

# Statement of Accounts

## 2020-21

### Draft



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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 12 months of ambitious investment, development and growth across the county – in what has been a year like no other.

In 2020 the world found itself in unprecedented times in the grip of the coronavirus pandemic which has seen restrictions on everyone's lives, and every single area of business. While these were and still are very challenging times for all of us, I am confident there is a bright future ahead as we continue on our road to recovery.

We are starting work on the ground on the reopening of the Northumberland Line, running passenger rail services from the south east of the county to Newcastle.

Earlier this year we signed off on the £452 million Borderlands Inclusive Growth Deal which brings together the UK and Scottish Government, partners and the five cross-border local

authorities to make the area more attractive to investors, visitors and those who may wish to relocate.

Looking ahead, we are embarking on an ambitious three-year Capital Programme totalling more than £747 million.

Work is already well underway on new leisure centres for Berwick and Morpeth and renovation works at Cramlington and Newbiggin centres, while school improvement works will take place in Amble and Berwick as building continues on Hexham's new facilities.

Funding has been approved for a range of town centre improvement programmes including Ashington, Bedlington and Hexham and the ongoing regeneration of Blyth as a flagship centre for renewable technology.

An ongoing focus is on our green agenda, 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 and a range of flood prevention schemes.

We know challenges remain, particularly around social care and education, and we remain committed to tackling these issues and know sound financial decision making is critical to this.

You have my clear commitment that we will continue to be clear and transparent in everything we do. I want to give you my personal assurance that we will continue to adopt a robust business planning approach to how we make future investment decisions.

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 northernmost 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



**9,143** staff employed by the Council.



We have **30 libraries** with 56,002 members with 86,289 physical issues and 199,567 digital issues.



There were **85,000 swims** in **10 pools**.



**8 million** residential bins were emptied.



We have **47,258 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 1,698 retaining walls.



Northumberland County Council has been named **one of the most inclusive employers in Britain** by lesbian, gay, bi and trans equality charity Stonewall in its Top 100 Employers list for 2020, now at 34 in the ranking climbing from 86 in 2019. The authority has been ranked the third highest scoring local authority in the country.



**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.



**2,000 adults** were supported in care homes and 3,000 people received care in their own homes.



**86% 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**.



**49%** of under 2's in the 30% most deprived areas regularly access our children's centres.

**81%** of all eligible 2 year-olds took up their statutory entitlement to early education.



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

## 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 2021 is shown below. Following Local Elections on 6 May 2021 the revised political structure changed and is also shown below. Further details are included in note 44 Events after the reporting period.

31 March 2021		6 May 2021	
Party	Seats	Party	Seats
Conservative	32	Conservative	34
Labour	23	Labour	21
Non-aligned	5	Independent	7
Liberal Democrat	3	Liberal Democrat	3
Independent	3	Green Party	2
Vacant	1		

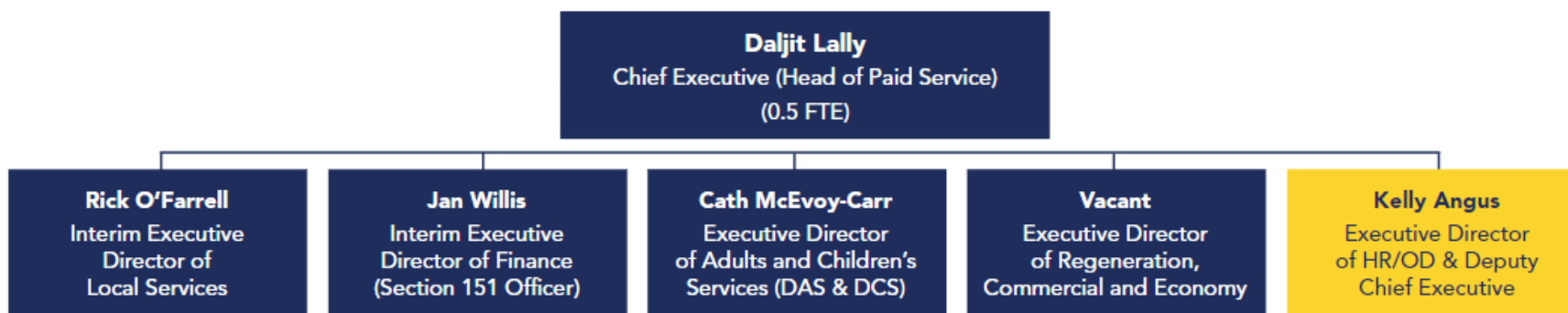
## Financial Picture

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:

Delivered	<b>£239.20 million</b> between 2009-10 and 2020-21
Approved	<b>£8.17 million</b> for 2021-22
Required	<b>£23.07 million</b> up to 2023-24

## Management Structure

The Executive management structure of the Council at 31 March 2021 is shown below. The full structure can be viewed on Northumberland County Council's website



\* The post in yellow is filled by a secondment from the Northumbria Healthcare NHS Foundation Trust



## Written Statements and Narrative Report

### Narrative Report

#### 1. Corporate Plan 2020-21

The Council's Corporate Plan, "A Council that works for everyone", was approved in April 2020 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 2020-21 and informs both the Medium Term Financial Plan and the Service Statements against which the Council's performance service by service are measured.

The Council's vision focuses on *"making Northumberland a County which you regard as a great place to live, and in which you can access the things you enjoy, whilst having the opportunity to learn and thrive."*

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

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

The Council's Corporate Plan and Service Statements can be accessed in full at:

[Northumberland County Council Corporate Plan and Service Statements](#)

#### 2. Medium Term Financial Plan and Future Financial Prospects

The Council approved the Medium Term Financial Plan for 2021-22 to 2023-24 in February 2021 to support the objectives contained within the Corporate Plan whilst implementing budget reduction measures of £31.24 million over the same period. The first year of the plan is based on a one-year settlement with central government, meaning that, in theory, the level of government funding is fixed up until this date.

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

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

The Council's Medium Term Financial Plan can be accessed in full at:

[Northumberland County Council Medium Term Financial Plan](#)

## Written Statements and Narrative Report

### Narrative Report

#### 3. Revenue Budget and Outturn

The Council approved a net revenue budget of £314.65 million for 2020-21. Budget reduction measures and other savings totalling £9.80 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, as agreed by Cabinet on 9 March 2021 and 8 June 2021, was an underspend of £7.01 million which was transferred to the Council's General Fund Reserve as shown in the table below:

Service	Original Budget £000	Final Budget £000	Outturn £000	Variance £000
Adult Services	99,271	101,230	99,177	(2,053)
Chief Executive	1,805	2,025	738	(1,287)
Children's Services	61,996	68,587	71,361	2,774
Finance	41,792	61,957	61,724	(233)
Human Resources and Organisational Development	22,453	26,571	27,840	1,269
Local Services	71,871	67,485	71,305	3,820
Regeneration, Commercial and Economy	6,549	14,472	14,396	(76)
<b>Total Services</b>	<b>305,737</b>	<b>342,327</b>	<b>346,541</b>	<b>4,214</b>
Corporate Items	25,992	(81,543)	(84,687)	(3,144)
Treasury Management	(26,408)	(27,326)	(25,501)	1,825
Capital Financing	9,327	166,593	165,360	(1,233)
<b>Total Net Expenditure</b>	<b>314,648</b>	<b>400,051</b>	<b>401,713</b>	<b>1,662</b>
Funded by:				
Council Tax	(200,886)	(200,886)	(198,477)	2,409
Retained Business Rates (including S31 Grants)	(51,302)	(51,302)	(74,581)	(23,279)
Revenue Support Grant	(10,451)	(10,451)	(10,451)	-
Top Up Grant	(27,535)	(27,535)	(27,535)	-
Other Corporate Grants	(28,850)	(28,850)	(50,147)	(21,297)
Other Income	-	-	(2,322)	(2,322)
Earmarked Reserves	(2,160)	(2,160)	33,660	35,820
Amortisation of Government Grants	-	(85,403)	(85,403)	-
Planned contribution to General Fund	6,536	6,536	6,536	-
<b>Total Funding</b>	<b>(314,648)</b>	<b>(400,051)</b>	<b>(408,720)</b>	<b>(8,669)</b>
<b>Net Total</b>	<b>-</b>	<b>-</b>	<b>(7,007)</b>	<b>(7,007)</b>

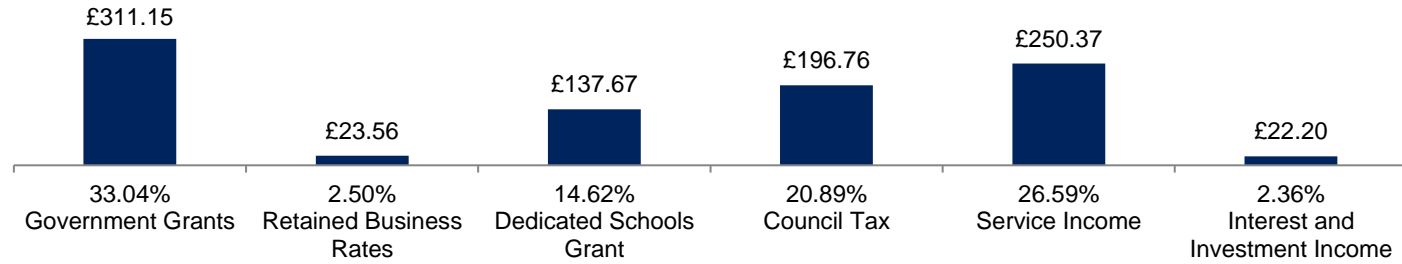
The main reasons for the underspend were:

- The Council faced cost pressures in relation to Covid-19. Significant grant funding was provided by the government to mitigate these pressures.
- Due to the unprecedented level of turnover in purchased care in the first half of the year, Commissioned Care underspent by £8.00 million. This was partially offset by additional expenditure of £6.59 million supporting external providers in response to Covid-19.
- Increased demand for out of county residential placements resulted in an overspend within Children's Services;
- Additional spend on Waste, Highways and Winter Services resulted in an overspend within Local Services;
- Capital financing underspent as a result of borrowing levels being lower than forecast due to reprofiling of the capital programme and interest rates being lower than anticipated;
- Additional grants in relation to Business Rates reliefs were received and set aside in a reserve to offset the deficit which is to be recognised over the next three years; and,
- Other funding was set aside to support Covid-19 recovery and other earmarked projects as agreed by Cabinet at the 9 March and 8 June meetings.

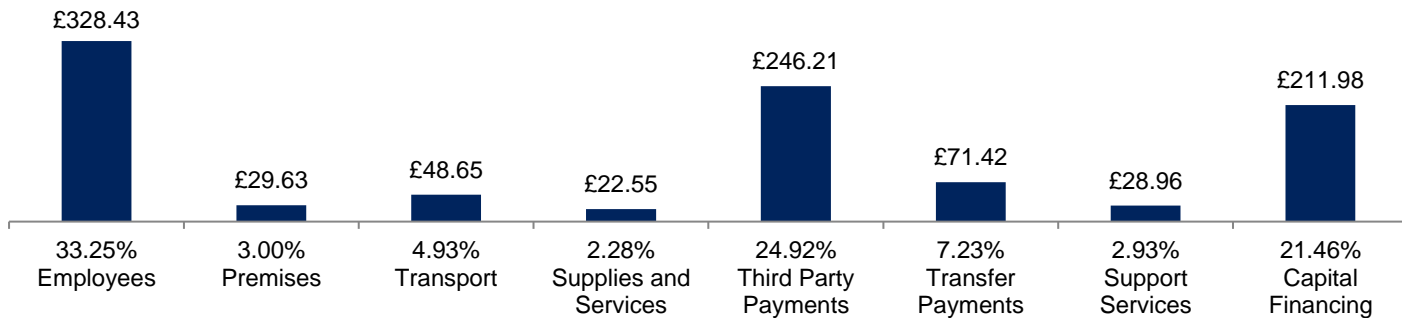
# Written Statements and Narrative Report

## Narrative Report

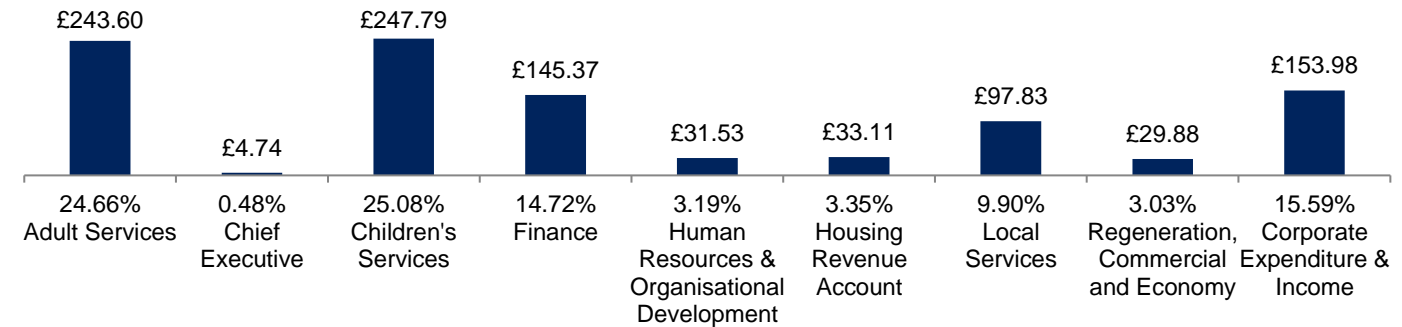
### Where the money comes from\*



### What the money was spent on\*



### What services were provided?\*



\*All values are shown in millions

## Written Statements and Narrative Report

### Narrative Report

#### 4. Capital

##### Capital Outturn and Three Year Budget Plan

The following table shows capital expenditure by service area for 2020-21 and the Council's three year plan as approved by the current Administration from 2021-22 to 2023-24:

	Original Budget 2020-21 £000	Final Budget 2020-21 £000	Outturn 2020-21 £000	Budget 2021-22 £000	Budget 2022-23 £000	Budget 2023-24 £000	Total Budget £000
<b>Expenditure</b>							
Adult Services	2,224	1,152	1,157	4,140	4,320	4,000	12,460
Children's Services	71,739	52,130	47,153	25,466	39,661	47,484	112,611
Corporate Finance	44,423	25,181	18,589	52,759	35,837	18,786	107,382
Human Resources and OD	18,041	10,824	16,183	25,370	10,847	-	36,217
Local Services	48,250	51,181	40,789	70,401	39,841	28,680	138,922
Regeneration, Commercial and Economy	50,259	24,095	41,434	112,413	138,557	89,075	340,045
<b>Total Capital Expenditure</b>	<b>234,936</b>	<b>164,563</b>	<b>165,305</b>	<b>290,549</b>	<b>269,063</b>	<b>188,025</b>	<b>747,637</b>
<b>Funding</b>							
Borrowing - General Fund	149,771	95,144	81,537	150,964	109,179	94,589	354,732
Borrowing - Housing Revenue Account	5,940	-	-	-	12,824	3,750	16,574
Capital Receipts	4,671	4,671	1,117	3,980	2,877	2,707	9,564
External Grants	57,663	56,010	74,298	109,226	133,595	73,289	316,110
HRA Contributions	16,136	7,983	5,310	25,624	9,833	12,935	48,392
Revenue Contributions	755	755	3,043	755	755	755	2,265
<b>Total Funding</b>	<b>234,936</b>	<b>164,563</b>	<b>165,305</b>	<b>290,549</b>	<b>269,063</b>	<b>188,025</b>	<b>747,637</b>

## Written Statements and Narrative Report

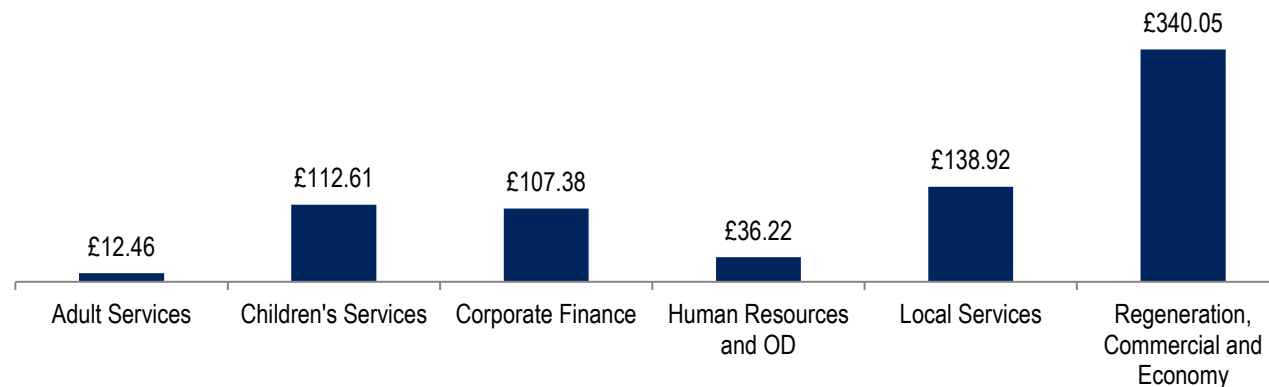
### Narrative Report

#### Three Year Capital Programme\*

The Council agreed to embark on a three year capital programme totalling £747.64 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 2021-22 and Medium Term Financial Plan 2021-24 report at:

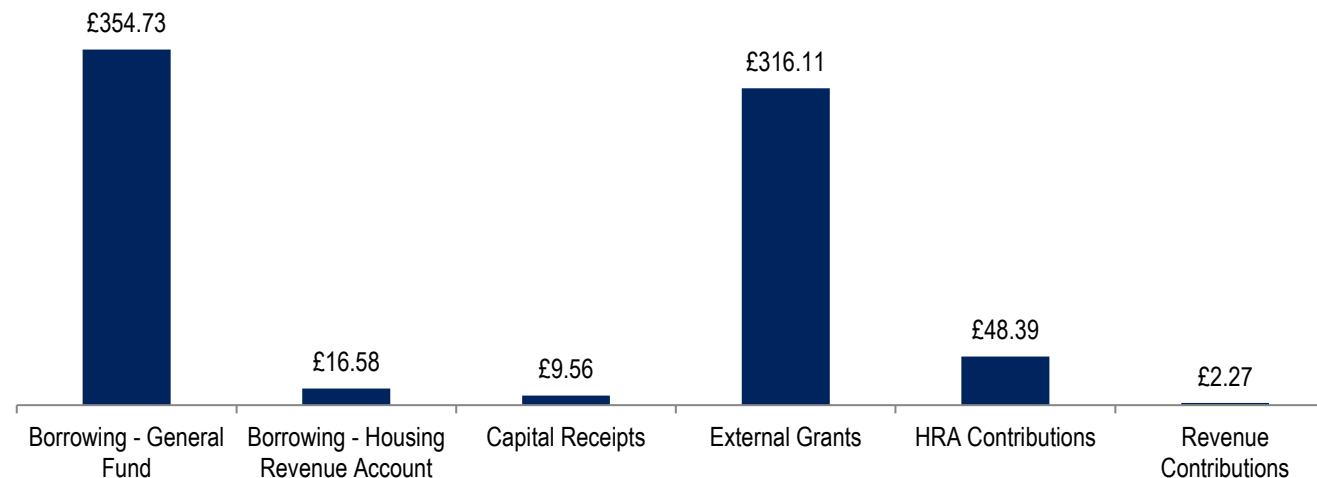
[Northumberland County Council schedule of capital schemes](#)

\*All values are shown in millions



#### Capital Funding 2021-22 to 2023-24\*

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



## Written Statements and Narrative Report

### Narrative Report

#### 5. Covid-19 Impact on the Council

The Covid-19 pandemic has continued to impact significantly on Northumberland. As at 24 June 2021, 18,793 residents had tested positive, 784 residents had died with a mention of Covid-19 on the death certificate and 2,747 people had been admitted to our local NHS Trust as confirmed cases. The pandemic has highlighted and exacerbated the structural inequalities which exist within and between our communities. For some groups, particularly children and young people for whom education has been seriously disrupted, the consequences could be life long.

During 2020-21, the Covid-19 pandemic has continued to require a strategic and operational coordinated crisis response by significantly shifting the focus of Council activities to support those residents who are most vulnerable. This has been done by the Council using its own resources, working with wider agencies, voluntary and community sector colleagues and also as part of the wider Northumbria Local Resilience Forum public service response to the emergency.

Council services have continued to be re-prioritised to support the most vulnerable residents, many resources, functions, plans, programmes and work have had to be reorganised and reprioritised on a regular basis (sometimes day by day) in order to ensure that Northumberland as a county has had a safe response and that the Council has been able to respond to a wide range of guidance and legislation.

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

- public health and overall planning and response to the pandemic through the Local Outbreak Management Plan;
- communications;
- population health management;
- community support and support for self-isolation;
- social care and commissioning;

- support to businesses and enforcement;
- minimising disruption to education and children's services;
- business continuity;
- human resource management;
- asymptomatic and symptomatic testing;
- supporting the Covid-19 vaccination programme;
- developing our Local Tracing Partnership;
- recovery planning focusing on health and wellbeing.

The financial implications of Covid-19 were captured and reported regularly to the Ministry for Housing, Communities and Local Government (MHCLG) during the year.

The Council has received £24.98 million Covid-19 related general funding, spread over 4 tranches. Furthermore, it is expected that the Council will receive £2.90 million in support from government through its compensation scheme for Sales, Fees and Charges lost income. However, this only provides for 75% compensation, after deduction of a 5% allowance from budgets for volatility and it also does not provide any compensation for losses connected with property rents. No Covid-19 related government support has been provided for the Housing Revenue Account.

In responding to the pandemic, the Council:

- updated overall pandemic response planning arrangements and delivery in accordance with the national CONTAIN framework and associated guidance. This is still underpinned by the continuous improvement of Covid-19 surveillance processes, dynamic risk assessments and the triangulation of evidence to inform local and cross border action, supported by dedicated intelligence and data analysis, public health practitioner advice, communications and human resources management;

## Written Statements and Narrative Report

### Narrative Report

- launched the Northumberland Communities Together service on 18 March 2020 where those with less complex needs could 'self-serve', and find their own support, without the need for further help. Since launching the service 20,862 enquiries have been received and processed;
- dealt with 7,677 referrals which have been made to Northumberland Communities Together for direct support and assistance, connecting individuals with local practical support solutions on offer through the Voluntary and Community Sector (VCS);
- provided 34,052 awards to vulnerable households totaling £1.31 million through the Department for Work and Pensions Covid Winter Grant Scheme;
- coordinated and issued 28,373 local food and support arrangements for non-term across the Christmas, February and Easter holiday periods for all children and young people with a Free School Meal Entitlement (FSM) totaling £0.99 million;
- continued to provide enhanced support for residents affected by domestic abuse, homelessness and drug and alcohol problems, all of which have been exacerbated by the pandemic;
- implemented the Covid-19 Hardship Fund to provide up to an additional £150 council tax relief to 23,768 council tax payers in receipt of council tax support (over £2.40 million) and arranged individually with council tax payers in financial hardship for their payments to be deferred and spread across the remainder of the financial year;
- agreed standard 5% funding increases during the crisis for residential, nursing, supported living and home care providers and have offered support beyond that on an ad hoc basis for providers who have incurred Covid-19 related costs in excess of the 5%;
- issued over 2.832 million pieces of Personal and Protective Equipment (PPE) to the social care sector on an emergency basis including the PPE coordinated and issued on behalf of the Northumbria Local Resilience Forum;
- continued to provide dedicated wrap around support for care settings through a multi-agency team with a focus on infection prevention and control to prevent and tackle infection outbreaks;
- supplied 100% of fluid resistant mask requirements during the crisis for all older persons residential and nursing home services, as well as all home care services in Northumberland from the middle of April 2020 until the government's national portal for PPE was fully operational towards the latter part of the year;
- processed mandatory and discretionary business grants to assist businesses impacted by Covid-19, making 35,941 awards totalling over £149.46 million;
- recalculated the business rates bills of just under 3,000 businesses, applying business rate reductions and discounts totalling over £37.00 million;
- introduced immediate supplier payments;
- provided funding of over £5.00 million to Ofsted-registered Early Years settings to enable them to continue to provide free childcare for critical workers who currently access a funded place. On the snapshot date of 29 April 2020, approximately 202 early years settings were open providing childcare to 418 children of key workers and 69 vulnerable children;
- supported schools exceptional Covid-19 costs and exceptional supply costs where the Department for Education did not cover with financial assistance;
- supported schools and skills providers through issuing digital devices and digital connectivity;
- maintained skills training provision through a digital platform offer throughout the summer of 2020, with 84% of learners making good progress;

## Written Statements and Narrative Report

### Narrative Report

- maintained skills provision at eight sites fully from September 2020;
- prioritised and maintained service delivery wherever possible, which has involved the redeployment, training and development of staff;
- developed comprehensive emergency human resource guidance, a social distancing policy and comprehensive physical and mental health support packages for staff. The Health and Wellbeing offer has increased even further over the last 12 months, temporary and permanent amendments have been made to policies to support staff when Covid-19 reasons have impacted on their ability to work, regularly spoken to/surveyed staff to understand issues impacting on them and are currently planning for a safe, phased return to the office environment. Our absence rate has reduced by around 1% which roughly equates to £1.00 million saving;
- continued to develop the model to enable rapid access to regular asymptomatic testing for Northumberland residents, responding to changes in national delivery mechanisms and developed our Local Tracing Partnership.

The Council's focus is now on balancing the restoration of services with the ongoing Covid-19 restrictions and developing our recovery plans with an emphasis on addressing the inequalities which have emerged. The Director of Public Health continues to lead on the ongoing development and delivery of the Council's Local Outbreak Management Plan and ensuring the other statutory functions are met.

The Council is in the process of undertaking a Covid-19 inequalities community impact assessment which will inform the content of the Council's recovery plan for the county, based on the principles of 'building back fairer'.

Papers providing a summary of the Council's work on its Covid-19 response and recovery to date were presented to the Cabinet meetings on 23 June 2020 and 13 October 2020 and can be accessed in full at:

[Covid-19: Northumberland County Council Response - 23 June 2020](#)

[Covid-19: Northumberland County Council Response -13 October 2020](#)



## Written Statements and Narrative Report

### Narrative Report

#### 6. Performance

The Council agreed its Corporate Plan for 2018-21 alongside its medium-term financial plan and budget for 2020-21 and identified priority areas as:

- We want you to feel safe, healthy and cared for [Living];
- We want you to love where you live [Enjoying];
- We want you to have access to the things you need [Connecting];
- We want you to achieve and realise your potential [Learning]; and,
- We want to attract more and better jobs [Thriving].

During 2020-21 there have been significant achievements against these priorities.

#### **We want you to feel safe, healthy and cared for [Living]**

The year started with the Ofsted Inspecting Local Authority Children's Services (ILACS) inspection which clearly evidenced significant improvements in the quality and effectiveness of practice since the previous inspection in 2016, with overall effectiveness, the key practice areas of help and protection and children looked after and care leavers and the impact of leaders, all being judged as good.

Children's Social Care have responded effectively to the pandemic, ensuring appropriate risk assessments and support is in place for staff who maintained direct services to ensure the safeguarding and care of children and developed a range of creative ways of maintaining contact and supporting children and families through virtual methods.

We have continued to develop our quality of practice framework and capacity ensuring that we have a clear and up to date oversight of the quality of work linking effectively with our use and analysis of performance data and information.

The creative and effective approaches of our early help and preventative services are evidenced by the positive performance information in the reports. The effectiveness has also been key to date in ensuring that our

statutory social work services have not been overwhelmed by the expected "tsunami" of referrals when schools returned.

There has been an investment in and development of early help services and for most families with whom we have worked through early help, this has ensured that identified needs have been met without escalating to higher levels of service. On average there are 90 early help assessments initiated every month and 1,414 children under 2 in the target areas (out of a total under 2 population of 1,480) are registered with a Sure Start children's centre, 96%.

The Front door, including the Multi-Agency Safeguarding Hub (MASH) has worked effectively to ensure appropriate and timely responses to referrals and has further developed its services with additional resource to improve support where families and children are victims of domestic abuse.

Safeguarding social work services have been maintained and while there continues to be challenges in consistently recruiting and retaining qualified social workers, we have put a number of actions in place including a significant expansion of our successful Assessed Supported Year in Employment (ASYE) academy to respond to this.

The numbers of children looked after did reach a high of 455 in the middle of the year, but continuing and focused work has reduced that figure and 435 children and young people were in the care of the local authority as at March 2021, working out as 74 per 10,000. Where children do need to be in care, the majority of those children (64%) are placed within 20 miles of their home address, which is much higher than the national average (50%) and this means that they are more likely to maintain their existing networks of family, friends and services.

The increased numbers of children looked after has increased the pressures on placements and our placement stability measures have slightly deteriorated and we are looking at a range of ways of further addressing both the sufficiency of and support to placements.

We have increased the numbers of children who are placed with our own local authority foster carers, reducing the use of external independent

## Written Statements and Narrative Report

### Narrative Report

foster placements. Four of our residential homes (including the secure unit) are judged to be good or outstanding with one requiring improvement.

Our work with Adopt North East has supported an increase in the numbers of children placed for adoption in this year and we continue to be at or above the national average for children who leave care to be adopted. There has been a decrease in the timeliness for children being adopted in the last quarter, but this reflects the fact that a number of children have been adopted whose needs are more complex and for whom it takes longer to find an adoptive placement.

Our care leavers continue to be supported well, the vast majority being in suitable accommodation and in touch with our service. Ongoing work and oversight is in place to improve the Employment, Education and Training (EET) opportunities and take up for our care leavers.

Our adult social care services helped more than 20,000 people in Northumberland. 86% of older people were still living independently three months after being discharged from hospital into reablement services and 96% of the Council's Short Term Support Service (STSS) referrals did not go on to long-term services.

