RYEDALE DISTRICT COUNCIL

Statement of Accounts 2018/19

Ryedale District Council

Continuing to do what matters for Ryedale

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1. **Introduction**

The Narrative Report provides a concise explanation of the financial aspects of the Authority's activities and draws attention to the main characteristics of the Authority's financial position.

2. **Explanation of the Financial Statements**

The Council's accounts for the year ended 31 March 2019 are set out on pages 10 to 89. They have been compiled using the *Code of Practice on Local Authority Accounting in the UK 2018/19* (the Code). A summary of the statements in the accounts and an explanation of their purpose is highlighted below:

- the ***Statement of Responsibilities for the Accounts*** - sets out the respective responsibilities of the Authority and the Chief Financial Officer.

- the ***Movement in Reserves Statement*** – this statement shows the movement from the start of the year to the end on the different reserves held by the Authority analysed into 'usable reserves' (i.e. those that can be applied to fund expenditure or reduce local taxation) and other 'unusable reserves'. This statement shows how the movements in year of the Authority's reserves are broken down between gains and losses incurred in accordance with generally accepted accounting practices and the statutory adjustments required to return to the amounts chargeable to council tax for the year. The Increase/Decrease line shows the statutory General Fund Balance movements in the year following those adjustments.

- the ***Comprehensive Income and Expenditure Statement*** - this statement shows the accounting cost in the year of providing services in accordance with generally accepted accounting practices, rather than the amount to be funded from taxation. Authorities raise taxation to cover expenditure in accordance with statutory requirements; this may be different from the accounting cost. The taxation position is shown in both the Expenditure and Funding Analysis and the Movement in Reserves Statement. The Cost of Services on the face of the Comprehensive Income and Expenditure Statement is analysed on the basis of the organisational structure under which the Authority operates and manages its services.

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

- the ***Cash Flow Statement*** - which shows the changes in cash and cash equivalents of the Authority during the reporting period. The statement shows how the Authority generates and uses cash and cash equivalents by classifying cash flows as operating, investing and financing activities. The amount of net cash flows arising from operating activities is a key indicator of the extent to which the operations of the Authority are funded by way of taxation and grant income or from the recipients of services provided

by the Authority. Investing activities represent the extent to which cash outflows have been made for resources which are intended to contribute to the Authority's future service delivery. Cash flows arising from financing activities are useful in predicting claims on future cash flows by providers of capital (i.e. borrowing) to the Authority.

- the ***Expenditure & Funding Analysis*** - the objective of the Expenditure and Funding Analysis is to demonstrate to council taxpayers how the funding available to the Authority (i.e. government grants, rents, council tax and business rates) for the year has been used in providing services in comparison with those resources consumed or earned by authorities in accordance with generally accepted accounting practices. The Expenditure and Funding Analysis also shows how this expenditure is allocated for decision making purposes between the Council's services. Income and expenditure accounted for under generally accepted accounting practices is presented more fully in the Comprehensive Income and Expenditure Statement.

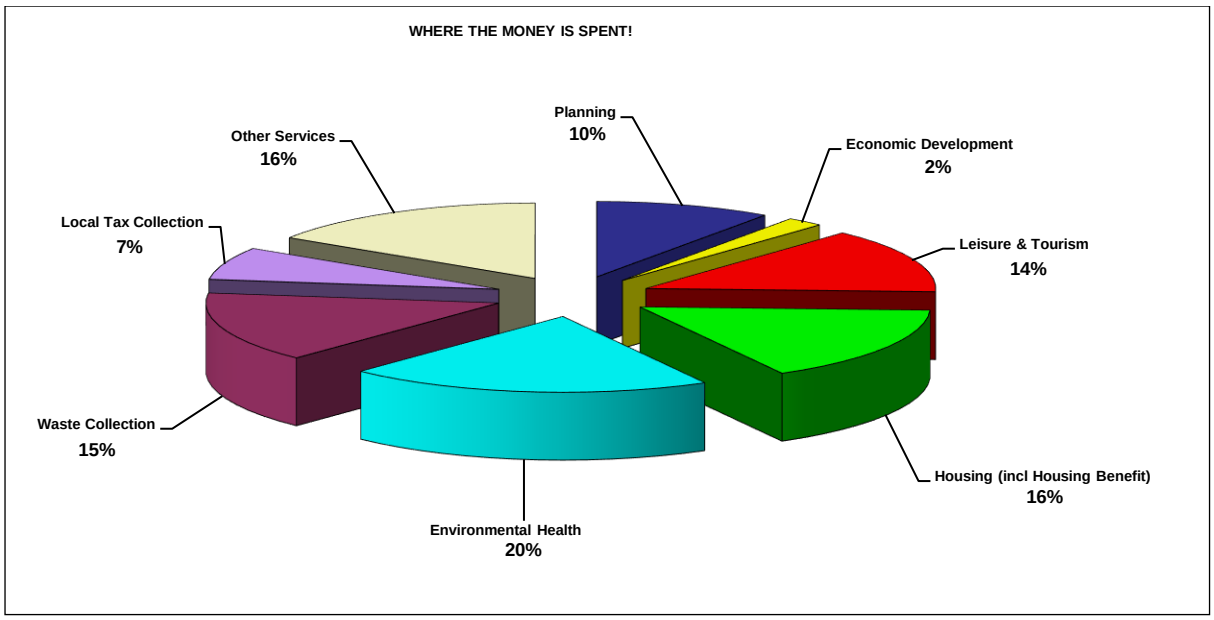
Supplementary Statements:

- the ***Collection Fund Statement*** – is an agent's statement that reflects the statutory obligation for billing authorities to maintain a separate Collection Fund. The statement shows the transactions of the billing authority in relation to the collection from taxpayers and distribution to local authorities and the Government of council tax and non-domestic rates.

- the ***Annual Governance Statement*** – which sets out the internal control framework operated by the Authority and explains how an effective system of internal financial control is maintained.

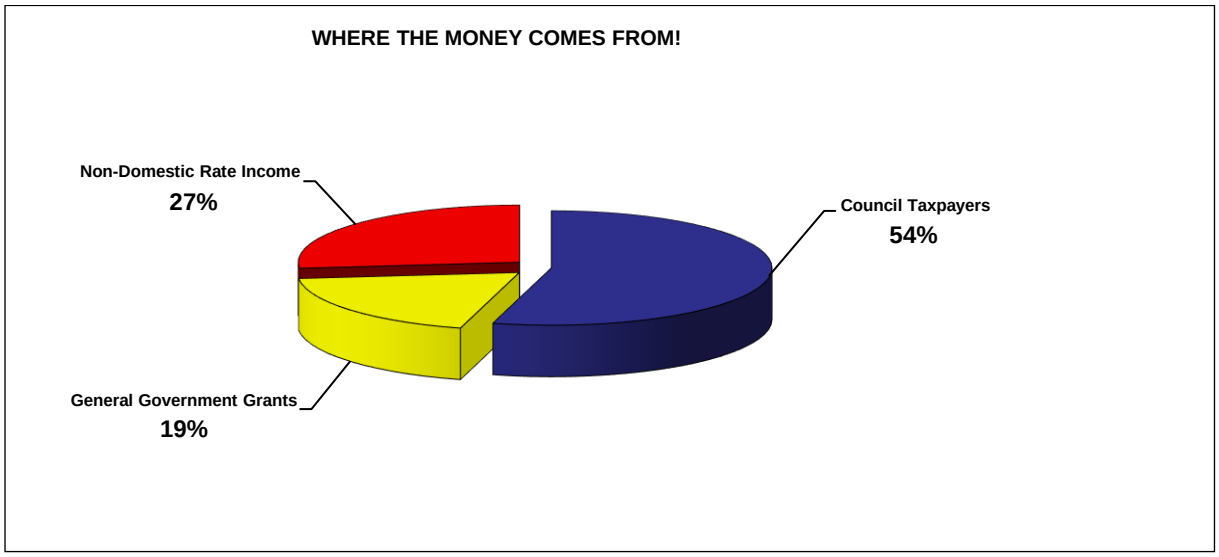
3. General Fund Revenue Expenditure in 2018/19

The net cost of the Authority's revenue activities was £6.742m, this being spent on services as summarised in the chart below:



A more detailed analysis of the Net Cost of Services is shown on pages 93 and 94 of this document.

After adjusting for the payment of parish precepts of £0.966m, the receipt of investment income (£0.197m) and the net debit from appropriations £1.897m the amount met from Taxation and Non-Specific Grant Income was £9.408m, which is funded as follows:



The above chart shows that, of the funding to meet the Authority's net revenue expenditure, around 54% (£5.104m) was provided by the Council Taxpayers, an additional 27% (£2.510m) from the Authority's share of Non-Domestic Rates from the Business Rates Retention Scheme, some 19% (£1.794m) from non-ringfenced general government grants such as the Revenue Support Grant.

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

The main components of the revenue budget for 2018/19 and how these compared with the actual expenditure are set out below:

	Original Budget £000	Actual £000	Difference £000
Net Cost of Services	**7,286**	**6,742**	**(544)**
Other Operating Expenditure:			
Precepts paid to Parish Councils	966	966	-
Capital Receipts unattached to non current assets	-	(2)	(2)
(Gains) / Losses on disposal of non current assets	-	-	-
	966	**964**	**(2)**
Financing and Investment Income & Expenditure			
Interest Payable	85	73	(12)
Pensions interest cost & expected return on pension assets	620	450	(170)
Income from Investments	(55)	(197)	(142)
Impairment Losses on Financial Instruments	-	6	6
Income and expenditure in relation to investment properties	(34)	(208)	(174)
	616	**124**	**(492)**
Taxation & Non Specific Grant Income			
Council Precept	(5,084)	(5,084)	-
Collection Fund Surplus	(31)	(20)	11
Retained Business Rates	(1,775)	(2,510)	(735)
Revenue Support Grant	(143)	(143)	-
Other General Government Grants	(1,537)	(1,651)	(114)
	(8,570)	**(9,408)**	**(838)**
(Surplus) / Deficit on Provision of Services	**298**	**(1,578)**	**(1,876)**
(Surplus) / Deficit on revaluation of property, plant & equipment assets	-	(563)	(563)
(Surplus) / Deficit on revaluation of available for sale financial assets	-	-	-
Actuarial (gains) / losses on Pensions assets / liabilities	-	(2,772)	(2,772)
Total Comprehensive Income and Expenditure	**298**	**(4,913)**	**(5,211)**
Adjustments between accounting basis and funding basis under regulations - transfers to (+) or from (-) unusable reserves	(684)	2,787	3,471
Contributions to (+) or from (-) earmarked reserves	386	2,126	1,740
Increase/Decrease in General Fund Balance for Year	**-**	**-**	**-**

In overall terms, the Council achieved a surplus of £1.41m for the financial year when comparing budgeted (planned) expenditure with actual expenditure. The surplus for the year has been allocated to General Reserve (£649.6k) and Business Rates Equalisation Reserve (£760k)

Supplementary information regarding the actual Net Cost of Services is shown at the end of this document on pages 93 and 94.

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

5. **Reserves**

The balance of General Fund Earmarked Reserves during 2018/19 has increased by £2.126m from £12.808m to £14.934m at 31 March 2019.

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

- £2.5m was transferred from the New Homes Bonus Reserve to the Capital Fund earmarked towards the Public Services Hub development project.

Major drawings were limited to a sum of £0.169m from the Capital Fund to finance the Capital Programme, and £0.303m from Collection Fund Equalisation Reserve in relation to distribution of collection fund deficits between financial years.

Major contributions to reserves and balances included the transfer of £0.263m into the Capital Fund to finance the capital programme, the transfer of £0.889m into the New Homes Bonus Reserve. Surplus income from Business Rates of £0.760m was transferred to the Collection Fund equalisation reserve to mitigate against future funding risk, with the remaining general fund surplus of £0.650m being transferred to General Reserve.

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

6. **Pension Liability**

The Authority participates in the Local Government Pension Scheme, administered by North Yorkshire County Council. The Pension Liability shown in the Balance Sheet decreased from £17.723m as at 31 March 2018 to £15.615m as at 31 March 2019. This decrease of £2.108m is matched by a decrease in the level of the Pension Reserve and does not represent a decrease in the Authority's cash reserves or impact on the council tax.

7. **Capital Expenditure**

The original capital budget for the financial year 2018/19 totalled £2.016m. As 2018/19 progressed, the initial plans were revised to incorporate expenditure re-profiled from the previous year. This in turn has led to the re-profiling of planned financing. The re-profiling of expenditure resulted in an increase of £1.652m and a revised budget of £3.360m.

The total amount invested in the capital programme for 2018/19 was £842k, of which £675k was invested in Housing Grants and Loans.

Under spends include Property Condition Survey (£573k), slippage on the Assembly Rooms and Milton Rooms Preservation Works (£476k), IT Infrastructure Strategy (£117k), Vehicle replacement programme (£186k) and compulsory land purchase (£505k).

Of the £842k capital expenditure incurred some £27k was funded through capital receipts, £208k from Earmarked Reserves with a further £607k being financed by external grants and contributions.

The variance between the forecast capital expenditure and the final outturn for the year was an under spend of £2.518m. This variance will need re-profiling into 2019/20 along with associated financing. Therefore this does not present any financial issues for the Council.

The table below summarises the approved resources available for the 2019/20 Capital Programme and the indicative programme to 2021/22. This level of resources ensure that overall planned spending and funding are in balance.	2019/20 £000	2020/21 £000	2021/22 £000
No revenue consequences			
Capital receipts	30	30	30
Grants and Contributions	496	496	496
Council Resources	5,585	285	285
Total	**6,111**	**811**	**811**
With revenue consequences			
Prudential Borrowing	0	0	0
Total	**0**	**0**	**0**
Total	**6,111**	**811**	**811**

8. **Changes in Accounting Policy**

IFRS 15 stipulates the accounting treatment for recognising revenue from contracts with customers. The Council has reviewed its current practice in this area and it currently meets the requirements of IFRS 15 so no practical changes in how the Council recognises revenue from contracts with customers is required in the 2018/19 accounts.

Changes have also been reflected in Note 1 paragraph x of the Statement of Accounting Policies for Financial Instruments to reflect the introduction of IFRS 9 by the CIPFA Code of Practice. IFRS 9 is a complex accounting standard and addresses the accounting treatment for the classification, measurement and impairment of financial instruments. The Council now recognises and measures financial assets at either amortised cost, at fair value through profit and loss or at fair value through other comprehensive income. The accounting policy also explains that the Council now reviews all of its financial assets held at amortised cost to assess the risk of expected future cash flows not being received.

The main changes to the Statement of Accounts are as a result of the CIPFA Code of Practice adopting IFRS 9 Financial Instruments. This has seen significant changes in the way investments are classified which has been reflected in Note 18 Financial Instruments. In practical terms for the Council's current instruments, this means reclassification to Instruments held at Amortised Cost. However, the Council will review its application to any future investments.

9. **Sustainability**

Sustainability in Procurement is the process of purchasing goods and services which takes into account the wider outcomes whether these are social, economic or environmental impact that such purchasing has on people and communities whilst still achieving value for money. This generally means improving the efficiency of public procurement, by optimising public market power to bring about major environmental and social benefits locally and globally.

Ryedale District Council is addressing this through:

- Embedding sustainability within the procurement process including whole life costing
- Raising awareness within the authority
- Embedding of the considerations contained within the Public Services (Social Value) Act 2012

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

a) how what is proposed to be procured might improve the economic, social and environmental well-being of the relevant area, and

b) how, in conducting the process of procurement, it might act with a view to securing that improvement"

Ryedale District Council is committed to ensuring any secured improvement is sustained.

