

DRAFT Statement of Accounts

For the year ended 31 March 2023



INTRODUCTION

This document contains the Statement of Accounts that the Council publishes in accordance with the Accounts and Audit Regulations 2015 (as amended).

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Appendix 1: Annual Governance Statement

**THESE ACCOUNTS ARE SUBJECT TO
AUDIT AND THEREFORE SUBJECT TO
AMENDMENT. THE AUDITOR'S REPORT
WILL BE ATTACHED WHEN IT IS
AVAILABLE.**

HARROGATE BOROUGH COUNCIL

NARRATIVE REPORT: FINANCIAL STATEMENTS YEAR ENDED 31 MARCH 2023

The Harrogate District

Harrogate is a beautiful district in the county of North Yorkshire offering a superb quality of life. We have a strong local economy, low unemployment, unrivalled natural and built heritage, low levels of crime and excellent sporting and cultural opportunities. Key features of the district and the council include:



In a typical week, we:

Assist

4,900

people via email,
phone or online



Prevent

10 people

from becoming homeless



Complete **154** repairs in
the homes of our tenants



Welcome

3,770 visitors

to our tourist information centres
and information points

Collect



990 tonnes

of household waste

Process

980

benefit claims
and changes



Investigate **9** noise
complaints and...



...catch **2** stray dogs



Welcome

1,370

visitors to our
museums and galleries
(virtually and in person)

Welcome

14,000
people

to our sport and
leisure facilities



Inspect

10 food
premises



Deal with

82

local search and
land charges
requests



Review and process

35 planning
applications

Our corporate priorities and values are:



Our values

Our vision + our values + our behaviour = our responsibility

- *Delivering excellent customer service*
- *Taking responsibility*
- *Showing resilience*
- *Working together*
- *Leading by example*

Local Government service delivery in the district is split between Harrogate Borough Council (HBC) and North Yorkshire County Council (NYCC). NYCC are responsible for services such as social care, education and highways. The services provided by HBC are:

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Central Services includes expenditure on housing benefit (£17.5m in 2022/23 and £17.7m in 2021/22) as well as the Information Communication & Technology, Legal, Finance and Organisational Development & Improvement services. These are largely ‘back office’ functions and support the other services that the Council provides, although included within here are services such as Revenues & Welfare and Elections.

Culture, Tourism and Sport includes recreation and sport. On 1 August 2021, the provision of recreation and sport transferred to Brimhams Active, a new company wholly-owned by the Council. The Council pays a management fee to the company to provide its leisure and recreation facilities, and charges the company for the services provided to it (finance, IT, legal etc). The ownership of the land and building assets used to provide the facilities remained with the council.

Safer Communities includes community safety including CCTV, licensing, food safety, environmental protection and car parking.

Place Shaping and Economic Growth includes forward planning, development control, building control, economic development and building maintenance. In 2021/22, includes expenditure on Covid-related grants to businesses where there was a discretionary element to the award.

Housing Services: Council Housing includes expenditure and income in relation to the Council’s own housing stock, which is charged to a separate ring-fenced account called the Housing Revenue Account (HRA).

Housing Services: General Fund includes housing services provided to non-Council tenants, such as homelessness, housing advice and housing improvement grants.

Parks and Environmental Services includes open spaces, waste collection, recycling, cemeteries and crematoria, street cleansing and pest control.

