

Statement of Accounts

2022-23

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 progress across the county.

We have seen many positive developments in Northumberland, from new schools and leisure centres to major investment in jobs and industry.

And while cost of living rises affect all of us, protecting frontline services and looking after the most vulnerable remains an absolute priority as we go forward.

Due to prudent housekeeping and careful and considered management we remain in a strong financial position.

This means that earlier this year we were able to agree an ambitious £222.949 million capital programme for 2023-24 to improve and regenerate towns and communities across the county, create new housing and schools, carry out road and path repairs and install flood prevention schemes.

Summer 2023 will also see main construction work get underway on the reopening of the Northumberland Line, running regular passenger rail services from the south east of the county to Newcastle for the first time since the 1960's.

This transformational scheme will have a huge positive impact on the lives of everyone living in or travelling to this part of Northumberland – from jobs and education to housing and tourism.

Our climate change commitments are a main driver behind all of our 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, this would not be possible without the professionalism and commitment of everyone who works for 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



9,104 staff employed by the Council (including schools).



We have **30 libraries** with 64,496 members with 459,645 physical issues and 276,062 digital issues.



There were **644,965 swims** in **9 pools**.



8.8 million residential bins were emptied.



We have **46,959 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.



2,300 adults were supported in care homes and 5,600 people received care in their own homes.



92% 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**.



24% of under 2's in the 30% most deprived areas regularly access our children's centres.

91% of all eligible 2 year-olds took up their statutory entitlement to early education.



97% of parents got their first choice of primary school.



77.7% of 20-24 year olds were employed in 2022, the highest in the North of Tyne area and the highest since the series began in 2004.

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 2023 is shown below:

Party	Seats
 Conservative	33
 Labour	20
 Independent Group	7
 Liberal Democrat	4
 Green Party	2
 Non-aligned	1

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:



Management Structure

The Executive management structure of the Council at 31 March 2023 is shown below. The full structure can be viewed on Northumberland County Council's website.



Written Statements and Narrative Report

Narrative Report

1. Corporate Plan 2023-26

The Council's Corporate Plan was updated in May 2023 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 2023-26. It informs both the Medium Term Financial Plan and the Service Statements against which the Council's performance is measured.

The following brief excerpt from the Corporate Plan summarises the Council's vision and priorities: *"We are the largest and least densely populated local authority area in England. That makes for lots of communities with distinctive characteristics, heritage, functions, and needs. We aim to build on all these strengths to ensure the county continues to be a land of great opportunities for current and future generations. To achieve this, Members and Council staff are focused on working together to deliver our three Corporate Priorities:"*

1. Achieving Value for Money
2. Tackling Inequalities
3. Driving Economic Growth

The Council's Corporate Plan can be accessed in full at: [Corporate Plan 2023-26](#)

2. Medium Term Financial Plan and Future Financial Prospects

The Council approved the Medium Term Financial Plan for 2023-24 to 2026-27 in February 2023 to support the objectives contained within the Corporate Plan whilst implementing budget reduction measures of £54.071 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 overestimated 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: [Northumberland County Council Medium Term Financial Plan](#)

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3. Revenue Budget and Outturn

The Council approved a net revenue budget of £383.061 million for 2022-23. Budget reduction measures and other savings totalling £9.704 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 £11.470 million as agreed by Cabinet on 9 May 2023, was an underspend of £5.916 million which was transferred to the Council's General Fund Reserve as shown in the table below:

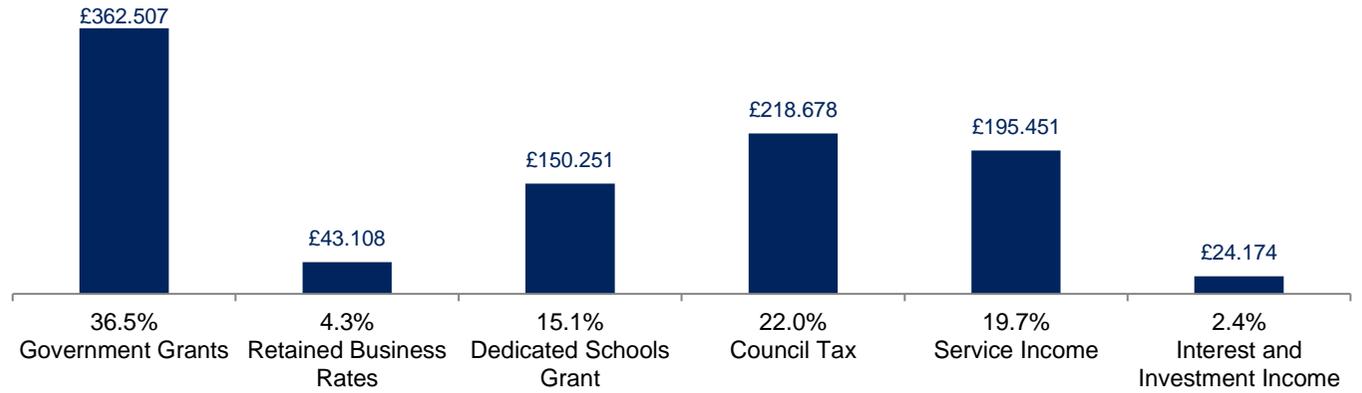
Service	Original Budget £m	Final Budget £m	Outturn £m	Variance £m
Adult Social Care & Commissioning	111.404	117.302	116.678	(0.624)
Chief Executive	29.411	30.503	30.400	(0.103)
Children's Services	67.316	72.753	74.042	1.289
Communities & Business Development	14.134	26.644	26.044	(0.600)
Finance	25.392	68.742	66.926	(1.816)
Planning & Local Services	78.843	88.224	87.433	(0.791)
Public Health & Community Services	4.270	4.932	4.849	(0.083)
Regeneration	4.421	5.136	5.015	(0.121)
Total Services	335.191	414.236	411.387	(2.849)
Corporate Items	33.698	(17.464)	(18.064)	(0.600)
Treasury Management	(23.174)	(24.601)	(26.442)	(1.841)
Capital Financing	37.346	93.589	93.046	(0.543)
Total Net Expenditure	383.061	465.760	459.927	(5.833)
Funded by:				
Council Tax	(220.154)	(220.154)	(220.154)	-
Retained Business Rates (including S31 Grants)	(46.719)	(46.719)	(50.799)	(4.080)
Revenue Support Grant	(10.837)	(10.837)	(10.837)	-
Top Up Grant	(27.535)	(27.535)	(27.535)	-
Other Corporate Grants	(38.459)	(38.459)	(38.519)	(0.060)
Other Income	-	-	-	-
Earmarked Reserves	(14.357)	(16.665)	(12.608)	4.057
Amortisation of Government Grants	-	(80.350)	(80.350)	-
Planned contribution to General Fund	(25.000)	(25.041)	(25.041)	-
Total Funding	(383.061)	(465.760)	(465.843)	(0.083)
Net Total	-	-	(5.916)	(5.916)

- The Council faced significant cost pressures in relation to inflation. £5.208 million was set aside in an earmarked reserve during the preparation of the 2022-23 budget and this funding was utilised during the year to offset the cost of exceptional inflation across a number of services;
- Transport budgets faced significant inflationary pressures, with home to school transport overspending by £4.335 million overall between Children's Services and Planning & Local Services;
- The waste PFI contract underspent by £1.993 million due to a combination of lower waste volumes and higher commodity prices in relation to the sale of recyclable materials;
- A significant increase in interest rates and higher than expected balances meant that interest receivable from core treasury activities overachieved the budgeted level by £2.543 million;
- 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,
- Funding was set aside for Homes for Ukraine, replacement of defective street lanterns, parks and green spaces, highways maintenance, regeneration and other projects and exceptional inflationary pressures as agreed by Cabinet at the 9 May meeting.

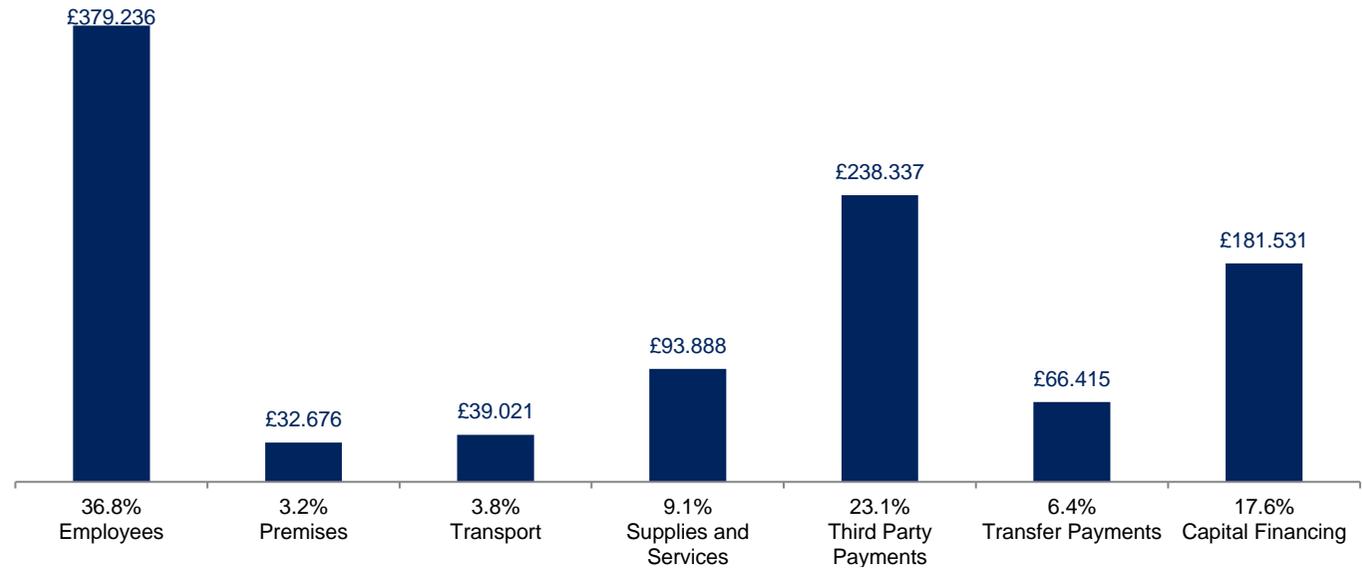
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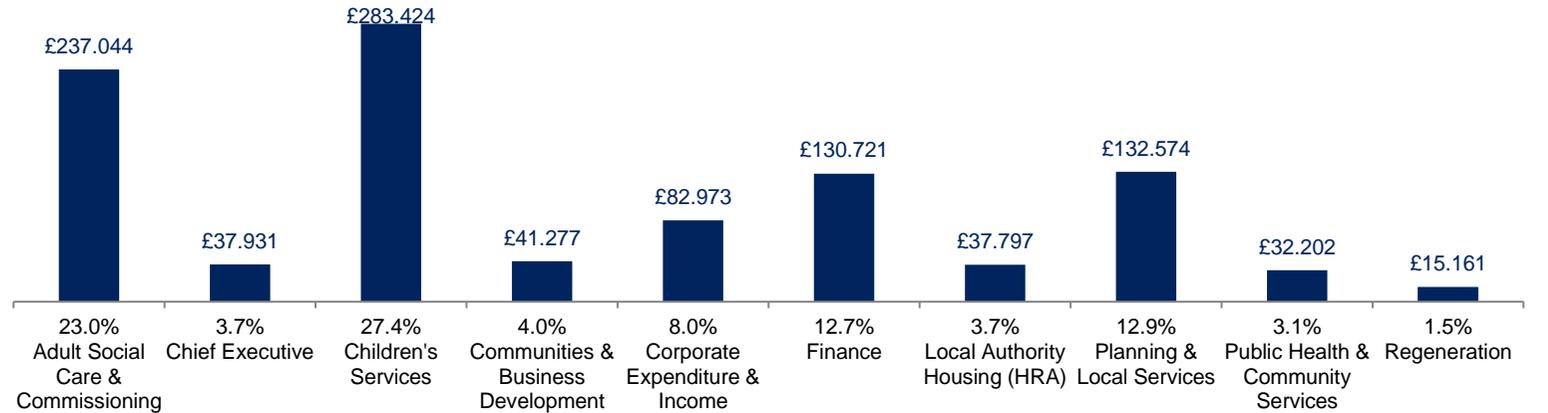
Where the money comes from*



What the money was spent on*



What services were provided?*



*All values are shown in millions

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4. Capital

Capital Outturn and Three Year Budget Plan

The following table shows capital expenditure by service area for 2022-23 and the Council's four year plan as approved by the current Administration from 2023-24 to 2026-27:

	Original Budget 2022-23 £m	Outturn Budget 2022-23 £m	Outturn 2022-23 £m	Budget 2023-24 £m	Budget 2024-25 £m	Budget 2025-26 £m	Budget 2026-27 £m	Total Budget £m
Expenditure								
Adult Social Care & Commissioning	8.191	4.108	2.209	4.427	2.000	2.000	2.000	10.427
Chief Executive	1.999	1.537	1.100	2.016	1.172	1.128	1.330	5.646
Children's Services	24.540	21.050	15.922	32.622	59.963	49.087	8.488	150.160
Communities and Business Development	15.579	12.709	11.871	0.800	-	-	-	0.800
Corporate Expenditure & Income	35.453	18.824	11.045	34.317	15.783	16.306	0.552	66.958
Planning & Local Services	47.955	49.100	43.827	41.292	42.342	31.308	31.419	146.361
Public Health & Community Services	28.441	13.218	11.736	20.281	24.253	20.863	20.949	86.346
Regeneration	145.198	68.294	53.840	87.194	50.580	47.251	-	185.025
Total Capital Expenditure	307.356	188.840	151.550	222.949	196.093	167.943	64.738	651.723
Funding								
Borrowing - General Fund	126.981	82.049	56.996	106.236	106.162	80.271	13.600	306.269
Capital Receipts	4.716	4.716	3.138	5.589	4.280	2.430	2.230	14.529
External Grants	150.489	92.976	78.278	96.863	59.087	60.933	31.014	247.897
HRA Contributions	21.733	7.426	10.626	14.011	18.393	17.718	17.894	68.016
Revenue Contributions	3.437	1.673	2.512	0.250	8.171	6.591	-	15.012
Total Funding	307.356	188.840	151.550	222.949	196.093	167.943	64.738	651.723

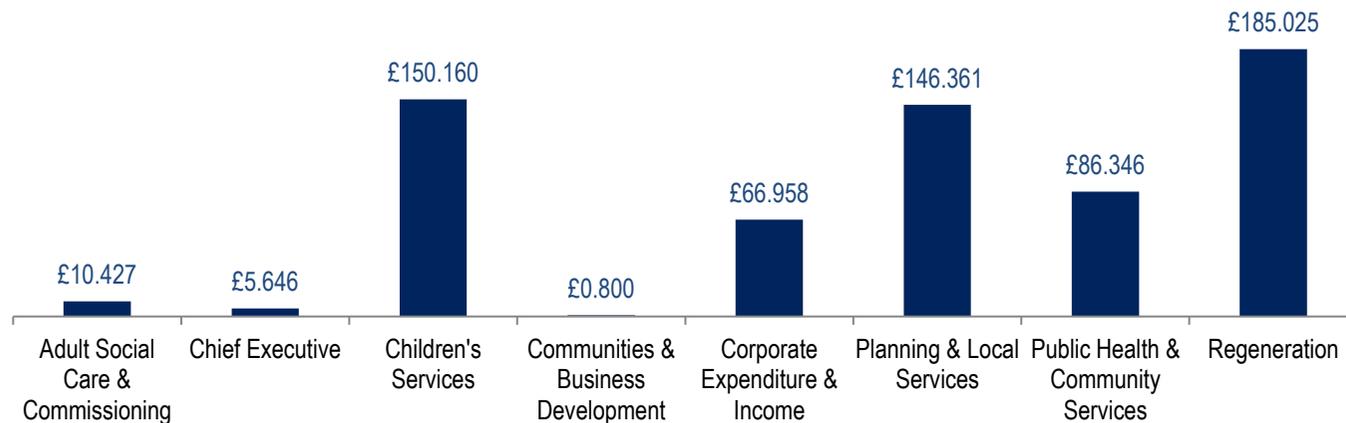
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Four Year Capital Programme*

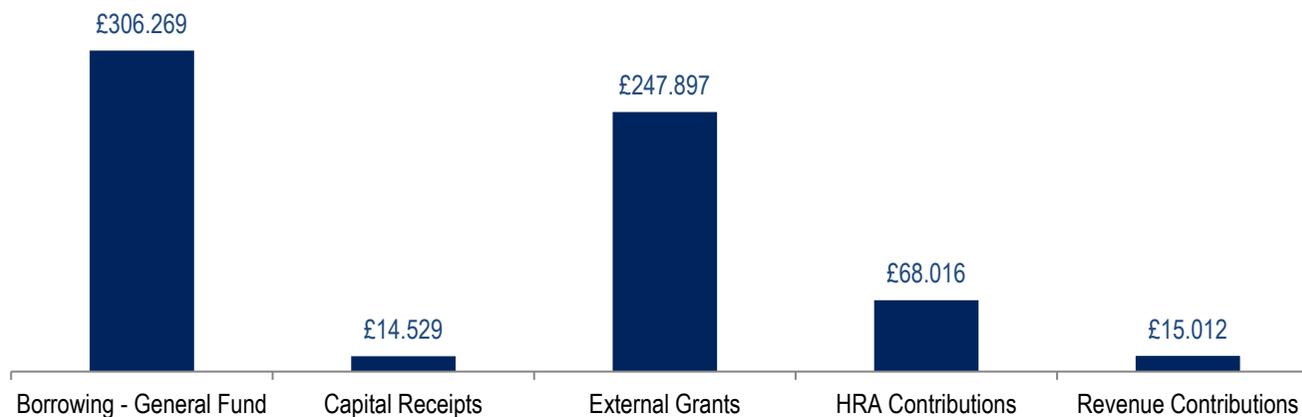
The Council agreed to embark on a four year capital programme totalling £651.723 million to show its commitment to boosting the local economy, assist in the creation of employment opportunities and create new infrastructure, transport links, regeneration and a wider choice of housing. A comprehensive schedule of capital schemes is included in Appendix 13 of the Council's Budget 2023-24 and Medium Term Financial Plan 2023-24 report at:

[Northumberland County Council schedule of capital schemes](#)



Capital Funding 2022-23 to 2026-27*

The Capital programme is funded through a number of sources including external grants, capital receipts, contributions from the general fund and housing revenue accounts 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

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5. Performance

This section has been compiled in accordance with the CIPFA Code of Practice on Local Authority Accounting 2022-23.

How do we measure performance?

The Council's 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 Cabinet Members' priorities.

Quarterly reports are compiled centrally using information provided by Services and are circulated to the Executive Team and to Elected Members via Cabinet and the Scrutiny Chairs. Following the publication of these reports, exception reports are raised as necessary in order to ensure that 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 2022-23.

Progress on performance measures

Council wide performance is monitored in several ways including:

- 16 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%, plus other measures of workforce health; and,
- The delivery status of the 54 priorities identified by the Cabinet.

The Top 16 Key Performance Indicators (KPIs)

As the table below shows, the financial year 2022-23 has seen 32.0% of the top 16 KPIs being on target (green), 62.0% not being on target (red) and 6.0% almost being on target (amber):

#	KPI name	Target	End of Year	Status
1	Admissions to residential/nursing 65+	654.9 per 100k	677.2 per 100k	Amber
2	Rate of Children Looked After (CLA)	73 per 10k	79 per 10k	Red
3	Rate of Child Protection Plans	67 per 10k	73 per 10k	Red
4	Permanent exclusions Primary/Secondary (number of pupils)	54	65	Red
5	Complaints answered within timescale	100.0%	70.8%	Red
6	FOI Responses within timescale	100.0%	86.0%	Red
7	Carriageway defects made safe	96.0%	82.4%	Red
8	Property statutory tests completed on time	96.0%	98.1%	Green
9	Time to process new housing benefit claims	20 days	16 days	Green
10	Birth registrations	98.0%	90.0%	Red
11	Death registrations	90.0%	78.3%	Red
12	Days lost to sickness	3.5%	4.5%	Red
13	Homelessness cases resolved at first point of contact	55.0%	71.5%	Green
14	Major and County Matter planning decisions made in 2 years, 9 months prior allowed at appeal	10%	0.5%	Green
15	Successful treatments – alcohol	32.1%	27.3%	Red
16	Street cleanliness below standard	14.0%	10.0%	Green

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Top 16 KPIs 2022-23

1. Admissions to residential/nursing 65+:
Performance is measured against a target of admitting no more than 654.9 people aged 65 and older per 100,000 people, to residential and nursing care homes. This KPI has underperformed throughout 2022-23 with the number of admissions rising to 677, so increased numbers of those aged 65 and older are being admitted.
2. Rate of Children Looked After (CLA):
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 73. It shows that the number of looked after children missed the target at 79 per 10,000 people.
3. Rate of Child Protection Plans:
The number of children and young people subject to child protection plans per 10,000 people measures performance against a target of 67 for Children's Social Care. An increase in numbers has meant that the rate of child protection plans exceeded the agreed target in the past year recording 73 per 10,000 people.
4. Permanent exclusions – Primary/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 54. Exclusions have reduced throughout the year; however, numbers have remained above target and are currently at 65 exclusions over the previous 12 months.
5. Complaints answered within timescale:
This measures 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 of 70.8%.
6. Freedom of Information (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 86.0%.
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 82.4% 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 96.0%. The target was exceeded with 98.1% achieved.
9. Time to process new housing benefit claims:
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 2022-23, with the processing of these new claims taking 16 days.
10. Birth registrations:
Performance is measured against a target of registering 98.0% of all births on time. Performance against this target in 2022-23 was 90.0% overall with 3,176 registrations completed on time out of a possible 3,503, however throughout the year the percentages for births were consistently below target.
11. Death registrations:
Performance is measured against a target of registering 90.0% of all deaths on time. Performance against this target in 2022-23 was 78.3% overall with 2,553 registrations completed on time out of a possible 3,261. Throughout the year the percentages for deaths were consistently below target.

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12. Days lost to sickness:
The number of days lost to sickness has a target of 7.5 days per full-time-equivalent. In 2022-23, the rate of sickness was above the threshold for most of the year, with an overall average of 11.4 days per full-time-equivalent or 4.5% against a target of 3.5%.
13. Homelessness cases resolved at first point of contact:
Performance in housing is measured by looking at the percentage of those who approach the Council for homelessness assistance, who find housing at the first point of contact. The target of 55.0% was exceeded achieving 71.5%.
14. 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 2022-23, with 0.5% of planning decisions allowed at appeal being achieved overall.
15. 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 32.1% of all those who enter treatment. This KPI has not reached its target and latest data records 27.3%.
16. 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%. 2022-23 saw this KPI consistently exceed the target, although the percentage of land below standard has marginally decreased from 10.0% to 10.1% throughout the year.

Reasons for Top 16 KPIs

In June 2020, as part of the continuous improvement of the Corporate Performance Framework, a selection of 16 KPIs was 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.

Workforce

The financial year 2022-23 saw the Council's workforce increase from 4,932 employees to 5,137 (excluding schools), in part due to a transfer of staff into Children's Social Care from the third sector. This will have affected staff absence percentages, due to the increased samples sizes, and the efficacy of KPIs.