Therefore our procurement processes seek not only to maximise Value for Money in terms of taxpayer spending and outcomes for customers, but where possible, also seek to:

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

A number of initiatives have been introduced to reduce greenhouse gas emissions from Council owned buildings, as well as in transportation including LED lighting and efficient gas fired boilers, resulting in lower CO_2 emissions from reduced energy use.

Following an Overview and Scrutiny Review into Climate change and how the Council can contribute towards a reduction in global temperature rise a range of recommendations have been approved in 2018/19 and an action plan will be implemented during 2019/20.

Recycling performance has increased year on year achieving an estimated 48% in 2018/19 compared to 46.2% in 2017/18. The Council is committed to recycling more and a series of actions have been agreed in 2018/19 and implementation will start during 2019/20 including the purchase of an additional recycling vehicle, rolling out a residents' awareness campaign and refurbishing the mini recycling centres across the district. Participation in the garden waste collection service has also increased to 47.64% in 2018/19 compared with 46% in 2017/18.

10. Medium Term Financial Plan for 2018/19 to 2022/23

In preparing the Medium Term Financial Plan (MTFP) for 2018/19 to 2022/23, the aim was to align to the objectives set out in the Council Plan. The MTFP was approved at Council on 22 February 2018 and it set the framework to enable the Council to determine an appropriate course of action to address the significant financial challenges.

The revenue budget reductions included in the MTFP highlighted that the Council would have to continue to significantly reconfigure its future business and organisational arrangements in order to provide value for money public services. An in depth review of base budgets during the year enabled some capacity to be released back into the organisation to support organisational development, although it is accepted that over the coming years savings will still need to be delivered.

The major influences on the budget going forward into 2019/20 and beyond are the continued anticipated reductions in Government support, including the outcome of the Fair Funding Review, which has been linked to a likely Business Rates baseline reset and the continued financial impact of the changes announced to the New Homes Bonus, coupled with expenditure pressures.

The Medium Term Financial Plan is revisited each year and will take stock of the Council's current and projected financial position over the coming years. The Council approved a balanced budget for 2019/20 at its meeting on 21 February 2019 and noted the risk of reduced funding in coming years and that it seems likely that further efficiencies will be required in due course.

11. Further Information

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

The Authority's Responsibilities

The Authority is required to:

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

The Chief Finance Officer (s151)'s Responsibilities

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

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

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

Certification of the Accounts

I certify that the Statement of Accounts presents a true and fair view of the financial position of Ryedale District Council as at 31 March 2019 and its income and expenditure for the year ended 31 March 2019.

Signed: ..... Dated: 30 May 2019
Anton Hodge CPFA
Chief Finance Officer (s151)

Approval of the Accounts

This Statement of Accounts was approved by the Policy and Resources Committee on 25 July 2019.

Signed: ..... Dated: 25 July 2019
Cllr. K C Duncan
Chairman of Policy & Resources Committee

	General Fund Balance £000	Capital Receipts Reserve £000	Capital Grants Unapplied £000	Total Usable Reserves £000	Unusable Reserves £000	Total Authority Reserves £000
Balance as at 31 March 2017	**8,692**	**221**	**96**	**9,009**	**(3,101)**	**5,908**
Movement in reserves during 2017/18						
Total Comprehensive Income and Expenditure	2,996	-	-	2,996	2,970	5,966
Adjustments between accounting basis & funding basis under regulations (note 9)	1,120	187	(6)	1,301	(1,301)	-
Increase / Decrease in 2017/18	**4,116**	**187**	**(6)**	**4,297**	**1,669**	**5,966**
Balance as at 31 March 2018	**12,808**	**408**	**90**	**13,306**	**(1,432)**	**11,874**
Movement in reserves during 2018/19						
Total Comprehensive Income and Expenditure	1,578	-	-	1,578	3,335	4,913
Adjustments between accounting basis & funding basis under regulations (note 9)	548	45	(9)	584	(584)	-
Increase / Decrease in 2018/19	**2,126**	**45**	**(9)**	**2,162**	**2,751**	**4,913**
Balance as at 31 March 2019	**14,934**	**453**	**81**	**15,468**	**1,319**	**16,787**

Comprehensive Income and Expenditure Statement
For the Year Ended 31 March 2019

2017/18				2018/19		
Gross Expenditure £000	Gross Income £000	Net Expenditure £000		Gross Expenditure £000	Gross Income £000	Net Expenditure £000
			Policy and Resources Committee			
987	328	659	Central Services to the Public	1,137	348	789
881	21	860	Cultural and Related Services	968	32	936
4,180	2,218	1,962	Environmental and Regulatory Services	4,499	2,129	2,370
1,512	1,140	372	Planning Services	1,652	856	796
284	835	(551)	Highways and Transport Services	442	950	(508)
11,413	10,634	779	Housing Services	11,051	9,954	1,097
1,139	68	1,071	Corporate and Democratic Core	1,243	29	1,214
(24)	-	(24)	Other Corporate and Non Distributed Costs	50	2	48
20,372	15,244	5,128	**COST OF SERVICES**	21,042	14,300	6,742
887	-	887	Other Operating Expenditure (Note 11)	966	2	964
723	396	327	Financing and Investment Income and Expenditure (Note 12)	687	563	124
-	-	-	(Surplus) or Deficit of Discontinued Operations	-	-	-
5,616	14,954	(9,338)	Taxation and Non-Specific Grant Income (Note 13)	5,997	15,405	(9,408)
		(2,996)	**(SURPLUS) OR DEFICIT ON PROVISION OF SERVICES**			(1,578)
		(220)	(Surplus) or Deficit on Revaluation of Property, Plant and Equipment Assets			(563)
		-	Impairment Losses on Non Current Assets Charged to the Revaluation Reserve			-
		-	(Surplus) or Deficit on Revaluation of Available for Sale Financial Assets			-
		(2,750)	Actuarial (Gains) / Losses on Pension Assets / Liabilities			(2,772)
		(2,970)	**OTHER COMPREHENSIVE INCOME & EXPENDITURE**			(3,335)
		(5,966)	**TOTAL COMPREHENSIVE INCOME & EXPENDITURE**			(4,913)

Balance Sheet as at 31 March 2019

31 March 2018 £000		31 March 2019 £000	Notes Ref.
16,393	Property Plant & Equipment	16,417	14
-	Heritage Assets	-	15
2,015	Investment Property	2,193	16
94	Intangible Assets	115	17
-	Assets Held for Sale	-	23
-	Long Term Investments	-	18
457	Long Term Debtors	401	18
18,959	**Long Term Assets**	19,126	
17,115	Short Term Investments	21,964	18
-	Assets Held for Sale	-	23
47	Inventories	91	19
930	Short Term Debtors	1,535	21
2,753	Cash and Cash Equivalents	201	22
20,845	**Current Assets**	23,791	
-	Cash and Cash Equivalents	-	22
(21)	Short Term Borrowing	(21)	18
(4,406)	Short Term Creditors	(4,970)	24
(148)	Other Short Term Liabilities	(127)	18
(1,169)	Provisions	(497)	25
-	Liabilities in Disposal Groups	-	
(9)	Revenue Grants Receipts in Advance	(9)	34
(5,753)	**Current Liabilities**	(5,624)	
(3,234)	Long Term Creditors	(3,512)	18
-	Provisions	-	25
(1,632)	Long Term Borrowing	(1,592)	18
(17,071)	Liability Related to Defined Pension Scheme	(15,289)	40
(240)	Other Long Term Liabilities	(113)	18
-	Donated Assets Account	-	34
-	Capital Grants Received in Advance	-	34
(22,177)	**Long Term Liabilities**	(20,506)	
11,874	**Net Assets / (Liabilities)**	16,787	
13,306	Usable Reserves	15,468	26
(1,432)	Unusable Reserves	1,319	27
11,874	**Total Reserves**	16,787	

Chief Finance Officers Certificate:

I certify that the above Balance Sheet, fairly states the financial position of the Authority as at 31 March 2019

Signed:

Anton Hodge CPFA
Chief Finance Officer (s151)

Dated: 30 May 2019

2017/18 £000		2018/19 £000
2,996	Net surplus or (deficit) on the provision of services	1,578
1,330	Adjustments to net surplus or deficit on the provision of services for non-cash movements (Note 28a)	1,199
(1,006)	Adjustments for items included in the net surplus or deficit on the provision of services that are investing and financing activities (Note 28b)	(608)
3,320	Net cash flows from Operating Activities	2,169
(257)	Net cash flows from Investing Activities (Note 29)	(4,263)
(657)	Net cash flows from Financing Activities (Note 30)	(458)
2,406	Net increase or (decrease) in cash and cash equivalents	(2,552)
347	Cash and cash equivalents at the beginning of the reporting period	2,753
2,753	**Cash and cash equivalents at the end of the reporting period (Note 22)**	**201**

0. EXPENDITURE AND FUNDING ANALYSIS

For the Year Ended 31 March 2019

2017/18				2018/19		
Net Expenditure Chargeable to the General Fund Balance £000	Adjustments between the Funding and Accounting Basis £000	Net Expenditure in the Comprehensive Income and Expenditure Statement £000		Net Expenditure Chargeable to the General Fund Balance £000	Adjustments between the Funding and Accounting Basis £000	Net Expenditure in the Comprehensive Income and Expenditure Statement £000
			Policy and Resources Committee			
590	69	659	Central Services to the Public	717	72	789
671	189	860	Cultural and Related Services	779	157	936
1,606	356	1,962	Environmental and Regulatory Services	1,897	473	2,370
251	121	372	Planning Services	674	122	796
(598)	47	(551)	Highways and Transport Services	(555)	47	(508)
554	225	779	Housing Services	786	311	1,097
1,000	71	1,071	Corporate and Democratic Core	1,140	74	1,214
318	(342)	(24)	Other Corporate and Non Distributed Costs	389	(341)	48
4,392	736	5,128	**NET COST OF SERVICES**	5,827	915	6,742
(8,508)	384	(8,124)	Other Income and Expenditure	(7,953)	(367)	(8,320)
(4,116)	1,120	(2,996)	**(SURPLUS) OR DEFICIT**	(2,126)	548	(1,578)
(8,692)			**OPENING GENERAL FUND BALANCE**	(12,808)		
(4,116)			(Surplus) or Deficit on General Fund Balance in Year	(2,126)		
(12,808)			**CLOSING GENERAL FUND BALANCE**	(14,934)		

1. ACCOUNTING POLICIES

i General Principles

The Statement of Accounts summarises the Authority's transactions for the 2018/19 financial year and its position at the year-end of 31 March 2019. The Authority is required to prepare an annual Statement of Accounts, in accordance with proper accounting practices, by the Accounts and Audit Regulations 2015. These practices primarily comprise the Code of Practice on Local Authority Accounting in the United Kingdom 2018/19 and the Service Reporting Code of Practice 2018/19, supported by International Financial Reporting Standards (IFRS).

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

ii Accruals of Income and Expenditure

The accounts of the Council are, in general, maintained on an accruals basis in accordance with recognised accounting policies. The Accounts reflect sums due to or incurred by the Council during the year, whether or not the amount has actually been received or paid in the year. Appropriate provision has been made, therefore, for Creditors and Debtors at 31 March 2019.

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

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

iii. Cash and Cash Equivalents

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

In the cash flow statement cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Authority's cash management.

iv. Exceptional Items

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

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

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

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

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

vi. Charges to Revenue for Non-Current Assets

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

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

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

vii. Council Tax and Non-Domestic Rates

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

Accounting for Council Tax and NDR

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

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

viii. Employee Benefits

Benefits Payable during Employment

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

Termination Benefits

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

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

Post Employment Benefits

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

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

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

- The liabilities of the North Yorkshire pension fund attributable to the Authority are included in the Balance Sheet on an actuarial basis using the projected unit method – i.e. an assessment of the future payments that will be made in relation to retirement benefits earned to date by employees, based on assumptions about mortality rates, employee turnover rates, etc, and projections of projected earnings for current employees.

- Liabilities are discounted to their value at current prices, using a discount rate based on the indicative rate of return on high quality corporate bonds.

- The assets of the North Yorkshire pension fund attributable to the Authority are included in the Balance Sheet at their fair value:

  - quoted securities – current bid price;
  - unquoted securities – professional estimate;
  - unitised securities – current bid price;
  - property – market value.

- The change in the net pensions liability is analysed into the following components:

- Service Cost Comprising:

  -current service cost – the increase in liabilities as a result of years of service earned this year – allocated in the Comprehensive Income and Expenditure Statement to the revenue accounts of services for which the employees worked

  -past service cost – the increase in liabilities as a result of a scheme amendment or curtailment whose effect relates to years of service earned in earlier years – debited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement as part of Non Distributed Costs

  -net interest cost on the net defined benefit liability (asset), i.e. net interest expense for the authority – the change during the period in the net defined benefit liability (asset) that arises from the passage of time charged to the Financing and Investment Income and Expenditure line of the Comprehensive Income and Expenditure Statement – this is calculated by applying the discount rate used to measure the defined benefit obligation at the beginning of the period to the net defined liability (asset) at the beginning of the period – taking into account any changes in the net defined benefit liability (asset) during the period as a result of contribution and benefit payments.

- Remeasurements comprising :

  -the return on plan assets – excluding amounts included in net interest on the net defined liability (asset) – charged to the Pensions Reserve as Other Comprehensive Income and Expenditure.

  -actuarial gains and losses – changes in the net pensions liability that arise because events have not coincided with assumptions made at the last actuarial valuation or because the actuaries have updated their assumptions – charged to the Pensions Reserve as Other Comprehensive Income and Expenditure.

- contributions paid to the North Yorkshire pension fund – cash paid as employer's contributions to the pension fund in settlement of liabilities; not accounted for as an expense.

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

Discretionary Benefits

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

ix. Events After the Reporting Period

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

- Those that provide evidence of conditions that existed at the end of the reporting period – the Statement of Accounts is adjusted to reflect such events; and

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

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

x. Financial Instruments

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

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

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

Financial Liabilities

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

Financial Assets

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

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

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

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

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

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

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

xi. <u>Foreign Currency Translation</u>

Where the Authority has entered into a transaction denominated in a foreign currency, the transaction is converted into sterling at the exchange rate applicable on the date the transaction was effective. Where amounts in foreign currency are outstanding at the year-end, they are reconverted at the spot exchange rate at 31 March. Resulting gains or losses are recognised in the Financing and Investment line in the Comprehensive Income and Expenditure Statement.

xii. Government Grants and Contributions

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

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

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

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

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

Community Infrastructure Levy

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

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

xiii. Heritage Assets

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

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

Disposal proceeds are disclosed separately in the notes to the financial statements and are accounted for in accordance with statutory accounting requirements relating to capital expenditure and capital receipts.

xiv. Intangible Assets

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

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

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

xv. Inventories and Long Term Contracts

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

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

xvi. Investment Property

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

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

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

xvii. Leases

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

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

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

The Authority as Lessee

Finance Leases

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

Lease payments are apportioned between:

- a charge for the acquisition of the interest in the property, plant or equipment – applied to write down the lease liability; and

- a finance charge (debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement).