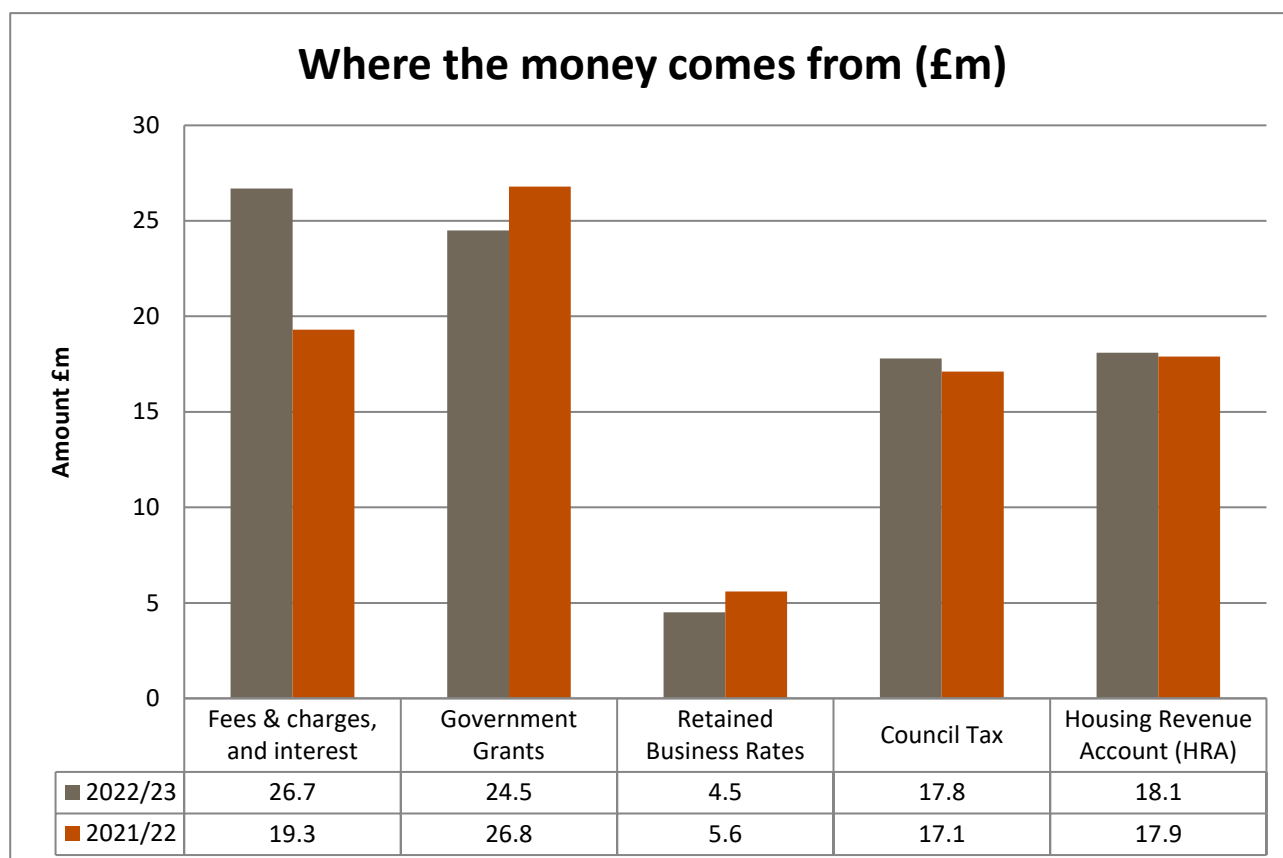
Harrogate Convention Centre includes services provided by the Convention Centre.

Destination Management Organisation includes Museums, Arts, Events and Place Marketing

Other Operating Expenditure includes interest costs (including for the HRA), precept payments to Parishes and the contribution to the Government’s Housing Capital Receipts Pool.

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Funding comes from the following sources:



The table shows the importance of government grants, despite their general continued reduction. That said, a significant amount of the grant figure (£17.3m in 2022/23 and £17.7m in 2021/22) relates to Housing Benefit grant. In 2021/22 the total grant figure is a little higher due to there being various Covid-related grants that the Council received, some to be retained by the Council and others to be distributed to businesses to support them during the pandemic. No such grants were received in 2022/23.

In 2022/23, a very small amount - £565 - Revenue Support Grant was received by the Council (£0 received in 2021/22).

