for Transport - Local Transport Plan	23,800
6,223	Department for Transport - Northumberland Line	12,657
11,421	Department for Transport - Pot Hole & Challenge Fund Grant	-
1,271	Heritage Lottery Fund - Union Chain Bridge	1,555
3,000	Ministry of Housing, Communities & Local Government - Ad Gefrin	-
16,900	Ministry of Housing, Communities & Local Government - Borderlands Carlisle Station	-
1,100	Ministry of Housing, Communities & Local Government - Borderlands Energy Central	-
5,000	Ministry of Housing, Communities & Local Government - Borderlands Lilodorei	-
2,482	Ministry of Housing, Communities & Local Government - Disabled Facilities Grant	3,329
1,026	Ministry of Housing, Communities & Local Government - Rural Growth Network Local Growth Fund	-
1,633	North East Combined Authority (NECA) - Integrated Transport	1,646
-	Scottish Borders Council - Union Chain Bridge	1,128
8,073	Other	4,863
98,468	**Total Capital**	**66,723**

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 can require the monies or property to be returned to the Grant Awarding Body. The balances at the year end are as follows:

2020-21 £000		2021-22 £000
	Capital Grant Receipts in Advance:	
2,923	Department for Business, Energy & Industrial Strategy - Green Homes Grant	1,868
-	Department for Business, Energy & Industrial Strategy - HUG 1 Sustainable Warmth	3,510
-	Department for Business, Energy & Industrial Strategy - LAD 3 Sustainable Warmth	1,900
3,013	Department for Business, Energy & Industrial Strategy - Public Sector Decarbonisation Scheme	1,419
-	Department for Business, Energy & Industrial Strategy - Social Housing Decarbonisation Fund	1,194
1,802	Department for Education - Devolved Formula Capital	1,650
-	Gladman Developments LTD - Corbridge Middle School 3G Pitch	451
-	Ministry of Housing, Communities & Local Government - Future High Streets Fund - Blyth	786
-	Ministry of Housing, Communities & Local Government - Towns Fund - Energising Blyth Northern Gateway Phase 1	1,045
810	Other	901
8,548	**Total Capital Grant Receipts in Advance**	**14,724**
	Revenue Grant Receipts in Advance:	
318	Borderlands	-
5	Cumbria, Northumberland Tyne & Wear NHS Foundation Trust	-
-	Department for Business Energy and Industrial Strategy	927
-	Department for Culture, Media and Sport	29
34	Department for Education	29
-	Department for Environment, Food and Rural Affairs	11
102	Department for Levelling Up, Housing and Communities	647

2020-21 £000		2021-22 £000
-	Education and Skills Funding Agency	120
-	European Regional Development Fund	43
4	Greggs Trust	-
2	Heritage Lottery Fund	45
-	Historic England	11
112	National Archives	21
5	NHS Northumberland CCG	-
-	North East Combined Authority	217
177	Northumbria Healthcare NHS Foundation Trust	15
66	Northumbria Police & Crime Commissioner	-
-	Public Health England	31
57	Reed in Partnership	-
1	Society of Antiquaries of Newcastle upon Tyne	-
1	The Key	-
884	**Total Revenue Grant Receipts in Advance**	**2,146**
9,432	**Total Receipts in Advance**	**16,870**

Notes Supporting the Movement in Reserves Statement

12. Adjustments between Accounting Basis and Funding Basis under Regulations

The following 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 year end balances are stated in the Movement in Reserves Statement.

2021-22	General Fund Balance	Housing Revenue Account	Capital Receipts Reserve	Capital Grants Unapplied	Major Repairs Reserve	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	(42,305)	(9,642)	-	-	-	51,947
Revaluation (losses)/gains on Property Plant and Equipment	(25,819)	21,660	-	-	-	4,159
Modification losses/(gains) in respect of capital financial assets	1,113	-	-	-	-	(1,113)
Loss allowances in respect of capital financial assets	30	-	-	-	-	(30)
Movements in the fair value of Investment Properties	216	23	-	-	-	(239)
Amortisation of intangible assets	(569)	(44)	-	-	-	613
Capital grants and contributions applied	53,537	534	-	-	-	(54,071)
Revenue expenditure funded from capital under statute	(47,886)	(28)	-	-	-	47,914
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	(35,092)	-	-	-	-	35,092
Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement:						
Statutory provision for the financing of capital investment	21,493	-	-	-	-	(21,493)
Voluntary set aside for the financing of capital investment	6,751	-	-	-	-	(6,751)
Capital expenditure charged against the General Fund and HRA balances	3,086	931	-	-	-	(4,017)
Adjustments primarily involving the Capital Grants Unapplied Account:						
Capital grants and contributions unapplied credited to the Comprehensive Income and Expenditure Statement	12,652	-	-	(12,652)	-	-
Application of grants to capital financing transferred to the Capital Adjustment Account	-	-	-	7,880	-	(7,880)
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	26,863	-	(26,863)	-	-	-
Use of the Capital Receipts Reserve to finance new capital expenditure	-	-	6,945	-	-	(6,945)

Voluntary set aside of Capital Receipts to repay debt	-	-	17,406	-	-	(17,406)
Contribution from the Capital Receipts Reserve towards administrative costs of non-current asset disposals	(75)	-	75	-	-	-
Contribution from the Capital Receipts Reserve to finance the payments to the Government capital receipts pool	(1,511)	-	1,511	-	-	-
Adjustment primarily involving the Major Repairs Reserve:						
Reversal of Major Repairs Allowance credited to HRA	-	9,686	-	-	(9,686)	-
Use of the Major Repairs Reserve to finance new capital expenditure	-	-	-	-	8,080	(8,080)
Adjustments 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	336	-	-	-	-	(336)
Adjustments primarily involving the Pensions Reserve:						
Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement	(85,124)	(4,459)	-	-	-	89,583
Employer's pension contributions and direct payments to pensioners payable in the year	36,287	1,633	-	-	-	(37,920)
Adjustments primarily involving the Collection Fund Adjustment Account:						
Amount by which council tax and NNDR income credited to the Comprehensive Income and Expenditure Statement is different from income calculated for the year in accordance with statutory requirements	12,738	-	-	-	-	(12,738)
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	(1,109)	(23)	-	-	-	1,132
Total Adjustments	**(64,388)**	**20,271**	**(926)**	**(4,772)**	**(1,606)**	**51,421**

2020-21	General Fund Balance £000	Housing Revenue Account £000	Capital Receipts Reserve £000	Capital Grants Unapplied £000	Major Repairs Reserve £000	Movement in Unusable Reserves £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	(43,166)	(9,554)	-	-	-	52,720
Revaluation (losses)/gains on Property Plant and Equipment	(4,482)	4,055	-	-	-	427
Modification losses/(gains) in respect of capital financial assets	997	-	-	-	-	(997)
Loss allowances in respect of capital financial assets	(79)	-	-	-	-	79
Movements in the fair value of Investment Properties	4	10	-	-	-	(14)
Amortisation of intangible assets	(441)	(59)	-	-	-	500
Capital grants and contributions applied	72,058	362	-	-	-	(72,420)
Revenue expenditure funded from capital under statute	(57,407)	(200)	-	-	-	57,607
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	(76,999)	-	-	-	-	76,999
Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement:						
Statutory provision for the financing of capital investment	19,030	-	-	-	-	(19,030)
Voluntary set aside for the financing of capital investment	5,615	-	-	-	-	(5,615)
Capital expenditure charged against the General Fund and HRA balances	2,150	892	-	-	-	(3,042)
Adjustments primarily involving the Capital Grants Unapplied Account:						
Capital grants and contributions unapplied credited to the Comprehensive Income and Expenditure Statement	26,048	-	-	(26,048)	-	-
Application of grants to capital financing transferred to the Capital Adjustment Account	-	-	-	1,878	-	(1,878)
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	25,016	-	(25,016)	-	-	-
Use of the Capital Receipts Reserve to finance new capital expenditure	-	-	1,117	-	-	(1,117)
Voluntary set aside of Capital Receipts to repay debt	-	-	22,032	-	-	(22,032)
Contribution from the Capital Receipts Reserve towards administrative costs of non-current asset disposals	(35)	-	35	-	-	-
Contribution from the Capital Receipts Reserve to finance the payments to the Government capital receipts pool	(909)	-	909	-	-	-
Adjustment primarily involving the Major Repairs Reserve:						

2020-21	General Fund Balance	Housing Revenue Account	Capital Receipts Reserve	Capital Grants Unapplied	Major Repairs Reserve	Movement in Unusable Reserves
	£000	£000	£000	£000	£000	£000
Posting of HRA resources from revenue to the Major Repairs Reserve	-	9,613	-	-	(9,613)	-
Use of the Major Repairs Reserve to finance new capital expenditure	-	-	-	-	5,310	(5,310)
Adjustments 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	(302)	-	-	-	-	302
Adjustments primarily involving the Pensions Reserve:						
Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement	(70,150)	(3,943)	-	-	-	74,093
Employer's pension contributions and direct payments to pensioners payable in the year	36,325	1,607	-	-	-	(37,932)
Adjustments primarily involving the Collection Fund Adjustment Account:						
Amount by which council tax and NNDR income credited to the Comprehensive Income and Expenditure Statement is different from income calculated for the year in accordance with statutory requirements	(25,081)	-	-	-	-	25,081
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	952	9	-	-	-	(961)
Total Adjustments	**(90,856)**	**2,792**	**(923)**	**(24,170)**	**(4,303)**	**117,460**

13. 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 the amounts posted back from earmarked reserves to meet General Fund and HRA expenditure in 2021-22.

2020-21					2021-22			
1 April 2020	Transfers Out	Transfers In	31 March 2021		1 April 2021	Transfers Out	Transfers In	31 March 2022
£000	£000	£000	£000		£000	£000	£000	£000
				Earmarked General Fund Reserves:				
31	(11)	-	20	ADC Parks & Open Spaces	20	(11)	-	9
54	(4)	-	50	ADC Section 106 Monies	50	(4)	-	46
2,411	(4)	3,091	5,498	Balances held by schools under a scheme of delegation	5,498	(22)	3,716	9,192
-	-	1,067	1,067	Borderlands Energy Masterplan	1,067	(251)	-	816
-	-	2,322	2,322	Business Recovery	2,322	-	-	2,322
-	-	1,500	1,500	Cessation of the NHS Partnership Agreement	1,500	(1,238)	-	262
-	-	26,291	26,291	Collection Fund Smoothing	26,291	(22,011)	10,875	15,155
971	(142)	-	829	Community Led Housing	829	(142)	-	687
-	-	-	-	Contain Outbreak Management Fund	-	-	2,130	2,130
-	-	11,100	11,100	Council Commissioned Services	11,100	(2,119)	-	8,981
7,487	(21)	-	7,466	Council Transformation Fund	7,466	(72)	10,508	17,902
10,025	(10,025)	-	-	Covid-19 Grant	-	-	-	-
(607)	-	1,505	898	Dedicated Schools Grant	898	(898)	4,032	4,032
435	(15)	-	420	Economy & Regeneration Investment	420	(62)	-	358
-	-	-	-	Empty Dwelling Management Order	-	-	47	47
10,166	(1,489)	-	8,677	Estates Rationalisation	8,677	(1,435)	-	7,242
315	-	-	315	EU Exit Funding	315	(315)	-	-
-	-	20	20	EU Exit Funding - Exports	20	(20)	-	-
-	-	-	-	Exceptional Inflationary Pressures	-	-	5,208	5,208
-	-	60	60	Fire and Rescue Service HMICFRS Improvement	60	(10)	-	50
-	-	250	250	Firefighters' Immediate Detriment	250	-	-	250
-	-	33	33	Firefighters' Pension Fund Admin Grant	33	-	-	33
13	-	2	15	Haltwhistle Repairs	15	-	24	39
-	-	-	-	Highways Maintenance Investments	-	-	225	225

2020-21					2021-22			
1 April 2020	Transfers Out	Transfers In	31 March 2021		1 April 2021	Transfers Out	Transfers In	31 March 2022
£000	£000	£000	£000		£000	£000	£000	£000
8,969	-	692	9,661	Insurance	9,661	(1,182)	-	8,479
10,507	-	-	10,507	Invest to Save	10,507	(10,507)	-	-
737	(100)	-	637	Legal Challenges	637	(94)	1,257	1,800
424	-	-	424	Local Authority Mortgage Scheme	424	(424)	-	-
83	-	-	83	NCC Economic Regeneration	83	(64)	120	139
-	-	300	300	Northumberland Enterprise Holdings Ltd	300	(300)	-	-
10,202	(11,960)	1,758	-	Northumberland Line	-	-	-	-
-	-	65	65	Open Spaces Maintenance Agreements	65	(6)	28	87
445	(239)	-	206	Planning Delivery Grant	206	(65)	513	654
50	-	-	50	Problematic Empty Properties	50	-	-	50
-	-	-	-	Recruitment & Retention	-	-	500	500
522	(218)	-	304	Regeneration Additional Capacity	304	(114)	-	190
2,366	(788)	-	1,578	Regeneration Development	1,578	(263)	1,158	2,473
-	-	250	250	Repairs and Maintenance	250	-	-	250
-	-	1,000	1,000	Restructuring	1,000	-	1,000	2,000
8,448	(7,111)	17,894	19,231	Revenue Grants	19,231	(6,891)	4,991	17,331
75	(32)	52	95	Rural Growth Network	95	(95)	-	-
47	(38)	-	9	School Libraries	9	(2)	-	7
-	-	17	17	Sealodge	17	-	6	23
7,946	(1,815)	1,568	7,699	Section 106	7,699	(1,501)	4,632	10,830
2,500	-	-	2,500	Severe Weather	2,500	-	5,000	7,500
802	(79)	972	1,695	Social Fund	1,695	(1,067)	2,308	2,936
280	(24)	-	256	Sports Development	256	(3)	-	253
35,099	(1,057)	14,960	49,002	Strategic Management	49,002	(4,033)	3,268	48,237
-	-	-	-	Storm Arwen	-	-	2,178	2,178
-	-	-	-	Transformation of the Revenues and Benefits Service	-	-	215	215
30	-	-	30	Violence Reduction	30	-	-	30
2,000	-	-	2,000	Winter Services	2,000	-	-	2,000
122,833	**(35,172)**	**86,769**	**174,430**	**Total Earmarked General Fund Reserves**	**174,430**	**(55,221)**	**63,939**	**183,148**

2020-21					2021-22			
1 April 2020	Transfers Out	Transfers In	31 March 2021		1 April 2021	Transfers Out	Transfers In	31 March 2022
£000	£000	£000	£000		£000	£000	£000	£000
				HRA Earmarked Reserves:				
4,000	(892)	-	3,108	HRA - Capital Investment	3,108	(931)	-	2,177
4,000	**(892)**	**-**	**3,108**	**Total HRA Earmarked Reserves**	**3,108**	**(931)**	**-**	**2,177**
126,833	**(36,064)**	**86,769**	**177,538**	**Total Earmarked Reserves**	**177,538**	**(56,152)**	**63,939**	**185,325**

Alnwick District Council – Parks & Open Spaces

This reserve was established by Alnwick District Council during 2005-06 and 2006-07 with total funding of £0.22 million from capital receipts. It was to be utilised in a similar way to Section 106 agreements, to fund work within the district's parks and open spaces. £0.01 million was utilised during 2021-22.

Alnwick District Council – Section 106 Monies

The reserve was established by Alnwick District Council from income received in relation to Section 106 agreements.

Balances Held by Schools under a Scheme of Delegation

The School Balances Reserve of £9.19 million includes school balances of £8.25 million (£5.17 million in 2020-21), which are retained by schools under the Council's Local Management of Schools scheme and are not available for use by the Council, and school-related balances totalling £0.94 million (£0.33 million in 2020-21). The school balances are made up as follows:

31 March 2021 £000		31 March 2022 £000
7,888	Unspent Balances	10,564
(2,437)	Overspent Balances	(2,104)
(283)	Loans Outstanding	(210)
5,168		**8,250**

The Council has agreed an internal loan scheme to enable First, Middle, High and Special Schools to borrow money from the aggregate balances of delegated budgets held in the School Balance Reserves. At 31 March 2022 there were 2 loans outstanding of £0.21 million (£0.29 million in 2020-21):

- Stakeford First School £0.01 million; and,
- Alnwick Duchess High School £0.20 million.

Schools' balances are committed to be spent on the education service.

Borderlands Energy Masterplan

This reserve was established as part of the 2020-21 Provisional Outturn Report presented to Cabinet on 8 June 2021. It is to be used to pull together the current energy work of the five Borderland's authorities and identify opportunities for collaboration through the delivery of new and existing low carbon and energy strategies and projects, where there is the potential to benefit from economies of scale and knowledge transfer.

Business Recovery

This reserve was created to support businesses during the Covid-19 recovery period and support economic growth within Northumberland.

Cessation of the NHS Partnership Agreement

The partnership agreement between Northumberland County Council and Northumbria Health Care NHS Foundation Trust for the delegation of local authority health related functions ended on 30 September 2021. This reserve is for the one-off costs relating to the transfer of staff and services to the Council. It is anticipated that the remaining balance will be fully utilised during 2022-23.

Collection Fund Smoothing

This reserve was established in order to mitigate the impact of the estimated Collection Fund deficits for Business Rates and Council Tax which are to be recognised over the course of the Medium-Term Financial Plan.

Community Led Housing

This reserve was created from the Council's allocation from the Department for Housing, Communities and Local Government's Community Housing Fund. It is to be used to support community-led housing developments in areas where the impact of second homes is particularly acute, to enable community groups to deliver affordable housing units of mixed tenure on sites which are to be of little interest to mainstream house builders; and, to build collaboration, skills and supply chains at a local level. The reserve will enable capital investment, technical support and revenue to be provided to make schemes viable.

Contain Outbreak Management Fund
The Contain Outbreak Management Fund was made available by the Department of Health and Social Care to support Council activity to mitigate and manage local outbreaks of Covid-19. The balance of the fund is committed to continuing activities to protect vulnerable residents; harnessing capacity within local sectors; community-based support for those disproportionately impacted; and communicating safer behaviours that the wider public can follow.

Council Commissioned Services
This reserve was created to support Council commissioned services during the Covid-19 recovery period.

Council Transformation Fund
This reserve was established to fund projects that will realise the transformation ambitions of the Council.

Covid-19 Grant
This reserve held funding provided by government to mitigate pressures in relation to Covid-19. The funding was fully utilised in 2020-21. The treatment of the grant is consistent with other revenue grants as described in the Revenue Grants Reserve narrative.

Dedicated Schools Grant (DSG)
The Department for Education (DfE) regulations (The School and Early Years Finance (England) Regulations 2020) were updated for 2020-21 to make clear the requirement that a DSG surplus balance must be held in an earmarked usable reserve. See Note 10 for further information.

Economy and Regeneration Investment
This reserve is to be used for investment in future projects.

Empty Dwelling Management Order
This reserve was established in 2021-22 from the surplus generated to date on the Council's Empty Dwelling Management Orders Scheme (EDMO). Any surplus generated at the end of the 7-year term is required to be returned to the private homeowners in line with the Order.

Estates Rationalisation
This reserve has been reviewed by the Head of Property Services and Capital Programming and is required to cover the future costs arising from the Council's estates rationalisation programme.

EU Exit Funding
This reserve was established during 2019-20 in relation to future expenditure throughout Northumberland resulting from the impact of the United Kingdom's exit from the European Union. This was fully utilised within the year.

EU Exit Funding - Exports
This reserve was established during 2020-21 in relation to future expenditure on additional Export Health Certificates resulting from the impact of the United Kingdom's exit from the European Union. This was fully utilised within the year.

Exceptional Inflationary Pressures
This reserve was created in 2021-22 to fund exceptional inflationary pressures in 2022-23. The utilisation of this reserve is delegated to the Council's Section 151 Officer.

Fire and Rescue Service HMICFRS Improvement
This reserve was established during 2020-21 in relation to expenditure to deliver a range of initiatives and projects linked to the HMICFRS improvement actions - specifically focussed on staff engagement, service culture, equality, diversity and inclusion, and staff initiated service improvements.

Firefighters' Immediate Detriment
In December 2018, the Court of Appeal ruled that the transitional protection element of the 2015 public service pension reforms constituted unlawful age discrimination in the Firefighters' and Judges' Pension Schemes. This reserve was established during 2020-21 in advance of legislation to remove the age discrimination as found in the McCloud Sargeant Employment Tribunal litigation.

Firefighters' Pension Fund Admin Grant

This reserve was established during 2020-21 to earmark Firefighters' Pension Admin grant received from the Home Office which will be offset against any future costs incurred.

Haltwhistle Repairs

Greenholme Court is an integrated Health and Social Care scheme in Haltwhistle providing independent living accommodation for older people. This reserve has been established to fund future works on the accommodation.

Highways Maintenance Investments

This reserve was created in 2021-22 to provide increased funding for Highways investment in U and C roads and footways. The utilisation of this reserve is delegated to the relevant Executive Director and the Council's Section 151 Officer.

Insurance

The insurance reserve was first established in 1974 and has accumulated over the years' by charging services a higher premium than that paid to the Council's insurers. The additional premiums are used to cover those risks not insured externally which are below the excess levels. In any particular year, claim settlements resulting in payments out of the insurance fund can exceed or be less than premiums collected so that the level of the reserve may decrease or increase in year.

The balance on the reserve as at 31 March 2022 is £8.48 million (31 March 2021 £9.66 million) and is assessed as sufficient to cover unforeseen levels of claim settlements in future years.

2021-22 has seen a reduction in the reserve due to Storms Arwen and Malik including payments totalling £0.06 million as well as the settlement of several historic Insurance claims which were concluded during 2021-22 totalling £1.80 million.

Within this balance there is £0.50 million earmarked for a new Highways depot to be built in Hexham following the floods in December 2015.

The County Council pays the first £0.10 million of each building claim, apart from schools which are consortia constructed, in which case it is 20% of the claim. The County Council also pays the first £0.14 million of each public liability and employer's liability claim for all services. Motor vehicle claims are paid by the County Council in respect of its own damage and up to £0.14 million for third party claims.

Northumberland County Council commissioned an Actuarial Review of the Insurance Reserve which took place during the first quarter of 2021-22. Zurich's assessment of required funds was £8.36 million, they also included a "what if" additional inclusion of £1.30 million for any potential unforeseen events that could impact on the Reserve.

Invest to Save

This reserve was created as a source of funding for projects identified by officers that would, in the short to medium term, allow the Council to save money by investing in new technology or changing the way in which business is conducted. The remaining balance has been transferred to the Council Transformation Fund Reserve.

Legal Challenges

This reserve was created to fund legal fees required to secure the Council's interests in a number of ongoing disputes.

Local Authority Mortgage Scheme

Interest received on Local Authority Mortgage Schemes was set aside to meet any potential future mortgage defaults. The Council had previously agreed to participate in Capita's Local Authority Mortgage Scheme. The scheme was designed to provide mortgages to first time buyers to help them onto the property ladder. The Council worked in partnership with Lloyds Bank and provided a cash backed indemnity to Lloyds who in turn, subject to applicants meeting their lending criteria, awarded mortgages to first time buyers at a lower rate of interest. In return for the cash backed indemnity the Council received interest payments from Lloyds. This scheme closed during 2016-17 with the interest previously held no longer being required due to the indemnity period on all mortgages ending in March 2021.

NCC Economic Regeneration

The reserve was established from the sale of the Council's waste disposal company. It is used to lever other contributions and add to the Council's

initial stake in four key areas within the Economic Regeneration Strategy: inward investment, support for existing companies, key projects in communities, and development opportunities for major projects.

It is anticipated that the remaining balance of £0.14 million will be fully utilised during 2022-23.

Northumberland Enterprise Holdings Limited

This reserve was established during 2020-21 to support the creation of the new Northumberland Enterprise Holdings Ltd Company. This was fully utilised within the year.

Northumberland Line

This reserve was created to fund the cost of completing the design stage of the project which was anticipated to be completed in April 2021. The scheme is now being funded as part of the Government's Project Speed initiative and Cabinet agreed on 8 June 2021 to fund this through the Council's capital programme.

Open Spaces Maintenance Agreements

This reserve was established during 2020-21 to cover open spaces maintenance agreements for areas within Northumberland for 10 years.

Planning Delivery Grant

This is used to contribute towards expenditure in relation to the Northumberland Local Plan, primarily the core strategy. The plan was formally adopted by the Council during 2021-22 with further provision set aside for both a review of the Local Plan and a recommended supplementary plan in relation to Gypsy and Traveller sites.

Problematic Empty Properties

This reserve was established in 2019-20. It is to be used to take a strategic approach to empty homes and 'stuck' sites (housing sites identified by the Strategic Housing Land Assessments enforcement work and the Empty Homes Programmes which have not come forward for development) through the use of enforcement action and resultant work in default.

Recruitment & Retention

This reserve was created in 2021-22 to fund future Recruitment and Retention issues within the Council. The utilisation of this reserve is designated to the Council's Section 151 Officer.

Regeneration Additional Capacity

This reserve was established to fund additional capacity in regeneration and is anticipated to be fully utilised at the end of 2022-23.

Regeneration Development

This reserve was established to fund the development of priority regeneration and economic growth projects.

Repairs and Maintenance

This reserve was established to meet the repair and maintenance costs at a property that the Council leases where the leasing agreement will end during 2021-22. There is a requirement for the Council to restore the premises to its original condition as part of the leasing agreement.

Restructuring

This reserve was created to fund the one-off voluntary severance staffing costs required to support the Council's strategic change agenda.

Revenue Grants

Revenue government grants on occasion are paid to local authorities with a number of conditions attached to them. The introduction of International Financial Reporting Standards (IFRS – IAS20) has resulted in an amendment to the accounting treatment: where no grant conditions exist, or conditions have been met the grant is transferred into the Comprehensive Income and Expenditure Statement. If, however expenditure has not yet been incurred the grants are transferred into an earmarked reserve and then subsequently released back into revenue once expenditure is incurred.

Rural Growth Network

The Rural Growth Network (RGN) Programme is one of five national pilots being funded by The Department for Environment, Food and Rural Affairs (DEFRA). The Council is undertaking the applicant and accountable body role for the programme which is being delivered across rural areas in

Northumberland, Durham and Gateshead. Funding has been paid to the Council under Section 31 of the Local Government Act 2003 and is being used for the development of Rural Business Hubs and business development and networking support as detailed in the annual delivery plans. The scheme commenced on 1 October 2012 and completed in October 2015 with the balance of the funding being used for the Local Growth Fund (LGF) Programme which ended in 2021-22.

School Libraries

The responsibility for the School Library service transferred to the Council on 1 June 2018. Funds which are not spent in year are held in reserve and are committed to support the future service delivery of school libraries. As at 31 March 2022 the funds held in reserve totalled £0.01 million.

Sealodge

Northumberland Supported Living Service provides an independent supported living service at Sea Lodge, Cresswell, for adults with learning disabilities. This reserve has been established to fund future works on the accommodation.