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

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

Operating Leases

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

The Authority as Lessor

Finance Leases

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

Lease rentals receivable are apportioned between:

- a charge for the acquisition of the interest in the property, plant or equipment – applied to write down the lease debtor (together with any premiums received); and

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

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

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

Operating Leases

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

xviii. <u>Overheads and Support Services</u>

The costs of overheads and support services are charged to those that benefit from the supply or service in accordance with the costing principles of the CIPFA Service Reporting Code of Practice 2018/19 (SeRCOP). The total absorption costing principle is used – the full cost of overheads and support services are shared between users in proportion to the benefits received, with the exception of:

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

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

xix. Property, Plant and Equipment

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

Recognition

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

Measurement

Assets are initially measured at cost, comprising:

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

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

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

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

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

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

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

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

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

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

- where there is a balance of revaluation gains for the asset in the Revaluation Reserve, the carrying amount of the asset is written down against that balance (up to the amount of the accumulated gains); and

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

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

Impairment

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

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

- Where there is a balance of revaluation gains for the asset in the Revaluation Reserve, the carrying amount of the asset is written down against that balance (up to the amount of the accumulated gains)

- Where there is no balance in the Revaluation Reserve or an insufficient balance, the carrying amount of the asset is written down against the relevant service line in the Comprehensive Income and Expenditure Statement.

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

Depreciation

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

Depreciation is calculated on the following bases:

- Dwellings and other buildings – straight line allocation over the useful life of the property as estimated by the valuer; and

- Vehicles, plant furniture and equipment – straight line allocation over the useful life of the asset.

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

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

Disposals and Non-current Assets Held for Sale

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

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

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

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

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

xx. Provisions, Contingent Liabilities and Contingent Assets

Provisions

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

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

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

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

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

Contingent Liabilities

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

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

Contingent Assets

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

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

xxi. Reserves

The Authority sets aside specific amounts as reserves for future policy purposes or to cover contingencies. Reserves are created by appropriating amounts out of the General Fund Balance in the Movement in Reserves Statement. When expenditure to be financed from a reserve is incurred, it is charged to the appropriate service in that year to score against the Surplus or Deficit on the Provision for Services in the Comprehensive Income and Expenditure Statement. The reserve is then appropriated back into the General Fund

Balance in the Movement in Reserves Statement so that there is no net charge against council tax for the expenditure.

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

xxii. Revenue Expenditure Funded from Capital under Statute

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

xxiii. VAT

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

xxiv. Fair Value Measurement

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

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

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

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

Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities that the authority can access at the measurement date.

Level 2 – inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3 – unobservable inputs for the asset or liability.

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

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 that has been issued but not yet adopted. This applies to the adoption of new or amended standards within the 2019/20 Code and there is therefore no impact on the 2018/19 Statement of Accounts.

IFRS 16 Leases (expected implementation from 1 April 2020) - This standard will update and expand the definition of a lease, to reflect the fact that a lease is a contract which conveys to the customer the right to use an asset for a period of time in exchange for consideration. The potential of this accounting change may be that all lease assets and liabilities will need to be recognised on the balance sheet at the present value of the annualised lease payments.

3. CRITICAL JUDGEMENTS IN APPLYING ACCOUNTING POLICIES

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

That there is a high degree of uncertainty about future levels of funding for local government. However, the Authority has determined that this uncertainty is not yet sufficient to provide an indication that the assets of the Authority might be impaired as a result of a need to close facilities and reduce levels of service provision.

Estimation of the net liability to pay pensions depends upon a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, mortality rates and expected returns on pension fund assets. A firm of consulting actuaries is engaged by the County Council to provide expert advice about the assumptions to be applied, these assumptions may be adjusted on a yearly basis.

The Authority will assess the degree of componentisation within its net-current asset portfolio, as part of the five year rolling programme of non-current asset valuations. A review of Authority's current properties concluded that no components could be identified which were of a material value when compared to the entire value of the individual non-current asset or which would materially impact on the useful remaining life of the asset. On an annual basis the Authority will review Capital Expenditure to assess if any new material components have been added to the Authority's non-current asset portfolio.

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

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

The items in the Authority Balance Sheet at 31 March 2019 for which there is a significant risk of material adjustment in the forthcoming financial year are as follows:

Item	Uncertainties	Effect if Actual Results differ from Assumptions
Pensions Liability	Estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets. A firm of consulting actuaries is engaged to provide the Authority with expert advice about the assumptions to be applied.	The effects on the net pensions liability of changes in individual assumptions can be measured. For instance, a 0.1% increase in the discount rate would result in a decrease in the pension liability of £1.405m.

5. MATERIAL ITEMS OF INCOME AND EXPENSES

There are no material items of income and expenditure in 2018/19 that warrant separate disclosure.

6. EVENTS AFTER THE REPORTING PERIOD

Under IAS 10 the Authority is required to disclose the date that the financial statements are authorised for issue. This confirms the date after which events will not have been recognised in the Statement of Accounts. The Statement of Accounts was issued by the responsible financial officer, Anton Hodge Chief Finance Officer (s151) on 31 May 2019.

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

7. NOTE TO THE EXPENDITURE AND FUNDING ANALYSIS

Adjustments between Funding and Accounting Basis

Adjustments from General Fund to arrive at the Comprehensive Income and Expenditure Statement amounts	2018/19			
	Adjustments for Capital Purposes £000	Net Change for the Pensions Adjustments £000	Other Differences £000	Total Adjustments £000
Policy and Resources Committee				
Central Services to the Public	17	54	1	72
Cultural and Related Services	140	17	-	157
Environmental and Regulatory Services	236	236	1	473
Planning Services	30	92	-	122
Highways and Transport Services	43	4	-	47
Housing Services	209	102	-	311
Corporate and Democratic Core	23	50	1	74
Other Corporate and Non Distributed Costs	-	(341)	-	(341)
Net Cost of Services	698	214	3	915
Other Income and Expenditure from the Expenditure and Funding Analysis	(525)	450	(292)	(367)
Difference between General Fund Surplus or Deficit and Comprehensive Income and Expenditure Statement Surplus or Deficit on the Provision of Services	173	664	(289)	548

Adjustments from General Fund to arrive at the Comprehensive Income and Expenditure Statement amounts	2017/18			
	Adjustments for Capital Purposes £000	Net Change for the Pensions Adjustments £000	Other Differences £000	Total Adjustments £000
Policy and Resources Committee				
Central Services to the Public	14	54	1	69
Cultural and Related Services	172	17	-	189
Environmental and Regulatory Services	111	243	2	356
Planning Services	26	93	2	121
Highways and Transport Services	43	4	-	47
Housing Services	122	101	2	225
Corporate and Democratic Core	21	48	2	71
Other Corporate and Non Distributed Costs	-	(342)	-	(342)
Net Cost of Services	509	218	9	736
Other Income and Expenditure from the Expenditure and Funding Analysis	(401)	488	297	384
Difference between General Fund Surplus or Deficit and Comprehensive Income and Expenditure Statement Surplus or Deficit on the Provision of Services	108	706	306	1,120

8. EXPENDITURE AND INCOME ANALYSED BY NATURE

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

Expenditure/Income	2018/19 £000	2017/18 £000
Expenditure		
Employee benefits expenses	4,640	4,641
Other service expenses	13,597	13,654
Support service recharges	2,260	1,779
Depreciation, amortisation and impairment	545	298
Interest payments	523	566
Precepts and levies	966	887
Gain or loss on disposal of non-current assets	-	-
Capital receipts unattached to non-current assets	(2)	-
Impairment losses on financial instruments	6	-
Total Expenditure	**22,535**	**21,825**
Income		
Fees, charges and other service income	4,688	5,131
Interest and investment income	405	239
Income from council tax and non-domestic rates	7,614	7,006
Government grants and contributions	11,406	12,445
Total Income	**24,113**	**24,821**
Surplus or Deficit on the Provision of Services	**(1,578)**	**(2,996)**

9. ADJUSTMENTS BETWEEN ACCOUNTING BASIS AND FUNDING BASIS UNDER REGULATIONS

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

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

General Fund Balance

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

Capital Receipts Reserve

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

Capital Grants Unapplied

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

2018/19 Adjustments

2018/19	General Fund Balance £000	Capital Receipts Reserve £000	Capital Grants Unapplied £000	Movement in Unusable Reserves £000
Adjustments primarily involving the Capital Adjustment Account:				
Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement:				
Charges for depreciation and impairment of non-current assets	643	-	-	(643)
Revaluation losses on Property Plant and Equipment	-	-	-	-
Movements in the fair value of investment properties	(178)	-	-	178
Amortisation of intangible assets	41	-	-	(41)
Capital grants and contributions applied	(607)	-	-	607
Income in relation to donated assets	-	-	-	-
Revenue expenditure funded from capital under statute	625	-	-	(625)
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	-	-	-	-
Insertion of Items not debited or credited to the Comprehensive Income and Expenditure Statement:				
Statutory provision for the financing of capital investment	(183)	-	-	183
Capital expenditure charged against the General Fund	(167)	-	-	167
Adjustments primarily involving the Capital Grants Unapplied Account:				
Capital grants and contributions unapplied credited to the Comprehensive Income and Expenditure Statement	-	-	-	-
Application of grants to capital financing transferred to the Capital Adjustment Account	-	-	(9)	9
Adjustments primarily involving the Capital Receipts Reserve:				
Transfer of cash sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	-	-	-	-
Use of the Capital Receipts Reserve to finance new capital expenditure	-	(18)	-	18
Contribution from the Capital Receipts Reserve towards administrative costs of non-current asset disposals	-	-	-	-
Contribution from the Capital Receipts Reserve to finance the payments to the Government capital receipts pool	-	-	-	-
Transfer from Deferred Capital Receipts Reserve upon receipt of cash	-	13	-	(13)
Capital receipts unattached to non-current assets	(2)	2	-	-
Repayment of principal on loans	-	48	-	(48)
Adjustments primarily involving the Deferred Capital Receipts Reserve:				

Transfer of deferred sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	-	-	-	-
Adjustment primarily involving the Financial Instruments Adjustment Account:				
Amount by which finance costs charged to the Comprehensive Income and Expenditure Statement are different from finance costs chargeable in the year in accordance with statutory requirements	-	-	-	-
Adjustments primarily involving the Pensions Reserve:				
Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement (see note 40)	1,823	-	-	(1,823)
Employers pensions contributions and direct payments to pensioners payable in the year	(1,159)	-	-	1,159
Adjustments primarily involving the Collection Fund Adjustment Account:				
Amount by which council tax income credited to the Comprehensive Income and Expenditure Statement is different from council tax income calculated for the year in accordance with statutory requirements	(292)	-	-	292
Adjustment primarily involving the Accumulated Absences Account				
Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	4	-	-	(4)
Total Adjustments	**548**	**45**	**(9)**	**(584)**

2017/18 Comparative Figures

2017/18	General Fund Balance £000	Capital Receipts Reserve £000	Capital Grants Unapplied £000	Movement in Unusable Reserves £000
Adjustments primarily involving the Capital Adjustment Account:				
Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement:				
Charges for depreciation and impairment of non-current assets	396	-	-	(396)
Revaluation losses on Property Plant and Equipment	-	-	-	-
Movements in the fair value of investment properties	(112)	-	-	112
Amortisation of intangible assets	24	-	-	(24)
Capital grants and contributions applied	(646)	-	-	646
Income in relation to donated assets	-	-	-	-
Revenue expenditure funded from capital under statute	740	-	-	(740)
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	360	-	-	(360)
Insertion of Items not debited or credited to the Comprehensive Income and Expenditure Statement:				
Statutory provision for the financing of capital investment	(179)	-	-	179
Capital expenditure charged against the General Fund	(114)	-	-	114
Adjustments primarily involving the Capital Grants Unapplied Account:				
Capital grants and contributions unapplied credited to the Comprehensive Income and Expenditure Statement	-	-	-	-
Application of grants to capital financing transferred to the Capital Adjustment Account	-	-	(6)	6
Adjustments primarily involving the Capital Receipts Reserve:				
Transfer of cash sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	(230)	230	-	-
Use of the Capital Receipts Reserve to finance new capital expenditure	-	(87)	-	87
Contribution from the Capital Receipts Reserve towards administrative costs of non-current asset disposals	-	-	-	-
Contribution from the Capital Receipts Reserve to finance the payments to the Government capital receipts pool	-	-	-	-
Transfer from Deferred Capital Receipts Reserve upon receipt of cash	-	4	-	(4)
Capital receipts unattached to non-current assets	-	-	-	-
Repayment of principal on loans	-	40	-	(40)
Adjustments primarily involving the Deferred Capital Receipts Reserve:				

Transfer of deferred sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	(130)	-	-	130
Adjustment primarily involving the Financial Instruments Adjustment Account:				
Amount by which finance costs charged to the Comprehensive Income and Expenditure Statement are different from finance costs chargeable in the year in accordance with statutory requirements	-	-	-	-
Adjustments primarily involving the Pensions Reserve:				
Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement (see note 40)	1,864	-	-	(1,864)
Employers pensions contributions and direct payments to pensioners payable in the year	(1,158)	-	-	1,158
Adjustments primarily involving the Collection Fund Adjustment Account:				
Amount by which council tax income credited to the Comprehensive Income and Expenditure Statement is different from council tax income calculated for the year in accordance with statutory requirements	296	-	-	(296)
Adjustment primarily involving the Accumulated Absences Account				
Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	9	-	-	(9)
Total Adjustments	**1,120**	**187**	**(6)**	**(1,301)**

10. TRANSFERS TO/FROM EARMARKED RESERVES

This note sets out the amounts set aside from the General Fund in earmarked reserves to provide financing for future expenditure plans and the amounts posted back from earmarked reserves to meet General Fund expenditure in 2018/19

	Balance At 31/03/17 £000	Transfers Out 2017/18 £000	Transfers In 2017/18 £000	Balance At 31/03/18 £000	Transfers Out 2018/19 £000	Transfers In 2018/19 £000	Balance At 31/03/19 £000
General Reserve	1,328	(85)	2,088	3,331	-	650	3,981
Capital Fund	2,199	(627)	1,357	2,929	(169)	2,763	5,524
Collection Fund Equalisation Reserve	236	-	270	506	(303)	760	964
Ryedale Developm't Fund	95	(1)	-	94	(47)	13	60
Election Reserve	41	-	20	61	(26)	20	55
Council Tax Hardship Fund	18	-	6	24	-	6	30
New Homes Bonus Reserve	2,389	(404)	1,713	3,698	(2,500)	889	2,087
Grants Reserve	164	(1)	-	163	-	11	173
IT Fund	97	(8)	6	95	(40)	2	56
ICE Fund	766	(9)	50	807	-	50	857
Local Developm't Framework Reserve	50	-	-	50	-	-	50
Operational Reserve	870	(334)	112	648	(4)	51	695
Restructure Reserve	439	(37)	-	402	-	-	402
Total	**8,692**	**(1,506)**	**5,622**	**12,808**	**(3,089)**	**5,215**	**14,934**

The main purpose of the reserves is as follows:

(a) The General Reserve receives or contributes to differences in the estimated to actual net expenditure on the Revenue Account. It provides a working balance for the day-to-day revenue costs and income and meets any unforeseen liabilities not provided elsewhere in the accounts.

(b) The Capital Fund is the reserve that holds the resources from the revenue stream of funding to be applied to the capital programme.

(c) The Improvement, Contingency & Emergency (ICE) Fund is available for a number of purposes that include meeting the cost of unexpected significant revenue items and initial financial support to achieve efficiency savings.

(d) The Authority provides grants and loans to voluntary bodies and other organisations to help establish and improve a variety of facilities throughout the District. Grants are also issued to support rural community transport initiatives. If funds made available are not fully utilised during a particular year, the remaining budget provision is transferred into this reserve to help off-set expenditure in future years.