During the year, the percentage of full-time-equivalent working hours taken as staff absence has remained stable at 4.5% between the start of the year and the end of the year, the overall target for the year being 3.5%.

In terms of the percentage of staff who have completed their mandatory learning, there has been no change in this percentage from 92.0%, above the target of 85.0%. The annual appraisal completion rates for last year exceeded the 85.0% target at 87.0%. However, this year's appraisal completion rate has decreased to 75.0% against the 85.0% target.

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 to 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 2022-23.

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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.

Strategic Performance - How

In everything that the Council does, it will listen to and communicate with residents, businesses and partners and, ensure value for money in its services. It will pull its weight regionally and nationally, working with its partners to secure maximum benefit for residents and businesses.

- The Council has continued to enhance its customer service offer with a focus on contact centre improvements allowing it to speak to more residents and provide a more efficient service. The Council has also co-located face to face services in both Ashington and Alnwick to facilities shared with voluntary sector partners, improving the support provided. The team provides support to those struggling with the cost-of-living crisis including advising on the Council Tax Energy Rebate Scheme, housing, benefits and other support available. The Council continues to improve its digital offer, providing more services online and assisting residents to access services digitally where appropriate.
- The Council's ways of working across all services have adapted quickly and effectively and the refurbishment of County Hall has been progressed over the past year, ensuring a modern, fit for purpose facility for the future.

Strategic Performance - Thriving

The Council will vigorously secure more and new investment into the county. The Council wants to attract more and better jobs.

Pre-Covid-19, the Council was already laying the foundations for future economic growth across the county. The focus is now to support the 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; and,
- v. Investing in a green recovery.

The following progress has been achieved:

- 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 (DfT), Network Rail and Northern Trains Ltd on the ambitious programme to reintroduce regular passenger trains between Ashington and Newcastle by 2024 - boosting education, employment and housing prospects for the region. Main construction work has now started on the Northumberland Line with six new stations granted planning approval. This follows the closure of passenger services some sixty years ago. The line's construction work alone has created almost 100 high-skilled jobs and apprenticeships.
- The Council has continued to work with businesses and partners to facilitate the building of a gigafactory at Blyth which will secure thousands of high-quality jobs. The recent acquisition of British Volt by Recharge Industries has now been concluded and the completion of the new dock at Cambois by Advance Northumberland facilitated the arrival of JDR Cables.
- The Council welcomed Government's announcement on investment to level up Blyth by upgrading housing, tackling health inequalities, improving access to local jobs and cutting crime. This includes an £18.000 million boost which will repurpose run-down and empty homes into high-quality affordable housing to rent and convert under-occupied offices into new apartments.
- The Council also welcomed Government's announcement of a similar boost for Ashington. As part of the Budget, over £16.000 million was made available to support the delivery of major new projects to boost the

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town centre, including investing in leisure, culture and community facilities at Wansbeck Square and Portland Park. This will complement the Ashington High Street Innovation Programme which is already in delivery following a £2.333 million investment from the North of Tyne Combined Authority and the Council.

- The multi-million pound Borderlands programme of investment in rural growth and regeneration across the England-Scotland Border is making good progress. In a significant milestone for the Borderlands Growth Deal, the Ad Gefrin Distillery in Wooler opened to the public in March. Attracting thousands of visitors and providing good-quality local jobs, Ad Gefrin will bring a boost to the local economy. In addition, the Northumberland Stewardship and Rural Growth Investment Programme was established with £9.000 million secured from the North of Tyne Combined Authority. It will be used to provide help across Northumberland including targeting the most difficult to reach parts of the county.

Strategic Performance - Living, Learning

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

- Significant capital investment has been made to provide new and improved leisure facilities across the county. The new £21.000 million Sport and Leisure Centre in Morpeth is now complete and opened to the public on 3 April 2023. The services provided in the new building include adult learning, library and customer services. The new building will be officially named at a later date. The new £23.147 million Berwick Leisure Centre is now open to the public and the car park and external landscaping to the front of the building are due for completion in summer 2023. The £5.950 million refurbishment of Blyth Sports Centre is now complete as is the £1.915 million upgrade of Newbiggin Sports and Community Centre, renamed as Newbiggin Sports and Community Hub which reopened to the public in September 2022.

- Northumberland Communities Together (NCT) continues to provide support for low-income families and vulnerable households who are struggling with cost-of-living pressures, especially energy costs, food and water. NCT has distributed £4.961 million of government funding.
- NCT has continued to provide support to eligible households in receipt of free school meals to cover the school holiday periods. An award of £270 per child has been granted, totalling £4.489 million of financial support.
- NCT has provided over 20,000+ holiday activity and enrichment placements for eligible children and families as part of the Department for Education (DfE) Holiday Activity and Food programme totalling £1.128 million. The places were available on camps taking place across the county and were delivered by various partners including youth organisations, community groups, schools, and local businesses.
- NCT has received 11,344 referrals over the past twelve months from vulnerable residents seeking welfare support and assistance.
- NCT continues to support voluntary, community and social enterprise (VCSE) sector organisations to build capacity, support vulnerable residents and enhance local service delivery. 216 community grants have been awarded to local community groups and organisations totalling £1.326 million.
- In support of the Council's asset-based community development approach, NCT has supported the development of an online directory called 'Northumberland Frontline' to connect residents and services together. The Frontline platform provides the ability to map services easily and generate data on partnership working, search behaviour and identify gaps in services and/or resources. In the past 12 months over 6,761 referrals have been made connecting vulnerable residents with 198 registered community organisations and other partners.
- NCT has worked with over 190 local community organisations to establish a network of 'Warm Welcome Spaces' across Northumberland, to provide a safe and supportive environment for vulnerable residents

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who may be struggling due to the ongoing cost of living crisis and require a supportive environment to keep warm, receive a warm drink or meal or receive advice and support.

- NCT is committed to providing teaching and learning placements to adults and young people who may not have had access to opportunities previously. Working in partnership with Northumberland Skills, Schools, Adult Care providers and Voluntary and Community Sector (VCS) organisations NCT is creating opportunities for vulnerable people within our communities. Over the past twelve months NCT has supported twelve adults and young people to gain an experience working within a real catering and hospitality environment. The placements have helped learners to develop confidence, self-esteem alongside relevant industry skills and competence. The learning and placement framework developed has already helped provide a pathway for two of the young people into apprenticeships and employment and provided positive development and outcomes for all learners involved.
- During 2022-23 Library Service membership has increased by 21.2% from 53,231 to 64,496. Installation of library self-service kiosks is now complete in Alnwick, Amble, Ashington, Bedlington, Bedlington Station, Berwick, Blyth, Cramlington, Haltwhistle, Hexham, Morpeth, Newbiggin, Ponteland and Prudhoe. There is confidence that an enhanced range of self-service options will be launched during 2023.
- The Council's school investment and improvement programme is gaining pace, with many projects completed or nearing completion. 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, £40.077 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 twenty first century curriculum.
- The Council 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 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 littering / toilet cleaning and parking enforcement activity, additional overflow parking provision and new restrictions at pinch point areas.
- Northumberland Libraries continued their service recovery plan to restore opening hours and customer confidence in using library facilities and resources. This work has resulted in a 21.6% increase in issues from the last full year of operation 2019-20 to this. There is continuing demand for a digital library offer (eBooks and eAudio) following the rapid increase in usage during lockdown. There were 20,508 issues of these formats in April 2022 and there has been an increase each month to a new high of 26,936 in March 2023.
- The number of Pressreader sessions (digital newspapers and magazines) increased by 25.8% during the year. The service has supported economic recovery by helping individuals to seek employment or improve their skills and through the Business and Intellectual Property Centres have answered 325 enquiries from business owners or would-be entrepreneurs.
- A particular focus has been working with groups identified as being disadvantaged by the pandemic: children and families, the digitally excluded, the socially isolated.
- The Council has increased its digital inclusion work with family coding sessions, techy tea parties and the continuation of a telephone IT Helpline. This has been possible because of temporary additional staffing resource but the Council is seeking to maintain this impetus through increasing its volunteer force of digital champions.

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- The Council has encouraged inclusion through a programme of events and activities, such as its support of the Illuminated Sheep art trail; the designation of libraries as part of the Warm Spaces initiative and the (re)establishment of regular activities, such as Author Afternoons, now delivered as a hybrid model to maximise the opportunity for countywide participation.
- The reinvigoration of our Bookstart programme through the Family Hubs and Libraries is focusing on the families who have missed out on an early experience of libraries with their preschool children.
- In addition to projects to relocate administrative operations, stock the new library in the Newbiggin Community Hub and facilitate the replacement of flooring at Lynemouth, the library in Morpeth was relocated to its new premises in the leisure centre development. Early visitors included a significant number of lapsed customers who had not used the temporary premises. Each month during 2022-23, the service has registered on average 970 new members.
- The Council has overseen the transition of Northumberland's visitor economy from post-Covid recovery to a phase of growth and development. It has undertaken a review of the county's tourism sector to establish Visit Northumberland as a nationally accredited Local Visitor Economy Partnership and founding member of the North East Destination Development Partnership, a pilot scheme for collaborative tourism delivery initiated by the Department of Culture, Media and Sport following a government review to improve efficiency within national tourism structures; launched the Northumberland Destination Management Plan, a blueprint for the sustainable development of the destination to maximise the benefit tourism can bring to residents and communities involved in the delivery and management of visitors; provided employment opportunities for almost 12,000 residents; secured the support of hundreds of visitor economy business stakeholders and provided business, skills and product development opportunities; delivered placemaking initiatives that have generated a potential visitor spend return on investment of £478 for every £1 spent promoting the

County; attracted over a million visitors to visitnorthumberland.com and influenced over 10 million monthly readers with positive media coverage.

Strategic Performance - Enjoying, Connecting

The Council will maintain, protect and enhance the environment, prioritising its 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 Local Transport Plan capital programme has seen investment of over £19.441 million in road and bridge maintenance. A further £2.225 million of Council capital was allocated for investment in maintenance of minor roads and footways.
- The programme to refurbish eight of the Council's larger steel road bridges has been substantially completed, utilising the funding won through the DfT Highway Maintenance Challenge Fund.
- The complex project to take down, refurbish and re-erect the historic Union Chain Bridge has been completed and the bridge re-opened on 17 April 2023.
- New car parks have been opened at Alemouth Road in Hexham, Goosehill in Morpeth and Turner Street in Amble.
- Further investment has been undertaken to deliver additional public Electric Vehicle Charging Points, with the emphasis being on street charge points in areas where households do not have off street parking utilising Office for Zero Emission Vehicles (OZEV) funding.
- Road safety remains important and highway improvements have continued to be implemented 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. The programme of implementing 20mph limits at schools across the county is now nearing completion.

6. Treasury Management Activities

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

	31 March 2023	
	Principal £m	Average Rate %
Public Works Loans Board	449.745	2.7
Local Authority Loans	50.000	1.0
Other Market Loans	245.633	4.0
Total Debt	745.378	3.0
Total Investments	114.450	2.1

During the year the Council repaid £51.552 million of maturing borrowing and took out new borrowing of £40.000 million in line with authorised limits. This resulted in a net decrease in total borrowing of £11.552 million, from £756.930 million at the start of year to £745.378 million at 31 March 2023.

Overall external investments (excluding cash and accrued interest) decreased during the year by £73.650 million from £188.100 million to £114.450 million, and the Council maintained an average balance of £170.634 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 twelve 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.

7. Pension Deficit

At 31 March 2023 the County Council's net liability for future pension costs was £248.139 million. Seventeen percent 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 2022-23 was set on the basis of the actuarial valuation of the Fund as at 31 March 2019. This set the rate payable for the three years ending 31 March 2023 with an aim to fully fund the liabilities within approximately 10 years.

8. 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 22 January 2018, Advance Northumberland Limited was incorporated at Companies House. Advance Northumberland and its subsidiary companies started trading within 2018-19.

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. Northumberland Enterprise Holdings Limited is currently inactive, and the process has commenced to dissolve the company.

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The Group results show a deficit on the provision of services after taxation of £26.781 million (£14.860 million deficit in 2021-22), incorporating a net surplus for the Advance Northumberland Group after group consolidation adjustments of £21.091 million (£34.596 million surplus in 2021-22), and a net deficit for Northumberland Enterprise Holdings Group of £0.021 million (£0.091 million deficit in 2021-22). Within the Advance Northumberland Group balance there is an unrealised net gain of £10.145 million on Investment Properties (£19.301 million unrealised net gain in 2021-22) as a result of net upward revaluations. Prior to consolidation adjustments the Advance Northumberland Group showed a surplus of £7.268 million (£19.818 million surplus in 2021-22 restated), and the Northumberland Enterprise Holdings Group showed a deficit of £0.021 million (£0.149 million deficit in 2021-22).

The Group balance sheet shows the value of assets and liabilities recognised by the Group at 31 March 2023 and the level of reserves, split into usable and unusable.

31 March 2022		31 March 2023
£m		£m
1,870.374	Long Term Assets	1,922.421
104.979	Net Current Assets	79.143
(1,554.740)	Long Term Liabilities and Provisions	(1,027.538)
420.613	Net Assets	974.026
	Represented by:	
362.745	Usable Reserves - Council	342.678
47.353	Unusable Reserves - Council	612.759
10.515	Unusable Reserves - Subsidiaries	18.589
420.613	Total Reserves	974.026

At 31 March 2023 the Advance Northumberland Group owed the Council £285.391 million (£281.613 million 2021-22) primarily in respect of principal and interest due on a commercial loan facility; whilst, the Council owed the Advance Northumberland Group £1.191 million (£1.893 million in 2021-22) primarily for capital grant claims for Northumberland Energy Park Phase 1 and Bedlington Town Centre.

At 31 March 2023 the Northumberland Enterprise Holdings Group neither owed nor were due any funds from the Council (nil for 2021-22).

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9. 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 2022-23 include those relating to the following areas:

- Financial Assumptions;
- Engagement of Communities;
- 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;
- Exceptional Governance Matters;
- Advance Northumberland;
- Cyber Security;
- Ukraine Crisis;
- Inequalities.

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10. 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 2023 and has been produced in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2022-23, 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 million 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.

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Independent Auditor's Report

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

To be inserted

Written Statements and Narrative Report

Statement of Responsibilities

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 Council 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 2023 and their income and expenditure for the year ended 31 March 2023.



Jan Willis

Executive Director of Transformation and Resources (Section 151 Officer)

Date 31 May 2023

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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 2021-22				2022-23			
Gross Expenditure	Gross Income	Net Expenditure		Note	Gross Expenditure	Gross Income	Net Expenditure
£m	£m	£m			£m	£m	£m
225.664	(117.883)	107.781	Adult Social Care & Commissioning		237.035	(115.922)	121.113
34.378	(5.376)	29.002	Chief Executive		37.931	(4.157)	33.774
307.641	(200.649)	106.992	Children's Services		283.419	(201.231)	82.188
27.838	(9.926)	17.912	Communities & Business Development		41.277	(11.433)	29.844
5.403	(0.021)	5.382	Corporate Expenditure & Income		5.085	(0.988)	4.097
127.904	(71.517)	56.387	Finance		130.721	(61.638)	69.083
30.645	(54.766)	(24.121)	Local Authority Housing (HRA)		33.584	(35.782)	(2.198)
118.264	(37.992)	80.272	Planning & Local Services		132.551	(43.272)	89.279
33.056	(25.014)	8.042	Public Health & Community Services		32.202	(29.006)	3.196
14.030	(9.468)	4.562	Regeneration		15.161	(11.220)	3.941
924.823	(532.612)	392.211	Cost of Services		948.966	(514.649)	434.317
51.923	(27.095)	24.828	Other Operating Income and Expenditure	3	32.389	(13.829)	18.560
50.783	(21.826)	28.957	Financing and Investment Income and Expenditure	4	49.749	(24.195)	25.554
-	(408.181)	(408.181)	Taxation and Non-Specific Grant Income	5	-	(441.496)	(441.496)
1,027.529	(989.714)	37.815	Deficit/(Surplus) on Provision of Services		1,031.104	(994.169)	36.935
		(73.184)	(Gains)/Losses on Revaluation of Non Current Assets	14,16			(18.522)
		(3.761)	Deficit/(Surplus) from investments in equity instruments designated at fair value through other comprehensive income	29			-
		(201.485)	Actuarial (Gains)/Losses on remeasurement of the net defined benefit liability	31			(561.672)
		(278.430)	Other Comprehensive Income and Expenditure				(580.194)
		(240.615)	Total Comprehensive Income and Expenditure				(543.259)

The 2021-22 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 Deficit or (Surplus) on the Provision of Services. The impact of this is illustrated in Note 45 Restatements and Prior Period and Prior Period Adjustments.

Core Financial Statements

Movement in Reserves Statement

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.

2021-22	General Fund Balance £m	Earmarked General Fund Reserves £m	Housing Revenue Account £m	Earmarked HRA Reserves £m	Capital Receipts Reserve £m	Capital Grants Unapplied £m	Major Repairs Reserve £m	Total Usable Reserves £m	Unusable Reserves £m	Total £m
Balance brought forward 1 April 2021	(70.469)	(174.430)	(28.890)	(3.108)	(4.025)	(56.534)	(8.607)	(346.063)	208.492	(137.571)
Movement in Reserves during 2021-22:										
Deficit/(Surplus) on the provision of services	58.138	-	(20.323)	-	-	-	-	37.815	-	37.815
Other Comprehensive Income & Expenditure	-	-	-	-	-	-	-	-	(278.430)	(278.430)
Total Comprehensive Income & Expenditure	58.138	-	(20.323)	-	-	-	-	37.815	(278.430)	(240.615)
Adjustments between accounting basis & funding basis under regulations (Note 12)	(66.466)	-	20.271	-	(0.926)	(4.772)	(1.606)	(53.499)	53.499	-
Net (Increase)/Decrease before Transfers to Earmarked Reserves	(8.328)	-	(0.052)	-	(0.926)	(4.772)	(1.606)	(15.684)	(224.931)	(240.615)
Transfers (to)/from Earmarked Reserves (Note 13)	8.718	(8.718)	(0.931)	0.931	-	-	-	-	-	-
(Increase)/Decrease in 2021-22	0.390	(8.718)	(0.983)	0.931	(0.926)	(4.772)	(1.606)	(15.684)	(224.931)	(240.615)
Balance at 31 March 2022 carried forward	(70.079)	(183.148)	(29.873)	(2.177)	(4.951)	(61.306)	(10.213)	(361.747)	(16.439)	(378.186)

2022-23	General Fund Balance £m	Earmarked General Fund Reserves £m	Housing Revenue Account £m	Earmarked HRA Reserves £m	Capital Receipts Reserve £m	Capital Grants Unapplied £m	Major Repairs Reserve £m	Total Usable Reserves £m	Unusable Reserves £m	Total £m
Balance brought forward 1 April 2022	(70.079)	(183.148)	(29.873)	(2.177)	(4.951)	(61.306)	(10.213)	(361.747)	(16.439)	(378.186)
Movement in Reserves during 2022-23:										
Deficit/(Surplus) on the provision of services	35.135	-	1.800	-	-	-	-	36.935	-	36.935
Other Comprehensive Income & Expenditure	-	-	-	-	-	-	-	-	(580.194)	(580.194)
Total Comprehensive Income & Expenditure	35.135	-	1.800	-	-	-	-	36.935	(580.194)	(543.259)
Adjustments between accounting basis & funding basis under regulations (Note 12)	(11.038)	-	(0.637)	-	(3.379)	(2.172)	0.358	(16.868)	16.868	-
Net (Increase)/Decrease before Transfers to Earmarked Reserves	24.097	-	1.163	-	(3.379)	(2.172)	0.358	20.067	(563.326)	(543.259)
Transfers (to)/from Earmarked Reserves (Note 13)	(4.973)	4.973	(0.437)	0.437	-	-	-	-	-	-
(Increase)/Decrease in 2022-23	19.124	4.973	0.726	0.437	(3.379)	(2.172)	0.358	20.067	(563.326)	(543.259)
Balance at 31 March 2023 carried forward	(50.955)	(178.175)	(29.147)	(1.740)	(8.330)	(63.478)	(9.855)	(341.680)	(579.765)	(921.445)

Core Financial Statements

Balance Sheet

The Balance Sheet shows the value as at 31 March 2023 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 2022		Note	31 March 2023	31 March 2022		Note	31 March 2023
£m			£m	£m			£m
1,431.137	Property, Plant and Equipment	14	1,470.289	(11.988)	Bank Overdraft	23	(13.907)
7.951	Heritage Assets	16	7.951	(56.978)	Short Term Borrowing	19	(57.018)
2.268	Investment Property	15	2.265	(136.096)	Short Term Creditors	19,26	(82.297)
1.237	Long Term Intangible Assets	18	0.888	(2.181)	Short Term Provisions	28	(6.618)
0.295	Assets Held for Sale - non current	24	0.295	(2.146)	Revenue Grants Receipts in Advance	11	(1.902)
18.128	Long Term Investments	19	18.977	(12.272)	Capital Grants Receipts in Advance	11	(15.535)
397.692	Long Term Debtors	19,22	395.646	(221.661)	Current Liabilities		(177.277)
1,858.708	Long Term Assets		1,896.311	(67.318)	Long Term Creditors - PFI	19,25	(64.392)
90.122	Short Term Investments	19	35.066	(7.475)	Long Term Provisions	28	(0.126)
3.793	Assets Held for Sale - current	24	3.619	(705.378)	Long Term Borrowing	19,20	(693.826)
2.255	Inventories		2.407	(757.497)	Net Defined Pension Liability	29	(248.139)
86.213	Short Term Debtors	19,22	90.168	(2.452)	Capital Grants Receipts in Advance	11	(3.039)
98.876	Cash and Cash Equivalents	23	80.673	(1,540.120)	Long Term Liabilities		(1,009.522)
281.259	Current Assets		211.933	378.186	Net Assets		921.445
				361.747	Usable Reserves		341.680
				16.439	Unusable Reserves	29	579.765
				378.186	Total Reserves		921.445

Core Financial Statements

Cash Flow Statement

The Cash Flow Statement shows the changes in cash and cash equivalents of the Council during the year to 31 March 2023 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.

2021-22 £m		Note	2022-23 £m
(37.815)	Net surplus/(deficit) on the provision of services		(36.935)
149.658	Adjustments to net surplus or deficit on the provision of services for non-cash movements	32	70.568
(76.105)	Adjustments for items included in the net surplus or deficit on the provision of services that are investing and financing activities	32	(86.969)
35.738	Net cash flows from Operating Activities		(53.336)
29.415	Investing Activities	33	37.758
(47.909)	Financing Activities	34	(4.544)
17.244	Net increase in cash and cash equivalents		(20.122)
69.644	Cash and cash equivalents at the beginning of the reporting period		86.888
86.888	Cash and cash equivalents at the end of the reporting period		66.766

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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
1	Expenditure and Funding Analysis	24	Assets Held for Sale
2	Expenditure and Income Analysed by Nature	25	Private Finance Initiatives (PFI) 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
10	Dedicated Schools Grant	32	Cash Flows from Operating Activities
11	Grant Income	33	Cash Flows from Investing Activities
	Notes Supporting the Movement in Reserves Statement	34	Cash Flows from Financing Activities
12	Adjustments Between Accounting Basis and Funding Basis under Regulations		Other Notes
13	Transfers to/from Earmarked Reserves	35	Related Parties
	Notes Supporting the Balance Sheet	36	Trust and Other Third Party Funds
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
19	Financial Instruments	42	Critical Judgements in Applying Accounting Policies
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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).