Section 106

The reserve was created in 2011-12 to hold Section 106 balances. Planning obligations under Section 106 of the Town and Country Planning Act 1990 (as amended), commonly known as S106 agreements, are a mechanism which make a development proposal acceptable in planning terms, that would not otherwise be acceptable. They are focused on site specific mitigation of the impact of development and are often referred to as 'developer contributions'. Common uses include Affordable Housing Schemes, Highway contributions, contributions to Sport and Play Provision, Education, Healthcare and Coastal Mitigation. The monies are held until the particular provision is undertaken. During 2021-22 £4.63 million was received from developers with £1.50 million used to fund schemes.

Severe Weather

This reserve was created following the Department for Transport's recommendation that local highways authorities ensure they retain a contingency for repairing damage to local highways and associated assets caused by incidents such as extreme weather that may occur from time to time. During 2021-22 an additional £5.00 million has been added to the reserve.

Social Fund

This reserve was established during 2018-19 to replace the recurrent revenue budget which has funded this service in the past. The reserve represents funds set aside to provide one-off crisis support to families in Northumberland. This can be in the form of Emergency Support where there is an immediate need for items or services as a result of an exceptional event or unforeseen circumstances, or, for transitional support in periods of change, such as helping families remain in the community or move back into the community after a period in supported or unsettled accommodation. During 2021-22 £0.10 million was utilised from the reserve. A further £0.97 million was utilised to grant discretionary discounts to working age council tax claimants in 2021-22. The reserve was topped up by £2.31 million during 2021-22 with unspent Hardship Funding which will be used to grant further discretionary discounts in 2022-23. As at 31 March 2022 the funds held in reserve totalled £2.94 million.

Sports Development

The responsibility for the Sports Development service transferred from Active Northumberland to the Council on 1 June 2018. Funds which are not spent in year are held in reserve and are committed to support the future service delivery of Sports Development. As at 31 March 2022 the funds held in reserve totalled £0.25 million.

Strategic Management

This reserve was established following a review of all usable reserves during 2015-16 which enabled £48.12 million to be released to support the Medium Term Financial Plan. The movement on this reserve in 2020-21 and 2021-22 is detailed below:

2020-21 Movement in year £m		2021-22 Movement in year £m
-	Non recurrent pressures (approved as part of MTFP)	1.33
-	Non-payment of airport interest	1.03
1.00	Active Northumberland - Management Fee	1.00
0.06	Blyth Relief Road	0.07
-	Transfer of surplus balances from other reserves	(2.66)
(11.96)	Northumberland Rail Line	-
(3.00)	Top up to support Medium-Term Financial Plan	-
(13.90)		**0.77**

At its meeting in February 2022, the Council approved the use of up to £27.07 million from this reserve over the course of the Medium Term Financial Plan 2022-26.

Storm Arwen

This reserve was established as part of the 2021-22 Provisional Outturn Report presented to Cabinet on 7 June 2022. It is to be used for funding the outstanding repairs identified due to the damage caused by Storm Arwen.

Transformation of the Revenues and Benefits Service

This reserve was created in 2021-22 to fund the transformation of the Revenue and Benefits Service. The utilisation of this reserve is delegated to the Council's Section 151 Officer.

Violence Reduction

This reserve was established during 2019-20 for future work around violence reduction within our communities.

Winter Services

This reserve was created following the severe winter weather encountered during 2017-18 to fund future severe winter weather events.

HRA – Capital Investment

An Earmarked Reserve was created within the HRA in 2018-19 to fund the development and delivery of a housing development plan. During 2021-22 £0.93 million was utilised from this reserve.

Movements in the Capital Investment Reserve are detailed in Note 10 of the Notes to the Housing Revenue Account Income and Expenditure Statement.

Notes Supporting the Balance Sheet

14. Property, Plant and Equipment

Movements in 2021-22:	Council Dwellings £000	Other Land and Buildings £000	Vehicles, Plant, Furniture & Equipment £000	Infrastructure Assets £000	Community Assets £000	Surplus Assets £000	Assets Under Construction £000	Total Property, Plant and Equipment £000	PFI Assets Included in Property, Plant and Equipment £000
Cost or Valuation:									
At 1 April 2021	**335,073**	**479,799**	**115,032**	**611,588**	**11,051**	**15,439**	**51,861**	**1,619,843**	**93,083**
Additions	11,103	20,517	11,728	28,415	69	512	31,802	104,146	1,043
Reclassifications	370	25,307	2,547	4,959	-	(546)	(32,637)	-	64
Revaluation Increases/(Decreases) recognised in the Revaluation Reserve	-	45,920	5,367	-	-	8,216	-	59,503	6,943
Revaluation Decreases recognised in the Deficit on the Provision of Services	12,123	(31,326)	(2,366)	-	-	(209)	-	(21,778)	-
De-recognition - Disposals	(3,320)	(4,689)	(6,255)	-	(1)	-	-	(14,265)	-
De-recognition - Other	-	(2,569)	(1,043)	(2,994)	(8)	-	-	(6,614)	(1,043)
Assets reclassified (to)/from Held for Sale	-	-	-	-	-	(3,183)	-	(3,183)	-
Other movements in Cost or Valuation	-	-	-	-	-	-	(3,098)	(3,098)	-
At 31 March 2022	**355,349**	**532,959**	**125,010**	**641,968**	**11,111**	**20,229**	**47,928**	**1,734,554**	**100,090**
Accumulated Depreciation and Impairment:									
At 1 April 2021	**-**	**36,189**	**39,991**	**170,711**	**2,061**	**-**	**-**	**248,952**	**8,039**
Depreciation/Impairment charge	9,488	15,383	8,898	17,574	152	-	-	51,495	4,114
Reclassifications	-	(38)	-	-	-	38	-	-	-
Depreciation written out to the Revaluation Reserve	-	(19,296)	(1,220)	-	-	(18)	-	(20,534)	(2,055)
Depreciation written out to the (Deficit) on the Provision of Services	(9,488)	(8,293)	(452)	-	-	(20)	-	(18,253)	-
Impairment written out to the (Deficit) on the Provision of Services	-	-	-	452	-	-	-	452	-
De-recognition - Disposals	-	(22)	(5,747)	-	-	-	-	(5,769)	-
De-recognition – Other	-	(129)	(54)	(886)	-	-	-	(1,069)	(54)
At 31 March 2022	**-**	**23,794**	**41,416**	**187,851**	**2,213**	**-**	**-**	**255,274**	**10,044**
Net Book Value:									
At 31 March 2022	**355,349**	**509,165**	**83,594**	**454,117**	**8,898**	**20,229**	**47,928**	**1,479,280**	**90,046**
At 31 March 2021	335,073	443,610	75,041	440,877	8,990	15,439	51,861	1,370,891	85,044

Movements in 2020-21:	Council Dwellings £000	Other Land and Buildings £000	Vehicles, Plant, Furniture & Equipment £000	Infrastructure Assets £000	Community Assets £000	Surplus Assets £000	Assets Under Construction £000	Total Property, Plant and Equipment £000	PFI Assets Included in Property, Plant and Equipment £000
Cost or Valuation:									
At 1 April 2020 as restated	**335,529**	**475,064**	**124,147**	**607,242**	**10,219**	**21,424**	**57,200**	**1,630,825**	**95,497**
Additions	6,320	19,062	8,159	21,524	34	216	40,845	96,160	1,579
Reclassifications	265	37,316	(179)	2,037	798	(344)	(40,866)	(973)	-
Revaluation Increases/(Decreases) recognised in the Revaluation Reserve	-	(2,630)	(1,927)	-	-	(3,793)	-	(8,350)	106
Revaluation Decreases recognised in the Deficit on the Provision of Services	(5,361)	(5,958)	(539)	-	-	(1,420)	-	(13,278)	-
De-recognition - Disposals	(1,680)	(41,446)	(14,629)	-	-	(439)	(4,645)	(62,839)	-
De-recognition - Other	-	(1,834)	-	(19,215)	-	-	-	(21,049)	(4,099)
Assets reclassified from Held for Sale	-	225	-	-	-	(205)	-	20	-
Other movements in Cost or Valuation	-	-	-	-	-	-	(673)	(673)	-
At 31 March 2021	**335,073**	**479,799**	**115,032**	**611,588**	**11,051**	**15,439**	**51,861**	**1,619,843**	**93,083**
Accumulated Depreciation:									
At 1 April 2020	**-**	**29,308**	**44,476**	**167,715**	**1,927**	**-**	**-**	**243,426**	**9,965**
Depreciation/Impairment charge	9,501	16,007	9,889	17,189	134	-	-	52,720	4,329
Reclassifications	-	(111)	(77)	-	-	111	-	(77)	-
Depreciation written out to the Revaluation Reserve	-	(3,680)	(1,525)	-	-	(28)	-	(5,233)	(3,419)
Depreciation written out to the Deficit on the Provision of Services	(9,501)	(3,108)	(159)	-	-	(83)	-	(12,851)	-
De-recognition - Disposals	-	(2,003)	(12,613)	-	-	-	-	(14,616)	-
De-recognition – Other	-	(224)	-	(14,193)	-	-	-	(14,417)	(2,836)
At 31 March 2021	**-**	**36,189**	**39,991**	**170,711**	**2,061**	**-**	**-**	**248,952**	**8,039**
Net Book Value:									
At 31 March 2021	**335,073**	**443,610**	**75,041**	**440,877**	**8,990**	**15,439**	**51,861**	**1,370,891**	**85,044**
At 31 March 2020	335,529	445,756	79,671	439,527	8,292	21,424	57,200	1,387,399	85,532

Valuation of Non-Current Assets

Land and buildings were revalued according to a 5 year rolling programme, as at 1 April. In addition to this, valuations were carried out on assets which had a material change in year, that is, where assets had additions of over £1.00 million or a new build costing in excess of £2.50 million. Material change valuations are dated 31 March.

For operational buildings, a materiality assessment was carried out by the Council, using appropriate BCIS indices. This resulted in an £18.17 million increase to Property, Plant and Equipment (£5.31 million increase to the CIES and £12.86 million to the Revaluation Reserve).

Surplus Properties were valued as at 31 December 2021, using Fair Value Level 2 and 3 inputs for valuation purposes, having regard to comparable evidence, applying a rent and yield or capital value rate where appropriate. Development appraisals have been undertaken on sites where there is a clear development opportunity, (see accounting policies for explanation of fair value levels).

Note 43, Assumptions Made About the Future and Other Major Sources of Estimation Uncertainty, describes the assumptions made and uncertainties surrounding the Property Plant and Equipment valuations.

Valuation work was undertaken as follows:

Energy from waste plant and equipment – Hilco Valuation Services, 11 Ironmonger Lane, London, EC2V 8EY

HRA Housing Stock and all other Land and Buildings – Bruton Knowles LLP, Olympus House, Olympus Park, Quedgeley, Gloucester, GL2 4NF

The valuations of land and buildings were in accordance with the requirements of the RICS Valuation – Global Standards incorporating the International Standards (IVS) and the International Financial Reporting Standards (IFRS) – based on the Code of Practice on Local Authority Accounting (The Code), published by the Chartered Institute of Public Finance and Accounting (CIPFA).

Valuation of Non-Current Assets Carried at Current Value

Of the Property, Plant and Equipment not held at cost on the Balance Sheet, 76.0% was valued in year. Those properties which have not been valued in this financial year were valued as at the date of the last valuation report.

The following statement shows the current net book value of the Council's Property, Plant and Equipment by financial year of revaluation:

	Council Dwellings	Other Land and Buildings **	Vehicles, Plant, Furniture & Equipment	Infrastructure Assets	Community Assets *	Surplus Assets	Assets Under Construction	**Total**
	£000	£000	£000	£000	£000	£000	£000	**£000**
Valued at Historical Cost	-	9,210	52,194	454,117	8,898	-	47,928	**572,347**
Valued at Current Value in:								
2021-22 Indexation Adjustment **	-	18,170	-	-	-	-	-	**18,170**
2021-22	355,349	269,265	31,400	-	-	20,229	-	**676,243**
2020-21	-	73,850	-	-	-	-	-	**73,850**
2019-20	-	110,904	-	-	-	-	-	**110,904**
2018-19	-	27,764	-	-	-	-	-	**27,764**
2017-18	-	2	-	-	-	-	-	**2**
Total	**355,349**	**509,165**	**83,594**	**454,117**	**8,898**	**20,229**	**47,928**	**1,479,280**

*Due to the re-categorisation of assets, an approximation to historical cost has been made in some cases.

**Adjustment to the accounts to represent the movement in building and construction costs on assets valued using the Depreciated Replacement Cost methodology in prior years.

15. Investment Property

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

2020-21 £000		2021-22 £000
(21)	Rental income from investment property	(21)
11	Direct operating expenses arising from investment property	23
(10)	**Net (Gain)/Loss**	**2**

There are no restrictions in 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 obligation to purchase, construct or develop investment property or for repairs, maintenance or enhancement.

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

2020-21 £000		2021-22 £000
1,798	Balance at the start of the year	2,029
217	Reclassifications	-
-	Assets reclassified (to)/from Held For Sale	-
14	Net (losses)/gains from fair value adjustments	239
2,029	**Balance at the end of the year**	**2,268**

Fair Value Hierarchy

All of the Council's investment property portfolio has been assessed as Level 2 for valuation purposes (see accounting policies for explanation of fair value levels).

Valuation Techniques used to determine Level 2 and 3 Fair Values for Investment Properties

The fair value of investment property has been determined having regard to comparable evidence, applying a Rent and Yield or Capital Value Rate where appropriate.

Highest and Best use of Investment Properties

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

Valuers

The investment property portfolio has been valued at 31 December 2021 in accordance with the methodologies and bases for estimation set out in the professional standards of the Royal Institution for Chartered Surveyors. The assets were valued by Bruton Knowles LLP, the Council's valuing agents.

16. Heritage Assets

Reconciliation of the carrying value of Heritage Assets held by the Council:

	Museum, Art and Artefact Collection £000	Public Sculptures and Memorials £000	Historic Buildings £000	Total £000
Cost or Valuation:				
As at 1 April 2021	**5,628**	**1,328**	**1,070**	**8,026**
Additions	-	-	-	-
Reclassifications	-	-	-	-
Revaluations	-	-	-	-
As at 31 March 2022	**5,628**	**1,328**	**1,070**	**8,026**
Accumulated Depreciation and Impairment :				
As at 1 April 2021	-	52	23	75
As at 31 March 2022	**-**	**52**	**23**	**75**
Net Book Value 31 March 2022	**5,628**	**1,276**	**1,047**	**7,951**
Net Book Value 31 March 2021	5,628	1,276	1,047	7,951

Museum, Art, and Artefact Collection

The Council's museum, art and artefacts collections are included in the Balance Sheet on the basis of their insurance valuation, which is periodically reviewed.

The museum collections are all on loan to the Woodhorn Trust and include the collections from Woodhorn Museum, the Berwick Museum and Art Gallery, and the Hexham Old Gaol.

The archive collection is split between Woodhorn and Berwick-upon-Tweed Records Office. Further details can be found on the Woodhorn Museum website www.experiencewoodhorn.com.

The Art collection includes oil paintings on display in public libraries. These were last valued by auctioneers Anderson & Garland as at 31 March 2021.

Public Sculptures and Memorials

Carried at cost on the Balance Sheet, the Council is custodian of Public Art, much of which is the result of the Inspire Initiative established in 2003.

The Council is also custodian or has a duty of care for a variety of monuments and memorials throughout the county, details of which can be found from the Public Monuments and Sculpture Association National recording project (www.pmsa.org.uk) and the North East War Memorial Project (www.newmp.org.uk).

Historic Buildings

The historic buildings included within the Heritage Assets category are held principally for their contribution to knowledge or culture where they are not used for operational purposes. They are carried at cost on the Balance Sheet and include Blyth Battery and Morpeth Clock Tower.

The County Historic Environment Record (HER) database holds records of all of the historic buildings within the county. The majority of historic buildings owned by the Council are in operational use and are therefore included in the main Property Plant and Equipment section of the Balance Sheet.

Archaeology

The Council owns the County Historic Environment Record (HER) which is a database and associated GIS data sets, which records all known archaeology sites and historic buildings within the county including Northumberland National Park. This is a public information service and can be found on the Archaeology Data Service website (http:/ads.ahds.ac.uk/catalogue) and a shortened version is available on the Keys to the Past website (www.keystothepast.info).

This is not recognised on the Balance Sheet.

17. Capital Expenditure and Capital Financing

The total amount of capital expenditure incurred in the year is shown in the following table (including the value of assets acquired under finance leases and PFI contracts), together with the resources that have been used to finance it. Where capital expenditure is to be financed in future years by charges to revenue as assets are used by the 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.

2020-21 £000		2021-22 £000
1,000,278	**Opening Capital Financing Requirement**	**1,036,717**
	Capital Investment:	
94,316	Property, Plant and Equipment	103,218
13,381	Capital Long Term Debtors	9,585
-	Advance Northumberland Share Capital	300
1,579	PFI / Finance Lease Additions	1,043
57,607	Revenue Expenditure Funded From Capital under Statute	47,914
	Sources of Finance:	
(1,117)	Capital receipts	(6,945)
(74,298)	Government grants and other contributions	(61,951)
	Sums set aside from revenue/Major Repairs Reserve:	
(5,310)	Major Repairs Reserve	(8,080)
(3,042)	Direct revenue contributions	(4,017)
(19,030)	Statutory provision for the financing of capital investment charged against the General Fund and HRA balances	(21,493)
(5,615)	Voluntary set aside for the financing of capital investment charged against the General Fund and HRA balances	(6,751)
(22,032)	Set aside of capital receipt for the repayment of debt	(17,406)
1,036,717	**Closing Capital Financing Requirement**	**1,072,134**
	Explanation of movements in year:	
81,537	Increase in underlying need to borrow (unsupported by government financial assistance)	80,025
(46,677)	Minimum Revenue Provision	(45,651)
1,579	Assets acquired under PFI / PPP contracts	1,043
36,439	**Increase in Capital Financing Requirement**	**35,417**

18. Intangible Assets

The Council accounts for its software as intangible assets, wherever it is not an integral part of a particular IT hardware item included within Property, Plant and Equipment.

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

2020-21			2021-22	
Total Intangible Assets (Other)* Current £000	Long Term £000		Total Intangible Assets (Other)* Current £000	Long Term £000
-	-	Balance at start of year:	-	-
-	5,544	Gross carrying amounts	-	5,298
-	(4,394)	Accumulated amortisation	-	(3,563)
-	**1,150**	**Net carrying amount at the start of year**	**-**	**1,735**
		Additions:		
-	406	Purchases	-	115
-	756	Assets Classified from PPE	-	-
-	(77)	Accumulated amortisation on assets reclassified from PPE	-	-
-	-	Revaluations increase or decreases	-	-
-	(1,408)	Other Disposals - cost	-	-
-	1,408	Other Disposals - amortisation	-	-
-	(500)	Amortisation for the period	-	(613)
-	**1,735**	**Net carrying amount at the end of year**	**-**	**1,237**
		Comprising:		
-	5,298	Gross carrying amounts	-	5,413
-	(3,563)	Accumulated amortisation	-	(4,176)
-	**1,735**		**-**	**1,237**

*The Council has no internally generated assets.

19. Financial Instruments

Categories of Financial Instruments

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

31 March 2021					31 March 2022			
Short Term		Long Term			Short Term		Long Term	
Investments	Debtors	Investments	Debtors		Investments	Debtors	Investments	Debtors
£000	£000	£000	£000		£000	£000	£000	£000
				Amortised Cost:				
99,250	67,187	25,000	128,014	Principal	90,000	65,699	-	123,883
132	-	-	-	Add: Accrued interest	122	-	-	-
99,382	**67,187**	**25,000**	**128,014**	**Amortised Cost**	**90,122**	**65,699**	**-**	**123,883**
-	-	9,729	-	Fair value through other comprehensive income - designated equity Instruments	-	-	13,490	-
99,382	**67,187**	**34,729**	**128,014**	**Total Financial Assets**	**90,122**	**65,699**	**13,490**	**123,883**
-	27,880	4,338	277,460	Total Non-Financial Assets	-	20,514	4,638	273,809
99,382	**95,067**	**39,067**	**405,474**	**Total**	**90,122**	**86,213**	**18,128**	**397,692**

31 March 2021					31 March 2022			
Short Term		Long Term			Short Term		Long Term	
Borrowings	Creditors	Borrowings	Creditors		Borrowings	Creditors	Borrowings	Creditors
£000	£000	£000	£000		£000	£000	£000	£000
				Amortised Cost:				
(55,580)	(92,886)	(756,893)	-	Principal	(51,552)	(131,043)	(705,378)	-
(5,510)	-	-	-	Add: Accrued interest	(5,426)	-	-	-
(61,090)	**(92,886)**	**(756,893)**	**-**	**Amortised Cost**	**(56,978)**	**(131,043)**	**(705,378)**	**-**
-	-	-	-	Fair value through profit and loss				
(61,090)	**(92,886)**	**(756,893)**	**-**	**Total Financial Liabilities**	**(56,978)**	**(131,043)**	**(705,378)**	**-**
-	(11,804)	-	(69,987)	Total Non-Financial Liabilities	-	(5,053)	-	(67,318)
(61,090)	**(104,690)**	**(756,893)**	**(69,987)**	**Total**	**(56,978)**	**(136,096)**	**(705,378)**	**(67,318)**

The non-financial instruments figures represent items outside the scope of financial instruments; such as amounts in respect of statutory debts and do not arise from contracts (Council Tax and Non-Domestic Rates), rights and obligations arising from leases, Private Finance Initiatives (PFI), receipts in advance, prepayments, cash and cash equivalents, and interests in subsidiaries and entities that are included within the authority's group accounts.

Investments in equity instruments designated at fair value through other comprehensive income

The Council has decided to designate its 15.42% shareholding in Newcastle Airport Local Authority Holding Company Limited (NALAHCL) as fair value through other comprehensive income under IFRS 9 classifications. This decision protects council taxpayers from any future movements in the value of these shareholdings until such time as the shares are sold or released.

	Nominal Value	Fair Value 31 March 2022	Movement in Fair Value during 2021-22
	£000	£000	£000
Newcastle Airport	295	13,490	3,761

Material Soft Loans Made by the Council

The Council has made a number of soft loans to voluntary and other organisations at less than market rates (soft loans). Details of these advances are identified in the following table:

Loan	Term (Years)	Contracted Rate	Fair Value Rate	Opening Balance (Fair Value) 1 April 2021	Loans Repaid	Increase in discounted amount	Closing Balance (Fair Value) 31 March 2022	Closing Balance (Nominal) 31 March 2022
		%	%	£000	£000	£000	£000	£000
Northumberland Aged Miners Housing Association - Solar Panels	20	3.54	5.87	1,431	(51)	25	1,405	1,581
The Maltings - LED Technologies Investment	10	3.87	5.85	70	(67)	1	4	7

*Note - The Council applies a de minimis level of £25,000 for new soft loans adjustments.

Valuation Assumptions

The interest rate at which the fair value of soft loans has been made is arrived at from either the prevailing market rate of interest for a similar instrument and for an organisation with a similar credit rating; or, where it is difficult to identify the prevailing rate of interest, by taking the Council's prevailing cost of borrowing and adding an allowance for the risk that the loan might not be repaid by the borrower.

Loans to Other Organisations

In addition to the above, the following loans were made during the year. Taking into consideration the Council's prevailing cost of borrowing and adding an allowance for the risk that the loans might not be repaid, the Council does not consider that soft loan adjustments are appropriate for these loans, as the assessed fair value rate is lower than the contracted rate.

Not Considered as Soft Loans	Purpose of Loan	Contracted Rate	Assessed Fair Value Rate	New Advances in Year £000
Advance Northumberland Limited	Property Purchases	5.11%	1.39%	7,433

Financial Instruments Gains and Losses

The gains and losses recognised in the Comprehensive Income and Expenditure Statement in relation to financial instruments are made up as follows:

2020-21					2021-22			
Financial Liabilities measured at Amortised Cost	Financial Assets at Amortised Cost	Investments in equity instruments designated as fair value through other comprehensive income	**Total**		Financial Liabilities measured at Amortised Cost	Financial Assets at Amortised Cost	Investments in equity instruments designated as fair value through other comprehensive income	**Total**
£000	£000	£000	**£000**		£000	£000	£000	**£000**
(23,456)	-	-	**(23,456)**	Interest expense	(23,004)	-	-	**(23,004)**
(78)	-	-	**(78)**	Fee Expense	-	-	-	**-**
(23,534)	**-**	**-**	**(23,534)**	**Total expense in deficit on the provision of services**	**(23,004)**	**-**	**-**	**(23,004)**
-	7,664	-	**7,664**	Interest income	-	6,078	-	**6,078**
-	**7,664**	**-**	**7,664**	**Total income in deficit on the provision of services**	**-**	**6,078**	**-**	**6,078**
-	-	693	**693**	Gain/(Loss) on Revaluation	-	-	3,761	**3,761**
-	**-**	**693**	**693**	**Surplus/(deficit)arising on revaluation of financial assets in Other Comprehensive Income and Expenditure**	**-**	**-**	**3,761**	**3,761**
(23,534)	**7,664**	**693**	**(15,177)**	**Net gain/(loss) for the year**	**(23,004)**	**6,078**	**3,761**	**(13,165)**

Fair Value of Financial Assets

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

31 March 2021 Fair Value £000	Recurring Fair Value Measurements	Input Level in Fair Value Hierarchy	Valuation technique used to measure fair value	31 March 2022 Fair Value £000
9,729	Equity shareholding in Newcastle Airport Local Authority Holding Company Limited	Level 3	Combination of the discounted cash flow of income method together with the guideline public company method of the market approach to valuations	13,490
9,729		**Total Assets**		**13,490**

Through its shares and 15.42% holding in Newcastle Airport Local Authority Holding Company Limited (NALAHCL) the Council has an effective shareholding of 7.86% in Newcastle International Airport Limited (NIAL) (and the group companies of NIAL Group Limited and NIAL Holdings Limited) - see Related Parties Note 35. The valuation of the holding is reviewed each year to consider whether any events have occurred which would materially change the valuation.

The spread of Covid-19 across the world towards the end of 2019-20 led to a sudden decline in air travel prompting the value of the shareholding to be impaired. This continued throughout 2020-21 but subsequent vaccine rollout and a lifting of restrictions has seen the travel sector experience a resurgence in passenger numbers. As a result, the majority of the impairment recognised has been reversed.

The fair value for Newcastle Airport is based on a combination of the discounted cash flow of income method together with the guideline public company method of the market approach to valuations and other observable and unobservable factors. The last full valuation took place at 31 March 2019.

To factor in the impact of Covid-19 a weighted average of forecast earnings before interest, depreciation and tax (EBIDTA) has been derived and compared against existing EBIDTA prior to the pandemic in order to generate a downward revaluation in the share value. To ensure reasonableness this percentage has been compared against the movement in shareholdings in other world airports where the shares are actively traded.

Trading of shares only takes place when one or more of the LA7 or AMP Capital Investors Limited wishes to sell their shareholding. There are no plans to dispose of shares next year.

There has been no change in the valuation technique used during the year for the financial instruments.

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

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

- For loans from the Public Works Loans Board (PWLB) and other loans payable, premature repayment rates from the PWLB have been applied to provide the fair value under PWLB debt redemption procedures;
- For loans receivable prevailing benchmark market rates have been used to provide the fair value;
- No early repayment or impairment is recognised;
- Where an instrument will mature in the next 12 months, the carrying amount is assumed to approximate to fair value; and,
- The fair value of trade and other receivables is taken to be the invoiced or billed amount.