New Homes Bonus grant totalled £2.5m in 2022/23 and £1.7m in 2021/22 and is a key element of funding, but one that is not guaranteed beyond 2022/23.

In 2022/23 and 2021/22, the Council was part of a 'standard' 50% retention Leeds City Region business rates pool.

It will be important to maximise the opportunities for generating sales income in order to mitigate against future funding cuts and to keep council tax as low as possible.

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The **General Fund** budget for 2022/23 and a comparison with actual performance are set out below:

	Net Controllable Budget £000	Outturn £000	COVID Variance £000	Other Variance £000
Economy, Environment & Housing:				
Housing & Property	1,741	1,855		+114
Parks & Environmental Services	3,732	4,302		+570
Sport & Leisure	1,321	1,339		+18
Sport & Leisure – VAT refund	0	-2,811		-2,811
Place Shaping and Economic Growth	5,690	7,296		+1,606
Corporate Affairs:				
Safer Communities	-1,358	-1,083		+275
Finance	2,593	2,573		-20
Legal & Governance	2,291	2,148		-143
ICT	3,036	2,973		-63
Organisational Development & Improvement	2,123	1,965		-158
Harrogate Convention Centre :				
Harrogate Convention centre	-1,211	-998		+213
Destination Marketing Organisation	1,522	1,588		+66
Treasury Management & Other Corporate Items	335	-176		-511
Total Net GF Expenditure	21,815	20,971		-844
Funding	-21,815	-21,943		-128
Net Position	0	-972		-972

The Council underspent by £972k in 2022/23. This compares to an underspend of £2,087k in 2021/22 and outturn being in line with budget in 2020/21. The underspend includes a VAT refund of £2,811k in respect of Sport & Leisure services. Following a court case, HMRC has accepted that sport & leisure provided by a local authority is a non-business activity. This means that claims for overpaid VAT between October 2006 and July 2021 which the council has lodged behind the case, will be payable (subject to HMRC checks and net of associated fees). If this exceptional item is excluded, there would have been an overspend of £1,839k.

There were two significant areas of overspend in the year; the 2022/23 pay award cost £1,073k more than was budgeted and there was an overspend on utility costs of £1,160k as a result of the well-documented gas and electricity price increases. Salary savings across the Council, net of associated costs such as the use of temporary staff and including a saving due to the 2021/22 pay award, were £1,314k. The Place-Shaping & Economic Growth Service saw a continued slow-down in large scale (high value) planning applications and pre-applications and hence reported a £510k shortfall in planning income. As a result of a buoyant market for recycled waste materials, the Parks & Environmental Service generated £191k more net income than budgeted but the service overspent by £265k on temporary staff, overtime and holiday pay linked to staff vacancies and sickness absence. In the Safer Communities service income from off-street car parking fell short of the budget (which had returned to pre-pandemic levels) by £299k. There was an overspend of £189k

HARROGATE BOROUGH COUNCIL

NARRATIVE REPORT: FINANCIAL STATEMENTS YEAR ENDED 31 MARCH 2023

in homelessness in Housing & Property, primarily due to Bed & breakfast accommodation. Higher than budgeted interest rates resulted in additional income to the council of £445k.

The **Housing Revenue Account** budget for 2022/23 and a comparison with actual performance are set out below:

	Net budget	Outturn	Variance
	£'000	£'000	£'000
Expenditure	18,922	15,598	-3,324
Income	-18,878	-18,733	145
Net Expenditure	44	-3,135	-3,179
Working Balance:			
Brought forward	13,948	16,139	2,191
Carried forward	13,904	19,274	5,370

Expenditure was £3.3m lower than budget, primarily because the contribution to capital expenditure was reduced by £3.8m, largely due to a reduction in the planned programme and partly due to the uses of alternative funding sources.

Income was slightly down against budget, largely due to a reduction in dwellings rental income.

The HRA working balance carried forward is £19.3m.