Following the transfer of Public Health from the NHS to the Council in 2012, the health and wellbeing of people living in Northumberland continues to improve. As well as increases in life expectancy and years of life in good health, people in Northumberland in general have high levels of happiness and low levels of anxiety. Investment has continued in a range of public health services including sexual health and contraception services, 0-19 years public health services, exercise referral, drug and alcohol services and stop smoking schemes. Leisure and cultural activity contribute to both the wellbeing and quality of life of local communities.

The Council allocated £46.03 million to support the construction of new Leisure Centres for Berwick and Morpeth, and also to enable significant upgrading of both the wet and dry areas of Blyth Sports Centre.

The Council remains committed to increasing the supply of both affordable and specialist supported housing and it has been recognised and agreed

by the North of Tyne Combined Authority (NTCA) that affordable rural housing is a priority for Northumberland.

Delivering our Safe and Well-Being Programme, our Fire and Rescue Service ensures visits are underpinned by a robust risk model that helps us to target those most at risk of having a fire in their home. During 2020-21 we completed 881 safe and well-being visits and fitted 884 smoke alarms. As an element of proactive education, 19 school visits were undertaken by the fire service in 2020-21 resulting in safety and prevention messages being delivered directly to 1,102 young people. During 2020-21 our firefighters attended 146 dwelling fires, and sadly two people lost their lives. However, we continue to refine our risk model, and since 2003 we have reduced accidental dwelling fires by 46%, reducing them by a further 2% between 2018-19 and 2019-20.

Northumberland Fire and Rescue Service (NFRS) has raised a total of 63 adult concern notifications with our safeguarding colleagues. In total, 97% of these notifications have led or contributed to positive action, helping vulnerable people to get the support they need to live safe and healthy lives.

NFRS are also a partner of the MASH which has been established to ensure the effective sharing of information between partner organisations with respect to the safeguarding of adults and children. A research request is emailed to NFRS from a member of the MASH team, and we provide any relevant information relating to an individual detailed e.g. fire incidents, NFRS safeguard referrals or safe and wellbeing visits. In the year concerned we had 385 MASH requests, which resulted in providing information for 659 residents, with a 99% response rate within timescale.

To contribute to ensuring the safety of people entering publicly accessible buildings or workplaces our fire service conducted 278 fire safety audit inspections in 2020-21 to provide fire safety advice and guidance and to ensure compliance with building regulations and legislation.

The Council continues to support low-income households by ensuring that housing benefit and council tax support applications and changes of

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circumstances are monitored and prioritised to ensure claims are as accurate and up to date as possible.

The average time for processing new Housing Benefit applications was 17 days in 2020-21; and performance in dealing with changes in circumstances was 2 days.

#### **We want you to love where you live [Enjoying]**

The Council is preserving and improving Northumberland, embracing diversity from the rural areas, the coastline, national park, market towns and other urban areas. The Council's parks continue to achieve Green Flag status - eleven parks were awarded Green Flag status: Alexandra Park, Astley Park, Bolam Lake Country Park, Carlisle Park, Castle Vale Park and Coronation Park, Doctor Pit Park, Eastwoods Park, Hexham Parks, Hirst Park, Plessey Woods Country Park and Ridley Park.

The proportion of fly-tips removed from public areas within three days has increased from 97% in 2019-20 to 98% in 2020-21. 92% of urgent carriageway defects were made safe by the next working day. The rate of missed bin collections has continued to reduce from 95 per 100,000 in 2015-16 to 41 in 2020-21. The percentage of street lighting faults attended to within four days was 95% in 2020-21 down from 98% in 2019-20.

#### **We want you to have access to the things you need [Connecting]**

The Council is securing new support through devolution with the North of Tyne Combined Authority. The North of Tyne Devolution Deal includes a £600.00 million additional investment fund. The deal also includes a commitment to work together to deliver the Northumberland Line.

To support rural growth, the Borderlands partnership (which includes Northumberland and Cumbria councils and councils in the Scottish Borders) has secured a combined commitment to funding £350.00 million from the UK and Scottish Governments with predicted £1.30 billion return on the government's investment securing a 10-year investment package.

Over 150,000 households and businesses in Northumberland are now able to connect to fibre broadband as a result of the Council's £23.00 million iNorthumberland programme and BT's commercial roll-out of the high-

speed technology. The recently approved Local Full Fibre Network (LFFN) programme will introduce gigabit-speed broadband connectivity across the county to over 270 sites between 2019-22.

During 2020-21 the County Library Service welcomed 3,351 new members. The service provided 86,289 non digital issues and also enabled almost 200,000 digital issues.

Although sickness absence continues to be above the Workforce Committee's target of 7.5 days per full time equivalent (FTE); sickness absence improved in 2020-21. The annual cost was £3.02 million (£4.02 million in 2019-20), and the average number of lost days was 8.03 per FTE (10.6 per FTE in 2019-20). During 2020-21 83% of all staff had a performance appraisal recorded. This is below the expected level of performance of at least 85% and represents an increase from the previous year (81%).

For 2020-21 we had a highly successful set of achievements in relation to Statutory and Mandatory Training, which has been well embedded across the organisation. The overall completion rate for the Council as at 31 March 2021 was 91.66%.

Over £20.00 million was invested in the period 2015-20 in the renewal of vehicles and plant used in the delivery of key frontline services and the Council is funding a further £17.00 million in the two-year period to 2022.

#### **We want you to achieve and realise your potential [Learning]**

Working with parents, governors and schools, the Council is committed to driving improvements in Northumberland's schools. This has resulted in the vast majority of our early years providers being judged as good or outstanding by Ofsted and more children than at any time in the last ten years being educated in a good or outstanding first or primary school.

The Education and Skills service has responded effectively to the pandemic which included a halt on all formal Ofsted visits. To ensure the schools were supported throughout the pandemic the School Improvement Team focused on the schools' best endeavours to continue to make progress with pupils and that Leadership including governance was sighted

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on ensuring the safety of all the school population, despite the challenges presented to them.

Fewer older pupils in Northumberland attend a good or outstanding secondary school than nationally but this issue is being addressed as a matter of urgency through a programme of support and challenge in maintained schools and strong partnership with the majority of our academies.

Ofsted and the Health and Safety Executive carried out visits to ensure routines and expectations were being followed. Ofsted formal judgements were suspended, and they adopted an approach as to whether schools were 'taking effective action' or not.

Attendance levels at schools in Northumberland throughout lockdown were some of the highest in the country. Schools remained open during usual school break periods to support key workers in our hospitals and wider health networks; and, provided our most vulnerable children and students with access to remote learning from home.

Post pandemic, the schools and services in Northumberland are focusing on supporting pupils in being confident to attend school, to learn and to begin to recoup learning progress.. The intermittent periods of absence for many children has been very disruptive. The Inclusive Education Service will be pivotal to this work with their expertise of the Graduated Approach being at the forefront of the work to support schools. The service has been able to support schools very well throughout the pandemic with rapidly changing arrangements and guidance and have used this close working to inform the priorities for the future of education in Northumberland.

Pressure remains on the High Needs Funding Block as a result of an increasing number of learners with special educational needs and disabilities; and Education, Health and Care Plans; and high demand for specialist placements both within and outside Northumberland.

Work continues on strategic priorities identified in part through the Written Statement of Action following the Special Educational Needs and Disabilities (SEND) Inspection in October 2018, which are focussed on

improving outcomes for SEND learners and building both capacity across providers in Northumberland and parent/carer confidence in mainstream schools.

Apprenticeship recruitment, retention and success rates are on track to exceed national averages for all ages and groups, with Northumberland County Council named as the north-east apprentice recruiter of the year in 2018. Northumberland County Council has 390 apprentices spanning Level 2 to Level 7 of the qualification's framework. Apprentices equate to 4.3% of the workforce (including schools) and exceeds the Public Sector Apprenticeship target of 2.7% of the workforce registered as apprentices. The number of young people who are not in education, employment or training (NEET) or not known to us is significantly lower than the national average.

There were 127 new apprentices recruited last year which at 1.38% of the workforce is below the public sector target. This is mainly as a result of Covid-19.

Our excellent Education Welfare Service has ensured that attendance at our schools is higher than that seen nationally, although it is better in first and primary schools than in secondary schools.

The Council's capital investment in our school building programme is one of the highest in the country with the following schemes:

- Investment in special school capacity in Cramlington and Seaton Sluice and Seaton Delaval.
- Investment in growing school places in Stannington, Morpeth and Seaton Delaval.
- The completion of a £1.60 million project at Bedlington West End Primary School that delivered a two-storey building comprising a new hall, canteen, kitchen and classrooms.
- A £2.50 million scheme was completed at St Benet Biscop Catholic Academy that provided a 6-classroom teaching block and an extension to the school's main hall.

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- The £46.00 million joint Schools and Leisure development in Ponteland is complete.
- Two School Capital Nursery Funded Projects were delivered in Cramlington and Blyth.
- The remodelling and refurbishment of the former Haltwhistle Middle School to become Haltwhistle Primary is almost complete.
- The £40.80 million project to co-locate Queen Elizabeth High School and Hexham Middle School is nearing completion.
- In addition, capital funding has been secured to replace a number of dilapidated mobile classrooms across the county.

Our Fire and Rescue Service has a responsibility to maintain the essential skills and competencies necessary to ensure the health, safety and welfare of our personnel when attending emergency operational incidents. The Learning and Development team with the fire service delivered 194 courses totalling 336 instructor days. This was also supported by course delivery from external providers in some specialist subject areas.

#### **We want to attract more and better jobs [Thriving]**

The Council is delivering economic growth in the County focussed on regenerating our towns and driving sector growth in support of the Northumberland Economic Strategy which was refreshed and relaunched in December 2018. In response to the Covid-19 pandemic the Council published its Economic Recovery Plan; building on our assets and maximising the economic opportunities available to the County, the plan sets out how the County Council's programmes and investments will support recovery and drive inclusive economic growth.

The five Point Economic Recovery Plan is centred around investments and programmes in the following priorities:

- Investing in the transition to a future economy
- Investing in our places, culture and tourism
- Investing in transport, digital and connectivity

- Investing in our people, jobs, skills and livelihoods
- Investing in a green recovery

Alongside the medium and longer term plan for recovery and growth the Council implemented a number of activities to support businesses and the local economy in the short term. To support as many businesses to survive and continue trading during the disruptions caused by the pandemic.

Over the year the Council's economic growth and development activities resulted in 219 jobs being created and 70 safeguarded. The Council leveraged £22.90 million of private sector funding across its projects and secured £86.30 million of external public sector funding to drive the delivery of its ambitious regeneration and growth programmes. 1,130 businesses have actively accessed supported over the period, alongside over 890 enquiries to the Business Hub, seeking advice on Covid-19 business support related issues. Despite the challenging economic conditions 14 Inward Investment projects have been secured into the County bringing investment and jobs, and there continues to be a strong pipeline of interested companies. Council programmes supported 253 unemployed residents participating in funded projects into work. To deliver across the economic growth and regeneration portfolio the Council agreed 52 Funding Agreements, varying in scale from small grants in the region of £5,000 to the voluntary and community sector to significant funding packages such as the £25.00 million Borderlands Inclusive Growth Deal allocation.

Over the course of the year the Council administered a number of Covid-19 business grants on behalf of government and in total paid out over £148.70 million via over 35,590 individual payments to businesses. Alongside the nationally prescribed Covid-19 business grants the Council used its limited discretionary fund to support many businesses which would not otherwise have received financial support, including direct suppliers to hospitality, accommodation and leisure businesses, some home-based and mobile businesses, Bed and Breakfast establishments and economically strategically important businesses, which had seen significant impacts and employ many local residents.

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Alongside the direct financial support to businesses the Council was awarded £1.50 million from the NTCA Covid Capacity Fund to take forward a series of activities to support businesses and individuals. This included Digital Advance which has supported SMEs from across Northumberland to introduce digital tools into their day to day business activity. These tools include e-commerce websites and proactive digital marketing campaigns to expand and reach new customers and build digital capacity within the business base across the County. Businesses in the hospitality industry were able to create a bespoke app fully funded for their business.

Business Advantage – businesses were able to access to 12 hours 1-2-1 coaching or consultancy for businesses looking to explore new methods of business delivery, increase productivity or become more resilient. Up to the end of March 2021, 109 businesses had received direct support through these schemes.

The Covid Capacity fund also supports Employment and Skills activities through employment coaches; and residents at risk of redundancy or unemployed as a result of Covid-19 were able to access labour market support. Systems of referral and co-ordination with other employment and skills programmes in place ensured people were referred to the most appropriate support for them. Over 370 residents had accessed the support by the end of the year. Mental health support was delivered to 197 people by Cygnus on behalf of the Council for residents who sought wellbeing support because they were worried about job security, going back to work after being furloughed, finding a job or family finances. In addition, £0.10 million of small grants were issued to 14 voluntary and community sector organisations across the county to support them move their services online, so they could continue supporting some of the most vulnerable in our society throughout the pandemic.

NTCA funding has supported Visit Northumberland to work towards revitalising the tourism sector including the creation of five industry-led sector forums to approach recovery and future destination planning. Working with Visit Northumberland the funding has also allowed the team to create a series of best practice case studies to build a Covid-19 recovery

communications campaign highlighting the successes of a series of Northumberland visitor economy businesses.

The Council is providing assistance to drive business growth including:

- supporting business growth;
- rural business development;
- industrial growth opportunities;
- boosting the tourism economy;
- investing in towns and communities;
- delivering infrastructure; and,
- future places for life and work.

### Business Growth

- priority sectors supported include manufacturing, energy, knowledge intensive business services, food and drink production, environmental and niche tourism; and,
- the Rural Growth Network programme since starting in 2015 has included 25 Northumberland projects with a grant value of £4.50 million to deliver 253 jobs and £13.60 million private investment.

### Industrial Growth

Focussing on major industrial growth opportunities for the future, Northumberland County Council is developing interventions including:

- secure major developments in the energy and offshore, health and life sciences and advanced manufacturing sectors;
- ensure Northumberland is an internationally significant tourism and culture destination; and,
- deliver rural business scale up and develop the agritech sector providing an uplift in micro / SME business growth as the rural exemplar for England.

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#### Boosting the tourism sector

During 2020 the County attracted 5.3 million visitors.

Since 2012 this represents a 17% growth in visitor numbers, 35% growth in economic value and an 18% growth in jobs created.

Tourism is recognised in the Northumberland Economic Strategy 2019-2024 as the County's second largest employment sector and as one of the key industrial growth opportunities.

#### Investing in towns and communities

Town centres are a major focus with bespoke support in partnership with local stakeholders through the developing Town Forum Network and other partnerships with communities across the county.

The purpose of this network is to support the delivery of the Northumberland Town Investment Programme. Examples of projects in development in 2020 include:

- Alnwick Bus Station feasibility study.
- Ashington Portland Park.
- Blyth Future High Streets Fund approval.
- Berwick Maltings Theatre and Conference Centre.
- Bedlington Town Centre Redevelopment; and,
- Morpeth, Blyth and Ponteland Leisure Centres.

#### Delivering Infrastructure

- Digital – Local Full Fibre Network (LFFN), 5G Digital, data and rural broadband - making the case for North of Tyne testbed.
- Major Road and Rail - Supporting major road and rail schemes.
- Northumberland Line – a further £34.00 million has been committed to fund the programme.
- A1, A69, Blyth Relief Road, and;

Keeping the county moving, with a focus on maintaining our highway infrastructure – over 5,186 km of carriageways with over 4,100 structures, including over 1,250 bridges in 2020-21.

#### Future Places to live and work

- New Local Plan proposing where new homes, workplaces and facilities will be;
- 17,700 homes including affordable housing.
- Supporting 15,000 jobs to 2036.
- Major council house building programme in development.
- New school capital investment to support the future workforce; and,
- Major leisure facilities investment.

The Council is focussed on delivering excellent services as effectively as possible with reduced resources. Technology is being utilised to maximise the time staff can spend delivering services, including creating 'back office' hubs to bring together staff, reducing costs and providing a space for staff working across the county to use, saving travel time and meaning more time to deliver frontline services.

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### Narrative Report

#### 7. Treasury Management Activities

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

	31 March 2021	
	Principal £000	Average Rate %
Public Works Loans Board	459,814	2.65
Local Authority Loans	107,034	0.84
Other Market Loans	245,624	3.99
<b>Total Debt</b>	<b>812,472</b>	<b>2.82</b>
<b>Total Investments</b>	<b>206,600</b>	<b>0.59</b>

During the year the Council repaid £94.54 million of maturing borrowing and took out replacement borrowing of £82.03 million in line with authorised limits - made up of £32.03 million short-term borrowing and £50.00 million of long term borrowing. This resulted in a net decrease in total borrowing of £12.51 million, from £824.98 million at the start of the year to £812.47 million at 31 March 2021.

Overall external investments (excluding cash and accrued interest) increased during the year by £15.55 million from £191.05 million to £206.60 million, and the Council maintained an average balance of £196.87 million of internally managed funds. The increase was largely due to the additional grant support received from government during the year to tackle the Covid-19 pandemic.

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

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

rates remain low the Council has achieved higher than average interest rates on its investments during the period.

#### 8. Pension Deficit

At 31 March 2021 the Council's net liability for future pension costs was £952.13 million. Seventy 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 2020-21 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.

#### 9. Group Results

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

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

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

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



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Enterprise Holdings Ltd. Both Companies were dormant throughout 2020-21.

The Group results show a deficit on the provision of services after taxation of £60.30 million (£53.36 million deficit in 2019-20), incorporating a net surplus for the Advance Northumberland Group after group consolidation adjustments of £0.17 million (£4.39 million deficit in 2019-20). Within this balance there is an unrealised net loss of £22.94 million on Investment Properties (£31.63 million in 2019-20) as a result of net downward revaluations. Prior to consolidation adjustments Advance Northumberland Limited showed a deficit of £17.12 million (£33.14 million deficit in 2019-20).

The Group balance sheet shows the value of assets and liabilities recognised by the Group at 31 March 2021 and the level of reserves, split into usable and unusable.

31 March 2020		31 March 2021
£m		£m
1,878.93	Long Term Assets	1,835.85
62.42	Net Current Assets	125.32
(1,619.65)	Long Term Liabilities and Provisions	(1,808.44)
<b>321.70</b>	<b>Net Assets</b>	<b>152.73</b>
	Represented by:	
213.84	Usable Reserves	291.86
107.86	Unusable Reserves	(139.13)
<b>321.70</b>	<b>Total Reserves</b>	<b>152.73</b>

Advance Northumberland Group owed the Council £281.85 million (£281.53 million 2019-20) primarily in respect of principal and interest due on a commercial loan facility; whilst, the Council owed Advance Group £2.56 million (£0.19 million in 2019-20) mainly for capital grant claims for Northumberland Energy Park Phase 1 and Ashwood Business Park.

## 10. Corporate Risks

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

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

- finance;
- regeneration;
- economic inclusion;
- response to climate change;
- occupational development/workforce;
- civil contingency and business continuity;
- Covid-19 Local Outbreak Prevention and Control Plan; and
- Covid-19 recovery.

## Written Statements and Narrative Report

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#### 11. Explanation of the Financial Statements

The Statement of Accounts for Northumberland County Council presents the overall financial performance and position of the Council for the year ended 31 March 2021 and has been produced in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2020-21, published by the Chartered Institute of Public Finance and Accountancy (CIPFA). The amounts presented in the financial statements and notes have been rounded to the nearest thousand pounds unless otherwise stated.

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

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

#### The Core Financial Statements are: Comprehensive Income and Expenditure Statement

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

#### Movement in Reserves Statement

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

**Written Statements and Narrative Report**

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 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

I certify that the Statement of Accounts presents fairly the financial position of the Council as at 31 March 2021 and their income and expenditure for the year ended 31 March 2021.



Jan Willis

Interim Executive Director of Finance & Section 151 Officer

10 September 2021

# Core Financial Statements

## Core Financial Statements

### Comprehensive Income and Expenditure Statement

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

As Restated 2019-20			2020-21			
Gross Expenditure	Gross Income	Net Expenditure		Gross Expenditure	Gross Income	Net Expenditure
£000	£000	£000	Note	£000	£000	£000
211,972	(114,098)	97,874		243,589	(148,408)	95,181
2,071	(628)	1,443		4,741	(4,523)	218
252,705	(181,293)	71,412		247,786	(176,703)	71,083
130,313	(78,173)	52,140		145,374	(84,239)	61,135
32,390	(6,020)	26,370		31,526	(2,296)	29,230
27,333	(34,010)	(6,677)		29,660	(36,822)	(7,162)
88,463	(22,549)	65,914		97,823	(21,589)	76,234
33,838	(21,552)	12,286		29,878	(17,020)	12,858
6,645	(651)	5,994		3,228	(3,146)	82
<b>785,730</b>	<b>(458,974)</b>	<b>326,756</b>		<b>833,605</b>	<b>(494,746)</b>	<b>338,859</b>
		42,773				105,587
		26,943	3			26,415
		(360,642)	4			(424,736)
		<b>35,830</b>	5			<b>46,125</b>
		(33,156)		14,16		2,941
		4,490		29		(693)
		68,820		31		111,758
		<b>40,154</b>				<b>114,006</b>
		<b>75,984</b>				<b>160,131</b>

The 2019-20 comparative Cost of Services figures have been restated to reflect the current service structure. There is no net impact on the Cost of Services or the (Surplus) or Deficit on Provision of Services.



## 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.

2019-20	General Fund Balance £000	Earmarked General Fund Reserves £000	Housing Revenue Account £000	Earmarked HRA Reserves £000	Capital Receipts Reserve £000	Capital Grants Unapplied £000	Major Repairs Reserve £000	Total Usable Reserves £000	Unusable Reserves £000	Total £000
<b>Balance brought forward 1 April 2019</b>	<b>(55,433)</b>	<b>(120,148)</b>	<b>(28,388)</b>	<b>(2,000)</b>	<b>(1,606)</b>	<b>(27,874)</b>	<b>(3,318)</b>	<b>(238,767)</b>	<b>(130,606)</b>	<b>(369,373)</b>
Movement in Reserves during 2019-20:										
(Surplus)/Deficit on the provision of services	38,237	-	(2,407)	-	-	-	-	35,830	-	35,830
Other Comprehensive Income & Expenditure	-	-	-	-	-	-	-	-	40,154	40,154
<b>Total Comprehensive Income &amp; Expenditure</b>	<b>38,237</b>	<b>-</b>	<b>(2,407)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>35,830</b>	<b>40,154</b>	<b>75,984</b>
Adjustments between accounting basis & funding basis under regulations (Note 12)	(42,415)	-	1,390	-	(1,496)	(4,490)	(986)	(47,997)	47,997	-
<b>Net (Increase)/Decrease before Transfers to Earmarked Reserves</b>	<b>(4,178)</b>	<b>-</b>	<b>(1,017)</b>	<b>-</b>	<b>(1,496)</b>	<b>(4,490)</b>	<b>(986)</b>	<b>(12,167)</b>	<b>88,151</b>	<b>75,984</b>
Transfers to/(from)Earmarked Reserves (Note 13)	2,685	(2,685)	2,000	(2,000)	-	-	-	-	-	-
<b>(Increase)/Decrease in 2019-20</b>	<b>(1,493)</b>	<b>(2,685)</b>	<b>983</b>	<b>(2,000)</b>	<b>(1,496)</b>	<b>(4,490)</b>	<b>(986)</b>	<b>(12,167)</b>	<b>88,151</b>	<b>75,984</b>
<b>Balance at 31 March 2020 carried forward</b>	<b>(56,926)</b>	<b>(122,833)</b>	<b>(27,405)</b>	<b>(4,000)</b>	<b>(3,102)</b>	<b>(32,364)</b>	<b>(4,304)</b>	<b>(250,934)</b>	<b>(42,455)</b>	<b>(293,389)</b>

2020-21	General Fund Balance £000	Earmarked General Fund Reserves £000	Housing Revenue Account £000	Earmarked HRA Reserves £000	Capital Receipts Reserve £000	Capital Grants Unapplied £000	Major Repairs Reserve £000	Total Usable Reserves £000	Unusable Reserves £000	Total £000
<b>Balance brought forward 1 April 2020</b>	<b>(56,926)</b>	<b>(122,833)</b>	<b>(27,405)</b>	<b>(4,000)</b>	<b>(3,102)</b>	<b>(32,364)</b>	<b>(4,304)</b>	<b>(250,934)</b>	<b>(42,455)</b>	<b>(293,389)</b>
Movement in Reserves during 2020-21:										
(Surplus)/Deficit on the provision of services	49,510	-	(3,385)	-	-	-	-	46,125	-	46,125
Other Comprehensive Income & Expenditure	-	-	-	-	-	-	-	-	114,006	114,006
<b>Total Comprehensive Income &amp; Expenditure</b>	<b>49,510</b>	<b>-</b>	<b>(3,385)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>46,125</b>	<b>114,006</b>	<b>160,131</b>
Adjustments between accounting basis & funding basis under regulations (Note 12)	(114,650)	-	2,792	-	(923)	(11,467)	(4,303)	(128,551)	128,551	-
<b>Net (Increase)/Decrease before Transfers to Earmarked Reserves</b>	<b>(65,140)</b>	<b>-</b>	<b>(593)</b>	<b>-</b>	<b>(923)</b>	<b>(11,467)</b>	<b>(4,303)</b>	<b>(82,426)</b>	<b>242,557</b>	<b>160,131</b>
Transfers to/(from)Earmarked Reserves (Note 13)	51,597	(51,597)	(892)	892	-	-	-	-	-	-
<b>(Increase)/Decrease in 2020-21</b>	<b>(13,543)</b>	<b>(51,597)</b>	<b>(1,485)</b>	<b>892</b>	<b>(923)</b>	<b>(11,467)</b>	<b>(4,303)</b>	<b>(82,426)</b>	<b>242,557</b>	<b>160,131</b>
<b>Balance at 31 March 2021 carried forward</b>	<b>(70,469)</b>	<b>(174,430)</b>	<b>(28,890)</b>	<b>(3,108)</b>	<b>(4,025)</b>	<b>(43,831)</b>	<b>(8,607)</b>	<b>(333,360)</b>	<b>200,102</b>	<b>(133,258)</b>

## Core Financial Statements

### Balance Sheet

The Balance Sheet shows the value as at 31 March 2021 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 2020		Note	31 March 2021	31 March 2020		Note	31 March 2021
£000			£000	£000			£000
1,412,480	Property, Plant and Equipment	14	1,384,881	(27,772)	Bank Overdraft	23	(13,729)
7,773	Heritage Assets	16	7,951	(100,659)	Short Term Borrowing	19	(61,090)
1,798	Investment Property	15	2,029	(71,048)	Short Term Creditors	19,26	(104,690)
1,150	Long Term Intangible Assets	18	1,735	(11,994)	Short Term Provisions	28	(8,392)
-	Assets Held for Sale - non current	24	497	(9,268)	Revenue Grants Receipts in Advance	11	(884)
46,624	Long Term Investments	19	39,067	<b>(220,741)</b>	<b>Current Liabilities</b>		<b>(188,785)</b>
402,858	Long Term Debtors	19,22	405,474	(72,262)	Long Term Creditors - PFI	19,25	(69,987)
<b>1,872,683</b>	<b>Long Term Assets</b>		<b>1,841,634</b>	(730,438)	Long Term Borrowing	19,20	(756,893)
72,339	Short Term Investments	19	99,382	(804,210)	Net Defined Pension Liability	29	(952,129)
2,214	Assets Held for Sale - current	24	1,587	(78)	Long Term Provisions	28	-
1,827	Inventories		1,260	(4,245)	Capital Grants Receipts in Advance	11	(21,251)
89,691	Short Term Debtors	19,22	95,067	<b>(1,611,233)</b>	<b>Long Term Liabilities</b>		<b>(1,800,260)</b>
86,609	Cash and Cash Equivalents	23	83,373	<b>293,389</b>	<b>Net Assets</b>		<b>133,258</b>
<b>252,680</b>	<b>Current Assets</b>		<b>280,669</b>				
				250,934	Usable Reserves		333,360
				42,455	Unusable Reserves	29	(200,102)
				<b>293,389</b>	<b>Total Reserves</b>		<b>133,258</b>

## 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 2021 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.

2019-20		Note	2020-21
£000			£000
(35,830)	Deficit on provision of services		(46,125)
127,648	Adjustments to net deficit on the provision of services for non-cash movements	32	217,288
	Adjustments for items included in the net deficit on the provision of services that are investing and financing activities		
(57,167)		32	(88,714)
<b>34,651</b>	<b>Net cash flows from Operating Activities</b>		<b>82,449</b>
(118,995)	Investing Activities	33	(37,316)
91,388	Financing Activities	34	(34,326)
<b>7,044</b>	<b>Net increase in cash and cash equivalents</b>		<b>10,807</b>
51,793	Cash and cash equivalents at the beginning of the reporting period		58,837
<b>58,837</b>	<b>Cash and cash equivalents at the end of the reporting period</b>		<b>69,644</b>

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# Notes to the Accounts

## Notes to the Accounts

### Notes References

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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).