The fair values are calculated as follows:

31 March 2021 Carrying Amount £000	31 March 2021 Fair Value £000		31 March 2022 Carrying Amount £000	31 March 2022 Fair Value £000
448,848	642,567	PWLB - Maturity	448,848	580,972
618	1,006	PWLB - Annuity	585	872
13,609	14,178	PWLB - EIP	5,052	5,244
178,202	372,211	LOBOs	178,203	329,021
176,706	252,772	Market Loans	129,667	188,171
817,983	**1,282,734**	**Total Financial Liabilities**	**762,355**	**1,104,280**

The fair value is greater than the carrying amount because the Council's portfolio of loans includes a number of fixed rate loans where the interest rate payable is higher than the rates available for similar loans in the market at the Balance Sheet date. This shows a notional future loss (based on economic conditions at 31 March 2022) arising from a commitment to pay interest to lenders above current market rates.

The differences are attributable to fixed interest instruments receivable being held by the Council where the interest rate is higher than the prevailing rate estimated to be available at 31 March. This increases the fair value of financial liabilities and raises the value of loans and receivables.

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

31 March 2021 Carrying Amount £000	31 March 2021 Fair Value £000		31 March 2022 Carrying Amount £000	31 March 2022 Fair Value £000
99,382	99,382	Short Term Investments	90,122	90,122
34,729	35,976	Long Term Investments	13,490	13,490
128,014	148,440	Long Term Debtors	123,883	135,828
262,125	**283,798**	**Total Financial Assets**	**227,495**	**239,440**

20. Nature and Extent of Risks Arising from Financial Instruments

Risk Management

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

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

The Council regards the successful identification, monitoring and control of risk to be the prime criteria by which the effectiveness of its Treasury Management activities will be measured. Accordingly, the analysis and reporting of treasury management activities focuses on the risk implications for the organisation.

Credit Risk

Credit risk arises from deposits with banks and financial institutions, as well as credit exposure from the Council's customers. The Council's Counterparty Policy sets out the limits for investments.

Specified Investments

Type of Organisation	Minimum Credit Rating Criteria		Maximum Investment Amount	Maximum Period of Investment
	Fitch	Moody		
UK Local Authorities (Including the North East Combined Authority)	N/A	N/A	Unlimited	15 years (with annual calls)
Debt Management Organisations	N/A	N/A	Unlimited	6 months
UK Government Gilts, Bonds and Treasury Bills	N/A	N/A	Unlimited	12 months
Nationalised and Semi-Nationalised Banks	N/A	N/A	£35m (Group Limit £70m)	12 months
Money Market Funds	AAA	Aaa	£25m (Group Limit £150m)	Instant access
Deposits and Certificates of Deposit with approved eligible financial institutions which meet the following criteria				
Very High Grade UK Clearing Banks/ Building Societies	ST:F1+	ST:P-1		
	LT:AA-	LT:Aa2	£25m (Group Limit £50m)	12 months
High Upper Medium Grade UK Clearing Banks/ Building Societies	ST:F1	ST:P-1		
	LT:A-	LT:A3	£15m (Group Limit £30m)	12 months
High Grade Foreign Banks	ST:F1	ST:P-1		
	LT:A-	LT:A3	£10m (Group Limit £30m)	6 months

Non-specified Investments

No Treasury Management Strategy limits were exceeded during the reporting period.

Type of Organisation	Minimum Credit Rating Criteria		Maximum Investment Amount	Maximum Period of Investment
	Fitch	Moody		
UK Local Authorities (Including the North East Combined Authority)	N/A	N/A	Unlimited	15 years
UK Government Gilts, Bonds and Treasury Bills	N/A	N/A	Unlimited	15 years
Enhanced Cash Funds (Variable net asset value)	AAA	Aaa	£15m per fund (£60m in total)	30 (1) days notice
Deposits or Corporate Bonds with institutions which meet the rating criteria	ST:F1	ST:P-1	£10m per institution	5 Years
	LT:A-	LT:A3		
Deposits or Corporate Bonds with institutions which meet the rating criteria	ST:F2	ST:P-2	£5m per institution	12 months
	LT:A-	LT:A3		
Good, Medium Grade UK Clearing Banks/ Building Societies	ST:F2	ST:P-2		
	LT:BBB	LT:Baa1	£10m per banking Group	6 months
Building Societies which have assets in excess of £10,000m	N/A	N/A	£12m per Building Society	12 months
Building Societies which have assets in excess of £5,000m	N/A	N/A	£10m per Building Society	6 months
Building Societies which have assets in excess of £1,000m	N/A	N/A	£5m per Building Society	3 months

Amounts Arising from Expected Credit Losses

Allowances for impairment losses have been assessed for amortised cost assets (including long-term debtors), applying the expected credit losses model.

As a result of the Covid-19 pandemic, and its impact on airport operations, an expected credit loss adjustment has been made to the loan notes provided to Newcastle International Airport (NIAL) Group Limited – as outlined in Note 35, Related Parties.

It has been concluded that the expected credit losses on all other financial assets are either not material or that the cash flows from the sale of collateral held would negate any such losses. Wherever possible, the Council aims to mitigate its risks and exposure to default by seeking appropriate additional security from the borrower. This is often in the form of a legal charge over the borrower's property / assets. As a result, no allowances for expected credit losses have been made.

Loans to the Council's wholly owned subsidiary, Advance Northumberland Limited, are excluded from the requirements of financial instruments (and therefore the above assessment) as they are covered by more specific provisions about their recognition, measurement and disclosure within the Council's Group Accounts.

Customer Debt

The Council at 31 March 2022 had £11.31 million (2020-21 £15.16 million) of debt past its due date for payment. The past due amount can be analysed by age as follows:

31 March 2021 £000		31 March 2022 £000
9,168	Less than three months	3,584
877	Three to six months	707
2,267	Six months to one year	1,844
2,843	More than one year	5,171
15,155	**Total**	**11,306**

A review of balances at 31 March 2022 suggested that an impairment of doubtful debts of £2.59 million (2020-21 £1.61 million) was appropriate.

In addition to customer debt, the Council has also impaired the non-contractual debt which it holds in relation to Council Tax, Business Rates and Housing Benefits. For Council Tax and Business Rates, any debt that is determined to be individually significant is considered initially on a case by case basis, taking into account the recovery action taken to date and the likelihood of recovery. The remaining debt is then grouped and an aged debt analysis is carried out applying the percentages shown below.

	2021-22					
	Council Tax			Business Rates		
Year	Percentage %	Debt £000	Impairment £000	Percentage %	Debt £000	Impairment £000
2017-18 and older	100	3,018	3,018	100	963	963
2018-19	80	1,230	984	80	499	404
2019-20	60	2,273	1,364	60	1,121	673
2020-21	40	3,215	1,286	40	1,456	582
2021-22	10	6,172	618	20	3,172	634
Total	**N/A**	**15,908**	**7,270**	**N/A**	**7,211**	**3,256**
Council's share	**N/A**	**12,119**	**5,776**	**N/A**	**2,979**	**1,560**

As with other Collection Fund balances, the debt and impairment balances relating to Council Tax and Business Rates are shared between the relevant precepting authorities.

For Housing Benefits, the debt is impaired based on the recovery action taken and the likelihood of recovery.

The Council's overall impairment of doubtful debt is shown below.

	2021-22			
Year	Debt £000	Historical Experience of Default %	Impairment £000	Not Impaired Debt £000
Customers	11,306	1.3	2,593	8,713
Council Tax	12,119	1.8	5,776	6,343
Business Rates	2,979	9.7	1,560	1,419
Housing Benefits	1,942	2.5	278	1,664
Total	**28,346**	**15.3**	**10,207**	**18,139**

Financial Guarantees

The Council has reviewed its exposure to financial guarantees provided in the event of default by other organisations. The only area of risk identified is in relation to guarantees provided to Tyne and Wear Pension Fund in respect of certain employers participating in the Local Government Pension Scheme. Formal agreements are in place in respect of The Association of North East Councils', Active Northumberland, Bernicia Group and Karbon Homes, Newcastle International Airport Company Ltd, Northumbria Healthcare NHS Foundation Trust, Queens Hall Art Centre, Woodhorn Charitable Trust, and The Newcastle, North Tyneside and Northumberland Combined Authority but the risk of any guarantee being called upon is assessed as very low, therefore no fair value has been calculated on grounds of materiality.

Liquidity Risk

The Council manages its liquidity position through the risk management procedures set out earlier (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 borrow 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. The Council is also required to provide a balanced budget through the Local Government Finance Act 1992, which ensures sufficient monies are raised to cover annual expenditure. There is therefore no significant risk that it will be unable to raise finance to meet its commitments under financial instruments.

The Council's long term borrowing can be analysed as follows:

31 March 2021 £000		31 March 2022 £000
	Analysis by Loan Type	
451,281	Public Works Loans Board	449,745
129,112	Other Market Loans	79,133
176,500	LOBO (Market Loans)	176,500
756,893		**705,378**
	Analysis of Loans by Maturity	
51,543	Between 1 and 2 years	11,552
29,886	Between 2 and 5 years	29,415
51,298	Between 5 and 10 years	47,297
92,112	Between 10 and 20 years	105,314
32,754	Between 20 and 30 years	17,200
80,700	Between 30 and 40 years	128,000
269,600	Between 40 and 50 years	230,600
149,000	Between 50 and 60 years	136,000
756,893		**705,378**

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

Market Risk – Interest Rate Risk

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

- Borrowings at variable rates – the interest expense charged to the Comprehensive Income and Expenditure Statement will rise;
- Borrowings at fixed rates – the fair value of the liabilities associated with borrowings will fall;
- Investments at variable rates – the interest income credited to the Comprehensive Income and Expenditure Statement will rise; and,
- Investments at fixed rates – the fair value of the assets will fall.

Borrowings are not carried at fair value so nominal gains and losses on fixed rate borrowings would not impact on the Comprehensive Income and Expenditure Statement. However, changes in interest payable and receivable on variable rate borrowings and investments are included in the Comprehensive Income and Expenditure Statement and impact upon the General Fund balance. Movements in the fair value of fixed rate investments will be reflected in the Comprehensive Income and Expenditure Statement.

The Council has a number of strategies for managing interest rate risk. The Annual Treasury Management Strategy draws together the Council's prudential and treasury indicators and its expected treasury operations, including an expectation of interest rate movements. From this Strategy a treasury indicator is set which provides maximum limits for fixed and variable interest rate exposure. The central treasury team 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 at 31 March 2022 with all other variables held constant, the effect would have been:

	31 March 2022 £000
Increase in Interest Payable on Variable Rate Borrowings	740
Increase in Interest Receivable on Variable Rate Investments	(1,664)
Impact on Deficit/(Surplus) on the Provision of Services	(924)
Decrease in Fair Value of fixed rate borrowing (no impact on CIES)	(213,300)

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

The increase in interest payable on borrowings is largely due to the fact that the Council has £74.00 million of Lender Option Borrower Option (LOBO) borrowing which has now gone past its initial fixed interest period and is subject to the potential to be called by the lender at specific intervals. If a loan were called, the Council would be exposed to a potential change in interest rate. Given the current low interest rate environment and market forecasts for the next two to three years, it is considered that there is no risk of those LOBO loans with call dates within the next 12 months being called. All LOBO loans have therefore been classified as long term.

Market Risk – Price Risk

The Council does not invest in equity shares but does have shareholdings in Newcastle Airport Local Authority Holding Company and Advance Northumberland Limited. Further information on these shareholdings is contained in Note 35 Related Parties.

As the shareholdings have arisen in the acquisition of specific interests, the Council is not in a position to limit its exposure to price movements by diversifying its portfolio. The shares in Newcastle Airport Local Authority Holding Company are classified as "Fair Value through other Comprehensive Income" and are included at fair value. The shares in Advance Northumberland Limited are included at historic cost.

21. Leases

Council as Lessee

Finance Leases

The Council has a number of ground leases for assets included within Property, Plant and Equipment in the Balance Sheet. The land is mostly held on a peppercorn rent and therefore immaterial for reporting purposes.

Council as Lessee

Operating Leases

The Council uses cars, commercial vehicles, refuse vehicles, fire equipment and appliances and information technology equipment financed by entering into operating leases, with typical lives of six years.

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

31 March 2021 £000		31 March 2022 £000
907	Not later than one year	867
1,321	Later than one year and not later than five years	1,023
985	Later than five years	609
3,213		**2,499**

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

31 March 2021 £000		31 March 2022 £000
1,258	Minimum lease payments	1,500

Council as Lessor

Finance Leases

The Council has numerous finance leases in place, including schools previously controlled by the Council which have converted to Academy Schools which are now on 125-year leases. The Council either receives nil or peppercorn annual rental for these properties.

Council as Lessor

Operating Leases

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

- for the provision of community services, such as sports facilities and playgroups; and,
- for economic development purposes to provide suitable affordable accommodation for local businesses.

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

31 March 2021 £000		31 March 2022 £000
575	Not later than one year	810
247	Later than one year and not later than five years	314
412	Later than five years	676
1,234		**1,800**

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.

22. Debtors

31 March 2021 £000		31 March 2022 £000
	Short Term:	
28,662	Government bodies	20,983
12,836	NHS Bodies	13,198
49,662	Other entities and individuals	49,721
3,594	Other local authorities	2,241
313	Public corporations and trading funds	70
95,067	**Total Short Term**	**86,213**
	Long Term:	
194,231	Advance Northumberland Commercial	188,293
33,476	Advance Northumberland Development	35,918
39,918	Advance Northumberland Housing	39,765
9,834	Advance Northumberland Housing - Executive	9,834
12,607	NCC - Airport Loan Notes	13,750
335	NELEP - Ashwood	1,288
2,810	NELEP - Bates/Blyth Harbour	2,850
9,253	NELEP - East Sleekburn Enterprise Zone	9,040
1,292	Northumberland Aged Miners Housing Association - Solar Panel Loan	1,203
5,363	Northumberland College Loan 2014	5,200
18,000	Northumbria Healthcare NHS Foundation Trust Berwick Hospital Loan	17,000
76,166	Northumbria Healthcare NHS Foundation Trust Hexham Hospital Loan	71,747
2,189	Other Loans	1,804
405,474	**Total Long Term**	**397,692**
500,541	**Total Debtors**	**483,905**

23. Cash and Cash Equivalents

Cash and Cash Equivalents are made up of the following elements:

31 March 2021 £000		31 March 2022 £000
83,373	Cash and Cash Equivalents	98,876
(13,729)	Bank overdraft	(11,988)
69,644	**Total Cash and Cash Equivalents**	**86,888**

24. Assets Held for Sale

Current 2020-21 £000	Non-Current 2020-21 £000		Current 2021-22 £000	Non-Current 2021-22 £000
2,214	**-**	**Balance at 1 April**	**1,587**	**497**
		Assets newly classified as held for sale:		
450	-	Property, Plant and Equipment	3,383	-
-	-	Revaluation losses	(477)	(155)
-	-	Revaluation gains	-	-
		Assets declassified as held for sale:		
(470)	-	Property, Plant and Equipment	(200)	-
-	-	Investment property	-	-
(110)	-	Assets sold	(500)	(47)
(497)	497	Assets transferred from Non current to current	-	-
1,587	**497**	**Balance at 31 March**	**3,793**	**295**

25. Private Finance Initiatives (PFI) and Similar Contracts

The following table shows the reconciliation of long-term creditors to the PFI and other finance lease liabilities:

31 March 2021 £000		31 March 2022 £000
	Long term finance lease liability:	
(50,980)	Waste PFI	(49,394)
(10,334)	Fire PFI	(9,918)
(61,314)	**Total Finance Lease Liability**	**(59,312)**
	Long term deferred credits:	
(8,673)	Waste PFI	(8,006)
(8,673)	**Total Deferred Credits**	**(8,006)**
(69,987)	**Total Long Term Creditors**	**(67,318)**

The Council has entered into two PFI schemes as detailed below:

Waste PFI

2021-22 was the 15th year of a 28 year integrated Waste PFI contract covering the construction, maintenance and operation of a range of waste treatment facilities and reception, storage, transport, recycling, composting, energy recovery and landfill disposal of household and commercial wastes collected by the Council. The Council has the right under the agreement to use the various waste facilities for the provision of waste services.

The contract specifies a minimum standard for the services to be provided by the contractor. In the event of a service performance shortfall or if facilities become unavailable deductions will be made to the unitary charge payable. The contractor took on the obligation to ensure at all times that the services at each centre meet all the requirements of the Agreement, the Services Specification, the Service Delivery Proposals, Good Industry Practice, Guidance and all applicable Authorities' Policies and Legislation.

The buildings and any plant and equipment at the end of the Agreement will be transferred to the Council for nil consideration, with the exception of an extension to an existing energy from waste facility located outside of the Council's administrative area that will revert to the contractor as it will be at the end of its useful operational life.

The Council has the right to terminate the Agreement by giving the agreed notice period and paying the Authority Default Termination Sum, as detailed in the Agreement.

Payments to the service provider under this scheme depend upon a number of factors, including the performance of the contract.

The figures below provide information on the movement of the Waste PFI assets held on the Council's Balance Sheet during 2021-22:

	2020-21	2021-22 Plant Shell	2021-22 Project Assets	2021-22
	£000	£000	£000	£000
Cost brought forward 1 April	78,730	11,148	61,869	73,017
Additions in year	1,579	-	1,043	1,043
Revaluation in year	(3,193)	972	3,725	4,697
Disposals	(4,099)	-	(1,043)	(1,043)
Cost carried forward 31 March	**73,017**	**12,120**	**65,594**	**77,714**
Accumulated depreciation brought forward 1 April	(8,855)	-	(7,375)	(7,375)
Revaluations in year	2,309	619	1,585	2,204
Disposals	2,836	-	54	54
Depreciation charge for year	(3,665)	(619)	(2,831)	(3,450)
Depreciation at 31 March	**(7,375)**	**-**	**(8,567)**	**(8,567)**
Net book value carried forward 31 March	**65,642**	**12,120**	**57,027**	**69,147**

The following table provides information on the movement of the PFI lease liability held on the Council's Balance Sheet during 2021-22:

	2020-21	2021-22 Plant Shell	2021-22 Project Assets	2021-22
	£000	£000	£000	£000
Lease liability brought forward 1 April	53,349	10,377	41,831	52,208
Payments made in year	(1,141)	(285)	(942)	(1,227)
Liability carried forward 31 March	**52,208**	**10,092**	**40,889**	**50,981**

The following table provides the best estimates of payments in future periods, on the assumption that the contractor provides a reliable service. Variable elements of the charge have been inflated in line with predicted RPI increases:

	31 March 2021	Lifecycle Replacement	Repayment of Liability	Interest Charges	Service Charges	31 March 2022
	£000	£000	£000	£000	£000	£000
Within one year	25,487	1,294	1,586	7,805	15,526	**26,211**
Within two to five years	109,319	5,437	9,115	31,390	66,466	**112,408**
Within six to ten years	155,361	7,432	20,614	37,658	94,084	**159,788**
Within eleven to fifteen years	140,983	4,826	19,666	19,725	62,963	**107,180**
	431,150	**18,989**	**50,981**	**96,578**	**239,039**	**405,587**

The following transactions were processed during 2020-21 and 2021-22:

2020-21 £000		2021-22 £000
12,916	Service Charge	13,494
1,243	Lifecycle Maintenance	1,268
1,141	Capital Repayment	1,227
5,643	Interest	5,523
2,755	Contingent Rent	2,669
23,698	**Total Payment**	**24,181**
(3,141)	PFI Grant Receivable	(3,141)
20,557	**Net Payment**	**21,040**

Fire & Rescue PFI

2021-22 was the 12th year of a 25-year PFI contract for the construction, maintenance and operation of two fire stations in Pegswood and West Hartford. The Council has the rights under the Agreement to use the stations for the provision of the Fire and Rescue Services.

The contract specifies a minimum standard for the services to be provided by the contractor. In the event of a service performance shortfall or if the facilities become unavailable, deductions will be made to the unitary charge payable. The contractor took on the obligation to ensure at all times the services at each station meet all the requirements of the Agreement, the Services Specification, the Service Delivery Proposals, Good Industry Practice, Guidance and all applicable Authorities' Policies and Legislation.

The buildings and any plant and equipment at the end of the Agreement will be transferred to the Council for nil consideration.

The Council has the right to terminate the Agreement by giving the agreed notice period and paying the Default Termination Sum, as detailed in the Agreement.

Payments to the service provider under this scheme depend upon a number of factors, including the performance of the contract. Changes to Works, the Services or the Stations agreed, in accordance with the Change Protocol detailed in the Agreement, will result in an adjustment to the annual payments to the service provider.

The figures below provide information on the movement of the Fire and Rescue PFI assets held on the Balance Sheet during 2021-22:

2020-21 £000		2021-22 £000
16,767	Costs brought forward 1 April	20,066
-	Recognition of deferred assets within fixed assets	64
3,299	Revaluation Gain	2,246
20,066	**Cost carried forward 31 March**	**22,376**
(1,110)	Depreciation brought forward 1 April	(664)
1,110	Revaluations in Year	(149)
(664)	Depreciation charge for year	(664)
(664)	**Depreciation at 31 March**	**(1,477)**
19,402	**Net book value carried forward 31 March**	**20,899**

The figures below provide information on the movement of the PFI lease liability held on the Balance Sheet during 2021-22:

2020-21 £000		2021-22 £000
11,059	Lease liability brought forward 1 April	10,713
(346)	Payments made in year	(379)
10,713	**Liability carried forward 31 March**	**10,334**

The following table provides the best estimate of payments in future periods on the assumption that the contractor provides a reliable service. The amounts include the adjustment to the payments, agreed during 2013-14, relating to changes to works, the services or the stations. The adjustments affect the lifecycle maintenance and the service charges elements of the unitary charge. Variable elements of the charge have been inflated in line with predicted RPI increases:

	31 March 2021	Lifecycle Replacement	Repayment of Liability	Interest Charges	Service Charges	31 March 2022
	£0	£000	£000	£000	£000	£000
Within one year	2,643	239	416	1,132	877	**2,664**
Within two to five years	10,913	1,015	2,118	4,053	3,811	**10,997**
Within six to ten years	14,468	1,419	4,101	3,535	5,531	**14,586**
Within eleven to fifteen years	12,714	1,092	3,699	800	4,055	**9,646**
Within sixteen to twenty years	-	-	-	-	-	**-**
	40,738	**3,765**	**10,334**	**9,520**	**14,274**	**37,893**

The following transactions were processed during 2020-21 and 2021-22:

2020-21		2021-22
£000		£000
831	Service Charge	848
226	Lifecycle Maintenance	233
346	Capital Repayment	379
1,169	Interest	1,132
37	Contingent Rent	39
2,609	**Total Payment**	**2,631**
(1,619)	PFI Grant Receivable	(1,619)
990	**Net Payment**	**1,012**

26. Creditors

31 March 2021 £000		31 March 2022 £000
(52,160)	Government bodies	(65,269)
(1,035)	NHS bodies	(3,443)
(45,923)	Other entities and individuals	(1,747)
(1,944)	Other local authorities	(1,881)
(3,628)	Public corporations and trading funds	(63,756)
(104,690)	**Total**	**(136,096)**

27. Significant Commitments under Capital Contracts

The following significant capital contracts have been entered into by the Council at 31 March 2022:

	Total Cost £000	Future Payments £000
Berwick Leisure Centre	23,147	2,108
County Hall Refurbishment	17,590	5,527
Hexham New Build Schools	41,293	1,646
Provision of Leisure Facilities within Morpeth	21,000	10,203

28. Provisions

Provisions	Redundancy Costs £000	Equal Pay Back Pay £000	MMI Liability £000	NNDR Appeals £000	Estates Rationalisation £000	Compensation Claims £000	Contractor Claims £000	Total £000
Balance at 1 April 2020	**(603)**	**(500)**	**(78)**	**(10,124)**	**(577)**	**(190)**	**-**	**(12,072)**
Amounts used in 2020-21	575	-	-	4,842	-	80	-	**5,497**
Additional provisions made in 2020-21	(171)	-	-	(2,212)	-	(40)	-	**(2,423)**
Unused amounts reversed in 2020-21	28	500	78	-	-	-	-	**606**
Balance at 31 March 2021	**(171)**	**-**	**-**	**(7,494)**	**(577)**	**(150)**	**-**	**(8,392)**
Amounts used in 2021-22	155	-	-	711	-	3	-	**869**
Additional provisions made in 2021-22	-	-	-	(1,916)	-	-	(233)	**(2,149)**
Unused amounts reversed in 2021-22	16	-	-	-	-	-	-	**16**
Balance at 31 March 2022	**-**	**-**	**-**	**(8,699)**	**(577)**	**(147)**	**(233)**	**(9,656)**
Comprising:								
Short Term	-	-	-	(8,699)	(450)	(147)	(233)	**(9,529)**
Long Term	-	-	-	-	(127)	-	-	**(127)**
Total Provisions	**-**	**-**	**-**	**(8,699)**	**(577)**	**(147)**	**(233)**	**(9,656)**

Redundancy Costs

There were no redundancies which met the provisions of IAS 37 for the 2021-22 statement of accounts, removing the need for a redundancy provision to be made. The table illustrates the provision made in the 2020-21 statement of accounts and how it was fully used in year, for comparison.

Equal Pay Back Pay

This provision is no longer required. The unused provision was reversed in 2020-21 after all the conditions of the liability to HMRC relating to a withheld penalty charge were met. All other obligations were settled in previous financial years.

Municipal Mutual Insurance (MMI) Liability

This reserve was reversed in 2020-21 as any future claims will be met from the Insurance Reserve.

National Non-Domestic Rates (NNDR) Appeals

In addition to the local management of business rates authorities are expected to finance their proportion of appeals, made by ratepayers, against the rateable valuation set by the Valuation Office. Ordinarily, the Council's share has been 50%. However, for 2019-20 only, the Council was part of the North of Tyne Pool, meaning that the Council's share was 75%. The shares reverted to a 50/50 split for 2020-21. A provision of £17.40 million has been created within the 2021-22 accounts based on the best estimate of the potential liability required to settle successful appeals. £0.33 million relates to the 2010 valuation list and £17.07 million relates to the 2017 valuation list. This has been allocated 50% to Northumberland County Council and 50% to Central Government.

Estates Rationalisation

This provision is maintained to cover anticipated costs in relation to rationalising the Council's estate following a review by Estates Management.

Compensation Claims

There are a number of claims that have been received in relation to a depreciation of property values under the Land Compensation Act Part 1 which have not yet been settled. The estimated value of these claims is £0.15 million.

Contractor Claims

Exceptional Insurance costs have been claimed by a contractor amounting to £0.23 million for the period 1 November 2020 to 31 March 2022.

29. Unusable Reserves

31 March 2021 £000		31 March 2022 £000
(3,894)	Accumulated Absences Adjustment Account	(5,026)
626,464	Capital Adjustment Account	620,536
(21,907)	Collection Fund Adjustment Account	(9,168)
(8,728)	Financial Instruments Adjustment Account	(8,393)
9,434	Financial Instruments Revaluation Reserve	13,195
(907,319)	Pensions Reserve	(784,357)
136,668	Revaluation Reserve	210,933
(169,282)	**Total Unusable Reserves**	**37,720**

Accumulated Absences Adjustment Account

The Accumulated Absences Adjustment Account absorbs the differences that would otherwise arise on the General Fund Balance from accruing for compensated absences earned but not taken in the year e.g. unused 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.