(e) An Election Reserve is used to equalise the effect of the four yearly District Election costs.

(f) An Information Technology (IT) Fund is used to finance the purchase and renewal of items of computer equipment such as personal computers, printers and associated software.

(g) The Operational Reserve allows Service Units to set aside a proportion of savings in their budgets earmarked to be used in later years. It also includes revenue grants with no conditions that have been recognised in the Comprehensive Income and Expenditure Statement and are identified for specific services but not yet applied.

(h) The Restructure Reserve was established to cover the set-up costs associated with the restructure of the Council.

(i) A reserve was established to cover the additional cost associated with accelerating the completion of the Local Development Framework.

(j) The Ryedale Development Fund has been established from the balance of the 2012/13 New Homes Bonus. The fund offers financial assistance to a range of initiatives aimed at supporting the economy and employment within the Ryedale area.

(k) The Collection Fund Equalisation Reserve evens out the financial impact of the new Business Rates Retention Regulations within the Comprehensive Income and Expenditure Account.

(l) A New Homes Bonus Reserve has been established to be utilised in line with Member priorities.

(m) The Council Tax Hardship Fund has been established to finance the cost of discretionary council tax relief awarded.

11. OTHER OPERATING EXPENDITURE

2017/18 £000		2018/19 £000
887	Parish council precepts	966
-	Payments to the Government Housing Capital Receipts Pool	-
-	(Gains)/losses on the disposal of non-current assets	-
-	Capital receipts unattached to non-current assets	(2)
887	Total	964

12. FINANCING AND INVESTMENT INCOME AND EXPENDITURE

2017/18 £000		2018/19 £000
78	Interest payable and similar charges	73
488	Pensions net interest on the net defined benefit liability/(asset)	450
(85)	Interest receivable and similar income	(197)
(154)	Income and expenditure in relation to investment properties and changes in their fair value	(208)
-	Impairment losses on financial instruments	6
327	Total	124

13. TAXATION AND NON SPECIFIC GRANT INCOME

2017/18 £000		2018/19 £000
(4,864)	Council tax income	(5,104)
(2,142)	Non domestic rates income and expenditure	(2,510)
(2,332)	Non-ringfenced government grants	(1,794)
-	Capital grants and contributions	-
(9,338)	Total	(9,408)

14. PROPERTY, PLANT AND EQUIPMENT

Movements on Balance Sheet

Movements in 2018/19

	Other Land & Buildings £000	Vehicles, plant, furniture & equipment £000	Infrastructure assets £000	Community Assets £000	Surplus assets £000	Assets under construction £000	Total property, plant & equipment £000
Cost or Valuation							
At 1 April 2018	**15,721**	**4,042**	**-**	**511**	**676**	**-**	**20,950**
Additions	78	27	-	-	-	-	105
Donations	-	-	-	-	-	-	-
Revaluation increases/ (decreases) recognised in the Revaluation Reserve	108	-	-	-	-	-	108
Revaluation increases/ (decreases) recognised in the Surplus/Deficit on the Provision of Services	(174)	-	-	-	-	-	(174)
Derecognition – disposals	-	-	-	-	-	-	-
Derecognition – other	-	-	-	-	-	-	-
Assets reclassified (to)/from Held for Sale	-	-	-	-	-	-	-
Other movements in cost or valuation	-	-	-	-	-	-	-
At 31 March 2019	**15,733**	**4,069**	**-**	**511**	**676**	**-**	**20,989**
Accumulated Depreciation and Impairment							
At 1 April 2018	**984**	**3,552**	**-**	**-**	**21**	**-**	**4,557**
Depreciation charge	363	202	-	-	6	-	571
Depreciation written out to the Revaluation Reserve	(455)		-	-	-	-	(455)
Depreciation written out to the Surplus/Deficit on the Provision of Services	(101)	-	-	-	-	-	(101)
Impairment losses/(reversals) recognised in the Revaluation Reserve	-	-	-	-	-	-	-
Impairment losses/(reversals) recognised in the Surplus/Deficit on the Provision of Services	-	-	-	-	-	-	-
Derecognition – disposals	-	-	-	-	-	-	-
Derecognition – other	-	-	-	-	-	-	-
Other movements in depreciation and impairment	-	-	-	-	-	-	-
At 31 March 2019	**791**	**3,754**	**-**	**-**	**27**	**-**	**4,572**
Net Book Value							
At 31 March 2019	**14,942**	**315**	**-**	**511**	**649**	**-**	**16,417**
At 31 March 2018	**14,737**	**490**	**-**	**511**	**655**	**-**	**16,393**
Owned asset as at 31 March 2019	14,942	83	-	511	649	-	16,185
Asset acquired under finance lease as at 31 March 2019	-	232	-	-	-	-	232
Total	**14,942**	**315**	**-**	**511**	**649**	**-**	**16,417**

Comparative Movements in 2017/18

	Other Land & Buildings £000	Vehicles, plant, furniture & equipment £000	Infrastructure assets £000	Community Assets £000	Surplus assets £000	Assets under construction £000	Total property, plant & equipment £000
Cost or Valuation							
At 1 April 2017	**15,435**	**4,682**	**-**	**511**	**652**	**-**	**21,280**
Additions	12	11	-	-	1	-	24
Donations	-	-	-	-	-	-	-
Revaluation increases/ (decreases) recognised in the Revaluation Reserve	162	-	-	-	3	-	165
Revaluation increases/ (decreases) recognised in the Surplus/Deficit on the Provision of Services	112	-	-	-	10	-	122
Derecognition – disposals	-	(651)	-	-	-	-	(651)
Derecognition – other	-	-	-	-	-	-	-
Assets reclassified (to)/from Held for Sale	-	-	-	-	10	-	10
Other movements in cost or valuation	-	-	-	-	-	-	-
At 31 March 2018	**15,721**	**4,042**	**-**	**511**	**676**	**-**	**20,950**
Accumulated Depreciation and Impairment							
At 1 April 2017	**736**	**3,994**	**-**	**-**	**15**	**-**	**4,745**
Depreciation charge	336	210	-	-	6	-	552
Depreciation written out to the Revaluation Reserve	(55)		-	-	-	-	(55)
Depreciation written out to the Surplus/Deficit on the Provision of Services	(33)	-	-	-	-	-	(33)
Impairment losses/(reversals) recognised in the Revaluation Reserve	-	-	-	-	-	-	-
Impairment losses/(reversals) recognised in the Surplus/Deficit on the Provision of Services	-	-	-	-	-	-	-
Derecognition – disposals	-	(652)	-	-	-	-	(652)
Derecognition – other	-	-	-	-	-	-	-
Other movements in depreciation and impairment	-	-	-	-	-	-	-
At 31 March 2018	**984**	**3,552**	**-**	**-**	**21**	**-**	**4,557**
Net Book Value							
At 31 March 2018	**14,737**	**490**	**-**	**511**	**655**	**-**	**16,393**
At 31 March 2017	**14,699**	**688**	**-**	**511**	**637**	**-**	**16,535**
Owned asset as at 31 March 2018	14,737	108	-	511	655	-	16,011
Asset acquired under finance lease as at 31 March 2018	-	382	-	-	-	-	382
Total	**14,737**	**490**	**-**	**511**	**655**	**-**	**16,393**

Depreciation

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

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

Capital Commitments

At 31 March 2019 the Authority had not entered into any contracts for the construction or enhancement of Property Plant and Equipment. However the Authority has taken delivery of three recycling vehicles valued at £587k, of which £557k has already been paid. These vehicles are awaiting modifications and are due to be financed through an operating lease, with the total commitment being transferred to a third party.

Revaluations

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

All properties have been reviewed in 2018/19 by the City of York Council.

15. HERITAGE ASSETS

In compliance with the 2018/19 Code, the Authority has reviewed its assets and concluded that there is no reclassification of assets to heritage assets to disclose in the accounts (2017/18 Nil).

16. INVESTMENT PROPERTIES

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

	2018/19 £000	2017/18 £000
Income from Investment Property	188	199
Net gain / (loss) from fair value adjustment	178	112
	366	311
Direct operating expenses arising from investment property	(158)	(157)
Net gain / (loss)	208	154

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

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

	2018/19 £000	2017/18 £000
Balance at start of the year	**2,015**	**2,263**
Additions	-	-
Purchases	-	-
Construction	-	-
Subsequent expenditure	-	-
Disposals	-	(360)
Net gains / (losses) from fair value adjustments	178	112
Transfers:	-	-
To/from inventories	-	-
To/from Property Plant and Equipment	-	-
Other changes	-	-
Balance at end of the year	**2,193**	**2,015**

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

Valuation Techniques Used to Determine Level 2 Fair Values for Investment Property
The fair value of investment property has been measured using a market approach, which takes into account quoted prices for similar assets in active markets, existing lease terms and rentals, research into market evidence including market rentals and yields, the covenant strength for existing tenants, and data and market knowledge gained in managing the Council's Investment Asset portfolio. Market conditions are such that similar properties are actively purchased and sold and the level of observable inputs are significant, leading to the properties being categorised as level 2 on the fair value hierarchy.
There has been no change in the valuation techniques used during the year for investment properties.

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

Valuation Process for Investment Properties
The Council's investment property has been valued as at 31 March 2019 by the City of York Council in accordance with the methodologies and bases for estimation set out in the professional standards of the Royal Institution of Chartered Surveyors.

17. INTANGIBLE ASSETS

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

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

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

The carrying amount of intangible assets is amortised on a straight-line basis. The amortisation of £41k charged to revenue in 2018/19 was charged direct to services where appropriate, however, an element was charged to the IT Administration cost centre and then as overhead across the service headings in the net expenditure of services. It is not possible to quantify exactly how much of the amortisation is attributable to each service heading.

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

	2018/19			2017/18		
	Internally Generated Assets £000	Other Asset Costs £000	Total £000	Internally Generated Assets £000	Other Asset Costs £000	Total £000
Balance at start of year:						
Gross carrying amounts	-	1,274	1,274	-	1,222	1,222
Accumulated amortisation	-	(1,180)	(1,180)	-	(1,157)	(1,157)
Net carrying amount at start of year	-	94	94	-	65	65
Additions:						
Internal development	-	-	-	-	-	-
Purchases	-	62	62	-	52	52
Acquired through business combinations	-	-	-	-	-	-
Assets reclassified as held for sale	-	-	-	-	-	-
Other disposals	-	-	-	-	-	-
Revaluation increases or decreases	-	-	-	-	-	-
Impairment losses recognised or reversed directly in the Revaluation Reserve	-	-	-	-	-	-
Impairment losses recognised in the surplus/deficit on the Provision of Services	-	-	-	-	-	-
Reversal of amortisation on disposal	-	-	-	-	-	-
Amortisation for the period	-	(41)	(41)	-	(23)	(23)
Other changes	-	-	-	-	-	-
Net carrying amount at year end	-	115	115	-	94	94
Compromising:						
Gross carrying amounts	-	1,336	1,336	-	1,274	1,274
Accumulated amortisation	-	(1,221)	(1,221)	-	(1,180)	(1,180)
	-	115	115	-	94	94

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

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

18. FINANCIAL INSTRUMENTS

Changes as a result of the adoption of IFRS 9 – Financial Instruments

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

Reclassification and Remeasurement of Financial Assets at 1 April 2018

The following Financial Assets have been reclassified following the adoption of IFRS 9:

		New Classification 1 April 2018		
	Carrying Amount b/fwd 1 April 2018 £000	Amortised Cost £000	Fair Value through Other Comprehensive Income £000	Fair Value through Profit and Loss £000
Previous Classification Investments				
Loans and Receivables	16,353	16,353	-	-
Other Debtors	961	961	-	-
Reclassified Amounts 1 April 2018	**17,314**	**17,314**	**-**	**-**

Effect of Asset Reclassification and Remeasurement on the Balance Sheet

	Amortised Cost £000	Fair Value through Other Comprehensive Income £000	Fair Value through Profit and Loss £000	Total Balance Sheet Carrying Amount £000
Remeasured Carrying Amounts 1 April 2018	17,314	-	-	17,314
Reclassified Amounts:				
Long Term Debtors	340	-	-	340
	340	-	-	
Current Investments	16,013	-	-	16,013
Current Debtors	961	-	-	961
	17,314	**-**	**-**	**17,314**

(a) Categories of Financial Instruments

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

Financial Assets

	Non-Current				Current			
	Investments		Debtors		Investments		Debtors	
	31 March 2019 £000	31 March 2018 £000	31 March 2019 £000	31 March 2018 £000	31 March 2019 £000	31 March 2018 £000	31 March 2019 £000	31 March 2018 £000
Fair Value through Profit and Loss	-	-	-	-	-	-	-	-
Amortised Cost								
Investments	-	-	-	-	21,964	17,115	-	-
Loans	-	-	401	457	-	-	-	-
Other	-	-	-	-	-	-	1,535	930
	-	-	401	457	21,964	17,115	1,535	930
Fair Value through Other Comprehensive Income - designated equity instruments	-	-	-	-	-	-	-	-
Fair Value through Other Comprehensive Income - other	-	-	-	-	-	-	-	-
Total Financial Assets	-	-	401	457	21,964	17,115	1,535	930
Non Financial Assets	-	-	-	-	-	-	-	-
Total	-	-	401	457	21,964	17,115	1,535	930

Financial Liabilities

	Non-Current				Current			
	Borrowings		Creditors		Borrowings		Creditors	
	31 March 2019 £000	31 March 2018 £000	31 March 2019 £000	31 March 2018 £000	31 March 2019 £000	31 March 2018 £000	31 March 2019 £000	31 March 2018 £000
Fair Value through Profit and Loss	-	-	-	-	-	-	-	-
Amortised Cost								
PWLB Loans	(1,592)	(1,632)	-	-	(21)	(21)	-	-
Finance Leases	(113)	(240)	-	-	(127)	(148)	-	-
Total Financial Liabilities	**(1,705)**	**(1,872)**	**-**	**-**	**(148)**	**(169)**	**-**	**-**
Non Financial Liabilities	-	-	(3,512)	(3,234)	(4,970)	(4,906)	-	-
Total	(1,705)	(1,872)	(3,512)	(3,234)	(5,118)	(5,075)	-	-

Fair value of Assets and Liabilities

	Fair value		Historic cost	
	31 March 2019 £000	31 March 2018 £000	31 March 2019 £000	31 March 2018 £000
Borrowings	(2,081)	(2,092)	(1,613)	(1,653)
Loans and receivables	21,964	17,115	21,964	17,115

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

The fair value of borrowings is higher than the carrying amount because the authority's portfolio of loans includes a number of fixed rate loans where the interest rate payable is higher than the prevailing rates at the Balance Sheet date. This shows a notional future loss (based on economic conditions at 31 March 2019) arising from a commitment to pay interest to lenders above current market rates.

The fair value of Public Works Loan Board (PWLB) loans of £2.081m measures the economic effect of the terms agreed with the PWLB compared with estimates of the terms that would be offered for market transactions undertaken at the Balance Sheet date. The difference between the carrying amount and the fair value measures the additional interest that the authority will pay over the remaining terms of the loans under the agreements with the PWLB, against what would be paid if the loans were at prevailing market rates. However, the authority has a continuing ability to borrow at concessionary rates from the PWLB rather than from the markets. A supplementary measure of the additional interest that the authority will pay as a result of its PWLB commitments for fixed rate loans is to compare the terms of these loans with the new borrowing rates available from the PWLB.