Capital

In 2022/23 the Council spent £33.3m on capital projects compared with the original overall budget of £52.5m. Of this total, Housing capital spending for 2022/23 was £10.6m compared to an original budget of £15.5m, a net reduction of £4.9m. The major areas of expenditure in 2022/23 included House Purchases for Social Rent (£5.5m) and Housing Development (£1.6m).

Capital spending on non-housing schemes was £22.7m, compared to an original budget of £37.0m. The major areas of expenditure in 2022/23 included the Knaresborough Pool Redevelopment (£7.7m), the Hydro Redevelopment (£7.6m), Hydro Decarbonisation Works (£1.3m), Vehicle Purchases (£1.3m), Disabled Facilities Grants (£1.1m), and IT hardware and software (£1.0m).

Capital receipts from asset sales during the year totalled £3.1m. The majority of this total related to Council dwelling sales within the HRA (£1.7m) and Repayment of Housing Company Loans (£1.0m). Of these receipts, none were paid over to the Government in line with the pooling requirements, which were amended for 2022/23 and 2023/24 such that local authorities were able to retain 100% of Right to Buy receipts.

Financial performance and the Covid-19 pandemic

The financial performance in the year was ultimately positive, despite the ongoing impact of the Covid-19 pandemic and the cost of living crisis. The HRA achieved a surplus of £3.1m, which is broadly in line with previous years. The General Fund achieved a saving against budget of £1.0m, as detailed above, although were it not for a £2.8m VAT refund this would have been a £1.8m overspend, with inflation, particularly in utility costs, being keenly felt.

Although there was no direct Government support for the reducing impact of Covid-19 in 2022/23, the Government developed schemes to provide support in relation to the developing cost of living crisis, in particular the additional costs being incurred on utilities. The Council played a key role in distributing support through the Energy Bills Support Scheme (EBSS) to local residents. The table below shows the grants received by the Council and the amounts paid out to residents in the 2022/23 financial year:

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Energy Bills Support Scheme (EBSS)	Amount of grant paid out
EBSS – Mandatory Scheme	£7,256k
EBSS – Discretionary Scheme	£248k

The mandatory scheme costs and income are not included with the Council's accounts as it is deemed that we are simply passporting these grants on from central government to residents. The Council had some discretion over the discretionary scheme and so these payments and associated grant income are included in the Council's accounts, within the Finance service.

As at 31 March 2023, a further £73k of grant had been received but not paid out. It is anticipated that the unspent funds will be repaid to the Government and the balance has therefore been included as a creditor on the balance sheet.

Further grant amounts were received by the Council in March 2023 and carried forward as a creditor balance on the balance sheet; a total of £1,028k in relation to the EBSS Alternative Funding scheme and £269k in relation to the Alternative Fuel Payment Scheme Alternative Fund Grant. Payments will be made by the Council to eligible households in the first months of 2023/24.

The Medium Term Financial Strategy (MTFS) was updated over the summer of 2021 and sets out the latest position in terms of the upcoming financial challenges and risks, together with the latest proposals as to how to overcome them. The MTFS is just one element of the strategic planning process, which is set out below:

How our STRATEGIES AND PLANS fit together



In 2018/19 the Council adopted an updated transformation programme – the 2024 programme. The programme has made a number of significant achievements in the past three years, including:

- Completion of a new civic centre and successful relocation of 500 staff and customer facing services
- Achieving projected income in excess of £2.5m through the commercialism agenda
- Development of an award winning website

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NARRATIVE REPORT: FINANCIAL STATEMENTS YEAR ENDED 31 MARCH 2023

- Over 77,000 online accounts set up by customers
- Roll out of a leadership and management programme to increase skills and effectiveness of senior managers
- Embedding of new standards of behaviour and staff recognition programmes

The *2024 Programme* is addressing the challenges and opportunities now facing the Council, including:

Challenges:

- **Funding** – there is significant uncertainty over future funding levels, with a Fair Funding Review theoretically due to implement new baseline funding allocations for local authorities, although the timescales for implementation of this remain unclear
- **Ageing workforce** – the Council must address how it will retain knowledge and experience as a significant proportion of the workforce approaches retirement age
- **Technological change** – ensuring that the council has the capacity to invest in and implement infrastructure change, in order to operate efficiently and to meet customer needs

More widely, the district faces key challenges including:

- **Ageing population** – the number of people aged over 65 is forecast to increase by 49% by 2035
- **Economic growth** – the district is forecast to grow more slowly than the wider Leeds City Region over the next five years
- **Transport** – ongoing issues with road and rail connectivity and traffic congestion
- **Housing** - high cost of renting and purchasing housing, with a limited supply of affordable housing

Opportunities:

- **Income generation** – commercial opportunities, including the Turkish Baths and Convention Centre
- **Alternative service delivery models** – to maximise commercial opportunities
- **Digitisation** – improved and quicker communications with customers

Local Government Reorganisation (LGR) will also have a major impact on the Council in the immediate future. In July 2021, having consulted upon two potential options for reorganising local government across North Yorkshire, the Government announced that from 1 April 2023 North Yorkshire County Council will combine with all of the districts in the county to form a single unitary authority; Harrogate Borough Council will therefore cease to exist from this date (the City of York Council will remain separate and unchanged). There has been a significant amount of work to do prior to the 'vesting day' of 1 April 2023 in order to ensure that services continue to operate seamlessly and, subsequently, there will be a significant amount of work needed post-vesting day to ensure that the opportunities of operating as a single authority are fully realised. There is likely to be a short-term cost of implementing the new authority before, ultimately, ongoing savings are achieved through operating as a single entity.

Financial and Service Performance

In planning to meet these challenges and to take advantage of these opportunities, the Council recognises that the integration of financial and service performance is key. Each year, in order to present a balanced budget, each service has to critically review its spending and service delivery in order to make budgetary savings whilst continuing to provide services of the same or improved standard, meaning that there is an on-going commitment to increasing the economy, efficiency and effectiveness across all service areas.

The Council's service planning arrangements are integrated with its financial management arrangements. A strategic approach is taken to service and financial planning during the Performance Clinic process in which the budgets and performance of each service are scrutinised by Management Board. Integrated finance and

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NARRATIVE REPORT: FINANCIAL STATEMENTS YEAR ENDED 31 MARCH 2023

performance monitoring reports are taken to Management Board on a monthly basis and go forward to Cabinet each quarter. In 2018/19, additional quarterly Management Board performance and finance meetings were introduced to allow for detailed discussions on any areas of concern in order to identify further support required by services.

The final quarter of 2022/23 saw HBC continue to operate in challenging circumstances; balancing delivery of its services alongside increased final preparations for Local Government Reorganisation (LGR), including switching of ICT and telephony systems. There continued to be a national recruitment issue, the effects of which were being felt locally.

The effects of the cost of living crisis continue to be felt locally and this can be seen particularly in certain areas of performance. The cost of living crisis has been compounded alongside other issues to create a particular problem with our homelessness services, and despite the team's hard work, performance continues to struggle. However, the service has seen incremental improvement in Q4. Proactive work has seen our benefits team do some particularly impressive work to get performance back to within target to help our residents deal with the cost of living crisis.