As Restated 2019-20				2020-21			
Net Expenditure Chargeable to the General Fund and HRA Balances	Adjustments between Funding and Accounting Basis	Net Expenditure in the CIES		Net Expenditure Chargeable to the General Fund and HRA Balances	Adjustments between Funding and Accounting Basis	Net Expenditure in the CIES	
£000	£000	£000		£000	£000	£000	
93,474	4,400	97,874	Adult Services	88,799	6,382	95,181	
1,348	95	1,443	Chief Executive	(88)	306	218	
60,214	11,198	71,412	Children's Services	54,145	16,938	71,083	
34,894	17,246	52,140	Finance	38,342	22,793	61,135	
19,509	6,861	26,370	Human Resources & Organisational Development	21,193	8,037	29,230	
(5,287)	(1,390)	(6,677)	Local Authority Housing (HRA)	(4,370)	(2,792)	(7,162)	
42,225	23,689	65,914	Local Services	45,693	30,541	76,234	
5,404	6,883	12,287	Regeneration, Commercial and Economy	5,589	7,269	12,858	
(46,644)	52,637	5,993	Corporate Expenditure and Income	(111,399)	111,481	82	
<b>205,137</b>	<b>121,619</b>	<b>326,756</b>	<b>Net Cost of services</b>	<b>137,904</b>	<b>200,955</b>	<b>338,859</b>	
(210,333)	(80,593)	(290,926)	Other Income And Expenditure	(203,636)	(89,098)	(292,734)	
<b>(5,196)</b>	<b>41,026</b>	<b>35,830</b>	<b>Total (Surplus) or Deficit General Fund and HRA</b>	<b>(65,732)</b>	<b>111,857</b>	<b>46,125</b>	
(205,969)			Opening General Fund and HRA Balance at 31 March 2020			(211,165)	
(5,196)			Add: Surplus on General Fund and HRA Balance in Year			(65,732)	
<b>(211,165)</b>			<b>Closing General Fund and HRA Balance at 31 March 2021</b>			<b>(276,897)</b>	

The 2019-20 comparative Cost of Services figures have been restated to reflect the current service structure. There is no impact on the net Cost of Services or the Total (Surplus) or Deficit on the General Fund and HRA.

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



## Notes to the Accounts

### Notes to the Expenditure and Funding Analysis

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

#### Adjustments for Capital Purposes

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

- Other Operating Expenditure – adjusts for capital disposals with a transfer of income on disposal of assets and the amounts written off for those assets. Also any change in the fair value of assets held for sale is reflected in this note;
- Financing and Investment income and expenditure – the statutory charges for capital financing i.e. Minimum Revenue Provision and other revenue contributions are deducted from other income and expenditure as these are not chargeable under generally accepted accounting practices; and,
- Taxation and non-specific grant income and expenditure – capital grants are adjusted for income not chargeable under generally accepted accounting practices. Revenue grants are adjusted from those receivable in the year to those receivable without conditions or for which conditions were satisfied throughout the year. The taxation and non-specific grant income line is credited with capital grants receivable in the year without conditions; or, for which conditions were satisfied in the year.

#### Net Change for the Pensions Adjustments

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

- For Services - this represents the removal of the employers' pension contributions made by the authority as allowed by statute; and, the replacement with current service costs and past service costs; and,
- For Financing and Investment income and expenditure – the net interest on the defined benefit liability is charged to the comprehensive income and expenditure statement.

#### Other Differences

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

- For Financing and Investment income and expenditure - the other differences column recognises adjustments to the General Fund for the timing differences for premiums and discounts;
- For Services - this represents the change in accrued employee benefits such as annual leave; and,
- The charge under taxation and non-specific grant income represents the difference between what is chargeable under statutory regulations for council tax and non-domestic rates that was projected to be received at the start of the year; and, the income recognised under generally accepted accounting practices in the Code. This is a timing difference as any difference will be brought forward in future surpluses or deficits in the Collection Fund.

## Notes to the Accounts

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

As Restated 2019-20				2020-21				
Adjustments for Capital Purposes	Net Change for the Pensions Adjustment	Other Differences	Total Adjustments		Adjustments for Capital Purposes	Net Change for the Pensions Adjustment	Other Differences	Total Adjustments
£000	£000	£000	£000		£000	£000	£000	£000
2,817	1,644	(61)	4,400	Adult Services	1,636	4,755	(9)	6,382
-	65	30	95	Chief Executive	-	308	(2)	306
10,740	724	(266)	11,198	Children's Services	12,071	5,854	(987)	16,938
18,875	(1,497)	(132)	17,246	Finance	23,909	(1,146)	30	22,793
6,286	626	(51)	6,861	Human Resources & Organisational Development	6,172	1,857	8	8,037
(2,921)	1,552	(21)	(1,390)	Local Authority Housing (HRA)	(5,119)	2,336	(9)	(2,792)
21,893	1,796	-	23,689	Local Services	25,701	4,840	-	30,541
6,390	645	(152)	6,883	Regeneration, Commercial and Economy	5,309	1,951	9	7,269
52,657	(20)	-	52,637	Corporate Expenditure and Income	113,009	(1,528)	-	111,481
<b>116,737</b>	<b>5,535</b>	<b>(653)</b>	<b>121,619</b>	<b>Net Cost of services</b>	<b>182,688</b>	<b>19,227</b>	<b>(960)</b>	<b>200,955</b>
(93,114)	15,915	(3,394)	(80,593)	Other Income And Expenditure	(131,414)	16,934	25,382	(89,098)
<b>23,623</b>	<b>21,450</b>	<b>(4,047)</b>	<b>41,026</b>	<b>(Surplus) or Deficit</b>	<b>51,274</b>	<b>36,161</b>	<b>24,422</b>	<b>111,857</b>

The 2019-20 comparative Cost of Services figures have been restated to reflect the current service structure. There is no impact on the net Cost of Services or the (Surplus) or Deficit.

## 2. Expenditure and Income Analysed by Nature

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

	2020-21	Adult Services	Chief Executive	Children's Services	Finance	Human Resources & Organisational Development	Local Authority Housing (HRA)	Local Services	Regeneration, Commercial and Economy	Corporate Expenditure & Income
	£000	£000	£000	£000	£000	£000	£000		£000	£000
Expenditure:										
Depreciation, amortisation, impairment	50,953	700	-	6,964	4,500	5,584	9,613	17,607	5,985	-
Employee Benefits Expenses	318,915	38,883	2,555	151,163	33,157	12,932	10,010	36,510	14,691	19,014
(Gain) or Loss on the Disposal of Assets	88,027	-	-	-	-	-	-	-	-	88,027
Interest Payments	31,004	11	-	1	-	-	3,452	-	-	27,540
Other Services Expenditure	450,295	199,191	2,235	70,814	107,427	12,985	6,943	40,094	8,754	1,852
Payments to Housing Capital Receipts Pool	909	-	-	-	-	-	-	-	-	909
Precepts and Levies	16,641	-	-	-	-	-	-	-	-	16,641
Support Services Recharges	31,088	4,815	(48)	18,845	291	25	3,093	3,619	448	-
<b>Total Expenditure</b>	<b>987,832</b>	<b>243,600</b>	<b>4,742</b>	<b>247,787</b>	<b>145,375</b>	<b>31,526</b>	<b>33,111</b>	<b>97,830</b>	<b>29,878</b>	<b>153,983</b>
Income:										
Fees Charges and Other Services Income	(250,369)	(90,932)	(2,055)	(6,018)	(5,229)	(1,361)	(37,184)	(15,204)	(6,991)	(85,395)
Government Grants	(448,822)	(57,476)	(2,468)	(170,685)	(79,011)	(935)	-	(6,744)	(10,057)	(121,446)
Income from Council Tax and Non-domestic Rates	(220,315)	-	-	-	-	-	-	-	-	(220,315)
Interest and Investment Income	(22,201)	-	-	-	-	-	(6)	-	(6)	(22,189)
<b>Total Income</b>	<b>(941,707)</b>	<b>(148,408)</b>	<b>(4,523)</b>	<b>(176,703)</b>	<b>(84,240)</b>	<b>(2,296)</b>	<b>(37,190)</b>	<b>(21,948)</b>	<b>(17,054)</b>	<b>(449,345)</b>
<b>Deficit on the Provision of Services</b>	<b>46,125</b>	<b>95,192</b>	<b>219</b>	<b>71,084</b>	<b>61,135</b>	<b>29,230</b>	<b>(4,079)</b>	<b>75,882</b>	<b>12,824</b>	<b>(295,362)</b>

## Notes to the Accounts

	As Restated 2019-20 £000	Adult Services £000	Chief Executive £000	Children's Services £000	Finance £000	Human Resources & Organisational Development £000	Local Authority Housing (HRA) £000	Local Services	Regeneration, Commercial and Economy £000	Corporate Expenditure & Income £000
Expenditure:										
Depreciation, amortisation, impairment	53,645	724	-	7,092	4,477	5,124	9,585	20,314	6,329	-
Employee Benefits Expenses	307,821	34,423	1,455	151,422	47,563	11,181	9,544	31,786	12,802	7,645
(Gain) or Loss on the Disposal of Assets	64,680	-	-	-	-	-	-	-	-	64,680
Interest Payments	32,069	26	-	22	-	-	3,819	-	-	28,202
Other Services Expenditure	413,205	176,169	734	75,100	94,812	14,342	5,247	32,583	14,053	165
Payments to Housing Capital Receipts Pool	1,508	-	-	-	-	-	-	-	-	1,508
Precepts and Levies	16,096	-	-	-	-	-	-	-	-	16,096
Support Services Recharges	29,289	668	1	20,453	238	69	2,951	4,254	655	-
<b>Total Expenditure</b>	<b>918,313</b>	<b>212,010</b>	<b>2,190</b>	<b>254,089</b>	<b>147,090</b>	<b>30,716</b>	<b>31,146</b>	<b>88,937</b>	<b>33,839</b>	<b>118,296</b>
Income:										
Fees Charges and Other Services Income	(241,072)	(96,827)	(628)	(20,999)	(6,174)	(6,019)	(34,160)	(23,163)	(12,550)	(40,552)
Government Grants	(370,032)	(17,271)	-	(160,295)	(71,997)	-	(77)	308	(9,030)	(111,670)
Income from Council Tax and Non-domestic Rates	(249,279)	-	-	-	-	-	-	-	-	(249,279)
Interest and Investment Income	(22,100)	-	-	-	-	-	-	-	(6)	(22,094)
<b>Total Income</b>	<b>(882,483)</b>	<b>(114,098)</b>	<b>(628)</b>	<b>(181,294)</b>	<b>(78,171)</b>	<b>(6,019)</b>	<b>(34,237)</b>	<b>(22,855)</b>	<b>(21,586)</b>	<b>(423,595)</b>
<b>Deficit on the Provision of Services</b>	<b>35,830</b>	<b>97,912</b>	<b>1,562</b>	<b>72,795</b>	<b>68,919</b>	<b>24,697</b>	<b>(3,091)</b>	<b>66,082</b>	<b>12,253</b>	<b>(305,299)</b>

The 2019-20 comparative Expenditure and Income figures have been restated to reflect the current service structure. There is no net impact on the Deficit on the Provision of Services.

### 3. Other Operating Income and Expenditure

2019-20		2020-21
£000		£000
16,097	Parish and other precepts	16,641
1,508	Payments to the Government Housing Capital Receipts Pool	909
(13,565)	(Upward)/Downward Valuation of Assets Held for Sale	10
38,733	Losses on the disposal of non-current assets	88,027
<b>42,773</b>	<b>Total net operating expenditure</b>	<b>105,587</b>

### 4. Financing and Investment Income and Expenditure

2019-20		2020-21
£000		£000
33,227	Interest payable and similar charges	31,004
16,600	Net interest on the net defined benefit liability (asset)	17,627
(23,341)	Interest receivable and similar income	(22,201)
457	Income and expenditure in relation to investment properties and changes in fair value	(15)
<b>26,943</b>	<b>Total Financing and Investment Income and Expenditure</b>	<b>26,415</b>

### 5. Taxation and Non-Specific Grant Income

2019-20		2020-21
£000		£000
(189,325)	Council tax income	(196,757)
(59,955)	Non domestic rates income	(23,558)
(62,128)	Non-ring fenced government grants	(118,656)
(49,234)	Capital grants and contributions	(85,765)
<b>(360,642)</b>	<b>Total Taxation and Non Specific Grant Income</b>	<b>(424,736)</b>

### 6. Better Care Fund

National policy requires local authorities and NHS Clinical Commissioning Groups (CCGs) to establish a pooled fund under Section 75 of the NHS Act 2006, and to make joint decisions about how to use the fund to promote integration between health and social care services. Because of the Covid-19 pandemic, the usual requirement for the Council and the CCG to agree an annual Better Care Fund Plan was removed for 2020-21, and funding was allocated in line with previous patterns of spending, with a shorter return to NHS England at the year-end confirming expenditure and compliance with national conditions. The CCG was required under national rules to transfer a total of £15.89 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.

2019-20		2020-21
£000		£000
	Funding Provided to the pooled budget:	
(15,062)	Northumberland County Council	(15,457)
(24,216)	Northumberland Clinical Commissioning Group	(25,418)
<b>(39,278)</b>		<b>(40,875)</b>
	Expenditure met from the pooled budget:	
30,980	Northumberland County Council	31,350
8,298	Northumberland Clinical Commissioning Group	9,525
<b>39,278</b>		<b>40,875</b>
<b>-</b>	<b>Net surplus</b>	<b>-</b>

## 7. Members' Allowances

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

2019-20		2020-21
£000		£000
1,363	Allowances	1,375
43	Expenses	5
<b>1,406</b>	<b>Total</b>	<b>1,380</b>

## 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.

2019-20		2020-21
All Employees	Remuneration Band	All Employees
94	£50,000 to £54,999	123
60	£55,000 to £59,999	78
53	£60,000 to £64,999	43
21	£65,000 to £69,999	41
13	£70,000 to £74,999	17
9	£75,000 to £79,999	9
3	£80,000 to £84,999	4
1	£85,000 to £89,999	7
6	£90,000 to £94,999	9
4	£95,000 to £99,999	1
2	£100,000 to £104,999	3
2	£105,000 to £109,999	-
-	£110,000 to £114,999	2
-	£115,000 to £119,999	1
-	£120,000 to £124,999	2
-	£125,000 to £129,999	-
-	£130,000 to £134,999	1
1	£315,000 to £319,999*	-
<b>269</b>	<b>Total</b>	<b>341</b>

\* The Coroner had their terms and conditions reviewed during 2019-2020 which was backdated to 1 April 2015, arrears were paid in the employee's October 2019 salary. The salary arrears were £361,916.10. However, there was a clawback in relation to accommodation costs of £138,866.87 therefore the total arrears due was £223,049.23. The post would have been in the £130,000 to £134,999 banding had there not been a backdated payment.

## 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 any of the senior officers in 2019-20 or 2020-21.

2020-21	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	85,522	40,000	-	-	20,897	<b>146,419</b>	26,360	<b>172,779</b>
Executive Director of Adults and Children's Services - Cath McEvoy-Carr		151,196	-	-	-	6,406	<b>157,602</b>	31,751	<b>189,353</b>
Executive Director of HR and OD and Deputy Chief Executive - Kelly Angus	2	149,500	-	-	-	14,470	<b>163,970</b>	21,486	<b>185,456</b>
Director of Transformation - Allison Joynson	3	146,047	-	-	-	14,541	<b>160,588</b>	30,670	<b>191,258</b>
Senior Officers emoluments – salary is between £50,000 and £150,000 per year									
Executive Director of Regeneration, Commercial and Economy		141,524	4,314	-	-	4,810	<b>150,648</b>	4,985	<b>155,633</b>
Executive Director of Place		139,017	-	-	-	-	<b>139,017</b>	29,194	<b>168,211</b>
Executive Director of Finance (Section 151 Officer)	4	130,378	-	-	-	6,268	<b>136,646</b>	27,026	<b>163,672</b>
Chief Fire Officer		128,520	2,460	-	-	-	<b>130,980</b>	37,014	<b>167,994</b>
Director of Business Development (Care Services)		118,802	-	-	-	5,007	<b>123,809</b>	24,883	<b>148,692</b>
Service Director - Adult Services and Community *	5	103,255	-	64,656	394,721	-	<b>562,632</b>	10,284	<b>572,916</b>
Director of Corporate Assurance	6	92,867	-	-	-	-	<b>92,867</b>	18,388	<b>111,255</b>

### Notes

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

\*\*This figure currently includes a final pay control charge which may be subject to change.

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



## Notes to the Accounts

2019-20	Note	Salary & Non-Taxable Allowances £	Taxable Allowances £	Compensation for loss of office	Benefits in kind* £	Total Salary & Allowances £	Pension Contributions £	Total Salary & Allowances inc Pension Contributions £
Post Holder Information								
Senior Officers – salary is £150,000 or more per year								
Chief Executive and Head of Paid Service - Daljit Lally	1	95,927	40,000	-	5,095	<b>141,022</b>	24,967	<b>165,989</b>
Executive Director of Adults & Children's Services - Cath McEvoy-Carr		153,384	-	-	-	<b>153,384</b>	28,376	<b>181,760</b>
Director of Transformation - Allison Joynson	2	146,514	-	-	14,924	<b>161,438</b>	27,105	<b>188,543</b>
Executive Director of HR & OD and Deputy Chief Executive - Kelly Angus	3	146,788	-	-	11,596	<b>158,384</b>	21,108	<b>179,492</b>
Senior Officers emoluments – salary is between £50,000 and £150,000 per year								
Executive Director of Place	4	110,090	-	-	-	<b>110,090</b>	13,174	<b>123,264</b>
Executive Director of Place	5	68,911	-	-	-	<b>68,911</b>	12,749	<b>81,660</b>
Executive Director of Finance (Section 151 Officer)	6	40,490	-	-	3,012	<b>43,502</b>	7,491	<b>50,993</b>
Service Director Finance	7	124,400	-	-	14,409	<b>138,809</b>	23,014	<b>161,823</b>
Service Director - Partnerships and Devolution	8	32,763	-	66,563	-	<b>99,326</b>	-	<b>99,326</b>
Executive Director of Regeneration, Commercial and Economy	9	22,918	-	-	-	<b>22,918</b>	4,240	<b>27,158</b>
Director of Business Development (Care Services)	10	69,893	-	-	-	<b>69,893</b>	12,784	<b>82,677</b>
Head of Shared Procurement Services	11	77,453	-	-	17,354	<b>94,807</b>	14,532	<b>109,339</b>
Service Director - Strategic Commissioning and Finance	12	56,972	-	-	3,040	<b>60,012</b>	8,193	<b>68,205</b>
Chief Fire Officer		112,050	7,380	-	-	<b>119,430</b>	40,559	<b>159,989</b>

\* 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	01-Apr-19	31-Mar-20	Chief Executive and Head of Paid Service	This post is 0.50 FTE.
2	01-Apr-19	31-Mar-20	Director of Transformation	Jointly funded post with Northumbria Healthcare NHS Foundation Trust. Each organisation pays 50.00%.
3	01-Apr-19	31-Mar-20	Executive Director of HR & OD and Deputy Chief Executive	Employee seconded from and paid by Northumbria Healthcare NHS Foundation Trust. Salary recharged 100.00% to Northumberland County Council.
4	01-Apr-19	30-Sep-19	Executive Director of Place	Leaving date 30 September 2019.
5	07-Oct-19	31-Mar-20	Executive Director of Place	New appointment 7 October 2019.
6	16-Dec-19	31-Mar-20	Executive Director of Finance (Section 151 Officer)	New appointment 16 December 2019.
7	01-Apr-19	21-Jul-19	Service Director Finance	
	22-Jul-19	15-Dec-19	Service Director Finance and Interim Section 151 Officer	
	16-Dec-19	31-Mar-20	Service Director Finance	
8	01-Apr-19	24-Apr-19	Service Director Partnerships and Devolution	Leaving date 24 April 2019.
9	03-Feb-20	31-Mar-20	Executive Director of Regeneration, Commercial and Economy	New appointment 3 February 2020.
10	12-Aug-19	31-Mar-20	Director of Business Development (Care Services)	New appointment 12 August 2019.
11	01-Apr-19	31-Mar-20	Head of Shared Procurement Services	This post is jointly funded with Northumbria Healthcare NHS Foundation Trust as part of a shared service agreement. Each Organisation pays 50.00%.
12	01-Apr-19	31-Mar-20	Service Director - Strategic Commissioning and Finance	Shared role between Northumberland County Council and Northumbria Healthcare NHS Foundation Trust. Each Organisation pays 50.00%.
NOTE:	01-Apr-19	21-Jul-19	Executive Director of Finance (Section 151 Officer)	The role was covered by an interim appointment and was not a Northumberland County Council Employee.

## 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 2019-20	Number of Compulsory Redundancies 2020-21	Number of Other Departures Agreed 2019-20	Number of Other Departures Agreed 2020-21	Total Number of Exit Packages by cost band 2019-20	Total Number of Exit Packages by cost band 2020-21	Total Cost of Exit packages in each band 2019-20 £	Total Cost of Exit packages in each band 2020-21 £
£0 - £20,000	32	-	123	62	155	62	1,152,241	514,411
£20,001 - £40,000	3	1	25	13	28	14	796,241	372,070
£40,001 - £60,000	-	-	15	1	15	1	701,356	40,835
£60,001 - £80,000	-	1	1	5	1	6	60,721	414,697
£80,001 - £100,000	-	-	2	-	2	-	173,163	-
£100,001 - £150,000	-	-	-	1	-	1	-	101,845
£450,001 - £500,000	-	-	-	1	-	1	-	487,591*
	<b>35</b>	<b>2</b>	<b>166</b>	<b>83</b>	<b>201</b>	<b>85</b>	<b>2,883,722</b>	<b>1,931,449</b>
Add amounts provided for in Comprehensive Income and Expenditure Statement not included in bandings	-	-	-	-	21	3	602,701	171,180
<b>Total cost included in Comprehensive Income and Expenditure Statement</b>	<b>35</b>	<b>2</b>	<b>166</b>	<b>83</b>	<b>222</b>	<b>88</b>	<b>3,486,423</b>	<b>2,102,629</b>

The Council's Comprehensive Income and Expenditure Statement includes a provision for £0.17 million which has been agreed and is payable to 3 officers. These costs are not included in the bands and therefore an additional line has been added to reconcile to the total cost of termination benefits reported in the Comprehensive Income and Expenditure Statement.

\*This figure currently includes a final pay control charge which may be subject to change.

## 9. External Audit Costs

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

2019-20 £000		2020-21 £000
190	Fees payable to the appointed auditor with regard to external audit services carried out by the appointed auditor for the year	170
3	Fees payable to the appointed auditor for the certification of grant claims and returns for the year	18
7	Fees payable in respect of any other services provided by the appointed auditor during the year	-
<b>200</b>	<b>Total</b>	<b>188</b>

Note: Fees payable in respect of other services provided by the appointed auditor are in relation to assurance reports for the pooling of housing capital receipts, teachers' pensions and housing benefit 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) (No 2) Regulations 2018. The Schools' Budget includes elements for a range of educational services provided on an authority-wide basis and for the Individual Schools' Budget, which is divided into a budget share for each maintained school. Details of the deployment of DSG receivable for 2020-21 are as follows:

Schools' Budget Funded by DSG	Central Expenditure £000	Individual Schools' Budget £000	Total £000
Final DSG for 2020-21			243,434
Academy figure recouped for 2020-21			(105,404)
<b>Total DSG after Academy Recoupment</b>			<b>138,030</b>
Brought forward from 2019-20			(607)
<b>Agreed budgeted distribution in 2020-21</b>	<b>46,896</b>	<b>90,527</b>	<b>137,423</b>
In Year Adjustments *	(362)	-	(362)
<b>Final Budget Distribution for 2020-21</b>	<b>46,534</b>	<b>90,527</b>	<b>137,061</b>
Less Actual Central Expenditure	45,636	-	45,636
Less Actual ISB deployed to Schools	-	90,527	90,527
<b>Carried forward to 2021-22</b>	<b>898</b>	<b>-</b>	<b>898</b>

\* Note: £0.36 million relates to the estimated clawback of the 2020-21 Early Years block funding by the Department for Education due in November 2021, based upon the January 2021 census.

## 11. Grant Income

The Council credited the following grants, contributions and donations to the Comprehensive Income and Expenditure Statement in 2020-21:

2019-20 £000		2020-21 £000
	Revenue Grants Credited to Taxation and Non Specific Grant Income	
	Revenue	
11,574	Business Rates Section 31 Grants	30,072
10,025	Covid-19 Grant	14,956
-	- Covid-19 Hardship Fund	3,382
10,607	Improved Better Care Fund	12,128
5,994	New Homes Bonus Grant	5,965
450	Other	478
19,358	Retained Business Rates Top up Grant	27,535
-	- Revenue Support Grant	10,451
-	- Rural Services Delivery Grant	2,340
-	- Sales, Fees and Charges Compensation	2,904
2,599	Social Care Support Grant	8,445
1,521	Winter Pressures Grant	-
<b>62,128</b>	<b>Total Revenue Grants Credited to Taxation and Non Specific Grant Income</b>	<b>118,656</b>

2019-20 £000		2020-21 £000
	Grants Credited to Services:	
	Revenue :	
68,708	Council Tax / Housing Benefit Subsidy Grants	61,748
-	- Covid-19 Additional Restrictions Support Grant	5,466
-	- Covid-19 Adult Social Care Infection Control Fund	7,977
-	- Covid-19 Contain Outbreak Management Fund	9,397
-	- Covid-19 Discretionary Grant Fund	4,119
-	- Covid-19 Local Authority Test & Trace Service Support Grant	1,529
-	- Covid-19 Local Restrictions Support Grant	2,272
-	- Covid-19 Winter Grant Scheme	1,189
136,617	Dedicated Schools Grant (DSG)	137,668
6,268	Education and Skills Funding Agency (ESFA)	3,961
15,191	Grants in Support of Individual School Budgets	18,180
6,094	North East Combined Authority Grant	6,470
16,478	Other Grants	15,825
15,798	Public Health Grant	16,742
-	- Syrian Resettlement Grant	1,501
4,760	The Private Finance Initiative (PFI)	4,760
<b>269,914</b>	<b>Total Revenue Grants</b>	<b>298,804</b>
	Donations and Contributions	
5,472	Contribution from Other Local Authorities	8,186
16,121	Health Service	17,830
1,439	Ministry of Justice Advances	-
5,062	Other Donations and Contributions	3,100
8,401	S117 Health Contribution	9,198
<b>36,495</b>	<b>Total Donations and Contributions</b>	<b>38,314</b>
<b>306,409</b>	<b>Total Credited to Services</b>	<b>337,118</b>

## Notes to the Accounts

2019-20 £000		2020-21 £000
	Capital	
	Department for Culture, Media and Sport - Local Full Fibre - Network	1,926
2,779	Department for Education - Basic Need	-
7,801	Department for Education - Capital Maintenance	11,426
1,056	Department for Education - Devolved Formula Capital (DFC)	-
	Department for Education - Priority Schools Building - programme	7,124
1,761	Department for Education - Kyloe House Refurbishment	-
	- Department for Transport - Northumberland Line	6,223
3,700	Department for Transport - Challenge Fund - Steel Bridges Programme	-
16,959	Department for Transport - Local Transport Plan	19,863
900	Department for Transport - Pot Hole & Challenge Fund Grant	11,421
2,778	Environment Agency - Seahouses Main Pier Refurbishment	-
1,564	Heritage Lottery Fund - Hirst Park	-
	- Heritage Lottery Fund - Union Chain Bridge	1,271
	Ministry of Housing, Communities & Local Government - - Borderlands Carlisle Station	11,197
	Ministry of Housing, Communities & Local Government - - Borderlands Energy Central	1,100
	Ministry of Housing, Communities & Local Government - - Borderlands Lilidorei	1,000
2,146	Ministry of Housing, Communities & Local Government - Disabled Facilities Grant	2,482
1,354	Ministry of Housing, Communities & Local Government - Rural Growth Network Local Growth Fund	1,026
1,633	North East Combined Authority (NECA) - Integrated Transport	1,633
4,803	Other	8,073
<b>49,234</b>	<b>Total Capital</b>	<b>85,765</b>

## Notes to the Accounts

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:

31 March 2020		31 March 2021
£000		£000
	Capital Grant Receipts in Advance:	
	Ministry of Housing, Communities & Local Government -	
	- Borderlands Ad Gefrin	3,000
	Ministry of Housing, Communities & Local Government -	
	- Borderlands Carlisle Station	5,703
1,000	Ministry of Housing, Communities & Local Government -	
	Borderlands Lilodorei	4,000
	Department for Business, Energy & Industrial Strategy - Green	
	- Homes Grant	2,923
	Department for Business, Energy & Industrial Strategy - Public	
	- Sector Decarbonisation Scheme	3,013
2,002	Department for Education - Devolved Formula Capital (DFC)	1,802
142	Affordable Warmth Solutions - Warm Homes Fund	-
28	Environment Agency - Seahouses Main Pier Refurbishment	-
1,073	Other	810
<b>4,245</b>	<b>Total Capital Grant Receipts in Advance</b>	<b>21,251</b>
	Revenue Grant Receipts in Advance:	
	- Borderlands	318
	- Cumbria, Northumberland Tyne & Wear NHS Foundation Trust	5
80	Department of Education	34
	- Greggs Trust	4
37	Heritage Lottery Fund	2
9,108	Ministry of Housing, Communities and Local Government	102
41	National Archives	112
	- NHS Northumberland CCG	5
	- Northumbria Healthcare NHS Foundation Trust	177
	- Northumbria Police & Crime Commissioner	66
	- Reed in Partnership	57
2	Society of Antiquaries of Newcastle upon Tyne	1
	- The Key	1
<b>9,268</b>	<b>Total Revenue Grant Receipts in Advance</b>	<b>884</b>
<b>13,513</b>	<b>Total Receipts in Advance</b>	<b>22,135</b>

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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.