If a value is calculated on this basis, the carrying amount of £1.613m would be valued at £2.081m. But, if the authority were to seek to avoid the projected loss by repaying the loans to the PWLB, the PWLB would raise a penalty charge for early redemption in addition to charging a premium for the additional interest that will not now be paid. The exit price for the PWLB loans including the penalty charge would be £2.522m.

19. INVENTORIES

	Consumable Stores		Client Services Work in Progress		Property Acquired or Constructed for Sale		Total	
	2018/19 £000	2017/18 £000	2018/19 £000	2017/18 £000	2018/19 £000	2017/18 £000	2018/19 £000	2017/18 £000
Balance outstanding at start of year	**47**	**49**	**-**	**-**	**-**	**-**	**47**	**49**
Purchases	333	246	-	-	-	-	333	246
Recognised as an expense in the year	(289)	(248)	-	-	-	-	(289)	(248)
Written off balances	-	-	-	-	-	-	-	-
Reversals of write-offs in previous years	-	-	-	-	-	-	-	-
Balance outstanding at year-end	**91**	**47**	**-**	**-**	**-**	**-**	**91**	**47**

20. CONSTRUCTION CONTRACTS

As at the 31 March 2019 the Authority had no significant contracts in progress.

21. DEBTORS

	31 March 2019 £000	31 March 2018 £000
Central government bodies	52	81
Other local authorities	346	207
NHS Bodies	-	-
Public corporations and trading funds	-	-
Other entities and individuals	1,137	642
Total	1,535	930

22. CASH AND CASH EQUIVALENTS

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

	31 March 2019 £000	31 March 2018 £000
Cash held by the Council	186	244
Bank current account	15	2,509
Special Interest Bearing Account	-	-
Total Cash and Cash Equivalents	201	2,753

23. ASSETS HELD FOR SALE

	Current		Non Current	
	2018/19 £000	2017/18 £000	2018/19 £000	2017/18 £000
Balance outstanding at start of year	**-**	**10**	**-**	**-**
Assets newly classified as held for sale:				
Property, Plant and equipment	-	-	-	-
Intangible Assets	-	-	-	-
Revaluation losses	-	-	-	-
Revaluation gains	-	-	-	-
Impairment losses	-	-	-	-
Assets declassified as held for sale:				
Property, Plant and equipment	-	(10)	-	-
Intangible Assets	-	-	-	-
Assets sold	-	-	-	-
Transfers from non-current to current	-	-	-	-
Balance outstanding at year end	**-**	**-**	**-**	**-**

24. CREDITORS

	31 March 2019 £000	31 March 2018 £000
Central government bodies	1,400	1,736
Other local authorities	1,260	1,364
NHS Bodies	-	-
Public corporations and trading funds	-	-
Other entities and individuals	2,310	1,306
Total	4,970	4,406

25. PROVISIONS

2018/19	Business Rate Retention Appeals £000
Balance at 1 April 2018	1,169
Additional Provisions made in 2018/19	-
Amounts used in 2018/19	-
Unused amounts reversed in 2018/19	(672)
Total	497

2017/18	Business Rate Retention Appeals £000
Balance at 1 April 2017	742
Additional Provisions made in 2017/18	427
Amounts used in 2017/18	-
Unused amounts reversed in 2017/18	-
Total	1,169

Provision for Business Rate Appeals

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

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

The Council retains a 40% share of net business rates income under the new localised scheme. The amount shown in the Council's Balance Sheet reflects the Council's proportion of the appeals provision as at 31 March 2019.

There are no other significant events that have taken place that would give the Authority a legal or constructive obligation to provide any material provision for the financial year ending 31 March 2019.

26. USABLE RESERVES

31 March 2018 £000		31 March 2019 £000
12,808	Earmarked General Fund Reserves	14,934
408	Capital Receipts Reserve	453
90	Capital Grants Unapplied	81
13,306	**Total Usable Reserves**	**15,468**

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

Earmarked General Fund Reserves

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

Capital Receipts Reserve

2017/18 £000		2018/19 £000
221	**Balance at 1 April**	408
230	Receipts from disposal of non-current assets and held for sale assets	-
4	Transfer from the Deferred Capital Receipts Reserve upon receipt of cash	13
40	Other receipts	50
495		471
(87)	Receipts used to finance capital expenditure	(18)
408	**Balance at 31 March**	453

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

Capital Grants Unapplied

2017/18 £000		2018/19 £000
96	**Balance at 1 April**	90
-	Reversal of grants credited to the Comprehensive Income and Expenditure Statement but expenditure has not been incurred	-
96		90
(6)	Grants used to finance capital expenditure	(9)
90	**Balance at 31 March**	81

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

27. UNUSABLE RESERVES

31 March 2018 £000		31 March 2019 £000
5,283	Revaluation Reserve	5,758
-	Financial Instruments Revaluation Reserve	-
11,434	Capital Adjustment Account	11,327
-	Financial Instruments Adjustment Account	-
126	Deferred Capital Receipts Reserve	113
(17,723)	Pensions Reserve	(15,615)
(475)	Collection Fund Adjustment Account	(183)
(77)	Accumulated Absences Account	(81)
(1,432)	**Total Unusable Reserves**	**1,319**

Revaluation Reserve

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

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

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

2017/18 £000		£000	2018/19 £000
5,142	**Balance at 1 April**		5,283
220	Upward revaluation of assets	563	
-	Downward revaluation of assets and impairment losses not charged to the Surplus/Deficit on the Provision of Services	-	
220	Surplus or deficit on revaluation of non-current assets and held for sale assets not posted to the Surplus or Deficit on the Provision of Services		563
(79)	Difference between fair value depreciation and historical cost depreciation	(88)	
-	Accumulated gains on assets sold or scrapped	-	
(79)	Amount written off to the Capital Adjustment Account		(88)
5,283	**Balance at 31 March**		5,758

Financial Instruments Revaluation Reserve

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

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

Capital Adjustment Account

The Capital Adjustment Account absorbs the timing differences arising from the different arrangements for accounting for the consumption of non-current assets and for financing

the acquisition, construction or enhancement of those assets under statutory provisions. The Account is debited with the cost of acquisition, construction or enhancement as depreciation, impairment losses and amortisations are charged to the Comprehensive Income and Expenditure Statement (with reconciling postings from the Revaluation Reserve to convert fair value figures to a historical cost basis). The Account is credited with the amounts set aside by the Authority as finance for the costs of acquisition, construction and enhancement.

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

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

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

2017/18 £000		£000	2018/19 £000
11,771	**Balance at 1 April**		11,434
	Reversal of items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement:		
(396)	• Charges for depreciation and impairment of non-current assets	(643)	
-	• Revaluation losses on Property, Plant and Equipment	-	
-	• Loss on revaluation of held for sale assets	-	
-	• Reduction in Revaluation Reserve on disposal of held for sale assets	-	
(24)	• Amortisation of Intangible Assets	(41)	
(360)	• Amounts of non-current assets and held for sale assets written off on disposal or sale as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	-	
(740)	• Revenue Expenditure Funded by Capital Under Statute	(625)	
(1,520)			(1,309)
79	Adjusting amounts written out of the Revaluation Reserve		88
10,330	Net written out amount of the cost of non-current assets consumed in the year		10,213
	Capital financing applied in the year:		
87	• Use of the capital receipts reserve to finance new capital expenditure	18	
646	• Capital grants and contributions credited to the Comprehensive Income and Expenditure Statement that has been applied to capital financing	607	
6	• Application of grants to capital financing from the Capital Grants Unapplied Account	9	
179	• Statutory provision for the financing of capital investment charged against the General fund	183	
114	• Capital expenditure charged against the General Fund	167	
1032			984
112	Movements in the market value of Investment Properties debited or credited to the Comprehensive Income and Expenditure Statement		178
-	Movements in the Donated Assets Account credited to the Comprehensive Income and Expenditure Statement		-
(40)	Movements in Long-term Debtors		(48)
11,434	**Balance at 31 March**		11,327

Financial Instruments Adjustment Accounts

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

Pensions Reserve

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

2017/18 £000		2018/19 £000
(19,767)	**Balance at 1 April**	(17,723)
2,750	Re-measurements of the net defined benefit liability/(asset)	2,772
(1,864)	Reversal of items relating to retirement benefits debited or credited to the surplus or deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement	(1,823)
1,158	Employer's pensions contributions and direct payments to pensioners payable in the year	1,159
(17,723)	**Balance at 31 March**	(15,615)

Deferred Capital Receipts Reserve

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

2017/18 £000		2018/19 £000
-	**Balance at 1 April**	126
130	Transfer of deferred sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	-
(4)	Transfer to the Capital Receipts Reserve upon receipt of cash	(13)
126	**Balance at 31 March**	113

Collection Fund Adjustment Account

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

2017/18 £000		2018/19 £000
(179)	**Balance at 1 April**	(475)
(296)	Amount by which council tax income credited to the Comprehensive Income and Expenditure Statement is different from council tax and non-domestic rates income calculated for the year in accordance with statutory requirements	292
(475)	**Balance at 31 March**	(183)

Accumulated Absences Account

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

2017/18 £000		£000	2018/19 £000
(68)	**Balance at 1 April**		(77)
68	Settlement or cancellation of accrual made at the end of the preceding year	77	
(77)	Amount accrued at the end of the current year	(81)	
(9)	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		(4)
(77)	**Balance at 31 March**		(81)

28. CASH FLOW STATEMENT – OPERATING ACTIVITIES

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

2017/18 £000		2018/19 £000
551	Depreciation	570
(155)	Impairment and downward valuations	73
24	Amortisation	41
-	Increase / decrease in impairment for bad debts	-
150	Increase / decrease in creditors	1,073
29	Increase / decrease in debtors	(654)
2	Increase / decrease in inventories	(44)
54	Movement in pension liability	990
360	Carrying amount of non-current assets and non-current assets held for sale, sold or derecognised	-
315	Other non-cash items charged to the net surplus or deficit on the provision of services	(850)
1,330		1,199

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

2017/18 £000		2018/19 £000
-	Proceeds from short-term (not considered to be cash equivalents) and long-term investments	-
(360)	Proceeds from the sale of property, plant and equipment, investment property and intangible assets	(2)
(646)	Any other items for which the cash effects are investing or financing cash flows	(606)
(1006)		(608)

c. Interest received, interest paid and dividends received

2017/18 £000		2018/19 £000
83	Interest received	148
(79)	Interest paid	(73)
-	Dividends received	-

29. CASH FLOW STATEMENT – INVESTING ACTIVITIES

2017/18 £000		2018/19 £000
(46)	Purchase of property, plant and equipment, investment property and intangible assets	(128)
(26,900)	Purchase of short-term and long-term investments	(34,900)
(36)	Other payments for investing activities	(9)
234	Proceeds from the sale of property, plant and equipment, investment property and intangible assets	15
25,800	Proceeds from short-term and long-term investments	30,100
691	Other receipts from investing activities	659
(257)	Net cash flows from investing activities	(4,263)

30. CASH FLOW STATEMENT – FINANCING ACTIVITIES

2017/18 £000		2018/19 £000
-	Cash receipts of short and long term borrowing	-
-	Other receipts from financing activities	-
(145)	Cash payments for the reduction of the outstanding liabilities relating to finance leases	(148)
(39)	Repayments of short and long-term borrowing	(39)
(473)	Other payments for financing activities	(271)
(657)	Net cash flows from financing activities	(458)

31. MEMBERS ALLOWANCES

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

	2018/19 £000	2017/18 £000
Allowances	128	125
Expenses	4	7
Total	132	132

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

32. OFFICERS REMUNERATION

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

Job Title	Year	Salary, fees and allowances £	Bonuses £	Expenses allowances £	Compen-sation for loss of office £	Pension contribution £	Total £	Note
Chief Executive	2018/19	63,172	-	-	-	11,813	74,985	A
	2017/18	49,432	-	2,554	-	9,244	61,230	B
Deputy Chief Executive	2018/19	11,152	-	-	-	2,085	13,237	C
	2018/19	66,555	-	562	30,000	9074	106,191	D
	2017/18	79,450		963		14,857	95,270	E
Delivery & Frontline Services Lead	2018/19	55,991	-	963	-	10,470	67,424	
Delivery & Frontline Services Lead	2017/18	53,659		963	-	10,148	64,770	
Economy & Partnerships Lead	2018/19	15,909	-	261	-	2975	19,145	F
Economy & Partnerships Lead	2017/18	57,448	-	963	-	10,743	69,154	
Head of Planning	2018/19	58,597	-	963	-	10,958	70,518	
Head of Planning	2017/18	57,448	-	963	-	10,743	69,154	
Council Solicitor and Monitoring Officer	2018/19	58,597	-	963	-	10,958	70,518	
Head of Legal Services	2017/18	57,448	-	963	-	10,743	69,154	
Chief Finance Officer(s151)	2018/19	-	-	-	-	-	-	G
Resources & Enabling Lead	2018/19	7,785	-	109	-	1130	9,024	H
Resources & Enabling Lead	2017/18	51,068	-	963	-	9,550	61,581	
Customer Services Lead	2018/19	51,123	-	963	-	9,560	61,646	
Customer Services Lead	2017/18	45,898	-	963	-	8,595	55,456	

Senior Officers served for the whole of 2018/19 unless stated below.

Notes:

A The Chief Executive assumed their position on the 14th August 2018, with £17,000 being recharged to North Yorkshire County Council

B The Chief Executive left the Authority on the 17th September 2017

C The Temporary Deputy Chief Executive assumed their position on the 4th February 2019

D The Temporary Chief Executive left the Authority on the 31st October 2018

E The Deputy Chief Executive was employed from the 1st April 2017 and assumed their temporary position as Chief Executive on the 1st September 2017

F The Economy & Partnerships Lead left the Authority on the 8th July 2018

G The Chief Finance Officer (s151) is employed by North Yorkshire County Council, with £23,000 being recharged to Ryedale District Council

H The Resources and Enabling Services Lead left the Authority on the 11th May 2018

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

Remuneration Band	2018/19 Number of employees	2017/18 Number of employees
£50,000 - £54,999	1	3
£55,000 - £59,999	3	3
£60,000 - £64,999	1	-
£65,000 - £69,999	-	-
£70,000 - £74,999	-	-
£75,000 - £79,999	-	-
£80,000 - £84,999	-	1
£85,000 - £89,999	-	-
£90,000 - £94,999	-	-
£95,000 - £99,999	1	-
£100,000 - £104,999	-	-
£105,000 - £109,999	-	-
£110,000 to £114,999	-	-

33. EXTERNAL AUDIT COSTS

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

	2018/19 £000	2017/18 £000
* Fees payable to Grant Thornton UK LLP (2018/19) and KPMG LLP (2017/18) with regard to external audit services carried out by the appointed auditor for the year	32	42
* Fees payable to Grant Thornton UK LLP (2018/19) and KPMG LLP (2017/18) for the certification of grant claims and returns for the year	12	11
* Fees payable in respect of other services provided by Grant Thornton UK LLP (2018/19) and KPMG LLP (2017/18) during the year	-	-
* Refund of fees payable by PSAA during the year	-	(6)
	44	47

34. GRANT INCOME

The Authority credited the following grants, contributions and donations to the Comprehensive Income and Expenditure Statement in 2018/19:

	2018/19 £000	2017/18 £000
Credited to Taxation and Non Specific Grant Income:		
Revenue Support Grant	143	379
New Homes Bonus	964	1,420
Transitional Grant to Rural Local Authorities	572	459
S31 grant Business Rates	1,126	1,039
Other Grants	114	73
Total	**2,919**	**3,370**
Credited to Services:		
Government Grants:		
Disabled Facilities Grant	607	596
Housing Benefit Subsidy and Rent Rebate	8,383	8,986
Housing Benefit & Council Tax Support Administration	141	173
Other Government Grants	151	115
Total	**9,282**	**9,870**
Contributions	**47**	**286**

As at the 31 March 2019 the Authority has one grant with a balance of £9,000 that has yet to be recognised as income as it has conditions attached to it. This is in relation to a DEFRA grant towards the development of a Food Enterprise Zone (31 March 2018 £9,000).