2020-21 £000	2020-21 £000		2021-22 £000	2021-22 £000
	(4,855)	**Balance at 1 April**		**(3,894)**
4,855		Settlement or cancellation of accrual made at the end of the preceding year	3,894	
(3,894)		Amounts accrued at the end of the current year	(5,026)	
	961	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		(1,132)
	(3,894)	**Balance at 31 March**		**(5,026)**

Capital Adjustment Account

The balance on the account represents the timing difference between the amount of historical cost of non-current assets that have been consumed and the amount that has been financed in accordance with statutory requirements.

2020-21 £000		2021-22 £000
672,968	**Balance at 1 April**	**626,464**
	Reversal of items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement:	
(52,720)	Charges for depreciation and impairment of non-current assets	(51,947)
-	Change in value of available-for-sale assets	(632)
(427)	Revaluation losses on Property, Plant and Equipment	(3,527)
(500)	Amortisation of intangible assets	(613)
(57,607)	Revenue expenditure funded from capital under statute	(47,914)
(76,999)	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	(35,092)
10,373	Adjusting amounts written out of the Revaluation Reserve	5,772
997	Modification adjustments charged to Comprehensive Income and Expenditure Statement in respect of capital financial assets	1,113
(79)	Expected Credit Loss allowances (charged) / credited to Comprehensive Income and Expenditure Statement in respect of capital financial assets	30
	Capital financing applied in the year:	
1,117	Use of the Capital Receipts Reserve to finance new capital expenditure	6,945
5,310	Use of the Major Repairs Reserve to finance new capital expenditure	8,080
72,420	Capital grants and contributions credited to the Comprehensive Income and Expenditure Statement that have been applied to capital financing	54,071
1,878	Application of grants to capital financing from the Capital Grants Unapplied Grant	7,880
19,030	Statutory provision for the financing of capital investment charged against the General Fund and HRA balances	21,493
5,615	Voluntary set aside for the financing of capital investment charged against the General Fund and HRA balances	6,751
22,032	Set aside of capital receipt for the repayment of debt	17,406
3,042	Capital expenditure charged against the General Fund and HRA balance	4,017
14	Movements in the market value of Investment Properties debited or credited to the Comprehensive Income and Expenditure Statement	239
626,464	**Balance at 31 March**	**620,536**

Collection Fund Adjustment Account

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

2020-21 £000		2021-22 £000
3,174	**Balance at 1 April**	**(21,907)**
(25,081)	Amount by which council tax and non-domestic rates income credited to the Comprehensive Income and Expenditure Statement is different from council tax income and non-domestic rates calculated for the year in accordance with statutory requirements	12,739
(21,907)	**Balance at 31 March**	**(9,168)**

Financial Instruments Adjustment Account

This represents the difference between the amounts charged to the Comprehensive Income and Expenditure Statement and the net charge required against the General Fund balance in respect of Financial Assets and Financial Liabilities in the Movement in Reserves Statement. The adjustment to the General Fund balance is required by statutory regulations whereas the Comprehensive Income and Expenditure Statement needs to meet the requirements of the CIPFA Code of Practice:

2020-21 £000		2021-22 £000
(8,426)	**Balance at 1 April**	**(8,728)**
(456)	Proportion of premiums/(discounts) incurred in previous financial years to be charged/(credited) against the General Fund balance in accordance with statutory requirements	311
154	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	24
(8,728)	**Balance at 31 March**	**(8,393)**

Financial Instruments Revaluation Reserve

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

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

The reserve reflects the change in value of the Council's shareholding in Newcastle International Airport which in 2021-22 increased by £3.76 million:

2020-21 £000		2021-22 £000
8,741	**Balance at 1 April**	**9,434**
693	Upward Revaluation of Investment	3,761
9,434	**Balance at 31 March**	**13,195**

Pensions Reserve

Pension costs are recognised in the year in which the benefit entitlements are earned by employees rather than the year in which the pensions and the employer's contributions are actually paid. The Pensions Reserve represents the net liability for future pension costs:

2020-21 £000		2021-22 £000
(804,210)	**Balance at 1 April**	**(907,319)**
256,570	Return on plan assets	31,170
(348,162)	Actuarial gains or (losses) arising on changes in financial assumptions	133,224
(6,750)	Actuarial gains or (losses) arising on changes in demographic assumptions	22,143
31,394	Other	(11,912)
(74,093)	Reversal of items relating to retirement benefits debited or credited to the Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement	(89,583)
37,932	Employer's pensions contributions and direct payments to pensioners payable in the year	37,920
(907,319)	**Balance at 31 March**	**(784,357)**

Revaluation Reserve

The balance on this reserve represents the accumulated gains on the re-valued non-current assets held by the Council since 1 April 2007 less that part of the depreciation charge that has been incurred only because the assets have been re-valued. Whilst these gains increase the net worth of the Council they would only result in an increase in spending power if the relevant assets were sold and capital receipts generated. On disposal the Revaluation Reserve value for an asset is written off to the Capital Adjustment Account.

2020-21 £000		2021-22 £000
149,982	**Balance at 1 April**	**136,668**
18,890	Upward revaluation of assets	98,699
(21,831)	Downward revaluation of assets and impairment losses not charged to the Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement	(18,662)
(4,474)	Difference between fair value depreciation and historical cost depreciation	(4,933)
(5,823)	Accumulated gains on assets sold or scrapped	(839)
(76)	Amount written off to the Capital Adjustment Account	-
136,668	**Balance at 31 March**	**210,933**

30. Pension Schemes Accounted for as Defined Contribution Schemes

Teachers' Pensions Scheme

Teachers employed by the Council are offered membership of the Teachers' Pension Scheme, administered by the Teachers' Pensions Agency. It provides teachers with defined benefits upon their retirement, and the Council contributes towards the costs by making contributions based on a percentage of members' pensionable salaries.

As a proportion of the total contributions into the Teacher's Pension Scheme, the Council's own contributions equated to approximately 71.6% for 2021-22. The Council paid £11.70 million in 2021-22 (£11.81 million in 2020-21) to the Teachers' Pensions Agency in respect of teachers' retirement benefits, which represents 23.7% of teachers' pensionable pay for the period 1 April 2021 to 31 March 2022.

The contributions due to be paid in the next financial year are estimated to be £11.66 million.

The Scheme is a defined benefit final salary scheme. It is not possible for the Council to identify its share of the underlying liabilities in the scheme, and it is therefore classified as a defined contribution scheme for the purposes of the accounting requirements of IAS 19 and does not form part of the pension deficit described in Note 31.

The Council is responsible for the costs of any early retirement (the Teachers' unfunded scheme) and this is included in the pension deficit described in Note 31.

Academies/Agencies

The Council acted as the payroll provider for six academies and one agency during the 2021-22 financial year, namely:

- Cramlington Learning Village Academy (since 1 September 2011);
- Berwick Academy (since 1 November 2011);
- Meadowdale Academy (since 1 April 2012);
- Ponteland Academy (since September 2017);
- Pele Trust (Since 1 February 2019);
- Tyne Community Learning Trust (since 1 September 2019); and,
- Active Northumberland (since 1 September 2015 with regard to Teachers Pensions).

As part of this service the Council pays pension contributions to the Teachers' Pensions Agency on behalf of these establishments.

For 2021-22, employer contributions amounting to £4.65 million (23.7% of pensionable pay) and employee contributions amounting to £1.87 million (at rates ranging from 7.4% to 11.7% of pensionable pay), were paid over to the Teachers' Pensions Agency on behalf of the academies/agency listed above

NHS Pension Scheme

NHS staff who transferred to the Council in 2013-14, and on 01 October 2021, can choose to maintain their membership of the NHS Pension Scheme, administered by the NHS Business Services Authority.

The Scheme provides these staff with specified benefits upon 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. For 2021-22, the Council paid employee contributions of £0.64 million (contribution rates ranging from 5.0% to 14.5% of pensionable pay), and employer contributions of £1.08 million (contribution rate representing 14.38% of pensionable pay) to the NHS Pension Scheme in respect of former NHS staff.

The contributions due to be paid in the next financial year are estimated to be £3.33 million.

31. 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 those benefits will not actually be payable until employees retire, the Council has a commitment to pay and disclose them at the time those employees earn their future entitlement.

The principal risks to the authority of the post-employment schemes are the longevity, inflation and (where relevant) investment asset performance assumptions and experience, statutory changes to the schemes, and structural changes to scheme membership. These are mitigated to a certain extent by the statutory requirements to charge to the General Fund and Housing Revenue Account the amounts required by statute as described in the accounting policies Note 40.

The Council participates in nine post-employment schemes. Seven of these are treated as defined benefit schemes as outlined below; the other schemes are defined contribution schemes and are included in Note 30.

The Local Government Pension Scheme (LGPS) for employees other than teachers and firefighters is administered by South Tyneside Council. The LGPS is a funded defined benefit final salary and career average revalued earnings 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 Fund Administering Authority, South Tyneside Council, is responsible for the Governance of the Fund.

The LGPS Unfunded Scheme for employees other than teachers and firefighters is administered by Northumberland County Council. This is an unfunded defined benefit final salary scheme, meaning that there are no investment assets built up to meet the pension liabilities, which are paid for by the Council on a pay-as-you-go basis. The LGPS Unfunded Scheme provides enhanced pensions for certain former employees who were granted early retirement by the Council. No enhanced LGPS pensions have been granted since November 2003.

The Teachers' Unfunded Scheme for teachers only is administered by Northumberland County Council. This is an unfunded defined benefit final salary scheme, meaning that there are no investment assets built up to meet the pension liabilities, which are paid for by the Council on a pay-as-you-go-basis. The Teachers' Unfunded Scheme provides enhanced pensions for certain former employees who were granted early retirement by the Council. No enhanced Teachers' pensions have been granted since January 2004.

The 1992 Firefighters' Pension Scheme (FPS 1992), is administered by Northumberland County Council. This is an unfunded defined benefit final salary scheme, meaning that there are no investment assets built up to meet the pension liabilities. Under the Firefighters' Pension Scheme (Amendment) (England) Order 2006 the Council and employees pay contributions into a notional fund. The fund is topped up by a government grant if the receipts into it are insufficient to meet the cost of pension and other payments. Any surplus in the fund is recouped by government in the year.

The 2006 Firefighters' Pension Scheme (FPS 2006), is administered by Northumberland County Council. This is an unfunded defined benefit final salary scheme, meaning that there are no investment assets built up to meet the pension liabilities. The funding arrangements are as described above for the FPS 1992.

The 2015 Firefighters' Pension Scheme (FPS 2015) is administered by Northumberland County Council. This is an unfunded defined benefit career average revalued earnings scheme, meaning that there are no investment assets built up to meet the pension liabilities. The funding arrangements are as described above for the FPS 1992.

The Firefighters' Injury Pensions and Non-Scheme Ill-Health Pensions are administered by Northumberland County Council. These are unfunded defined benefit final salary schemes, meaning that there are no investment assets built up to meet the pension liabilities, and cash has to be generated to meet actual pension payments as they fall due. These pensions are not covered by the funding arrangements as described above for the FPS and are paid for by the Council on a pay-as-you-go basis.

Transactions Relating to Post-employment Benefits

The Council recognises the cost of retirement benefits in the reported Cost of Services in the Comprehensive Income and Expenditure Statement when they are earned by employees, rather than when the benefits are eventually paid as pensions. However, the charge the Council is required to make against council tax is based on the cash payable in the year, so the real cost of post-employment/retirement benefits is reversed out of the General Fund (and Housing Revenue Account) 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:

2020-21						2021-22				
LGPS £m	Firefighters' Schemes £m	LGPS unfunded Scheme £m	Teachers' unfunded Scheme £m	Total £m		LGPS £m	Firefighters' Schemes £m	LGPS unfunded Scheme £m	Teachers' unfunded Scheme £m	Total £m
					Comprehensive Income and Expenditure Statement CIES)					
					Cost of Services:					
(55.13)	(3.37)	-	-	**(58.50)**	Current service cost	(62.75)	(4.97)	-	-	**(67.72)**
(0.61)	-	-	-	**(0.61)**	Past service cost	(0.37)	-	-	-	**(0.37)**
2.65	-	-	-	**2.65**	Settlement Cost	(2.82)	-	-	-	**(2.82)**
					Financing and Investment Income and Expenditure:					
(11.76)	(4.55)	(0.66)	(0.66)	**(17.63)**	Net interest expense	(12.71)	(4.90)	(0.58)	(0.49)	**(18.68)**
(64.85)	**(7.92)**	**(0.66)**	**(0.66)**	(74.09)	**Total post employment benefit charged to the surplus/deficit on the provision of services**	**(78.65)**	**(9.87)**	**(0.58)**	**(0.49)**	(89.59)
					Other post employment benefit charged to the CIES					
					Remeasurement of the net defined liability comprising:					
256.57	-	-	-	**256.57**	Return on plan assets (excluding the amount included in the net interest expense)	31.17	-	-	-	**31.17**
(308.90)	(35.76)	(1.94)	(1.56)	**(348.16)**	Actuarial gains and (losses) arising on changes in financial assumptions	118.38	13.73	0.64	0.48	**133.23**
(7.51)	-	0.60	0.16	**(6.75)**	Actuarial gains and (losses) arising on changes in demographic assumptions	19.08	2.27	0.41	0.38	**22.14**
23.47	2.03	0.73	5.16	**31.39**	Other	(11.11)	(0.60)	(0.11)	(0.09)	**(11.91)**
(36.37)	**(33.73)**	**(0.61)**	**3.76**	(66.95)	**Total other post employment benefit charged to the Comprehensive Income and Expenditure Statement**	**157.52**	**15.40**	**0.94**	**0.77**	**174.63**
(101.22)	**(41.65)**	**(1.27)**	**3.10**	(141.04)	**Total charge to the Comprehensive Income and Expenditure Statement**	**78.87**	**5.53**	**0.36**	**0.28**	**85.04**
					Movement in Reserves - General Fund Balance:					
64.85	7.92	0.66	0.66	**74.09**	Reversal of net charges made to the surplus/deficit for the provision of services for post employment benefit	78.65	9.87	0.58	0.49	**89.59**
					Actual amount charged against the General Fund Balance for pensions in the year:					
(27.26)	-	-	-	**(27.26)**	Employer's contributions payable to the scheme	(27.63)	-	-	-	**(27.63)**
-	(6.15)	(2.33)	(2.19)	**(10.67)**	Net retirement benefits payable to pensioners		(5.74)	(2.11)	(2.44)	**(10.29)**

Note: the Firefighters' schemes' details are shown below:

2020-21						2021-22				
1992 Firefighters' Pension Scheme £m	2006 Firefighters' Pension Scheme £m	2015 Firefighters' Pension Scheme £m	Firefighters' Injury and Non-Scheme Ill Health £m	**Total £m**		1992 Firefighters' Pension Scheme £m	2006 Firefighters' Pension Scheme £m	2015 Firefighters' Pension Scheme £m	Firefighters' Injury and Non-Scheme Ill Health £m	**Total £m**
					Comprehensive Income and Expenditure Statement					
					Cost of Services:					
(0.42)	(0.05)	(2.80)	(0.10)	**(3.37)**	Current service cost	(0.16)	(0.09)	(4.58)	(0.14)	**(4.97)**
					Financing and Investment Income and Expenditure:					
(3.86)	(0.25)	(0.33)	(0.11)	**(4.55)**	Net interest expense	(3.99)	(0.29)	(0.51)	(0.11)	**(4.90)**
(4.28)	**(0.30)**	**(3.13)**	**(0.21)**	**(7.92)**	**Total post employment benefit charged to the surplus/deficit on the provision of services**	**(4.15)**	**(0.38)**	**(5.09)**	**(0.25)**	**(9.87)**
					Other post employment benefit charged to the Comprehensive Income and Expenditure Statement					
					Remeasurement of the net defined liability comprising:					
(26.26)	(2.78)	(6.03)	(0.69)	**(35.76)**	Actuarial gains and (losses) arising on changes in financial assumptions	9.53	1.12	2.83	0.25	**13.73**
-	-	-	-	**-**	Actuarial gains and (losses) arising on changes in demographic assumptions	1.82	0.13	0.27	0.05	**2.27**
1.90	0.07	0.01	0.05	**2.03**	Other	(0.56)	(0.02)	(0.01)	(0.01)	**(0.60)**
(24.36)	**(2.71)**	**(6.02)**	**(0.64)**	**(33.73)**	**Total post employment benefit charged to the Comprehensive Income and Expenditure Statement**	**10.79**	**1.23**	**3.09**	**0.29**	**15.40**
(28.64)	**(3.01)**	**(9.15)**	**(0.85)**	**(41.65)**	**Total Charged to the Comprehensive Income and Expenditure Statement**	**6.64**	**0.85**	**(2.00)**	**0.04**	**5.53**
					Movement in Reserves - General Fund Balance:					
4.28	0.30	3.13	0.21	**7.92**	Reversal of net charges made to the surplus/deficit for the provision of services for post employment benefit	4.15	0.38	5.09	0.25	**9.87**
					Actual amount charged against the General Fund Balance for pensions in the year:					
(6.38)	(0.02)	0.44	(0.19)	**(6.15)**	Net retirement benefits payable to pensioners	(6.39)	(0.10)	0.94	(0.19)	**(5.74)**

The amount of actuarial gains and losses recognised in the Comprehensive Income and Expenditure Statement to the 31 March 2022 is a gain of £174.63 million (£66.95 million loss to 31 March 2021).

Pensions Assets and Liabilities Recognised in the Balance Sheet

The amount in the Balance Sheet is a result of the Council's obligation in respect of its defined benefit plan as follows:

2020-21						2021-22				
LGPS	Firefighters' Schemes	LGPS unfunded Scheme	Teachers' unfunded Scheme	**Total**		LGPS	Firefighters' Schemes	LGPS unfunded Scheme	Teachers' unfunded Scheme	**Total**
£m	£m	£m	£m	**£m**		£m	£m	£m	£m	**£m**
(1,952.59)	(236.23)	(28.59)	(24.65)	**(2,242.06)**	Present value of the defined benefit obligation	(1,894.61)	(224.96)	(26.12)	(21.93)	**(2,167.62)**
1,334.74	-	-	-	**1,334.74**	Fair value of plan assets	1,383.26	-	-	-	**1,383.26**
(617.85)	**(236.23)**	**(28.59)**	**(24.65)**	**(907.32)**	**Net liability arising from defined benefit obligation**	**(511.35)**	**(224.96)**	**(26.12)**	**(21.93)**	**(784.36)**

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

	LGPS	1992 Firefighters' Pension Scheme	2006 Firefighters' Pension Scheme	2015 Firefighters' Pension Scheme	Firefighters' Injury & non scheme Ill Health	LGPS unfunded Scheme	Teachers' unfunded Scheme	Total
	£m	£m	£m	£m	£m	£m	£m	£m
Opening balance as at 1 April 2021	**(1,952.59)**	**(193.38)**	**(13.67)**	**(23.66)**	**(5.52)**	**(28.59)**	**(24.65)**	**(2,242.06)**
Current service cost	(62.75)	(0.16)	(0.09)	(4.58)	(0.14)	-	-	(67.72)
Interest cost	(40.63)	(3.99)	(0.29)	(0.51)	(0.11)	(0.58)	(0.49)	(46.60)
Contributions from scheme participants	(8.09)	(0.04)	(0.04)	(0.73)	-	-	-	(8.90)
Remeasurement gains and (losses):								
Actuarial gains and (losses) arising from changes in financial assumptions	118.38	9.53	1.12	2.83	0.25	0.64	0.48	133.23
Actuarial gains and (losses) arising from changes in demographic assumptions	19.08	1.82	0.13	0.27	0.05	0.41	0.38	22.14
Other	(11.11)	(0.56)	(0.02)	(0.01)	(0.01)	(0.11)	(0.09)	(11.91)
Past service cost	(0.37)	-	-	-	-	-	-	(0.37)
Benefits paid	51.06	6.43	0.14	(0.21)	0.19	2.11	2.44	62.16
Settlements	(7.59)	-	-	-	-	-	-	(7.59)
Closing balance as at 31 March 2022	**(1,894.61)**	**(180.35)**	**(12.72)**	**(26.60)**	**(5.29)**	**(26.12)**	**(21.93)**	**(2,167.62)**
Opening balance as at 1 April 2020	**(1,613.79)**	**(171.12)**	**(10.68)**	**(14.07)**	**(4.86)**	**(29.65)**	**(29.94)**	**(1,874.11)**
Current service cost	(55.13)	(0.42)	(0.05)	(2.80)	(0.10)	-	-	(58.50)
Interest cost	(33.08)	(3.86)	(0.25)	(0.33)	(0.11)	(0.66)	(0.66)	(38.95)
Contributions from scheme participants	(7.86)	(0.14)	(0.02)	(0.64)	-	-	-	(8.66)
Remeasurement gains and (losses):								-
Actuarial gains and (losses) arising from changes in financial assumptions	(308.90)	(26.26)	(2.78)	(6.03)	(0.69)	(1.94)	(1.56)	(348.16)
Actuarial gains and (losses) arising from changes in demographic assumptions	(7.51)	-	-	-	-	0.60	0.16	(6.75)
Other	23.47	1.90	0.07	0.01	0.05	0.73	5.16	31.39
Past service cost	(0.61)	-	-	-	-	-	-	(0.61)
Benefits paid	45.88	6.52	0.04	0.20	0.19	2.33	2.19	57.35
Settlements	4.94	-	-	-	-	-	-	4.94
Closing balance as at 31 March 2021	**(1,952.59)**	**(193.38)**	**(13.67)**	**(23.66)**	**(5.52)**	**(28.59)**	**(24.65)**	**(2,242.06)**

Reconciliation of the movement in the fair value of the scheme (plan) assets:

2020-21 £m	Local Government Pension Scheme	2021-22 £m
1,069.90	Opening fair value of scheme assets	1,334.74
21.32	Interest income	27.92
	Remeasurement gain and (loss):	
256.57	The return on plan assets, excluding the amount included in the net interest expense	31.17
27.26	Contributions by the employer	27.63
7.86	Contributions by participants	8.09
(45.88)	Benefits paid	(51.06)
(2.29)	Settlements	4.77
1,334.74	**Closing balance of scheme assets**	**1,383.26**

Local Government Pension Scheme assets comprised:

2020-21 Total %	LGPS assets comprised:	Quoted %	Unquoted %	2021-22 Total %
4.0	Cash	1.8	-	1.8
19.8	Corporate Bonds	18.8	-	18.8
55.5	Equities	47.8	9.2	57.0
2.2	Government Bonds	2.0	-	2.0
10.6	Other	4.8	7.2	12.0
7.9	Property	-	8.4	8.4
100.0	**Total**	**75.2**	**24.8**	**100.0**

Basis for Estimating Assets and Liabilities

Liabilities have been assessed on an actuarial basis using the projected unit credit method, an estimate of the pensions that will be payable in future years dependent on assumptions such as mortality rates and salary levels. Aon, an independent firm of actuaries, has assessed the liabilities for the pension schemes shown in the accounts, based on the latest full valuations of the schemes. For the LGPS the latest full actuarial valuation of the Fund took place as at 31 March 2019. For the FPS 1992, FPS 2006, FPS 2015 and the Firefighters' Injury Pensions and Non-Scheme Ill-Health Pensions the latest full actuarial valuation took place as at 31 March 2019. For the LGPS Unfunded Scheme and the Teachers' Unfunded Scheme, the latest full actuarial valuation took place as at 31 March 2021.

McCloud Judgement

The McCloud judgement (in 2018) in the Court of Appeal found that the transitional protection arrangements in the reformed Judges Pension Scheme were age discriminatory. The Government subsequently accepted that transitional protections in all reformed public sector schemes were age discriminatory and committed to introduce a remedy into each scheme and remove the discrimination by 1 April 2022.

Aon has made an allowance for the McCloud remedy 'underpin' in the liabilities shown in the opening balance sheet and in this year's current service costs.

Aon has assumed the remedy applies to all members in service on 1 April 2012, on retirement or prior to withdrawal, and with extension to benefits payable to the dependents of those members, in line with the current government proposals.

Cost Management in the LGPS and FPS

Legislation requires HM Treasury (HMT) to undertake periodic valuations to monitor the cost of the LGPS and the FPS to ensure they remain sustainable and affordable.

HMT paused their 2016 reviews following the McCloud judgement in the Court of Appeal. These have now been un-paused, and HMT Directions were made over 2021 which allowed HMT and the Scheme Advisory Board (SAB) reviews to proceed. The SAB review recommended no changes to the Scheme. It is expected that the HMT review will also recommend no changes. Aon has made no allowance for the potential outcome of the cost management exercise in this year's current service cost.

Guaranteed Minimum Pension (GMP)

Aon has valued full CPI Inflation pension increases on GMPs of members whose State Pension Age is on or after 6 April 2016. This is an approximate method of recognising the cost of the Government's commitment to compensate public service scheme members from the removal of the Additional Pension element of the State Pension from this date, and for the outcome of the Lloyds judgement which found GMPs to be sex discriminatory. Government has consulted on its approach to compensating affected members and Aon believes its approach is a reasonable estimate of the outcome.

The significant assumptions used by the actuary have been:

31 March 2021					31 March 2022			
LGPS	Firefighters' Schemes	LGPS unfunded scheme	Teachers' unfunded scheme		LGPS	Firefighters' Schemes	LGPS unfunded scheme	Teachers' unfunded scheme
				Mortality assumptions in years:				
				Longevity at age 65 for current pensioners:				
21.9	21.6	21.9	21.9	Men	21.8	21.5	21.8	21.8
25.1	23.7	25.1	25.1	Women	25.0	23.6	25.0	25.0
				Longevity at age 65 for future pensioners:				
23.6	23.3	-	-	Men	23.5	23.2	-	-
26.9	25.5	-	-	Women	26.7	25.4	-	-
				Financial Assumptions:				
2.7%	2.7%	2.7%	2.7%	Inflation - CPI	3.0%	3.0%	3.0%	3.0%
4.2%	4.2%	-	-	Salary increases	4.5%	4.5%	-	-
2.7%	2.7%	2.7%	2.7%	Pension increases	3.0%	3.0%	3.0%	3.0%
2.7%	2.7%	-	-	Pension accounts revaluation rate	3.0%	3.0%	-	-
2.1%	2.1%	2.1%	2.1%	Discount rate	2.7%	2.7%	2.7%	2.7%

The Council employs a building block approach in determining the rate of return on fund assets. Historical markets are studied and assets with higher volatility are assumed to generate higher returns consistent with widely accepted capital market principles. The assumed rate of return on each asset class is set out within this note. The overall expected rate of return on assets is then derived by aggregating the expected return for each asset class over the actual asset allocation for the Fund at 31 March 2022.

The Firefighters' Pension Schemes, LGPS unfunded scheme and the Teachers' unfunded scheme have no assets to cover their liabilities.