2021-22				2022-23		
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
£m	£m	£m		£m	£m	£m
98.876	8.905	107.781	Adult Social Care & Commissioning	112.828	8.285	121.113
26.888	2.114	29.002	Chief Executive	29.072	4.702	33.774
49.510	57.482	106.992	Children's Services	62.481	19.707	82.188
9.722	8.190	17.912	Communities & Business Development	14.733	15.111	29.844
(27.027)	32.409	5.382	Corporate Expenditure and Income	(9.359)	13.456	4.097
24.755	31.632	56.387	Finance	24.667	44.416	69.083
(3.850)	(20.271)	(24.121)	Local Authority Housing (HRA)	(2.835)	0.637	(2.198)
43.761	36.511	80.272	Planning & Local Services	45.387	43.892	89.279
7.059	0.983	8.042	Public Health & Community Services	1.200	1.996	3.196
4.099	0.463	4.562	Regeneration	3.346	0.595	3.941
233.793	158.418	392.211	Net Cost of services	281.520	152.797	434.317
(242.173)	(112.223)	(354.396)	Other Income and Expenditure	(256.260)	(141.122)	(397.382)
(8.380)	46.195	37.815	Deficit/(Surplus) on General Fund and HRA	25.260	11.675	36.935
(276.897)			Opening General Fund and HRA Balance at 31 March 2022	(285.277)		
(8.380)			Add: Surplus on General Fund and HRA Balance in Year	25.260		
(285.277)			Closing General Fund and HRA Balance at 31 March 2023	(260.017)		

Notes to the Accounts

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;
- 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; and,
- Adjustments from the General Fund to arrive at the amounts disclosed within the Comprehensive Income and Expenditure Statement:

Notes to the Accounts

2021-22					2022-23				
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	
£m	£m	£m	£m		£m	£m	£m	£m	£m
3.076	5.640	0.189	8.905	Adult Social Care & Commissioning	3.880	4.374	0.031	8.285	
0.148	1.939	0.027	2.114	Chief Executive	2.288	2.454	(0.040)	4.702	
49.433	7.273	0.776	57.482	Children's Services	9.295	9.620	0.792	19.707	
6.400	1.770	0.020	8.190	Communities & Business Development	12.824	2.284	0.003	15.111	
33.671	(1.262)	-	32.409	Corporate Expenditure & Income	14.665	(1.209)	-	13.456	
25.376	6.242	0.014	31.632	Finance	43.595	0.847	(0.026)	44.416	
(23.120)	2.826	0.023	(20.271)	Local Authority Housing (HRA)	(2.753)	3.395	(0.005)	0.637	
29.161	7.291	0.059	36.511	Planning & Local Services	35.128	8.791	(0.027)	43.892	
(0.534)	1.497	0.020	0.983	Public Health & Community Services	-	1.999	(0.003)	1.996	
(0.057)	0.517	0.003	0.463	Regeneration	(0.102)	0.696	0.001	0.595	
123.554	33.733	1.131	158.418	Net Cost of services	118.820	33.251	0.726	152.797	
(117.080)	17.930	(13.073)	(112.223)	Other Income and Expenditure	(147.339)	19.063	(12.846)	(141.122)	
6.474	51.663	(11.942)	46.195	(Surplus) or Deficit	(28.519)	52.314	(12.120)	11.675	

2. Expenditure and Income Analysed by Nature

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

	2022-23	Adult Social Care & Commissioning	Chief Executive	Children's Services	Communities & Business Development	Corporate Expenditure and Income	Finance	Local Authority Housing (HRA)	Planning & Local Services	Public Health & Community Services	Regeneration
	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m
Expenditure:											
Depreciation, Amortisation, Impairment	57.429	0.390	1.785	6.627	5.712	-	2.529	10.267	30.119	-	-
Employee Benefits Expenses	372.714	41.564	24.140	170.059	13.403	21.648	21.836	12.167	50.989	12.531	4.377
(Gain) or Loss on the Disposal of Assets	1.215	-	-	-	-	1.231	-	-	(0.016)	-	-
Interest Payments	29.850	0.009	-	0.005	-	25.622	-	4.214	-	-	-
Other Services Expenditure	560.232	195.220	12.638	94.583	22.050	4.433	113.886	12.118	76.138	18.009	11.157
Payments to Housing Capital Receipts Pool	-	-	-	-	-	-	-	-	-	-	-
Precepts and Levies	17.345	-	-	-	-	17.345	-	-	-	-	-
Support Services Recharges	(21.515)	(0.140)	(0.632)	12.150	0.111	(1.119)	(7.530)	(0.972)	(24.672)	1.662	(0.373)
Total Expenditure	1,017.270	237.043	37.931	283.424	41.276	69.160	130.721	37.794	132.558	32.202	15.161
Income:											
Fees Charges and Other Services Income	(181.641)	(82.734)	(1.262)	(13.275)	(3.888)	(0.056)	(6.220)	(35.624)	(35.965)	(2.664)	0.047
Government Grants	(512.758)	(33.189)	(2.895)	(187.956)	(7.545)	(179.999)	(55.418)	(0.256)	(7.863)	(26.370)	(11.267)
Income from Council Tax and Non-domestic Rates	(261.786)	-	-	-	-	(261.786)	-	-	-	-	-
Interest and Investment Income	(24.150)	-	-	-	-	(23.217)	-	(0.927)	(0.006)	-	-
Total Income	(980.335)	(115.923)	(4.157)	(201.231)	(11.433)	(465.058)	(61.638)	(36.807)	(43.834)	(29.034)	(11.220)
Deficit on the Provision of Services	36.935	121.120	33.774	82.193	29.843	(395.898)	69.083	0.987	88.724	3.168	3.941

Notes to the Accounts

	2021-22	Adult Social Care & Commissioning	Chief Executive	Children's Services	Communities & Business Development	Corporate Expenditure and Income	Finance	Local Authority Housing (HRA)	Planning & Local Services	Public Health & Community Services	Regeneration
	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m
Expenditure:											
Depreciation, Amortisation, Impairment	53.549	0.714	1.465	6.115	5.307	-	2.378	9.686	27.884	-	-
Employee Benefits Expenses	346.757	39.471	22.542	155.597	10.927	20.333	26.370	11.155	46.527	10.185	3.650
(Gain) or Loss on the Disposal of Assets	6.247	-	-	-	-	6.248	(0.001)	-	-	-	-
Interest Payments	32.079	0.004	-	0.003	-	28.484	-	3.588	-	-	-
Other Services Expenditure	562.588	185.858	10.843	137.738	12.834	5.478	105.163	9.585	66.984	17.501	10.604
Payments to Housing Capital Receipts Pool	1.511	-	-	-	-	1.511	-	-	-	-	-
Precepts and Levies	16.437	-	-	-	-	16.437	-	-	-	-	-
Support Services Recharges	(18.734)	(0.376)	(0.473)	8.190	(1.231)	(1.095)	(6.007)	0.219	(23.107)	5.370	(0.224)
Total Expenditure	1,000.434	225.671	34.377	307.643	27.837	77.396	127.903	34.233	118.288	33.056	14.030
Income:											
Fees Charges and Other Services Income	(199.557)	(78.250)	(1.373)	(21.416)	(3.505)	(0.001)	(5.885)	(54.667)	(30.976)	(3.377)	(0.107)
Government Grants	(499.243)	(39.633)	(4.003)	(179.233)	(6.422)	(164.963)	(65.632)	(0.633)	(7.697)	(21.665)	(9.362)
Income from Council Tax and Non-domestic Rates	(242.230)	-	-	-	-	(242.230)	-	-	-	-	-
Interest and Investment Income	(21.589)	-	-	-	-	(21.576)	-	(0.007)	(0.006)	-	-
Total Income	(962.619)	(117.883)	(5.376)	(200.649)	(9.927)	(428.770)	(71.517)	(55.307)	(38.679)	(25.042)	(9.469)
Deficit on the Provision of Services	37.815	107.788	29.001	106.994	17.910	(351.374)	56.386	(21.074)	79.609	8.014	4.561

3. Other Operating Income and Expenditure

2021-22		2022-23
£m		£m
16.438	Parish and other precepts	17.345
1.511	Payments to the Government Housing Capital Receipts Pool	-
0.632	(Upward)/Downward Valuation of Assets Held for Sale	-
6.247	(Gains)/Losses on the disposal of non-current assets*	1.215
24.828	Total net operating expenditure	18.560

* Includes losses of £15.044 million and gains of £13.829 million

4. Financing and Investment Income and Expenditure

2021-22		2022-23
£m		£m
32.079	Interest payable and similar charges	29.849
18.681	Net interest on the net defined benefit liability (asset)	19.877
(21.589)	Interest receivable and similar income	(24.151)
(0.214)	Income and expenditure in relation to investment properties and changes in fair value	(0.021)
28.957	Total Financing and Investment Income and Expenditure	25.554

5. Taxation and Non-Specific Grant Income

2021-22		2022-23
£m		£m
(207.521)	Council tax income	(218.678)
(34.710)	Non domestic rates income	(43.108)
(99.227)	Non-ring fenced government grants*	(99.258)
(66.723)	Capital grants and contributions*	(80.452)
(408.181)	Total Taxation and Non Specific Grant Income	(441.496)

* Further analysis is shown within Note 11

6. Better Care Fund

National policy requires local authorities and integrated care boards (ICB's) 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 2022-23, submitted to NHS England in September 2022, set out in detail how the funds, which the Council and North East and North Cumbria ICB were required to include in the pooled fund, would be allocated to specific purposes. The ICB was required under national rules to transfer a total of £17.587 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.

Later in the year, a further national fund was announced to support timely and safe discharge from hospital into the community. A grant circular was published setting out the conditions of the grant under Section 31(4) of the Local Government Act 2003. It was determined that this funding should be pooled into the local BCF with plans for health and social care spend to be agreed by the local authorities and Integrated Care Board. Northumberland was allocated £1.268 million and received a further £1.332 million from the ICB. Fortnightly activity reports were then submitted, detailing delivery of activities, followed by a final spending report provided to the Department of Health and Social Care.

2021-22		2022-23
£m		£m
	Funding Provided to the pooled budget:	
(15.457)	Northumberland County Council	(17.093)
(26.708)	North East and North Cumbria ICB	(29.551)
(42.165)		(46.644)
	Expenditure met from the pooled budget:	
32.103	Northumberland County Council	36.837
10.062	North East and North Cumbria ICB	9.807
42.165		46.644
	- Net surplus	-

7. Members' Allowances

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

2021-22		2022-23
£m		£m
1.406	Allowances	1.524
0.022	Expenses	0.035
1.428	Total	1.559

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.

2021-22		2022-23
All Employees	Remuneration Band	All Employees
149	£50,000 to £54,999	202
86	£55,000 to £59,999	101
55	£60,000 to £64,999	65
40	£65,000 to £69,999	66
24	£70,000 to £74,999	33
8	£75,000 to £79,999	14
7	£80,000 to £84,999	7
3	£85,000 to £89,999	7
7	£90,000 to £94,999	5
4	£95,000 to £99,999	8
2	£100,000 to £104,999	2
1	£105,000 to £109,999	-
2	£110,000 to £114,999	-
-	£115,000 to £119,999	3
2	£120,000 to £124,999	1
1	£125,000 to £129,999	2
2	£130,000 to £134,999	-
-	£135,000 to £139,999	1
393	Total	517

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 2021-22 or 2022-23.

2022-23	Note	Salary £	Allowances £	Compensation for loss of office £	Strain on the Fund £	Benefits in kind* £	Total Remuneration £	Pension Contributions £	Total Remuneration inc Pension Contributions £
Senior Officers emoluments – salary is £150,001 or more per year									
Chief Executive - Helen Paterson	1	29,210	8,181	-	-	-	37,391	-	37,391
Interim Chief Executive - Frederick O'Farrell	2	156,322	493	-	-	-	156,815	31,308	188,123
Chief Executive and Head of Paid Service - Daljit Lally	3	60,339	5,699	359,000	-	9,100	434,138	13,868	448,006
Executive Director of Adults and Children's Services and Deputy Chief Executive - Cath McEvoy-Carr	4	18,769	79	-	-	1,170	20,018	3,941	23,959
Executive Director of Finance & Section 151 Officer	5	-	-	-	-	-	-	-	-
Interim Executive Director of Planning and Local Services - Robert Murfin	6	150,820	-	-	-	-	150,820	31,672	182,492
Interim Executive Director for Public Health and Community Services - Elizabeth Morgan	7	124,872	1,026	-	-	-	125,898	26,223	152,121
Executive Director Public Health, Inequalities & Stronger Communities - Gill O'Neill	8	103,713	-	-	-	-	103,713	19,501	123,214
Interim Executive Director of Communities and Business Development - Maureen Taylor	9	145,694	-	13,576	56,712	5,621	221,603	30,596	252,199
Executive Director for Adults, Ageing & Wellbeing - Neil Bradley	10	121,909	248	-	-	15,349	137,506	17,531	155,037
Executive Director for Children, Young People & Education - Audrey Kingham	11	130,691	1,847	-	-	-	132,538	27,445	159,983
Director of Transformation - Allison Joynson	12	74,361	-	72,998	146,424	7,214	300,997	15,866	316,863
Interim Executive Director of Regeneration - Janice Rose	13	90,024	-	-	-	4,825	94,849	19,918	114,767
Senior Officers emoluments – salary is between £50,000 and £150,000 per year									
Service Director Children's Social Care	14	124,586	160	-	-	-	124,746	26,163	150,909
Monitoring Officer and Director of Corporate Governance	15	-	-	-	-	-	-	-	-
Chief Fire Officer		139,366	429	-	-	-	139,795	40,137	179,932
Interim Service Director HR & OD	16	55,103	-	-	-	2,910	58,013	7,840	65,853
Director of Workforce and Organisational Development	17	74,120	23	-	-	4,640	78,783	15,565	94,348
Interim Senior Service Director		115,325	-	-	-	-	115,325	24,218	139,543

Note:

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

Notes to the Accounts

Note	From	To	Post Holder	Information
1	8 February 2023	31 March 2023	Chief Executive	The post holder is the Council's designated Head of Paid Service.
2	1 April 2022	18 April 2022	Interim Executive Director Regeneration/Executive Director Advance Northumberland	
	19 April 2022	31 July 2022	Interim Deputy Chief Executive & Interim Executive Director of Regeneration/Executive Director Advance Northumberland	
	1 August 2022	7 February 2023	Interim Chief Executive	The post holder was the Council's designated Head of Paid Service and left the organisation on 7 February 2023.
3	1 April 2022	31 July 2022	Chief Executive and Head of Paid Service	A report regarding the exit package of the Chief Executive was presented to and agreed at an extraordinary meeting of full Council on 27 July 2022. The report is available at the following link: Extraordinary Meeting of Full Council - 27 July 2022

The exit package components are as follows:

	£ : p
Holiday Pay	15,000.00
Injury	90,000.00
Injury to feelings	75,000.00
Leased Car Termination Fee	4,000.00
Legal Fees	50,000.00
PILON	25,000.00
Write off of debt re: International Allowance **	100,000.00
Total Cost of Exit Package	359,000.00

** The write off has not actually taken place in 2022-23 but does form part of the agreed exit package and has been accrued in 2022-23.

The Council is still awaiting a response from HMRC regarding payment of overpaid tax and national insurance contributions for Mrs Lally in relation to the International Allowance. The figures will be verified by HMRC and if refunded to the Council a further payment may be due to Mrs Lally. If HMRC does not agree to refund the contributions, then a further write-off of debt may be required. Both scenarios will increase the cost of the exit package.

The post holder left the organisation on 31 July 2022.

Notes to the Accounts

Note	From	To	Post Holder	Information												
4	1 April 2022	15 May 2022	Executive Director of Adult Social Care & Children's Services and Deputy Chief Executive	The post holder left the organisation on 15 May 2022.												
5	1 April 2022	31 March 2023	Executive Director of Finance & Section 151 Officer	The role was covered by an interim appointment who was not a Northumberland County Council Employee.												
6	1 April 2022	31 March 2023	Interim Executive Director of Planning & Local Services													
7	1 April 2022	29 January 2023	Interim Executive Director for Public Health & Community Services	The post holder left the organisation on 29 January 2023.												
8	1 April 2022	28 January 2023	Interim Deputy Director of Public Health	The post holder was seconded from and paid by Durham County Council. Salary was recharged 100.0% to Northumberland County Council.												
	29 January 2023	28 February 2023	Interim Executive Director Public Health & Community Services	The post holder was seconded from and paid by Durham County Council. Salary was recharged 100.0% to Northumberland County Council.												
	1 March 2023	31 March 2023	Executive Director Public Health, Stronger Communities & Inequalities (DPH)	Employed by Northumberland County Council from 1 March 2023.												
9	1 April 2022	31 March 2023	Interim Executive Director of Communities & Business Development	<p>The post holder left the organisation on 31 March 2023. A report regarding the exit package was presented to and agreed by Staff and Appointments Committee on 30 January 2023. The report is available at the following link:</p> <p>Recommended Approval of the Voluntary Redundancy of the Interim Executive Director of Communities and Business Development</p> <p>The exit package components are as follows:</p>												
				<table border="1"> <thead> <tr> <th></th> <th>£ : p</th> </tr> </thead> <tbody> <tr> <td>Redundancy</td> <td>13,015.99</td> </tr> <tr> <td>Leased Car Termination Fee</td> <td>559.92</td> </tr> <tr> <td>Exit Package (excluding Strain on the Fund cost)</td> <td>13,575.91</td> </tr> <tr> <td>Strain on the Fund Cost</td> <td>56,712.00</td> </tr> <tr> <td>Total Exit Package Cost</td> <td>70,287.91</td> </tr> </tbody> </table>		£ : p	Redundancy	13,015.99	Leased Car Termination Fee	559.92	Exit Package (excluding Strain on the Fund cost)	13,575.91	Strain on the Fund Cost	56,712.00	Total Exit Package Cost	70,287.91
	£ : p															
Redundancy	13,015.99															
Leased Car Termination Fee	559.92															
Exit Package (excluding Strain on the Fund cost)	13,575.91															
Strain on the Fund Cost	56,712.00															
Total Exit Package Cost	70,287.91															
10	19 April 2022	31 January 2023	Interim Executive Director of Adult Social Services													
	1 February 2023	31 March 2023	Executive Director for Adults, Ageing & Wellbeing													

Notes to the Accounts

Note	From	To	Post Holder	Information																
11	1 April 2022	18 April 2022	Senior Service Director & Director of Education & Skills																	
	19 April 2022	31 January 2023	Service Director Education and Interim Director of Children's Services																	
	1 February 2023	31 March 2023	Executive Director for Children, Young People & Education																	
12	1 April 2022	30 September 2022	Director of Transformation	<p>The post holder left the organisation on 30 September 2022. A report regarding the exit package was presented to and agreed by Staff and Appointments Committee on 20 September 2022 and then subsequently agreed by County Council on 21 September 2022. The reports are available at the following links:</p> <p>Recommended Approval of the Voluntary Redundancy of the Director of Transformation - Update</p> <p>Voluntary Redundancy of the Director of Transformation</p> <p>The exit package components are as follows:</p> <table border="1"> <thead> <tr> <th></th> <th>£ : p</th> </tr> </thead> <tbody> <tr> <td>Redundancy</td> <td>23,065.50</td> </tr> <tr> <td>Holiday Pay</td> <td>12,301.60</td> </tr> <tr> <td>Leased Car Termination Fee</td> <td>726.58</td> </tr> <tr> <td>PILON</td> <td>36,904.20</td> </tr> <tr> <td>Exit Package (excluding Strain on the Fund cost)</td> <td>72,997.88</td> </tr> <tr> <td>Strain on the Fund Cost</td> <td>146,424.00</td> </tr> <tr> <td>Total Exit Package Cost</td> <td>219,421.88</td> </tr> </tbody> </table>		£ : p	Redundancy	23,065.50	Holiday Pay	12,301.60	Leased Car Termination Fee	726.58	PILON	36,904.20	Exit Package (excluding Strain on the Fund cost)	72,997.88	Strain on the Fund Cost	146,424.00	Total Exit Package Cost	219,421.88
	£ : p																			
Redundancy	23,065.50																			
Holiday Pay	12,301.60																			
Leased Car Termination Fee	726.58																			
PILON	36,904.20																			
Exit Package (excluding Strain on the Fund cost)	72,997.88																			
Strain on the Fund Cost	146,424.00																			
Total Exit Package Cost	219,421.88																			
13	1 April 2022	7 February 2023	Interim Director of Regeneration																	
	8 February 2023	31 March 2023	Interim Executive Director - Regeneration																	
14	1 April 2022	18 April 2022	Service Director, Children's Social Care																	
	19 April 2023	31 January 2023	Service Director Children's Social Care and Interim Director of Children's Services																	
	1 February 2023	31 March 2023	Service Director, Children's Social Care																	

Notes to the Accounts

Note	From	To	Post Holder	Information
15	1 April 2022	31 March 2023	Monitoring Officer and Director of Corporate Governance	The role was covered by an interim appointment who was not a Northumberland County Council Employee.
16	1 April 2022	31 October 2022	Interim Service Director HR & OD	Employee seconded from and paid by Northumbria Healthcare NHS Foundation Trust. Salary recharged 100.0% to Northumberland County Council.
17	1 April 2022	31 October 2022	Deputy Head of HR, People and Culture	
	1 November 2022	9 March 2023	Interim Head of Service HR & OD	
	10 March 2023	31 March 2023	Director of Workforce and Organisational Development	

Notes to the Accounts

2021-22 Post Holder Information	Note	Salary £	Allowances £	Compensation for loss of office £	Strain on the Fund £	Benefits in kind* £	Total Remuneration £	Pension Contributions £	Total Remuneration 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
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>

Notes to the Accounts

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 100.0% 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 50.0%.
	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 100.0% 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 100.0% 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 50.0%.
	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.

Notes to the Accounts

Note	From	To	Post Holder	Information
13	01-Apr-21	31-Aug-21	Service Director	
	01-Sep-21	31-Mar-22	Interim Senior Service Director	
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 100.0% to Northumberland County Council. The secondment ended on 30 September 2021.

Notes to the Accounts

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	Number of Compulsory Redundancies	Number of Other Departures Agreed	Number of Other Departures Agreed	Total Number of Exit Packages by cost band	Total Number of Exit Packages by cost band	Total Cost of Exit packages in each band	Total Cost of Exit packages in each band
	2021-22	2022-23	2021-22	2022-23	2021-22	2022-23	2021-22	2022-23
							£	£
£0 - £20,000	2	-	81	35	83	35	608,394	253,928
£20,001 - £40,000	-	-	11	5	11	5	335,982	147,754
£40,001 - £60,000	-	-	3	2	3	2	168,297	94,382
£60,001 - £80,000	1	-	4	1	5	1	347,512	70,288
£80,001 - £100,000	-	-	1	-	1	-	90,472	-
£100,001 - £150,000	-	-	1	-	1	-	140,141	-
£150,001 - £200,000	-	-	1	-	1	-	168,138	-
£200,001 - £250,000	-	-	-	1	-	1	-	219,422
£250,001 - £300,000	-	-	-	-	-	-	-	-
£300,001 - £350,000	-	-	-	-	-	-	-	-
£350,001 - £400,000	-	-	-	1	-	1	-	359,000
Total cost included in Comprehensive Income and Expenditure Statement	3	-	102	45	105	45	1,858,936	1,144,774

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:

2021-22 £m		2022-23 £m
0.170	Fees payable to the appointed auditor with regard to external audit services carried out by the appointed auditor for the year	0.170
0.018	Fees payable to the appointed auditor for assurance work in relation to grant claims and returns for the year	0.019
(0.037)	PSAA distribution of surplus funds	-
0.151	Total	0.189

Note: Fees payable in respect of other services provided by the appointed auditor in 2022-23 are in relation to assurance work in relation to the Housing Benefits Assurance Process, Teacher Pensions and Pooling of Housing Capital Receipts returns.