35. RELATED PARTIES

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

Central Government

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

Members

Members of the Authority have direct control over the Authority's financial and operating policies. The total of members' allowances paid in 2018/19 is shown in Note 31.

Officers

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

Other Public Bodies

During the year transactions with related parties arose as follows:

		Receipts £000	Payments £000
The Vale of Pickering Internal Drainage Board	- *levy*	-	93
Foss Internal Drainage Board	- *levy*	-	4
Veritau North Yorkshire Ltd	*see note below*	-	56
North Yorkshire Building Control Partnership	*see note below*	(18)	56

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

With effect from 1 April 2012, Veritau North Yorkshire Ltd provided an internal audit service for a number of local authorities in the region. Ryedale District Council was a full shareholder, other local authorities within the Company being Selby DC, Hambleton DC and Richmondshire DC. Ryedale District Council's contribution to the Company's share capital is £3,000 as at 31 March 2019. Previously, the North Yorkshire Audit Partnership provided internal audit services to Ryedale and the other aforementioned district councils but ceased to exist on 31 March 2012.

The North Yorkshire Building Control Partnership provides a building control service on behalf of five councils: Ryedale DC (host authority), Selby DC, Hambleton DC, Scarborough BC and Richmondshire DC. Ryedale District Council's proportion of the Partnership's accumulated reserve is £50,000 as at 31 March 2019.

Entities Controlled or Significantly Influenced by the Council

With effect from 1 October 2014, Sports & Leisure Management Ltd ran the Authority's leisure centre and swimming pools. Payment of grant of £189,000 was made to Sports & Leisure Management Ltd to support the operation of the leisure facilities in 2018/19. Previously, Community Leisure Ltd, an Industrial Provident Society, ran the leisure centre and swimming pools for Ryedale until 30 September 2014.

36. CAPITAL EXPENDITURE AND CAPITAL FINANCING

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

	2018/19 £000	2017/18 £000
Opening Capital Financing Requirement	2,048	2,227
Capital investment		
Property plant and equipment	105	24
Investment properties	-	-
Held for sale assets	-	-
Intangible assets	62	53
Revenue expenditure funded from capital under statute	667	740
Loans	9	36
Sources of finance		
Capital receipts	(19)	(87)
Government grants and other contributions	(615)	(652)
Sums set aside from revenue		
Direct revenue contributions	(208)	(114)
Minimum Revenue Provision	(183)	(179)
Closing Capital Financing Requirement	1,865	2,048
Explanation of movements in year		
Increase/(Decrease) in underlying need to borrow (unsupported by government financial assistance)	(183)	(179)
Assets acquired under finance leases	-	-
Increase / (decrease) in Capital Financing Requirement	(183)	(179)

37. LEASES

Authority as Lessee – Finance Leases

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

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

	31 March 2019 £000	31 March 2018 £000
Finance lease liabilities (net present value of minimum lease payments)		
Current	127	148
Non-current	113	240
Finance costs payable in future years	19	37
Minimum lease payments	259	425

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

	Minimum lease payments		Finance lease liabilities	
	31 March 2019 £000	31 March 2018 £000	31 March 2019 £000	31 March 2018 £000
Not later than one year	139	166	127	148
Later than one year and not later than five years	120	259	113	240
Later than five years	-	-	-	-
	259	425	240	388

Authority as Lessee - Operating Leases

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

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

	31 March 2019 £000	31 March 2018 £000
Not later than one year	82	63
Later than one year and not later than five years	52	90
Later than five years	-	-
	134	153

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

	2018/19 £000	2017/18 £000
Minimum lease payments	116	137
Contingent rents	-	-
Sublease payments receivable	-	-
	116	137

Authority as Lessor

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

38. IMPAIRMENT LOSSES

During 2018/19 the Authority has no impairment losses.

39. TERMINATION BENEFITS

The Authority has not terminated the contracts of any employees in 2018/19.

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

Exit package cost band (including special payments)	Number of compulsory redundancies		Number of other departures agreed		Total number of exit packages by cost band		Total cost of exit packages in each band	
	2018/19	2017/18	2018/19	2017/18	2018/19	2017/18	2018/19	2017/18
£0 - £20,000	-	-	-	4	-	4	-	£36,157
£20,001 - £40,000	-	-	-	-	-	-	-	-
£40,001 - £60,000			-	-	-	-	-	-
£60,001 - £80,000			-	-	-	-	-	-
£80,001 - £100,000			-	-	-	-	-	-
£100,001 - £150,000			-	-	-	-	-	-
Total	-	-	-	4	-	4	-	£36,157

40. DEFINED BENEFIT PENSION SCHEMES

Participation in Pension Schemes

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

- The Local Government Pension Scheme, administered by North Yorkshire County Council – this is a funded defined benefit final salary scheme, meaning that the authority and employees pay contributions into a fund, calculated at a level intended to balance the pensions liabilities with investment assets.

- Arrangements for the award of discretionary post retirement benefits upon early retirement – this is an unfunded defined benefit arrangement, under which liabilities are recognised when awards are made. However, there are no investment assets built up to meet these pensions liabilities and cash has to be generated to meet actual pensions payments as they eventually fall due.

Transactions Relating to Retirement Benefits

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

	Local Government Pension Scheme		Discretionary Benefits Arrangements	
	2018/19 £000	2017/18 £000	2018/19 £000	2017/18 £000
Comprehensive Income and Expenditure Statement				
Cost of Services:				
• Current service cost	1,373	1,383	-	-
• Past service costs / (gains)	17	10	-	-
• (Gain) / Loss from settlements	-	-	-	-
Financing and Investment Income and Expenditure:				
• Net interest expense	425	464	8	7
Total Post Employment Benefits charged to the Surplus or Deficit on the Provision of Services	1,815	1,857	8	7
Other Post Employment Benefits charged to the Comprehensive Income and Expenditure Statement				
Remeasurement of the net defined benefit liability comprising:				
• Return on plan assets (excluding the amount included in the net interest expense)	(3,763)	(3,134)	-	-
• Actuarial gains and losses due to changes in financial assumptions	4,119	(72)	8	4
• Actuarial gains and losses due to changes in demographic assumptions	(3,256)	-	(12)	-
• Actuarial gains and losses due to liability experience	131	430	1	22
Total Post Employment Benefits charged to the Comprehensive Income and Expenditure Statement	(954)	(919)	5	33
Movement in Reserves Statement:				
• Reversal of net charges made to the Surplus or Deficit on the Provision of Services for post employment benefits in accordance with the Code	(954)	(919)	5	33
Actual amount charged against the General Fund Balance for pensions in the year:				
• Employers contributions payable to scheme	1,143	1,142		
• Retirement benefits payable to pensioners			16	16

Pensions Assets and Liabilities Recognised in the Balance Sheet

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

	Local Government: Pension Scheme £000		Discretionary Benefits £000	
	2018/19	2017/18	2018/19	2017/18
Present value of the defined benefit obligation	(81,039)	(79,036)	(295)	(306)
Fair value of plan assets	66,045	62,271	-	-
Net liability arising from defined benefit obligation	(14,994)	(16,765)	(295)	(306)

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

	Local Government: Pension Scheme £000		Discretionary Benefits Arrangements £000	
	2018/19	2017/18	2018/19	2017/18
Opening fair value of scheme assets	62,271	58,358	-	-
Interest income	1,599	1,451	-	-
Remeasurement gain/(loss):				
• The return on plan assets, excluding the amount included in the net interest expense	3,763	3,134	-	-
The effect of changes in foreign exchange rates	-	-	-	-
Contributions from employer	817	1,794	16	16
Contributions from employees into the scheme	282	284	-	-
Benefits paid	(2,687)	(2,750)	(16)	(16)
Closing fair value of scheme assets	66,045	62,271	-	-

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

	Funded liabilities: Local Government Pension Scheme £000		Unfunded liabilities: Discretionary Benefits £000	
	2018/19	2017/18	2018/19	2017/18
Opening balance at 1 April	79,036	77,836	306	289
Current service cost	1,373	1,383	-	-
Interest cost	2,024	1,915	8	7
Contribution from scheme participants	282	284	-	-
Remeasurement (gains) and losses:				
• Financial Assumptions	4,119	(72)	8	4
• Demographic Assumptions	(3,256)	-	(12)	-
• Liability Experience	131	430	1	22
Past service costs	17	10	-	-
Losses/(gains) on curtailment	-	-	-	-
Entity combinations	-	-	-	-
Benefits paid	(2,687)	(2,750)	(16)	(16)
Closing balance at 31 March	81,039	79,036	295	306

Local Government Pension Scheme assets comprised:

	31 March 2019 £000	31 March 2018 £000
Equities	37,249	40,352
Property	5,548	4,982
Government Bonds	12,549	10,275
Corporate Bonds	-	-
Cash	3,236	124
Other	7,463	6,538
Closing fair value of scheme assets at 31 March	66,045	62,271

Basis for Estimating Assets and Liabilities

Liabilities have been assessed on an actuarial basis using the projected unit credit method, an estimate of the pensions that will be payable in future years dependent on assumptions about mortality rates, salary levels etc. Both the Local Government Pension Scheme and Discretionary Benefits liabilities have been assessed by Aon Hewitt Limited, an independent firm of actuaries, estimates for the County Council Fund being based on the full valuation of the scheme as at 31 March 2016.

The significant assumptions used by the actuary have been:

	31 March 2019	31 March 2018
Mortality assumptions:		
Longevity at 65 for current pensioners:		
Men	22.2 yrs	22.9 yrs
Women	25.3 yrs	26.4 yrs
Longevity at 65 for future pensioners:		
Men	23.9 yrs	25.1 yrs
Women	27.2 yrs	28.7 yrs
Rate of Inflation (RPI)	3.30%	3.20%
Rate of Inflation (CPI)	2.20%	2.10%
Rate of increase in salaries	3.45%	3.35%
Rate of increase in pensions	2.20%	2.10%
Rate of revaluation in pension accounts	2.20%	2.10%
Rate for discounting scheme liabilities	2.40%	2.60%

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

Impact on the Defined Benefit Obligation in the Scheme

	Base Figure	+0.1% pa -0.1% pa Discount Rate	+0.1% pa -0.1% pa Salary Increase Rate	+0.1% pa -0.1% pa Pension Increase Rate	-1 year +1 year Mortality Assumption
Present Value of Total Obligation (£000)	81,039	79,634 82,469	81,319 80,761	82,187 79,909	83,616 78,488
Change in Present Value of Total Obligation (%)		-1.7 1.8	0.3 -0.3	1.4 -1.4	3.2 -3.1
Projected Service Cost (£000)	1,452	1,412 1,493	1,452 1,452	1,493 1,412	1,508 1,397
Approx Change in Projected Service Cost (%)		-2.7 2.8	0.0 0.0	2.8 -2.7	3.8 -3.8

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

Impact on the Authority's Cash Flows

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

Funding levels are monitored on an annual basis. The next triennial valuation is due to be completed on 31 March 2019.

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

The authority anticipated to pay £1,159,000 expected contributions to the scheme in the year to 31 March 2019.

The weighted average duration of the defined benefit obligation for scheme members is 17.5 years 2018/19 (17.5 years 2017/18).

41. CONTINGENT LIABILITIES

At 31 March 2019, the Authority had two material contingent liabilities:

The McCloud judgement

In December 2018 the Court of Appeal ruled against the Government in the 'McCloud/Sargeant' judgement which found that the transitional protection arrangements put in place when the firefighters' and judges' pension schemes were reformed were age discriminatory. The ruling potentially has implications for all public sector schemes which were reformed around the same time and could lead to members who were discriminated against being compensated. The Government has applied to the Supreme Court for permission to appeal this judgement.

The impact of an unsuccessful appeal on public sector schemes and employer contributions cannot yet be determined as this will depend on a range of factors including Government approach, scheme membership profile and assumptions used to report pensions costs.

GMP Indexation and Equalisation

Guaranteed Minimum Pension (GMP) is a portion of pension that was accrued by individuals who were contracted out of the State Second Pension prior to April 1997 – all public service schemes including the LGPS were contracted out. Prior to April 2016 the Government ensured that both state and scheme pensions, when combined, kept pace with inflation through top up payments.

Reforms to the State Pension system in 2016 removed the Government top up payments to members with GMP who reached State Pension Age (SPA) from 5 April 2016 and introduced an ‘interim solution’ making the LGPS responsible for paying the full increases on GMPs for those individuals. This cost was accounted for in 2017.

In 2018 the Government extended the ‘interim solution’ to further individuals, while a High Court separately ruled that equalisation for the effect of unequal GMPs is required and that schemes have a duty to equalise benefits for men and women in relation to GMPs. HM Treasury have subsequently confirmed that the ‘interim solution’ provides a method to equalise GMP benefits.

The North Yorkshire Pension Fund is a funded arrangement with Ryedale District Council and other employers paying contributions based on the results of regular valuations, with the next valuation due as at 31 March 2019. The 2019 valuation of the fund is expected to include the liability of the extended ‘interim solution’ and as such could potentially result in increased employer contribution rates in the future. However, due to a number of unknown factors the impact cannot yet be determined.

42. CONTINGENT ASSETS

At 31 March 2019 the Authority had no material contingent assets to report.

43. NATURE AND EXTENT OF RISKS ARISING FROM FINANCIAL INSTRUMENTS

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

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

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

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

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

Credit Risk

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

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

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

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

The authority's maximum exposure to credit risk in relation to its investments in banks and building societies of £3m cannot be assessed generally as the risk of any institution failing to make interest payments or repay the principal sum will be specific to each institution. Recent experience has shown that it is rare for such entities to be unable to meet their commitments. The risk of non recovery applies to all of the authority's deposits but there is no evidence at 31 March 2019 that this was likely to crystallise.