2020-21	General Fund Balance	Housing Revenue Account	Capital Receipts Reserve	Capital Grants Unapplied	Major Repairs Reserve	Movement in Unusable Reserves
	£000	£000	£000	£000	£000	£000
<b>Adjustments primarily involving the Capital Adjustment Account:</b>						
<b>Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement:</b>						
Charges for depreciation and impairment of non-current assets	(40,899)	(9,554)	-	-	-	50,453
Revaluation (losses)/gains on Property Plant and Equipment	(4,482)	4,055	-	-	-	427
Modification losses/(gains) in respect of capital financial assets	997	-	-	-	-	(997)
Loss allowances in respect of capital financial assets	(79)	-	-	-	-	79
Movements in the fair value of Investment Properties	4	10	-	-	-	(14)
Amortisation of intangible assets	(441)	(59)	-	-	-	500
Capital grants and contributions applied	72,058	362	-	-	-	(72,420)
Revenue expenditure funded from capital under statute	(34,765)	(200)	-	-	-	34,965
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	(112,999)	-	-	-	-	112,999
<b>Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement:</b>						
Statutory provision for the financing of capital investment	24,645	-	-	-	-	(24,645)
Capital expenditure charged against the General Fund and HRA balances	2,150	892	-	-	-	(3,042)
<b>Adjustments primarily involving the Capital Grants Unapplied Account:</b>						
Capital grants and contributions unapplied credited to the Comprehensive Income and Expenditure Statement	13,345	-	-	(13,345)	-	-
Application of grants to capital financing transferred to the Capital Adjustment Account	-	-	-	1,878	-	(1,878)
<b>Adjustments primarily involving the Capital Receipts Reserve:</b>						
Transfer of cash sale proceeds credited as part of the gain/(loss) on disposal to the Comprehensive Income and Expenditure Statement	25,016	-	(25,016)	-	-	-
Use of the Capital Receipts Reserve to finance new capital expenditure	-	-	1,117	-	-	(1,117)
Voluntary set aside of Capital Receipts to repay debt	-	-	22,032	-	-	(22,032)
Contribution from the Capital Receipts Reserve towards administrative costs of non-current asset disposals	(35)	-	35	-	-	-

## Notes to the Accounts

2020-21	General Fund Balance £000	Housing Revenue Account £000	Capital Receipts Reserve £000	Capital Grants Unapplied £000	Major Repairs Reserve £000	Movement in Unusable Reserves £000
Contribution from the Capital Receipts Reserve to finance the payments to the Government capital receipts pool	(909)	-	909	-	-	-
<b>Adjustment primarily involving the Major Repairs Reserve:</b>						
Posting of HRA resources from revenue to the Major Repairs Reserve	-	9,613	-	-	(9,613)	-
Use of the Major Repairs Reserve to finance new capital expenditure	-	-	-	-	5,310	(5,310)
<b>Adjustments primarily involving the Financial Instruments Adjustment Account:</b>						
Amount by which finance costs charged to the Comprehensive Income and Expenditure Statement are different from finance costs chargeable in the year in accordance with statutory requirements	(302)	-	-	-	-	302
<b>Adjustments primarily involving the Pensions Reserve:</b>						
Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement	(70,150)	(3,943)	-	-	-	74,093
Employer's pension contributions and direct payments to pensioners payable in the year	36,325	1,607	-	-	-	(37,932)
<b>Adjustments primarily involving the Collection Fund Adjustment Account:</b>						
Amount by which council tax and NNDR income credited to the Comprehensive Income and Expenditure Statement is different from income calculated for the year in accordance with statutory requirements	(25,081)	-	-	-	-	25,081
<b>Adjustment primarily involving the Accumulated Absences Account:</b>						
Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	952	9	-	-	-	(961)
<b>Total Adjustments</b>	<b>(114,650)</b>	<b>2,792</b>	<b>(923)</b>	<b>(11,467)</b>	<b>(4,303)</b>	<b>128,551</b>

## Notes to the Accounts

2019-20	General Fund Balance £000	Housing Revenue Account £000	Capital Receipts Reserve £000	Capital Grants Unapplied £000	Major Repairs Reserve £000	Movement in Unusable Reserves £000
<b>Adjustments primarily involving the Capital Adjustment Account:</b>						
<b>Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement:</b>						
Charges for depreciation and impairment of non-current assets	(43,314)	(9,525)	-	-	-	52,839
Revaluation (losses)/gains on Property Plant and Equipment	3,620	2,947	-	-	-	(6,567)
Modification losses/(gains) in respect of capital financial assets	(77)	-	-	-	-	77
Loss allowances in respect of capital financial assets	(150)	-	-	-	-	150
Movements in the fair value of Investment Properties	(461)	-	-	-	-	461
Amortisation of intangible assets	(747)	(59)	-	-	-	806
Capital grants and contributions applied	39,318	5	-	-	-	(39,323)
Revenue expenditure funded from capital under statute	(17,247)	(31)	-	-	-	17,278
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	(64,475)	-	-	-	-	64,475
<b>Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement:</b>						
Statutory provision for the financing of capital investment	23,219	-	-	-	-	(23,219)
Capital expenditure charged against the General Fund and HRA balances	1,345	-	-	-	-	(1,345)
<b>Adjustments primarily involving the Capital Grants Unapplied Account:</b>						
Capital grants and contributions unapplied credited to the Comprehensive Income and Expenditure Statement	9,911	-	-	(9,911)	-	-
Application of grants to capital financing transferred to the Capital Adjustment Account	-	-	-	5,421	-	(5,421)
<b>Adjustments primarily involving the Capital Receipts Reserve:</b>						
Transfer of cash sale proceeds credited as part of the gain/(loss) on disposal to the Comprehensive Income and Expenditure Statement	25,947	-	(25,947)	-	-	-
Use of the Capital Receipts Reserve to finance new capital expenditure	-	-	4,929	-	-	(4,929)
Voluntary set aside of Capital Receipts to repay debt	-	-	17,838	-	-	(17,838)
Contribution from the Capital Receipts Reserve towards administrative costs of non-current asset disposals	(176)	-	176	-	-	-
Contribution from the Capital Receipts Reserve to finance the payments to the Government capital receipts pool.	(1,508)	-	1,508	-	-	-
<b>Adjustment primarily involving the Major Repairs Reserve:</b>						
Posting of HRA resources from revenue to the Major Repairs Reserve	-	9,584	-	-	(9,584)	-
Use of the Major Repairs Reserve to finance new capital expenditure	-	-	-	-	8,598	(8,598)
<b>Adjustments primarily involving the Financial Instruments Adjustment Account:</b>						

## Notes to the Accounts

2019-20	General Fund Balance £000	Housing Revenue Account £000	Capital Receipts Reserve £000	Capital Grants Unapplied £000	Major Repairs Reserve £000	Movement in Unusable Reserves £000
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	(1,370)	-	-	-	-	1,370
<b>Adjustments primarily involving the Pensions Reserve:</b>						
Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement	(62,483)	(3,767)	-	-	-	66,250
Employer's pension contributions and direct payments to pensioners payable in the year	42,585	2,215	-	-	-	(44,800)
<b>Adjustments primarily involving the Collection Fund Adjustment Account:</b>						
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	3,019	-	-	-	-	(3,019)
<b>Adjustment primarily involving the Accumulated Absences Account:</b>						
Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	629	21	-	-	-	(650)
<b>Total Adjustments</b>	<b>(42,415)</b>	<b>1,390</b>	<b>(1,496)</b>	<b>(4,490)</b>	<b>(986)</b>	<b>47,997</b>

### 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 2020-21.

2019-20				2020-21				
1 April 2019	Transfers Out	Transfers In	31 March 2020		1 April 2020	Transfers Out	Transfers In	31 March 2021
£000	£000	£000	£000		£000	£000	£000	£000
Earmarked General Fund Reserves:								
42	(11)	-	31	ADC Parks & Open Spaces	31	(11)	-	20
58	(4)	-	54	ADC Section 106 Monies	54	(4)	-	50
4,810	(2,498)	99	2,411	Balances held by schools under a scheme of delegation	2,411	(4)	3,091	5,498
-	-	-	-	Borderlands Energy Masterplan	-	-	1,067	1,067
-	-	-	-	Business Recovery	-	-	2,322	2,322
-	-	-	-	Cessation of the NHS Partnership Agreement	-	-	1,500	1,500
-	-	-	-	Collection Fund Smoothing	-	-	26,291	26,291
1,099	(128)	-	971	Community Led Housing	971	(142)	-	829
-	-	-	-	Council Commissioned Services	-	-	11,100	11,100
8,177	(690)	-	7,487	Council Transformation Fund	7,487	(21)	-	7,466
-	-	10,025	10,025	Covid-19 Grant	10,025	(10,025)	-	-
-	(607)	-	(607)	Dedicated Schools Grant	(607)	-	1,505	898
-	-	435	435	Economy & Regeneration Investment	435	(15)	-	420
11,519	(1,353)	-	10,166	Estates Rationalisation	10,166	(1,489)	-	8,677
-	-	315	315	EU Exit Funding	315	-	-	315
-	-	-	-	EU Exit Funding - Exports	-	-	20	20
-	-	-	-	Fire and Rescue Service HMICFRS Improvement	-	-	60	60
-	-	-	-	Firefighters' Immediate Detriment	-	-	250	250
-	-	-	-	Firefighters' Pension Fund Admin Grant	-	-	33	33
-	-	13	13	Haltwhistle Repairs	13	-	2	15
8,263	(4,145)	4,851	8,969	Insurance	8,969	-	692	9,661
10,784	(277)	-	10,507	Invest to Save	10,507	-	-	10,507
1,000	(263)	-	737	Legal Challenges	737	(100)	-	637
424	-	-	424	Local Authority Mortgage Scheme	424	-	-	424
83	-	-	83	NCC Economic Regeneration	83	-	-	83

## Notes to the Accounts

2019-20									2020-21			
1 April 2019	Transfers Out	Transfers In	31 March 2020		1 April 2020	Transfers Out	Transfers In	31 March 2021				
£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
-	-	-	-	Northumberland Enterprise Holdings Ltd	-	-	300	300				
3,460	(1,758)	8,500	10,202	Northumberland Line	10,202	(11,960)	1,758	-				
355	(355)	-	-	Northumberland Sport	-	-	-	-				
-	-	-	-	Open Spaces Maintenance Agreements	-	-	65	65				
453	(211)	203	445	Planning Delivery Grant	445	(239)	-	206				
-	-	50	50	Problematic Empty Properties	50	-	-	50				
660	(138)	-	522	Regeneration Additional Capacity	522	(218)	-	304				
2,550	(184)	-	2,366	Regeneration Development	2,366	(788)	-	1,578				
-	-	-	-	Repairs and Maintenance	-	-	250	250				
-	-	-	-	Restructuring	-	-	1,000	1,000				
8,221	(7,343)	7,570	8,448	Revenue Grants	8,448	(7,111)	17,894	19,231				
57	-	18	75	Rural Growth Network	75	(32)	52	95				
25	-	22	47	School Libraries	47	(38)	-	9				
-	-	-	-	Sealodge Repairs	-	-	17	17				
5,814	(738)	2,870	7,946	Section 106	7,946	(1,815)	1,568	7,699				
2,500	-	-	2,500	Severe Weather	2,500	-	-	2,500				
900	(98)	-	802	Social Fund	802	(79)	972	1,695				
141	-	139	280	Sports Development	280	(24)	-	256				
46,753	(11,654)	-	35,099	Strategic Management	35,099	(1,057)	14,960	49,002				
-	-	30	30	Violence Reduction	30	-	-	30				
2,000	-	-	2,000	Winter Services	2,000	-	-	2,000				
<b>120,148</b>	<b>(32,455)</b>	<b>35,140</b>	<b>122,833</b>	<b>Total Earmarked General Fund Reserves</b>	<b>122,833</b>	<b>(35,172)</b>	<b>86,769</b>	<b>174,430</b>				
HRA Earmarked Reserves:												
2,000	-	2,000	4,000	HRA - Capital Investment	4,000	(892)	-	3,108				
<b>2,000</b>	<b>-</b>	<b>2,000</b>	<b>4,000</b>	<b>Total HRA Earmarked Reserves</b>	<b>4,000</b>	<b>(892)</b>	<b>-</b>	<b>3,108</b>				
<b>122,148</b>	<b>(32,455)</b>	<b>37,140</b>	<b>126,833</b>	<b>Total Earmarked Reserves</b>	<b>126,833</b>	<b>(36,064)</b>	<b>86,769</b>	<b>177,538</b>				

## Notes to the Accounts

### Alnwick District Council – Parks & Open Spaces

This reserve was established by Alnwick District Council during 2005-06 and 2006-07 with total funding of £0.22 million from capital receipts. It was to be utilised in a similar way to Section 106 agreements, to fund work within the district's parks and open spaces. £0.01 million was utilised during 2020-21.

### Alnwick District Council – Section 106 Monies

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

### Balances Held by Schools under a Scheme of Delegation

The School Balances Reserve of £5.50 million includes school balances of £5.17 million (£2.30 million in 2019-20), which are retained by schools under the Council's Local Management of Schools scheme and are not available for use by the Council, and school-related balances totalling £0.33 million (£0.11 million in 2019-20). The school balances are made up as follows:

31 March 2020		31 March 2021
£000		£000
5,822	Unspent Balances	7,888
(3,169)	Overspent Balances	(2,437)
(355)	Loans Outstanding	(283)
<b>2,298</b>		<b>5,168</b>

The Council has agreed a Loan Scheme to enable First, Middle, High and Special Schools to borrow money from the aggregate balances of delegated budgets. At 31 March 2021 there were 2 loans outstanding of £0.29 million (£0.35 million in 2019-20):

- Stakeford First School £0.02 million; and,
- Alnwick Duchess High School £0.27 million.

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

### Borderlands Energy Masterplan

This reserve was established as part of the 2020-21 Provisional Outturn Report presented to Cabinet on 8 June 2021. It is to be used to pull

Northumberland County Council 2020-21 Statement of Accounts

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 will support economic growth within Northumberland.

### Cessation of the NHS Partnership Agreement

The partnership agreement between Northumberland County Council and Northumbria Health Care Trust for the delegation of local authority health related functions will end on 30 September 2021. This reserve is for the one-off costs relating to the transfer of staff and services to the Council.

### Collection Fund Smoothing

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

### Community Led Housing

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

### Council Commissioned Services

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

### Council Transformation Fund

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



## Notes to the Accounts

### Covid-19 Grant

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

### Dedicated Schools Grant (DSG)

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

### Economy and Regeneration Investment

This reserve was established as part of the 2019-20 Provisional Outturn Report presented to Cabinet on 9 June 2020. It is to be used for investment in future projects totalling £0.44 million that have been identified by the service that will require funding over the next few years.

### Estates Rationalisation

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

### EU Exit Funding

This reserve was established during 2019-20 in relation to future expenditure throughout Northumberland resulting from the impact of the United Kingdom's exit from the European Union. No expenditure has been committed during the year.

### EU Exit Funding - Exports

This reserve was established during 2020-21 in relation to future expenditure on additional Export Health Certificates resulting from the impact of the United Kingdom's exit from the European Union.

### Fire and Rescue Service HMICFRS Improvement

This reserve was established during 2020-21 in relation to expenditure to deliver a range of initiatives and projects in 2021-22 linked to the HMICFRS improvement actions - specifically focussed on staff engagement, service

culture, equality, diversity and inclusion, and staff initiated service improvements.

### Firefighters' Immediate Detriment

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

### Firefighters' Pension Fund Admin Grant

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

### Haltwhistle Repairs

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

### 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. In any particular year, claim settlements resulting in payments out of the insurance fund can exceed or be less than premiums collected so that the level of the reserve may decrease or increase in year.

The balance on the reserve as at 31 March 2021 is £9.66 million (31 March 2020 £8.97 million) and is assessed as sufficient to cover unforeseen levels of claim settlements in future years.

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

The Council pays the first £0.10 million of each building claim, apart from schools which are consortia constructed, in which case it is 20% of the claim. The Council also pays the first £0.14 million of each public liability

## Notes to the Accounts

and employer's liability claim for all services. Motor vehicle claims are paid by the Council in respect of its own damage and up to £0.14 million for third party claims.

The Council has also commissioned an Actuarial Review of the Insurance Reserve which will take place during the first quarter of 2021-22.

### 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. This reserve now totals £10.51 million for which £10.00 million is available to fund new projects.

### Legal Challenges

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

### Local Authority Mortgage Scheme

Interest received on Local Authority Mortgage Schemes is set aside to meet any potential future mortgage defaults. The Council has previously agreed to participate in Capita's Local Authority Mortgage Scheme. The scheme is designed to provide mortgages to first time buyers to help them onto the property ladder. The Council worked in partnership with Lloyds Bank and provided a cash backed indemnity to Lloyds who in turn, subject to applicants meeting their lending criteria, awarded mortgages to first time buyers at a lower rate of interest. In return for the cash backed indemnity the Council received interest payments from Lloyds. This scheme closed during 2016-17 but the interest is being held in case of future defaults.

### NCC Economic Regeneration

The reserve was established from the sale of the Council's waste disposal company. It is used to lever other contributions and add to the Council's initial stake in four key areas within the Economic Regeneration Strategy: inward investment, support for existing companies, key projects in communities, and development opportunities for major projects.

It is anticipated that the remaining balance of £0.08 million will be fully utilised during 2021-22.

### Northumberland Enterprise Holdings Limited

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

### Northumberland Line

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

### Northumberland Sport

The Council transferred the activities and the associated assets of Northumberland Sport to North-North-East Partnership on 1 January 2020.

As at 31 March 2021 there were no funds held by the Council on behalf of Northumberland Sport.

### Open Spaces Maintenance Agreements

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

### Planning Delivery Grant

This is used to contribute towards expenditure in the preparation of the Northumberland Local Plan, primarily the core strategy. The plan has been progressing through formal examination by a government appointed planning inspector and is expected to be formally adopted by the Council during 2021-22.

### Problematic Empty Properties

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

### Regeneration Additional Capacity

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

## Notes to the Accounts

### Regeneration Development

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

### Repairs and Maintenance

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

### Restructuring

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

### Revenue Grants

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

### Rural Growth Network

The Rural Growth Network (RGN) Programme is one of five national pilots being funded by The Department for Environment, Food and Rural Affairs (DEFRA). The Council is undertaking the applicant and accountable body role for the programme which is being delivered across rural areas in Northumberland, Durham and Gateshead. Funding has been paid to the Council under Section 31 of the Local Government Act 2003 and is being used for the development of Rural Business Hubs and business development and networking support as detailed in the annual delivery plans. The scheme commenced on 1 October 2012 and completed in October 2015 with the balance of the funding being used for the Local Growth Fund (LGF) Programme which ends in 2021-22.

### School Libraries

This reserve is to support the future delivery of the School Libraries Service. During 2020-21 £0.04 million was utilised from this reserve. At 31 March 2021 the funds held in reserve totalled £0.01 million.

### Sealodge Repairs

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

### Section 106

The reserve was created in 2011-12 to hold Section 106 balances. Planning obligations under Section 106 of the Town and Country Planning Act 1990 (as amended), commonly known as S106 agreements, are a mechanism which make a development proposal acceptable in planning terms, that would not otherwise be acceptable. They are focused on site specific mitigation of the impact of development and are often referred to as 'developer contributions'. Common uses include Affordable Housing Schemes, Highway contributions, contributions to Sport and Play Provision, Education, Healthcare and Coastal Mitigation. The monies are held until the particular provision is undertaken. During 2020-21 £1.57 million was received from developers with £1.82 million used to fund schemes.

### Severe Weather

This reserve was created following the Department for Transport's recommendation that local highways authorities ensure they retain a contingency for repairing damage to local highways and associated assets caused by incidents such as extreme weather that may occur from time to time.

### 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

## Notes to the Accounts

in periods of change, such as helping families remain in the community or move back into the community after a period in supported or unsettled accommodation. During 2020-21 £0.08 million was utilised from the reserve. The reserve was topped up by £0.97 million during 2020-21 with unspent Hardship Funding which will be used to grant discretionary discounts to working age council tax claimants in 2021-22. At 31 March 2021 the funds held in reserve totalled £1.70 million.

### Sports Development

The responsibility for the Sports Development service transferred from Active Northumberland to the Council on 1 June 2018. Funds which are not spent in year are held in reserve and are committed to support the future service delivery of Sports Development. During 2020-21 £0.02 million was utilised from the reserve. At 31 March 2021 the funds held in reserve totalled £0.26 million.

### Strategic Management

This reserve was established following a review of all usable reserves during 2015-16 which enabled £48.12 million to be released to support the Medium Term Financial Plan.

The movement on this reserve in 2019-20 and 2020-21 is detailed below:

2019-20 Movement in year £m		2020-21 Movement in year £m
1.93	To balance 2020-21 budget (as approved as part of MTFP 2019-22)	-
0.02	Library Review	-
1.00	Active Northumberland - Management Fee	1.00
0.10	Blyth Relief Road funding	0.06
0.10	Northumberland Cultural Fund	-
8.50	Northumberland Line	(11.96)
-	Top up to support Medium-Term Financial Plan	(3.00)
<b>11.65</b>		<b>(13.90)</b>

At its meeting in February 2021, the Council approved the use of up to £8.71 million from this reserve over the course of the Medium Term Financial Plan 2021-24.

### Violence Reduction

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

### Winter Services

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

### HRA – Capital Investment

An Earmarked Reserve was created within the HRA in 2018-19 to fund the development and delivery of a housing development plan. £0.89 million was utilised during 2020-21.

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 2020-21:	Council Dwellings £000	Other Land and Buildings £000	Vehicles, Plant, Furniture & Equipment £000	Infrastructure Assets £000	Community Assets £000	Surplus Assets £000	Assets Under Construction £000	Total Property, Plant and Equipment £000	PFI Assets Included in Property, Plant and Equipment £000
Cost or Valuation:									
<b>At 1 April 2020</b>	<b>335,529</b>	<b>500,145</b>	<b>124,147</b>	<b>607,242</b>	<b>10,219</b>	<b>21,424</b>	<b>57,200</b>	<b>1,655,906</b>	<b>95,497</b>
Additions	6,320	19,062	8,159	21,524	34	216	63,487	118,802	1,579
Reclassifications	265	37,316	(179)	2,037	798	(344)	(40,866)	(973)	-
Revaluation Increases/(Decreases) recognised in the Revaluation Reserve	-	(2,630)	(1,927)	-	-	(3,793)	-	(8,350)	106
Revaluation Decreases recognised in the Deficit on the Provision of Services	(5,361)	(5,958)	(539)	-	-	(1,420)	-	(13,278)	-
De-recognition - Disposals	(1,680)	(41,446)	(14,629)	-	-	(439)	(646)	(58,840)	-
De-recognition - Other	-	(1,834)	-	(109,888)	-	-	-	(111,722)	(4,099)
Assets reclassified from Held for Sale	-	225	-	-	-	(205)	-	20	-
Other movements in Cost or Valuation	-	-	-	-	-	-	(673)	(673)	-
<b>At 31 March 2021</b>	<b>335,073</b>	<b>504,880</b>	<b>115,032</b>	<b>520,915</b>	<b>11,051</b>	<b>15,439</b>	<b>78,502</b>	<b>1,580,892</b>	<b>93,083</b>
Accumulated Depreciation:									
<b>At 1 April 2020</b>	<b>-</b>	<b>29,308</b>	<b>44,476</b>	<b>167,715</b>	<b>1,927</b>	<b>-</b>	<b>-</b>	<b>243,426</b>	<b>9,965</b>
Depreciation/Impairment charge	9,501	16,007	9,889	14,922	134	-	-	50,453	4,329
Reclassifications	-	(111)	(77)	-	-	111	-	(77)	-
Depreciation written out to the Revaluation Reserve	-	(3,680)	(1,525)	-	-	(28)	-	(5,233)	(3,419)
Depreciation written out to the Deficit on the Provision of Services	(9,501)	(3,108)	(159)	-	-	(83)	-	(12,851)	-
De-recognition - Disposals	-	(2,003)	(12,613)	-	-	-	-	(14,616)	-
De-recognition - Other	-	(224)	-	(64,867)	-	-	-	(65,091)	(2,836)
<b>At 31 March 2021</b>	<b>-</b>	<b>36,189</b>	<b>39,991</b>	<b>117,770</b>	<b>2,061</b>	<b>-</b>	<b>-</b>	<b>196,011</b>	<b>8,039</b>
Net Book Value:									
<b>At 31 March 2021</b>	<b>335,073</b>	<b>468,691</b>	<b>75,041</b>	<b>403,145</b>	<b>8,990</b>	<b>15,439</b>	<b>78,502</b>	<b>1,384,881</b>	<b>85,044</b>
At 31 March 2020	335,529	470,837	79,671	439,527	8,292	21,424	57,200	1,412,480	85,532

## Notes to the Accounts

Movements in 2019-20:	Council Dwellings £000	Other Land and Buildings £000	Vehicles, Plant, Furniture & Equipment £000	Infrastructure Assets £000	Community Assets £000	Surplus Assets £000	Assets Under Construction £000	Total Property, Plant and Equipment £000	PFI Assets Included in Property, Plant and Equipment £000
Cost or Valuation:									
<b>At 1 April 2019</b>	<b>334,512</b>	<b>479,457</b>	<b>154,932</b>	<b>589,485</b>	<b>10,074</b>	<b>17,881</b>	<b>35,982</b>	<b>1,622,323</b>	<b>118,094</b>
Additions	8,496	17,467	8,039	27,676	55	339	43,600	105,672	865
Reclassifications	1,757	21,285	(12,506)	10,233	94	726	(21,939)	(350)	-
Revaluation Increases/(Decreases) recognised in the Revaluation Reserve	-	22,844	(18,832)	-	-	(10,943)	-	(6,931)	(20,523)
Revaluation Increases/(Decreases) recognised in the Deficit on the Provision of Services	(6,526)	(10,611)	-	-	-	9,781	-	(7,356)	-
De-recognition - Disposals	(2,710)	(26,441)	(4,547)	-	(4)	(961)	(443)	(35,106)	-
De-recognition - Other	-	(4,617)	(2,939)	(20,152)	-	(13)	-	(27,721)	(2,939)
Assets reclassified from Held for Sale	-	761	-	-	-	4,614	-	5,375	-
<b>At 31 March 2020</b>	<b>335,529</b>	<b>500,145</b>	<b>124,147</b>	<b>607,242</b>	<b>10,219</b>	<b>21,424</b>	<b>57,200</b>	<b>1,655,906</b>	<b>95,497</b>
Accumulated Depreciation:									
<b>At 1 April 2019</b>	<b>-</b>	<b>35,542</b>	<b>65,828</b>	<b>157,738</b>	<b>1,798</b>	<b>-</b>	<b>-</b>	<b>260,906</b>	<b>33,108</b>
Depreciation/Impairment charge	9,472	14,940	10,549	17,750	129	-	-	52,840	4,716
Reclassifications	-	5,378	(5,576)	-	-	198	-	-	-
Depreciation written out to the Revaluation Reserve	-	(19,249)	(20,781)	-	-	(57)	-	(40,087)	(26,357)
Depreciation written out to the Deficit on the Provision of Services	(9,472)	(4,203)	-	-	-	(141)	-	(13,816)	-
De-recognition - Disposals	-	(2,637)	(4,042)	-	-	-	-	(6,679)	(1,502)
De-recognition - Other	-	(463)	(1,502)	(7,773)	-	-	-	(9,738)	-
<b>At 31 March 2020</b>	<b>-</b>	<b>29,308</b>	<b>44,476</b>	<b>167,715</b>	<b>1,927</b>	<b>-</b>	<b>-</b>	<b>243,426</b>	<b>9,965</b>
Net Book Value:									
<b>At 31 March 2020</b>	<b>335,529</b>	<b>470,837</b>	<b>79,671</b>	<b>439,527</b>	<b>8,292</b>	<b>21,424</b>	<b>57,200</b>	<b>1,412,480</b>	<b>85,532</b>
At 31 March 2019	334,512	443,915	89,104	431,747	8,276	17,881	35,982	1,361,417	84,986

### Valuation of Non-Current Assets

Land and buildings are revalued according to a 5 year rolling programme, at 1 April. In addition to this, valuations are carried out on assets which have had a material change in year, that is, if assets have had additions of over £1.00 million or have a new build cost in excess of £2.50 million. Material change valuations are dated 31 March. An assessment of the of the buildings not valued during 2020-21 using BCIS indices was carried out, resulting in a £15.231 million materiality adjustment between Property, Plant and Equipment and the Revaluation Reserve.

Surplus Properties were valued as at 31 December 2020, using Fair Value Level 2 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).

Valuation work was undertaken as follows:

Heritage Assets – Anderson & Garland Ltd, Anderson House, Crispin Court, Newbiggin Lane, Westerhope, Newcastle, NE5 1BF

Energy From Waste plant and equipment – Hilco Valuation services, 11 Ironmonger Lane, London, EC2V 8EY

HRA Housing stock – Cushman & Wakefield, Central Square, Forth Street, Newcastle upon Tyne, NE1 3PJ

All other land and buildings - BNP Paribas Real Estate UK, One Trinity Gardens Broad Chare, Newcastle upon Tyne, NE1 2HF.

The valuations of land and buildings were in accordance with the requirements of the RICS Valuation – Global Standards 2020, incorporating the International Standards 2017 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).

The sources of information and assumptions made in producing the individual property valuations are set out in the valuation reports.