The estimation of the defined benefit obligations is sensitive to the actuarial assumptions set out in the table above. The sensitivity analyses below have been determined based on reasonably possible changes of the assumptions occurring at the end of the reporting period and assumes for each change that the assumption analyses changes while all the other assumptions remain constant. The assumptions in longevity, for example, assume that life expectancy increases or decreases for men and women. In practice this is unlikely to occur and changes in some of the assumptions may be interrelated. The methods and types of assumptions used in preparing the sensitivity analysis below did not change from those used in the previous period.

Impact on the Defined Benefit Obligation in the Scheme	Increase in assumption £m	Increase in assumption %	Decrease in assumption £m	Decrease in assumption %
Local Government Pension Scheme (LGPS Funded)				
Longevity (increase or decrease in 1 year)	66.31	3.5	(64.42)	(3.4)
Rate of increase in salaries (increase or decrease by 0.1%)	3.79	0.2	(3.79)	(0.2)
Rate of increase in pensions (increase or decrease by 0.1%)	32.21	1.7	(32.21)	(1.7)
Rate for discounting scheme liabilities (increase or decrease by 0.1%)	(36.00)	(1.9)	36.00	1.9
Firefighters' Pension Scheme (FPS 1992)				
Longevity (increase or decrease in 1 year)	6.49	3.6	(6.31)	(3.5)
Rate of increase in salaries (increase or decrease by 0.1%)	0.18	0.1	(0.18)	(0.1)
Rate of increase in pensions (increase or decrease by 0.1%)	2.89	1.6	(2.89)	(1.6)
Rate for discounting scheme liabilities (increase or decrease by 0.1%)	(3.07)	(1.7)	3.07	1.7
New Firefighters' Pension Scheme (FPS 2006)				
Longevity (increase or decrease in 1 year)	0.51	3.7	(0.49)	(3.6)
Rate of increase in salaries (increase or decrease by 0.1%)	0.11	0.8	(0.11)	(0.8)
Rate of increase in pensions (increase or decrease by 0.1%)	0.26	1.9	(0.26)	(1.9)
Rate for discounting scheme liabilities (increase or decrease by 0.1%)	(0.37)	(2.7)	0.38	2.8
New Firefighters' Pension Scheme (FPS 2015)				
Longevity (increase or decrease in 1 year)	0.96	3.6	(0.93)	(3.5)
Rate of increase in salaries (increase or decrease by 0.1%)	0.45	1.7	(0.45)	(1.7)
Rate of increase in pensions (increase or decrease by 0.1%)	0.43	1.6	(0.43)	(1.6)
Rate for discounting scheme liabilities (increase or decrease by 0.1%)	(0.88)	(3.3)	0.90	3.4

Sensitivity analysis on the LGPS Unfunded Scheme, The Teachers' Unfunded Scheme and the Firefighters' Injury Pensions and non-scheme Ill-Health Pensions scheme has not been included on materiality grounds.

Impact on the Council's Cash Flows

The Council anticipates paying the following amounts in 2022-23 in relation to the seven post-employment schemes covered by this note:

	LGPS	1992 Firefighters' Pension Scheme	2006 Firefighters' Pension Scheme	2015 Firefighters' Pension Scheme	Firefighters' Injury & non scheme Ill Health	LGPS unfunded Scheme	Teachers' unfunded Scheme	Total
	£m	£m	£m	£m	£m	£m	£m	£m
Regular employer contributions payable to Tyne and Wear Pension Fund	28.49	-	-	-	-	-	-	**28.49**
Payments to beneficiaries	-	2.18	2.52	-	-	-	-	**4.70**
Payments to beneficiaries net of member contributions receivable, where contributions include the Government Grant	-	-	-	6.63	0.14	(1.10)	0.20	**5.87**
Total	**28.49**	**2.18**	**2.52**	**6.63**	**0.14**	**(1.10)**	**0.20**	**39.06**

LGPS regular employer contributions payable by the Council to Tyne and Wear Pension Fund in 2022-23 includes a fixed monetary lump sum of £0.58 million which is intended to amortise the deficit attributable to the Council over a period of 10 years.

Additional employer contributions will also be payable by the Council to Tyne and Wear Pension Fund in relation to the strain on the fund, for example, where an employee is made redundant and his/her LGPS pension becomes payable before his/her normal retirement date.

Duration of the defined benefit obligations

The duration of the Council's liabilities is the average period, expressed in number of years, between the calculation date and the date on which the scheme benefit falls due. Duration for the seven post-employment schemes covered by this note are as follows:

31 March 2021 No. of years		31 March 2022 No. of years
19.0	Weighted average duration for LGPS, LGPS Unfunded and Teachers' Unfunded	19.0
16.7	Weighted average duration for FPS 1992	16.7
27.8	Weighted average duration for FPS 2006	27.8
33.6	Weighted average duration for FPS 2015	33.6
15.3	Weighted average duration for Firefighters' Injury and Non-Scheme Ill Health Pensions	15.3

Split of the defined benefit obligations

The split of the defined benefit obligations at the last valuation date between the categories of members was as follows:

	Active Members %	Deferred Members %	Pensioners %
Local Government Pension Scheme	34.0	19.0	47.0
1992 Firefighters' Pension Scheme	26.0	4.0	70.0
2006 Firefighters' Pension Scheme	56.0	23.0	21.0
2015 Firefighters' Pension Scheme	93.0	7.0	-
Firefighters' Injury and non-scheme Ill- Health Pensions	33.0	-	67.0
Local Government Pension Scheme Unfunded	-	-	100.0
Teachers' Unfunded	-	-	100.0

Notes Supporting the Cash Flow Statement

32. Cash Flows from Operating Activities

The cash flows for operating activities include the following items:

2020-21 £000		2021-22 £000
(22,415)	Interest received	(21,600)
31,610	Interest paid	32,164

The deficit on the Provision of Services has been adjusted for the following non-cash movements:

2020-21 £000		2021-22 £000
52,720	Depreciation	51,947
427	Impairment and downward valuations	4,159
500	Amortisation	613
26,446	Increase in creditors	26,109
(6,417)	Increase in debtors	(21,999)
567	(Increase)/decrease in inventories	(995)
36,161	Movement in Pension Liability	51,663
76,999	Carrying amount of non-current asset and non-current assets held for sale, sold or derecognised	35,092
(3,848)	Other non-cash items charged to the net deficit on the provision of services	999
183,555	**Subtotal of non-cash movements**	**147,588**

The deficit on the Provision of Services has been adjusted for the following items that are investing and financing activities:

2020-21 £000		2021-22 £000
(2,949)	Proceeds from the sale of property, plant and equipment, investment property and intangible assets	(9,382)
(98,468)	Any other items for which the cash effects are investing or financing cash flows	(66,723)
(101,417)	**Sub total of adjustments included in the Deficit on the Provision of Services that are investing or financing activities**	**(76,105)**

33. Cash Flows from Investing Activities

2020-21 £000		2021-22 £000
(95,934)	Purchase of property, plant and equipment, investment property and intangible assets	(99,901)
(189,008)	Purchase of short term and long term investments	(125,300)
(13,803)	Other payments for investing activities	(8,238)
2,949	Proceeds from the sale of property, plant and equipment, investment property and intangible assets	9,382
170,000	Proceeds from short term and long term investments	159,250
111,122	Other receipts from investing activities	94,212
(14,674)	**Net cash flows from investing activities**	**29,405**

34. Cash Flows from Financing Activities

2020-21 £000		2021-22 £000
82,034	Cash receipts of short term and long term borrowing	25,041
(1,487)	Cash payments for the reduction of the outstanding liabilities relating to finance leases and on-balance sheet PFI contracts	(1,606)
(94,543)	Repayments of short and long term borrowing	(80,583)
(20,330)	Other payments for financing activities	9,239
(34,326)	**Net cash flows from financing activities**	**(47,909)**

	1 April 2021	Financing cashflows	Changes which are not financing cash flows		31 March 2022
			Acquisition	Other	
	£000	£000	£000	£000	£000
Long term borrowings	756,893	37	-	(51,552)	705,378
Short term borrowings	61,090	(55,579)	-	51,467	56,978
On balance sheet PFI	61,314	(1,606)	-	(396)	59,312
Other payments	(28,431)	9,239	-	-	(19,192)
Total liabilities from financing activities	**850,866**	**(47,909)**	**-**	**(481)**	**802,476**

	1 April 2020	Financing cashflows	Changes which are not financing cash flows		31 March 2021
			Acquisition	Other	
	£000	£000	£000	£000	£000
Long term borrowings	730,438	50,000	-	(23,545)	756,893
Short term borrowings	100,660	(62,509)	-	22,939	61,090
On balance sheet PFI	62,921	(1,487)	-	(120)	61,314
Other payments	(8,101)	(20,330)	-	-	(28,431)
Total liabilities from financing activities	**885,918**	**(34,326)**	**-**	**(726)**	**850,866**

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Other Notes

35. 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.

The Government

The Government has effective control over the general operations of the Council. It is responsible for providing the statutory framework within which the Council operates, provides the majority of its funding in the form of grants and prescribes the terms of many of the transactions that the Council has with other parties.

Note 11 illustrates the different sources of grant income that the Council receives.

Members

Members of the Council have direct control over the Council's financial and operating policies. During 2021-22 goods and services were commissioned from organisations in which Members had an interest. Also, funding consists of other grants paid to organisations in which Members had an interest. All interests were declared by the appropriate Members. Members had interests in 88 organisations with transactions totalling £139.30 million in respect of goods or services provided to the Council (105 and £117.67 million in 2020-21).

During 2021-22 goods and services amounting to £5.88 million were provided by the Council to 65 organisations in which Members had an interest (£4.97 million and 71 in 2020-21).

Included in the above sums are amounts due from the Council of £1.02 million and due to the Council of £0.20 million as at 31 March 2022 (£5.41 million and £1.25 million in 2020-21).

Officers

During 2021-22 goods and services were provided to or commissioned from organisations in which officers had an interest. All interests were declared by the appropriate officers. Officers had interests in 13 organisations with transactions totalling £50.93 million in respect of goods or services provided to the Council (11 and £50.12 million in 2020-21).

During 2021-22 goods and services amounting to £1.62 million were provided by the Council to nine organisations in which officers had an interest (£3.54 million and nine in 2020-21).

Included in the above sums are amounts due from the Council of £0.03 million and due to the Council of £0.03 million as at 31 March 2022 (£1.29 million and £1.05 million in 2020-21).

Schedules of related party transactions are available to inspect upon request.

Note 8 discloses the remuneration of senior officers.

Active Northumberland

The Council commissions Active Northumberland to provide leisure services. There is a signed Leisure Agreement, covering the period 2018-2022, which formally documents the commissioner/provider contractual relationship between the Council and Active Northumberland for the provision of leisure services. The Council retains ownership of the leisure assets which Active Northumberland runs on behalf of the Council. Whilst the Council determines what activities it requires Active Northumberland to deliver on its behalf, the Council is not involved operationally with how those services are delivered and this is a matter for the Active Northumberland Board. A number of Service Level Agreements between Active Northumberland and the Council were agreed and effective from 1 April 2018 and continued to operate during 2021-22.

An assessment of the Council's relationship with Active Northumberland in 2021-22 concluded that there was no requirement to consolidate the financial position of Active Northumberland within the Council's group position. The assessment concluded that the Council did not have significant control over Active Northumberland and the traded position was not material to the overall group position. The Council committed to pay Active Northumberland a

management fee of £2.16 million in 2021-22 (£2.46 million in 2020-21). In addition, other agreed funding of £0.37 million was accrued in 2021-22 (£2.26 million in 2020-21).

Entities Controlled or Significantly Influenced by the Council.

Arch Group

Following the restructuring which occurred on 1 April 2009 as part of Local Government Reorganisation the Council took possession of the investments and holdings of Wansbeck District Council. Included within these holdings was an investment in Wansbeck Life Limited (subsequently Arch (Commercial Enterprise) Limited) which comprised 100.0% of the ordinary share capital and 50.0% of the voting share capital. Following changes to the composition of the Board of Directors during 2010-11 it was confirmed that the Council, by virtue of these shareholdings and its control of the Board, was in a position to exert control over the entity and its wholly owned subsidiary Northern Coalfields Property Company (subsequently Arch (Housing) Limited).

On 13 November 2018, the Arch Group was re-organised with Arch (Corporate Holdings) Limited being removed as the Group holder and replaced with Advance Northumberland Limited. Arch (Corporate Holdings) Limited ceased trading from this point and on 10 November 2020 was dissolved.

Advance Northumberland Group

On 13 November 2018 all assets, liabilities and shares of the Arch Group were transferred to Advance Northumberland Limited.

The financial results of Advance Northumberland are consolidated within the Group Accounts section of this document.

The loans the Council has made to Advance Northumberland are shown in Note 22, Debtors.

The Advance Northumberland Group brings together services in housing, commercial property, regeneration and business growth. The group consists of five wholly owned companies and one joint venture; its principal activities are as follows:

Advance Northumberland Limited

The company acts as a holding entity for the companies that comprise the Advance Northumberland Group. Advance Northumberland Limited conducts no business in its own right.

The activities of the company are:

- Corporate Policy monitoring and creation;
- Financial Control and Monitoring;
- Human Resource services;
- Marketing and Communications;
- Strategic Corporate Objectives;
- Strategic Management overview;
- Tax Advice; and,
- Transactional Finance.

Advance Northumberland (Commercial) Limited: The principal activities of the company are to acquire and develop commercial properties for the purposes of capital appreciation and generation of rental income.

Advance Northumberland (Housing) Limited: The principal activity of the company is the provision of rented residential accommodation in South East Northumberland.

Advance Northumberland (Developments) Limited: The principal activities of the company are to provide project management services in connection with capital developments undertaken by the Advance Northumberland Group and the Council. In addition, Ascent Homes provides new homes for sale throughout Northumberland. Ascent Homes is the housebuilding arm of the Advance Northumberland (Developments) Limited entity. It builds homes for sale to the private and affordable markets to assist in meeting the strategic requirements of Advance Northumberland and the Council.

Advance Northumberland (Financial) Limited: There have been minimal transactions for 2021-22 which relate to the historic repayment of loans that were previously granted by the Council.

Prudhoe Estates LLP Limited

The group holds a joint venture agreement with the Duke of Northumberland with both holding a 50.0% ownership in Prudhoe Estate LLP, which is a property development company.

As at 31 March 2022 the Advance Group owed the Council (the ultimate holding company) £281.61 million (£281.85 million in 2020-21) primarily in respect of principal and interest due on a commercial loan facility; whilst, the Council owed Advance Northumberland Group £1.89 million (£2.56 million in 2020-21) primarily for capital grant claims for Northumberland Energy Park Phase 1, Ashington Leisure Centre and Ashwood Business Park. During 2021-22 the Council paid the Advance Group £2.18 million (£7.43 in million 2020-21), mainly for capital grant claims for Northumberland Energy Park Phase 1, Ashwood Business Park and project management fees. Income to the Council from the Advance Group was £14.54 million (£14.50 million in 2020-21), mainly due to interest payable on the commercial loan facility.

Northumberland Property (NO.1) and (NO.2)

On 7 and 8 August 2018 Northumberland Property (NO.1) Limited and Northumberland Property (NO.2) Limited were incorporated at Companies House. Both companies are wholly owned and registered with Ward Hadaway Solicitor, Sandgate House, 102 Quayside, Newcastle Upon Tyne, NE1 3DX.

The Council has significant control over both of these companies in that it can appoint and remove company directors. Both companies remained dormant throughout 2021-22.

Northumberland Enterprise Holdings Limited

On 17 September 2020 Northumberland Enterprise Holdings Limited was incorporated at Companies House. The Council is the sole shareholder.

Northumberland Enterprise Holdings Limited was created as a holding company for further subsidiary companies that will subsequently be formed for trading purposes and would form part of the Northumberland Enterprise Holdings Limited group.

Northumbria Integrated Consultancy Limited

Northumbria Integrated Consultancy Limited is the first subsidiary of Northumberland Enterprise Holdings Limited. It was incorporated on 29 March 2021.

The purpose of the company is to provide consultancy services other than financial management

Both companies commenced trading in 2021-22

At 31 March 2022 Northumberland Enterprise Holdings Limited owed the Council nothing (the ultimate holding company); whilst, the Council also owed Northumberland Enterprise Holdings Limited nothing. During 2021-22 the Council paid Northumberland Enterprise Holdings Limited £0.30 million for share capital. Income to the Council from Northumberland Enterprise Holdings Limited was £0.14 million, mainly for officer support and insurances premiums.

Energy Central Campus Limited

A new ‘Energy Central Campus Company Limited by Guarantee’ was incorporated on 2 November 2021 to provide a vehicle through which all Energy Central Campus projects and activities will be delivered. The Company has 3 founding Directors, the Council’s representative is the Interim Executive Director of Regeneration alongside the Chief Operating Officers of ORE Catapult and Port of Blyth. The Articles for the Company have been established to ensure there is no risk to the Council, or its partners, of there being a controlling mind. A review of the Articles concluded that there was no requirement to consolidate the financial position of this company within the Council’s Group position on the basis that the Council does not have control over the Company.

Northumbria Healthcare NHS Foundation Trust

The Council entered into a partnership agreement for the delegation of Adult Social Care functions to Northumbria Healthcare NHS Foundation Trust. In conjunction with this, a number of officer roles were shared between the Council and Northumbria Healthcare NHS Foundation Trust. These are outlined in Note 8, Officers’ Remuneration.

On 2 March 2021 Northumbria Healthcare NHS Foundation Trust formally served notice to terminate the partnership arrangement with the Council. The service terminated on 30 September 2021.

The Council has also provided loan finance facilities to Northumbria Healthcare NHS Foundation Trust. The total amount outstanding on these facilities as at the 31 March 2022 was £94.32 million (£99.58 in 2020-21).

Newcastle International Airport

The Council has designated its Newcastle Airport equity instrument as fair value through other comprehensive income under IFRS 9 classifications. This decision protects Council taxpayers from any future movements in the value of these shareholdings until such time as the shares are sold or released.

Under the Airport Act 1986, Newcastle International Airport Limited (NIAL) was formed and seven local authorities were allocated shares in consideration for all the property, rights and liabilities that were transferred into the new company.

On 4 May 2001, the seven local authority shareholders of NIAL (the “LA7”) created NIAL Holdings Limited, which is 51% owned by LA7 and 49% owned by AMP Capital Investors Limited following their purchase on 16 November 2012. The 51% holding is held in the Newcastle Airport Local Authority Holding Company Limited (NALAHCL), a company wholly owned by the seven authorities.

NALAHCL has a called up share capital of 10,000 shares with a nominal value of £1 each. The Council holds a 15.42% interest in NALAHCL, valued at £13.49 million (£9.73 million in 2020-21). The shares are not held for trading outside of the LA7.

The valuation of the holding is reviewed each year to consider whether any events have occurred which would materially impair the valuation. The spread of Covid-19 across the world towards the end of 2019-20 led to a sudden decline in air travel prompting the value of the shareholding to be impaired. This continued throughout 2020-21 but subsequent vaccine rollout and a lifting of restrictions has seen the travel sector experience a resurgence in passenger numbers. As a result, the majority of the impairment recognised has been reversed.

Through its shares in NALAHCL the Council has an effective shareholding of 7.86% in NIAL (and the group companies of NIAL Group Limited and NIAL Holdings Limited). The principal activity of NIAL (registered number 2077766) is the provision of landing services for both commercial and freight operators. No dividend was received for the year ended 31 December 2021 (nil for the year ended 31 December 2020).

Members of the LA7 entered into a loan agreement with NIAL Group Limited in 2012-13, issuing £67.67 million shareholder loan notes of which £11.92 million is provided by the Council (£11.92 million in 2020-21). The loan notes will be repayable in 2032 with interest normally being received up to that date on a six monthly basis.

Due to major curtailments in the airport operations as a result of the Covid-19 pandemic the Council has agreed to modify the terms of these loans and has accepted that under the unprecedented circumstances the airport can defer interest repayments for the following four years (three and a half years in 2020-21) with catch up payments to be made in instalments over a later period. Under the loan agreement the Council is entitled to compound interest for any late payments and this has been factored into the repayments the airport will make once the catch up payments commence. This has resulted in a further restatement of the loan value with a cumulative modification loss of £1.01 million (£1.02 million in 2020-21). The decrease in loss recognised is credited to the financing and investment income and expenditure line of the CIES. Furthermore, the Council looked at several observable factors regarding the robustness of the airport operations going forward resulting in an expected lifetime loss provision of £0.20 million (£0.23 million 2020-21) in the event all repayments are not made at some time in the future. The reduction in lifetime loss has been credited to the financing and investment income and expenditure line of the Comprehensive Income and Expenditure Statement. However, as the Council has accounted for the loan to the airport as a capital item, both the modification loss and expected lifetime loss provision has been reversed out of the Comprehensive Income and Expenditure Statement and charged to the Capital Adjustment Account, resulting in no bottom line impact within the Comprehensive Income and Expenditure Statement.

Other than these loan notes there are no outstanding balances owed to or from NIAL at the end of the year.

NIAL Group Limited made a loss before tax of £31.31 million and a loss after tax of £32.76 million for the year ended 31 December 2021. In the previous year, the Group made a loss before tax of £34.03 million and a loss after tax of £31.84 million.

36. Trust and Other Third Party Funds

The following trust funds, relating to bequests and third party funds, are held and administered by the Council. The funds do not represent assets of the Council and they are not included in the Council's Balance Sheet.

31 March 2021 £000		31 March 2022 £000
2,294	Section 278 and Section 38 Monies Held	2,228
4,616	Bank Accounts for Audit Clients in Care	5,223
461	Adult Amenity Funds	505
116	Disability Living Allowances	94
345	Other	612
7,832	**Total**	**8,662**

Section 278 and Section 38 Monies Held

This funding relates to agreements with developers and are dependent on the developer meeting the obligations of the agreement. Due to the nature of these types of works, these agreements do not have a time frame prescribed for repayment.

Bank Accounts for Adult Clients in Care

The Council administers individual bank accounts for those people in the care of the Council.

Adult Amenity Funds

The Council controls funds which may have been donated or are the result of fund-raising efforts and are to be used for named clients or activities and are classed as Amenity Funds.

Disability Living Allowances

The Council holds Disability Living Allowance money paid to children in its care. This money is held until it is spent on the children.

Other

This includes funds held on behalf of Trust Schools, charitable trusts and individuals.

37. Impairment Losses

Storm Arwen caused damage to Mowbray Day Centre, a number of school buildings, Highway signs and Holy Island Causeway.

- The affected modular building at Mowbray Day centre was subsequently demolished and the value removed from the balance sheet.
- An impairment review of the schools resulted in no impairment being entered into the accounts on the basis that the schools are measured on a Modern Equivalent Asset basis, and the recoverable amounts and carrying values were not materially changed.
- An impairment of £0.45 million has been included for Infrastructure assets.

38. Contingent Liabilities

Home Housing Association

Future payments may be required to Home Housing association, a subsidiary of Home Group Limited, in relation to the guarantee given against loan stock which was used to fund the build of approximately 100 properties. The Council's proportion of the total liability is £2.72 million (3.18%) and may only be called upon in the event of certain legislative changes, which would make the Association unable to meet its obligations under the loan from its own resources.

The guarantee will expire in 2037, 50 years from the date of original agreement in 1987.

The risk of the guarantee being called upon is assessed as low, therefore no fair value has been calculated on the grounds of materiality.

Water Rates Collection

The former Alnwick District Council entered into a contract with Northumbrian Water, whereby it collected water charges from its tenants on its behalf and was paid a commission. This contract novated to the Council as a result of Local Government Reorganisation in 2009. The High Court has found that similar contracts between London Borough of Southwark and Thames Water and the Royal Borough of Kingston and Thames Water is a contract for resale of water under which the recovery of commission is limited by law. The Royal Borough of Kingston appealed the decision to the Court of Appeal which was unsuccessful. The key issue in the cases was that the local authorities were acting as a 'customer' in which case they were reselling water services and should have passed savings on to tenants.

Following the Southwark ruling, an agreement was entered into between the Council and Northumbrian Water (NWL) which came into force on 1 April 2018. This agreement explicitly sets out that the Council is not acting as a water re-seller for the purposes of the Water Resale Order 2001 and 2006 and is acting solely as agent for NWL.

Given that the Council has not received any claims in respect of its previous contractual relationship with Northumbrian Water no provision has been made in the accounts at 31 March 2022. The Council has estimated the potential liability from similar claims to be £0.26 million, to be met from the Housing Revenue Account.

39. Contingent Assets

Street Lighting Modernisation Project

The street lighting modernisation project was established to upgrade the street lighting asset and has involved replacing approximately 16,000 life expired lighting columns and converting these columns and approximately 45,000 lanterns on other columns to Light Emitting Diodes (LED).

A number of issues which have been the subject of dispute have now been resolved and an interim settlement payment received. The remaining issues in dispute following the interim settlement payment relate to the contractor being unable to fulfil its contractual obligations in furnishing the Council with collateral warranties for key products used in the project, including street lighting columns and lanterns.

Discussions are continuing to take place regarding the remaining issues in dispute for which it is anticipated will lead to a further payment to the Council. No further disclosure to this settlement has been provided as this information is commercially confidential.

40. Accounting Policies

General Principles

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 authority is required to prepare an annual Statement of Accounts in line with the Accounts and Audit Regulations 2015. The Regulations require that they are prepared in accordance with proper accounting practices.

These practices primarily comprise the CIPFA Code of Practice on Local Authority Accounting in the United Kingdom 2021-22, supported by International Financial Reporting Standards (IFRS).

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

The accounts have been prepared on a going concern basis, under the assumption that the Council will continue in existence for the foreseeable future.

Accruals of Income and Expenditure

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

- Revenue from contracts with service recipients, whether for services or the provision of goods, is recognised when (or as) the goods or services are transferred to the service recipient in accordance with the performance obligations of 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 are accounted for respectively on the basis of the effective interest rate for the relevant financial instrument rather than the cash flows fixed or determined by the contract; and,
- 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.

The only exception to the adoption of accruals relates to accounting for income and expenditure by those schools that do not use the full functionality of the Council's finance systems and therefore account on a cash basis. This exception does not have a material impact on the accounts.

Accruals are recognised where the value exceeds £0.01 million.

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 financial statements, depending on how significant the items are to aid an understanding of the Council's financial performance.

Cash and Cash Equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in three months or less from the date of acquisition and 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.

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

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

Changes in accounting policies are only made when required by proper accounting practices or the change provides more reliable or relevant information about the effect of transactions, other events and conditions on the Council's financial position or financial performance. Where a change is made, it is applied retrospectively (unless otherwise stated) 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.

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; and,
- 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 to contribute 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 contribution in the General Fund Balance, by way of an adjusting transaction. This is shown within the Capital Adjustment Account and the Movement in Reserves Statement for the difference between the two.

Pension Fund Accounts

Northumberland County Council Pension Fund merged into Tyne and Wear Pension Fund on 1 April 2020. The Local Government Pension Scheme (Northumberland and Tyne and Wear Pension Fund Merger) Regulations 2020 (UK Statutory Instrument 2020 No 502) came into force on 3 June 2020 giving this merger retrospective effect. All assets and liabilities of Northumberland County Council Pension Fund became the assets and liabilities of Tyne and Wear Pension Fund on 1 April 2020, and therefore Northumberland County Council Pension Fund's final day as a reporting entity was 31 March 2020.