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 2022. 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 2022-23 are as follows:

Schools' Budget Funded by DSG	Expenditure £m	Schools' Budget £m	Total £m
Final DSG for 2022-23 before academy and high needs recoupment			275.623
Academy and high needs figure recouped for 2022-23			(122.242)
Total DSG after academy and high needs recoupment for 2022-23			153.381
Plus: Brought forward from 2021-22			4.032
Less: Carry forward to 2023-24 agreed in advance			(2.969)
Agreed budgeted distribution in 2022-23	37.292	117.152	154.444
In Year Adjustments *		(0.287)	(0.287)
Final Budget Distribution for 2022-23	37.292	116.865	154.157
Less Actual Central Expenditure	(36.134)		(36.134)
Less Actual ISB deployed to Schools		(116.491)	(116.491)
In year carry forward to 2023-24	1.158	0.374	1.532
Plus: carry forward to 2023-24 agreed in advance			2.969
Carried forward to 2023-24			4.501

*Note: The in year adjustment of £0.287 million relates to the following:

- £0.294 million additional grant received to meet the actual NNDR costs for schools;
- £0.356 million clawback of the 2021-22 Early Years block funding in July 2022;
- £0.225 million estimated clawback of the Early Years block funding for 2022-23, due to be confirmed in July 2023.

11. Grant Income

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

2021-22 £m		2022-23 £m
	Revenue Grants Credited to Taxation and Non Specific Grant Income:	
-	All Services Grant	4.751
18.352	Business Rates Section 31 Grants	21.738
8.510	Covid-19 Grant	-
4.580	Covid-19 Hardship Fund	-
12.128	Improved Better Care Fund	12.496
-	Market Sustainability and Fair Cost of Care Grant	1.027
4.331	New Homes Bonus Grant	4.011
1.023	Other	1.120
27.535	Retained Business Rates Top up Grant	27.535
10.508	Revenue Support Grant	10.837
2.456	Rural Services Delivery Grant	2.456
0.270	Sales, Fees and Charges Compensation	-
9.534	Social Care Support Grant	13.287
99.227	Total Revenue Grants Credited to Taxation and Non Specific Grant Income	99.258

2021-22 £m		2022-23 £m
	Grants Credited to Services:	
	Revenue:	
-	Better Care Fund - Additional Discharge Fund	2.600
56.594	Council Tax / Housing Benefit Subsidy Grants	54.294
6.361	Covid-19 Additional Restrictions Support Grant	-
4.321	Covid-19 Adult Social Care Infection Control Fund	-
2.196	Covid-19 Contain Outbreak Management Fund	-
147.026	Dedicated Schools Grant (DSG)	150.251
3.571	Education and Skills Funding Agency (ESFA)	3.580
13.674	Grants in Support of Individual School Budgets	16.305
-	Homes for Ukraine Education and Childcare Grant	1.082
-	Homes for Ukraine Funding	6.006
2.802	Household Support Fund	-
6.127	North East Combined Authority Grant	2.882
20.908	Other Grants	26.959
16.891	Public Health Grant	17.366
2.585	Rapid Testing Grant	-
3.312	Social Care Workforce Capacity Grant	-
4.760	The Private Finance Initiative (PFI)	4.760
291.128	Total Revenue Grants	286.085
	Donations and Contributions:	
7.435	Contribution from Other Local Authorities	12.377
18.352	Health Service	18.738
5.731	Other Donations and Contributions	4.572
10.647	S117 Health Contribution	11.276
42.165	Total Donations and Contributions	46.963
333.293	Total Credited to Services	333.048

Notes to the Accounts

2021-22 £m		2022-23 £m
	Capital:	
1.055	Department for Business, Energy and Industrial Strategy - Green Homes Grant	0.590
1.594	Department for Business, Energy and Industrial Strategy - Public Sector Decarbonisation Scheme	-
3.948	Department for Culture, Media and Sport - Local Full Fibre Network	-
7.802	Department for Education - Capital Maintenance	5.852
-	Department for Education - Kylee House Refurbishment	1.079
3.346	Department for Education - Priority Schools Building Programme	-
-	Department for Education - Special Educational Needs Capacity (SEN)	2.666
-	Department for Levelling Up, Housing and Communities - Blyth Town Deal	2.566
-	Department for Levelling Up, Housing and Communities - Borderlands Ad Gefrin	1.000
-	Department for Levelling Up, Housing and Communities - Borderlands Carlisle University	4.310
-	Department for Levelling Up, Housing and Communities - Business Growth Fund	1.052
3.329	Department for Levelling Up, Housing and Communities - Disabled Facilities Grant	2.455
23.800	Department for Transport - Local Transport Plan	21.060
12.657	Department for Transport - Northumberland Line	27.931
1.555	Heritage Lottery Fund - Union Chain Bridge	-
1.646	North East Combined Authority (NECA) - Integrated Transport	1.646
4.863	Other	8.195
1.128	Scottish Borders Council - Union Chain Bridge	0.050
66.723	Total Capital	80.452

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:

Northumberland County Council 2022-23 Statement of Accounts

2021-22 £m		2022-23 £m
	Short Term Capital Grant Receipts in Advance:	
1.868	Department for Business, Energy & Industrial Strategy - Green Homes Grant	0.192
3.510	Department for Business, Energy & Industrial Strategy - HUG 1 Sustainable Warmth	3.458
1.900	Department for Business, Energy & Industrial Strategy - LAD 3 Sustainable Warmth	1.815
1.419	Department for Business, Energy & Industrial Strategy - Public Sector Decarbonisation Scheme	0.366
1.194	Department for Business, Energy & Industrial Strategy - Social Housing Decarbonisation Fund	1.158
0.550	Department for Education - Devolved Formula Capital (DFC)	0.687
-	Department for Education - Energy Efficiency Devolved Formula Capital (EE DFC)	1.275
0.786	Department for Levelling Up, Housing and Communities - Future High Streets Fund - Blyth	4.752
1.045	Department for Levelling Up, Housing and Communities - Towns Fund - Energising Blyth Northern Gateway Phase 1	1.045
-	Gladman Developments LTD - Corbridge Middle School 3G Pitch	0.451
-	Homes and Communities Agency - Acquisitions	0.336
12.272	Total Short Term Capital Grant Receipts in Advance	15.535
	Long Term Capital Grant Receipts in Advance:	
-	Department for Business, Energy & Industrial Strategy - Public Sector Decarbonisation Scheme	1.053
1.100	Department for Education - Devolved Formula Capital (DFC)	0.687
0.451	Gladman Developments LTD - Corbridge Middle School 3G Pitch	-
0.901	Other	1.299
2.452	Total Long Term Capital Grant Receipts in Advance	3.039
	Revenue Grant Receipts in Advance:	
0.927	Department for Business Energy and Industrial Strategy	1.183
-	Department for Energy Security and Net Zero	0.340

Notes to the Accounts

2021-22		2022-23
£m		£m
0.029	Department for Culture, Media and Sport	-
0.029	Department for Education	-
0.011	Department for Environment, Food and Rural Affairs	-
0.647	Department for Levelling Up, Housing and Communities	0.283
0.120	Education and Skills Funding Agency	-
0.043	European Regional Development Fund	-
-	Forestry England	0.025
0.045	Heritage Lottery Fund	0.029
0.011	Historic England	-
0.021	National Archives	0.014
-	National Heritage	0.025
0.217	North East Combined Authority	-
0.015	Northumbria Healthcare NHS Foundation Trust	-
0.031	Public Health England	-
-	Society of Antiquaries of Newcastle upon Tyne	0.003
2.146	Total Revenue Grant Receipts in Advance	1.902
16.870	Total Receipts in Advance	20.476

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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.

2022-23	General Fund Balance	Housing Revenue Account	Capital Receipts Reserve	Capital Grants Unapplied	Major Repairs Reserve	Movement in Unusable Reserves
	£m	£m	£m	£m	£m	£m
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	(46.813)	(10.208)	-	-	-	57.021
Revaluation (losses)/gains on Property Plant and Equipment	(21.498)	2.264	-	-	-	19.234
Modification losses/(gains) in respect of capital financial assets	1.427	-	-	-	-	(1.427)
Loss allowances in respect of capital financial assets	(0.091)	-	-	-	-	0.091
Movements in the fair value of Investment Properties	0.023	-	-	-	-	(0.023)
Amortisation of intangible assets	(0.350)	(0.060)	-	-	-	0.410
Capital grants and contributions applied	68.338	0.103	-	-	-	(68.441)
Revenue expenditure funded from capital under statute	(44.586)	(0.075)	-	-	-	44.661
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	(14.641)	-	-	-	-	14.641
Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement:						
Statutory provision for the financing of capital investment	56.466	-	-	-	-	(56.466)
Capital expenditure charged against the General Fund and HRA balances	2.051	0.461	-	-	-	(2.512)
Adjustments primarily involving the Capital Grants Unapplied Account:						
Capital grants and contributions unapplied credited to the Comprehensive Income and Expenditure Statement	12.010	-	-	(12.010)	-	-
Application of grants to capital financing transferred to the Capital Adjustment Account	-	-	-	9.838	-	(9.838)
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	13.540	-	(13.540)	-	-	-
Use of the Capital Receipts Reserve to finance new capital expenditure	-	-	3.138	-	-	(3.138)
Voluntary set aside of Capital Receipts to repay debt	-	-	6.913	-	-	(6.913)
Contribution from the Capital Receipts Reserve towards administrative costs of non-current asset disposals	(0.110)	-	0.110	-	-	-

Notes to the Accounts

2022-23	General Fund Balance	Housing Revenue Account	Capital Receipts Reserve	Capital Grants Unapplied	Major Repairs Reserve	Movement in Unusable Reserves
	£m	£m	£m	£m	£m	£m
Contribution from the Capital Receipts Reserve to finance the payments to the Government capital receipts pool	-	-	-	-	-	-
Adjustment primarily involving the Major Repairs Reserve:						
Reversal of Major Repairs Allowance credited to HRA	-	10.268	-	-	(10.268)	-
Use of the Major Repairs Reserve to finance new capital expenditure	-	-	-	-	10.626	(10.626)
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	0.276	-	-	-	-	(0.276)
Adjustments primarily involving the Pensions Reserve:						
Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement	(88.721)	(5.411)	-	-	-	94.132
Employer's pension contributions and direct payments to pensioners payable in the year	39.802	2.016	-	-	-	(41.818)
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	12.570	-	-	-	-	(12.570)
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	(0.731)	0.005	-	-	-	0.726
Total Adjustments	(11.038)	(0.637)	(3.379)	(2.172)	0.358	16.868

Notes to the Accounts

2021-22	General Fund Balance	Housing Revenue Account	Capital Receipts Reserve	Capital Grants Unapplied	Major Repairs Reserve	Movement in Unusable Reserves
	£m	£m	£m	£m	£m	£m
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	(43.293)	(9.642)	-	-	-	52.935
Revaluation (losses)/gains on Property Plant and Equipment	(28.961)	21.660	-	-	-	7.301
Modification losses/(gains) in respect of capital financial assets	1.113	-	-	-	-	(1.113)
Loss allowances in respect of capital financial assets	0.030	-	-	-	-	(0.030)
Movements in the fair value of Investment Properties	0.216	0.023	-	-	-	(0.239)
Amortisation of intangible assets	(0.569)	(0.044)	-	-	-	0.613
Capital grants and contributions applied	53.537	0.534	-	-	-	(54.071)
Revenue expenditure funded from capital under statute	(47.896)	(0.028)	-	-	-	47.924
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	(33.030)	-	-	-	-	33.030
Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement:						
Statutory provision for the financing of capital investment	28.244	-	-	-	-	(28.244)
Capital expenditure charged against the General Fund and HRA balances	3.086	0.931	-	-	-	(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	(0.075)	-	0.075	-	-	-
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:						

Notes to the Accounts

2021-22	General Fund Balance £m	Housing Revenue Account £m	Capital Receipts Reserve £m	Capital Grants Unapplied £m	Major Repairs Reserve £m	Movement in Unusable Reserves £m
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	0.336	-	-	-	-	(0.336)
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)	(0.023)	-	-	-	1.132
Total Adjustments	(66.466)	20.271	(0.926)	(4.772)	(1.606)	53.499

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 2022-23.

2021-22				2022-23				
1 April 2021	Transfers Out	Transfers In	31 March 2022		1 April 2022	Transfers Out	Transfers In	31 March 2023
£m	£m	£m	£m		£m	£m	£m	£m
Earmarked General Fund Reserves:								
5.498	(0.022)	3.716	9.192	Balances Held by Schools Under a Scheme of Delegation	9.192	(1.317)	1.066	8.941
1.067	(0.251)	-	0.816	Borderlands Energy Masterplan	0.816	(0.008)	-	0.808
2.322	-	-	2.322	Business Recovery	2.322	-	-	2.322
1.500	(1.238)	-	0.262	Cessation of the NHS Partnership Agreement	0.262	(0.262)	-	-
26.291	(22.011)	10.875	15.155	Collection Fund Smoothing	15.155	(15.820)	2.609	1.944
-	-	2.130	2.130	Contain Outbreak Management	2.130	(2.130)	0.260	0.260
11.100	(2.119)	-	8.981	Council Commissioned Services	8.981	(1.461)	-	7.520
-	-	-	-	Council Tax Hardship and Discount Scheme	-	-	6.588	6.588
7.466	(0.072)	10.508	17.902	Council Transformation Fund	17.902	(0.758)	-	17.144
0.898	(0.898)	4.032	4.032	Dedicated Schools Grant	4.032	(2.964)	3.433	4.501
8.677	(1.435)	-	7.242	Estates Rationalisation	7.242	(0.985)	-	6.257
-	-	5.208	5.208	Exceptional Inflationary Pressures	5.208	(5.208)	1.017	1.017
-	-	-	-	Highways Commuted Maintenance Funds	-	-	1.127	1.127
-	-	-	-	Homes for Ukraine	-	-	4.586	4.586
9.661	(1.182)	-	8.479	Insurance	8.479	(0.657)	-	7.822
10.507	(10.507)	-	-	Invest to Save	-	-	-	-
0.637	(0.094)	1.257	1.800	Legal Challenges	1.800	(0.729)	-	1.071
0.206	(0.065)	0.513	0.654	Planning Delivery Grant	0.654	(0.141)	0.565	1.078
1.578	(0.263)	1.158	2.473	Regeneration Development	2.473	(0.521)	1.000	2.952
-	-	-	-	Replacement of Defective Street Lanterns	-	-	2.930	2.930
1.000	-	1.000	2.000	Restructuring	2.000	(1.197)	0.035	0.838
19.231	(6.891)	4.991	17.331	Revenue Grants	17.331	(4.294)	7.316	20.353
7.699	(1.501)	4.632	10.830	Section 106	10.830	(1.184)	5.051	14.697
2.500	-	5.000	7.500	Severe Weather	7.500	-	-	7.500
1.695	(1.067)	2.308	2.936	Social Fund	2.936	(2.443)	-	0.493

Notes to the Accounts

2021-22									2022-23			
1 April 2021	Transfers Out	Transfers In	31 March 2022		1 April 2022	Transfers Out	Transfers In	31 March 2023				
£m	£m	£m	£m		£m	£m	£m	£m				£m
-	-	2.178	2.178	Storm Arwen	2.178	(1.985)	-	0.193				
49.002	(4.033)	3.268	48.237	Strategic Management	48.237	(5.488)	6.959	49.708				
2.000	-	-	2.000	Winter Services	2.000	-	-	2.000				
3.895	(1.572)	1.165	3.488	Other Reserves	3.488	(0.868)	0.905	3.525				
174.430	(55.221)	63.939	183.148	Total Earmarked General Fund Reserves	183.148	(50.420)	45.447	178.175				
HRA Earmarked Reserves:												
3.108	(0.931)	-	2.177	HRA - Capital Investment	2.177	(0.461)	0.024	1.740				
3.108	(0.931)	-	2.177	Total HRA Earmarked Reserves	2.177	(0.461)	0.024	1.740				
177.538	(56.152)	63.939	185.325	Total Earmarked Reserves	185.325	(50.881)	45.471	179.915				

Notes to the Accounts

The significant earmarked reserves at 31 March 2023, together with a brief explanation of their purpose were as follows:

Balances Held by Schools under a Scheme of Delegation

Surplus or deficit balances of locally managed schools, which 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.

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.

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 Tax Hardship & Discount Reserve

This reserve was established during 2022-23 to fund the Council Tax Hardship Scheme for 2023-24 that would offer a £175 reduction to council tax bills for all working age and pensionable age Council Tax Support claimants that do not receive 100.0% Council Tax Support once all other discounts have been applied. It will also fund a one-off discount, equivalent to 1.0%, in Band D council tax (Northumberland County Council element only) for households that do not receive Council Tax Support. The discount will be equivalent to £17.21 in 2023-24 once all other discounts have been applied.

Council Transformation Fund

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

Dedicated Schools Grant (DSG)

This reserve is ring-fenced for schools use and cannot be used for other priorities within the Council. Use of this reserve will be agreed by Schools Forum.

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.

Exceptional Inflationary Pressures

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

Highways Commuted Maintenance Sums

This reserve was established as part of the 2022-23 Provisional Outturn report presented to Cabinet on 9 May 2023. The funds are received from developers for future use on the maintenance of the highway following adoption by the Council.

Notes to the Accounts

Homes for Ukraine Scheme

This scheme is open to Ukrainian nationals who were residents in Ukraine prior to 1 January 2022 and their immediate family members to be sponsored to come across to the UK. Funding has been given to support families and for administering 'Thank-you' payments to sponsoring households.

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.

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.

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.

Regeneration Development

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

Replacement of Defective Street Lanterns

This reserve was established as part of the 2022-23 Provisional Outturn Report presented to Cabinet on 9 May 2023 to be used for funding the replacement of defective street lanterns.

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.

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, which 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 2022-23 £5.051 million was received from developers with £1.184 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

Notes to the Accounts

caused by incidents such as extreme weather that may occur from time to time.

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.

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.

Strategic Management

This reserve was established following a review of all usable reserves during 2015-16 with the purpose of supporting the Medium-Term Financial Plan.

At its meeting in February 2023, the Council approved the use of up to £33.834 million (net) from this reserve over the course of the Medium-Term Financial Plan 2023-27.

Winter Services

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

Housing Revenue Account – Earmarked Reserve HRA

An Earmarked Reserve was created within the HRA in 2018-19 to fund the development and delivery of a housing development plan.

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 2022-23:	Council Dwellings £m	Other Land and Buildings £m	Vehicles, Plant, Furniture & Equipment £m	Community Assets £m	Surplus Assets £m	Assets Under Construction £m	Total Property, Plant and Equipment £m	PFI Assets Included in Property, Plant and Equipment £m
Cost or Valuation:								
At 1 April 2022	355.349	530.459	125.126	11.111	17.246	47.928	1,087.219	99.824
Additions	11.138	28.006	6.577	0.072	-	31.347	77.140	1.848
Reclassifications	0.002	18.660	0.161	0.006	3.704	(28.802)	(6.269)	-
Revaluation Increases/(Decreases) recognised in the Revaluation Reserve	-	(6.687)	4.000	-	(2.589)	-	(5.276)	(10.623)
Revaluation Increases/(Decreases) recognised in the Deficit on the Provision of Services	(7.830)	(28.379)	0.001	-	(2.094)	-	(38.302)	-
De-recognition - Disposals	(3.310)	(0.188)	(7.406)	(0.001)	(0.016)	-	(10.921)	(0.013)
De-recognition - Other	-	(1.563)	(1.848)	-	-	-	(3.411)	(1.848)
Assets reclassified (to)/from Held for Sale	-	(0.002)	-	-	-	-	(0.002)	-
Other movements in Cost or Valuation	-	-	-	-	-	(0.404)	(0.404)	-
At 31 March 2023	355.349	540.306	126.611	11.188	16.251	50.069	1,099.774	89.188
Accumulated Depreciation and Impairment:								
At 1 April 2022	-	26.240	41.503	2.213	-	-	69.956	10.021
Depreciation/Impairment charge	10.062	16.411	10.653	0.162	-	-	37.288	4.728
Reclassifications	-	(0.870)	-	-	0.870	-	-	-
Depreciation written out to the Revaluation Reserve	-	(21.237)	(2.082)	-	(0.479)	-	(23.798)	(7.410)
Depreciation written out to the (Deficit) on the Provision of Services	(10.062)	(8.615)	-	-	(0.391)	-	(19.068)	-
Impairment written out to the (Deficit) on the Provision of Services	-	-	-	-	-	-	-	-
De-recognition - Disposals	-	(0.024)	(6.871)	-	-	-	(6.895)	-
De-recognition - Other	-	(0.206)	(0.108)	-	-	-	(0.314)	(0.121)
At 31 March 2023	-	11.699	43.095	2.375	-	-	57.169	7.218
Net Book Value:								
At 31 March 2023	355.349	528.607	83.516	8.813	16.251	50.069	1,042.605	81.970
At 31 March 2022	355.349	504.219	83.623	8.898	17.246	47.928	1,017.263	89.803

Notes to the Accounts

Movements in 2021-22:	Council Dwellings £m	Other Land and Buildings £m	Vehicles, Plant, Furniture & Equipment £m	Community Assets £m	Surplus Assets £m	Assets Under Construction £m	Total Property, Plant and Equipment £m	PFI Assets Included in Property, Plant and Equipment £m
Cost or Valuation:								
At 1 April 2021	335.073	483.386	115.148	11.051	15.439	51.861	1,011.958	93.179
Additions	11.103	20.860	11.728	0.069	0.512	31.802	76.074	1.043
Reclassifications	0.370	25.939	2.547	-	(0.546)	(32.636)	(4.326)	0.064
Revaluation Increases/(Decreases) recognised in the Revaluation Reserve	-	42.661	5.367	-	5.233	-	53.261	6.581
Revaluation Increases/(Decreases) recognised in the Deficit on the Provision of Services	12.123	(35.082)	(2.366)	-	(0.209)	-	(25.534)	-
De-recognition - Disposals	(3.320)	(4.736)	(6.255)	(0.001)	-	-	(14.312)	-
De-recognition - Other	-	(2.569)	(1.043)	(0.008)	-	-	(3.620)	(1.043)
Assets reclassified (to)/from Held for Sale	-	-	-	-	(3.183)	-	(3.183)	-
Other movements in Cost or Valuation	-	-	-	-	-	(3.099)	(3.099)	-
At 31 March 2022	355.349	530.459	125.126	11.111	17.246	47.928	1,087.219	99.824
Accumulated Depreciation and Impairment:								
At 1 April 2021	-	38.870	40.059	2.061	-	-	80.990	8.049
Depreciation/Impairment charge	9.488	15.151	8.917	0.152	-	-	33.708	4.114
Reclassifications	-	(0.038)	-	-	0.038	-	-	-
Depreciation written out to the Revaluation Reserve	-	(18.685)	(1.220)	-	(0.018)	-	(19.923)	(2.088)
Depreciation written out to the (Deficit) on the Provision of Services	(9.488)	(8.905)	(0.452)	-	(0.020)	-	(18.865)	-
Impairment written out to the (Deficit) on the Provision of Services	-	-	-	-	-	-	-	-
De-recognition - Disposals	-	(0.024)	(5.747)	-	-	-	(5.771)	-
De-recognition - Other	-	(0.129)	(0.054)	-	-	-	(0.183)	(0.054)
At 31 March 2022	-	26.240	41.503	2.213	-	-	69.956	10.021
Net Book Value:								
At 31 March 2022	355.349	504.219	83.623	8.898	17.246	47.928	1,017.263	89.803
At 31 March 2021	335.073	444.516	75.089	8.990	15.439	51.861	930.968	85.130

Notes to the Accounts

Movement on balances of Infrastructure assets

In accordance with the Local Authorities (Capital Finance and Accounting) (England) (Amendment) Regulations 2022 SI 1232/2022 – new regulation 30M, the authority has chosen not to disclose this information as the previously reported practices and resultant information deficits mean that gross cost and accumulated depreciation are not measured accurately and would not provide the basis for the users of the financial statements to take economic or other decisions relating to infrastructure assets.