## 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, 59% 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 £000	Other Land and Buildings £000	Vehicles, Plant, Furniture & Equipment £000	Infrastructure Assets £000	Community Assets * £000	Surplus Assets £000	Assets Under Construction £000	Total £000
Valued at Historical Cost	-	18,827	46,641	403,145	8,990	-	78,502	556,105
Valued at Current Value in:								
Material change adjustment 2020-21	-	15,231	-	-	-	-	-	15,231
2020-21	335,073	108,080	28,400	-	-	15,439	-	486,992
2019-20	-	155,324	-	-	-	-	-	155,324
2018-19	-	37,462	-	-	-	-	-	37,462
2017-18	-	43,191	-	-	-	-	-	43,191
2016-17	-	90,576	-	-	-	-	-	90,576
<b>Total</b>	<b>335,073</b>	<b>468,691</b>	<b>75,041</b>	<b>403,145</b>	<b>8,990</b>	<b>15,439</b>	<b>78,502</b>	<b>1,384,881</b>

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

## 15. Investment Property

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

2019-20		2020-21
£000		£000
(17)	Rental income from investment property	(21)
13	Direct operating expenses arising from investment property	11
<b>(4)</b>	<b>Net Gain</b>	<b>(10)</b>

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:

2019-20		2020-21
£000		£000
1,531	Balance at the start of the year	1,798
350	Reclassifications	217
378	Assets reclassified (to)/from Held For Sale	-
(461)	Net (losses)/gains from fair value adjustments	14
<b>1,798</b>	<b>Balance at the end of the year</b>	<b>2,029</b>

### Fair Value Hierarchy

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

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

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

### Highest and Best use of Investment Properties

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

### Valuers

The investment property portfolio has been valued at 31 December 2020 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 BNP Paribas Real Estate UK, 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
	£000	£000	£000	£000
Cost or Valuation:				
<b>As at 1 April 2020</b>	<b>5,452</b>	<b>1,326</b>	<b>1,070</b>	<b>7,848</b>
Additions	-	2	-	2
Reclassifications	-	-	-	-
Revaluations	176	-	-	176
<b>As at 31 March 2021</b>	<b>5,628</b>	<b>1,328</b>	<b>1,070</b>	<b>8,026</b>
Accumulated Depreciation and Impairment:				
As at 1 April 2020	-	52	23	75
<b>As at 31 March 2021</b>	<b>-</b>	<b>52</b>	<b>23</b>	<b>75</b>
<b>Net Book Value 31 March 2021</b>	<b>5,628</b>	<b>1,276</b>	<b>1,047</b>	<b>7,951</b>
Net Book Value 31 March 2020	5,452	1,274	1,047	7,773

### 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](http://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](http://www.pmsa.org.uk)) and the North East War Memorial Project ([www.newmp.org.uk](http://www.newmp.org.uk)).

### Historic Buildings

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

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

### Archaeology

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

2019-20		2020-21
£000		£000
<b>960,543</b>	<b>Opening Capital Financing Requirement</b>	<b>1,000,278</b>
	Capital Investment:	
111,812	Property, Plant and Equipment	116,958
17,393	Capital Long Term Debtors	13,382
865	PFI / Finance Lease Additions	1,579
10,340	Revenue Expenditure Funded From Capital under Statute	34,965
	Sources of Finance:	
(4,929)	Capital receipts	(1,117)
(44,746)	Government grants and other contributions	(74,298)
	Sums set aside from revenue/Major Repairs Reserve:	
(8,598)	Major Repairs Reserve	(5,310)
(1,345)	Direct revenue contributions	(3,042)
(16,467)	Statutory provision for the financing of capital investment charged against the General Fund and HRA balances	(19,030)
(6,752)	Voluntary set aside for the financing of capital investment charged against the General Fund and HRA balances	(5,615)
(17,838)	Set aside of capital receipt for the repayment of debt	(22,032)
<b>1,000,278</b>	<b>Closing Capital Financing Requirement</b>	<b>1,036,718</b>
	Explanation of movements in year:	
79,927	Increase in underlying need to borrow (unsupported by government financial assistance)	81,537
(41,057)	Minimum Revenue Provision	(46,677)
865	Assets acquired under PFI / PPP contracts	1,579
<b>39,735</b>	<b>Increase in Capital Financing Requirement</b>	<b>36,439</b>

## 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:

2019-20		2020-21	
Total Intangible Assets (Other)*		Total Intangible Assets (Other)*	
Current	Long Term	Current	Long Term
£000	£000	£000	£000
Balance at start of year:			
113	6,306	-	5,544
-	(4,417)	-	(4,394)
<b>113</b>	<b>1,889</b>	<b>-</b>	<b>1,150</b>
Additions:			
-	67	-	406
-	-	-	756
-	-	-	(77)
(113)	-	-	-
-	(829)	-	(1,408)
-	829	-	1,408
-	(806)	-	(500)
-	<b>1,150</b>	-	<b>1,735</b>
Comprising:			
-	5,544	-	5,298
-	(4,394)	-	(3,563)
-	<b>1,150</b>	-	<b>1,735</b>

\* 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 2020				31 March 2021				
Short Term		Long Term		Short Term		Long Term		
Investments	Debtors	Investments	Debtors	Investments	Debtors	Investments	Debtors	
£000	£000	£000	£000	£000	£000	£000	£000	
Amortised Cost:								
72,000	73,333	33,250	128,230	Principal	99,250	67,187	25,000	128,014
339	-	-	-	Add: Accrued interest	132	-	-	-
<b>72,339</b>	<b>73,333</b>	<b>33,250</b>	<b>128,230</b>	<b>Amortised Cost</b>	<b>99,382</b>	<b>67,187</b>	<b>25,000</b>	<b>128,014</b>
-	-	9,036	-	Fair value through other comprehensive income - designated equity Instruments	-	-	9,729	-
<b>72,339</b>	<b>73,333</b>	<b>42,286</b>	<b>128,230</b>	<b>Total Financial Assets</b>	<b>99,382</b>	<b>67,187</b>	<b>34,729</b>	<b>128,014</b>
-	16,358	4,338	274,628	Total Non-Financial Assets	-	27,880	4,338	277,460
<b>72,339</b>	<b>89,691</b>	<b>46,624</b>	<b>402,858</b>	<b>Total</b>	<b>99,382</b>	<b>95,067</b>	<b>39,067</b>	<b>405,474</b>

31 March 2020				31 March 2021				
Short Term		Long Term		Short Term		Long Term		
Borrowings	Creditors	Borrowings	Creditors	Borrowings	Creditors	Borrowings	Creditors	
£000	£000	£000	£000	£000	£000	£000	£000	
Amortised Cost:								
(94,543)	(66,183)	(730,438)	-	Principal	(55,580)	(92,886)	(756,893)	-
(6,116)	-	-	-	Add: Accrued interest	(5,510)	-	-	-
-	-	-	-	Add: Amortised premiums	-	-	-	-
<b>(100,659)</b>	<b>(66,183)</b>	<b>(730,438)</b>	<b>-</b>	<b>Amortised Cost</b>	<b>(61,090)</b>	<b>(92,886)</b>	<b>(756,893)</b>	<b>-</b>
-	-	-	-	Fair value through profit and loss	-	-	-	-
<b>(100,659)</b>	<b>(66,183)</b>	<b>(730,438)</b>	<b>-</b>	<b>Total Financial Liabilities</b>	<b>(61,090)</b>	<b>(92,886)</b>	<b>(756,893)</b>	<b>-</b>
-	(14,133)	-	(76,507)	Total Non-Financial Liabilities	-	(11,804)	-	(69,987)
<b>(100,659)</b>	<b>(80,316)</b>	<b>(730,438)</b>	<b>(76,507)</b>	<b>Total</b>	<b>(61,090)</b>	<b>(104,690)</b>	<b>(756,893)</b>	<b>(69,987)</b>

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), and interests in subsidiaries and entities that are included within the authority's group accounts.

## Notes to the Accounts

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

The Council has decided to designate its 15.42% shareholding in Newcastle Airport Local Authority Holding Company Limited (NALAHCL) as fair value through other comprehensive income under 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.

	Nominal Value £000	Fair Value 31 March 2021 £000	Movement in Fair Value during 2020-21 £000
Newcastle Airport	295	9,729	693

### Material Soft Loans Made by the Council

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

Loan	Term (Years)	Contracted Rate %	Fair Value Rate %	Opening Balance (Fair Value) 1 April 2020 £000	Loans Repaid £000	Increase in discounted amount £000	Closing Balance (Fair Value) 31 March 2021 £000	Closing Balance (Nominal) 31 March 2021 £000
Berwick Core - Solar Panels	9	4.00	9.34	2	(2)	-	-	-
Northumberland Aged Miners Housing Association - Solar Panels	20	3.54	5.87	1,580	(175)	26	1,431	1,632
Northumbria Healthcare NHS Foundation Trust - Local Government Pension Scheme	15	1.50	5.00	1,077	(1,205)	128	-	-
The Maltings - LED Technologies Investment	10	3.87	5.85	87	(21)	4	70	73

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

## Notes to the Accounts

### Valuation Assumptions

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

### Loans to Other Organisations

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

Not Considered as Soft Loans	Purpose of Loan	Contracted Rate	Assessed Fair Value Rate	New Advances in Year £000
Advance Northumberland Limited	Property Purchases	4.35%	2.30%	7,522



## 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:

2019-20					2020-21				
Financial Liabilities measured at Amortised Cost £000	Financial Assets at Amortised Cost £000	Investments in equity instruments designated as fair value through other comprehensive income £000	Total £000		Financial Liabilities measured at Amortised Cost £000	Financial Assets at Amortised Cost £000	Investments in equity instruments designated as fair value through other comprehensive income £000	Total £000	
(25,089)	-	-	<b>(25,089)</b>	Interest expense	(23,456)	-	-	<b>(23,456)</b>	
(81)	-	-	<b>(81)</b>	Fee Expense	(78)	-	-	<b>(78)</b>	
<b>(25,170)</b>	-	-	<b>(25,170)</b>	<b>Total expense in deficit on the provision of services</b>	<b>(23,534)</b>	-	-	<b>(23,534)</b>	
-	8,423	-	<b>8,423</b>	Interest income	-	7,664	-	<b>7,664</b>	
-	<b>8,423</b>	-	<b>8,423</b>	<b>Total income in deficit on the provision of services</b>	-	<b>7,664</b>	-	<b>7,664</b>	
-	-	(4,491)	<b>(4,491)</b>	Gain/(Loss) on Revaluation	-	-	693	<b>693</b>	
-	-	(4,491)	<b>(4,491)</b>	Surplus/(deficit) arising on revaluation of financial assets in Other Comprehensive Income and Expenditure	-	-	693	<b>693</b>	
<b>(25,170)</b>	<b>8,423</b>	<b>(4,491)</b>	<b>(21,238)</b>	<b>Net gain/(loss) for the year</b>	<b>(23,534)</b>	<b>7,664</b>	<b>693</b>	<b>(15,177)</b>	

**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 2020 Fair Value £000	Recurring Fair Value Measurements	Input Level in Fair Value Hierarchy	Valuation technique used to measure fair value	31 March 2021 Fair Value £000
9,036	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	9,729
<b>9,036</b>		<b>Total Assets</b>		<b>9,729</b>

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

The spread of Covid-19 across the world towards the end of 2019-20 led to a sudden decline in air travel prompting the value of the shareholding to be impaired. During 2020-21 air travel to and from the airport was significantly reduced and whilst a vaccine towards the virus has been developed the travel sector has yet to see any significant increases in passenger numbers. As a result, the majority of the impairment recognised last year has been retained.

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

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

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

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

## 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 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 2020			31 March 2021	
Carrying Amount	Fair Value		Carrying Amount	Fair Value
£000	£000		£000	£000
448,848	746,152	PWLB - Maturity	448,848	642,567
648	1,114	PWLB - Annuity	618	1,006
22,166	23,156	PWLB - EIP	13,609	14,178
178,211	456,389	LOBOs	178,202	372,211
181,224	287,376	Market Loans	176,706	252,772
<b>831,097</b>	<b>1,514,187</b>	<b>Total Financial Liabilities</b>	<b>817,983</b>	<b>1,282,734</b>

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 2021) 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 2020			31 March 2021	
Carrying Amount	Fair Value		Carrying Amount	Fair Value
£000	£000		£000	£000
72,339	72,339	Short Term Investments	99,382	99,382
42,286	44,582	Long Term Investments	34,729	35,976
128,230	145,591	Long Term Debtors	128,014	148,440
<b>242,855</b>	<b>262,512</b>	<b>Total Financial Assets</b>	<b>262,125</b>	<b>283,798</b>

## 20. Nature and Extent of Risks Arising from Financial Instruments

### Risk Management

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

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

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

### Credit Risk

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

### Specified Investments

Type of Organisation	Minimum Credit Rating Criteria		Maximum Investment Amount	Maximum Period of Investment
	Fitch	Moody		
UK Local Authorities (Including the North East Combined Authority)	N/A	N/A	Unlimited	15 years (with annual calls)
Debt Management Organisations	N/A	N/A	Unlimited	6 months
UK Government Gilts, Bonds and Treasury Bills	N/A	N/A	Unlimited	12 months
Nationalised and Semi-Nationalised Banks	N/A	N/A	£35m (Group Limit £70m)	12 months
Money Market Funds	AAA	Aaa	£25m (Group Limit £150m)	Instant access
<b>Deposits and Certificates of Deposit with approved eligible financial institutions which meet the following criteria</b>				
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.

**Customer Debt**

The Council at 31 March 2021 had £15.16 million (2019-20 £8.04 million) of debt past its due date for payment. The past due amount can be analysed by age as follows:

31 March 2020		31 March 2021
£000		£000
2,876	Less than three months	9,168
1,131	Three to six months	877
2,122	Six months to one year	2,267
1,910	More than one year	2,843
<b>8,039</b>	<b>Total</b>	<b>15,155</b>

A review of balances at 31 March 2021 suggested that an impairment of doubtful debts of £1.61 million (2019-20 £0.06 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	2020-21					
	Percentage	Council Tax		Business Rates		
		Debt	Impairment	Percentage	Debt	Impairment
2016-17 and older	100%	2,501	2,501	100%	730	730
2017-18	80%	1,023	819	80%	346	282
2018-19	60%	1,589	954	60%	624	383
2019-20	40%	3,220	1,288	40%	1,627	813
2020-21	10%	6,489	649	20%	3,250	912
<b>Total</b>	<b>N/A</b>	<b>14,822</b>	<b>6,211</b>	<b>N/A</b>	<b>6,577</b>	<b>3,120</b>
<b>Council's share</b>	<b>N/A</b>	<b>12,119</b>	<b>5,776</b>	<b>N/A</b>	<b>2,979</b>	<b>1,560</b>

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.

Year	2020-21			
	Debt	Historical Experience of Default	Impairment	Not Impaired Debt
Customers	15,155	2.1%	1,611	13,544
Council Tax	12,119	5.8%	5,776	6,343
Business Rates	2,979	23.4%	1,560	1,419
Housing Benefits	2,593	3.1%	299	2,294
<b>Total</b>	<b>32,846</b>	<b>6.4%</b>	<b>9,246</b>	<b>23,600</b>

**Financial Guarantees**

The Council has reviewed its exposure to financial guarantees provided in the event of default by other organisations. The only area of risk identified is in relation to guarantees provided to Tyne and Wear Pension Fund in respect of certain employers participating in the Local Government Pension Scheme. Formal agreements are in place in respect of The Association of North East Councils', Active Northumberland, Bernicia Group and Karbon Homes, but the risk of these guarantees being called upon is assessed as 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

## Notes to the Accounts

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 2020		31 March 2021
£000		£000
Analysis by Loan Type		
459,814	Public Works Loans Board	451,281
94,124	Other Market Loans	129,112
176,500	LOBO (Market Loans)	176,500
<b>730,438</b>		<b>756,893</b>
Analysis of Loans by Maturity		
23,545	Between 1 and 2 years	51,543
15,381	Between 2 and 5 years	29,886
57,285	Between 5 and 10 years	51,298
92,173	Between 10 and 20 years	92,112
32,754	Between 20 and 30 years	32,754
90,700	Between 30 and 40 years	80,700
269,600	Between 40 and 50 years	269,600
149,000	Between 50 and 60 years	149,000
<b>730,438</b>		<b>756,893</b>

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 are included in the Comprehensive Income and Expenditure Statement and impact upon the General Fund balance. Movements in the fair value of fixed rate investments will be reflected in the Comprehensive Income and Expenditure Statement.

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

If interest rates had been 1% higher at 31 March 2021 with all other variables held constant, the effect would have been:

Northumberland County Council 2020-21 Statement of Accounts

	31 March 2021 £000
Increase in Interest Payable on Variable Rate Borrowings	1,060
Increase in Interest Receivable on Variable Rate Investments	(1,363)
<b>Impact on Deficit on the Provision of Services</b>	<b>(303)</b>
Decrease in Fair Value of fixed rate borrowing (no impact on CIES)	(198,685)

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

The increase in interest payable on borrowings is largely due to the fact that the Council has £74.00 million of 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. The Council also took out £32.03 million of short term borrowing in 2020-21 which will mature within 1 year.

### Market Risk – Price Risk

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

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



## 21. Leases

### Council as Lessee

#### Finance Leases

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

### Council as Lessee

#### Operating Leases

The Council uses cars, commercial vehicles, refuse vehicles, fire equipment and appliances and information technology equipment financed by entering into operating leases, with typical lives of 6 years.

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

31 March 2020		31 March 2021
£000		£000
1,016	Not later than one year	907
851	Later than one year and not later than five years	1,321
1,004	Later than five years	985
<b>2,871</b>		<b>3,213</b>

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

31 March 2020		31 March 2021
£000		£000
1,431	Minimum lease payments	1,258

### 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 on 125-year leases. The Council either receives nil or peppercorn annual rental for these properties.

### Council as Lessor

#### Operating Leases

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

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

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

31 March 2020		31 March 2021
£000		£000
447	Not later than one year	575
273	Later than one year and not later than five years	247
234	Later than five years	412
<b>954</b>		<b>1,234</b>

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 2020		31 March 2021
£000		£000
	Short Term:	
17,974	Government bodies	28,662
21,380	NHS Bodies	12,836
42,002	Other entities and individuals	49,662
4,976	Other local authorities	3,594
3,359	Public corporations and trading funds	313
<b>89,691</b>	<b>Total Short Term</b>	<b>95,067</b>
	Long Term:	
191,575	Advance Northumberland Commercial	194,231
34,356	Advance Northumberland Development	33,476
40,236	Advance Northumberland Housing	39,918
9,834	Advance Northumberland Housing - Executive	9,834
6,174	NELEP - East Sleekburn Enterprise Zone	9,253
-	NELEP - Bates/Blyth Harbour	2,810
-	NELEP - Ashwood	335
10,631	NCC - Airport Loan Notes	12,607
	Northumberland Aged Miners Housing Association - Solar	
1,379	Panel Loan	1,292
5,525	Northumberland College Loan 2014	5,363
	Northumbria Healthcare NHS Foundation Trust Berwick	
19,000	Hospital Loan	18,000
	Northumbria Healthcare NHS Foundation Trust Hexham	
80,579	Hospital Loan	76,166
862	Northumbria Healthcare NHS Foundation Trust LGPS Loan	-
2,707	Other Loans	2,189
<b>402,858</b>	<b>Total Long Term</b>	<b>405,474</b>
<b>492,549</b>	<b>Total Debtors</b>	<b>500,541</b>

## 23. Cash and Cash Equivalents

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

31 March 2020		31 March 2021
£000		£000
86,609	Cash and Cash Equivalents	83,373
(27,772)	Bank overdraft	(13,729)
<b>58,837</b>	<b>Total Cash and Cash Equivalents</b>	<b>69,644</b>

## 24. Assets Held for Sale

Current	Non-Current		Current	Non-Current
2019-20	2019-20		2020-21	2020-21
£000	£000		£000	£000
<b>7,645</b>	<b>430</b>	<b>Balance at 1 April</b>	<b>2,214</b>	<b>-</b>
		Assets newly classified as held for sale:		
245	-	Property, Plant and Equipment	449	-
(6)	-	Revaluation losses	-	-
113	-	Revaluation gains	-	-
		Assets declassified as held for sale:		
(5,620)	-	Property, Plant and Equipment	(470)	-
-	(378)	Investment property	-	-
(215)	-	Assets sold	(109)	-
		Assets transferred between Non Current and Current	(497)	497
<b>2,214</b>	<b>-</b>	<b>Balance at 31 March</b>	<b>1,587</b>	<b>497</b>

## 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 2020 £000		31 March 2021 £000
	Long term finance lease liability:	
(52,208)	Waste PFI	(50,980)
(10,713)	Fire PFI	(10,334)
<b>(62,921)</b>	<b>Total Finance Lease Liability</b>	<b>(61,314)</b>
	Long term deferred credits:	
(9,341)	Waste PFI	(8,673)
<b>(9,341)</b>	<b>Total Deferred Credits</b>	<b>(8,673)</b>
<b>(72,262)</b>	<b>Total Long Term Creditors</b>	<b>(69,987)</b>

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

### Waste PFI

2020-21 was the fourteenth year of a twenty-ninth 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 2020-21:

	2019-20 £000	2020-21 Plant Shell £000	2020-21 Project Assets £000	2020-21 £000
Cost brought forward 1 April	101,327	11,875	66,855	78,730
Additions in year	865	-	1,579	1,579
Revaluation in year	(20,523)	(727)	(2,466)	(3,193)
Disposals	(2,939)	-	(4,099)	(4,099)
<b>Cost carried forward 31 March</b>	<b>78,730</b>	<b>11,148</b>	<b>61,869</b>	<b>73,017</b>
Accumulated depreciation brought forward 1 April	(32,553)	-	(8,855)	(8,855)
Revaluations in year	26,357	625	1,684	2,309
Disposals	1,502	-	2,836	2,836
Depreciation charge for year	(4,161)	(625)	(3,040)	(3,665)
<b>Depreciation at 31 March</b>	<b>(8,855)</b>	<b>-</b>	<b>(7,375)</b>	<b>(7,375)</b>
<b>Net book value carried forward 31 March</b>	<b>69,875</b>	<b>11,148</b>	<b>54,494</b>	<b>65,642</b>

The following table provides information on the movement of the PFI lease liability held on the Council's Balance Sheet during 2020-21:

	2019-20 £000	2020-21 Plant Shell £000	2020-21 Project Assets £000	2020-21 £000
Lease liability brought forward 1 April	54,296	10,635	42,714	53,349
Payments made in year	(947)	(258)	(883)	(1,141)
<b>Liability carried forward 31 March</b>	<b>53,349</b>	<b>10,377</b>	<b>41,831</b>	<b>52,208</b>

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 2020 £000	Lifecycle Replacement £000	Repayment of Liability £000	Interest Charges £000	Service Charges £000	31 March 2021 £000
Within one year	24,731	1,268	1,227	7,691	15,301	<b>25,487</b>
Within two to five years	106,092	5,332	7,910	31,369	64,708	<b>109,319</b>
Within six to ten years	150,697	7,288	18,193	38,282	91,598	<b>155,361</b>
Within eleven to fifteen years	173,473	6,373	24,878	26,953	82,779	<b>140,983</b>
	454,993	20,261	52,208	104,295	254,386	<b>431,150</b>

## Notes to the Accounts

The following transactions were processed during 2019-20 and 2020-21:

2019-20		2020-21
£000		£000
12,918	Service Charge	12,916
1,217	Lifecycle Maintenance	1,243
947	Capital Repayment	1,141
5,743	Interest	5,643
777	Contingent Rent	2,755
<b>21,602</b>	<b>Total Payment</b>	<b>23,698</b>
(3,141)	PFI Grant Receivable	(3,141)
<b>18,461</b>	<b>Net Payment</b>	<b>20,557</b>

## Notes to the Accounts

### Fire & Rescue PFI

2020-21 was the eleventh year of a twenty-five year PFI contract for the construction, maintenance and operation of two fire stations in Pegswood and West Hartford. The Council has the right 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 2020-21:

2019-20		2020-21
£000		£000
16,767	Costs brought forward 1 April	16,767
-	Revaluation Gain	3,299
<b>16,767</b>	<b>Cost carried forward 31 March</b>	<b>20,066</b>
(555)	Depreciation brought forward 1 April	(1,110)
-	Revaluations in Year	1,110
(555)	Depreciation charge for year	(664)
<b>(1,110)</b>	<b>Depreciation at 31 March</b>	<b>(664)</b>
<b>15,657</b>	<b>Net book value carried forward 31 March</b>	<b>19,402</b>

The figures below provide information on the movement of the PFI lease liability held on the Balance Sheet during 2020-21:

2019-20		2020-21
£000		£000
11,375	Lease liability brought forward 1 April	11,059
(316)	Payments made in year	(346)
<b>11,059</b>	<b>Liability carried forward 31 March</b>	<b>10,713</b>

## 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 2020 £000	Lifecycle Replacement £000	Repayment of Liability £000	Interest Charges £000	Service Charges £000	31 March 2021 £000
Within one year	2,612	233	379	1,172	859	<b>2,643</b>
Within two to five years	10,775	990	1,927	4,261	3,735	<b>10,913</b>
Within six to ten years	14,275	1,383	3,720	3,944	5,421	<b>14,468</b>
Within eleven to fifteen years	15,285	1,389	4,687	1,334	5,304	<b>12,714</b>
Within sixteen to twenty years	401	-	-	-	-	-
	<b>43,348</b>	<b>3,995</b>	<b>10,713</b>	<b>10,711</b>	<b>15,319</b>	<b>40,738</b>

The following transactions were processed during 2019-20 and 2020-21:

2019-20 £000		2020-21 £000
804	Service Charge	831
221	Lifecycle Maintenance	226
316	Capital Repayment	346
1,204	Interest	1,169
34	Contingent Rent	37
<b>2,579</b>	<b>Total Payment</b>	<b>2,609</b>
(1,619)	PFI Grant Receivable	(1,619)
<b>960</b>	<b>Net Payment</b>	<b>990</b>

## 26. Creditors

31 March 2020		31 March 2021
£000		£000
(17,910)	Government bodies	(52,160)
(1,052)	NHS bodies	(1,035)
(48,630)	Other entities and individuals	(45,923)
(3,423)	Other local authorities	(1,944)
(33)	Public corporations and trading funds	(3,628)
<b>(71,048)</b>	<b>Total</b>	<b>(104,690)</b>

## 27. Significant Commitments under Capital Contracts

The following significant capital contracts have been entered into by the Council at 31 March 2021:

	Total Cost	Future Payments
	£000	£000
Berwick Leisure Centre	23,147	9,041
County Hall Refurbishment	13,990	6,078
Hexham New Build Schools	40,810	14,334
Provision of Leisure Facilities within Morpeth	21,000	19,367
Ponteland Secondary School, Leisure Centre and Fire Station	50,614	1,423



## 28. Provisions

Provisions	Redundancy Costs £000	Equal Pay Back Pay £000	MMI Liability £000	NNDR Appeals £000	Estates Rationalisation £000	Active Northumberland Job Evaluation £000	Compensation Claims £000	Total £000
<b>Balance at 1 April 2019</b>	<b>(118)</b>	<b>(2,764)</b>	<b>(78)</b>	<b>(5,102)</b>	<b>(577)</b>	<b>(863)</b>	-	<b>(9,502)</b>
Amounts used in 2019-20	106	2,226	-	727	-	863	-	<b>3,922</b>
Additional provisions made in 2019-20	(603)	-	-	(5,749)	-	-	(190)	<b>(6,542)</b>
Unused amounts reversed in 2019-20	12	38	-	-	-	-	-	<b>50</b>
<b>Balance at 1 April 2020</b>	<b>(603)</b>	<b>(500)</b>	<b>(78)</b>	<b>(10,124)</b>	<b>(577)</b>	-	<b>(190)</b>	<b>(12,072)</b>
Amounts used in 2020-21	575	-	-	4,842	-	-	80	<b>5,497</b>
Additional provisions made in 2020-21	(171)	-	-	(2,212)	-	-	(40)	<b>(2,423)</b>
Unused amounts reversed in 2020-21	28	500	78	-	-	-	-	<b>606</b>
<b>Balance at 31 March 2021</b>	<b>(171)</b>	-	-	<b>(7,494)</b>	<b>(577)</b>	-	<b>(150)</b>	<b>(8,392)</b>
Comprising:								
Short Term	(171)	-	-	(7,494)	(577)	-	(150)	<b>(8,392)</b>
Long Term	-	-	-	-	-	-	-	-
<b>Total Provisions</b>	<b>(171)</b>	-	-	<b>(7,494)</b>	<b>(577)</b>	-	<b>(150)</b>	<b>(8,392)</b>

**Redundancy Costs**

Redundancy costs have been provided for planned areas of restructuring. The redundancy plans were communicated to departments involved during 2020-21 (and for comparative amounts during 2019-20) 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.

**Equal Pay Back Pay**

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

**Municipal Mutual Insurance (MMI) Liability**

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

**National Non-Domestic Rates (NNDR) Appeals**

In addition to the local management of business rates authorities are expected to finance their proportion of appeals, made by ratepayers, against the rateable valuation set by the Valuation Office. Ordinarily, the Council's share has been 50%. However, for 2019-20 only, the Council was part of the North of Tyne Pool, meaning that the Council's share was 75%. The shares reverted to a 50/50 split for 2020-21. A provision of £14.98 million has been created based on

## **Notes to the Accounts**

the best estimate of the potential liability required to settle successful appeals. £1.62 million relates to the 2010 valuation list and £13.36 million relates to the 2017 Valuation List. This has been allocated 50% to the Council and 50% to 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.

### **Active Northumberland Job Evaluation**

This provision was created in 2018-19 to cover the anticipated outstanding costs in relation to job evaluation for Active Northumberland which the Council agreed to fund for the period 1 April 2016 to 31 March 2019. All of the provision was utilised in 2019-20.