The Merger Regulations removed Northumberland County Council from the LGPS Regulations as a body required to maintain a LGPS fund or prepare accounts from 1 April 2020. South Tyneside Council is the administering body for that Fund and the Tyne and Wear Pension Fund Accounts are presented in South Tyneside Council's Statement of Accounts only on this basis.

Employee Benefits

Benefits Payable during Employment

Short-term employee benefits (those that fall due wholly within 12 months of the year-end), such as wages and salaries, paid annual leave, paid sick leave, bonuses and non-monetary benefits (e.g. cars) for current employees, are recognised as an expense in the year in which employees render service to the Council. An accrual is made against services in the Surplus or Deficit on the Provision of Services for the cost of holiday entitlements and other forms of leave earned by employees but not taken before the year-end and which employees can carry forward into the next financial year. The accrual is made at the wage and salary rates applicable at the 31 March. Any accrual made is charged to the 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 Council can no longer withdraw the offer of those benefits or when the Council 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 termination benefits related to pensions 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 and former employees of the Council are members of nine pension schemes:

- **The Local Government Pension Scheme** administered by South Tyneside Council;
- **The LGPS Unfunded Scheme** administered by Northumberland County Council;
- **The Teachers' Unfunded Scheme** administered by Northumberland County Council;
- **The 1992 Firefighters' Pension Scheme** administered by Northumberland County Council;
- **The 2006 Firefighters' Pension Scheme** administered by Northumberland County Council;

- **The 2015 Firefighters' Pension Scheme** administered by Northumberland County Council;
- **The Firefighters' Compensation Scheme** Pensions administered by Northumberland County Council;
- **The Teachers' Pension Scheme** administered by Capita Teachers' Pensions on behalf of the Department for Education; and,
- **The NHS Pension Scheme** administered by NHS Business Services Authority on behalf of the Department of Health.

These schemes provide members with defined benefits, earned as employees worked for the Council.

However, the arrangements for the Teachers' and NHS Pension Schemes mean that liabilities for these benefits cannot ordinarily be identified specifically to the Council. The schemes are therefore accounted for as if they were defined contribution schemes and no liability for future payment of benefits is recognised in the Council's Balance Sheet. The relevant service lines in the Comprehensive Income and Expenditure Statement are charged with the employer's contributions payable to these schemes in the year.

The other seven schemes are accounted for as defined benefit schemes.

Local Government Pension Scheme

Northumberland County Council Pension Fund merged into Tyne and Wear Pension Fund on 1 April 2020. The Local Government Pension Scheme (Northumberland and Tyne and Wear Pension Fund Merger) Regulations 2020 (UK Statutory Instrument 2020 No 502) came into force on 3 June 2020 giving this merger retrospective effect. All assets and liabilities of Northumberland County Council Pension Fund became the assets and liabilities of Tyne and Wear Pension Fund on 1 April 2020, and therefore Northumberland County Council Pension Fund's final day as a reporting entity was 31 March 2020.

The Merger Regulations removed Northumberland County Council from the LGPS Regulations as a body required to maintain a LGPS fund or prepare accounts from 1 April 2020. South Tyneside Council is the administering body for that Fund and the Tyne and Wear Pension Fund Accounts are presented in South Tyneside Council's Statement of Accounts only on this basis.

- The liabilities of the Tyne and Wear Pension Fund attributable to the Council are included in the Balance Sheet on an actuarial basis using the projected unit method – i.e. an assessment of the future payments that will be made in relation to retirement benefits earned to date by employees, and former employees, based on assumptions about mortality rates, commutation rates, and projected earnings for current employees, etc.
- Liabilities are discounted to their current value, using the appropriate discount rate (based on the rate of return on high quality corporate bonds).
- The assets of the Tyne and Wear Pension Fund attributable to the Council are included in the Balance Sheet at their fair value:
  - quoted securities at current bid price;
  - unquoted securities at professional estimate;
  - unitised securities at current bid price; and,
  - property at market value.

The change in the Net Pensions Liability is analysed into the following components:

Component	Description
Service cost comprising:	
Current service cost	The increase in liabilities as a result of service earned this year – allocated in the Comprehensive Income and Expenditure Statement to the revenue accounts of services for which the employees worked.
Past service cost	The increase in liabilities arising as a result of a scheme amendment or curtailment whose effect relates to years of service earned in earlier years – debited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement.
Net interest on the net defined benefit liability (asset), i.e. net interest expense for the authority	The change during the period in the net defined benefit liability (asset) that arises from the passage of time charged to the Financing and Investment Income and Expenditure line of the Comprehensive Income and Expenditure Statement – this is calculated by applying the discount rate used to measure the defined benefit obligation at the beginning of the period to the net defined benefit liability (asset) at the beginning of the period – taking into account any changes in the net defined benefit liability (asset) during the period as a result of contribution and benefit payments.
Remeasurement comprising:	
Return on plan assets	Excluding amounts included in net interest on the net defined benefit liability (asset) – charged to the Pensions Reserve as Other Comprehensive Income and Expenditure.
Actuarial gains and losses	Changes in the Net Pensions Liability that arise because of changes in the actuarial assumptions from the previous year – charged to the Pensions Reserve as Other Comprehensive Income and Expenditure.
Contributions paid to the pension fund	Cash paid as employer's contributions to the pension fund in settlement of liabilities – not accounted for as an expense.

Statutory provisions require the General Fund Balance to be charged with the amount payable by the Council in the year not the amount calculated in accordance with relevant accounting standards. There are appropriations to and from the Pensions Reserve in the Movement in Reserves Statement to remove the notional debits and credits for retirement benefits and replace them with debits for the employer contributions paid or payable in the year. 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.

Events after the Reporting Period

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

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

Financial Instruments

Financial Liabilities

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

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

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

Financial Assets

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

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

The Council's business model is to hold investments to collect contractual cash flows. Financial assets are therefore largely 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 in the Balance Sheet when the Council becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value. They are subsequently measured at their amortised cost. Annual credits to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement 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 loans that the Council has made, 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.

However, the Council has made a number of loans to voluntary organisations at less than market rates (soft loans). When soft loans are made, a loss is recorded in the Comprehensive Income and Expenditure Statement (debited to the appropriate service) for the present value of the interest that will be forgone 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 from the voluntary organisations, 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.

Financial Assets Measured at Fair Value through Other Comprehensive Income

The Council has elected to classify its equity shareholdings in Newcastle Airport Local Authority Holding Company Limited (NALAHCL) and Advance Northumberland Limited into a 'fair value through other comprehensive income' treatment, rather than 'fair value through profit or loss', as the assets are not held for trading.

The impact of the election is that movements in fair value will not be debited/credited to the Surplus or Deficit on the Provision of Services as they arise. Instead, movements will be accumulated in the Financial Instruments Revaluation Reserve until the asset is derecognised, at which point the net gain or loss would be transferred to the General Fund Balance.

Expected Credit Loss Model

The Council 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.

Foreign Currency Translation

Where the Council has entered into a transaction denominated in a foreign currency, the transaction is converted into sterling at the exchange rate applicable on the date the transaction was effective. Where amounts in foreign currency are outstanding at the year-end, they are recognised in the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.

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 attaching 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 Revenue Grants Receipts in Advance. When conditions are satisfied, the grant or contribution is credited to the relevant service line (attributable revenue grants/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 Account. Where it has been applied, it is posted to the Capital Adjustment Account. Amounts in the Capital Grants Unapplied Account are transferred to the Capital Adjustment Account once they have been applied to fund capital expenditure.

Heritage Assets

Tangible and Intangible Heritage Assets (described here as "Heritage Assets")

The Council's Heritage Assets are held with the aim of increasing 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; these rules together with the accounting treatment for heritage assets are as follows.

Museum, Art and Artefact Collection

The Council's museum and art collections are reported on the Balance Sheet based on their insurance valuations, which are periodically reviewed.

The Council does not consider it appropriate to charge depreciation on the assets as they have high residual values and indeterminate lives.

The collection is relatively static and acquisitions and donations are rare. Where these do occur, acquisitions are initially recognised at cost and donations are recognised at valuation.

Public Sculptures and Memorials

Due to the nature of the assets held and the lack of comparable values, the Council considers that obtaining valuations for the vast majority of Public Sculptures & Memorials would involve a disproportionate cost in comparison to the benefits to the users of the Council's financial statements. This is because of the nature of the assets held and the lack of comparable values. Other than recently acquired public art, which is held at cost, the Council does not recognise these heritage assets on the Balance Sheet.

These assets have indeterminate lives hence the Council does not consider it appropriate to charge depreciation.

Historic Buildings

Similar to community assets, the Council considers that obtaining valuations for this type of asset would involve a disproportionate cost in comparison to the benefits to the users of the Council's financial statements. The Council holds this class of asset at cost on the Balance Sheet.

Archaeology

Due to the diverse nature of the assets held and lack of comparable market values, the Council does not consider that reliable cost or valuation information can be obtained for archaeological assets. Consequently, the Council does not recognise these assets on the balance sheet.

The Council does not make any purchases of archaeological items.

Heritage Assets – General

The carrying amounts of heritage assets are reviewed where there is evidence of impairment for heritage assets, e.g. where an item has suffered physical deterioration or breakage or where doubts arise as to its authenticity. Any impairment is recognised and measured in accordance with the Council's general policies on impairment. Heritage assets which have a doubtful provenance or are unsuitable for public display may be disposed of. The proceeds of such items are accounted for in accordance with the Council's general provisions relating to the disposal of property, plant and equipment. Disposal proceeds are disclosed separately in the notes to the financial statements and are

accounted for in accordance with statutory accounting requirements relating to capital expenditure and capital receipts.

Intangible Assets

Capital expenditure on non-monetary assets that do not have physical substance but are controlled by the Council (e.g. software licences), and are expected to have future economic benefits or service potential to the Council, are classified as intangible assets.

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 at cost. Amounts are only revalued where the fair value of the assets can be determined by reference to an active market.

Intangible assets are given finite useful lives, based on an assessment of the period that the asset is expected to be of use to the Council. The useful lives assigned to the major intangible asset types are:

Asset Type	Estimated Useful Life
Applications Software	5 Years
Library Management System & Housing Management System	5 Years
Fire Service call taking and mobilising system	5 Years
Vehicle Tracking System & Parking Enforcement Software	5 Years

The carrying amount of an intangible asset is amortised on a straight-line basis over its useful life.

For statutory purposes, amortisation, impairment losses and disposal gains and losses are not permitted to have an impact on the General Fund Balance. They 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 £0.01 million) the Capital Receipts Reserve.

Interests in Companies and Other Entities

The Council has material interests in companies that have the nature of subsidiaries and is required to prepare group accounts. In the Council's own single entity accounts the interests are recorded as financial assets at cost, less any provision for losses. In preparing the Group accounts, the following have been applied:

- All relationships within the scope of the Group accounts have been assessed;
- Transactions between the Council and its subsidiaries have been eliminated from the Group statement of accounts and accompanying notes; and,
- The financial statements of the subsidiaries are prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including FRS 102 the Financial Reporting standard and this may give rise to difference in accounting treatment. Where material differences are identified, the subsidiary accounts are aligned to the accounting policy of the Council upon consolidation.

Inventories

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

Investment Properties

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

Investment properties are measured initially at cost and subsequently at fair value, based on the amount at which the asset could be exchanged between knowledgeable parties at arm's length. Properties are not depreciated but are revalued annually according to market conditions at the year-end. Gains and losses on revaluation are posted to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement. The same treatment is applied to gains and losses on disposal.

Rentals received in relation to investment properties are credited to the Financing and Investment Income and Expenditure 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 £0.01 million) the Capital Receipts Reserve.

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 years 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 provision is made from revenue towards the deemed capital investment in accordance with statutory requirements. Depreciation and revaluation and impairment losses are therefore replaced by revenue provision in the General Fund Balance, by way of an adjusting transaction within the Capital Adjustment Account in the Movement in Reserves Statement for the difference between the two.

Operating Leases

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

The Council as Lessor

Finance Leases

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

Non-current Assets Held for Sale

Property assets where a disposal is highly probable within the next 12 months and the asset is available for sale in its present condition are classified as assets held for sale. Management must be committed to the sale within one year from the date of classification. The asset is revalued immediately before reclassification and then carried at the lower of this amount and fair value less costs to sell.

Subsequent decreases in fair value less costs to sell are charged directly to the Comprehensive Income and Expenditure Account. Gains in fair value are only recognised to the extent that they reverse a loss previously recognised in the surplus or deficit on provision of services. No depreciation is charged on assets held for sale.

If assets no longer meet the criteria to be classified as Assets Held for Sale, they are reclassified as non-current assets and valued at the lower of either:

- the carrying amount before classification as held for sale; adjusted for depreciation, amortisation or revaluations that would have been recognised had they not been classified as Held for Sale; or,
- the recoverable amount at the date of the decision not to sell.

When an asset is disposed of the carrying amount of the asset on the Balance Sheet is written off to the Comprehensive Income and Expenditure Statement, alongside any receipts from the disposal.

Amounts received are categorised as capital receipts and credited 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 and is appropriated to the Capital Adjustment Account through the Movement in Reserves Statement.

Any revaluation gains accumulated for the asset in the Revaluation Reserve are transferred to the Capital Adjustment Account.

Overheads and Support Services

Corporate departments work within pre-determined budgets and generally their costs are not distributed to service departments. The exceptions are primarily services funded by

external grant or where the service operates within a ring-fenced budget, for example the Housing Revenue Account.

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. For General Fund items of property, plant and equipment, a de minimis level of £0.01 million is applied below which expenditure is charged directly to the Comprehensive Income and Expenditure Statement as it is incurred.

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

Measurement

Assets are initially measured at cost, comprising:

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

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

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

Donated assets are measured initially at current value. The difference between 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, community assets and assets under construction – depreciated historical cost;
- vehicles, plant and equipment - depreciated historical cost basis as a proxy for current value due to the short useful lives, or low value (or both). Energy from Waste PFI plant is valued at current value;
- dwellings – current value, determined using the basis of existing use value for social housing (EUV-SH);
- surplus assets - current value, determined using the fair value approach by the measurement of the highest and best use value; and,
- all other assets – current value, determined using the amount that would be paid for the asset in its existing use (existing use value – EUV).

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

Assets included in the Balance Sheet at current value are revalued at least every five years to ensure that their carrying amount is not materially different from their current value at the year-end.

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

Impairment

Assets are assessed each year for possible impairment. If a material impairment is identified a material change valuation is carried out to value the asset at its current value.

Disposals

When an asset is disposed of or decommissioned, the carrying amount of the asset in the Balance Sheet is written off to the Comprehensive Income and Expenditure Statement, alongside any receipts from the disposal.

Amounts received for a disposal in excess of £0.01 million are categorised as capital receipts and credited to the Capital Receipts Reserve, this can only be used for new capital investment or set aside to reduce the Council's underlying need to borrow (the capital financing requirement). A proportion of receipts relating to housing is payable to the government.

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.

Any revaluation gains accumulated for the asset in the Revaluation Reserve are transferred to the Capital Adjustment Account.

Depreciation

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

The depreciation charge is applied on a straight line basis over the following periods:

Asset	Depreciation Period
Land & Buildings & Community Assets	4 to 40 years (as determined by the valuation officers)
(after deducting residual value)	
Infrastructure:	
Other	40 years
Surface Dressing	10 years
Vehicles, Plant and Equipment:	
CCTV equipment	3 to 30 years
Fire engines	10 to 15 years
Furniture and Fittings, ICT, other equipment	3 to 15 years
Grounds maintenance / car parking equipment	3 to 15 years
Other vehicles	3 to 10 years
Play / sport / gym equipment	3 to 20 years
Salt Barns	25 years
Solar Panels	25 years
PFI Assets:	
Buildings and Infrastructure	25 to 40 years
Waste Plant Shell & Equipment	3 to 50 years

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

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

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 (with the exception of the energy from waste plant as it is deemed to have negligible value at the end of the period), 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.

Non-current assets recognised on the Balance Sheet are revalued and depreciated in the same way as property, plant and equipment owned by the Council.

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 applied to 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 due to the PFI operator (the profile of write-downs is calculated using the same principles as for a finance lease); and,
- 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.

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 measured at the best estimate at the Balance Sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

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

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

Contingent Liabilities

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

arise in circumstances where a provision would otherwise be made but either it is not probable that an outflow of resources will be required or the amount of the obligation cannot be measured reliably.

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

Contingent Assets

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

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

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 against the Surplus/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.

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

Revenue Expenditure Funded from Capital under Statute (REFCUS)

Expenditure incurred during the year that may be capitalised under statutory provisions but does not result in the creation of a non-current asset has been charged as expenditure to the relevant service in the Comprehensive Income and Expenditure Statement in the year. Where the 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.

Value Added Tax (VAT)

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

Tax Income - Council Tax and National Non Domestic Rates (NNDR).

Council Tax and NNDR income included in the Comprehensive Income and Expenditure Statement for the year shall be the accrued income for the year.

Council Tax and NNDR income will be recognised in the Comprehensive Income and Expenditure Statement within the Taxation and Non-Specific Grant Income line. As a Billing Authority, the difference between the Council Tax and NNDR included in the Comprehensive Income and Expenditure Statement and the amount required by regulation credited to the General Fund is taken to the Collection Fund Adjustment Account and reported in the Movement in Reserves Statement.

Council Tax and NNDR income is recognised when the obligating event that triggers the payment to the Council has taken place; it is probable that the economic benefits or service potential associated with the transaction will flow to the Council; and the amount of revenue can be measured reliably.

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

Accounting for Schools

In line with accounting standards and the Code on group accounts and consolidation, all maintained schools (i.e. those categories of school identified in the School Standards and Framework Act 1998, as amended) are considered to be entities controlled by the Council and are recognised in the Council's single entity accounts. Therefore all schools'

transactions, cash flows and balances are recognised in each of the financial statements.

Schools' non-current assets (school buildings and playing fields) are recognised on the Balance Sheet where the Council directly owns the assets, where the Council holds the balance of control of the assets or where the school or the school governing body own the assets or have had rights to use the assets transferred to them through a licence arrangement.

When a maintained school converts to an Academy, the schools non-current assets held on the Council's balance sheet are treated as a disposal. The carrying value of the asset is written off to Financing and Investment Income and Expenditure in the Comprehensive Income and Expenditure Statement. Any revaluation gains accumulated for the asset in the Revaluation Reserve are transferred to the Capital Adjustment Account.

The written-off asset value is not a charge against the General Fund, as the cost of non-current asset disposals resulting from schools transferring to an Academy 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.

Fair Value

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

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

The measurement 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 valuation of these assets and liabilities, use appropriate techniques for each circumstance, maximising the use, relevant known data, and minimising the use of estimates.

To increase consistency and comparability in fair value measurement and related disclosures, the inputs to valuation techniques used to measure fair value are categorised into three levels:

- **Level 1** inputs - unadjusted quoted prices in active markets for items identical to the asset being measured.
- **Level 2** inputs – inputs other than those in level 1 that are directly or indirectly observable.
- **Level 3** inputs – unobservable inputs for the asset or liability.

41. Accounting Standards That Have Been Issued but Have Not Yet Been 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; and,
- 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 financial performance and financial position.

42. Critical Judgements in Applying Accounting Policies

In applying the accounting policies set out in Note 40, the Council has had to make certain judgements about complex transactions or those involving uncertainty about future events.

The critical judgements made in the Statement of Accounts are:

- There is a high degree of uncertainty about future levels of funding for local government. However, the Council has determined that this uncertainty is not yet sufficient to provide an indication that the assets of the Council might be impaired as a result of a need to close facilities and reduce levels of service provision;
- The Council is deemed to control the services provided under the contracts for both Waste Management and Fire and Rescue PFI's. The accounting policies for PFI schemes and similar contracts have been applied to these arrangements and the associated assets (valued at £69.15 million for Waste and £20.90 million for Fire and Rescue) are recognised as Property, Plant and Equipment on the Council's Balance Sheet;
- When undertaking the valuation of the Council's assets the valuation firm Bruton Knowles LLP has made a number of assumptions and has relied on certain sources of information. In the event that any of the assumptions used in valuing the assets prove to be incorrect, the valuation of the assets and hence the Balance Sheet figures could significantly change; and,
- The Council recognises school land and buildings on its Balance Sheet where the Council, the school or the school's Governing Body directly own the asset or have ownership rights and control of the property. Where the land and building assets used by the school are owned by an entity other than the Council, school or school Governing Body then it is not included in the Council's Balance Sheet.

The Council has completed a school by school assessment across the different types of schools it controls within the County. The types of schools that have been assessed are shown below:

Type of School	Total No. of Schools £000	No. of Primary Schools £000	No. of Secondary Schools £000	No. of Special Schools £000	No. of All Through Schools £000	No. of Pupil Referral Units £000
Community	71	55	9	7	-	-
Foundation	5	3	2	-	-	-
Pupil Referral Unit	1	-	-	-	-	1
Voluntary Aided	23	23	-	-	-	-
Voluntary Controlled	8	8	-	-	-	-
Total Maintained Schools	**108**	**89**	**11**	**7**	**-**	**1**
Academies	58	37	18	2	1	-
Free Schools	1	1	-	-	-	-
Total Schools	**167**	**127**	**29**	**9**	**1**	**1**

All Community schools and the Pupil Referral Unit are owned by the Council and the land and buildings used by the schools are included on the Council's Balance Sheet. The Council has not recognised assets relating to Voluntary Aided, Voluntary Controlled, Foundation, Free schools or Academies.

The following school has converted to academy status during 2021-22:

- St. Paul's Catholic Primary School (April 2021);

As this school is voluntary aided, the assets are not included on the Council's Balance Sheet.

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

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

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

Item	Uncertainties	Effect if Actual Results Differ from Assumptions
Property, Plant and Equipment	The balance of Property, Plant and Equipment held by the Council at 31 March 2022 was £1,479.28 million. Assets are depreciated over their useful lives which 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. Where an asset is considered specialised or there is no active market, it is valued by the depreciated replacement cost (DRC) method. This considers the costs to construct a modern equivalent asset (MEA) to deliver the same service. The Council's valuers estimate these values with reference to build costs published by the Royal Institute of Chartered Surveyors	If the useful life of an asset is reduced, depreciation increases and the carrying amount of the asset falls. If markets respond differently to the assumptions made the carrying amount of the asset would be under or overstated. This would be adjusted when the assets are next revalued. A 1.0% change to the valued assets (excluding those held at cost), would result in a £8.55 million change to the balance of Property, Plant and Equipment held by the Council, and a £0.89 million difference to the depreciation charged to the CIES.
Pensions Liability	At 31 March 2022, the Council had a net pension liability of £784.36 million. Estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets. A firm of consulting actuaries is engaged to provide the Council with expert advice about the assumptions to be applied.	The effects on the net pension liability of changes in individual assumptions can be measured. For instance, a 0.1% increase in the discount rate assumption would result in a decrease in the pension liability of £36.00 million. However, the assumptions interact in complex ways. During 2021-22, the Council's actuary advised that the net pension liability for funded LGPS benefits had reduced by £118.38 million due to changes in the financial assumptions and reduced by £19.08 million due to changes in the demographic assumptions. There was also an increase of £11.11 million due to changes in liability experience.

44. Events After the Reporting Period

The Statement of Accounts will be authorised for issue by the Section 151 Officer on 22 July 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 will be adjusted in all material respects to reflect the impact of this information.

The financial statements and notes have not been adjusted for the following events which took place after 31 March 2022:

Academy Conversions

There are four schools expected to convert to academy status in 2022-23. St Aidan's Catholic Primary School, St Cuthbert's Catholic First School and St Roberts Catholic First School are all expected to convert on 1 April 2022 with St Michael's Church of England Primary School expected to convert on 1 October 2022. The Property, Plant and Equipment line in the Balance Sheet contained valuations totalling £0.06 million for the schools which will transfer out of Council ownership.

Report Issued under Section 114 of the Local Government Finance Act 1988

On 23 May 2022 the Interim Executive Director of Finance and Section 151 Officer issued a report under Section 114 of the Local Government Finance Act 1988 to members. The link to the report is here.

The report revealed two items of unlawful expenditure:

- The first relating to the Council's participation in the Northumbria International Alliance, a health care consultancy business which traded for commercial purposes from 2018 to 2021 and did so otherwise than through a company with all of the related income and expenditure going through the Council's accounts. Although there is no indication that the Council has suffered any financial loss according to legal advice sought by the Council, this expenditure was unlawful. The Interim Section 151 Officer believes that there is no financial or public interest in seeking to void any of the contracts the Council entered into without the necessary powers or seek recovery of any sums of unlawful expenditure incurred as a result. It is not anticipated that there will be any impact on the figures shown in the Council's accounts in relation to this matter.
- The second relating to an allowance (International Allowance) paid to the Council's Chief Executive in addition to the usual salary during the period 1 December 2017 to the date the report was issued. Payment of the International Allowance ceased with effect from 23 May 2022 and has remained suspended pending consideration of further legal advice with regard to potential recovery and any decisions taken by the County Council. The allowance of £40,000 per annum has been disclosed in Note 8 Officers Remuneration in both the 2020-21 and 2021-22 Statement of Accounts.

45. Restatements and Prior Period Adjustments

Restatements

A number of disclosures relating to 2020-21 have been restated. Some restatements (arising from changes in the council's management structure) have been made to 2020-21 data to facilitate comparison with 2021-22. The table below shows the impact of the changes between Portfolios as presented in the Comprehensive Income and Expenditure Statement.

	2020-21 Council Position			2020-21 Group Position		
	As per 2020-21 Accounts	Portfolio Changes	Restated Position	As per 2020-21 Accounts	Portfolio Changes	Restated Position
	£000	£000	£000	£000	£000	£000
Adult Social Care & Commissioning	95,181	7,092	102,273	95,181	7,092	102,273
Chief Executive	218	27,121	27,339	288	27,120	27,408
Children's Services	93,725	-	93,725	93,663	(1)	93,662
Communities & Business Development	-	21,201	21,201	-	21,201	21,201
Corporate Expenditure & Income	82	-	82	82	-	82
Finance	61,135	(19,091)	42,044	61,139	(19,089)	42,050
Human Resources & Organisational Development	29,230	(29,230)	-	29,230	(29,230)	-
Local Authority Housing (HRA)	(7,162)	-	(7,162)	(7,179)	-	(7,179)
Local Services	78,501	(78,501)	-	78,690	(78,690)	-
Planning & Local Services	-	86,795	86,795	-	86,984	86,984
Public Health & Community Services	-	(3,966)	(3,966)	-	(3,966)	(3,966)
Regeneration, Commercial & Economy	12,858	(12,858)	-	12,858	(12,858)	-
Regeneration	-	1,437	1,437	-	1,437	1,437
Subsidiary Companies	-	-	-	(13,787)	-	(13,787)
Cost of Services	**363,768**	**-**	**363,768**	**350,165**	**-**	**350,165**

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Housing Revenue Account

Housing Revenue Account (HRA) Income and Expenditure Statement for the year ended 31 March 2022

The account reflects the statutory obligation to “ring-fence” and show separately the financial transactions relating to the provision of housing. 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. Authorities 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 of which rents are raised, is shown in the Movement on the HRA Statement.