	2021-22	2022-23
Movement of Infrastructure assets	£m	£m
Net Book Value (modified historic cost) at 1 April	400.713	413.874
Additions	28.062	27.273
Reclassifications	4.326	6.270
Derecognition	-	-
Depreciation	(18.775)	(19.733)
Impairment	(0.452)	-
Other movement in cost	-	-
Net Book Value (modified historic cost) at 31 March	413.874	427.684

	2021-22	2022-23
Property Plant and Equipment (PPE)	£m	£m
Infrastructure assets	413.874	427.684
Other PPE assets	1,017.263	1,042.605
Total PPE Assets	1,431.137	1,470.289

Notes to the Accounts

Valuation of Non-Current Assets

Land and buildings were revalued according to a 2-year programme, as at 31 March 2023. 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 £1.000 million or a new build costing in excess of £2.500 million. Material change valuations are dated 31 March 2023.

For operational buildings not valued in year, a materiality assessment was carried out by the Council, using appropriate BCIS indices. This resulted in a £14.683 million adjustment, increasing Property, Plant and Equipment, increasing the CIES by £3.810 million and the Revaluation Reserve by £10.873 million.

Surplus Properties were valued as at 31 March 2023, using Fair Value Level 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 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 Valuation 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).

Notes to the Accounts

Valuation of Non-Current Assets Carried at Current Value

Of the Property, Plant and Equipment not held at cost on the Balance Sheet, 64.0% 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 £m	Other Land and Buildings and Buildings ** £m	Vehicles, Plant, Furniture & Equipment £m	Infrastructure Assets £m	Community Assets * £m	Surplus Assets £m	Assets Under Construction £m	Total £m
Valued at Historical Cost	-	5.607	48.116	427.684	8.813	-	50.069	540.289
Valued at Current Value in:								
2022-23	355.349	192.535	35.400	-	-	16.251	-	599.535
2022-23 Indexation Adjustment **	-	14.683	-	-	-	-	-	14.683
2021-22	-	315.782	-	-	-	-	-	315.782
Total	355.349	528.607	83.516	427.684	8.813	16.251	50.069	1,470.289

* 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

There was no material income or expenditure during the financial year.

2021-22 £m	2022-23 £m
(0.021) Rental income from investment property	(0.021)
0.023 Direct operating expenses arising from investment property	0.023
0.002 Net Gain	0.002

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:

2021-22 £m	2022-23 £m
2.029 Balance at the start of the year	2.268
- Reclassifications	(0.001)
- Assets reclassified (to)/from Held for Sale	(0.005)
- Disposals	(0.020)
0.239 Net (losses)/gains from fair value adjustments	0.023
2.268 Balance at the end of the year	2.265

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 use Level 3 inputs to determine 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 March 2023 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	Public Sculptures and Memorials	Historic Buildings	Total
	£m	£m	£m	£m
Cost or Valuation:				
As at 1 April 2022	5.628	1.328	1.070	8.026
Additions	-	-	-	-
Reclassifications	-	-	-	-
Revaluations	-	-	-	-
As at 31 March 2023	5.628	1.328	1.070	8.026
Accumulated Depreciation and Impairment:				
As at 1 April 2022	-	0.052	0.023	0.075
As at 31 March 2023	-	0.052	0.023	0.075
Net Book Value 31 March 2023	5.628	1.276	1.047	7.951
Net Book Value 31 March 2022	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 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

<https://archaeologydataservice.ac.uk/> and a shortened version is available on the Keys to the Past website

<https://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.

2021-22 £m		2022-23 £m
1,036.717	Opening Capital Financing Requirement	1,072.134
	Capital Investment:	
103.208	Property, Plant and Equipment	102.625
9.585	Capital Long Term Debtors	4.264
0.300	Northumberland Enterprise Holdings Limited - Share Capital	-
1.043	PFI / Finance Lease Additions	1.848
47.924	Revenue Expenditure Funded from Capital Under Statute	44.661
	Sources of Finance:	
(6.945)	Capital receipts	(3.138)
(61.951)	Government grants and other contributions	(78.278)
	Sums set aside from revenue/Major Repairs Reserve:	
(8.080)	Major Repairs Reserve	(10.626)
(4.017)	Direct revenue contributions	(2.512)
(21.493)	Statutory provision for the financing of capital investment charged against the General Fund and HRA balances	(49.354)
(6.751)	Voluntary set aside for the financing of capital investment charged against the General Fund and HRA balances	(7.112)
(17.406)	Set aside of capital receipt for the repayment of debt	(6.913)
1,072.134	Closing Capital Financing Requirement	1,067.599
	Explanation of movements in year:	
80.025	Increase in underlying need to borrow (unsupported by government financial assistance)	56.996
(45.651)	Minimum Revenue Provision	(63.379)
1.043	Assets acquired under PFI / PPP contracts	1.848
35.417	Increase in Capital Financing Requirement	(4.535)

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:

2021-22		2022-23	
Total Intangible Assets (Other)*		Total Intangible Assets (Other)*	
Current	Long Term	Current	Long Term
£m	£m	£m	£m
Balance at start of year:			
-	5.298	-	5.413
-	(3.563)	-	(4.176)
-	1.735	-	1.237
Net carrying amount at the start of year			
Additions:			
-	0.115	-	0.060
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	(1.194)
-	-	-	1.194
-	(0.613)	-	(0.409)
-	1.237	-	0.888
Net carrying amount at the end of year			
Comprising:			
-	5.413	-	4.279
-	(4.176)	-	(3.391)
-	1.237	-	0.888

*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 2022				31 March 2023			
Short Term		Long Term		Short Term		Long Term	
Investments	Debtors	Investments	Debtors	Investments	Debtors	Investments	Debtors
£m	£m	£m	£m	£m	£m	£m	£m
Amortised Cost:							
90.000	65.699	-	123.883	35.000	74.432	-	119.103
0.122	-	-	-	0.066	-	-	-
90.122	65.699	-	123.883	35.066	74.432	-	119.103
Fair value through other comprehensive income - designated equity Instruments							
-	-	13.490	-	-	-	13.490	-
90.122	65.699	13.490	123.883	35.066	74.432	13.490	119.103
-	20.514	4.638	273.809	-	15.736	5.487	276.543
90.122	86.213	18.128	397.692	35.066	90.168	18.977	395.646

31 March 2022				31 March 2023			
Short Term		Long Term		Short Term		Long Term	
Borrowings	Creditors	Borrowings	Creditors	Borrowings	Creditors	Borrowings	Creditors
£m	£m	£m	£m	£m	£m	£m	£m
Amortised Cost:							
(51.552)	(131.043)	(705.378)	-	(51.552)	(70.984)	(693.826)	-
(5.426)	-	-	-	(5.466)	-	-	-
(56.978)	(131.043)	(705.378)	-	(57.018)	(70.984)	(693.826)	-
Fair value through profit and loss							
(56.978)	(131.043)	(705.378)	-	(57.018)	(70.984)	(693.826)	-
-	(5.053)	-	(67.318)	-	(11.313)	-	(64.392)
(56.978)	(136.096)	(705.378)	(67.318)	(57.018)	(82.297)	(693.826)	(64.392)

Notes to the Accounts

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 15.4% 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 £m	Fair Value at 31 March 2023 £m	Movement in Fair Value during 2022-23 £m
Newcastle Airport	0.295	13.490	-

Material Soft Loans Made by the Council

The Council has made a number of soft loans to voluntary, other organisations and wholly-owned subsidiaries at less than market rates (soft loans). The Council applies a de minimis level of £0.100 million 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.

Notes to the Accounts

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:

2021-22					2022-23				
Financial Liabilities measured at Amortised Cost £m	Financial Assets at Amortised Cost £m	Investments in equity instruments designated as fair value through other comprehensive income £m	Total £m		Financial Liabilities measured at Amortised Cost £m	Financial Assets at Amortised Cost £m	Investments in equity instruments designated as fair value through other comprehensive income £m	Total £m	
(23.004)	-	-	(23.004)	Interest expense	(23.847)	-	-	(23.847)	
-	-	-	-	Fee Expense	(0.024)	-	-	(0.024)	
(23.004)	-	-	(23.004)	Total expense in deficit on the provision of services	(23.871)	-	-	(23.871)	
-	6.078	-	6.078	Interest income	-	8.864	-	8.864	
-	6.078	-	6.078	Total income in deficit on the provision of services	-	8.864	-	8.864	
-	-	3.761	3.761	Gain on Revaluation	-	-	-	-	
-	-	3.761	3.761	Surplus/(deficit) arising on revaluation of financial assets in Other Comprehensive Income and Expenditure	-	-	-	-	
(23.004)	6.078	3.761	(13.165)	Net gain/(loss) for the year	(23.871)	8.864	-	(15.007)	

Notes to the Accounts

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 2022 Fair Value £m	Recurring Fair Value Measurements	Input Level in Fair Value Hierarchy	Valuation technique used to measure fair value	31 March 2023 Fair Value £m
13.490	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
13.490		Total Assets		13.490

Through its shares and 15.4% holding in Newcastle Airport Local Authority Holding Company Limited (NALAHCL) the Council has an effective shareholding of 7.9% 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 2022.

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 valuation technique used during the year for the financial instruments.

Notes to the Accounts

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 2022			31 March 2023	
Carrying Amount	Fair Value		Carrying Amount	Fair Value
£m	£m		£m	£m
448.849	580.972	PWLB - Maturity	448.343	395.984
0.585	0.872	PWLB - Annuity	0.548	0.722
5.052	5.244	PWLB - EIP	4.042	3.987
178.203	329.021	LOBOs	178.201	199.042
129.667	188.171	Market Loans	119.710	128.237
762.356	1,104.280	Total Financial Liabilities	750.844	727.972

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 2023) 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 2022			31 March 2023	
Carrying Amount	Fair Value		Carrying Amount	Fair Value
£m	£m		£m	£m
90.122	90.122	Short Term Investments	35.066	35.066
13.490	13.490	Long Term Investments	13.490	13.490
123.883	135.828	Long Term Debtors	119.103	116.307
227.495	239.440	Total Financial Assets	167.659	164.863

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 measures such 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

Notes to the Accounts

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.

Notes to the Accounts

Customer Debt

The Council at 31 March 2023 had £28.622 million (2021-22 £27.127 million) of customer debt, with £10.256 million of this past due (2021-22 £11.306 million). This amount can be analysed by age as follows:

31 March 2022		31 March 2023	
£m		£m	
15.821	Debt within terms	18.366	
3.584	Less than three months	1.991	
0.707	Three to six months	0.445	
1.844	Six months to one year	2.975	
5.171	More than one year	4.845	
27.127	Total	28.622	

A review of balances at 31 March 2023 suggested that an impairment of doubtful debts allowance of £4.639 million (2021-22 £2.593 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.

Year	Council Tax			Business Rates		
	Percentage %	Debt £m	Impairment £m	Percentage %	Debt £m	Impairment £m
2018-19 and older	100	3.722	3.722	100	1.402	1.369
2019-20	80	1.843	1.475	80	0.771	0.617
2020-21	60	2.457	1.474	60	0.675	0.422
2021-22	40	3.564	1.426	40	1.676	0.560
2022-23	10	6.880	0.688	20	4.043	0.571
Total	N/A	18.466	8.785	N/A	8.567	3.539
Council's share	N/A	15.249	8.125	N/A	3.471	1.770

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.

	2022-23			
	Debt £m	Historical Experience of Default %	Impairment £m	Not Impaired Debt £m
Customers	10.256	1.3	4.639	5.617
Council Tax	15.249	1.8	8.125	7.124
Business Rates	3.471	9.7	1.770	1.701
Housing Benefits	1.635	2.5	0.200	1.435
Total	30.611	2.5	14.734	15.877

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

Notes to the Accounts

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 2022		31 March 2023
£m		£m
	Analysis by Loan Type	
449.745	Public Works Loans Board	448.205
79.133	Other Market Loans	69.121
176.500	LOBO (Market Loans)	176.500
705.378		693.826
	Analysis of Loans by Maturity	
11.552	Between 1 and 2 years	2.303
29.415	Between 2 and 5 years	27.170
47.297	Between 5 and 10 years	52.285
105.314	Between 10 and 20 years	100.268
17.200	Between 20 and 30 years	20.200
128.000	Between 30 and 40 years	125.000
230.600	Between 40 and 50 years	250.600
136.000	Between 50 and 60 years	116.000
705.378		693.826

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

Notes to the Accounts

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 will be 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 1.0% higher at 31 March 2023 with all other variables held constant, the effect would have been:

	31 March 2023 £m
Increase in Interest Payable on Variable Rate Borrowings	1.210
Increase in Interest Receivable on Variable Rate Investments	(1.380)
Impact on Deficit/(Surplus) on the Provision of Services	(0.170)
<u>Decrease in Fair Value of fixed rate borrowing (no impact on CIES)</u>	<u>(109.573)</u>

The impact of a 1.0% 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 £121.000 million of 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. Despite recent increases in interest rates, current market forecasts indicate that the rates will return to lower levels, and it is considered that there is a low 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.

Operating Leases

The majority of the leases are for land and buildings, with a small number of residual vehicle leases.

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

31 March 2022		31 March 2023
£m		£m
0.867	Not later than one year	1.080
1.023	Later than one year and not later than five years	0.973
0.609	Later than five years	0.567
2.499		2.620

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

31 March 2022		31 March 2023
£m		£m
1.500	Minimum lease payments	1.383

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.

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 2022		31 March 2023
£m		£m
0.810	Not later than one year	0.461
0.314	Later than one year and not later than five years	0.365
0.676	Later than five years	0.681
1.800		1.507

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 2022		31 March 2023
£m		£m
	Short Term:	
20.983	Government bodies	23.322
13.198	NHS Bodies	12.451
49.721	Other entities and individuals	49.735
2.241	Other local authorities	3.894
0.070	Public corporations and trading funds	0.766
86.213	Total Short Term	90.168
	Long Term:	
188.293	Advance Northumberland Commercial	188.117
35.918	Advance Northumberland Development	38.256
39.765	Advance Northumberland Housing	40.648
9.834	Advance Northumberland Housing - Executive	9.521
13.750	NCC - Airport Loan Notes	15.086
1.288	NELEP - Ashwood	1.288
2.850	NELEP - Bates/Blyth Harbour	2.850
9.040	NELEP - East Sleekburn Enterprise Zone	8.589
1.203	Northumberland Aged Miners Housing Association - Solar Panel Loan	1.114
5.200	Northumberland College Loan 2014	5.200
17.000	Northumbria Healthcare NHS Foundation Trust Berwick Hospital Loan	16.000
71.747	Northumbria Healthcare NHS Foundation Trust Hexham Hospital Loan	67.326
1.804	Other Loans	1.651
397.692	Total Long Term	395.646
483.905	Total Debtors	485.814

23. Cash and Cash Equivalents

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

31 March 2022		31 March 2023
£m		£m
98.876	Cash and Cash Equivalents	80.673
(11.988)	Bank overdraft	(13.907)
86.888	Total Cash and Cash Equivalents	66.766

24. Assets Held for Sale

Current 2021-22	Non-Current 2021-22		Current 2022-23	Non-Current 2022-23
£m	£m		£m	£m
1.587	0.497	Balance at 1 April	3.793	0.295
		Assets newly classified as held for sale:		
3.383	-	Property, Plant and Equipment	0.008	-
(0.477)	(0.155)	Revaluation losses	-	-
-	-	Revaluation gains	-	-
		Assets declassified as held for sale:		
(0.200)	-	Property, Plant and Equipment	-	-
-	-	Investment property	-	-
(0.500)	(0.047)	Assets sold	(0.182)	-
		Assets transferred from Noncurrent to current	-	-
3.793	0.295	Balance at 31 March	3.619	0.295

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 2022 £m		31 March 2023 £m
	Long term finance lease liability:	
(49.394)	Waste PFI	(47.593)
(9.918)	Fire PFI	(9.460)
(59.312)	Total Finance Lease Liability	(57.053)
	Long term deferred credits:	
(8.006)	Waste PFI	(7.339)
(8.006)	Total Deferred Credits	(7.339)
(67.318)	Total Long Term Creditors	(64.392)

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

Waste PFI

2022-23 was the 16th 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.

Notes to the Accounts

The figures below provide information on the movement of the Waste PFI assets held on the Council's Balance Sheet during 2022-23:

	2021-22	2022-23	2022-23	2022-23
	£m	Plant Shell £m	Project Assets £m	£m
Cost brought forward 1 April	73.114	12.120	65.497	77.617
Additions in year	1.043	-	1.848	1.848
Revaluation in year	4.503	0.085	(0.001)	0.084
Disposals	(1.043)	-	(1.860)	(1.860)
Cost carried forward 31 March	77.617	12.205	65.484	77.689
Accumulated depreciation brought forward 1 April	(7.384)	-	(8.556)	(8.556)
Revaluations in year	2.224	0.713	4.496	5.209
Disposals	0.054	-	0.121	0.121
Depreciation charge for year	(3.450)	(0.713)	(3.279)	(3.992)
Depreciation at 31 March	(8.556)	-	(7.218)	(7.218)
Net book value carried forward 31 March	69.061	12.205	58.266	70.471

The following table provides information on the movement of the PFI lease liability held on the Council's Balance Sheet during 2022-23:

	2021-22	2022-23	2022-23	2022-23
	£m	Plant Shell £m	Project Assets £m	£m
Lease liability brought forward 1 April	52.208	10.092	40.889	50.981
Payments made in year	(1.227)	(0.343)	(1.243)	(1.586)
Liability carried forward 31 March	50.981	9.749	39.646	49.395

Notes to the Accounts

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 2022 £m	Lifecycle Replacement £m	Repayment of Liability £m	Interest Charges £m	Service Charges £m	31 March 2023 £m
Within one year	26.211	1.375	1.802	8.189	16.620	27.986
Within two to five years	112.408	5.780	10.375	32.778	71.382	120.315
Within six to ten years	159.788	7.900	23.413	39.157	100.499	170.969
Within eleven to fifteen years	107.180	3.385	13.805	13.771	44.413	75.374
	405.587	18.440	49.395	93.895	232.914	394.644

Notes to the Accounts

The following transactions were processed during 2021-22 and 2022-23:

2021-22		2022-23
£m		£m
13.494	Service Charge	12.383
1.268	Lifecycle Maintenance	1.348
1.227	Capital Repayment	1.586
5.523	Interest	5.393
2.669	Contingent Rent	(0.298)
24.181	Total Payment	20.412
(3.141)	PFI Grant Receivable	(3.141)
21.040	Net Payment	17.271

Notes to the Accounts

Fire & Rescue PFI

2022-23 was the 13th 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 2022-23:

2021-22		2022-23
£m		£m
20.066	Costs brought forward 1 April	22.207
0.064	Recognition of deferred assets within fixed assets	-
2.077	Revaluation Gain	(10.708)
22.207	Cost carried forward 31 March	11.499
(0.664)	Depreciation brought forward 1 April	(1.465)
(0.137)	Revaluations in year	2.201
(0.664)	Depreciation charge for year	(0.736)
(1.465)	Depreciation at 31 March	-
20.742	Net book value carried forward 31 March	11.499

The figures below provide information on the movement of the PFI lease liability held on the Balance Sheet during 2022-23:

2021-22		2022-23
£m		£m
10.713	Lease liability brought forward 1 April	10.334
(0.379)	Payments made in year	(0.416)
10.334	Liability carried forward 31 March	9.918

Notes to the Accounts

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 2022	Lifecycle Replacement	Repayment of Liability	Interest Charges	Service Charges	31 March 2023
	£m	£m	£m	£m	£m	£m
Within one year	2.664	0.270	0.457	1.111	1.000	2.838
Within two to five years	10.997	1.310	2.330	4.034	4.948	12.622
Within six to ten years	14.586	2.311	4.523	3.614	9.058	19.506
Within eleven to fifteen years	9.646	1.528	2.608	0.440	5.409	9.985
	37.893	5.419	9.918	9.199	20.415	44.951

The following transactions were processed during 2021-22 and 2022-23:

2021-22		2022-23
£m		£m
0.848	Service Charge	0.921
0.233	Lifecycle Maintenance	0.251
0.379	Capital Repayment	0.416
1.132	Interest	1.091
0.039	Contingent Rent	0.052
2.631	Total Payment	2.731
(1.619)	PFI Grant Receivable	(1.619)
1.012	Net Payment	1.112

26. Creditors

31 March 2022		31 March 2023
£m		£m
(65.269)	Government bodies	(17.111)
(1.747)	NHS bodies	(1.025)
(63.756)	Other entities and individuals	(59.765)
(3.443)	Other local authorities	(0.940)
(1.881)	Public corporations and trading funds	(3.456)
(136.096)	Total	(82.297)

27. Significant Commitments under Capital Contracts

The following significant capital contracts have been entered into by the Council at 31 March 2023:

	Total Cost	Future Payments
	£m	£m
Berwick Leisure Centre	1.586	1.586
County Hall Solar Car Port	3.060	1.206
Todstead Landslip	3.497	3.497

28. Provisions

Provisions	Redundancy Costs £m	NNDR Appeals £m	Estates Rationalisation £m	Compensation Claims £m	Contractor Claims £m	Total £m
Balance at 1 April 2021	(0.171)	(7.494)	(0.577)	(0.150)	-	(8.392)
Amounts used in 2021-22	0.155	0.711	-	0.003	-	0.869
Additional provisions made in 2021-22	-	(1.916)	-	-	(0.233)	(2.149)
Unused amounts reversed in 2021-22	0.016	-	-	-	-	0.016
Balance at 31 March 2022	-	(8.699)	(0.577)	(0.147)	(0.233)	(9.656)
Amounts used in 2022-23	-	1.354	-	0.067	-	1.421
Additional provisions made in 2022-23	(0.545)	(0.114)	-	-	(0.097)	(0.756)
Unused amounts reversed in 2022-23	-	2.247	-	-	-	2.247
Balance at 31 March 2023	(0.545)	(5.212)	(0.577)	(0.080)	(0.330)	(6.744)
Comprising:						
Short Term	(0.545)	(5.212)	(0.451)	(0.080)	(0.330)	(6.618)
Long Term	-	-	(0.126)	-	-	(0.126)
Total Provisions	(0.545)	(5.212)	(0.577)	(0.080)	(0.330)	(6.744)

Redundancy Costs

Redundancy costs have been provided for planned areas of restructuring. The redundancy plans were communicated to departments involved during 2022-23 (there were no comparative amounts during 2021-22) and as such the Council has a constructive obligation to meet these costs. The amount included is the best estimate of the liability as at the Balance Sheet date.