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

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

	Amount at 31 March 2019 £000	Historical Experience of Default %	Historical Experience adjusted for market conditions at 31 March 2019 %	Estimated maximum exposure to default and uncollectability at 31 March 2019 £000	Estimated maximum exposure to default and uncollectability at 31 March 2018 £000
Deposits with Banks and Financial Institutions	21,964	0%	0%	-	-

Liquidity Risk

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

	31 March 2019 £000	31 March 2018 £000
Up to 20 years	599	639
21 to 50 years	1,014	1,014
	1,613	1,653

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

Market Risk

Interest Rate Risk

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

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

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

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

Price Risk

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

Foreign Exchange Risk

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

Collection Fund Statement
For the Year Ended 31 March 2019

2017/18 Council Tax £000	2017/18 Business Rates £000		2018/19 Council Tax £000	2018/19 Business Rates £000	Note
		INCOME			
(36,581)		Council Tax	(38,647)		
		Transfers from General Fund			
-		- Council Tax Benefits	-		
	(16,153)	Income collectable from business ratepayers		(16,472)	
	(1,062)	Transitional Protection Payments		474	
(36,581)	(17,215)	Total Income	(38,647)	(15,998)	
		EXPENDITURE			
		Precepts and Demands:			(2)
25,539		North Yorkshire County Council	27,112		
4,753		North Yorkshire Police & Crime Commissioner	5,054		
1,443		North Yorkshire Fire & Rescue	1,502		
4,890		Ryedale District Council	5,115		
50		Street Lighting Expenses	55		
		Business Rates:			(3)
	-	Payment to National Pool		-	
	8,364	Central Government		8,413	
	6,691	Ryedale District Council		6,731	
	1,505	North Yorkshire County Council		1,514	
	167	North Yorkshire Fire & Rescue		168	
	110	Allowance for cost of Business Rate Collection		110	
30	(10)	Allowance for Impairment	(196)	(30)	(4)
	1,066	Provision for Appeals		(1,679)	(4)
67	(3)	Write Off of uncollectable amounts	83	14	(4)
36,772	17,890	Total Expenditure	38,725	15,241	
191	675	(Surplus) / deficit for the year	78	(757)	
(426)	591	Surplus at 1 April	(235)	1,266	
(235)	1,266	Surplus at 31 March	(157)	509	

1. **General**

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

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

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

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

2. **Council Tax**

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

Band	No of Chargeable Dwellings	Ratio	Band D Equivalent Dwellings
A	2,278	6/9	1,299
B	6,209	7/9	4,359
C	5,789	8/9	4,741
D	4,308	1	4,340
E	3,406	11/9	3,929
F	2,039	13/9	2,817
G	1,147	15/9	1,826
H	107	18/9	204
TOTAL	25,283		23,515
Empty Property Premium			21.12
Cost of LCTS Scheme			(1,692.67)
Less adjustment for Collection Rate			(262.12)
Council Tax Base			21,581.37

Precepts and demands for 2018/19 are analysed as follows:

	Ryedale DC £000	NYCC £000	NYPCC £000	NYFRA £000
2018/19 Precept/Demand	5,084	26,952	5,025	1,493
Payment in respect of 2017/18 surplus	31	160	29	9
	5,115	27,112	5,054	1,502

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

	£000
Ryedale District Council	(20)
North Yorkshire County Council	(109)
North Yorkshire Police & Crime Commissioner	(22)
North Yorkshire Fire & Rescue Authority	(6)

3. **Income from Business Rates**

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

Additional information is as follows:

Total National Non Domestic Rateable Value in £ at 31 March 2019	48,321,258
NDR Rate in £ for 2018/19	49.3p
Small Business Rate in £ for 2018/19	48.0p
Number of Business Premises (Hereditament) at 31 March 2019	3,025
Number of Local Council Tax Support Claimants at 31 March 2019	3,101

Business Rate Yield for 2018/19 is analysed as follows:

	Ryedale DC £000	NYCC £000	NYFRA £000	Government £000
2018/19 Estimates Yield	6,898	1,552	172	8,622
Payment in respect of 2017/18 deficit	(167)	(38)	(4)	(209)
	6,731	1,514	168	8,413

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

	£000
Ryedale District Council	204
North Yorkshire County Council	46
Central Government	254
North Yorkshire Fire & Rescue Authority	5

4. **Bad and Doubtful Debts and Provision for Appeals**

The figures show any movement on the provision for bad and doubtful debts. Provision has been made for Council Tax payers of £144,000 (2017/18: £340,000) and Business Ratepayers of £20,000 (2017/18: £50,000) and is included within Debtors in the Authority's Balance Sheet. Provision has been made for the cost of successful business rate appeals of £1,242,000 (2017/18: £2,921,000).

Scope of Responsibility

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

RYEDALE DISTRICT COUNCIL

The Code of Governance sets out the principles of good governance and describes the arrangements the Council has put in place to meet each of these principles:

A. Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law
B. Ensuring openness and comprehensive stakeholder engagement
C. Defining outcomes in terms of sustainable economic, social and environmental benefits
D. Determining the interventions necessary to optimise the achievement of intended outcomes
E. Developing the entity's capacity, including the capability of its leadership and the individuals within it
F. Managing risks and performance through robust internal control and strong public financial management
G. Implementing good practices in transparency, reporting, and audit, to deliver effective accountability

The Purpose of the Governance Framework

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

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

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

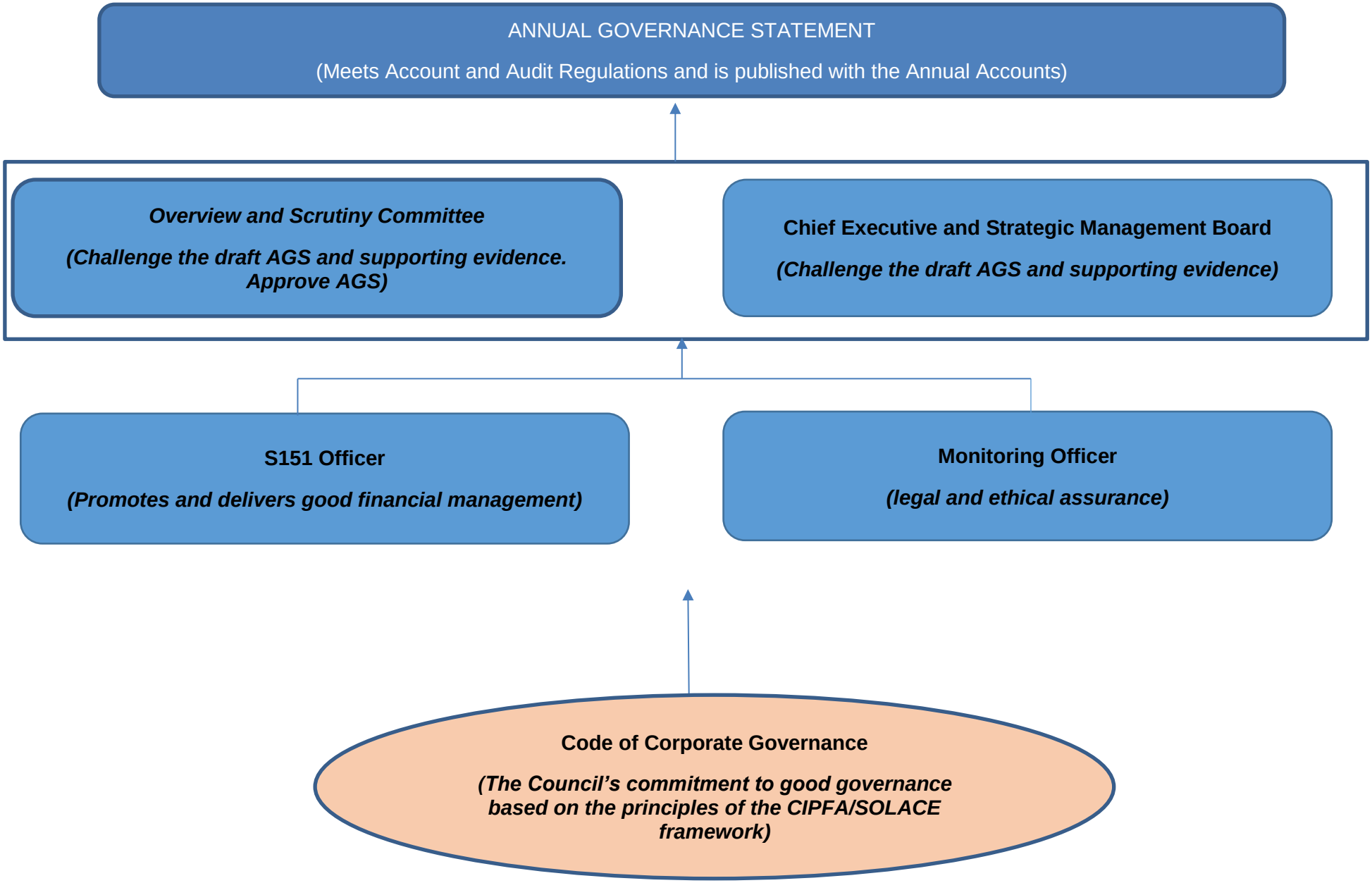
The governance framework has been in place at Ryedale District Council for the year ended 31 March 2019 and up to the date of approval of the annual statement of accounts.

The Council's Governance Framework addresses the way the Council is controlled and managed, both strategically and operationally, and how it will deliver its services. The Framework recognises that the Council's business is focused upon its corporate priorities and seeks to facilitate delivery to our local communities of the goals set out in the Corporate Plan. To improve the effectiveness of this, the Chief Executive has commissioned a number of Health Checks which all have action plans.

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

Members and senior officers are responsible for putting in place proper arrangements for the governance of the Council's affairs and the stewardship of the resources at its disposal. Following the appointment of a new Chief Executive and Section 151 Officer in Autumn and Summer 2018, this task is now managed by the Strategic Management Board and other senior managers, who have commissioned and taken action to address governance related issues. This includes briefing relevant Committees for consideration. Overview and Scrutiny have also pursued a robust approach to strengthening governance arrangements in key areas such as risk management.

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


ANNUAL GOVERNANCE STATEMENT
(Meets Account and Audit Regulations and is published with the Annual Accounts)
Overview and Scrutiny Committee
(Challenge the draft AGS and supporting evidence. Approve AGS)
Chief Executive and Strategic Management Board
(Challenge the draft AGS and supporting evidence)
S151 Officer
(Promotes and delivers good financial management)
Monitoring Officer
(legal and ethical assurance)
Code of Corporate Governance
(The Council's commitment to good governance based on the principles of the CIPFA/SOLACE framework)

Code of Corporate Governance

Constitution

Code of Conduct

Scheme of Delegation

Complaints Process

Equality and Diversity

- Standards Annual Report to O&S Committee
- Complaints Summary Reports
- Public Consultations
- Local Government Ombudsman Report

Strategic Plan

Policies and Procedures

Business Planning

Performance Results

Partnership Protocol

- Performance Reports
- Committee Reports
- Annual Audit Opinion (Internal)
- Overview and Scrutiny Committee
- Health Checks

Financial Management Framework

Budget Monitoring Process

Compliance with CIPFA Guidelines

- Medium Term Financial Strategy
- Treasury & Investment Strategy
- Statement of Accounts
- Annual Audit Letters (External)
- Finance & Contract Procedure Rules

HR Policies

Pay Policy

Risk Management

- Corporate Risk Register
- Service Risk Registers
- Mandatory Training
- Bribery, Anti-Fraud & Corruption Policy
- Whistleblowing Policy
- HR & OD Health Check and Improvement Programme

Review of Effectiveness

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

- the Annual Internal Audit Assurance opinion, as provided by Veritau North Yorkshire;
- comments made by the external auditors and other review agencies and inspectorates;
- the Overview & Scrutiny Committee review that the elements of the governance framework are in place and effective, to ensure compliance with the principles. They also reviewed the system of internal audit and concluded it was effective and remained a key source of assurance for the Council in 2018/19.

In accordance with section 3.7 of the Code of Practice on Local Authority Accounting for 2018/19, Ryedale's financial management arrangements conform with the governance requirements of the CIPFA Statement on the Role of the CFO in Local Government (2010).

The Council's Monitoring Officer has a legal responsibility to look into matters of potential unlawfulness within the Council. In 2018/19 the Monitoring Officer was supported by additional capacity to ensure the efficiency and effectiveness of all arrangements relating to Council and Committee meetings, working groups, and the required officer support. An Action Plan following the Health Check on Democratic Services will further strengthen this area in 2019/20.

The Overview and Scrutiny Committee acting as a Corporate Governance Standards Committee has monitored standards of conduct of Members and advised the Council on probity issues. Entries made in the Register of Members' Interests were reviewed by the Monitoring Officer.

Other key officers have also been consulted for their views on the standards of governance within the Council – specifically the:

- S151 Finance Officer
- Monitoring Officer
- Head of Internal Audit (Veritau)

The Performance Management Framework has operated effectively during the year but is being reviewed. Monitoring information on key areas of performance has been provided to the Strategic Management Board for review and action. Performance management outputs have also been reviewed by the Overview & Scrutiny and Policy & Resources Committee.

Review of Effectiveness

The Overview and Scrutiny (O&S) Committee process has provided challenge and has monitored the Council's policies and performance on an ongoing basis. During 2018/19 the Members of O&S have worked together, adopting a non-political approach, developing and using their knowledge and expertise, and that of others to the best effect. An evidence-based approach to the O&S work has been instrumental in achieving good results. There have been contributions, and input, from a range of stakeholders, including public and voluntary sector organisations, the public, officers and Members of the Council. Highlights have included:

Scrutiny

- Treasury Management
- Statement of Accounts
- Complaints
- Council Plan and Performance

Scrutiny Reviews on

- Provision of Swimming Lessons at Council-owned Pools
- Staff Survey Results - ongoing
- Governance of Shared Services
- Impact of RDC on Climate Change

Monitoring Reports from Key Partnerships and External Bodies including:

Safer Ryedale | Everyone Active | Ombudsman

Presentation from representatives of Scarborough and Whitby CCG and Vale of York CCG

The Council is dedicated to ensuring that its resources are utilised in the most effective and efficient manner whilst delivering continuous improvement. Work has been undertaken during the current year to ensure members are fully informed of, and involved in, shaping the budget strategy ahead of key meetings in February 2019.

Financial monitoring has been reviewed and new reporting arrangements have been put in place from October 2018.

To improve the Council's effectiveness of this, the Chief Executive has commissioned a number of Health Checks including Health and Safety, Democratic Services, Strategy and Performance, IT, Information Governance, Customer Services, Projects and Planning, Communications. These now have improvement plans and this is recognised as a Key Issue later in this statement.

Review of Effectiveness

Based on the assurance work undertaken by Internal Audit, the Head of Internal Audit (Veritau) has provided an opinion on the adequacy of the control environment which concluded that this gave reasonable assurance. It should, however, be noted that all risks of failure cannot be eliminated, and the assurance given is therefore reasonable and not absolute. Areas in which controls were below the required standard are reported initially to the relevant Manager who ensures prompt corrective action is taken, and ultimately to the Overview & Scrutiny Committee who monitor progress with improvements via follow up reports from Internal Audit.

All key systems were audited in 2018/19 and a total of 18 audit reports and other pieces of work were provided to management and the O&S Committee. In addition, a fundamental review of how the Council undertakes Risk Management has been carried out, an updated Corporate Risk Register, and updated Service Risk Registers have been produced. External training has also been delivered to Members on Risk Management.

In July 2019 the Council's external auditor (Grant Thornton) are expected to provide the Council with an unqualified opinion on the Council's accounts within their Annual Audit and Inspection letter. Grant Thornton also noted that the Council has proper arrangements to secure economy, efficiency and effectiveness in its use of resources except for around improvement requirements in risk management arrangements. Grant Thornton acknowledged that improvement and progress has been made in developing arrangements for financial monitoring and risk management although this was commenced only partway into the 2018/19 financial year.

A Peer Review was undertaken in October 2016 and a revisit took place in April 2018. The Chief Executive has, since August 2018, carried out a review of the Council and its development needs. The three areas highlighted by the Peer Review revisit team (Valuing the Workforce, Strategic Planning, Leadership) have been included in that development work.

In the 2017/18 Annual Governance Statement, six key issues were identified. One of these is ongoing and will be continued (but amended) in the new version.

Key Issues

This Statement is intended to provide reasonable assurance. It is stressed that no system of control can provide absolute assurance against material misstatement or loss. In concluding this overview of the Council's governance arrangements, 6 issues have been identified that need to be addressed to ensure continuous improvement in the Governance Framework. The aim is to address these weaknesses during the 2019/20 financial year, by way of an action plan for improving the governance framework and system of internal control. This will be subject to monitoring by the Overview and Scrutiny Committee.