Despite the difficult operating environment, overall performance against the Council's Corporate Delivery Plan is largely positive with progress made against actions and indicators. Despite these challenges, we have managed to deliver some key successes in 2022/23, which include amongst others:

- HBC staff are proactively helping to shape new systems and processes for the new North Yorkshire Council as work progresses to delivery stages.
- Contractors for the work to Harrogate Pump Room Museum upgrade commissioned and deadline for work confirmed for end May 2023
- Harrogate Convention Centre is forecast to outturn at better than target. This is the best performance since the coronavirus pandemic. This year the convention centre has benefited from improvements in income for additional services and commission payments.
- Tonnage of residual waste collected has improved and continues to perform better than target.
- HBC achieved 3 platinum awards in Yorkshire in Bloom in 2022/23 and supported a number of gold and silver gilt awards across the district.
- The majority of the electric vehicle charging points installed in phase 1 of the ULEV action plan are now live.
- 95 completions of affordable houses took place in Q4. This brought the total for the year up to 310 against a target of 250.
- Bracewell continues to perform well in delivering shared ownership homes at a commercial return. Further homes have been matched to Bracewell as part of the Development Partnership. Whilst the housing market has slowed, Bracewell homes remain in demand in high value, high need areas of Harrogate.
- The Valley Gardens Development Strategy has been completed. This includes a canopy at the games pavilion, donation points due to be installed in May and a programme of activities prepared for the Coronation celebrations.
- Round optimisation for the garden waste service has been completed in time for the service go-live in March 2023. Crews now work in adjacent areas so they can support each other if there is a problem and capacity has been created to enable an increase in subscriptions as budgeted this year.

Key outcomes achieved in 2022/23 (note that green highlight indicates areas that are on target, whilst amber highlight indicates areas of concern):

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Corporate priority	Status
<i>A strong local economy</i>	We will do all we can to ensure changes to the way local government is structured across the whole of Yorkshire benefit us, our residents and the services we provide
	Maximise the use of land and buildings for growth; enabling local companies to stay and grow, and attracting inward investment into the district
	Attracting investment opportunities into the district
	Work in partnership to address current and future operational barriers to business growth by securing investment and improvements in digital infrastructure
	Promote the Harrogate Convention Centre as widely as possible so we attract new events to the district and grow its income to support our local economy
	Support our town centres and work with others to ensure that there is a strong economic recovery across the district from the impact of COVID19
<i>A sustainable environment</i>	Ensure plans are in place for sustainable development across the district and make the most of available funding opportunities to aid the recovery from the pandemic
	Ensure the implementation of the Council's carbon reduction commitments and promote sustainable choices
	Improve the ambience of our town centres
<i>Supporting our communities</i>	Ensure people have the opportunity to live and work in the district because they have access to high-quality housing which meets their needs and matches their income level
	Work together to halve rough sleeping, prevent and reduce homelessness and assist homeless households in finding long term affordable and sustainable housing
	We'll do all we can to help our residents build secure, safe and healthy lives in thriving communities
	Work with others to ensure that there is a plan in place to support the community as it responds to the impact of COVID19
<i>Excellent public services</i>	As a thriving district council, we will continue to find innovative and effective ways to manage our resources whilst ensuring they reflect our priorities and supporting our members
	Work with our public and voluntary sector partners to ensure that our communities can access inclusive, joined up services to improve the quality of life across the Harrogate district
	Ensure that the council responds to the challenges and impacts of the COVID19 and adapts accordingly

More detail regarding the Council's performance during the year can be found in the Council's Corporate Performance Report 2022/23, which can be found here:

<https://edemocracy.northyorks.gov.uk/documents/s19239/1 Performance.pdf>

The Financial Statements

The Council's Statement of Accounts sets out the Council's income and expenditure for the year, and its financial position at 31 March 2023. It comprises core and supplementary statements, together with disclosure notes. The format and content of the financial statements are prescribed by the Chartered Institute of Public Finance and Accountancy (CIPFA) Code of Practice on Local Authority Accounting in the United Kingdom 2022/23, which in turn is underpinned by International Financial Reporting Standards.