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. A provision of £10.426 million has been created within the 2022-23 accounts based on the best estimate of the potential liability required to settle successful appeals. £0.229 million relates to the 2010 valuation list and £10.197 million relates to the 2017 valuation list. This has been allocated 50.0% to Northumberland County Council and 50.0% 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 £0.080 million.

Contractor Claims

Exceptional Insurance costs have been claimed by a contractor amounting to £0.330 million for the period 1 November 2020 to 31 October 2022.

29. Unusable Reserves

31 March 2022		31 March 2023	
£m		£m	
(5.026)	Accumulated Absences Adjustment Account	(5.752)	
579.099	Capital Adjustment Account	608.671	
(9.168)	Collection Fund Adjustment Account	3.401	
(8.393)	Financial Instruments Adjustment Account	(8.116)	
13.195	Financial Instruments Revaluation Reserve	13.195	
(757.497)	Pensions Reserve	(248.139)	
204.229	Revaluation Reserve	216.505	
16.439	Total Unusable Reserves	579.765	

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.

2021-22		2022-23	
£m	£m	£m	£m
(3.894)	Balance at 1 April	(5.026)	
3.894	Settlement or cancellation of accrual made at the end of the preceding year	5.026	
(5.026)	Amounts accrued at the end of the current year	(5.752)	
(1.132)	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	(0.726)	
(5.026)	Balance at 31 March	(5.752)	

Notes to the Accounts

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.

2021-22 £m		2022-23 £m
587.254	Balance at 1 April	579.099
	Reversal of items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement:	
(52.935)	Charges for depreciation and impairment of non-current assets	(57.021)
(0.632)	Deficit on available-for-sale financial assets	-
(6.669)	Revaluation losses on Property, Plant and Equipment	(19.234)
(0.613)	Amortisation of intangible assets	(0.410)
(47.924)	Revenue expenditure funded from capital under statute	(44.661)
(33.030)	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	(14.641)
5.622	Adjusting amounts written out of the Revaluation Reserve	6.246
1.114	Modification adjustments charged to Comprehensive Income and Expenditure Statement in respect of capital financial assets	1.428
0.030	Expected Credit Loss allowances (charged) / credited to Comprehensive Income and Expenditure Statement in respect of capital financial assets	(0.090)
	Capital financing applied in the year:	
6.945	Use of the Capital Receipts Reserve to finance new capital expenditure	3.138
8.080	Use of the Major Repairs Reserve to finance new capital expenditure	10.626
54.071	Capital grants and contributions credited to the Comprehensive Income and Expenditure Statement that have been applied to capital financing	68.440
7.880	Application of grants to capital financing from the Capital Grants Unapplied Grant	9.838
21.493	Statutory provision for the financing of capital investment charged against the General Fund and HRA balances	49.354
6.751	Voluntary set aside for the financing of capital investment charged against the General Fund and HRA balances	7.112
17.406	Set aside of capital receipt for the repayment of debt	6.912
4.017	Capital expenditure charged against the General Fund and HRA balance	2.512
0.239	Movements in the market value of Investment Properties debited or credited to the Comprehensive Income and Expenditure Statement	0.023
579.099	Balance at 31 March	608.671

Notes to the Accounts

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:

2021-22 £m		2022-23 £m
(21.907)	Balance at 1 April	(9.168)
12.739	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	12.569
(9.168)	Balance at 31 March	3.401

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:

2021-22 £m		2022-23 £m
(8.728)	Balance at 1 April	(8.393)
0.311	Proportion of premiums/(discounts) incurred in previous financial years to be charged/(credited) against the General Fund balance in accordance with statutory requirements	0.253
0.024	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	0.024
(8.393)	Balance at 31 March	(8.116)

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; and
- disposed of and the gains are realised.

The reserve reflects the change in value of the Council's shareholding in Newcastle International Airport which did not change during 2022-23:

2021-22 £m		2022-23 £m
9.434	Balance at 1 April	13.195
3.761	Upward Revaluation of Investment	-
13.195	Balance at 31 March	13.195

Notes to the Accounts

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:

2021-22 £m		2022-23 £m
(907.319)	Balance at 1 April	(757.497)
58.030	Return on plan assets	(50.680)
133.224	Actuarial gains or (losses) arising on changes in financial assumptions	785.064
22.143	Actuarial gains or (losses) arising on changes in demographic assumptions	(8.340)
(11.912)	Other	(164.372)
(89.583)	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	(94.132)
37.920	Employer's pensions contributions and direct payments to pensioners payable in the year	41.818
(757.497)	Balance at 31 March	(248.139)

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.

2021-22 £m		2022-23 £m
136.668	Balance at 1 April	204.229
91.438	Upward revaluation of assets	50.826
(18.255)	Downward revaluation of assets and impairment losses not charged to the Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement	(32.304)
(4.761)	Difference between fair value depreciation and historical cost depreciation	(5.841)
(0.861)	Accumulated gains on assets sold or scrapped	(0.405)
-	Amount written off to the Capital Adjustment Account	-
204.229	Balance at 31 March	216.505

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 Teachers' Pension Scheme, the Council's own contributions equated to approximately 71.8% for 2022-23. The Council paid £12.152 million in 2022-23 (£11.703 million in 2021-22) to the Teachers' Pensions Agency in respect of teachers' retirement benefits, which represents 23.7% of teachers' pensionable pay for the period 1 April 2022 to 31 March 2023.

The contributions due to be paid in the next financial year are estimated to be £12.351 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 29.

Academies/Agencies

The Council acted as the payroll provider for six academies and one agency during the 2022-23 financial year, namely:

- Cramlington Learning Village Academy (since 1 September 2011);
- Berwick Academy (since 1 November 2011);
- Meadowdale Academy (since 1 April 2012 to May 2022);
- 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 2022-23, employer contributions amounting to £4.772 million (23.7% of pensionable pay) and employee contributions amounting to £1.918 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 1 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 2022-23, the Council paid employee contributions of £1.255 million (contribution rates ranging from 5.0% to 14.5% of pensionable pay), and employer contributions of £2.018 million (contribution rate representing 14.4% 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 £3.174 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.

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. With effect from 1 April 2022 this scheme closed to new accrual and all remaining active members were transferred into the reformed 2015 scheme.

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. With effect from 1 April 2022 this scheme closed to new accrual and all remaining active members were transferred into the reformed 2015 scheme.

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.

Notes to the Accounts

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:

2021-22					2022-23					
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
Comprehensive Income and Expenditure Statement (CIES)										
Cost of Services:										
(62.750)	(4.962)	-	-	(67.712)	Current service cost	(71.310)	(3.865)	-	-	(75.175)
(0.370)	-	-	-	(0.370)	Past service cost	(0.170)	-	-	-	(0.170)
(2.820)	-	-	-	(2.820)	Settlement Cost	1.090	-	-	-	1.090
Financing and Investment Income and Expenditure:										
(12.710)	(4.901)	(0.580)	(0.490)	(18.681)	Net interest expense	(12.630)	(6.007)	(0.680)	(0.560)	(19.877)
(78.650)	(9.863)	(0.580)	(0.490)	(89.583)	Total post-employment benefit charged to the surplus/deficit on the provision of services	(83.020)	(9.872)	(0.680)	(0.560)	(94.132)
Other post-employment benefit charged to the CIES										
Remeasurement of the net defined liability comprising:										
58.030	-	-	-	58.030	Return on plan assets (excluding the amount included in the net interest expense)	(50.680)	-	-	-	(50.680)
118.380	13.724	0.640	0.480	133.224	Actuarial gains and (losses) arising on changes in financial assumptions	695.690	82.134	4.130	3.110	785.064
19.080	2.273	0.410	0.380	22.143	Actuarial gains and (losses) arising on changes in demographic assumptions	(8.990)	-	0.390	0.260	(8.340)
(11.110)	(0.602)	(0.110)	(0.090)	(11.912)	Other	(141.620)	(18.652)	(2.260)	(1.840)	(164.372)
184.380	15.395	0.940	0.770	201.485	Total other post-employment benefit charged to the Comprehensive Income and Expenditure Statement	494.400	63.482	2.260	1.530	561.672
105.730	5.532	0.360	0.280	111.902	Total charge to the Comprehensive Income and Expenditure Statement	411.380	53.610	1.580	0.970	467.540
Movement in Reserves - General Fund Balance:										
78.650	9.863	0.580	0.490	89.583	Reversal of net charges made to the surplus/deficit for the provision of services for post-employment benefit	83.020	9.872	0.680	0.560	94.132
Actual amount charged against the General Fund Balance for pensions in the year:										
(27.630)	-	-	-	(27.630)	Employer's contributions payable to the scheme	(31.280)	-	-	-	(31.280)
-	(5.740)	(2.110)	(2.440)	(10.290)	Net retirement benefits payable to pensioners	-	(6.158)	(2.080)	(2.300)	(10.538)

Notes to the Accounts

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

2021-22					2022-23				
1992 Firefighters' Pension Scheme £m	2006 Firefighters' Pension Scheme £m	2015 Firefighters' Pension Scheme £m	Firefighters' Injury and Non- Scheme III Health £m	Total £m	1992 Firefighters' Pension Scheme £m	2006 Firefighters' Pension Scheme £m	2015 Firefighters' Pension Scheme £m	Firefighters' Injury and Non- Scheme III Health £m	Total £m
Comprehensive Income and Expenditure Statement									
Cost of Services:									
(0.156)	(0.088)	(4.583)	(0.135)	(4.962)	-	-	(3.755)	(0.110)	(3.865)
Financing and Investment Income and Expenditure:									
(3.994)	(0.286)	(0.507)	(0.114)	(4.901)	(4.787)	(0.342)	(0.738)	(0.140)	(6.007)
(4.150)	(0.374)	(5.090)	(0.249)	(9.863)	(4.787)	(0.342)	(4.493)	(0.250)	(9.872)
Total post-employment benefit charged to the surplus/deficit on the provision of services									
Other post-employment benefit charged to the Comprehensive Income and Expenditure Statement									
Remeasurement of the net defined liability comprising:									
9.527	1.122	2.825	0.250	13.724	57.150	6.118	17.348	1.518	82.134
1.822	0.128	0.269	0.054	2.273	-	-	-	-	-
(0.559)	(0.023)	(0.006)	(0.014)	(0.602)	(16.348)	(1.140)	(0.804)	(0.360)	(18.652)
10.790	1.227	3.088	0.290	15.395	40.802	4.978	16.544	1.158	63.482
6.640	0.853	(2.002)	0.041	5.532	36.015	4.636	12.051	0.908	53.610
Movement in Reserves - General Fund Balance:									
4.150	0.374	5.090	0.249	9.863	4.787	0.342	4.493	0.250	9.872
Actual amount charged against the General Fund Balance for pensions in the year:									
(6.393)	(0.099)	0.942	(0.190)	(5.740)	(6.143)	(0.124)	0.306	(0.197)	(6.158)

The amount of actuarial gains and losses recognised in the Comprehensive Income and Expenditure Statement to the 31 March 2023 is a gain of £561.672 million (£201.485 million gain to 31 March 2022).

Notes to the Accounts

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:

2021-22					2022-23					
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
(1,894.610)	(224.957)	(26.120)	(21.930)	(2,167.617)	Present value of the defined benefit obligation	(1,423.570)	(165.189)	(22.460)	(18.660)	(1,629.879)
1,410.120	-	-	-	1,410.120	Fair value of plan assets	1,381.740	-	-	-	1,381.740
(484.490)	(224.957)	(26.120)	(21.930)	(757.497)	Net liability arising from defined benefit obligation	(41.830)	(165.189)	(22.460)	(18.660)	(248.139)

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

	LGPS £m	1992 Firefighters' Pension Scheme £m	2006 Firefighters' Pension Scheme £m	2015 Firefighters' Pension Scheme £m	Firefighters' Injury & non scheme Ill Health £m	LGPS Unfunded Scheme £m	Teachers' Unfunded Scheme £m	Total £m
Opening balance as at 1 April 2022	(1,894.610)	(180.348)	(12.715)	(26.596)	(5.298)	(26.120)	(21.930)	(2,167.617)
Current service cost	(71.310)	-	-	(3.755)	(0.110)	-	-	(75.175)
Interest cost	(50.490)	(4.787)	(0.342)	(0.738)	(0.140)	(0.680)	(0.560)	(57.737)
Contributions from scheme participants	(9.320)	-	(0.008)	(0.888)	-	-	-	(10.216)
Remeasurement gains and (losses):								
Actuarial gains and (losses) arising from changes in financial assumptions	695.690	57.150	6.118	17.348	1.518	4.130	3.110	785.064
Actuarial gains and (losses) arising from changes in demographic assumptions	(8.990)	-	-	-	-	0.390	0.260	(8.340)
Other	(141.620)	(16.348)	(1.140)	(0.804)	(0.360)	(2.260)	(1.840)	(164.372)
Past service cost	(0.170)	-	-	-	-	-	-	(0.170)
Benefits paid	54.920	6.143	0.132	0.582	0.197	2.080	2.300	66.354
Settlements	2.330	-	-	-	-	-	-	2.330
Closing balance as at 31 March 2023	(1,423.570)	(138.190)	(7.955)	(14.851)	(4.193)	(22.460)	(18.660)	(1,629.879)
Opening balance as at 1 April 2021	(1,952.590)	(193.381)	(13.667)	(23.652)	(5.529)	(28.590)	(24.650)	(2,242.059)
Current service cost	(62.750)	(0.156)	(0.088)	(4.583)	(0.135)	-	-	(67.712)
Interest cost	(40.630)	(3.994)	(0.286)	(0.507)	(0.114)	(0.580)	(0.490)	(46.601)
Contributions from scheme participants	(8.090)	(0.041)	(0.038)	(0.731)	-	-	-	(8.900)
Remeasurement gains and (losses):								
Actuarial gains and (losses) arising from changes in financial assumptions	118.380	9.527	1.122	2.825	0.250	0.640	0.480	133.224
Actuarial gains and (losses) arising from changes in demographic assumptions	19.080	1.822	0.128	0.269	0.054	0.410	0.380	22.143
Other	(11.110)	(0.559)	(0.023)	(0.006)	(0.014)	(0.110)	(0.090)	(11.912)
Past service cost	(0.370)	-	-	-	-	-	-	(0.370)
Benefits paid	51.060	6.434	0.137	(0.211)	0.190	2.110	2.440	62.160
Settlements	(7.590)	-	-	-	-	-	-	(7.590)
Closing balance as at 31 March 2022	(1,894.610)	(180.348)	(12.715)	(26.596)	(5.298)	(26.120)	(21.930)	(2,167.617)

Notes to the Accounts

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

2021-22		2022-23
£m	Local Government Pension Scheme	£m
1,334.740	Opening fair value of scheme assets	1,410.120
27.920	Interest income	37.860
	Remeasurement gain and (loss):	
58.030	The return on plan assets, excluding the amount included in the net interest expense	(50.680)
27.630	Contributions by the employer	31.280
8.090	Contributions by participants	9.320
(51.060)	Benefits paid	(54.920)
4.770	Settlements	(1.240)
1,410.120	Closing balance of scheme assets	1,381.740

Local Government Pension Scheme assets comprised:

2021-22		2022-23	
Total	Quoted	Unquoted	Total
%	%	%	%
LGPS assets comprised:			
1.8	1.8	-	1.8
18.8	19.5	-	19.5
57.0	40.1	11.1	51.2
2.0	1.3	-	1.3
-	4.5	-	4.5
12.0	0.0	11.2	11.2
8.4	-	10.5	10.5
100.0	67.2	32.8	100.0

Notes to the Accounts

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 2022. 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.

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.

Notes to the Accounts

The significant assumptions used by the actuary have been:

31 March 2022					31 March 2023				
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:									
21.8	21.5	21.8	21.8	Men	21.6	21.6	21.6	21.6	
25.0	23.6	25.0	25.0	Women	24.6	23.7	24.6	24.6	
Longevity at age 65 for future pensioners:									
23.5	23.2	-	-	Men	22.9	23.3	-	-	
26.7	25.4	-	-	Women	26.1	25.5	-	-	
Financial Assumptions:									
3.0%	3.0%	3.0%	3.0%	Inflation - CPI	2.7%	2.7%	2.7%	2.7%	
4.5%	4.5%	-	-	Salary increases	4.2%	4.2%	-	-	
3.0%	3.0%	3.0%	3.0%	Pension increases	2.7%	2.7%	2.7%	2.7%	
3.0%	3.0%	-	-	Pension accounts revaluation rate	2.7%	4.2%	-	-	
2.7%	2.7%	2.7%	2.7%	Discount rate	4.7%	4.7%	4.7%	4.7%	

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 2023.

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.

Notes to the Accounts

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)	37.010	2.6	(37.010)	(2.6)
Rate of increase in salaries (increase or decrease by 0.1%)	1.420	0.1	(1.420)	(0.1)
Rate of increase in pensions (increase or decrease by 0.1%)	21.350	1.5	(19.930)	(1.4)
Rate for discounting scheme liabilities (increase or decrease by 0.1%)	(22.780)	(1.6)	22.780	1.6
Firefighters' Pension Scheme (FPS 1992)				
Longevity (increase or decrease in 1 year)	3.593	2.6	(3.593)	(2.6)
Rate of increase in salaries (increase or decrease by 0.1%)	-	-	-	-
Rate of increase in pensions (increase or decrease by 0.1%)	1.935	1.4	(1.935)	(1.4)
Rate for discounting scheme liabilities (increase or decrease by 0.1%)	(1.935)	(1.4)	1.935	1.4
New Firefighters' Pension Scheme (FPS 2006)				
Longevity (increase or decrease in 1 year)	0.207	2.6	(0.207)	(2.6)
Rate of increase in salaries (increase or decrease by 0.1%)	-	-	-	-
Rate of increase in pensions (increase or decrease by 0.1%)	0.191	2.4	(0.183)	(2.3)
Rate for discounting scheme liabilities (increase or decrease by 0.1%)	(0.183)	(2.3)	0.191	2.4
New Firefighters' Pension Scheme (FPS 2015)				
Longevity (increase or decrease in 1 year)	0.416	2.6	(0.416)	(2.6)
Rate of increase in salaries (increase or decrease by 0.1%)	0.272	1.7	(0.272)	(1.7)
Rate of increase in pensions (increase or decrease by 0.1%)	0.192	1.2	(0.176)	(1.1)
Rate for discounting scheme liabilities (increase or decrease by 0.1%)	(0.448)	(2.8)	0.464	2.9

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.

Notes to the Accounts

Impact on the Council's Cash Flows

The Council anticipates paying the following amounts in 2023-24 in relation to the seven post-employment schemes covered by this note:

	LGPS £m	1992 Firefighters' Pension Scheme £m	2006 Firefighters' Pension Scheme £m	2015 Firefighters' Pension Scheme £m	Firefighters' Injury & non scheme III Health £m	LGPS Unfunded Scheme £m	Teachers' Unfunded Scheme £m	Total £m
Regular employer contributions payable to Tyne and Wear Pension Fund	27.830	-	-	-	-	-	-	27.830
Payments to beneficiaries	-	-	-	-	-	2.290	2.530	4.820
Payments to beneficiaries' net of member contributions receivable, where contributions include the Government Grant	-	6.309	0.127	(1.523)	0.202	-	-	5.115
Total	27.830	6.309	0.127	(1.523)	0.202	2.290	2.530	37.765

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 their LGPS pension becomes payable before their normal retirement date.

Notes to the Accounts

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 2022		31 March 2023
No. of years		No. of years
	Weighted average duration for LGPS, LGPS Unfunded Scheme and Teachers' Unfunded Scheme	16.0
19.0		
16.7	Weighted average duration for FPS 1992	14.2
27.8	Weighted average duration for FPS 2006	23.6
33.6	Weighted average duration for FPS 2015	28.6
	Weighted average duration for Firefighters' Injury and Non-Scheme III Health Pensions	13.0
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	32.0	14.0	54.0
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 III- Health Pensions	33.0	-	67.0
Local Government Pension Scheme Unfunded Scheme	-	-	100.0
Teachers' Unfunded Scheme	-	-	100.0

Notes Supporting the Cash Flow Statement

32. Cash Flows from Operating Activities

The cash flows for operating activities include the following items:

2021-22 £m		2022-23 £m
(21.600)	Interest received	(24.206)
32.164	Interest paid	29.809

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

2021-22 £m		2022-23 £m
52.935	Depreciation	57.021
7.301	Impairment and downward valuations	19.234
0.613	Amortisation	0.410
26.109	(Increase)/decrease in creditors	(61.781)
(21.999)	Increase in debtors	(8.160)
(0.995)	(Increase)/decrease in inventories	(0.152)
51.663	Movement in Pension Liability	52.314
33.030	Carrying amount of non-current asset and non-current assets held for sale, sold or derecognised	14.641
1.001	Other non-cash items charged to the net deficit on the provision of services	(2.959)
149.658	Subtotal of non-cash movements	70.568

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

2021-22 £m		2022-23 £m
(9.382)	Proceeds from the sale of property, plant and equipment, investment property and intangible assets	(6.516)
(66.723)	Any other items for which the cash effects are investing or financing cash flows	(80.453)
(76.105)	Subtotal of adjustments included in the Deficit on the Provision of Services that are investing or financing activities	(86.969)

33. Cash Flows from Investing Activities

2021-22 £m		2022-23 £m
(99.891)	Purchase of property, plant and equipment, investment property and intangible assets	(104.019)
(125.300)	Purchase of short term and long term investments	(185.349)
(8.238)	Other payments for investing activities	(4.264)
9.382	Proceeds from the sale of property, plant and equipment, investment property and intangible assets	6.516
159.250	Proceeds from short term and long term investments	239.500
94.212	Other receipts from investing activities	85.374
29.415	Net cash flows from investing activities	37.758

34. Cash Flows from Financing Activities

2021-22 £m		2022-23 £m
25.041	Cash receipts of short term and long term borrowing	40.000
(1.606)	Cash payments for the reduction of the outstanding liabilities relating to finance leases and on-balance sheet PFI contracts	(2.002)
(80.583)	Repayments of short and long term borrowing	(51.552)
9.239	Other payments for financing activities	9.010
(47.909)	Net cash flows from financing activities	(4.544)

Notes to the Accounts

	1 April 2022	Financing cashflows	Changes which are not financing cash flows		31 March 2023
			Acquisition	Other	
	£m	£m	£m	£m	£m
Long term borrowings	705.378	-	-	(11.552)	693.826
Short term borrowings	56.978	(11.552)	-	11.592	57.018
On balance sheet PFI	59.312	-	-	-	59.312
Other payments	(19.192)	9.009	-	-	(10.183)
Total liabilities from financing activities	802.476	(2.543)	-	0.040	799.973

	1 April 2021	Financing cashflows	Changes which are not financing cash flows		31 March 2022
			Acquisition	Other	
	£m	£m	£m	£m	£m
Long term borrowings	756.893	0.037	-	(51.552)	705.378
Short term borrowings	61.090	(55.579)	-	51.467	56.978
On balance sheet PFI	61.314	(1.606)	-	(0.396)	59.312
Other payments	(28.431)	9.239	-	-	(19.192)
Total liabilities from financing activities	850.866	(47.909)	-	(0.481)	802.476

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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 2022-23 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 95 organisations with transactions totalling £100.134 million in respect of goods or services provided to the Council (88 and £139.295 million in 2021-22).