2020-21 £000		Note	2021-22 £000
	Expenditure:		
7,912	Repairs and maintenance		8,533
8,871	Supervision and management		9,554
2,652	Rents, rates, taxes and other charges		2,415
9,613	Depreciation and Amortisation of Assets		9,686
7	Debt management costs		7
200	Revenue expenditure funded from capital under statute		28
262	Movement in the allowance for Doubtful Debts (not specified by the Code)	9	261
29,517	**Total Expenditure**		**30,484**
	Income:		
(29,188)	Dwelling rents (gross)		(29,661)
(315)	Non dwelling rents (gross)		(299)
(2,642)	Charges for services and facilities		(2,549)
(612)	Contributions towards expenditure		(574)
(4,065)	Revaluation gains		(21,683)
(36,822)	**Total Income**		**(54,766)**
(7,305)	**Net cost of HRA services as included in the Comprehensive Income and Expenditure Statement**		**(24,282)**
143	HRA services’ share of Corporate and Democratic Core costs		161
(7,162)	**Net cost for HRA Services**		**(24,121)**
	HRA Share of the operating Income and Expenditure included in the Comprehensive Income and Expenditure Statement:		
(362)	Capital grants and contributions receivable	1	(534)
3,452	Interest payable and similar charges		3,588
(6)	Interest and investment income		(7)
693	Pensions net interest expense		751
(3,385)	**Surplus for the year on HRA Services**		**(20,323)**

Movement on the Housing Revenue Account Statement

This statement shows how the HRA Income and Expenditure Statement surplus reconciles to the movement in the HRA balance for the year.

2020-21 £000		Note	2021-22 £000
(27,405)	**Balance on the HRA at the end of the previous year**		**(28,890)**
(3,385)	Surplus for the year on the HRA Income and Expenditure Statement		(20,323)
2,792	Adjustments between accounting basis and funding basis under Statute	1	20,271
(593)	**Net increase before transfers to or from reserves**		**(52)**
(892)	Transfer to earmarked reserves	10	(931)
(1,485)	**(Increase)/Decrease in year on the HRA**		**(983)**
(28,890)	**Balance on the HRA at the end of the current year**		**(29,873)**

1. Note to the Movement on the Housing Revenue Account Statement

2020-21 £000		2021-22 £000
	Analysis of adjustments between accounting basis and funding basis under Statute included within the Movement on the HRA Statement	
4,065	Transfers to the Capital Adjustment Account	21,683
362	Capital grants and contributions applied	534
(200)	Revenue expenditure funded from capital under statute	(28)
(2,336)	HRA share of contributions to the Pensions Reserve	(2,826)
9	Accumulated Absences	(23)
892	Capital expenditure funded by the HRA	931
2,792	**Total**	**20,271**

2. Housing Stock

31 March 2021 No.		31 March 2022 No.
7,073	Houses and Bungalows	7,030
1,350	Flats	1,354
3	Shared Ownership	3
8,426	**Total**	**8,387**

2a. An analysis of the change in stock is as follows:

2020-21 No.		2021-22 No.
8,442	**Stock at 1 April**	**8,426**
15	Additions	30
7	Appropriations	-
-	Demolitions	2
1	Re-categorisation	-
(39)	Sales	(71)
8,426	**Stock at 31 March**	**8,387**

3. Housing Revenue Account Assets

	Council Dwellings	Other Land and Buildings	Vehicles, Plant and Equipment	Surplus Assets	Investment Properties	Intangible Assets	Assets under construction	Total
	£000	£000	£000	£000	£000	£000	£000	£000
Gross book value at 1 April 2021	**335,073**	**1,685**	**75**	**217**	**312**	**356**	**415**	**338,133**
Re-categorisation	370	-	-	-	-	-	(370)	**-**
Additions	11,103	-	-	-	-	47	3	**11,153**
Disposals	(3,320)	-	-	-	-	-	-	**(3,320)**
Revaluations	12,123	436	-	544	23	-	-	**13,126**
Gross book value at 31 March 2022	**355,349**	**2,121**	**75**	**761**	**335**	**403**	**48**	**359,092**
Depreciation at 1 April 2021	**-**	**149**	**60**	**-**	**-**	**178**	**-**	**387**
Re-categorisation	-	-	-	-	-	-	**-**	**-**
Depreciation & Amortisation - charged in year	9,488	139	15	-	-	44	-	**9,686**
Revaluations	(9,488)	(128)	-	-	-	-	-	**(9,616)**
Depreciation at 31 March 2022	**-**	**160**	**75**	**-**	**-**	**222**	**-**	**457**
Net book value at 31 March 2022	**355,349**	**1,961**	**-**	**761**	**335**	**181**	**48**	**358,635**
Net book value at 1 April 2021	**335,073**	**1,536**	**15**	**217**	**312**	**178**	**415**	**337,746**

The value of HRA dwellings at 31 March 2022 of £335.35 million shown in the Balance Sheet is valued on the basis of existing use social housing (EUV-SH) of 44.0%. The vacant possession value of the HRA dwellings at 1 April 2021 was £761.68 million, this illustrates the economic cost to Government of providing council housing at less than open market rents when compared to the EUV-SH valuation of £335.07 million at the same date. The EUV-SH reflects a valuation for a property if it were sold with sitting tenants paying rents at less than open market rents and tenant's rights including the Right to Buy.

The value of land has not been valued separately from the buildings and has only been split on subsequent revaluations. Therefore, the value of the land within 'other land and buildings' is £0.56 million. Surplus Assets consist of land valued at £0.07 million, and investment properties include £0.01 million worth of land.

The outbreak of Covid-19, declared by the World Health Organisation as a "Global Pandemic" on 11 March 2020, continues to affect economies and real estate markets globally. Nevertheless, as at the valuation date, property markets are mostly functioning again, with transaction volumes and other relevant evidence at levels where enough market evidence exists upon which to base opinions of value. Accordingly – and for the avoidance of doubt – the valuation is not reported as being subject to 'material valuation uncertainty', as defined by VPS 3 and VPGA 10 of the RICS Valuation – Global Standards.

However, there still remains the need for a higher degree of caution attached to the valuations than would normally be the case.

4. Major Repairs Reserve

The Council is required to maintain a Major Repairs Reserve (MRR) with the main credit to the reserve being an amount equivalent to the total depreciation charges for all HRA assets. Until 2011-12, under Item 8 of Part 6 of the Local Government and Housing Act 1989, councils were able to transfer the difference between the depreciation credit to the reserve and the Major Reserves Allowance (MRA) back to the HRA. From 2012-13 councils were no longer allowed to reverse non-dwelling depreciation and were only allowed to reverse dwelling depreciation on a transitional basis until 2017-18. Subsequent to this from 1 April 2017, it has been announced that both dwelling and non-dwelling depreciation can be reversed from 2017-18 and subsequent years until further guidance is issued.

The Council is able to fund HRA related capital expenditure directly from the reserve, along with any voluntary set aside to repay debt. The movement in the Major Repairs Reserve is shown below:

2020-21 £000		2021-22 £000
	Income:	
(9,613)	Depreciation on Non-Current Assets	(9,686)
(9,613)	**Total Income**	**(9,686)**
	Expenditure:	
5,310	Houses	8,080
5,310	**Total Expenditure**	**8,080**
(4,303)	**Increase in year on the MRR**	**(1,606)**
(4,304)	Balance brought forward at 1 April	(8,607)
(8,607)	**Balance carried forward at 31 March**	**(10,213)**

5. HRA Capital Expenditure and Financing

2020-21 £000		2021-22 £000
	Expenditure:	
6,699	Houses	11,133
(2)	Vehicle, Plant and Equipment	48
6,697	**Total Expenditure**	**11,181**
	Financing:	
362	Government Grants	534
133	Capital Receipts	1,636
892	Revenue Contribution to Capital	931
5,310	Major Repairs Reserve	8,080
6,697	**Total Financing**	**11,181**

6. Capital Receipts

The Local Government Act 2003 stipulates that income from the disposal of assets must be split into usable and reserved elements. The reserved element is paid over to the national pool and the usable element can be used to fund capital expenditure. A summary of receipts for the year is included below:

	Gross Receipt	Usable Element	Reserved Element
	£000	£000	£000
Houses	3,618	2,107	1,511

7. Accounting for Pensions

The net impact on the HRA as a result of IAS 19 was a debit of £2.83 million representing the excess of current service cost over pension contributions, as a result of implementing IAS 19.

The net charge resulting from implementing IAS 19 is reversed within the HRA meaning there is no effect on the amount to be met from rents.

8. Tenant Arrears

At the end of the final collection week in 2021-22, tenant rent arrears were as follows:

As at 31 March 2021 £000	%		As at 31 March 2022 £000	%
		Rents:		
969	3.22	Current tenants	988	3.33
1,264	4.33	Former tenants	1,011	3.41
2,233	**7.55**	**Balance at 31 March**	**1,999**	**6.74**

9. Provision for Impairment of Debt

The impairment allowance for doubtful debts required at 31 March 2022 is £1.86 million compared with £2.40 million at 31 March 2021, a decrease of £0.54 million.

Debts of £0.79 million were written off during the year and a contribution of £0.25 million was added to the allowance.

The impairment allowance for doubtful debts at 31 March 2022 is:

2020-21 £000		2021-22 £000
2,575	**Balance at 1 April**	**2,403**
(434)	Debts written off during year	(787)
262	Increase in provision	249
2,403	**Balance at 31 March**	**1,865**

The charge for movement in the allowance for doubtful debts within the Income and Expenditure Statement of £0.26 million includes the increase in allowance for doubtful debts for Council dwelling rents of £0.25 million and sundry debtor allowance for doubtful debts of £0.01 million.

10. Earmarked Reserve - HRA

An Earmarked Reserve was created within the HRA during 2018-19 to fund the development and delivery of a housing development plan. During the year £0.93 million was utilised to fund capital expenditure in line with the plan.

The movement in Earmarked Reserve is shown below:

2020-21 £000		2021-22 £000
(4,000)	**Balance at 1 April**	**(3,108)**
892	Transferred (to)/from Earmarked Reserve	931
(3,108)	**Balance at 31 March**	**(2,177)**

Collection Fund

The Collection Fund reflects the statutory obligation of billing authorities to maintain a separate Collection Fund, distinct from the General Fund of the Council. The Collection Fund accounts independently for income relating to Council Tax and National Non Domestic Rates (NNDR) on behalf of those bodies (including the Council) for whom the income has been raised.

Collection Fund surpluses or deficits declared by the billing authority relating to Council Tax and NNDR are apportioned to the relevant precepting bodies in the subsequent financial year. For Northumberland, the Council Tax precepting body is the Police and Crime Commissioner for Northumbria and the NNDR precepting body is Central Government.

2020-21 Total £000		Note	2021-22 Council Tax £000	2021-22 NNDR £000	2021-22 Total £000
	Income:				
(212,795)	Council Tax	1	(224,432)	-	(224,432)
(45,415)	Business Rates	2	-	(67,439)	(67,439)
(559)	Transitional Protection Payments		-	(358)	(358)
(258,769)	**Total Income**		**(224,432)**	**(67,797)**	**(292,229)**
	Expenditure:				
	Apportionment of previous year's surplus/(deficit):				
3,921	Northumberland County Council		(1,267)	(20,743)	(22,010)
265	Police and Crime Commissioner for Northumbria		(94)	-	(94)
(340)	Central Government - Share		-	(20,394)	(20,394)
	Precepts, demands and shares:				
228,704	Northumberland County Council	2	195,025	40,525	235,550
9,340	Parish and Town Councils		9,391	-	9,391
14,641	Police and Crime Commissioner for Northumbria		15,382	-	15,382
40,509	Central Government - Share	2	-	40,525	40,525
	Charges to Collection Fund:				
479	Costs of collection		-	486	486
3,075	Increase in Impairment Allowance for Doubtful Debts		1,298	77	1,375
1,491	Increase in Appeals Provision		-	2,408	2,408
5,001	Disregarded amounts		-	5,593	5,593
307,086	**Total Expenditure**		**219,735**	**48,477**	**268,212**
48,317	**(Surplus)/Deficit for year**		**(4,697)**	**(19,320)**	**(24,017)**
(2,384)	Opening fund balance		1,598	44,335	45,933
45,933	**Closing fund balance**		**(3,099)**	**25,015**	**21,916**
	Allocated to:				
23,831	Northumberland County Council		(2,882)	12,508	9,626
109	Police and Crime Commissioner for Northumbria		(217)	-	(217)
21,993	Central Government		-	12,507	12,507
45,933			**(3,099)**	**25,015**	**21,916**

1. Council Tax

The Council collects Council Tax charged on residential properties based upon property valuations estimated at 1 April 1991. These valuations are classified into 8 valuation bands. The calculation of the tax base (adjusted for discounts and exemptions and expressed as an equivalent number of Band D dwellings) was approved at Full Council in February 2021.

The net Council Tax liability in 2021-22 was £224.43 million (£212.79 million in 2020-21).

2020-21					2021-22		
Properties	Band D equivalent Properties	Council Tax Charge	Council Tax Band	Proportion	Properties	Band D equivalent Properties	Council Tax Charge
No.	No.	£			No.	No.	£
-	67.51	1,054.42	A (Disabled)	5/9	-	60.22	1,093.11
70,590	30,962.07	1,265.30	A	6/9	70,609	30,569.55	1,311.73
24,766	16,000.87	1,476.20	B	7/9	25,063	16,030.48	1,530.35
20,260	15,745.88	1,687.07	C	8/9	20,474	15,817.07	1,748.97
16,814	15,435.32	1,897.96	D	9/9	17,115	15,632.90	1,967.59
10,983	12,426.80	2,319.72	E	11/9	11,227	12,685.99	2,404.83
6,808	9,242.16	2,741.50	F	13/9	6,954	9,384.12	2,842.07
4,223	6,632.10	3,163.26	G	15/9	4,293	6,732.77	3,279.32
545	937.96	3,795.92	H	18/9	550	941.58	3,935.18
154,989	**107,450.67**		**Total**		**156,285**	**107,854.68**	
	166.55		Band D equivalent adjustments			152.77	
	107,617.22		**Gross Tax Base**			**108,007.45**	
	(748.30)		Adjustment for non collection			(1,072.52)	
	106,868.92		**Net Tax Base**			**106,934.93**	

2.National Non-Domestic Rates (NNDR)

The Council collects Business Rates for its area based on rateable values, set by the Valuation Office Agency, and multipliers, set by Central Government. The two Business Rates multipliers, expressed as a rate in the pound (pence/£), are shown in the following table:

2020-21 p/£		2021-22 p/£
51.2	Standard Multiplier	51.2
49.9	Small Business Multiplier	49.9

The total non-domestic rateable value of all properties in Northumberland is shown in the table below:

2020-21 £000		2021-22 £000
233,514	Rateable Value at 31 March	233,511

In the past the Council has retained 50.0% of the rates income collected and the remaining 50.0% was paid to Government. For 2019-20 the Council was part of the North of Tyne Pool Pilot scheme with North Tyneside Council and Newcastle City Council meaning that the Council retained 75.0% of the rates income with the remaining 25.0% being paid to Government. The 75.0% pilot scheme was for 2019-20 only so the Council's share reverted to 50.0% for 2020-21. The relevant shares payable for 2021-22 were estimated before the start of the financial year in line with regulations. Those estimates are shown in the following table:

2020-21 £000		2021-22 £000
40,509	Northumberland County Council	40,525
40,509	Central Government	40,525

A system of top ups and tariffs is in place to ensure that authorities receive income in line with their previously assessed 'baseline' amount. Tariffs due from authorities payable to Government are used to finance the top ups paid by Government to those authorities who do not achieve their targeted baseline funding. In this respect the Council received a top up grant in 2021-22 of £27.54 million. A further safety net system acts to ensure that any local authority is protected from a net localised business rate yield of less than 92.5% of its assessed baseline funding.

In 2021-22 the Government announced a series of measures to assist businesses in response to the Covid-19 pandemic. This included extending the relief granted to retail, hospitality and leisure businesses and meant that the income received in the Collection Fund was significantly reduced compared to the expected level. The relief provided in 2021-22 amounted to £16.09 million (£42.27 million in 2020-21). The Council was reimbursed for its share of the relief provided in the form of Section 31 grant income which is included in taxation and non-specific grant income within the General Fund.

Group Accounts

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

Bodies Consolidated within the Group Accounts

On 13 November 2018 all assets, liabilities and shares of the Arch Group were transferred to Advance Northumberland Limited. On 10 November 2020 Arch (Corporate Holdings) Limited was dissolved.

On 17 September 2020 Northumberland Enterprise Holdings Limited was incorporated at Companies House. Northumberland Enterprise Holdings Limited and its subsidiary company Northumbria Integrated Consultancy Limited started trading within 2021-22.

Both the Advance Northumberland Group and Northumberland Enterprise Holding Group are classified as wholly owned subsidiaries of the Council and have been consolidated within the group position on a line-by-line basis, with all intra-group transactions and balances removed.

Further information in respect of the Council's relationship with Advance Northumberland Limited and Northumberland Enterprise Holdings Limited is given within note 35 to the Council's Financial Statements, Related Parties.

Bodies Not Consolidated within the Group Accounts

An assessment of the Council's relationship with Active Northumberland in 2021-22 concluded that there was no requirement to consolidate its financial position within the Council's group position. The assessment concluded that the Council did not have significant control over Active Northumberland. Further information in respect of the Council's relationship with Active Northumberland is contained within note 35 to the Council's Financial Statements, Related Parties.

An assessment of the Council's relationship with Energy Central Campus Limited in 2021-22 concluded that there was no requirement to consolidate its financial position within the Council's group position. The assessment concluded that the Council did not have significant control over Energy Central Campus Limited. Further information in respect of the Council's relationship with Energy Central Campus Limited is contained within note 35 to the Council's Financial Statements, Related Parties.

Group Comprehensive Income and Expenditure Statement

This statement sets out the income and expenditure relating to the Group, together with any appropriations to reserves.

As Restated 2020-21					2021-22		
Gross Expenditure £000	Gross Income £000	Net Expenditure £000		Note	Gross Expenditure £000	Gross Income £000	Net Expenditure £000
223,014	(120,741)	102,273	Adult Social Care & Commissioning		225,664	(117,913)	107,751
33,166	(5,758)	27,408	Chief Executive		35,038	(5,385)	29,653
270,365	(176,703)	93,662	Children's Services		305,066	(200,980)	104,086
25,477	(4,276)	21,201	Communities & Business Development		27,740	(10,070)	17,670
3,228	(3,146)	82	Corporate Expenditure & Income		5,393	(21)	5,372
122,921	(80,871)	42,050	Finance		127,615	(71,451)	56,164
29,643	(36,822)	(7,179)	Local Authority Housing (HRA)		30,645	(54,766)	(24,121)
113,714	(26,730)	86,984	Planning and Local Services		118,397	(37,803)	80,594
28,287	(32,253)	(3,966)	Public Health & Community Services		33,056	(25,014)	8,042
8,538	(7,101)	1,437	Regeneration		10,619	(9,372)	1,247
21,612	(35,399)	(13,787)	Subsidiary Companies		33,118	(47,887)	(14,769)
879,965	**(529,800)**	**350,165**	**Cost Of Services**		**952,351**	**(580,662)**	**371,689**
55,776	(25,015)	30,761	Other Operating Income and Expenditure		53,986	(27,095)	26,891
105,085	(8,076)	97,009	Financing and Investment Income and Expenditure		50,791	(28,099)	22,692
-	(446,766)	(446,766)	Taxation and Non-Specific Grant Incomes		-	(408,492)	(408,492)
1,040,826	**(1,009,657)**	**31,169**	**Group Deficit on Provision of Services**		**1,057,128**	**(1,044,348)**	**12,780**
		2,941	(Gains)/Losses on Revaluation of Non-Current Assets				(80,037)
		(693)	Deficit/(Surplus) from investments in equity instruments designated at fair value through other comprehensive income				(3,761)
		66,948	Actuarial (Gains)/Losses on remeasurement of the net defined benefit liability				(174,625)
		69,196	**Other Comprehensive Income and Expenditure**				**(258,423)**
		100,365	**Total Comprehensive Income and Expenditure**				**(245,643)**

The 2020-21 comparative Cost of Services figures have been restated to reflect the current service structure. These changes are illustrated in Note 45 of the Single Entity Statements.

Group Movement in Reserves Statement

The following statement shows the movement in the year on the different reserves held by the Group, analysed into 'usable reserves' (i.e. those that can be applied to fund expenditure or reduce local taxation) and other reserves. The (Surplus)/Deficit on the Provision of Services shows the true economic cost of providing the Group's services; more details of which are shown in the Group Comprehensive Income and Expenditure Statement. These are different from the statutory amounts required to be charged to the General Fund and Housing Revenue Account for Council Tax setting and dwellings rent setting purposes.

2021-22	General Fund Balance £000	Earmarked General Fund Reserves £000	Housing Revenue Account £000	Earmarked HRA Reserve £000	Capital Receipts Reserve £000	Capital Grants Unapplied £000	Major Repairs Reserve £000	Total Council Usable Reserves £000	Total Council Unusable Reserves £000	Council's share of Group Reserves £000	Total Group Reserves £000
Balance brought forward 1 April 2021	**(71,467)**	**(174,430)**	**(28,890)**	**(3,108)**	**(4,025)**	**(56,534)**	**(8,607)**	**(347,061)**	**143,429**	**7,379**	**(196,253)**
Movement in Reserves during 2021-22:											
(Surplus)/Deficit on the provision of services	67,608	-	(20,323)	-	-	-	-	**47,285**	-	(34,505)	**12,780**
Other Comprehensive Income and Exp'd	-	-	-	-	-	-	-	-	(258,423)	-	**(258,423)**
Total Comprehensive Income and Expenditure	**67,608**	**-**	**(20,323)**	**-**	**-**	**-**	**-**	**47,285**	**(258,423)**	**(34,505)**	**(245,643)**
Adjustments between accounting basis & funding basis under regulations and adjustment between Group Accounts and Council Accounts	(75,938)	-	20,271	-	(926)	(4,772)	(1,606)	**(62,971)**	46,360	16,611	**-**
Net (Increase)/Decrease before Transfers to Earmarked Reserves	**(8,330)**	**-**	**(52)**	**-**	**(926)**	**(4,772)**	**(1,606)**	**(15,686)**	**(212,063)**	**(17,894)**	**(245,643)**
Transfers to/(from) Earmarked Reserves	8,718	(8,718)	(931)	931		-	-	**-**	-	-	-
(Increase)/Decrease in 2021-22	**388**	**(8,718)**	**(983)**	**931**	**(926)**	**(4,772)**	**(1,606)**	**(15,686)**	**(212,063)**	**(17,894)**	**(245,643)**
Balance at 31 March 2022 carried forward	**(71,079)**	**(183,148)**	**(29,873)**	**(2,177)**	**(4,951)**	**(61,306)**	**(10,213)**	**(362,747)**	**(68,634)**	**(10,515)**	**(441,896)**

Group Movement in Reserves Statement

2020-21	General Fund Balance £000	Earmarked General Fund Reserves £000	Housing Revenue Account £000	Earmarked HRA Reserve £000	Capital Receipts Reserve £000	Capital Grants Unapplied £000	Major Repairs Reserve £000	Total Council Usable Reserves £000	Total Council Unusable Reserves £000	Council's share of Group Reserves £000	Total Group Reserves £000
Balance brought forward 1 April 2020	**(57,924)**	**(122,833)**	**(27,405)**	**(4,000)**	**(3,102)**	**(32,364)**	**(4,304)**	**(251,932)**	**(35,962)**	**(8,724)**	**(296,618)**
Movement in Reserves during 2020-21:											
(Surplus)/Deficit on the provision of services	25,716	-	(3,385)	-	-	-	-	**22,331**	**-**	8,838	**31,169**
Other Comprehensive Income and Exp'd	-	-	-	-	-	-	-	**-**	61,931	7,265	**69,196**
Total Comprehensive Income and Expenditure	**25,716**	**-**	**(3,385)**	**-**	**-**	**-**	**-**	**22,331**	**61,931**	**16,103**	**100,365**
Adjustments between accounting basis & funding basis under regulations and adjustment between Group Accounts and Council Accounts	(90,856)	-	2,792	-	(923)	(24,170)	(4,303)	**(117,460)**	117,460	-	**-**
Net (Increase)/Decrease before Transfers to Earmarked Reserves	**(65,140)**	**-**	**(593)**	**-**	**(923)**	**(24,170)**	**(4,303)**	**(95,129)**	**179,391**	**16,103**	**100,365**
Transfers to/(from) Earmarked Reserves	51,597	(51,597)	(892)	892	-	-	-	**-**	**-**	**-**	**-**
(Increase)/Decrease in 2020-21	**(13,543)**	**(51,597)**	**(1,485)**	**892**	**(923)**	**(24,170)**	**(4,303)**	**(95,129)**	**179,391**	**16,103**	**100,365**
Balance at 31 March 2021 carried forward	**(71,467)**	**(174,430)**	**(28,890)**	**(3,108)**	**(4,025)**	**(56,534)**	**(8,607)**	**(347,061)**	**143,429**	**7,379**	**(196,253)**

Group Balance Sheet

The Balance Sheet summarises the financial position of the Group as a whole. It shows the value of Group assets and liabilities at the end of the financial year.

31 March 2021 £000		Note	31 March 2022 £000
1,404,858	Property, Plant & Equipment	1,4	1,516,941
7,951	Heritage Assets		7,951
238,012	Investment Property	2	248,932
1,735	Long Term Intangible Assets		1,237
497	Assets Held for Sale - non current		295
40,791	Long Term Investments		19,280
128,016	Long Term Debtors		123,882
1,821,860	**Long Term Assets**		**1,918,518**
99,382	Short Term Investments		90,122
1,587	Assets Held for Sale - current		3,793
1,260	Inventories		2,255
35,921	Work in Progress	7	40,334
99,896	Short Term Debtors		84,136
88,699	Cash and Cash Equivalents		111,962
326,745	**Current Assets**		**332,602**

31 March 2021 £000		Note	31 March 2022 £000
(13,729)	Bank Overdraft		(11,988)
(61,419)	Short Term Borrowing		(57,308)
(117,078)	Short Term Creditors		(141,727)
(8,392)	Short Term Provisions		(9,529)
(884)	Revenue Grants Receipts in Advance		(2,146)
(201,502)	**Current Liabilities**		**(222,698)**
(69,987)	Long Term Creditors - PFI		(67,318)
(757,330)	Long Term Borrowing		(705,485)
-	Long Term Provisions		(127)
(907,319)	Net Defined Pensions Liability		(784,357)
(8,548)	Capital Grants Receipts in Advance		(18,217)
(7,666)	Deferred Tax Liability		(11,022)
(1,750,850)	**Long Term Liabilities**		**(1,586,526)**
196,253	**Net Assets**		**441,896**
347,061	Usable Reserves - Council		362,747
(143,429)	Unusable Reserves - Council		68,634
(7,379)	Usable Reserves - Subsidiaries		10,515
196,253	**Total Reserves**		**441,896**

Group Cash Flow Statement

The Cash Flow Statement shows the changes in cash and cash equivalents of the Group during the reporting period. The statement shows how the Group generates and uses cash and cash equivalents by classifying cash flows as operating, investing and financing activities.