The **Core Statements** are:

- the **Statement of Responsibilities for the Statement of Accounts** – which explains both the Council's and Corporate Director of Resource's responsibilities in respect of the Statement of Accounts.
- the **Movement in Reserves Statement** – this Statement shows the movement in the year on the different reserves held by the Council, analysed into 'usable reserves' (i.e. those that can be applied to fund expenditure or reduce local taxation) and other reserves. The Surplus or Deficit on the Provision of Services line shows the true economic cost of providing the Council's services, more details of which are shown in the Comprehensive Income and Expenditure Statement. These are different from the statutory amounts required to be charged to the General Fund Balance and Housing Revenue Account for council tax setting and dwellings rent setting purposes. The Net Increase/Decrease before Transfers to Earmarked Reserves line shows the statutory General Fund Balance and Housing Revenue Account Balance before any discretionary transfers to or from earmarked reserves undertaken by the Council.
- 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 regulations; this may be different from the accounting cost. The taxation position is shown in the Movement in Reserves Statement.
- the **Balance Sheet** – the Balance Sheet shows the value as at the Balance Sheet date of the assets and liabilities recognised by the Council. The net assets of the Council (assets less liabilities) are matched by the reserves held by the Council. Reserves are reported in two categories. The first category of reserves is usable reserves, i.e. those reserves that the Council may use to provide services, subject to the need to maintain a prudent level of reserves and any statutory limitations on their use (for example the Capital Receipts Reserve that may only be used to fund capital expenditure or repay debt). The second category of reserves consists of those that the Council is not able to use to provide services. This 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** – the Cash Flow statement shows the changes in cash and cash equivalents of the Council during the reporting period. The statement shows how the Council 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 Council are funded by way of taxation and grant income or from the recipients of services provided by the Council. Investing activities represent the extent to which cash outflows have been made for resources which are intended to contribute to the Council's future service delivery. Cash flows arising from financing activities are useful in predicting claims on future cash flows by providers of capital (i.e. borrowing) to the Council.
- the **Notes to the Financial Statements** – the notes to the accounts disclose the information required by the CIPFA Accounting Code of Practice on Local Authority Accounting that is not presented elsewhere in the financial statements and which is relevant to the understanding of them.

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The **Supplementary Financial Statements** are:

- the **Movement on the Housing Revenue Account (HRA) Statement** – which shows how the HRA Income and Expenditure Account surplus or deficit for the year reconciles to the movement on the HRA Balance for the year.
- the **Housing Revenue Account Income and Expenditure Statement** – this Statement shows the economic cost in the year of providing housing services in accordance with generally accepted accounting practices, rather than the amount to be funded from rents and government grants. Authorities charge rents to cover expenditure in accordance with regulations; this may be different from the accounting cost. The increase or decrease in the year, on the basis on which rents are raised, is shown in the Movement on the Housing Revenue Account Statement.
- the **Collection Fund (England) Statement** – this 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.

Supporting Statements

- the **Annual Governance Statement (Appendix 1)** which explains how the Council maintains an effective system of internal financial control.

Further Information

Further information about the accounts is available from the Corporate Finance team at Finance, North Yorkshire Council, PO Box 787, Harrogate, HG1 9RW, telephone (01423) 500600 or email CorporateFinance2@northyorks.gov.uk.

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 Council’s website.

HARROGATE BOROUGH COUNCIL

**STATEMENT OF RESPONSIBILITIES FOR THE STATEMENT OF ACCOUNTS FOR THE YEAR ENDED 31 MARCH
2023**

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 the responsibility for the administration of those affairs. In this authority, that officer is the Corporate Director of Resources;
- manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets;
- approve the Statement of Accounts.

The Corporate Director of Resource's Responsibilities

The Corporate Director of Resources 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 Head of Finance 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.

The Corporate Director of Resources has also:

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

Statement by the Corporate Director of Resources

I certify that this Statement of Accounts presents a true and fair view of the financial position of Harrogate Borough Council at 31 March 2023 and its income and expenditure for the year then ended.

19 July 2023

.....
**Gary Fielding, Corporate Director of Resources, S151 officer
North Yorkshire Council**

APPROVAL BY CHAIR OF AUDIT & GOVERNANCE COMMITTEE

This Statement of Accounts was approved by a resolution of the Audit Committee of North Yorkshire Council on xxxxxx.