During 2022-23 goods and services amounting to £4.535 million were provided by the Council to 63 organisations in which Members had an interest (£5.883 million and 65 in 2021-22).

Included in the above sums are amounts due from the Council of £0.749 million and due to the Council of £0.511 million as at 31 March 2023 (£1.020 million and £0.201 million in 2021-22).

Officers

During 2022-23 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 7 organisations with transactions totalling £6.333 million in respect of goods or services provided to the Council (13 and £50.934 million in 2021-22).

During 2022-23 goods and services amounting £1.363 million were provided by the Council to 5 organisations in which officers had an interest (£1.620 million and 9 in 2021-22).

Included in the above sums are amounts due from the Council of £0.145 million and due to the Council of £0.000 million as at 31 March 2022 (£0.030 million and £0.031 million in 2021-22).

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 Leisure Partnership Agreement for 2022-23 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 in place during 2022-23.

An assessment of the Council's relationship with Active Northumberland in 2022-23 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 £2.060 million in 2022-23 (£2.160 million in 2021-22). In

Notes to the Accounts

addition, other agreed funding of £1.124 million was accrued in 2022-23 (£0.371 million in 2021-22).

Entities Controlled or Significantly Influenced by the Council.

Advance Northumberland Group

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 economic growth and investment (EG&I). 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:

- Performance & Governance including strategic direction;
- Financial Control and Monitoring including Tax;
- Human Resource services;
- Marketing and Communications; and,
- Business Operations.

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 Northumberland. This includes both private rent and affordable housing.

Advance Northumberland (Developments) Limited: The principal activities of the company are to provide project management services in connection
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with capital developments undertaken by the Advance Northumberland Group and the Council. Ascent Homes is the housebuilding arm of the Advance Northumberland (Developments) Limited entity providing new homes throughout Northumberland. 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: During the year, some of the project management activities have begun being delivered by this company. Going forward, all project management activities will migrate from Developments to Financial.

Prudhoe Estates LLP Limited

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

As at 31 March 2023 the Advance Group owed the Council (the ultimate holding company) £285.391 million (£281.613 million in 2021-22) primarily in respect of principal and interest due on a commercial loan facility; whilst the Council owed Advance Northumberland Group £1.191 million (£1.893 million in 2021-22) primarily for capital grant claims for Northumberland Energy Park Phase 1 and Bedlington Town Centre projects. During 2022-23 the Council paid the Advance Group £2.610 million (£2.179 million in 2021-22), mainly for capital grant claims for Northumberland Energy Park Phase 1 and Ashwood Business Park projects. Income to the Council from the Advance Group was £14.660 million (£14.541 million in 2021-22), mainly due to interest payable on the commercial loan facility.

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.

Notes to the Accounts

Northumbria Integrated Consultancy Limited

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

The purpose of the company was to provide consultancy services, other than financial management.

The company is currently inactive, and the process has commenced to dissolve the company.

At 31 March 2023 Northumberland Enterprise Holdings Ltd owed the Council (the ultimate holding company) nothing (nil at 31 March 2022); whilst the Council also owed Northumberland Enterprise Holdings Ltd nothing (nil at 31 March 2022). During 2022-23 the Council paid Northumberland Enterprise Holdings Ltd nothing (£0.300 million in 2021-22). Income to the Council from Northumberland Enterprise Holdings Ltd was also nothing (£0.140 million in 2021-22).

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 three founding Directors: The Council's representative is the Executive Director - Children, Young People and Education, alongside the Chief Operating Officers of ORE Catapult and the 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. The Company's transactions and balances are currently immaterial and, once operational, the Council is unlikely to have a significant level of control that would necessitate the consolidation of the Company into the Council's group accounts.

Newcastle International Airport

The Council has designated its Newcastle Airport equity instrument as fair value through other comprehensive income under IFRS9 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 51.0% owned by LA7 and 49.0% owned by InfraBridge (previously known as AMP Capital Investors Limited) following their purchase on 16 November 2012. The 51.0% 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 15.4% interest in NALAHCL, valued at £13.490 million (£13.490 million in 2021-22). 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 7.9% 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 2022 (nil for the year ended 31 December 2021).

Members of the LA7 entered into a loan agreement with NIAL Group Limited in 2012-13, issuing £67.665 million shareholder loan notes of which £11.916 million is provided by the Council (£11.916 million in 2021-22). The loan notes will be repayable in 2032 with interest normally being received up to that date on a six monthly basis.

Notes to the Accounts

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 three years (four years in 2021-22) 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 £0.797 million (£1.006 million in 2021-22) being recognised. 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 £0.289 million (£0.198 million in 2021-22) in the event all repayments are not made or further delayed at some time in the future.

The increase in lifetime loss has been debited 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 have 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 profit before tax of £0.135 million and a loss after tax of £2.181 million for the year ended 31 December 2022. In the previous year, the Group made a loss before tax of £31.306 million and a loss after tax of £32.755 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 2022		31 March 2023
£m		£m
2.218	Section 278 and Section 38 Monies Held	2.246
5.223	Bank Accounts for Adult Clients in Care	6.319
1.339	Other	1.615
8.780	Total	10.180

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.

Other

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

37. Impairment Losses

There have been no impairment losses during 2022-23.

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 £2.723 million (3.2%) 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 guarantees 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 (NWL), 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 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 NWL no provision has been made in the accounts at 31 March 2023. The Council has estimated the potential liability from similar claims to be £0.195 million, to be met from the Housing Revenue Account.

Union Chain Bridge

The project to repair and conserve the 203-year-old, Grade 1 listed, Union Chain Bridge which spans the River Tweed between England and Scotland commenced in 2019. The project entailed the suspension bridge being painstakingly dismantled, with component parts being inspected for structural integrity so that sound elements were repaired and reused, and any unsound elements replaced, and the suspension bridge then being reconstructed. The Main Works Contractor was appointed using an 'NEC 4 Target Price with Activity Schedule' form of contract. A number of difficulties have been encountered in the delivery of the project which have necessitated compensation event notices being issued to the contractor. Whilst the reconstruction works are now complete and the bridge reopened to the

public in April 2023, there are a number of compensation events where the contractor has disputed the valuation, and these are now subject to formal dispute proceedings under the provisions of the contract. There are also several compensation events where the value of the works has not yet been agreed by the contractor, which have the potential to also progress into formal dispute proceedings. Discussions are continuing with the Main Works Contractor in an attempt to agree the valuations of the remaining compensation events and to seek resolution to the matters in dispute. In default of agreement these matters would proceed into formal adjudication proceedings with the adjudicator determining the outcome of the dispute and the value of the Final Account.

39. Contingent Assets

There are no contingent assets.

40. Accounting Policies

General Principles

The Statement of Accounts summarises the Council's transactions for the 2022-23 financial year and its position at the year end of 31 March 2023. The authority is required to prepare an annual Statement of Accounts in 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

Notes to the Accounts

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, on the basis of continued provision of services.

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 £0.010 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:

Notes to the Accounts

- 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. These 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;
- unitized securities at current bid price; and,
- property at market value.

Notes to the Accounts

- 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.

Notes to the Accounts

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

Notes to the Accounts

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 to a non-subsidiary body, 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.

When soft loans are made to subsidiary bodies of the Council, as with other soft loans the fair value is estimated as the present value of all future cash receipts discounted using the

prevailing market rate of interest for a similar instrument and for an organisation with a similar credit rating. However, the write-down to fair value is not taken to surplus or deficit on the provision of services as in substance this is an additional investment by the Council into its subsidiary. The difference between the loan amount and the fair value of the loan is accounted for as an investment in the Council's financial statements.

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,

Notes to the Accounts

- 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

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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 £0.010 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 differences 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

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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 any sale proceeds put to 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

Notes to the Accounts

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

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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 £0.010 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:

- community assets and assets under construction – depreciated historical cost;
- Infrastructure - measured at depreciated historical cost. However, this is a modified form of historical cost – opening balances for highways infrastructure assets were originally recorded in balance sheets at amounts of capital undischarged for sums borrowed as at 1 April [1994 England and Scotland] [1996 Wales], which was deemed at that time to be historical cost. Where impairment losses are identified, they are accounted for by the carrying amount of the asset being written down to the recoverable amount;
- 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);

Notes to the Accounts

- 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 and Derecognition

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 £0.010 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 authority has determined in accordance with Regulation [30M England or 24L Wales] of the Local Authorities (Capital Finance and Accounting) (England/Wales) (Amendment) Regulations 2022 that the carrying amounts to be derecognised for infrastructure assets when there is replacement expenditure is nil.

The written-off value of disposals and derecognitions 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.

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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 (after deducting residual value)	4 to 40 years (as determined by the valuation officers)
Infrastructure: (assessed by Highways Engineers using industry standard where applicable)	
Carriageway	25 years
Footpaths & Cycleways	25 years
Street Furniture	25 years
Street Lighting	40 years
Structures	100 years
Traffic Management	15 years
Coast Protection	40 years
Vehicles, Plant and Equipment:	
Fire engines	10 to 15 years
Furniture and Fittings, ICT, other equipment	3 to 15 years
Grounds maintenance / car parking equipment	10 to 11 years
Other vehicles	3 to 15 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	5 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.

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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

Notes to the Accounts

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 His 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'

Notes to the Accounts

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 school's 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 requires the Council to disclose information relating to the impact of accounting changes required by any new accounting standards issued but not yet incorporated into the Code for 2022-23.

Accounting changes that are to be introduced in future years and may require retrospective application are as follows:

- IFRS 16 Leases (for those local authorities that have decided to voluntarily implement IFRS 16 in 2023-24; NCC has opted out of early adoption);
- Definition of Accounting Estimates (amendments to IAS 8);
- Disclosure of Accounting Policies (amendments to IAS 1 and IFRS Practice Statement 2);
- Deferred Tax related to Assets and Liabilities arising from a Single Transaction (amendments to IAS 12); and,
- Updating a Reference to the Conceptual Framework (amendments to IFRS 3).

These changes are not expected to have a material impact on the Council's financial performance or 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 £70.471 million for Waste and £11.499 million for Fire and Rescue) are recognised as Property, Plant and Equipment on the Council's Balance Sheet;
- 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; and,
- Despite recent increases in interest rates, current market forecasts indicate that the rates will return to lower levels, and it is considered that there is a low 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.

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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	No. of Primary Schools	No. of Secondary Schools	No. of Special Schools	No. of All Through Schools	No. of Pupil Referral Units
Community	71	55	9	7	-	-
Foundation	5	3	2	-	-	-
Pupil Referral Unit	1	-	-	-	-	1
Voluntary Aided	20	20	-	-	-	-
Voluntary Controlled	8	8	-	-	-	-
Total Maintained Schools	105	86	11	7	-	1
Academies	61	40	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. Where Academy schools are leased from the Council on a 125 year lease, they are treated as a disposal from the balance sheet, as this is deemed to be the majority of the asset's life.

The following schools converted to academy status during 2022-23:

- St. Aidan's Catholic School;
- St. Robert's Catholic School;
- St. Cuthberts' RC First School.

As these schools are voluntary aided, the assets were not included on the Council's Balance Sheet, with the exception of St Robert's Playing field which had a Net Book Value of £0.033 million prior to disposal.

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 2023 for which there is a significant risk of material adjustment in the forthcoming financial year are as follows:

Item	Uncertainties	Effect if Actual Results Differ from Assumptions
Property, Plant and Equipment	The balance of Property, Plant and Equipment held by the Council at 31 March 2023 was £1,470.289 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 £8.855 million change to the balance of Property, Plant and Equipment held by the Council, and a £1.447 million difference to the depreciation charged to the CIES.
Pensions Liability	At 31 March 2023, the Council had a net pension liability of £248.139 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 £22.780 million. However, the assumptions interact in complex ways. During 2022-23, the Council's actuary advised that the net pension liability for funded LGPS benefits had reduced by £695.690 million due to changes in the financial assumptions and increased by £141.620 million due to changes in liability experience. There was also an increase of £8.990 million due to changes in the demographic assumptions.

44. Events After the Reporting Period

The Statement of Accounts will be authorised for issue by the Section 151 Officer on 31 May 2023. 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 2023, 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 2023.

Academy Conversions

There are five schools expected to convert to academy status in 2023-24. Morpeth All Saints Church of England First School and Newbrough Church of England Primary School both converted on 1 April 2023. St Michael's Church of England Primary School, Wark Church of England Primary School and the Duchess Community High School are all expected to convert between July 2023 and December 2023. The Property, Plant and Equipment line in the Balance Sheet contained valuations totalling £28.009 million for the schools which will transfer out of Council ownership.

45. Restatements and Prior Period Adjustments

Restatements

A number of disclosures relating to 2021-22 have been restated. Some restatements (arising from changes in the council's management structure) have been made to 2021-22 data to facilitate comparison with 2022-23. The table below shows the impact of the changes between Portfolios as presented in the Comprehensive Income and Expenditure Statement.

	2021-22 Council Position			2021-22 Group Position		
	As per 2021-22 Accounts	Portfolio Changes	Restated Position	As per 2021-22 Accounts	Portfolio Changes	Restated Position
	£m	£m	£m	£m	£m	£m
Adult Social Care & Commissioning	107.781	-	107.781	107.781	-	107.781
Chief Executive	29.660	(0.658)	29.002	29.706	(0.658)	29.048
Children's Services	106.992	-	106.992	106.964	-	106.964
Communities & Business Development	19.118	(1.206)	17.912	19.118	(1.206)	17.912
Corporate Expenditure & Income	5.382	-	5.382	5.382	-	5.382
Finance	55.857	0.530	56.387	55.976	0.530	56.506
Local Authority Housing (HRA)	(24.121)	-	(24.121)	(24.121)	-	(24.121)
Planning & Local Services	80.272	-	80.272	80.505	-	80.505
Public Health & Community Services	8.042	-	8.042	8.042	-	8.042
Regeneration, Commercial & Economy	3.228	1.334	4.562	1.246	1.334	2.580
Subsidiary Companies	-	-	-	(14.769)	-	(14.769)
Cost of Services	392.211	-	392.211	375.830	-	375.830

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Housing Revenue Account

Housing Revenue Account (HRA) Income and Expenditure Statement for the year ended 31 March 2023

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.

2021-22 £m	Note	2022-23 £m
Expenditure:		
8.533		9.505
9.554		10.375
2.415		2.979
9.686		10.268
0.007		0.007
0.028		0.075
0.261	9	0.237
30.484	Total Expenditure	33.446
Income:		
(29.661)		(29.898)
(0.299)		(0.300)
(2.549)		(2.634)
(0.574)		(0.686)
(21.683)		(2.264)
(54.766)	Total Income	(35.782)
(24.282)	Net cost of HRA services as included in the Comprehensive Income and Expenditure Statement	(2.336)
0.161	HRA services' share of Corporate and Democratic Core costs	0.138
(24.121)	Net cost for HRA Services	(2.198)
HRA Share of the operating Income and Expenditure included in the Comprehensive Income and Expenditure Statement:		
(0.534)	1	(0.103)
3.588		4.214
(0.007)		(0.927)
0.751		0.814
(20.323)	Deficit/(surplus) for the year on HRA Services	1.800

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.

2021-22 £m		Note	2022-23 £m
(28.890)	Balance on the HRA at the end of the previous year		(29.873)
(20.323)	Surplus for the year on the HRA Income and Expenditure Statement		1.800
20.271	Adjustments between accounting basis and funding basis under Statute	1	(0.637)
(0.052)	Net increase before transfers to or from reserves		1.163
(0.931)	Transfer to/(from) earmarked reserves	10	(0.437)
(0.983)	(Increase)/Decrease in year on the HRA		0.726
(29.873)	Balance on the HRA at the end of the current year		(29.147)

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

2021-22		2022-23
£m		£m
	Analysis of adjustments between accounting basis and funding basis under Statute included within the Movement on the HRA Statement	
21.683	Transfers to the Capital Adjustment Account	2.264
0.534	Capital grants and contributions applied	0.103
(0.028)	Revenue Expenditure Funded from Capital Under Statute	(0.075)
(2.826)	HRA share of contributions to the Pensions Reserve	(3.395)
(0.023)	Accumulated Absences	0.005
0.931	Capital expenditure funded by the HRA	0.461
20.271	Total	(0.637)

2. Housing Stock

2021-22		2022-23
No.		No.
7,030	Houses and Bungalows	6,970
1,354	Flats	1,347
3	Shared Ownership	3
8,387	Total	8,320

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

2021-22		2022-23
No.		No.
8,426	Stock at 1 April	8,387
30	Additions	2
-	- Appropriations	-
2	Conversions	-
-	- Re-categorisation	-
(71)	Sales	(69)
8,387	Stock at 31 March	8,320

3. Housing Revenue Account Assets

	Council Dwellings £m	Other Land and Buildings £m	Vehicles, Plant and Equipment £m	Surplus Assets £m	Investment Properties £m	Intangible Assets £m	Assets under construction £m	Total £m
Gross book value at 1 April 2022	355.349	2.105	0.075	0.761	0.335	0.403	0.048	359.076
Re-categorisation	0.002	-	-	-	(0.005)	-	(0.002)	(0.005)
Additions	11.138	0.001	-	-	-	-	0.397	11.536
Disposals	(3.310)	-	(0.075)	-	-	-	-	(3.385)
Revaluations	(7.830)	0.175	-	(0.509)	-	-	-	(8.164)
Gross book value at 31 March 2023	355.349	2.281	-	0.252	0.330	0.403	0.443	359.058
Depreciation at 1 April 2022	-	0.158	0.075	-	-	0.222	-	0.455
Re-categorisation	-	-	-	-	-	-	-	-
Depreciation & Amortisation - charged in year	10.062	0.146	-	-	-	0.060	-	10.268
Disposals	-	-	(0.075)	-	-	-	-	(0.075)
Revaluations	(10.062)	-	-	-	-	-	-	(10.062)
Depreciation at 31 March 2023	-	0.304	-	-	-	0.282	-	0.586
Net book value at 31 March 2023	355.349	1.977	-	0.252	0.330	0.121	0.443	358.472
Net book value at 1 April 2022	355.349	1.947	-	0.761	0.335	0.181	0.048	358.621

The value of HRA dwellings at 31 March 2023 of £355.349 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 2022 was £807.611 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 £355.349 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 £0.565 million. Surplus Assets consists of land valued at £0.075 million, and investment properties include £0.005 million worth of land.

Due to a delay in receiving HRA Dwelling valuations for the year ended 31 March 2023 the previous year's figures have been included in the accounts. This will be updated once received.

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:

2021-22 £m		2022-23 £m
	Income:	
(9.686)	Depreciation on Non-Current Assets	(10.268)
(9.686)	Total Income	(10.268)
	Expenditure:	
8.080	Houses	10.626
8.080	Total Expenditure	10.626
(1.606)	Increase in year on the MRR	0.358
(8.607)	Balance brought forward at 1 April	(10.213)
(10.213)	Balance carried forward at 31 March	(9.855)

5. HRA Capital Expenditure and Financing

2021-22 £m		2022-23 £m
	Expenditure:	
11.133	Houses	11.609
-	Land & Buildings	-
0.048	Vehicle, Plant and Equipment	-
11.181	Total Expenditure	11.609
	Financing:	
0.534	Government Grants	0.103
1.636	Capital Receipts	0.419
0.931	Revenue Contribution to Capital	0.461
8.080	Major Repairs Reserve	10.626
11.181	Total Financing	11.609

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.

For 2022-23 and 2023-24 the government has announced that 100.0% of Right to Buy receipts can be retained and not paid over. They can be used to reinvest in capital expenditure as long as they are spent within 5 years of receipt. In 2022-23 £1.418 million would have been paid into the pool (2021-22 £1.511 million) but is being retained. A summary of receipts for the year is included below:

2021-22		2022-23
£m		£m
	Expenditure:	
(3.618)	Houses	(3.595)
-	Discount Repayments	(0.029)
(3.618)	Total Expenditure	(3.624)

7. Accounting for Pensions

The net impact on the HRA as a result of IAS 19 was a debit of £2.580 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 2022-23, tenant rent arrears were as follows:

As at 31 March 2022			As at 31 March 2023	
£m	%		£m	%
		Rents:		
0.988	3.3	Current tenants	0.951	3.2
1.011	3.4	Former tenants	0.900	3.0
1.999	6.7	Balance at 31 March	1.851	6.2

9. Provision for Impairment of Debt

The impairment allowance for doubtful debts required at 31 March 2023 is £1.580 million compared with £1.865 million at 31 March 2022, a decrease of £0.285 million.

Debts of £0.525 million were written off during the year and a contribution of £0.240 million was added to the allowance.

The impairment allowance for doubtful debts at 31 March 2023 is:

2021-22		2022-23
£m		£m
2.403	Balance at 1 April	1.865
(0.787)	Bad Debts written on/off during year	(0.525)
0.249	Increase in provision	0.240
1.865	Balance at 31 March	1.580

The charge for movement in the allowance for doubtful debts within the Income and Expenditure Statement of £0.237 million includes the increase in allowance for doubtful debts for Council dwelling rents of £0.240 million and sundry debtor allowance for doubtful debts of £0.003 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 £0.437 million was utilised to fund capital expenditure in line with the plan.

The movement in Earmarked Reserve is shown below:

2021-22 £m	2022-23 £m
(3.108) Balance at 1 April	(2.177)
0.931 Transferred (to)/from Earmarked Reserve	0.437
(2.177) Balance at 31 March	(1.740)

Collection Fund

Notes to the Collection Fund Account

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.