Status	Control Issue	Action Proposed	Responsibility	Target Date	Current Position
Brought Forward and updated	On-going and future changes to the Council's financial framework including several changes to national and local funding regimes will increase the financial pressure on the Council and risk profile. This needs to be matched with effective financial management on the part of members and officers.	The agreed Medium Term Financial Strategy of the Council highlights the expected need to make future savings. This informs the budget process for future years. The s151 Officer considers the risk as part of the closure of accounts including the need to make appropriate provisions and reserves at the year-end. Ensure effective budget management is in	Chief Finance Officer (s151).	Ongoing, but with improved financial monitoring and reporting by October 2019.	Work has been undertaken during 2018/19 to ensure members are fully informed of, and involved in, shaping the budget strategy ahead of approval of the MTFS Strategy by members in February 2019. Financial monitoring has been reviewed and new reporting arrangements have been in place since October 2018.

Status	Control Issue	Action Proposed	Responsibility	Target Date	Current Position
		operation across the Council, including accurate data and forecasting and reporting to members. Ensure that members are kept aware of all relevant financial information to assist in budget setting in future years.			
2019/20	Waste and recycling review – ensuring that RDC achieves efficient and effective waste and recycling collection.	Implementation of new optimised household waste and recycling collections linked to new recycling vehicles and waste transfer station.	Deputy Chief Executive/Head of Waste and Environmental Services.	Spring 2020.	The new waste transfer station is expected to be operational in August 2019 and delivery of the new recycling vehicle in April 2020.
2019/20	Local Plan requires review and adoption.	Review of the development plan as the Local Plan Strategy is currently nearly six years old. This will highlight expected levels of development that will take place in the District and will set out the specific types of new development required to meet Ryedale's needs.	Deputy Chief Executive, Programme Director for Economic Development, Head of Planning.	Work on the review will commence later in summer /autumn 2019, but the formal adoption of the review is likely to be in 2023.	Adoption of the current Sites Document will be made by the Council following receipt of the Inspectors final report (due in June).

Status	Control Issue	Action Proposed	Responsibility	Target Date	Current Position
2019/20	Resilience and Capacity – to ensure sufficient capacity to enable the Council to carry out strategic and/or operational objectives.	Ensure that actions from the following Health Checks are followed up and implemented - Health and Safety - Democratic Services - Strategy and Performance - IT - Information Governance - Customer Services - Projects and Planning - Communications	Chief Executive & Strategic Management Board.	October 2019.	A number of Health Checks have been completed and action plans drawn up which will increase the performance and resilience. Investment in capacity has begun (e.g. Health and Safety).
2019/20	Economic Development. We need to ensure sufficient emphasis (and resource) is allocated to this as a key issue.	Sustainable Growth is one of the Council's key Priorities and a fundamental element in the future prosperity of the district, with the promotion of a strong economy, thriving businesses, robust infrastructure and a strong culture, tourism and leisure sector at the very heart of this approach.	Programme Director-Economic Development.	March 2020.	Resources to fund additional Economic Development capacity have been agreed. Recruitment to new posts will be completed by July 2019. Work will be done to review the Economic Development Strategy and progress resulting

Status	Control Issue	Action Proposed	Responsibility	Target Date	Current Position
					priorities. A key area of work going forward will be to build strong external partnerships, particularly with the LEP. We will also monitor any potential impact of Brexit.
2019/20	Climate Change - following O&S recommendation to Council (adopted by Council) to look at how Ryedale District Council can contribute towards the reduction in global temperature rise.	Action Plan to be reviewed and enacted following discussion at Council.	Programme Director-Economic Development.	March 2020.	Action Plan will be reviewed.
2019/20	Council Plan and Priorities - these need to be updated to ensure awareness of the key issues which the Council will deal with.	Revision of Council Plan and Priorities.	Chief Executive.	March 2020.	These are currently being revised and an initial report is due at P&R in July 2019.

Approval of the Annual Governance Statement

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

Signed: Date: 25 July 2019

Councillor K C Duncan
Chairman of Policy and Resources Committee

Signed: Date: 25 July 2019

Stacey Burlet
Chief Executive

Auditors report to follow

Analysis of the Cost of Services (Unaudited) (Comprehensive Income & Expenditure Statement)

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

2017/18 Net Exp. £000	Service	2018/19 Expenditure £000	2018/19 Income £000	2018/19 Net Exp. £000
	Central Services to the Public			
103	Grants, Bequests & Donations	87	-	87
34	Emergency Planning	39	-	39
385	Local Tax Collection	706	236	470
125	Elections	200	22	178
12	Local Land Charges	105	90	15
659	**Net Expenditure Central Services to the Public**	**1,137**	**348**	**789**
	Cultural & Related Services			
107	Culture & Heritage	65	-	65
79	Open Spaces	137	7	130
553	Recreation & Sport	618	-	618
121	Tourism	148	25	123
860	**Net Expenditure Cultural & Related Services**	**968**	**32**	**936**
	Environmental & Regulatory Services			
5	Closed Churchyards	4	-	4
2	Community Safety (CCTV)	17	(1)	18
58	Community Safety (Crime Reduction)	64	-	64
1	Community Safety (Safety Services)	5	-	5
132	Flood Defence & Land Drainage	113	-	113
292	Recycling	1,511	1,102	409
597	Regulatory Services	1,050	210	840
349	Street Cleansing	329	15	314
(23)	Trade Waste	767	788	(21)
549	Waste Collection	639	15	624
1,962	**Net Expenditure Environmental & Regulatory Services**	**4,499**	**2,129**	**2,370**
	Planning Services			
(3)	Building Control	245	275	(30)
42	Business Support	90	-	90
86	Community Development	83	-	83
(4)	Development Control	676	511	165
114	Economic Development	208	70	138
86	Environmental Initiatives	92	-	92
51	Planning Policy	258	-	258
372	**Net Expenditure Planning Services**	**1,652**	**856**	**796**

Analysis of the Cost of Services (Unaudited) (Comprehensive Income & Expenditure Statement)

2017/18 Net Exp. £000	Service	2018/19 Expenditure £000	2018/19 Income £000	2018/19 Net Exp. £000
	Highways & Transport Services			
(602)	Parking Services	390	950	(560)
51	Transport Support	52	-	52
(551)	**Net Expenditure Highways & Transport Services**	**442**	**950**	**(508)**
	Housing Services			
49	Enabling	53	-	53
141	Homelessness	523	346	177
68	Housing Advice	102	-	102
200	Housing Benefits Administration	469	200	269
1	Housing Benefits Payments	8,433	8,383	50
131	Housing Strategy	153	47	106
74	Other Council Property	221	47	174
8	Other Welfare Services	276	249	27
107	Private Sector Housing Renewal	821	682	139
779	**Net Expenditure Housing Services**	**11,051**	**9,954**	**1,097**
	Corporate & Democratic Core			
540	Corporate Management	662	29	633
531	Democratic Representation & Management	581	-	581
1,071	**Net Expenditure Corporate & Democratic Core**	**1,243**	**29**	**1,214**
	Other Corporate & Non Distributed Costs			
(2)	Other Services	14	2	12
(22)	Non Distributed Costs	36	-	36
(24)	**Net Expenditure Other Corporate & Non Distributed Costs**	**50**	**2**	**48**
5,128	**COST OF SERVICES**	**21,042**	**14,300**	**6,742**

Accounting Concepts
The fundamental accounting principles that are applied to ensure that the Statement of Accounts 'present fairly' the financial performance and position of the Council.
Accounting Period
The period of time covered by the accounts, normally a period of twelve months commencing on 1 April. The end of the accounting period is the balance sheet date, 31 March.
Accounting Policies
Accounting Policies and estimation techniques are the principles, bases, conventions, rules and practices applied by the Authority that specify how the effects of transactions and other events are to be reflected in its financial statements. An accounting policy will, for example, specify the estimation basis for accruals where there is uncertainty over the amount.
Accruals
Sums included in the final accounts to cover income or expenditure, whether revenue or capital in nature, attributable to the accounting period but for which payment has not been made/received at the balance sheet date.
Actuarial Gains and Losses
For a defined benefit pension scheme, the changes in actuarial deficits or surpluses which arise because either events have not coincided with the actuarial assumptions made for the last valuation (experience gains and losses) or the actuarial assumptions have changed.
Amortisation
The gradual elimination of a debt by periodic payments over a specified number of years.
Asset
Something of worth which is measurable in monetary terms. These are normally divided into current assets and fixed assets.
Assets Under Construction
This is the value of work on uncompleted tangible fixed assets at the balance sheet date.
Balance Sheet
A statement of the recorded assets, liabilities and other balances of the Authority at the end of the accounting period.
Business Rates Retention Scheme
A new scheme introduced from April 2013 which provides for local authorities sharing any surplus or deficit in Business Rates Income above or below a pre-determined baseline funding level set by Central Government.
Capital Adjustment Account
The balance on this account principally represents amounts set aside from revenue accounts, capital receipts used to finance capital expenditure and the excess of depreciation over the Minimum Revenue Provision.
Capital Charge
A charge to service revenue accounts to reflect the cost of utilising non-current assets in the provision of services.
Capital Expenditure
Expenditure on the acquisition of fixed assets that will be of use or benefit to the Authority in providing its services beyond the year of account or expenditure that adds to, and does not merely maintain, an existing fixed asset.
Capital Expenditure charged to Revenue Account (CERA)
A method of financing capital expenditure in the accounting period rather than over a number of years.
Capital Financing
The method by which money is raised to pay for capital expenditure. There are various methods of financing capital expenditure including borrowing, leasing, direct revenue financing (CERA), usable capital receipts, capital grants, capital contributions, revenue reserves and earmarked reserves.

Capital Programme
The capital schemes the Authority intends to carry out over a specified time period.
Capital Receipts
Money received from the sale of fixed assets, or other money received towards capital expenditure. A specified proportion of this may be used to finance new capital expenditure.
Cash Flow Statement
A statement summarising the inflows and outflows of cash, arising from transactions between the Authority and third parties, for revenue and capital purposes.
Charging Authority
The Authority responsible for administering the Collection Fund, including raising bills for and collecting the appropriate council tax and national non-domestic rates (NNDR).
Collection Fund
A fund administered by the Charging Authorities into which is paid council tax and NNDR income and outstanding community charge income. Precepts are paid from the fund to Precepting Authorities, including the Charging Authority, and the NNDR collected is paid to the Government.
Community Assets
Assets that the Authority intends to hold in perpetuity that have no determinable useful life, or that may have restrictions on their disposal. Examples of such items are parks and historic buildings.
Consistency
The concept that the accounting treatment of like items, within an accounting period, and from one period to the next, is the same.
Contingent Asset
A possible asset arising from past events whose existence will be confirmed only by the occurrence of one or more uncertain future events not wholly within the Authority's control.
Contingent Liability
A possible liability that can be the result of either a possible obligation arising from past events whose existence will be confirmed only by the occurrence of one or more uncertain future events not wholly within the Authority's control or a present obligation arising from past events where it is not probable that a transfer of economic benefits will be required or the amount of the obligation cannot be measured with sufficient reliability.
Corporate and Democratic Core
The corporate and democratic core comprises all activities that the Authority engages in specifically because it is an elected, multi-purpose authority. The cost of these activities are thus over and above those which would be incurred by a series of independent, single purpose, nominated bodies managing the same services. The code of practice, therefore, does not require these costs to be apportioned to services.
Council Tax
A charge on residential property within the Authority's area to finance a proportion of the Authority's expenditure.
Creditors
Amounts owed by the Authority for work done, goods received or services rendered within the accounting period but for which payment was not made at the balance sheet date.
Current Assets
Assets that can be expected to be consumed or realised (cease to have material value) during the next accounting period.
Current Liabilities
Amounts that will become due or could be called upon during the next accounting period.
Current Service Cost (Pensions)
The increase in the present value of a defined benefit pension scheme's liabilities expected to arise from employee service in the current period.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

International Financial Reporting Standards (IFRS)
Accounting standards set by the International Accounting Standards Board. The standards provide guidance and advice for the preparation of financial statements.

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

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

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

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

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

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

Minimum Revenue Provision
The minimum amount which must be charged to the Authority's revenue accounts each year and set aside as a provision to meet the Authority's credit liabilities.
Monitoring Officer
Under the provisions of the Local Government and Housing Act 1989 Councils have a duty to appoint a Monitoring Officer to ensure the lawfulness and fairness of Authority decision making. Councils may choose who to designate as Monitoring Officer except that it may not be the Head of Paid Service (Chief Executive).
National Non-Domestic Rates (NNDR)
An NNDR poundage is set annually by central government and collected by Charging Authorities. The proceeds are redistributed by the government between Local Authorities through Top Ups and Tariffs. .
Net Book Value
Amount at which fixed assets are included in the balance sheet, i.e. their historical cost or current value less the cumulative amounts provided for depreciation.
Non- Current Assets
These are assets with a physical substance that yield benefits to the Authority and the services it provides for a period of more than one year.
Non Distributed Costs
These are overheads from which no user benefits, and therefore they cannot be allocated to a service area.
Non-Operational Assets
These are fixed assets owned by the Council, but not directly occupied, used or consumed in the delivery of Authority services. Examples of non-operational assets are investment properties and assets that are surplus to requirements, awaiting sale or redevelopment.
Operational Assets
These are fixed assets held and occupied, used or consumed by the Authority in the direct delivery of those services for which it has either a statutory or discretionary responsibility.
Past Service Cost
For a defined benefit pension scheme, the increase in the present value of the scheme liabilities related to employee service in prior periods arising in the current period as a result of the introduction of, or improvement to, retirement benefits.
Post Balance Sheet Events
Events, both favourable and unfavourable, which occur between the balance sheet date and the date on which the Statement of Accounts is signed by the responsible finance officer.
Precept
The amount that a Precepting Authority requires from a Charging Authority to meet its expenditure requirements.
Precepting Authority
Local Authorities, including parish councils and police authorities, which cannot levy a council tax directly on the public but have the power to precept Charging Authorities.
Prior Year Adjustments (or Prior Period Adjustments)
Those material adjustments applicable to prior years arising from changes in accounting policies or from the correction of fundamental errors. They do not include normal recurring conditions or adjustments of accounting estimates made in prior years.
Provisions
Amounts set aside in the accounts for future liabilities that are likely to be incurred, but which cannot accurately be quantified.
Prudence
The concept that revenue is not anticipated but is recognised only when realised in the form either of cash or of other assets, the ultimate cash realisation of which can be assessed with reasonable certainty.

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

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

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

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

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

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

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

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

Revenue Expenditure Funded from Capital Under Statute
Expenditure which may be properly capitalised but which does not result in or remain matched with assets controlled by the Authority.

Revenue Support Grant (RSG)
A general central government grant paid to the Income and Expenditure Account in support of the Charging Authority's revenue expenditure.

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

Section 151 Officer (s151)
The Section 151 Officer is required by the Local Government Act 1972 and by the Accounts and Audit Regulations 2003 to ensure that the Authority's budgeting, financial management, and accounting practices meet relevant statutory and professional requirements. Furthermore section 25 of the Local Government Act 2003 requires the Section 151 Officer to comment on the robustness of the budget estimates and the adequacy of reserves.

Statement of Recommended Practice (SORP)
This is the guidance issued by CIPFA to enable Authority's to ensure that the Accounts published comply with IFRS as it applies to local authority financial matters.

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

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

Temporary Borrowing/Investment
Money borrowed or invested for an initial period of less than one year.

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

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