### **Compensation Claims**

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

## 29. Unusable Reserves

31 March 2020		31 March 2021
£000		£000
(4,855)	Accumulated Absences Adjustment Account	(3,894)
672,968	Capital Adjustment Account	615,373
3,174	Collection Fund Adjustment Account	(21,907)
(8,426)	Financial Instruments Adjustment Account	(8,728)
8,741	Financial Instruments Revaluation Reserve	9,434
(804,210)	Pensions Reserve	(952,129)
175,063	Revaluation Reserve	161,749
<b>42,455</b>	<b>Total Unusable Reserves</b>	<b>(200,102)</b>

## 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.

2019-20	2019-20	2020-21	2020-21
£000	£000	£000	£000
	<b>(5,505)</b>	<b>Balance at 1 April</b>	<b>(4,855)</b>
5,505		Settlement or cancellation of accrual made at the end of the preceding year	4,855
(4,855)		Amounts accrued at the end of the current year	(3,894)
	650	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	961
	<b>(4,855)</b>	<b>Balance at 31 March</b>	<b>(3,894)</b>

## 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.

2019-20 £000		2020-21 £000
<b>695,160</b>	<b>Balance at 1 April</b>	<b>672,968</b>
	Reversal of items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement:	
(52,840)	Charges for depreciation and impairment of non-current assets	(50,453)
107	Change in value of available-for-sale assets	-
6,460	Revaluation losses on Property, Plant and Equipment	(427)
(806)	Amortisation of intangible assets	(500)
(17,279)	Revenue expenditure funded from capital under statute	(34,965)
(64,476)	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	(112,999)
6,655	Adjusting amounts written out of the Revaluation Reserve	10,373
(77)	Modification adjustments charged to Comprehensive Income and Expenditure Statement in respect of capital financial assets	-
(150)	Expected Credit Loss allowances (charged) / credited to Comprehensive Income and Expenditure Statement in respect of capital financial assets	918
	Capital financing applied in the year:	
4,929	Use of the Capital Receipts Reserve to finance new capital expenditure	1,117
8,598	Use of the Major Repairs Reserve to finance new capital expenditure	5,310
39,325	Capital grants and contributions credited to the Comprehensive Income and Expenditure Statement that have been applied to capital financing	72,420
5,421	Application of grants to capital financing from the Capital Grants Unapplied Reserve	1,878
16,467	Statutory provision for the financing of capital investment charged against the General Fund and HRA balances	17,930
6,752	Voluntary set aside for the financing of capital investment charged against the General Fund and HRA balances	6,715
17,838	Set aside of capital receipt for the repayment of debt	22,032
1,345	Capital expenditure charged against the General Fund and HRA balance	3,042
(461)	Movements in the market value of Investment Properties debited or credited to the Comprehensive Income and Expenditure Statement	14
<b>672,968</b>	<b>Balance at 31 March</b>	<b>615,373</b>

## 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:

2019-20		2020-21
£000		£000
<b>155</b>	<b>Balance at 1 April</b>	<b>3,174</b>
3,019	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	(25,081)
<b>3,174</b>	<b>Balance at 31 March</b>	<b>(21,907)</b>

### 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:

2019-20		2020-21
£000		£000
<b>(7,056)</b>	<b>Balance at 1 April</b>	<b>(8,426)</b>
(1,747)	Premiums incurred in the year and charged to the Comprehensive Income and Expenditure Statement	-
308	Proportion of premiums/(discounts) incurred in previous financial years to be charged/(credited) against the General Fund balance in accordance with statutory requirements	(456)
69	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	154
<b>(8,426)</b>	<b>Balance at 31 March</b>	<b>(8,728)</b>

### Financial Instruments Revaluation Reserve

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

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

The reserve reflects the change in value of the Council's shareholding in Newcastle International Airport which in 2020-21 increased by £0.69 million:

2019-20		2020-21
£000		£000
<b>13,231</b>	<b>Balance at 1 April</b>	<b>8,741</b>
-	Upward Revaluation of Investment	693
(4,490)	Downward Revaluation of Investment	-
<b>8,741</b>	<b>Balance at 31 March</b>	<b>9,434</b>

## 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:

2019-20 £000		2020-21 £000
<b>(713,940)</b>	<b>Balance at 1 April</b>	<b>(804,210)</b>
(135,790)	Return on plan assets	211,760
31,820	Actuarial gains or (losses) arising on changes in financial assumptions	(348,162)
25,030	Actuarial gains or (losses) arising on changes in demographic assumptions	(6,750)
10,120	Other	31,394
(66,250)	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	(74,093)
44,800	Employer's pensions contributions and direct payments to pensioners payable in the year	37,932
<b>(804,210)</b>	<b>Balance at 31 March</b>	<b>(952,129)</b>

### 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.

2019-20 £000		2020-21 £000
<b>148,561</b>	<b>Balance at 1 April</b>	<b>175,063</b>
54,999	Upward revaluation of assets	18,890
(21,842)	Downward revaluation of assets and impairment losses not charged to the Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement	(21,831)
(3,804)	Difference between fair value depreciation and historical cost depreciation	(4,474)
(2,622)	Accumulated gains on assets sold or scrapped	(5,823)
(229)	Amount written off to the Capital Adjustment Account	(76)
<b>175,063</b>	<b>Balance at 31 March</b>	<b>161,749</b>

## 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 2020-21. The Council paid £11.81 million in 2020-21 (£10.45 million in 2019-20) to the Teachers' Pensions Agency in respect of teachers' retirement benefits which represents 23.7% of teachers' pensionable pay for the period 1 April 2020 to 31 March 2021.

The contributions due to be paid in the next financial year are estimated to be £16.23 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 pensions' deficit described in note 31.

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

### NHS Pension Scheme

NHS staff who transferred to the Council in 2013-14 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 2020-21, the Council paid £0.07 million employees' contributions and £0.09 million employers' contributions to the NHS Pension Scheme in respect of former NHS staff. 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 pensions' deficit described in note 31.

Employees' contribution rates range from 5.0% to 14.5% of pensionable pay and the employers' contributions representing 14.4% of pensionable pay.

The Council expects contributions to the NHS Pension Scheme for 2021-22 to be £0.16 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.

## Notes to the Accounts

The Fund Administering Authority, South Tyneside Council, is responsible for the Governance of the Fund.

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

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

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

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

**The 2015 Firefighters' Pension Scheme (FPS 2015)** is administered by Northumberland County Council. This is an unfunded defined benefit career average revalued earnings scheme, meaning that there are no investment

assets built up to meet the pension liabilities. The funding arrangements are as described above for the FPS 1992.

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



## 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:

2019-20					2020-21					
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
					Actuarial gains and losses arising on changes in demographic assumptions					
					Comprehensive Income and Expenditure Statement (CIES)					
					Cost of Services:					
(45.73)	(3.29)	-	-	(49.02)	Current service cost	(55.13)	(3.37)	-	-	(58.50)
(0.63)	-	-	-	(0.63)	Past service cost	(0.61)	-	-	-	(0.61)
-	-	-	-	-	Settlement Cost	2.65	-	-	-	2.65
					Financing and Investment Income and Expenditure:					
(10.16)	(4.95)	(0.74)	(0.75)	(16.60)	Net interest expense	(11.76)	(4.55)	(0.66)	(0.66)	(17.63)
(56.52)	(8.24)	(0.74)	(0.75)	(66.25)	<b>Total post employment benefit charged to the surplus/deficit on the provision of services</b>	(64.85)	(7.92)	(0.66)	(0.66)	(74.09)
					Other post employment benefit charged to the CIES					
					Remeasurement of the net defined liability comprising:					
(135.79)	-	-	-	(135.79)	Return on plan assets (excluding the amount included in the net interest expense)	211.76	-	-	-	211.76
27.69	3.64	0.25	0.24	31.82	Actuarial gains and (losses) arising on changes in financial assumptions	(308.90)	(35.76)	(1.94)	(1.56)	(348.16)
26.22	(1.50)	0.23	0.08	25.03	Actuarial gains and (losses) arising on changes in demographic assumptions	(7.51)	-	0.60	0.16	(6.75)
1.37	8.45	0.15	0.15	10.12	Other	23.47	2.03	0.73	5.16	31.39
(80.51)	10.59	0.63	0.47	(68.82)	<b>Total other post employment benefit charged to the Comprehensive Income and Expenditure Statement</b>	(81.18)	(33.73)	(0.61)	3.76	(111.76)
(137.03)	2.35	(0.11)	(0.28)	(135.07)	<b>Total charge to the Comprehensive Income and Expenditure Statement</b>	(146.03)	(41.65)	(1.27)	3.10	(185.85)
					Movement in Reserves - General Fund Balance:					
56.52	8.24	0.74	0.75	66.25	Reversal of net charges made to the surplus/deficit for the provision of services for post employment benefit	64.85	7.92	0.66	0.66	74.09
					Actual amount charged against the General Fund Balance for pensions in the year:					
(32.86)	-	-	-	(32.86)	Employer's contributions payable to the scheme	(27.26)	-	-	-	(27.26)
-	(6.55)	(2.34)	(3.05)	(11.94)	Net retirement benefits payable to pensioners	-	(6.15)	(2.33)	(2.19)	(10.67)

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

## Notes to the Accounts

2019-20					2020-21				
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:									
(0.61)	(0.05)	(2.53)	(0.10)	(3.29)	(0.42)	(0.05)	(2.80)	(0.10)	(3.37)
Financing and Investment Income and Expenditure:									
(4.32)	(0.20)	(0.31)	(0.12)	(4.95)	(3.86)	(0.25)	(0.33)	(0.11)	(4.55)
<b>(4.93)</b>	<b>(0.25)</b>	<b>(2.84)</b>	<b>(0.22)</b>	<b>(8.24)</b>	<b>(4.28)</b>	<b>(0.30)</b>	<b>(3.13)</b>	<b>(0.21)</b>	<b>(7.92)</b>
Other post employment benefit charged to the Comprehensive Income and Expenditure Statement									
Remeasurement of the net defined liability comprising:									
2.88	0.22	0.49	0.05	3.64	(26.26)	(2.78)	(6.03)	(0.69)	(35.76)
(1.19)	(0.10)	(0.19)	(0.02)	(1.50)	-	-	-	-	-
8.72	(2.14)	1.47	0.40	8.45	1.90	0.07	0.01	0.05	2.03
<b>10.41</b>	<b>(2.02)</b>	<b>1.77</b>	<b>0.43</b>	<b>10.59</b>	<b>(24.36)</b>	<b>(2.71)</b>	<b>(6.02)</b>	<b>(0.64)</b>	<b>(33.73)</b>
<b>5.48</b>	<b>(2.27)</b>	<b>(1.07)</b>	<b>0.21</b>	<b>2.35</b>	<b>(28.64)</b>	<b>(3.01)</b>	<b>(9.15)</b>	<b>(0.85)</b>	<b>(41.65)</b>
Movement in Reserves - General Fund Balance:									
4.93	0.25	2.84	0.22	8.24	4.28	0.30	3.13	0.21	7.92
Actual amount charged against the General Fund Balance for pensions in the year:									
(6.89)	(0.02)	0.57	(0.21)	(6.55)	(6.38)	(0.02)	0.44	(0.19)	(6.15)

The value of actuarial gains and losses recognised in the Comprehensive Income and Expenditure Statement to the 31 March 2021 is a loss of £111.76 million (£68.82 million loss to 31 March 2020).

## 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:

2019-20					2020-21					
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
(1,613.79)	(200.73)	(29.65)	(29.94)	<b>(1,874.11)</b>	Present value of the defined benefit obligation	(1,952.59)	(236.23)	(28.59)	(24.65)	<b>(2,242.06)</b>
1,069.90	-	-	-	<b>1,069.90</b>	Fair value of plan assets	1,289.93	-	-	-	<b>1,289.93</b>
<b>(543.89)</b>	<b>(200.73)</b>	<b>(29.65)</b>	<b>(29.94)</b>	<b>(804.21)</b>	<b>Net liability arising from defined benefit obligation</b>	<b>(662.66)</b>	<b>(236.23)</b>	<b>(28.59)</b>	<b>(24.65)</b>	<b>(952.13)</b>

## 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 III Health £m	LGPS unfunded Scheme £m	Teachers' unfunded Scheme £m	Total £m
<b>Opening balance as at 1 April 2020</b>	<b>(1,613.79)</b>	<b>(171.12)</b>	<b>(10.68)</b>	<b>(14.07)</b>	<b>(4.86)</b>	<b>(29.65)</b>	<b>(29.94)</b>	<b>(1,874.11)</b>
Current service cost	(55.13)	(0.42)	(0.05)	(2.80)	(0.10)	-	-	(58.50)
Interest cost	(33.08)	(3.86)	(0.25)	(0.33)	(0.11)	(0.66)	(0.66)	(38.95)
Contributions from scheme participants	(7.86)	(0.14)	(0.02)	(0.64)	-	-	-	(8.66)
Remeasurement gains and (losses):								
Actuarial gains and (losses) arising from changes in financial assumptions	(308.90)	(26.26)	(2.78)	(6.03)	(0.69)	(1.94)	(1.56)	(348.16)
Actuarial gains and (losses) arising from changes in demographic assumptions	(7.51)	-	-	-	-	0.60	0.16	(6.75)
Other	23.47	1.90	0.07	0.01	0.05	0.73	5.16	31.39
Past service cost	(0.61)	-	-	-	-	-	-	(0.61)
Benefits paid	45.88	6.52	0.04	0.20	0.19	2.33	2.19	57.35
Settlements	4.94	-	-	-	-	-	-	4.94
<b>Closing balance as at 31 March 2021</b>	<b>(1,952.59)</b>	<b>(193.38)</b>	<b>(13.67)</b>	<b>(23.66)</b>	<b>(5.52)</b>	<b>(28.59)</b>	<b>(24.65)</b>	<b>(2,242.06)</b>
<b>Opening balance as at 1 April 2019</b>	<b>(1,626.75)</b>	<b>(183.49)</b>	<b>(8.43)</b>	<b>(12.43)</b>	<b>(5.28)</b>	<b>(31.88)</b>	<b>(32.71)</b>	<b>(1,900.97)</b>
Current service cost	(45.73)	(0.61)	(0.05)	(2.53)	(0.10)	-	-	(49.02)
Interest cost	(38.54)	(4.32)	(0.20)	(0.31)	(0.12)	(0.74)	(0.75)	(44.98)
Contributions from scheme participants	(7.62)	(0.21)	(0.02)	(0.56)	-	-	-	(8.41)
Remeasurement gains and (losses):								
Actuarial gains and (losses) arising from changes in financial assumptions	27.69	2.88	0.22	0.49	0.05	0.25	0.24	31.82
Actuarial gains and (losses) arising from changes in demographic assumptions	26.22	(1.19)	(0.10)	(0.19)	(0.02)	0.23	0.08	25.03
Other	1.37	8.72	(2.14)	1.47	0.40	0.15	0.15	10.12
Past service cost	(0.63)	-	-	-	-	-	-	(0.63)
Benefits paid	50.20	7.10	0.04	(0.01)	0.21	2.34	3.05	62.93
<b>Closing balance as at 31 March 2020</b>	<b>(1,613.79)</b>	<b>(171.12)</b>	<b>(10.68)</b>	<b>(14.07)</b>	<b>(4.86)</b>	<b>(29.65)</b>	<b>(29.94)</b>	<b>(1,874.11)</b>

## Notes to the Accounts

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

2019-20		2020-21
£m	Local Government Pension Scheme	£m
1,187.03	Opening fair value of scheme assets	1,069.90
28.38	Interest income	21.32
	Remeasurement gain and (loss):	
(135.79)	The return on plan assets, excluding the amount included in the net interest expense	211.76
32.86	Contributions by the employer	27.26
7.62	Contributions by participants	7.86
(50.20)	Benefits paid	(45.88)
-	Settlements	(2.29)
<b>1,069.90</b>	<b>Closing balance of scheme assets</b>	<b>1,289.93</b>

Local Government Pension Scheme assets comprised:

2019-20		2020-21		Total
Total	Quoted	Unquoted	Total	
%	%	%	%	
LGPS assets comprised:				
0.80	Cash	4.00	-	4.00
7.70	Corporate Bonds	19.80	-	19.80
65.80	Equities	48.40	7.10	55.50
16.40	Government Bonds	2.20	-	2.20
5.30	Other	4.70	5.90	10.60
4.00	Property	-	7.90	7.90
<b>100.00</b>	<b>Total</b>	<b>79.10</b>	<b>20.90</b>	<b>100.00</b>

## 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 Hewitt Limited, an independent firm of actuaries, has assessed the liabilities for the pension schemes shown in the accounts, the figures being based on the latest full valuations of the schemes. For the LGPS the latest full actuarial valuation of the Fund took place as at 31 March 2019. For the Firefighters' Pension Scheme 1992, Firefighters' Pension Scheme 2006, New Firefighters' Pension Scheme 2015 and the Firefighters' Injury Pensions and Non-Scheme Ill-Health Pensions the latest full actuarial valuation took place as at 31 March 2019. For the LGPS Unfunded Scheme and the Teachers' Unfunded Scheme, the latest full actuarial valuation took place as at 31 March 2021.

### McCloud Judgement

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

Aon Hewitt Limited has made an allowance for the McCloud remedy 'underpin' in the liabilities shown in the opening Balance Sheet and it is in this year's current service costs.

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

### Cost Management in the LGPS and FPS

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

HM Treasury paused their 2016 reviews following the McCloud Judgement in the Court of Appeal. These have now been un-paused, and HM Treasury Directions are expected to be made during 2021. It is unlikely the outcome will be known in 2021 and no changes are expected in benefits until 2024.

### Guaranteed Minimum Pension (GMP)

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

## Notes to the Accounts

The significant assumptions used by the actuary have been:

31 March 2020					31 March 2021				
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:									
22.2	21.5	22.2	22.2	Men	21.9	21.6	21.9	21.9	
24.6	23.6	24.6	24.6	Women	25.1	23.7	25.1	25.1	
Longevity at age 65 for future pensioners:									
23.2	23.2	-	-	Men	23.6	23.3	-	-	
26	25.4	-	-	Women	26.9	25.5	-	-	
Financial Assumptions:									
2.0%	2.0%	2.0%	2.0%	Inflation - CPI	2.7%	2.7%	2.7%	2.7%	
3.5%	3.5%	-	-	Salary increases	4.2%	4.2%	-	-	
2.0%	2.0%	2.0%	2.0%	Pension increases	2.7%	2.7%	2.7%	2.7%	
2.0%	-	-	-	Pension accounts revaluation rate	2.7%	2.7%	-	-	
2.3%	2.3%	2.3%	2.3%	Discount rate	2.1%	2.1%	2.1%	2.1%	

## Notes to the Accounts

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 2021.

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

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

Impact on the Defined Benefit Obligation in the Scheme	Increase in assumption	Increase in assumption	Decrease in assumption	Decrease in assumption
	£m	%	£m	%
Local Government Pension Scheme (LGPS Funded)				
Longevity (increase or decrease in 1 year)	70.29	3.6	(68.34)	(3.5)
Rate of increase in salaries (increase or decrease by 0.1%)	3.91	0.2	(3.91)	(0.2)
Rate of increase in pensions (increase or decrease by 0.1%)	33.19	1.7	(33.19)	(1.7)
Rate for discounting scheme liabilities (increase or decrease by 0.1%)	(37.10)	(1.9)	37.10	1.9
Firefighters' Pension Scheme (FPS)				
Longevity (increase or decrease in 1 year)	7.16	3.7	(6.96)	(3.6)
Rate of increase in salaries (increase or decrease by 0.1%)	0.19	0.1	(0.19)	(0.1)
Rate of increase in pensions (increase or decrease by 0.1%)	3.09	1.6	(3.09)	(1.6)
Rate for discounting scheme liabilities (increase or decrease by 0.1%)	(3.29)	(1.7)	3.29	1.7
New Firefighters' Pension Scheme (NFPS)				
Longevity (increase or decrease in 1 year)	0.51	3.7	(0.49)	(3.6)
Rate of increase in salaries (increase or decrease by 0.1%)	0.11	0.8	(0.11)	(0.8)
Rate of increase in pensions (increase or decrease by 0.1%)	0.26	1.9	(0.26)	(1.9)
Rate for discounting scheme liabilities (increase or decrease by 0.1%)	(0.37)	(2.7)	0.38	2.8

Sensitivity analysis on the LGPS Unfunded Scheme, The Teachers' Unfunded Scheme, 2015 Firefighters' Pension 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 2021-22 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	27.76	-	-	-	-	-	-	<b>27.76</b>
Payments to beneficiaries	-	-	-	-	-	2.34	2.20	<b>4.54</b>
Payments to beneficiaries net of member contributions receivable, where contributions include the Government Grant	-	6.55	0.02	(0.46)	0.19	-	-	<b>6.30</b>
<b>Total</b>	<b>27.76</b>	<b>6.55</b>	<b>0.02</b>	<b>(0.46)</b>	<b>0.19</b>	<b>2.34</b>	<b>2.20</b>	<b>38.60</b>

LGPS regular employer contributions payable by the Council to Tyne and Wear Pension Fund in 2021-22 includes a fixed monetary lump sum of £0.58 million which is intended to amortise the deficit attributable to the Council over a period of 10 years.

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

## 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 is as follows:

31 March 2020		31 March 2021
No. of years		No. of years
19.00	Weighted average duration for LGPS, LGPS Unfunded and Teachers' Unfunded	19.00
16.70	Weighted average duration for FPS 1992	16.70
27.80	Weighted average duration for FPS 2006	27.80
33.60	Weighted average duration for FPS 2015	33.60
15.30	Weighted average duration for Firefighters' Injury and Non-Scheme III Health Pensions	15.30

### Split of the defined benefit obligations

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

	Active Members	Deferred Members	Pensioners
	%	%	%
Local Government Pension Scheme	34.00	19.00	47.00
1992 Firefighters' Pension Scheme	26.00	4.00	70.00
2006 Firefighters' Pension Scheme	56.00	23.00	21.00
2015 Firefighters' Pension Scheme	93.00	7.00	-
Firefighters' Injury and non-scheme III- Health Pensions	33.00	-	67.00
Local Government Pension Scheme Unfunded	-	-	100.00
Teachers' Unfunded	-	-	100.00

# Notes Supporting the Cash Flow Statement

### 32. Cash Flows from Operating Activities

The cash flows for operating activities include the following items:

2019-20 £000		2020-21 £000
(22,487)	Interest received	(22,415)
33,165	Interest paid	31,610
(786)	Dividends	-

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

2019-20 £000		2020-21 £000
52,839	Depreciation	50,453
(6,567)	Impairment and downward valuations	427
806	Amortisation	500
12,116	Increase in creditors	26,446
(20,304)	Increase in debtors	(6,417)
(131)	(Increase)/decrease in inventories	567
21,450	Movement in Pension Liability	36,161
64,475	Carrying amount of non-current asset and non-current assets held for sale, sold or derecognised	112,999
2,964	Other non-cash items charged to the net deficit on the provision of services	(3,848)
<b>127,648</b>	<b>Subtotal of non-cash movements</b>	<b>217,288</b>

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

2019-20 £000		2020-21 £000
(7,933)	Proceeds from the sale of property, plant and equipment, investment property and intangible assets	(2,949)
(49,234)	Any other items for which the cash effects are investing or financing cash flows	(85,765)
<b>(57,167)</b>	<b>Sub total of adjustments included in the Deficit on the Provision of Services that are investing or financing activities</b>	<b>(88,714)</b>

### 33. Cash Flows from Investing Activities

2019-20 £000		2020-21 £000
(107,794)	Purchase of property, plant and equipment, investment property and intangible assets	(118,576)
(277,000)	Purchase of short term and long term investments	(189,008)
(17,493)	Other payments for investing activities	(13,803)
7,933	Proceeds from the sale of property, plant and equipment, investment property and intangible assets	2,949
205,000	Proceeds from short term and long term investments	170,000
70,359	Other receipts from investing activities	111,122
<b>(118,995)</b>	<b>Net cash flows from investing activities</b>	<b>(37,316)</b>

### 34. Cash Flows from Financing Activities

2019-20 £000		2020-21 £000
176,747	Cash receipts of short term and long term borrowing	82,034
(1,263)	Cash payments for the reduction of the outstanding liabilities relating to finance leases and on-balance sheet PFI contracts	(1,487)
(81,541)	Repayments of short and long term borrowing	(94,543)
(2,555)	Other payments for financing activities	(20,330)
<b>91,388</b>	<b>Net cash flows from financing activities</b>	<b>(34,326)</b>

## Notes to the Accounts

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

	1 April 2019	Financing cashflows	Changes which are not financing cash flows		31 March 2020
	£000	£000	Acquisition	Other	£000
			£000	£000	
Long term borrowings	658,254	171,727	-	(99,543)	730,438
Short term borrowings	77,577	(76,521)	-	99,604	100,660
On balance sheet PFI	64,407	(1,263)	-	(223)	62,921
Other payments	(5,546)	(2,555)	-	-	(8,101)
<b>Total liabilities from financing activities</b>	<b>794,692</b>	<b>91,388</b>	<b>-</b>	<b>(162)</b>	<b>885,918</b>

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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.

#### Members

Members of the Council have direct control over the Council's financial and operating policies. During 2020-21 goods and services were commissioned from organisations in which Members had an interest. Also funding consists of other grants paid to organisations in which Members had an interest. All interests were declared by the appropriate Members. Members had interests in 88 organisations with transactions totalling £116.39 million in respect of goods or services provided to the Council (109 and £121.67 million in 2019-20).

During 2020-21 goods and services amounting £4.94 million were provided by the Council to 63 organisations in which Members had an interest (£6.56 million and 110 in 2019-20).

Included in the above sums are amounts due from the Council of £5.41 million and due to the Council of £1.25 million as at 31 March 2021 (£2.15 million and £1.72 million in 2019-20).

#### Officers

During 2020-21 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 11 organisations with

transactions totalling £50.12 million in respect of goods or services provided to the Council (11 and £40.40 million in 2019-20).

During 2020-21 goods and services amounting £3.54 million were provided by the Council to 9 organisations in which officers had an interest (£3.38 million and 11 in 2019-20).

Included in the above sums are amounts due from the Council of £1.29 million and due to the Council of £1.05 million as at 31 March 2021 (£0.39 million and £1.38 million in 2019-20).

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

#### Active Northumberland

The Council commissioned Active Northumberland to provide leisure services. There is a signed Leisure Agreement, covering the period 2018-2022, which formally documents the commissioner/provider contractual relationship between the Council and Active Northumberland for the provision of leisure services. The Council retains ownership of the leisure assets which Active Northumberland runs on behalf of the Council. Whilst the Council determines what activities it requires Active Northumberland to deliver on its behalf, the Council is not involved operationally with how those services are delivered and this is a matter for the Active Northumberland Board. A number of Service Level Agreements between Active Northumberland and the Council were agreed and effective from 1 April 2018 and continued to operate during 2020-21.

An assessment of the Council's relationship with Active Northumberland in 2020-21 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 £2.46 million in 2020-21 (£2.66 million in 2019-20). In addition, other agreed funding of £2.26 million was paid in 2020-21 (£0.23 million in 2019-20). £0.39 million was paid during the year and a creditor of £1.87 million was raised at the year end.



## Notes to the Accounts

### Entities Controlled or Significantly Influenced by the Council.

#### Arch Group

Following the restructuring which occurred on 1 April 2009 as part of Local Government Reorganisation the Council took possession of the investments and holdings of Wansbeck District Council. Included within these holdings was an investment in Wansbeck Life Limited (subsequently Arch (Commercial Enterprise) Limited) which comprised 100% of the ordinary share capital and 50% of the voting share capital. Following changes to the composition of the Board of Directors during 2010-11 it was confirmed that the Council, by virtue of these shareholdings and its control of the Board, was in a position to exert control over the entity and its wholly owned subsidiary Northern Coalfields Property Company (subsequently Arch (Housing) Limited).

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

The Arch Group brought together services in housing, commercial property, physical regeneration and business growth. The Arch Group consisted of six wholly owned companies and two joint ventures.

During 2020-21 Arch (Corporate Holdings) Limited remained dormant, and on 10 November 2020 was dissolved.

#### Advance Group

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

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

The loans the Council has made to Advance Northumberland are shown in Long and Short Term Debtors in Note 22.

The Advance Group brings together services in housing, commercial property, regeneration and business growth. The Advance 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 Group. Advance Northumberland Limited conducts no business in its own right.

The activities of the company group are:

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

**Advance Northumberland (Commercial) Ltd:** The principal activities of the company are:

- to further the needs of the community within the boundaries of the area currently known as Wansbeck (the “Community”) and the wider area of Northumberland;
- to protect, restore and enhance the environment of the community through the purchase, lease and management of land in the community;
- to provide land, commercial accommodation and services to the community and businesses;

## Notes to the Accounts

- to promote economic regeneration in the community through the provision of light industrial, retail and office accommodation to small businesses; and,
- to provide business advice and support to businesses through inward investment initiatives and the administration of the Regional Growth Fund.

Advance Northumberland (Commercial) Ltd will optimise the performance of its property portfolio by driving down the number and duration of voids, reducing debt and ensuring prompt payment.

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

**Advance Northumberland (Developments) Ltd:** The principal activities of the company are to provide project management services in connection with capital developments undertaken by the Advance Group and the Council. In addition, the Ascent Homes brand provides new homes for sale throughout Northumberland.

**Advance Northumberland (Financial) Ltd:** There have been minimal transactions for 2020-21 which relate to the historic repayment of loans that were previously granted by the Council.

### **Prudhoe Estates LLP Ltd**

The group holds a joint venture agreement with the Duke of Northumberland with both holding a 50% ownership in Prudhoe Estate LLP, which is a property development company.

As at 31 March 2021 the Advance Group owed the Council (the ultimate holding company) £281.85 million (£281.53 million 2019-20) primarily in respect of principal and interest due on a commercial loan facility; whilst, the Council owed Advance Group £2.56 million (£0.19 million in 2019-20) primarily for capital grant claims for Northumberland Energy Park Phase 1 and Ashwood Business Park. During 2020-21 the Council paid the Advance Group £7.43 million (£13.52 million 2019-20), mainly for capital grant claims for Northumberland Energy Park Phase 1, Ashwood Business Park and Nelson Street project. Income to the Council from the Advance Group was

£14.50 million (£13.35 million 2019-20), mainly due to interest payable on the commercial loan facility.

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

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

The Council has significant control over both of these companies in that it can appoint and remove company directors. Both companies remained dormant throughout 2020-21.

### **Northumberland Enterprise Holdings Ltd**

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

Northumberland Enterprise Holdings Ltd 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 Ltd group.

### **Northumbria Integrated Consultancy Ltd**

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

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

Both companies were dormant throughout 2020-21.

### **Northumbria Healthcare NHS Foundation Trust**

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

## Notes to the Accounts

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

The Council has also provided loan finance facilities to Northumbria Healthcare NHS Foundation Trust. The total amount outstanding on these facilities as at the 31 March 2021 was £99.58 million (£118.31 in 2019-20).