2020-21 £000		2021-22 £000
(31,169)	Net surplus/(deficit) on the provision of services	(12,780)
190,902	Adjustments to net deficit on the provision of services for non-cash movements	118,295
(110,743)	Adjustments for items included in the net deficit on the provision of services that are investing and financing activities	(76,105)
48,990	**Net cash flows from Operating Activities**	**29,410**
(7,514)	Investing Activities	47,483
(34,798)	Financing Activities	(51,889)
6,678	**Net increase in cash and cash equivalents**	**25,004**
68,292	Cash and cash equivalents at the beginning of the reporting period	74,970
74,970	**Cash and cash equivalents at the end of the reporting period**	**99,974**

Accounting Policies

The financial results of the Council and its subsidiary at 31 March 2022 have been consolidated in accordance with IFRS 10. All entities within the Group have a reporting date of 31 March. All transactions and balances between the Group companies have been eliminated on consolidation.

The Group accounting policies are specified within the Council only statement. There are some slight divergences from these policies within the Group as stated below:

Capital Expenditure

There is no de-minimis level for capital expenditure for the Advance Northumberland Group.

Depreciation

Depreciation is charged on the following basis:

Asset	Depreciation Period
Land and Buildings	Reducing balance basis over lease period (30/50 years)
Plant and Machinery	10%-33% per annum reducing balance - 33% per annum straight-line
Photovoltaics	5% per annum straight line
Motor vehicles	25% per annum reducing balance
No depreciation is provided in first year of acquisitions	

Investment properties are included in the Balance Sheet at fair value with changes in fair value being recognised through the Profit and Loss Account. It is the policy of the company for a qualified independent valuer to perform the valuation annually. No depreciation is provided in respect of investment properties.

Deferred Taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the Balance Sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the Balance Sheet date. Timing differences are differences between the company's taxable profits and its results as stated in the financial statements.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantially enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis.

Critical Judgments in Applying Accounting Policies

The Council's wholly owned subsidiary: Advance Northumberland Limited, owns assets which are classified as investment property, in line with the Code of Practice on Local Authority Accounting in the United Kingdom 2021-22. Investment properties are those which are used solely to earn rentals or capital appreciation or both. Investment properties are accounted for at fair value.

Explanatory Notes to the Group Accounts

Where figures in the Group accounts differ materially from the Council's accounts, the relevant explanatory notes have been prepared on a consolidated basis. The notes below give information on the areas that have materially changed on consolidation of the Group entities into the Council's accounts.

1. Group Property, Plant and Equipment

Movements in 2021-22	Council Dwellings £000	Other Land and Buildings £000	Vehicles, Plant, Furniture & Equipment £000	Infrastructure Assets £000	Community Assets £000	Surplus Assets £000	Assets Under Construction £000	Total Property, Plant and Equipment £000	PFI Assets Included in Property, Plant and Equipment £000
Cost or Valuation:									
At 1 April 2021	**335,073**	**481,889**	**118,128**	**611,588**	**11,051**	**15,439**	**82,270**	**1,655,438**	**93,083**
Additions	11,103	20,517	11,728	28,415	69	512	35,681	**108,025**	1,043
Reclassifications	370	25,307	2,547	4,959	-	(546)	(32,637)	**-**	64
Revaluation Increases/(Decreases) recognised in the Revaluation Reserve	-	45,920	5,367	-	-	8,216	-	**59,503**	6,943
Revaluation Increases/(Decreases) recognised in the Deficit on the Provision of Services	12,123	(31,326)	(2,366)	-	-	(209)	-	**(21,778)**	-
De-recognition - Disposals	(3,320)	(4,689)	(6,272)	-	(1)	-	-	**(14,282)**	-
De-recognition - Other	-	(2,569)	(1,043)	(2,994)	(8)	-	-	**(6,614)**	(1,043)
Assets reclassified (to)/from Held for Sale	-	-	-	-	-	(3,183)	-	**(3,183)**	-
Other movements in cost/valuation	-	-	-	-	-	-	(3,098)	**(3,098)**	-
At 31 March 2022	**355,349**	**535,049**	**128,089**	**641,968**	**11,111**	**20,229**	**82,216**	**1,774,011**	**100,090**
Accumulated Depreciation and Impairment:									
At 1 April 2021	**-**	**36,677**	**41,131**	**170,711**	**2,061**	**-**	**-**	**250,580**	**8,039**
Depreciation/Impairment charge	9,488	15,419	9,045	17,574	152	-	-	**51,678**	4,114
Reclassifications	-	(38)	-	-	-	38	-	**-**	-
Depreciation written out to the Revaluation Reserve	-	(19,296)	(1,220)	-	-	(18)	-	**(20,534)**	(2,055)
Depreciation written out to the Deficit on the Provision of Services	(9,488)	(8,293)	(467)	-	-	(20)	-	**(18,268)**	-
Impairment written out to the deficit on the provision of services	-	-	-	452	-	-	-	**452**	-
De-recognition - Disposals	-	(22)	(5,747)	-	-	-	-	**(5,769)**	-
De-recognition – Other	-	(129)	(54)	(886)	-	-	-	**(1,069)**	(54)
At 31 March 2022	**-**	**24,318**	**42,688**	**187,851**	**2,213**	**-**	**-**	**257,070**	**10,044**
Net Book Value:									
At 31 March 2022	**355,349**	**510,731**	**85,401**	**454,117**	**8,898**	**20,229**	**82,216**	**1,516,941**	**90,046**
At 31 March 2021	335,073	445,212	76,997	440,877	8,990	15,439	82,270	1,404,858	85,044

Movements in 2020-21	Council Dwellings £000	Other Land and Buildings £000	Vehicles, Plant, Furniture & Equipment £000	Infrastructure Assets £000	Community Assets £000	Surplus Assets £000	Assets Under Construction £000	Total Property, Plant and Equipment £000	PFI Assets Included in Property, Plant and Equipment £000
Cost or Valuation:									
At 1 April 2020	**335,529**	**477,153**	**127,243**	**607,242**	**10,219**	**21,424**	**80,030**	**1,658,840**	**95,497**
Additions	6,320	19,063	8,159	21,524	34	216	48,424	**103,740**	1,579
Reclassifications	265	37,316	(179)	2,037	798	(344)	(40,866)	**(973)**	-
Revaluation Increases/(Decreases) recognised in the Revaluation Reserve	-	(2,630)	(1,927)	-	-	(3,793)	-	**(8,350)**	106
Revaluation Increases/(Decreases) recognised in the Deficit on the Provision of Services	(5,361)	(5,958)	(539)	-	-	(1,420)	-	**(13,278)**	-
De-recognition - Disposals	(1,680)	(41,446)	(14,629)	-	-	(439)	(4,645)	**(62,839)**	-
De-recognition - Other	-	(1,834)	-	(19,215)	-	-	-	**(21,049)**	(4,099)
Assets reclassified (to)/from Held for Sale	-	225	-	-	-	(205)	-	**20**	-
Other movements in cost/valuation - correction of opening balance	-	-	-	-	-	-	(673)	**(673)**	-
At 31 March 2021	**335,073**	**481,889**	**118,128**	**611,588**	**11,051**	**15,439**	**82,270**	**1,655,438**	**93,083**
Accumulated Depreciation and Impairment:									
At 1 April 2020	**-**	**29,757**	**45,449**	**167,715**	**1,927**	**-**	**-**	**244,848**	**9,965**
Depreciation/Impairment charge	9,501	16,046	10,056	17,189	134	-	-	**52,926**	4,329
Reclassifications	-	(111)	(77)	-	-	111	-	**(77)**	-
Depreciation written out to the Revaluation Reserve	-	(3,680)	(1,525)	-	-	(28)	-	**(5,233)**	(3,419)
Depreciation written out to the Deficit on the Provision of Services	(9,501)	(3,108)	(159)	-	-	(83)	-	**(12,851)**	-
De-recognition - Disposals	-	(2,003)	(12,613)	-	-	-	-	**(14,616)**	-
De-recognition – Other	-	(224)	-	(14,193)	-	-	-	**(14,417)**	(2,836)
At 31 March 2021	**-**	**36,677**	**41,131**	**170,711**	**2,061**	**-**	**-**	**250,580**	**8,039**
Net Book Value:									
At 31 March 2021	**335,073**	**445,212**	**76,997**	**440,877**	**8,990**	**15,439**	**82,270**	**1,404,858**	**85,044**
At 31 March 2020	335,529	447,396	81,794	439,527	8,292	21,424	80,030	**1,413,992**	**85,532**

2. Investment Property

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

31 March 2021 £000		31 March 2022 £000
260,903	Balance at 1 April	238,012
96	Additions	261
(3,998)	Reclassifications	-
(1,401)	Disposals	(9,516)
(17,588)	Net losses from fair value adjustments	20,175
238,012	**Balance at 31 March**	**248,932**

Fair Value Hierarchy

All of the Council's investment property portfolio has been assessed as Level 2 for valuation purposes. Within the Advance Northumberland Group, investment properties amounting to £242.98 million have been valued at Level 2 and the remainder of those properties subject to a revaluation during 2021-22 were valued at Level 1.

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

The fair value of investment property has been determined having regard to comparable evidence, applying a Rent and Yield or Capital Value Rate where appropriate.

Highest and Best use of Investment Properties

In estimating the fair value of the Advance Northumberland Group's investment properties, the highest and best use of the properties is deemed to be their current use.

Valuers

The investment property portfolio has been valued at 31 March 2022 in accordance with the methodologies and bases for estimation set out in the professional standards of the Royal Institution for Chartered Surveyors. The Advance Northumberland Group's valuing agents for financial year 2021-22 were Align Property Partners for commercial properties and Aspin and Company Limited for the residential properties.

3.Group Cash Flow Statement – Investing Activities

2020-21 £000		2021-22 £000
(96,030)	Purchase of property, plant and equipment, investment property and intangible assets	(100,162)
(189,008)	Purchase of short term and long term investments	(125,300)
(18,992)	Other payments for investing activities	(8,238)
6,066	Proceeds from the sale of property, plant and equipment, investment property and intangible assets	22,550
170,000	Proceeds from short term and long term investments	159,250
120,450	Other receipts from investing activities	99,383
(7,514)	**Net cash flows from investing activities**	**47,483**

4.Group Valuation of Non-Current Assets

Valuation of Non-Current Assets Carried at Current Value

The following statement shows the progress of the Group's rolling programme for the revaluation of non-current assets. The valuations for the Council were carried out by Bruton Knowles LLP. The Advance Northumberland Group's valuations were carried out by Align Property Partners for the commercial properties, and Aspin and Company Limited for the residential properties.

	Council Dwellings £000	Other Land and Buildings** £000	Vehicles, plant, furniture and equipment £000	Infrastructure Assets £000	Community Assets* £000	Surplus Assets £000	Assets under construction £000	Group Total £000
Valued at Historical Cost (capital works additions not yet subject to revaluation)	-	9,373	54,001	454,117	8,898	-	82,216	**608,605**
Valued at Current Value in:								
2021-22 Indexation Adjustment**	-	18,170	-	-	-	-	-	**18,170**
2021-22	355,349	269,265	31,400	-	-	20,229	-	**676,243**
2020-21	-	73,850	-	-	-	-	-	**73,850**
2019-20	-	110,904	-	-	-	-	-	**110,904**
2018-19	-	29,167	-	-	-	-	-	**29,167**
2017-18	-	2	-	-	-	-	-	**2**
Total	**355,349**	**510,731**	**85,401**	**454,117**	**8,898**	**20,229**	**82,216**	**1,516,941**

*Due to the re-categorisation of assets, an approximation to historical cost has been made in some cases

** Adjustment to the accounts to represent the movement in Building and construction costs on assets valued using the Depreciated Replacement Cost methodology in prior years.

5. Pension Schemes Accounted for as Defined Contribution Schemes

Advance Northumberland (Housing) Limited operates a group personal pension, with defined contributions that meet the requirements of auto enrolment. The assets of the scheme are in a fund independent from those of the company.

6.The Nature and Extent of Significant Restrictions within the Group

Dividends will only be paid from the Advance Northumberland Limited subsidiaries to Advance Northumberland Limited. During 2021-22, £0.25 million (£0.55 million in 2020-21) was paid to Advance Northumberland Limited from Advance Northumberland (Housing) Limited.

7.Group Work in Progress

The following statement shows the value of developments for sale outside of the Advance Group.

31 March 2021 £000		31 March 2022 £000
34,724	**Balance at 1 April**	**35,921**
-	Correction of Opening Balance	3,366
17,728	Additions	19,860
(16,531)	Disposals	(18,813)
35,921	**Balance at 31 March**	**40,334**

8.Significant Commitments under Capital Contracts

The following significant capital contracts have been entered into by the Group at 31 March 2022:

	Total Cost £000	Future Payments £000
Berwick Leisure Centre	23,147	2,108
County Hall Refurbishment	17,590	5,527
Hexham New Build Schools	41,293	1,646
Provision of Leisure Facilities within Morpeth	21,000	10,203
Northumberland Energy Park Phase 1	25,337	980

9.Officers' Remuneration

The Accounts and Audit Regulations 2015 require authorities to disclose the number of employees whose remuneration in the year was £50,000 and above, shown in bands of £5,000. Remuneration is defined as all amounts paid to or receivable by an employee, expense allowances chargeable to tax and the money value of benefits. The change in the profile of number of employees within each band reflects salary increments and pay awards, early retirements and part-year effects of staff joining or leaving the Group within the year.

The Note excludes senior employees whose individual remuneration is in the remuneration of senior officers' disclosure within the Single Entity accounts.

2020-21			2021-22	
All Employees Council	All Employees Group	Remuneration Band	All Employees Council	All Employees Group
123	135	£50,000 to £54,999	149	157
78	80	£55,000 to £59,999	86	88
43	50	£60,000 to £64,999	55	60
41	42	£65,000 to £69,999	40	41
17	17	£70,000 to £74,999	24	24
9	10	£75,000 to £79,999	8	8
4	4	£80,000 to £84,999	7	7
7	8	£85,000 to £89,999	3	4
9	10	£90,000 to £94,999	7	8
1	2	£95,000 to £99,999	4	5
3	3	£100,000 to £104,999	2	2
-	-	£105,000 to £109,999	1	1
2	2	£110,000 to £114,999	2	2
1	1	£115,000 to £119,999	-	-
2	3	£120,000 to £124,999	2	2
-	-	£125,000 to £129,999	1	1
1	1	£130,000 to £134,999	2	2
341	**368**	**Total**	**393**	**412**

Firefighters' Pension Fund

Firefighters' Pension Fund

Details of the Firefighters' Pension Fund is shown in the tables below:

2020-21 £000	Fund Account	2021-22 £000
	Contributions:	
1,794	From employer - normal	1,821
7	From employer - ill health	-
792	From members	809
2,593		**2,630**
	Transfers in:	
123	Individual transfers from other schemes	484
2,716		**3,114**
	Benefits:	
(5,700)	Pensions	(5,878)
(1,375)	Commutations and lump sum retirement benefits	(962)
-	Other eligible expenditure - scheme pays	(53)
(7,075)		**(6,893)**
4,359	**Net amount payable before top-up grant**	**3,779**
(4,359)	Top-up grant payable by the Government	(3,779)
-	**Net Amount Payable for the year**	**-**

31 March 2021 £000	Net Assets Statement	31 March 2022 £000
	Current assets:	
-	Top-up grant receivable from the Government	121
115	Amount receivable from the General Fund	-
	Current liabilities:	
(115)	Top up grant owed to the Government	-
-	Amount payable to the General Fund	(121)
-		**-**

1. Basis of Preparation

The accounts have been prepared in accordance with the CIPFA Code of Practice on Local Authority Accounting in the United Kingdom.

The financial statements summarise the transactions of the Firefighters' Pension Schemes and the net assets. They do not take account of obligations to pay pensions and benefits which fall due after the Balance Sheet date.

Note 31 to the Council's Financial Statements shows the liability to pay pensions and benefits which fall due after the Balance Sheet date, in accordance with IAS 19 Retirement benefits.

2. Accounting Policies

The principal accounting policies are as follows:

Contributions

Contributions represent the total amounts receivable from the Council and the pensionable employees. Employer contributions are made at rates determined by the Government Actuary's Department, at a nationally applied rate of 37.3% (of pensionable pay) for the 1992 Firefighters' Pension Scheme, 27.4% for the 2006 Firefighters' Pension Scheme and 28.8% for the 2015 Firefighters' Pension Scheme. Also, the Council is required to make payments into the pension fund in respect of ill-health retirements, when they are granted.

No provision is made in the accounts for employees' and employer's contributions relating to sums due on pay awards not yet settled.

Benefits and Refunds

Benefits and refunds are accounted for in the year in which they become due for payment.

No provision is made in the accounts for the liability to pay pensions and other benefits after the Net Assets Statement date.

Transfer Values

Transfer values are those sums paid to or received from other pension schemes and the Firefighters' Pension Scheme outside England for individuals and relate to periods of previous pensionable employment.

Transfer values received and transfer values paid are accounted for on a receipts and payments basis.

3. Fund's Operations

New financial arrangements came into effect from 1 April 2006 for both the 1992 and the 2006 Firefighters' Pension Schemes under the Firefighters' Pension Scheme (Amendment) (England) Order 2006. The financial arrangements have no impact on the terms and conditions of each scheme.

The Firefighters' schemes are statutory unfunded pension schemes, administered by the Council. The benefits for both schemes are defined and guaranteed in law. Benefits provided include a tax-free lump sum and a guaranteed pension based on final salary upon retirement.

Employee contributions, employer contributions and transfer values received are paid into the pension fund from which pension payments and other benefits are paid. The fund is topped up by government grant if the contributions are insufficient to meet the cost of pension payments. Any surplus in the fund is recouped by government. Therefore the fund is balanced to nil each year by receipt of pension top-up grant or by paying the surplus back to the government.

The Schemes are unfunded and therefore the fund has no investment assets.

4. Pension Administration

The pension administration for the Firefighters' Pension Scheme was transferred to a shared service with West Yorkshire Pension Fund on 1 March 2018.

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Glossary of Terms

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

Actuary
An expert on pension scheme assets and liabilities. The Local Government Pension Scheme Actuary determines the rate of employer contributions due to the Pension Fund every three years.

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

Amortised
Written off over an appropriate period of time.

Audit of Accounts
An independent examination of the Council's Statement of Accounts.

Balance Sheet
A summary of an Authority's financial position at the year end. It shows the balances and reserves at an Authority's disposal and its long term indebtedness, and the long term and current assets employed in its operations, together with summarised information on non-current assets held.

Budget
A statement of the Council's expected level of income and expenditure over a set period, usually one year.

Business Rates
See National Non-Domestic rates (NNDR).

Capital Adjustment Account
A reserve set aside from revenue resources or capital receipts to fund capital expenditure or the repayment of external loans and certain other capital financing transactions.

Capital Asset
An item bought to improve, build, prepare or replace plant, machinery, buildings, land and other structures.

Capital Expenditure
Expenditure on the acquisition of a non-current asset; or, expenditure which adds to the life or value of an existing non-current asset.

Capital Receipt
The income obtained from selling a capital asset. This is either set aside to the Capital Financing Account for the repayment of loans or used to finance new capital expenditure.

Cash Flow Statement
Summarises the inflows and outflows of cash arising from transactions with third parties for capital and revenue purposes. It provides a link between the Balance Sheet at the beginning of the year, the Comprehensive Income and Expenditure Statement for the year and the Balance Sheet at the end of the year.

CIPFA
The Chartered Institute of Public Finance and Accountancy is the accountancy body which recommends accounting practice for the preparation of local authority accounts. CIPFA publishes the Code of Practice setting out the roles for presentation of the Statement of Accounts.

Collection Fund
The fund administered by an authority collecting council tax and business rates.

Comprehensive Income and Expenditure Statement
A statement which details the total income received and expenditure incurred by the Council during the year in line with IFRS reporting as required by the CIPFA Code of Practice.

Contingent Asset
A possible asset that arises from past events and 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 contingent liability is either:

- A possible obligation arising from past events whose existence will only be confirmed 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 there will be an associated cost, or the amount of the obligation cannot be measured accurately.

Council Tax
The means of raising money locally to pay for local authority services. This is a property based tax where the amount levied depends upon the valuation of each dwelling.

Creditors
Amounts owed by the Council for goods or services that it has received but for which payment has not been made by the year end.

Current Assets and Liabilities
Current assets are items that are, or can be readily converted into cash. Current liabilities are items that are due for payment immediately or in the short term. By convention these items are ordered by reference to the ease that the asset can be converted into cash, and the timescale in which the liability falls due.

Debtors
Amounts owed to the Council at the year end where services have been delivered but payment has not been received.

Deferred Capital Receipts
Deferred Capital Income comprises amounts derived from sales of assets which will be received in instalments over agreed periods of time. They arise principally from mortgages on sales of council houses, which form the main part of mortgages under loans for purchase and improvement of property.

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

Defined Contribution Scheme
A pension or other retirement benefit scheme into which the employer pays regular fixed contributions 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.

Delegated Budgets
Budgets for which schools and other services have complete autonomy in spending decisions.

Depreciated Replacement Cost
A method of assessing market value where there is no comparable evidence available and equating to the current cost of reproducing or replacing an asset less deductions for physical deterioration and all relevant forms of obsolescence and optimisation.

Depreciation
The theoretical loss in value of an asset due to age, wear and tear, deterioration or obsolescence.

Earmarked Reserves
These reserves represent monies set aside that can only be used for a specific usage or purpose.

Estimation Uncertainty
Potential error included in the accounts as a result of estimates used to generate particular balances.

Finance Leases
A lease that transfers most of the risks and rewards of ownership of an asset to the lessee.

Financial Instruments
Contracts that give rise to a financial asset in one entity and a financial liability or equity holding in another entity.

General Fund
The Council's main revenue fund to which all revenue transactions are credited and from which revenue liabilities are discharged.

Government Grants
Revenue grants and contributions are credited to the appropriate service revenue account. Capital grants and contributions are credited to the Government Grants and Contributions Deferred Account.

Heritage Assets
A tangible asset with historical, artistic, scientific, technological, geophysical or environmental qualities that is held and maintained principally for its contribution to knowledge and culture.

Housing Revenue Account (HRA)
This account reflects the statutory obligation to "ring-fence" and show separately the financial transactions relating to the provision of housing. Included within the section on the HRA is the Statement of Movement on the HRA which discloses how the HRA Income & Expenditure Account surplus or deficit for the year reconciles to the movement on the HRA balance for the year.

Impairment
The deterioration of an asset, through damage, dilapidation etc., which affects the value of that asset.

Income
Money which the Council receives, or expects to receive, from any source, including fees, charges, sales and grants.

Infrastructure
Non-current assets belonging to the Council which do not necessarily have a resale value, and for which a useful life span cannot be readily assessed.

Intangible Assets
Non-financial non-current assets that do not have physical substance, but, are identifiable and are controlled by the organisation through custody or legal rights.

Interest Cost (Pensions)
For a defined benefit scheme, the expected increase during a period in the present value of the scheme liabilities because the benefits are one period closer to settlement.

Inventory
The amount of unused or unconsumed materials held in expectation of future use. When use will not arise until a later period, it is appropriate to carry forward the amount to be matched to the use or consumption when it arises.

Investments
Short term investments comprise of temporary surplus funds with banks or similar institutions.

Lender Option Borrower Option (LOBO)
A LOBO is a loan from a financial institution where the interest rate is agreed at the outset of the arrangement. The lender then has the option to increase the rate at specific agreed periodic intervals through the term of the loan. If at one of these points the lender exercises the option to increase the interest rate on the loan the borrower has the option to repay the loan and end the agreement.

Long Term Borrowing
The main element of long term borrowing is comprised of loans that have been raised to finance capital investment projects.

Market Value
The monetary value of an asset as determined by current market conditions.

Minimum Revenue Provision (MRP)
The statutory minimum amount that must be charged to the Comprehensive Income and Expenditure Statement in each financial year to repay external debt.

Movement in Reserves Statement
This financial statement presents the movement in useable and unusable reserves (the Council's total reserves).

National Non-Domestic Rates (NNDR)
National Non-Domestic Rates, also known as Business Rates, is a tax on non-domestic properties based on property valuations and multipliers set by Government.

Net Book Value
The amount at which non-current assets are included in the Balance Sheet i.e. their historical cost or current value less the cumulative amounts provided for depreciation.

Non-Current Assets Held for Sale
A category of financial instrument which includes investments traded in an active market and equity instruments other than those for which a reliable value cannot be determined.

Operating Leases
This is a method of financing assets which allows the Council to use, but not own the asset and therefore is not capital expenditure. A third party purchases the asset on behalf of the Council, who then pays the lessor an annual rental charge for the use of the asset.

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.

Pension Liabilities
See scheme liabilities.

Precept
The amount of money levied on the Council's Collection Fund by other public bodies to finance services.

Prepayments
Amounts paid by the Council in the year of account that related to goods and services not received until subsequent years.

Prior Period Adjustments
Prior period adjustments are material adjustments applicable to prior years arising from changes in accounting policies or from the correction of material errors. They do not include normal recurring corrections or adjustments of accounting estimates made in prior years.

Private Finance Initiative
Long term contracts with the private sector to procure the design, build and running of assets for the delivery of public services.

Property, Plant and Equipment
Non-current assets that yield benefits to the Council and the services they provide for a period of more than one year.

Provisions
Provisions represent sums set aside for any liabilities of uncertain amount or timing that have been incurred.

Receipts in Advance
Amounts received by the Council during the year of account relating to services delivered in subsequent years.

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

Reserves
An amount set aside for a specific purpose in one year and carried forward to meet future obligations.

Retirement Benefits
All forms of consideration given by an employer in exchange for services rendered by employees that are payable after the completion of employment. Retirement benefits do not include termination benefits payable as a result of either:

(i) an employer's decision to terminate an employee's employment before the normal retirement date; or,

(ii) an employee's decision to accept voluntary redundancy in exchange for those benefits, because these are not given in exchange in services rendered by employees.

Revaluation Reserve
The accumulated gains in value on non-current assets held by the Council since 1 April 2007 less the part of depreciation charges that have been incurred because the assets have been valued.

Revenue Expenditure
Revenue expenditure is spending on day to day running costs of the Council. It includes expenditure on employees, premises, transport and supplies & services.

Revenue Expenditure Funded from Capital under Statute (REFCUS)
Expenditure incurred during the year that may be capitalised under statutory provisions but that does not result in the creation of non-current assets.

Revenue Support Grant
A general grant paid by the Government to local authorities, to support local authority 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 reflects the benefits that the employer is committed to provide for service up to the valuation date.

Section 151 Officer
The Officer designated to assume overall responsibility for the administration of the financial affairs of the Council and for the preparation of the Council's Statement of Accounts.

Soft Loan
Loans, normally to voluntary sector organisations, below the market rate of interest.

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Contact Information

Contacts

Contact Information

This document is also available on the Council's website at the following link

http://www.northumberland.gov.uk/About/Finance/Statement-of-accounts.aspx#statementofaccounts

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