2021-22		Note	2022-23		Total £m
Total £m	Council Tax £m		NNDR £m		
Income:					
(224.432)	Council Tax	1	(237.378)	-	(237.378)
(67.439)	Business Rates	2	-	(75.890)	(75.890)
(0.358)	Transitional Protection Payments		-	0.350	0.350
(292.229)	Total Income		(237.378)	(75.540)	(312.918)
Expenditure:					
Apportionment of previous year's (deficit)/surplus:					
(22.010)	Northumberland County Council		4.215	(12.547)	(8.332)
(0.094)	Police and Crime Commissioner for Northumbria		0.318	-	0.318
(20.394)	Central Government - Share		-	(12.547)	(12.547)
Precepts, demands and shares:					
235.550	Northumberland County Council	2	206.070	36.153	242.223
9.391	Parish and Town Councils		9.869	-	9.869
15.382	Police and Crime Commissioner for Northumbria		16.708	-	16.708
40.525	Central Government - Share	2	-	36.153	36.153
Charges to Collection Fund:					
0.486	Costs of collection		-	0.495	0.495
Increase/(Decrease) in Impairment Allowance for Doubtful					
1.375	Debts		1.785	0.263	2.048
2.408	Increase/(Decrease) in Appeals Provision		-	(6.972)	(6.972)
5.593	Disregarded amounts		-	5.195	5.195
268.212	Total Expenditure		238.965	46.193	285.158
(24.017)	Deficit/(surplus) for year		1.587	(29.347)	(27.760)
45.933	Opening fund balance		(3.099)	25.015	21.916
21.916	Closing fund balance		(1.512)	(4.332)	(5.844)
Allocated to:					
9.626	Northumberland County Council		(1.406)	(2.166)	(3.572)
(0.217)	Police and Crime Commissioner for Northumbria		(0.106)	-	(0.106)
12.507	Central Government		-	(2.166)	(2.166)
21.916			(1.512)	(4.332)	(5.844)

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 2022. The net Council Tax liability in 2022-23 was £237.378 million (£224.432 million in 2021-22).

Properties No.	2021-22			Proportion	2022-23		
	Band D equivalent Properties No.	Council Tax Charge £	Council Tax Band		Properties No.	Band D equivalent Properties No.	Council Tax Charge £
-	60.22	1,093.11	A (Disabled)	5/9	168	61.99	1,139.58
70,609	30,569.55	1,311.73	A	6/9	70,547	30,875.46	1,367.49
25,063	16,030.48	1,530.35	B	7/9	25,316	16,262.95	1,595.40
20,474	15,817.07	1,748.97	C	8/9	20,660	15,982.88	1,823.32
17,115	15,632.90	1,967.59	D	9/9	17,369	15,926.81	2,051.23
11,227	12,685.99	2,404.83	E	11/9	11,430	12,972.62	2,507.06
6,954	9,384.12	2,842.07	F	13/9	7,115	9,647.44	2,962.88
4,293	6,732.77	3,279.32	G	15/9	4,348	6,841.70	3,418.72
550	941.58	3,935.18	H	18/9	507	967.32	4,102.46
156,285	107,854.68		Total		157,460	109,539.17	
	152.77		Band D equivalent adjustments			157.72	
	108,007.45		Gross Tax Base			109,696.89	
	(1,072.52)		Adjustment for non collection			(1,091.40)	
	106,934.93		Net Tax Base			108,605.49	

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:

2021-22		2022-23
p/£		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:

2021-22		2022-23
£m		£m
235.846	Rateable Value at 31 March	238.918

The Council retains 50.0% of the rates income collected and the remaining 50.0% was paid to government. The relevant shares payable for 2022-23 were estimated before the start of the financial year in line with regulations. Those estimates are shown in the following table:

2021-22		2022-23
£m		£m
40.525	Northumberland County Council	36.153
40.525	Central Government	36.153

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 2022-23 of £27.535 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 2022-23 amounted to £8.637 million (£16.985 million in 2021-22). 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 Comprehensive Income and Expenditure Statement.

Group Accounts

Group Accounts Explanatory Foreword

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 22 January 2018 Advance Northumberland Limited was incorporated at Companies House. Advance Northumberland and its subsidiary companies started trading within 2018-19.

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. Northumbria Integrated Consultancy Limited is currently inactive, and the process has commenced to dissolve this company.

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 shown 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 2022-23 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 for 2022-23 concluded that there was no requirement to consolidate the new jointly-owned company into the Council group. The assessment concluded that, whilst the Council currently has significant control over Energy Central Campus Limited, its financial interest in the company is immaterial. It should also be noted that the level of Council control is likely to become insignificant (i.e. less than 20.0%) once the company is fully operational, due to planned structure changes. 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.

Gross Expenditure £m	As Restated 2021-22			2022-23		
	Gross Income £m	Net Expenditure £m		Gross Expenditure £m	Gross Income £m	Net Expenditure £m
225.664	(117.883)	107.781	Adult Social Care & Commissioning	237.035	(115.922)	121.113
34.378	(5.330)	29.048	Chief Executive	37.931	(4.157)	33.774
307.613	(200.649)	106.964	Children's Services	283.394	(201.231)	82.163
27.838	(9.926)	17.912	Communities & Business Development	41.271	(11.422)	29.849
5.403	(0.021)	5.382	Corporate Expenditure & Income	5.085	(0.988)	4.097
127.904	(71.398)	56.506	Finance	130.698	(61.303)	69.395
30.645	(54.766)	(24.121)	Local Authority Housing (HRA)	33.584	(35.782)	(2.198)
118.264	(37.759)	80.505	Planning and Local Services	132.551	(43.228)	89.323
33.056	(25.014)	8.042	Public Health & Community Services	32.202	(29.006)	3.196
12.049	(9.468)	2.581	Regeneration	12.604	(11.178)	1.426
29.929	(44.697)	(14.768)	Subsidiary Companies	36.653	(47.428)	(10.775)
952.743	(576.911)	375.832	Cost Of Services	983.008	(561.645)	421.363
51.923	(27.095)	24.828	Other Operating Income and Expenditure	32.389	(13.829)	18.560
50.791	(28.099)	22.692	Financing and Investment Income and Expenditure	49.973	(21.282)	28.691
-	(408.492)	(408.492)	Taxation and Non-Specific Grant Incomes	0.114	(441.947)	(441.833)
1,055.457	(1,040.597)	14.860	Group Deficit on Provision of Services	1,065.484	(1,038.703)	26.781
		(73.184)	(Gains)/Losses on Revaluation of Non-Current Assets			(18.522)
		(3.761)	Deficit/(Surplus) from investments in equity instruments designated at fair value through other comprehensive income			-
		(201.485)	Actuarial (Gains)/Losses on remeasurement of the net defined benefit liability			(561.672)
		(278.430)	Other Comprehensive Income and Expenditure			(580.194)
		(263.570)	Total Comprehensive Income and Expenditure			(553.413)

The 2021-22 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 Deficit/(Surplus) 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.

2022-23	General Fund Balance £m	Earmarked General Fund Reserves £m	Housing Revenue Account £m	Earmarked HRA Reserve £m	Capital Receipts Reserve £m	Capital Grants Unapplied £m	Major Repairs Reserve £m	Total Council Usable Reserves £m	Total Council Unusable Reserves £m	Council's share of Group Reserves £m	Total Group Reserves £m
Balance brought forward 1 April 2022	(71.077)	(183.148)	(29.873)	(2.177)	(4.951)	(61.306)	(10.213)	(362.745)	(47.353)	(10.515)	(420.613)
Movement in Reserves during 2022-23:											
Deficit/(Surplus) on the provision of services	46.051	-	1.800	-	-	-	-	47.851	-	(21.070)	26.781
Other Comprehensive Income and Exp'd	-	-	-	-	-	-	-	-	(580.194)	-	(580.194)
Total Comprehensive Income and Expenditure	46.051	-	1.800	-	-	-	-	47.851	(580.194)	(21.070)	(553.413)
Adjustments between accounting basis & funding basis under regulations and adjustment between Group Accounts and Council Accounts	(21.954)	-	(0.637)	-	(3.379)	(2.172)	0.358	(27.784)	14.788	12.996	-
Net (Increase)/Decrease before Transfers to Earmarked Reserves	24.097	-	1.163	-	(3.379)	(2.172)	0.358	20.067	(565.406)	(8.074)	(553.413)
Transfers to/(from) Earmarked Reserves	(4.973)	4.973	(0.437)	0.437	-	-	-	-	-	-	-
(Increase)/Decrease in 2022-23	19.124	4.973	0.726	0.437	(3.379)	(2.172)	0.358	20.067	(565.406)	(8.074)	(553.413)
Balance at 31 March 2023 carried forward	(51.953)	(178.175)	(29.147)	(1.740)	(8.330)	(63.478)	(9.855)	(342.678)	(612.759)	(18.589)	(974.026)

Group Movement in Reserves Statement

2021-22	General Fund Balance £m	Earmarked General Fund Reserves £m	Housing Revenue Account £m	Earmarked HRA Reserve £m	Capital Receipts Reserve £m	Capital Grants Unapplied £m	Major Repairs Reserve £m	Total Council Usable Reserves £m	Total Council Unusable Reserves £m	Council's share of Group Reserves £m	Total Group Reserves £m
Balance brought forward 1 April 2021	(71.467)	(174.430)	(28.890)	(3.108)	(4.025)	(56.534)	(8.607)	(347.061)	182.639	7.379	(157.043)
Movement in Reserves during 2021-22:											
Deficit/(Surplus) on the provision of services	69.688	-	(20.323)	-	-	-	-	49.365	-	(34.505)	14.860
Other Comprehensive Income and Exp'd	-	-	-	-	-	-	-	-	(278.430)	-	(278.430)
Total Comprehensive Income and Expenditure	69.688	-	(20.323)	-	-	-	-	49.365	(278.430)	(34.505)	(263.570)
Adjustments between accounting basis & funding basis under regulations and adjustment between Group Accounts and Council Accounts	(78.016)	-	20.271	-	(0.926)	(4.772)	(1.606)	(65.049)	48.438	16.611	-
Net (Increase)/Decrease before Transfers to Earmarked Reserves	(8.328)	-	(0.052)	-	(0.926)	(4.772)	(1.606)	(15.684)	(229.992)	(17.894)	(263.570)
Transfers to/(from) Earmarked Reserves	8.718	(8.718)	(0.931)	0.931	-	-	-	-	-	-	-
(Increase)/Decrease in 2021-22	0.390	(8.718)	(0.983)	0.931	(0.926)	(4.772)	(1.606)	(15.684)	(229.992)	(17.894)	(263.570)
Balance at 31 March 2022 carried forward	(71.077)	(183.148)	(29.873)	(2.177)	(4.951)	(61.306)	(10.213)	(362.745)	(47.353)	(10.515)	(420.613)

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 2022 £m	Note	31 March 2023 £m	31 March 2022 £m	Note	31 March 2023 £m	
1,468.797	Property, Plant & Equipment	1,3	1,515.353	(11.988)	Bank Overdraft	(13.907)
7.951	Heritage Assets		7.951	(57.308)	Short Term Borrowing	(57.018)
248.932	Investment Property	2	258.654	(141.728)	Short Term Creditors	(89.295)
1.237	Long Term Intangible Assets		0.888	(2.181)	Short Term Provisions	(6.618)
0.295	Assets Held for Sale - non current		0.295	(2.146)	Revenue Grants Receipts in Advance	(1.902)
19.280	Long Term Investments		20.178	(12.272)	Capital Grants Receipts in Advance	(15.535)
123.882	Long Term Debtors		119.102	(227.623)	Current Liabilities	(184.275)
1,870.374	Long Term Assets		1,922.421	(67.318)	Long Term Creditors - PFI	(64.392)
90.122	Short Term Investments		35.066	(705.485)	Long Term Borrowing	(693.825)
3.793	Assets Held for Sale - current		3.619	(7.475)	Long Term Provisions	(0.126)
2.255	Inventories		2.407	(757.497)	Net Defined Pensions Liability	(248.139)
40.334	Work in Progress	6	42.022	(5.944)	Capital Grants Receipts in Advance	(10.081)
84.136	Short Term Debtors		87.367	(11.021)	Deferred Tax Liability	(10.975)
111.962	Cash and Cash Equivalents		92.937	(1,554.740)	Long Term Liabilities	(1,027.538)
332.602	Current Assets		263.418	420.613	Net Assets	974.026
				362.745	Usable Reserves - Council	342.678
				47.353	Unusable Reserves - Council	612.759
				10.515	Usable Reserves - Subsidiaries	18.589
				420.613	Total Reserves	974.026

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.

2021-22 £m		2022-23 £m
(14.860)	Net surplus/(deficit) on the provision of services	(26.781)
120.365	Adjustments to net deficit on the provision of services for non-cash movements	50.455
(76.105)	Adjustments for items included in the net deficit on the provision of services that are investing and financing activities	(86.969)
29.400	Net cash flows from Operating Activities	(63.295)
47.493	Investing Activities	43.419
(51.889)	Financing Activities	(1.068)
25.004	Net increase in cash and cash equivalents	(20.944)
74.970	Cash and cash equivalents at the beginning of the reporting period	99.974
99.974	Cash and cash equivalents at the end of the reporting period	79.030

Accounting Policies

The financial results of the Council and its subsidiary at 31 March 2023 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) 10.0% - 33.0% per annum reducing balance – 33.0% per annum straight-line
Plant and Machinery	straight-line
Photovoltaics	5.0% per annum straight line
Motor vehicles	25.0% 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 liabilities are recognised for timing differences arising from investments in subsidiaries and associates, except where the Group is able to control the reversal of the timing difference and it is probable that it will not reverse in the foreseeable future. Deferred tax is provided on Revaluation gains and /or(losses).

Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the Balance Sheet date that are

expected to apply to the reversal of the timing difference. Deferred tax relating to property, plant and equipment measured using the revaluation model and investment property is measured using the tax rates and allowances that apply to the sale of the asset.

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 2022-23. 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 2022-23	Council Dwellings £m	Other Land and Buildings £m	Vehicles, Plant, Furniture & Equipment £m	Community Assets £m	Surplus Assets £m	Assets Under Construction £m	Total Property, Plant and Equipment £m	PFI Assets Included in Property, Plant and Equipment £m
Cost or Valuation:								
At 1 April 2022	355.349	532.549	128.205	11.111	17.246	82.215	1,126.675	99.824
Additions	11.138	28.006	6.577	0.072	-	39.114	84.907	1.848
Reclassifications	0.002	18.660	0.161	0.006	3.704	(28.802)	(6.269)	-
Revaluation Increases/(Decreases) recognised in the Revaluation Reserve	-	(6.687)	4.000	-	(2.589)	-	(5.276)	(10.623)
Revaluation Increases/(Decreases) recognised in the Deficit on the Provision of Services	(7.830)	(28.379)	0.001	-	(2.094)	-	(38.302)	-
De-recognition - Disposals	(3.310)	(0.188)	(7.430)	(0.001)	(0.016)	-	(10.945)	(0.013)
De-recognition - Other	-	(1.563)	(1.848)	-	-	-	(3.411)	(1.848)
Assets reclassified (to)/from Held for Sale	-	(0.002)	-	-	-	-	(0.002)	-
Other movements in cost/valuation	-	(0.195)	(0.157)	-	-	(0.383)	(0.735)	-
At 31 March 2023	355.349	542.201	129.509	11.188	16.251	92.144	1,146.642	89.188
Accumulated Depreciation and Impairment:								
At 1 April 2022	-	26.764	42.775	2.213	-	-	71.752	10.021
Depreciation/Impairment charge	10.062	16.445	10.791	0.162	-	-	37.460	4.728
Reclassifications	-	(0.870)	-	-	0.870	-	-	-
Depreciation written out to the Revaluation Reserve	-	(21.237)	(2.082)	-	(0.479)	-	(23.798)	(7.410)
Depreciation written out to the Deficit on the Provision of Services	(10.062)	(8.615)	(0.020)	-	(0.391)	-	(19.088)	-
De-recognition - Disposals	-	(0.024)	(6.871)	-	-	-	(6.895)	-
De-recognition - Other	-	(0.206)	(0.108)	-	-	-	(0.314)	(0.121)
Other movements in cost/valuation	-	(0.031)	(0.113)	-	-	-	(0.144)	-
At 31 March 2023	-	12.226	44.372	2.375	-	-	58.973	7.218
Net Book Value:								
At 31 March 2023	355.349	529.975	85.137	8.813	16.251	92.144	1,087.669	81.970
At 31 March 2022	355.349	505.785	85.430	8.898	17.246	82.215	1,054.923	89.803

Movements in 2021-22	Council Dwellings £m	Other Land and Buildings £m	Vehicles, Plant, Furniture & Equipment £m	Community Assets £m	Surplus Assets £m	Assets Under Construction £m	Total Property, Plant and Equipment £m	PFI Assets Included in Property, Plant and Equipment £m
Cost or Valuation:								
At 1 April 2021	335.073	485.476	118.244	11.051	15.439	82.270	1,047.553	93.179
Additions	11.103	20.860	11.728	0.069	0.512	35.680	79.952	1.043
Reclassifications	0.370	25.939	2.547	-	(0.546)	(32.636)	(4.326)	0.064
Revaluation Increases/(Decreases) recognised in the Revaluation Reserve	-	42.661	5.367	-	5.233	-	53.261	6.581
Revaluation Increases/(Decreases) recognised in the Deficit on the Provision of Services	12.123	(35.082)	(2.366)	-	(0.209)	-	(25.534)	-
De-recognition - Disposals	(3.320)	(4.736)	(6.272)	(0.001)	-	-	(14.329)	-
De-recognition - Other	-	(2.569)	(1.043)	(0.008)	-	-	(3.620)	(1.043)
Assets reclassified (to)/from Held for Sale	-	-	-	-	(3.183)	-	(3.183)	-
Other movements in cost/valuation - correction of opening balance	-	-	-	-	-	(3.099)	(3.099)	-
At 31 March 2022	355.349	532.549	128.205	11.111	17.246	82.215	1,126.675	99.824
Accumulated Depreciation and Impairment:								
At 1 April 2021	-	39.357	41.199	2.061	-	-	82.617	8.049
Depreciation/Impairment charge	9.488	15.188	9.064	0.152	-	-	33.892	4.114
Reclassifications	-	(0.038)	-	-	0.038	-	-	-
Depreciation written out to the Revaluation Reserve	-	(18.685)	(1.220)	-	(0.018)	-	(19.923)	(2.088)
Depreciation written out to the Deficit on the Provision of Services	(9.488)	(8.905)	(0.467)	-	(0.020)	-	(18.880)	-
De-recognition - Disposals	-	(0.024)	(5.747)	-	-	-	(5.771)	-
De-recognition - Other	-	(0.129)	(0.054)	-	-	-	(0.183)	(0.054)
At 31 March 2022	-	26.764	42.775	2.213	-	-	71.752	10.021
Net Book Value:								
At 31 March 2022	355.349	505.785	85.430	8.898	17.246	82.215	1,054.923	89.803
At 31 March 2021	335.073	446.119	77.045	8.990	15.439	82.270	964.936	85.130

Movement on balances of Infrastructure assets

In accordance with the Local Authorities (Capital Finance and Accounting) (England) (Amendment) Regulations 2022 SI 1232/2022 – new regulation 30M relating to infrastructure assets. The authority has chosen not to disclose this information as the previously reported practices and resultant information deficits mean that gross cost and accumulated depreciation are not measured accurately and would not provide the basis for the users of the financial statements to take economic or other decisions relating to infrastructure assets. The value at 31 March 2023 is £427.684 million (at 31 March 2022 £413.874 million). (see note 14 of the Single Entity statements for details).

2. Investment Property

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

31 March 2022		31 March 2023
£m		£m
238.012	Balance at 1 April	248.932
0.261	Additions	0.875
-	Reclassifications	(0.001)
-	Reclassifications - for sale	(0.005)
(9.516)	Disposals	(0.351)
20.175	Net losses from fair value adjustments	9.204
248.932	Balance at 31 March	258.654

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 £252.647 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 2023 in accordance with the methodologies and basis 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 2022-23 were George F White Limited for commercial properties and Aspin and Company Limited for the residential properties.

3.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 George F White Limited for the commercial properties, and Aspin and Company Limited for the residential properties.

	Council Dwellings £m	Other Land and Buildings** £m	Vehicles, plant, furniture and equipment £m	Community Assets* £m	Surplus Assets £m	Assets under construction £m	Group Total £m
Valued at Historical Cost (capital works additions not yet subject to revaluation)	-	5.607	49.737	8.813	-	92.144	156.301
Valued at Current Value in:							
2022-23 Indexation Adjustment**	-	14.683	-	-	-	-	14.683
2022-23	355.349	192.535	35.400	-	16.251	-	599.535
2021-22	-	315.782	-	-	-	-	315.782
2017-18	-	1.368	-	-	-	-	1.368
Total	355.349	529.975	85.137	8.813	16.251	92.144	1,087.669

In accordance with the Local Authorities (Capital Finance and Accounting) (England) (Amendment) Regulations 2022 SI 1232/2022 – new regulation 30M relating to infrastructure assets, the authority has chosen not to disclose this information as the previously reported practices and resultant information deficits mean that gross cost and accumulated depreciation are not measured accurately and would not provide the basis for the users of the financial statements to take economic or other decisions relating to infrastructure assets. The value at 31 March 2023 is £427.684 million (see note 14 of the Single Entity statements for details).

* 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.

4. 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.

5. 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 2022-23, £0.400 million (£0.250 million in 2021-22) was paid to Advance Northumberland Limited from Advance Northumberland (Housing) Limited.

6. Group Work in Progress

The following statement shows the value of developments for sale outside of the Advance Group.

31 March 2022 £m		31 March 2023 £m
35.921	Balance at 1 April	40.334
3.366	Correction of Opening Balance	0.115
19.860	Additions	21.086
(18.813)	Disposals	(19.513)
40.334	Balance at 31 March	42.022

7.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.

2021-22			2022-23		
All Employees Council	All Employees Group	Remuneration Band	All Employees Council	All Employees Group	
149	157	£50,000 to £54,999	202	212	
86	88	£55,000 to £59,999	101	109	
55	60	£60,000 to £64,999	65	67	
40	42	£65,000 to £69,999	66	71	
24	24	£70,000 to £74,999	33	35	
8	8	£75,000 to £79,999	14	14	
7	8	£80,000 to £84,999	7	7	
3	4	£85,000 to £89,999	7	7	
7	8	£90,000 to £94,999	5	7	
4	5	£95,000 to £99,999	8	9	
2	2	£100,000 to £104,999	2	2	
1	1	£105,000 to £109,999	-	-	
2	2	£110,000 to £114,999	-	-	
-	-	£115,000 to £119,999	3	3	
2	2	£120,000 to £124,999	1	1	
1	1	£125,000 to £129,999	2	2	
2	2	£130,000 to £134,999	-	1	
-	-	£135,000 to £139,999	1	2	
393	414	Total	517	549	

Firefighters' Pension Fund

Firefighters' Pension Fund

Details of the Firefighters' Pension Fund is shown in the tables below:

2021-22 £m	Fund Account	2022-23 £m
	Contributions:	
1.821	From employer - normal	2.025
-	From employer - ill health	-
0.809	From members	0.902
2.630		2.927
	Transfers in:	
0.484	Individual transfers from other schemes	1.140
3.114		4.067
	Benefits:	
(5.878)	Pensions	(6.143)
(0.962)	Commutations and lump sum retirement benefits	(0.584)
(0.053)	Other eligible expenditure - scheme pays	(0.101)
(6.893)		(6.828)
3.779	Net amount payable before top-up grant	2.761
(3.779)	Top-up grant payable by the Government	(2.761)
-	Net Amount Payable for the year	-

31 March 2022 £m	Net Assets Statement	31 March 2023 £m
	Current assets:	
0.121	Top-up grant receivable from the Government	-
-	Amount receivable from the General Fund	0.924
	Current liabilities:	
-	Top up grant owed to the Government	(0.924)
(0.121)	Amount payable to the General Fund	-
-		-

8. 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.

9. 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.

10. 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.

11. 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

Glossary

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

Glossary

Glossary of Terms

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

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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.

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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:

[Statement of Accounts](#)

Contact for further information on the Statement of Accounts:

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