### Newcastle International Airport

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

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

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

NALAHCL has a called up share capital of 10,000 shares with a nominal value of £1 each. The Council holds a 15.42% interest in NALAHCL, valued at £9.73 million (£9.04 million in 2019-20). 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. During 2020-21 air travel to and from the airport was significantly reduced and whilst a vaccine towards the virus has been developed the travel sector has yet to see any significant increases in passenger numbers.

As a result, the majority of the impairment recognised last year has been retained.

Through its shares in NALAHCL the Council has an effective shareholding of 7.86% in NIAL (and the group companies of NIAL Group Limited and NIAL Holdings Limited). The principal activity of NIAL (registered number 2077766) is the provision of landing services for both commercial and freight operators. No dividend was received for the year ended 31 December 2020 (£0.79 million for the year ended 31 December 2019).

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

Due to major curtailments in the airport operations as a result of the Covid-19 pandemic the Council has agreed to modify the terms of these loans and has accepted that given the unprecedented circumstances the airport can defer interest repayments for the following three and a half financial years with catch up payments to be made in instalments at a later date. 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 restatement of the loan value with a modification loss of £1.02 million (£1.02 million in 2019-20). As the modification loss has not changed between years there is no charge to financing and investment income and expenditure line of the Comprehensive Income and Expenditure Statement. 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 £0.23 million (£0.15 million in 2019-20) in the event all repayments are not made at some time in the future. The increase in lifetime loss of £0.08 million has been charged to the financing and investment income and expenditure line of the Comprehensive Income and Expenditure Statement. However, as the Council has accounted for the loan to the airport as a capital item, both the modification loss and expected lifetime loss provision has been reversed out of the Comprehensive Income and Expenditure Statement and charged to the Capital Adjustment Account,

## Notes to the Accounts

resulting in no overall impact within the Comprehensive Income and Expenditure Statement.

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

NIAL Group Limited made a loss before tax of £34.03 million and a loss after tax of £31.84 million for the year ended 31 December 2020. In the previous year, the Group made a profit before tax of £11.01 million and a profit after tax of £7.50 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 2020		31 March 2021
£000		£000
2,130	Section 278 and Section 38 Monies Held	2,294
3,329	Bank Accounts for Audit Clients in Care	4,616
439	Adult Amenity Funds	461
342	Disability Living Allowances Held	116
283	Other	345
<b>6,523</b>	<b>Total</b>	<b>7,832</b>

#### Section 278 and Section 38 Monies Held

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

#### Bank Accounts for Adult Clients in Care

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

#### Adult Amenity Funds

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

#### Disability Living Allowances

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

#### Other

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

### 37. Impairment Losses

There have been no material impairment losses during 2020-21.

## 38. Contingent Liabilities

### Claim for Compensation in relation to land acquired to construct the Morpeth Northern Bypass

There are two provisional claims against the Council one of which is of significant value for compensation in relation to the Council's exercise of compulsory purchase powers for land relating to the Morpeth Northern Bypass. The Council's response to this case has not been drafted.

### Home Housing Association

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

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

No fair value for the guarantee has been included under Financial Instruments as the Council considers that the probability of the guarantee being called upon is low.

### Water Rates Collection

The former Alnwick District Council entered into a contract with Northumbrian Water, whereby it collected water charges from its tenants on its behalf and was paid a commission. This contract novated to the Council as a result of Local

Government Reorganisation in 2009. The High Court has found that similar contracts between London Borough of Southwark and Thames Water and the Royal Borough of Kingston and Thames Water is a contract for resale of water under which the recovery of commission is limited by law. The Royal Borough of Kingston appealed the decision to the Court of Appeal which was unsuccessful. The key issue in the cases was that the local authorities were acting as a 'customer' in which case they were reselling water services and should have passed savings onto tenants.

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

Given that the Council has not received any claims in respect of its previous contractual relationship with Northumbrian Water no provision has been made in the accounts at 31 March 2021. The Council has estimated the potential liability from similar claims to be £0.33 million, to be met from the Housing Revenue Account.

## 39. Contingent Assets

### Cowpen Crematorium Insurance Claim

Following a fire at the Crematorium on 12 March 2015 the Council is continuing to pursue a claim for uninsured losses with the insurance company of the building contractor who was undertaking works on the site at that time.

The uninsured losses relate to emergency payments made to the families immediately preceding the fire and loss of revenue whilst the facility was closed up to the point it reopened in December 2015.

In March 2021 an opening offer was made which would have resulted in the Council receiving £0.09 million. This was not accepted, and the case is continuing to be pursued by the Company acting on behalf of the Council.

### Street Lighting Modernisation Project - Galliford Try Contracts

The street lighting modernisation project was established to upgrade the street lighting asset and has involved replacing approximately 18,000 life expired lighting columns and converting these columns and approximately 26,500 lanterns on other columns to Light Emitting Diodes (LED).

The project has been carried out through two contracts, both of which were let to Galliford Try Infrastructure Ltd.

The Phase 2 works contract commenced in December 2014 under an NEC3 Option C target cost contract form which incorporates a pain/gain mechanism for actual costs in comparison to the target cost. The project started on site in March 2015, initially with an expected completion date of February 2018. Completion of the Phase 2 contract was certified on Tuesday 31 March 2020.

After completion of Phase 2 was issued, the project manager carried out an "Assessment of Amount due at Completion" of the payments to be made, taking into account the pain/gain mechanism. This assessment was issued to

## Notes to the Accounts

Galliford Try has on 7 April 2020, in accordance with the timescales set out in the NEC contract. The assessment showed that a significant sum was due to the Council from Galliford Try.

Discussions with Galliford Try regarding the dispute over this assessment and the final amounts due for both contracts have continued. Galliford Try have now agreed to make an interim payment of £5.87 million (£7.05 million including VAT) to the Council regarding the dispute and this has been recognised as a debtor in the Council's 2020-21 accounts. Further meetings are to be held regarding the remaining issues in dispute which may lead to a further payment to the Council.

## 40. Accounting Policies

### General Principles

The Statement of Accounts summarises the Council's transactions for the 2019-20 financial year and its position at the year end of 31 March 2020. 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 2019-20, supported by International Financial Reporting Standards (IFRS).

The accounting convention adopted in the Statement of Accounts is, principally, historical cost, modified by the revaluation of certain

categories of non-current assets and financial instruments.

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

### Accruals of Income and Expenditure

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

- Revenue from contracts with service recipients, whether for services or the provision of goods, is recognised when (or as) the goods or services are transferred to the service recipient in accordance with the performance obligations of the contract.
- Supplies are recorded as expenditure when they are consumed – where there is a gap between the date supplies are received and their consumption; they are carried as inventories on the Balance Sheet.
- Expenses in relation to services received (including services provided by employees) are recorded as expenditure when the services are received, rather than when payments are made;
- Interest receivable on investments and payable on borrowings are accounted for respectively on the basis of the effective interest rate for the relevant financial instrument rather than the cash flows fixed or determined by the contract; and,

- Where revenue and expenditure have been recognised but cash has not been received or paid, a debtor or creditor for the relevant amount is recorded in the Balance Sheet. Where debts may not be settled, the balance of debtors is written down and a charge made to revenue for the income that might not be collected.

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

Accruals are recognised where the value exceeds £0.01 million.

### Exceptional Items

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

### Cash and Cash Equivalents

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

## Notes to the Accounts

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 by adjusting opening balances and comparative amounts for the prior period as if the new policy had always been applied.

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

### Charges to Revenue for Non-Current Assets

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

- Depreciation attributable to the assets used by the relevant service.

- Revaluation and impairment losses on assets used by the service where there are no accumulated gains in the Revaluation Reserve against which the losses can be written off.
- 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



## Notes to the Accounts

officer's employment before the normal retirement date; or, an officer's decision to accept voluntary redundancy; and are charged on an accruals basis to the appropriate service in the Comprehensive Income and Expenditure Statement at the earlier of when the Council can no longer withdraw the offer of those benefits or when the Council recognises costs for a restructuring.

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

### Post-Employment Benefits

Employees and former employees of the Council are members of nine pension schemes:

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

- **The 1992 Firefighters' Pension Scheme** administered by Northumberland County Council;
- **The 2006 Firefighters' Pension Scheme** administered by Northumberland County Council;
- **The 2015 Firefighters' Pension Scheme** administered by Northumberland County Council;
- **The Firefighters' Compensation Scheme** Pensions administered by Northumberland County Council;
- **The Teachers' Pension Scheme** administered by Capita Teachers' Pensions on behalf of the Department for Education; and,
- **The NHS Pension Scheme** administered by NHS Business Services Authority on behalf of the Department of Health.

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

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

contributions payable to these schemes in the year.

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

### Local Government Pension Scheme

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

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

- The liabilities of the Tyne and Wear Pension Fund attributable to the Council are included in the Balance Sheet on an actuarial basis using the projected unit method – i.e. an assessment of the future payments that will be made in relation to retirement benefits earned to date by employees, and former employees, based on assumptions about mortality rates,

## Notes to the Accounts

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
  - 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, a loss is recorded in the Comprehensive Income and Expenditure Statement (debited to the appropriate service) for the present value of the interest that will be forgone over the life of the instrument, resulting in a lower amortised cost than the outstanding principal.

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

### Financial Assets Measured at Fair Value through Other Comprehensive Income

The Council has elected to classify its equity shareholdings in Newcastle Airport Local Authority Holding Company Limited

(NALAHCL) and Advance Northumberland Limited into a 'fair value through other comprehensive income' treatment, rather than 'fair value through profit or loss', as the assets are not held for trading.

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

### Expected Credit Loss Model

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

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

### Foreign Currency Translation

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

### Government Grants and Contributions

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

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

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

Monies advanced as grants and contributions for which conditions have not been satisfied are

## Notes to the Accounts

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 on the basis of their insurance valuations, which are periodically reviewed.

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

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

#### Public Sculptures and Memorials

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

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

#### Historic Buildings

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

#### Archaeology

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

The Council does not make any purchases of archaeological items.

#### Heritage Assets – General

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

## Notes to the Accounts

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

### Intangible Assets

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

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

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

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

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

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

For statutory purposes, amortisation, impairment losses and disposal gains and losses are not permitted to have an impact on the General Fund Balance. They are therefore reversed out of the General Fund Balance in the Movement in Reserves Statement and posted to the Capital Adjustment Account and (for any sale proceeds greater than £0.01 million) the Capital Receipts Reserve.

### Interests in Companies and Other Entities

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

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

Where material differences are identified, the subsidiary accounts are aligned to the accounting policy of the Council upon consolidation.

### Inventories

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

### Investment Properties

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

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

Rentals received in relation to investment properties are credited to the Financing and Investment Income and Expenditure line and result in a gain for the General Fund Balance. However, revaluation and disposal gains and losses are not permitted by statutory arrangements to have an impact on the General Fund Balance. The gains and losses

## Notes to the Accounts

are therefore reversed out of the General Fund Balance in the Movement in Reserves Statement and posted to the Capital Adjustment Account and (for any sale proceeds greater than £0.01 million) the Capital Receipts Reserve.

### Leases

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

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

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

### The Council as Lessee

#### Finance Leases

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

rents are charged as expenses in the years in which they are incurred.

Lease payments are apportioned between:

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

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

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

### Operating Leases

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

### The Council as Lessor

#### Finance Leases

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

Lease rentals receivable are apportioned between:

- a charge for the acquisition of the interest in the property – applied to write down the



## Notes to the Accounts

lease debtor (together with any premiums received); and,

- finance income (credited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement).

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

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

### Operating Leases

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

### Non-current Assets Held for Sale

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

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

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

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

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

Amounts received are categorised as capital receipts and credited to the Capital Receipts Reserve. The written-off value of disposals is not a charge against council tax, as the cost of non-current assets is fully provided for under separate arrangements for capital financing and is appropriated to the Capital Adjustment Account through the Movement in Reserves Statement.

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

### Overheads and Support Services

The costs of overheads and support services are charged to services in accordance with the Council's arrangements for accountability and financial performance.

## Notes to the Accounts

### Property, Plant and Equipment

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

### Recognition

Expenditure on the acquisition, creation or enhancement of Property, Plant and Equipment is capitalised on an accruals basis, provided that it is probable that the future economic benefits or service potential associated with the item will flow to the Council and the cost of the item can be measured reliably. For General Fund items of property, plant and equipment, a de minimis level of £0.01 million is applied below which expenditure is charged directly to the Comprehensive Income and Expenditure Statement as it is incurred.

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

### Measurement

Assets are initially measured at cost, comprising:

- the purchase price
- any costs attributable to bringing the asset to the location and condition necessary for it

to be capable of operating in the manner intended by management

- the initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located.

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

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

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

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

- infrastructure, community assets and assets under construction – depreciated historical cost;
- vehicles, plant and equipment - depreciated historical cost basis as a proxy for current value due to the short useful lives, or low value (or both);
- dwellings – current value, determined using the basis of existing use value for social housing (EUV-SH);
- surplus assets - current value, determined using the fair value approach by the measurement of the highest and best use value.
- 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 5 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.

## Notes to the Accounts

### Impairment

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

### Disposals

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

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

The written-off value of disposals is not a charge against council tax, as the cost of non-current assets is fully provided for under separate arrangements for capital financing.

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

### Depreciation

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

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

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

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

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

## Notes to the Accounts

### 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).
- 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 Her Majesty's Revenue and Customs. VAT receivable is excluded from income.

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

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

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

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

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

### Accounting for Schools

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

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

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

### Fair Value

The Council measures some of its non-current assets such as surplus assets and Investment Properties and some of its financial instruments

such as equity share holdings at fair value at the reporting date. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement assumes that the transaction to sell the asset or transfer the liability takes place either:

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

The measurement takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

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

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

- **Level 1** inputs - unadjusted quoted prices in active markets for items identical to the asset being measured.

- **Level 2** inputs – inputs other than those in level 1 that are directly or indirectly observable.
- **Level 3** inputs – unobservable inputs for the asset or liability.

## 41. Accounting Standards That Have Been Issued but Have Not Yet Been Adopted and other issues

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

New standards that are expected to be introduced in the 2021-22 code that apply from 1 April 2021 are:

- Definition of a Business: Amendments to IFRS 3 Business Combinations;
- Interest Rate Benchmark Reform – Phase 1: Amendments to IFRS 9 Financial Instruments, IAS 39 Financial Instruments: Recognition and Measurement and IFRS 7 Financial Instruments: Disclosures; and,
- Interest Rate Benchmark Reform – Phase 2: Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 Insurance Contracts and IFRS 16 Leases.

These changes are not expected to have a material impact on the Council's financial performance and financial position.

## 42. Critical Judgements in Applying Accounting Policies

In applying the accounting policies set out in Note 41, 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 £65.64 million for Waste and £19.40 million for Fire and Rescue) are recognised as Property, Plant and Equipment on the Council's Balance Sheet;

- When undertaking the valuation of the Council's assets the valuation firm BNP Paribas Real Estates UK has made a number of assumptions and has relied on certain sources of information. In the event that any of the assumptions used in valuing the assets prove to be incorrect, the valuation of the assets and hence the Balance Sheet figures could significantly change; and,
- The Council recognises school land and buildings on its Balance Sheet where the Council, the school or the school's Governing Body directly own the asset or have ownership rights and control of the property. Where the land and building assets used by the school are owned by an entity other than the Council, school or school Governing Body then it is not included in the Council's Balance Sheet.

## Notes to the Accounts

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

Type of School	Total No. of Schools £000	No. of Primary Schools £000	No. of Secondary Schools £000	No. of Special Schools £000	No. of All Through Schools £000	No. of Pupil Referral Units £000
Community	72	56	9	7	-	-
Foundation	5	3	2	-	-	-
Pupil Referral Unit	1	-	-	-	-	1
Voluntary Aided	24	24	-	-	-	-
Voluntary Controlled	8	8	-	-	-	-
<b>Total Maintained Schools</b>	<b>110</b>	<b>91</b>	<b>11</b>	<b>7</b>	<b>-</b>	<b>1</b>
Academies	54	33	18	2	1	-
Free Schools	1	1	-	-	-	-
<b>Total Schools</b>	<b>165</b>	<b>125</b>	<b>29</b>	<b>9</b>	<b>1</b>	<b>1</b>

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 have all converted to academy status during 2020-21:

- Morpeth Stobhillgate First School (April 2020);
- Warkworth Church of England Primary School (September 2020);
- St Mary's Catholic First School (December 2020);
- St Wilfrid's Catholic Primary School (December 2020);
- St Bede's Catholic Primary School (December 2020); and
- St Joseph's Catholic Middle School (September 2020).

The net book value of these assets at the time of disposal was £1.33 million. The transfers are shown as a reduction in the Property, Plant and Equipment line on the Balance Sheet and as a loss on disposal in the Comprehensive Income and Expenditure Statement. The loss does not affect the General Fund balance as the amounts are appropriated to the Capital Adjustment Account in the Movement in Reserves Statement.



### 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 2021 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 2021 was £1,384.88 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. Due to the Novel Coronavirus (Covid-19) pandemic, some real estate markets experienced significantly lower levels of transactional activity and liquidity, which resulted in a shortage of market evidence for comparison purposes to inform opinions of value. The valuations with valuation date of 1 April 2020 are reported based on 'material valuation uncertainty' as per VPS 3 and VPGA 10 of the RICS Red Book Global, however the assets valued as at 31 December 2020 are not affected by the Material Uncertainty clause. Consequently, less certainty, and a higher degree of caution, should be attached to the valuations than would normally be the case.	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 will change.
Pensions Liability	At 31 March 2021, the Council had a net pension liability of £952.13 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 £37.10 million. However, the assumptions interact in complex ways. During 2020-21, the Council's actuary advised that the net pension liability for funded LGPS benefits had increased by £308.90 million due to changes in the financial assumptions, and increased by £7.51 million due to changes in the demographic assumptions. There was also a decrease of £23.47 million due to changes in liability experience.

### 44. Events After the Reporting Period

The Statement of Accounts will be authorised for issue by the Section 151 Officer on 10 September 2021. 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 2021, 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 2021:

#### Academy Conversions

There are two schools expected to convert to academy status in 2021-22. On 1 April 2021 St Paul's RC Voluntary Aided Primary school and expected on 1 September St Aidan's RC Voluntary Aided Primary School. The Property, Plant and Equipment line in the Balance Sheet contained valuations totalling £0.022 million for the schools which will transfer out of Council ownership.

#### Elections

The Council and Parish and Town Council elections were held on 6 May 2021. The Conservative Group will form the administration of the Council and were appointed at the meeting of the Council on 26 May 2021.

#### Partnership Arrangement with Northumbria Healthcare NHS Foundation Trust

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

#### Shared Internal Audit Service

Following a review of the service the Council and North Tyneside Council have mutually agreed to terminate the shared internal audit service arrangement on 31 March 2022.

#### Shared Procurement Service

On 14 May 2021 Northumbria Healthcare NHS Foundation Trust formally served notice that they wished to terminate the shared procurement service arrangement with the Council. The service will terminate on 31 August 2021.

# Housing Revenue Account

## Housing Revenue Account (HRA) Income and Expenditure Statement for the year ended 31 March 2021

This 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.

2019-20 £000	Note	2020-21 £000
Expenditure:		
7,977		7,912
7,818		8,871
1,233		2,652
9,584		9,613
7		7
31		200
494	9	262
<b>27,144</b>		<b>29,517</b>
Income:		
(28,696)		(29,188)
(319)		(315)
(1,610)		(2,642)
(437)		(612)
(2,947)		(4,065)
(1)		-
<b>(34,010)</b>		<b>(36,822)</b>
<b>(6,866)</b>		<b>(7,305)</b>
189		143
<b>(6,677)</b>		<b>(7,162)</b>
HRA Share of the operating Income and Expenditure included in the Comprehensive Income and Expenditure Statement:		
(5)	1	(362)
3,811		3,452
(221)		(6)
685		693
<b>(2,407)</b>		<b>(3,385)</b>

## 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.

2019-20 £000		Note	2020-21 £000
<b>(28,388)</b>	<b>Balance on the HRA at the end of the previous year</b>		<b>(27,405)</b>
(2,407)	Surplus for the year on the HRA Income and Expenditure Statement		(3,385)
1,390	Adjustments between accounting basis and funding basis under Statute	1	2,792
<b>(1,017)</b>	<b>Net increase before transfers to or from reserves</b>		<b>(593)</b>
2,000	Transfer to earmarked reserves	10	(892)
<b>983</b>	<b>(Increase)/Decrease in year on the HRA</b>		<b>(1,485)</b>
<b>(27,405)</b>	<b>Balance on the HRA at the end of the current year</b>		<b>(28,890)</b>

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

2019-20 £000		2020-21 £000
	Analysis of adjustments between accounting basis and funding basis under Statute included within the Movement on the HRA Statement	
2,947	Transfers to the Capital Adjustment Account	4,065
5	Capital grants and contributions applied	362
(31)	Revenue expenditure funded from capital under statute	(200)
(1,552)	HRA share of contributions to the Pensions Reserve	(2,336)
21	Accumulated Absences	9
-	Capital expenditure funded by the HRA	892
<b>1,390</b>	<b>Total</b>	<b>2,792</b>

## 2. Housing Stock

2019-20 No.		2020-21 No.
7,092	Houses and Bungalows	7,073
1,346	Flats	1,350
4	Shared Ownership	3
<b>8,442</b>	<b>Total</b>	<b>8,426</b>

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

2019-20 No.		2020-21 No.
<b>8,512</b>	<b>Stock at 1 April</b>	<b>8,442</b>
-	Additions	15
(4)	Appropriations	7
(2)	Demolitions	-
-	Re-categorisation	1
(64)	Sales	(39)
<b>8,442</b>	<b>Stock at 31 March</b>	<b>8,426</b>

### 3. Housing Revenue Account Assets

	Council Dwellings £000	Other Land and Buildings £000	Vehicles, Plant and Equipment £000	Surplus Assets £000	Investment Properties £000	Intangible Assets £000	Assets under construction £000	Total £000
<b>Gross book value at 1 April 2020</b>	<b>335,529</b>	<b>1,685</b>	<b>75</b>	<b>252</b>	<b>302</b>	<b>356</b>	<b>300</b>	<b>338,499</b>
Re-categorisation	265	-	-	-	-	-	(265)	-
Additions	6,320	-	-	50	-	-	380	<b>6,750</b>
Disposals	(1,680)	-	-	-	-	-	-	<b>(1,680)</b>
Revaluations	(5,361)	-	-	(85)	10	-	-	<b>(5,436)</b>
<b>Gross book value at 31 March 2021</b>	<b>335,073</b>	<b>1,685</b>	<b>75</b>	<b>217</b>	<b>312</b>	<b>356</b>	<b>415</b>	<b>338,133</b>
Depreciation at 1 April 2020	-	111	45	-	-	119	-	<b>275</b>
Depreciation & Amortisation - charged in year	9,501	38	15	-	-	59	-	<b>9,613</b>
Revaluations	(9,501)	-	-	-	-	-	-	<b>(9,501)</b>
Depreciation at 31 March 2021	-	149	60	-	-	178	-	<b>387</b>
<b>Net book value at 31 March 2021</b>	<b>335,073</b>	<b>1,536</b>	<b>15</b>	<b>217</b>	<b>312</b>	<b>178</b>	<b>415</b>	<b>337,746</b>
<b>Net book value at 1 April 2020</b>	<b>335,529</b>	<b>1,574</b>	<b>30</b>	<b>252</b>	<b>302</b>	<b>237</b>	<b>300</b>	<b>338,224</b>

The value of Council dwellings at 31 March 2021 of £335.07 million shown in the Balance Sheet is valued on the basis of existing use social housing 44%. The vacant possession value would be £761.68 million. This shows that the economic cost to Government of providing council housing at less than open market value is £426.61 million.

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 £0.48 million. Surplus Assets consist of land valued at £0.22 million, and investment properties include £0.01 million worth of land.

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

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

#### 4. Major Repairs Reserve

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

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

2019-20		2020-21
£000		£000
	Income:	
(9,584)	Depreciation on Non-Current Assets	(9,613)
<b>(9,584)</b>	<b>Total Income</b>	<b>(9,613)</b>
	Expenditure:	
	Capital expenditure funded from the Reserve	
8,598	Houses	5,310
<b>8,598</b>	<b>Total Expenditure</b>	<b>5,310</b>
<b>(986)</b>	<b>Increase in year on the MRR</b>	<b>(4,303)</b>
(3,318)	Balance brought forward at 1 April	(4,304)
<b>(4,304)</b>	<b>Balance carried forward at 31 March</b>	<b>(8,607)</b>

#### 5. HRA Capital Expenditure and Financing

2019-20		2020-21
£000		£000
	Expenditure:	
8,756	Houses	6,699
31	Vehicle, Plant and Equipment	(2)
<b>8,787</b>	<b>Total Expenditure</b>	<b>6,697</b>
	Financing:	
5	Government Grants	362
184	Capital Receipts	133
0	Revenue Contribution to Capital	892
8,598	Major Repairs Reserve	5,310
<b>8,787</b>	<b>Total Financing</b>	<b>6,697</b>



## 6. Capital Receipts

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

	Gross Receipt £000	Usable Element £000	Reserved Element £000
Houses	1,812	897	915

## 7. Accounting for Pensions

The net impact on the HRA as a result of IAS 19 was a debit of £2.34 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 2020-21, tenant rent arrears were as follows:

As at 31 March 2020			As at 31 March 2021	
£000	%		£000	%
Rents:				
841	2.93	Current tenants	969	3.22
1,345	4.69	Former tenants	1,264	4.33
<b>2,186</b>	<b>7.62</b>	<b>Balance at 31 March</b>	<b>2,233</b>	<b>7.55</b>

## 9. Provision for Impairment of Debt

The provision for bad debt required at 31 March 2021 is £2.40 million compared with £2.57 million at 31 March 2020, a decrease of £0.17 million.

Bad Debts of £0.43 million were written off during the year and a contribution of £0.26 million was made to the provision.

The provision for bad debts at 31 March 2021 is:

2019-20		2020-21
£000		£000
<b>2,587</b>	<b>Balance at 1 April</b>	<b>2,575</b>
(506)	Bad Debts written off during year	(434)
494	Increase in provision	262
<b>2,575</b>	<b>Balance at 31 March</b>	<b>2,403</b>

## 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 £0.89 million was utilised to fund capital expenditure in line with the plan.

The movement in Earmarked Reserve is shown below:

2019-20 £000	2020-21 £000
<b>(2,000) Balance at 1 April</b>	<b>(4,000)</b>
(2,000) Transferred (to)/from Earmarked Reserve	892
<b>(4,000) Balance at 31 March</b>	<b>(3,108)</b>

# 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.

2019-20		Note	Council Tax	NNDR	2020-21
Total			£000	£000	Total
£000					£000
	Income:				
(204,365)	Council Tax	1	(212,795)	-	(212,795)
(84,916)	Business Rates	2	-	(45,415)	(45,415)
(1,723)	Transitional Protection Payments		-	(559)	(559)
<b>(291,004)</b>	<b>Total Income</b>		<b>(212,795)</b>	<b>(45,974)</b>	<b>(258,769)</b>
	Expenditure:				
	Apportionment of previous year's surplus/(deficit):				
912	Northumberland County Council		3,351	570	3,921
153	Police and Crime Commissioner for Northumbria		265	-	265
(1,346)	Central Government - Share		-	(340)	(340)
	Precepts, demands and shares:				
235,560	Northumberland County Council	2	188,195	40,509	228,704
8,948	Parish and Town Councils		9,340	-	9,340
14,080	Police and Crime Commissioner for Northumbria		14,641	-	14,641
19,273	Central Government - Share	2	-	40,509	40,509
	Charges to Collection Fund:				
477	Costs of collection		-	479	479
1,841	Provision for bad debts		1,451	1,624	3,075
3,294	Provision for appeals		-	1,491	1,491
3,565	Disregarded amounts		-	5,001	5,001
<b>286,757</b>	<b>Total Expenditure</b>		<b>217,243</b>	<b>89,843</b>	<b>307,086</b>
<b>(4,247)</b>	<b>(Surplus)/Deficit for year</b>		<b>4,448</b>	<b>43,869</b>	<b>48,317</b>
1,865	Opening fund balance		(2,850)	466	(2,384)
<b>(2,382)</b>	<b>Closing fund balance</b>		<b>1,598</b>	<b>44,335</b>	<b>45,933</b>
	Allocated to:				
(2,686)	Northumberland County Council		1,489	22,342	23,831
(210)	Police and Crime Commissioner for Northumbria		109	-	109
514	Central Government		-	21,993	21,993
<b>(2,382)</b>			<b>1,598</b>	<b>44,335</b>	<b>45,933</b>

## 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 2020.

The net Council Tax liability in 2020-21 was £212.79 million (£204.37 million in 2019-20).

Properties No.	2019-20			Proportion	2020-21		
	Band D equivalent Properties No.	Council Tax Charge £	Council Tax Band		Properties No.	Band D equivalent Properties No.	Council Tax Charge £
-	67.46	1,016.68	A (Disabled)	5/9	-	67.51	1,054.42
70,549	30,562.21	1,220.01	A	6/9	70,590	30,962.07	1,265.30
24,338	15,646.51	1,423.36	B	7/9	24,766	16,000.87	1,476.20
19,897	15,415.27	1,626.69	C	8/9	20,260	15,745.88	1,687.07
16,404	15,051.30	1,830.03	D	9/9	16,814	15,435.32	1,897.96
10,755	12,152.73	2,236.70	E	11/9	10,983	12,426.80	2,319.72
6,681	9,061.42	2,643.38	F	13/9	6,808	9,242.16	2,741.50
4,153	6,515.47	3,050.04	G	15/9	4,223	6,632.10	3,163.26
529	902.60	3,660.06	H	18/9	545	937.96	3,795.92
<b>153,306</b>	<b>105,374.97</b>		<b>Total</b>		<b>154,989</b>	<b>107,450.67</b>	
	172.10		Band D equivalent adjustments			166.55	
	<b>105,547.07</b>		<b>Gross Tax Base</b>			<b>107,617.22</b>	
	(730.36)		Adjustment for non collection			(748.30)	
	<b>104,816.71</b>		<b>Net Tax Base</b>			<b>106,868.92</b>	

## 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:

2019-20		2020-21
p/£		p/£
50.4	Standard Multiplier	51.2
49.1	Small Business Multiplier	49.9

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

2019-202		2020-21
£000		£000
230,277	Rateable Value at 31 March	233,514

In the past the Council has retained 50% of the rates income collected and the remaining 50% was paid to Government. For 2019-20 the Council was part of the North of Tyne Pool Pilot scheme with North Tyneside Council and Newcastle City Council meaning that the Council retained 75% of the rates income with the remaining 25% being paid to Government. The 75% pilot scheme was for 2019-20 only so the Council's share reverted to 50% for 2020-21. The relevant shares payable for 2020-21 were estimated before the start of the financial year in line with regulations. Those estimates are shown in the following table:

2019-202		2020-21
£000		£000
57,820	Northumberland County Council	40,509
19,273	Central Government	40,509

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 2020-21 of £27.54 million. A further safety net system acts to ensure that any local authority is protected from a net localised business rate yield of less than 92.5% of its assessed baseline funding.

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

The Advance Group is classified as a wholly owned subsidiary of the Council and has been consolidated within the group position on a line-by-line basis, with all intra-group transactions and balances removed.

On 17 September 2020 Northumberland Enterprise Holdings Limited was incorporated at Companies House, it was dormant throughout 2020-21. Northumberland Enterprise Holdings Limited is classified as a wholly owned subsidiary of the Council.

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

### **Bodies Not Consolidated within the Group Accounts**

An assessment of the Council's relationship with Active Northumberland in 2020-21 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.



## Group Comprehensive Income and Expenditure Statement

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

As Restated 2019-20				2020-21			
Gross Expenditure £000	Gross Income £000	Net Expenditure £000		Note	Gross Expenditure £000	Gross Income £000	Net Expenditure £000
211,971	(114,098)	97,873	Adult Services		243,589	(148,408)	95,181
2,071	(554)	1,517	Chief Executive		4,741	(4,453)	288
252,635	(181,294)	71,341	Children's Services		247,723	(176,703)	71,020
130,215	(78,060)	52,155	Finance		145,296	(84,157)	61,139
32,389	(5,965)	26,424	Human Resources & Organisational Development		31,526	(2,296)	29,230
27,313	(34,010)	(6,697)	Local Authority Housing (HRA)		29,643	(36,822)	(7,179)
88,450	(22,434)	66,016	Local Services		97,820	(21,397)	76,423
33,839	(21,552)	12,287	Regeneration, Commercial and Economy		29,878	(17,020)	12,858
6,645	(651)	5,994	Corporate Expenditure & Income		3,228	(3,146)	82
25,366	(34,817)	(9,451)	Subsidiary Companies		21,612	(35,399)	(13,787)
<b>810,894</b>	<b>(493,435)</b>	<b>317,459</b>	<b>Cost Of Services</b>		<b>855,056</b>	<b>(529,801)</b>	<b>325,255</b>
		42,773	Other Operating Income and Expenditure				105,587
		71,583	Financing and Investment Income and Expenditure				63,516
		(378,455)	Taxation and Non-Specific Grant Incomes				(434,063)
		<b>53,360</b>	<b>Group Deficit on Provision of Services</b>				<b>60,295</b>
		(31,214)	Surplus on Revaluation of Non-Current Assets				(2,392)
		4,490	(Surplus)/Deficit from investments in equity instruments designated at fair value through other comprehensive income				(692)
		68,820	Actuarial Losses on post employment benefits				111,758
		<b>42,096</b>	<b>Other Comprehensive Income and Expenditure</b>				<b>108,674</b>
		<b>95,456</b>	<b>Total Comprehensive Income and Expenditure</b>				<b>168,969</b>

The 2019-20 comparative Cost of Services figures have been restated to reflect the current service structure. There is no net impact on the Cost of Services or the (Surplus) or Deficit on Provision of Services.

## Group Movement in Reserves Statement

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

	General Fund Balance	Earmarked General Fund Reserves	Housing Revenue Account	Earmarked HRA Reserve	Capital Receipts Reserve	Capital Grants Unapplied	Major Repairs Reserve	Total Council Usable Reserves	Total Council Unusable Reserves	Council's share of Group Reserves	Total Group Reserves
2019-20	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
<b>Balance brought forward 1 April 2019</b>	<b>(56,431)</b>	<b>(120,148)</b>	<b>(28,388)</b>	<b>(2,000)</b>	<b>(1,606)</b>	<b>(27,874)</b>	<b>(3,318)</b>	<b>(239,765)</b>	<b>(129,608)</b>	<b>(47,782)</b>	<b>(417,155)</b>
Movement in Reserves during 2019-20:											
(Surplus)/Deficit on the provision of services	38,237	-	(2,407)	-	-	-	-	35,830	-	17,530	53,360
Other Comprehensive Income and Exp'd	-	-	-	-	-	-	-	-	40,154	1,942	42,096
<b>Total Comprehensive Income and Exp'd</b>	<b>38,237</b>	<b>-</b>	<b>(2,407)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>35,830</b>	<b>40,154</b>	<b>19,472</b>	<b>95,456</b>
Adjustments between accounting basis & funding basis under regulations	(42,415)	-	1,390	-	(1,496)	(4,490)	(986)	(47,997)	47,997	-	-
<b>Net (Increase)/Decrease before Transfers to Earmarked Reserves</b>	<b>(4,178)</b>	<b>-</b>	<b>(1,017)</b>	<b>-</b>	<b>(1,496)</b>	<b>(4,490)</b>	<b>(986)</b>	<b>(12,167)</b>	<b>88,151</b>	<b>19,472</b>	<b>95,456</b>
Transfers to/(from) Earmarked Reserves	2,685	(2,685)	2,000	(2,000)	-	-	-	-	-	-	-
<b>(Increase)/Decrease in 2019-20</b>	<b>(1,493)</b>	<b>(2,685)</b>	<b>983</b>	<b>(2,000)</b>	<b>(1,496)</b>	<b>(4,490)</b>	<b>(986)</b>	<b>(12,167)</b>	<b>88,151</b>	<b>19,472</b>	<b>95,456</b>
<b>Balance at 31 March 2020 carried forward</b>	<b>(57,924)</b>	<b>(122,833)</b>	<b>(27,405)</b>	<b>(4,000)</b>	<b>(3,102)</b>	<b>(32,364)</b>	<b>(4,304)</b>	<b>(251,932)</b>	<b>(41,457)</b>	<b>(28,310)</b>	<b>(321,699)</b>

	General Fund Balance	Earmarked General Fund Reserves	Housing Revenue Account	Earmarked HRA Reserve	Capital Receipts Reserve	Capital Grants Unapplied	Major Repairs Reserve	Total Council Usable Reserves	Total Council Unusable Reserves	Council's share of Group Reserves	Total Group Reserves
2020-21	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
<b>Balance brought forward 1 April 2020</b>	<b>(57,924)</b>	<b>(122,833)</b>	<b>(27,405)</b>	<b>(4,000)</b>	<b>(3,102)</b>	<b>(32,364)</b>	<b>(4,304)</b>	<b>(251,932)</b>	<b>(41,457)</b>	<b>(28,310)</b>	<b>(321,699)</b>
Movement in Reserves during 2020-21:											
(Surplus)/Deficit on the provision of services	49,510	-	(3,385)	-	-	-	-	46,125	-	14,170	60,295
Other Comprehensive Income and Exp'd	-	-	-	-	-	-	-	-	114,006	(5,332)	108,674
<b>Total Comprehensive Income and Exp'd</b>	<b>49,510</b>	<b>-</b>	<b>(3,385)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>46,125</b>	<b>114,006</b>	<b>8,838</b>	<b>168,969</b>
Adjustments between accounting basis & funding basis under regulations	(114,650)	-	2,792	-	(923)	(11,467)	(4,303)	(128,551)	128,551	-	-
<b>Net (Increase)/Decrease before Transfers to Earmarked Reserves</b>	<b>(65,140)</b>	<b>-</b>	<b>(593)</b>	<b>-</b>	<b>(923)</b>	<b>(11,467)</b>	<b>(4,303)</b>	<b>(82,426)</b>	<b>242,557</b>	<b>8,838</b>	<b>168,969</b>
Transfers to/(from) Earmarked Reserves	51,597	(51,597)	(892)	892	-	-	-	-	-	-	-
<b>(Increase)/Decrease in 2020-21</b>	<b>(13,543)</b>	<b>(51,597)</b>	<b>(1,485)</b>	<b>892</b>	<b>(923)</b>	<b>(11,467)</b>	<b>(4,303)</b>	<b>(82,426)</b>	<b>242,557</b>	<b>8,838</b>	<b>168,969</b>
<b>Balance at 31 March 2021 carried forward</b>	<b>(71,467)</b>	<b>(174,430)</b>	<b>(28,890)</b>	<b>(3,108)</b>	<b>(4,025)</b>	<b>(43,831)</b>	<b>(8,607)</b>	<b>(334,358)</b>	<b>201,100</b>	<b>(19,472)</b>	<b>(152,730)</b>

## 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 2020 £000	Note	31 March 2021 £000	31 March 2020 £000	Note	31 March 2021 £000
1,439,073	Property, Plant & Equipment	1,418,848	(27,772)	Bank Overdraft	(13,729)
7,773	Heritage Assets	7,951	(101,000)	Short Term Borrowing	(61,418)
260,903	Investment Property	238,012	(85,039)	Short Term Creditors	(117,078)
1,150	Long Term Intangible Assets	1,735	(11,994)	Short Term Provisions	(8,315)
-	Assets Held for Sale - non current	497	(9,268)	Revenue Grants Receipts in Advance	(884)
43,172	Long Term Investments	40,791	<b>(235,073)</b>	<b>Current Liabilities</b>	<b>(201,424)</b>
126,857	Long Term Debtors	128,016	(79,926)	Long Term Creditors - PFI	(77,653)
<b>1,878,928</b>	<b>Long Term Assets</b>	<b>1,835,850</b>	(731,189)	Long Term Borrowing	(757,331)
72,339	Short Term Investments	99,382	(804,210)	Other Long Term Liabilities	4 (952,129)
2,214	Assets Held for Sale - current	1,587	(78)	Long Term Provisions	(78)
1,827	Inventories	1,260	(4,245)	Capital Grants Receipts in Advance	(21,250)
34,724	Work in Progress	35,921	<b>(1,619,648)</b>	<b>Long Term Liabilities</b>	<b>(1,808,441)</b>
90,324	Short Term Debtors	99,896	<b>321,699</b>	<b>Net Assets</b>	<b>152,730</b>
96,064	Cash and Cash Equivalents	88,699	213,844	Usable Reserves	291,858
<b>297,492</b>	<b>Current Assets</b>	<b>326,745</b>	107,855	Unusable Reserves	4 (139,128)
			<b>321,699</b>	<b>Total Reserves</b>	<b>152,730</b>

## 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.

2019-20 £000	Note	2020-21 £000
(53,360)	Net surplus on the provision of services	(60,295)
147,370	Adjustments to net deficit on the provision of services for non-cash movements	229,968
(74,831)	Adjustments for items included in the net deficit on the provision of services that are investing and financing activities	(98,041)
<b>19,179</b>	<b>Net cash flows from Operating Activities</b>	<b>71,632</b>
(108,586)	Investing Activities	(30,156)
91,452	Financing Activities	(34,798)
<b>2,045</b>	<b>Net increase in cash and cash equivalents</b>	<b>6,678</b>
66,247	Cash and cash equivalents at the beginning of the reporting period	68,292
<b>68,292</b>	<b>Cash and cash equivalents at the end of the reporting period</b>	<b>74,970</b>

### Accounting Policies

The financial results of the Council and its subsidiary at 31 March 2021 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 Group.

### Depreciation

Depreciation is charged on the following basis:

Asset	Depreciation Period
Land and Buildings	Reducing balance basis over lease period (30/50 years)
Plant and Machinery	10%-33% per annum reducing balance - 33% per annum straight-line
Photovoltaics	5% per annum straight line
Motor vehicles	25% per annum reducing balance
No depreciation is provided in first year of acquisitions	

In accordance with FRS 102, investment properties are included in the Balance Sheet at their open market value and the aggregate surplus or deficit is transferred to the Comprehensive Income and Expenditure Statement. It is the policy of the company for a qualified independent valuer to perform the valuation annually. No depreciation is provided in respect of investment properties.

### Deferred Taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the Balance Sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the Balance Sheet date. Timing differences are differences between the company's taxable profits and its results as stated in the financial statements.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantially enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis.

### 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 Group when there is reasonable assurance that:

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

Amounts recognised as due 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 creditors. 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.

### Critical Judgments in Applying Accounting Policies

The Council's wholly owned Subsidiary: Advance Northumberland Ltd, owns assets which are classified as investment property, in line with the Code of Practice on Local Authority Accounting in the United Kingdom 2020-21. 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 2020-21	Council Dwellings £000	Other Land and Buildings £000	Vehicles, Plant, Furniture & Equipment £000	Infrastructure Assets £000	Community Assets £000	Surplus Assets £000	Assets Under Construction £000	Total Property, Plant and Equipment £000	PFI Assets Included in Property, Plant and Equipment £000
Cost or Valuation:									
<b>At 1 April 2020</b>	<b>335,529</b>	<b>502,234</b>	<b>127,243</b>	<b>607,242</b>	<b>10,219</b>	<b>21,424</b>	<b>80,030</b>	<b>1,683,921</b>	<b>95,497</b>
Additions	6,320	19,063	8,159	21,524	34	216	71,066	126,382	1,579
Reclassifications	265	37,316	(179)	2,037	798	(344)	(40,866)	(973)	-
Revaluation Increases/(Decreases) recognised in the Revaluation Reserve	-	(2,630)	(1,927)	-	-	(3,793)	-	(8,350)	106
Revaluation Increases/(Decreases) recognised in the Deficit on the Provision of Services	(5,361)	(5,958)	(539)	-	-	(1,420)	-	(13,278)	-
De-recognition - Disposals	(1,680)	(41,446)	(14,629)	-	-	(439)	(646)	(58,840)	-
De-recognition - Other	-	(1,834)	-	(109,888)	-	-	-	(111,722)	(4,099)
Assets reclassified (to)/from Held for Sale	-	225	-	-	-	(205)	-	20	-
Other movements in cost/valuation	-	-	-	-	-	-	(673)	(673)	-
<b>At 31 March 2021</b>	<b>335,073</b>	<b>506,970</b>	<b>118,128</b>	<b>520,915</b>	<b>11,051</b>	<b>15,439</b>	<b>108,911</b>	<b>1,616,487</b>	<b>93,083</b>
Accumulated Depreciation and Impairment:									
<b>At 1 April 2020</b>	<b>-</b>	<b>29,757</b>	<b>45,449</b>	<b>167,715</b>	<b>1,927</b>	<b>-</b>	<b>-</b>	<b>244,848</b>	<b>9,965</b>
Depreciation/Impairment charge	9,501	16,046	10,056	14,922	134	-	-	50,659	4,329
Reclassifications	-	(111)	(77)	-	-	111	-	(77)	-
Depreciation written out to the Revaluation Reserve	-	(3,680)	(1,525)	-	-	(28)	-	(5,233)	(3,419)
Depreciation written out to the Deficit on the Provision of Services	(9,501)	(3,108)	(159)	-	-	(83)	-	(12,851)	-
De-recognition - Disposals	-	(2,003)	(12,613)	-	-	-	-	(14,616)	-
De-recognition - Other	-	(224)	-	(64,867)	-	-	-	(65,091)	(2,836)
<b>At 31 March 2021</b>	<b>-</b>	<b>36,677</b>	<b>41,131</b>	<b>117,770</b>	<b>2,061</b>	<b>-</b>	<b>-</b>	<b>197,639</b>	<b>8,039</b>
Net Book Value:									
<b>At 31 March 2021</b>	<b>335,073</b>	<b>470,293</b>	<b>76,997</b>	<b>403,145</b>	<b>8,990</b>	<b>15,439</b>	<b>108,911</b>	<b>1,418,848</b>	<b>85,044</b>
At 31 March 2020	335,529	472,477	81,794	439,527	8,292	21,424	80,030	1,439,073	85,532

Movements in 2019-20	Council Dwellings £000	Other Land and Buildings £000	Vehicles, Plant, Furniture & Equipment £000	Infrastructure Assets £000	Community Assets £000	Surplus Assets £000	Assets Under Construction £000	Total Property, Plant and Equipment £000	PFI Assets Included in Property, Plant and Equipment £000
Cost or Valuation:									
<b>At 1 April 2019</b>	<b>334,512</b>	<b>481,611</b>	<b>157,950</b>	<b>589,485</b>	<b>10,074</b>	<b>17,881</b>	<b>41,157</b>	<b>1,632,670</b>	<b>118,094</b>
Additions	8,496	17,552	8,039	27,676	55	339	61,292	123,449	865
Reclassifications	1,757	21,135	(12,426)	10,233	94	726	(21,976)	(457)	-
Revaluation Increases/(Decreases) recognised in the Revaluation Reserve	-	22,844	(18,832)	-	-	(10,943)	-	(6,931)	(20,523)
Revaluation Increases/(Decreases) recognised in the Deficit on the Provision of Services	(6,526)	(10,611)	-	-	-	9,781	-	(7,356)	-
De-recognition - Disposals	(2,710)	(26,441)	(4,549)	-	(4)	(961)	(443)	(35,108)	-
De-recognition - Other	-	(4,617)	(2,939)	(20,152)	-	(13)	-	(27,721)	(2,939)
Assets reclassified (to)/from Held for Sale	-	761	-	-	-	4,614	-	5,375	-
<b>At 31 March 2020</b>	<b>335,529</b>	<b>502,234</b>	<b>127,243</b>	<b>607,242</b>	<b>10,219</b>	<b>21,424</b>	<b>80,030</b>	<b>1,683,921</b>	<b>95,497</b>
Accumulated Depreciation and Impairment:									
<b>At 1 April 2019</b>	<b>-</b>	<b>35,952</b>	<b>66,630</b>	<b>157,738</b>	<b>1,798</b>	<b>-</b>	<b>-</b>	<b>262,118</b>	<b>33,108</b>
Depreciation/Impairment charge	9,472	14,979	10,720	17,750	129	-	-	53,050	4,716
Reclassifications	-	5,378	(5,576)	-	-	198	-	-	-
Depreciation written out to the Revaluation Reserve	-	(19,249)	(20,781)	-	-	(57)	-	(40,087)	(26,357)
Depreciation written out to the Deficit on the Provision of Services	(9,472)	(4,203)	-	-	-	(141)	-	(13,816)	-
De-recognition - Disposals	-	(2,637)	(4,042)	-	-	-	-	(6,679)	(1,502)
De-recognition - Other	-	(463)	(1,502)	(7,773)	-	-	-	(9,738)	-
<b>At 31 March 2020</b>	<b>-</b>	<b>29,757</b>	<b>45,449</b>	<b>167,715</b>	<b>1,927</b>	<b>-</b>	<b>-</b>	<b>244,848</b>	<b>9,965</b>
Net Book Value:									
<b>At 31 March 2020</b>	<b>335,529</b>	<b>472,477</b>	<b>81,794</b>	<b>439,527</b>	<b>8,292</b>	<b>21,424</b>	<b>80,030</b>	<b>1,439,073</b>	<b>85,532</b>
At 31 March 2019	334,512	445,659	91,320	431,747	8,276	17,881	41,157	1,370,552	84,986



## 2. Investment Property

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

2019-20 £000		2020-21 £000
295,448	Balance at 1 April	260,903
2,332	Additions	96
458	Reclassifications	(3,998)
378	Assets Reclassified (to)/from Held for Sale	-
(3,678)	Disposals	(1,401)
(34,035)	Net losses from fair value adjustments	(17,588)
<b>260,903</b>	<b>Balance at 31 March</b>	<b>238,012</b>

### Fair Value Hierarchy

All of the Council's investment property portfolio has been assessed as Level 2 for valuation purposes. Within the Advance Group investment properties, £232.00 million have been valued at level 2 and the remainder of those properties subject to a revaluation during 2020-21 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 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 2021 in accordance with the methodologies and bases for estimation set out in the professional standards of the Royal Institution for Chartered Surveyors.

The Advance Group's valuing agents for financial year 2020-21 were Knight Frank LLP for commercial properties and Aspin and Company Limited for the residential properties.

### 3. 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 Group about the future or that are otherwise uncertain. Estimates are made taking into account historical experiences, 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.

Item	Uncertainties	Effect if Actual Results Differ from Assumptions
Property, Plant and Equipment and Investment Properties	The balance of Property, Plant and Equipment and Investment Properties held by the Group at 31 March 2021 was £1,656.86 million. The Group's valuers estimate these values. Due to the outbreak of the Novel Coronavirus (Covid-19), it is considered that less weight can be attached to previous market evidence for comparison purposes to inform opinions of value. The valuations with a valuation date of 1 April 2020 are therefore reported on the basis of 'material valuation uncertainty' as per VPS 3 and VPGA 10 of the RICS Red Book Global, however, the assets valued as at 31 December 2020 are not affected by the material uncertainty clause. Consequently, less certainty, and a higher degree of caution, should be attached to the valuations than would normally be the case.	If markets respond differently to the assumptions made the carrying amount of the asset will change.

### 4. Group Unusable Reserves

Unusable reserves reflect the Group balances:

2019-20 £000		2020-21 £000
(4,855)	Accumulated Absences Adjustment Account	(3,894)
676,750	Capital Adjustment Account	609,397
3,174	Collection Fund Adjustment Account	(21,907)
(8,426)	Financial Instruments Adjustment Account	(8,728)
8,741	Financial Instruments Revaluation Reserve	9,433
(804,210)	Pensions Reserve	(952,129)
236,681	Revaluation Reserve	228,700
<b>107,855</b>	<b>Total</b>	<b>(139,128)</b>

### 5. Revaluation Reserve

The balance on this reserve represents the accumulated gains on the re-valued non-current assets held by the Group 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 Group 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:

2019-20 £000		2020-21 £000
148,561	Balance at 1 April	175,064
63,560	Amounts held in Subsidiaries	61,617
<b>212,121</b>	<b>Balance at 1 April</b>	<b>236,681</b>
54,999	Upward revaluation of assets	18,890
(23,785)	Downward revaluation of assets and impairment losses not charged to the Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement	(16,498)
(3,803)	Difference between fair value depreciation and historical cost depreciation	(4,474)
(2,622)	Accumulated gains on assets sold or scrapped	(5,823)
(229)	Amount written off to the Capital Adjustment Account	(76)
<b>236,681</b>	<b>Balance at 31 March</b>	<b>228,700</b>

## 6. 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 five year programme for the revaluation of Non-Current assets. The valuations for the Council were carried out by; Cushman and Wakefield Debenham Tie Leung Limited for HRA assets and BNP Parabis Real Estate UK for non HRA assets. The Advance Group's valuations were carried out by Knight Frank LLP for the commercial properties, and Aspin and Company Limited for the residential properties.

	Council Dwellings £000	Other Land and Buildings £000	Vehicles, plant, furniture and equipment £000	Infrastructure Assets £000	Community Assets* £000	Surplus Assets £000	Assets under construction £000	Group Total £000
Valued at Historical Cost	-	18,991	48,597	403,145	8,990	-	108,911	<b>588,634</b>
Valued at Current Value in:								
Material Change Adjustment 2020-21	-	15,231	-	-	-	-	-	15,231
2020-21	335,073	108,080	28,400	-	-	15,439	-	486,992
2019-20	-	155,324	-	-	-	-	-	155,324
2018-19	-	37,462	-	-	-	-	-	37,462
2017-18	-	44,629	-	-	-	-	-	44,629
2016-17	-	90,576	-	-	-	-	-	90,576
<b>Total</b>	<b>335,073</b>	<b>470,293</b>	<b>76,997</b>	<b>403,145</b>	<b>8,990</b>	<b>15,439</b>	<b>108,911</b>	<b>1,418,848</b>

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

## 7. 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.

## 8. 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 2020-21 £0.55 million was paid to Advance Northumberland Limited from Advance Northumberland (Housing) Limited.

## 9. Group Financing and Investment Income and Expenditure

2019-20 £000		2020-21 £000
31,314	Interest payable and similar charges	36,353
16,600	Pensions interest cost and expected return on pensions assets	17,627
(10,360)	Interest receivable and similar income	(8,051)
34,029	Income and expenditure in relation to investment properties and changes in fair value	17,587
<b>71,583</b>	<b>Total Financing and Investment Income and Expenditure</b>	<b>63,516</b>

## 10. Group Work in Progress

The following statement shows the value of developments for sale outside of the Advance Group. The correction to the opening balance in 2019-20 is required to reflect an impairment adjustment within the Advance Group in 2018-19. The adjustment was actioned after the date of consolidation of the Advance Group figures into the Council's 2018-19 Statement of Accounts, and therefore the opening balance in 2019-20 required adjustment.

2019-20 £000		2020-21 £000
<b>30,834</b>	<b>Balance at 1 April</b>	<b>34,724</b>
(843)	Correction of opening Balance	-
22,388	Additions	17,728
(17,655)	Disposals	(16,531)
<b>34,724</b>	<b>Balance at 31 March</b>	<b>35,921</b>

## 11. Significant Commitments under Capital Contracts

The following significant capital contracts have been entered into by the Group at 31 March 2021;

	Total Cost £000	Future Payments £000
Berwick Leisure Centre	23,147	9,041
County Hall Refurbishment	13,990	6,078
Hexham New Build Schools	40,810	14,334
Provision of Leisure Facilities withing Morpeth	21,000	19,367
Ponteland Secondary School, Leisure Centre and Fire Station	50,614	1,423
Northumberland Energy Park Ph1	24,394	4,084

# Firefighters' Pension Fund

## Firefighters' Pension Fund

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

2019-20	Fund Account	2020-21
£000		£000
	Contributions:	
1,787	From employer - normal	1,794
-	From employer - ill health	7
794	From members	792
<b>2,581</b>		<b>2,593</b>
	Transfers in:	
6	Individual transfers from other schemes	123
<b>2,587</b>		<b>2,716</b>
	Benefits:	
(5,540)	Pensions	(5,700)
(1,472)	Commutations and lump sum retirement benefits	(1,375)
<b>(7,012)</b>		<b>(7,075)</b>
<b>4,425</b>	<b>Net amount payable before top-up grant</b>	<b>4,359</b>
(4,425)	Top-up grant payable by the Government	(4,359)
<b>-</b>	<b>Net Amount Payable for the year</b>	<b>-</b>

31 March 2020	Net Assets Statement	31 March 2021
£000		£000
	Current assets:	
1,173	Top-up grant receivable from the Government	-
-	Amount receivable from the General Fund	115
	Current liabilities:	
-	Top up grant owed to the Government	(115)
(1,173)	Amount payable to the General Fund	-
<b>-</b>		<b>-</b>

## 1. Basis of Preparation

The accounts have been prepared in accordance with the CIPFA Code of Practice on Local Authority Accounting in the United Kingdom.

The financial statements summarise the transactions of the Firefighters' Pension Schemes and the net assets. They do not take account of obligations to pay pensions and benefits which fall due after the Balance Sheet date.

Note 31 to the Council's Financial Statements shows the liability to pay pensions and benefits which fall due after the Balance Sheet date, in accordance with IAS 19 *Retirement benefits*.

## 2. Accounting Policies

The principal accounting policies are as follows:

### Contributions

Contributions represent the total amounts receivable from the Council and the pensionable employees. The employer's contributions are made at rates determined by the Government Actuary's Department, at a nationally applied rate of 37.3% (of pensionable pay) for the 1992 Firefighters' Pension Scheme, 27.4% for the 2006 Firefighters' Pension Scheme and 28.8% for the 2015 Firefighters' Pension Scheme. Also, the Council is required to make payments into the pension fund in respect of ill-health retirements, when they are granted.

No provision is made in the accounts for employees' and employer's contributions relating to sums due on pay awards not yet settled.

### Benefits and Refunds

Benefits and refunds are accounted for in the year in which they become due for payment.

No provision is made in the accounts for the liability to pay pensions and other benefits after the net assets statement date.

### Transfer Values

Transfer values are those sums paid to or received from other pension schemes and the Firefighters' Pension Scheme outside England for individuals and relate to periods of previous pensionable employment.

Transfer values received and transfer values paid are accounted for on a receipts and payments basis.

## 3. Fund's Operations

New financial arrangements came into effect from 1 April 2006 for both the 1992 and the 2006 Firefighters' Pension Schemes under the Firefighters' Pension Scheme (Amendment) (England) Order 2006. The financial arrangements have no impact on the terms and conditions of each scheme.

The Firefighters' schemes are statutory unfunded pension schemes, administered by the Council. The benefits for both schemes are defined and guaranteed in law. Benefits provided include a tax-free lump sum and a guaranteed pension based on final salary upon retirement.

Employee contributions, employer contributions and transfer values received are paid into the pension fund from which pension payments and other benefits are paid. The fund is topped up by government grant if the contributions are insufficient to meet the cost of pension payments. Any surplus in the fund is recouped by government. Therefore the fund is balanced to nil each year by receipt of pension top-up grant or by paying the surplus back to the government.

The Schemes are unfunded and therefore the fund has no investment assets.

## 4. Pension Administration

The pension administration for the Firefighters' Pension Scheme was transferred to a shared service with West Yorkshire Pension Fund on 1 March 2018

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# Glossary of Terms

## **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

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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

<http://www.northumberland.gov.uk/About/Finance/Statement-of-accounts.aspx#statementofaccounts>

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