.....
Councillor Cliff Lunn, Chair of Audit Committee, North Yorkshire Council
.....

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MOVEMENT IN RESERVES STATEMENT FOR THE YEAR ENDED 31 MARCH 2023

	Capital Receipts Reserve £'000	HRA Major Repairs Reserve £'000	Earmarked GF Reserves £'000 Note 7	Capital Grants Unapplied £'000	General Fund Balance £'000	Housing Revenue Account £'000	Total Usable Reserves £'000	Unusable Reserves £'000 Note 16	Total Reserves £'000
Balance at 31 March 2022	5,340	1,424	32,745	7,062	4,587	16,139	67,297	322,335	389,632
Movement in Reserves during 2022/23									
Total Comprehensive Income and Expenditure	0	0	0	0	-7,251	3,739	-3,512	27,039	23,527
Adjustments between accounting basis and funding basis under regulations:									
Depreciation, impairment and revaluation losses of non-current assets	0	0	0	0	8,120	4,472	12,592	-12,592	0
Amortisation of intangible assets	0	0	0	0	316	0	316	-316	0
Transfer of amount equivalent to depreciation from HRA to MRR	0	5,241	0	0	0	-5,241	0	0	0
Movements in the fair value of investment properties	0	0	0	0	-33	0	-33	33	0
Capital grants and contributions credited to the CI&E Statement	0	0	0	3,514	-3,514	0	0	0	0
Net gain or loss on sale or derecognition of non-current assets	3,084	0	0	0	-330	-592	2,162	-2,162	0
Transfer to/from Deferred Capital Receipts	-10	0	0	0	7	0	-3	3	0
Amount by which pension costs calculated in accordance with IAS19 are different from the contributions due under pension scheme regulations	0	0	0	0	6,637	757	7,394	-7,394	0
Amount by which Council Tax/NDR Income taken to CI&E is different to amount taken to GF in accordance with regulations	0	0	0	0	-9,877	0	-9,877	9,877	0
Amount by which short term accumulated absences charged to CI&E is different to amount taken to GF in accordance with regulations	0	0	0	0	39	0	39	-39	0
Movement in fair value of pooled investment funds	0	0	0	0	928	0	928	-928	0
Statutory Provision for repayment of Principal	0	0	0	0	-1,102	0	-1,102	1,102	0
Capital expenditure charged to the General Fund/HRA Balances	0	0	0	0	-4,064	0	-4,064	4,064	0
Transfer from Capital Receipts Reserve equal to amount payable to Housing Receipts Pool	0	0	0	0	0	0	0	0	0
Usable Reserves used to Finance Capital Expenditure	-4,682	-6,660	0	-2,119	0	0	-13,461	13,461	0
Net Increase/Decrease(-) before transfers to Earmarked Reserve	-1,608	-1,419	0	1,395	-10,124	3,135	-8,621	32,148	23,527
Transfers to/from(-) Earmarked Reserves	0	0	-8,037	0	8,037	0	0	0	0
Increase /Decrease(-) in year	-1,608	-1,419	-8,037	1,395	-2,087	3,135	-8,621	32,148	23,527
Balance at 31 March 2023 carried forward	3,732	5	24,708	8,457	2,500	19,274	58,676	354,483	413,159

HARROGATE BOROUGH COUNCIL

MOVEMENT IN RESERVES STATEMENT FOR THE YEAR ENDED 31 MARCH 2022

	Capital Receipts Reserve £'000	HRA Major Repairs Reserve £'000	Earmarked GF Reserves £'000 Note 7	Capital Grants Unapplied £'000	General Fund Balance £'000	Housing Revenue Account £'000	Total Usable Reserves £'000	Unusable Reserves £'000 Note 16	Total Reserves £'000
Balance at 31 March 2021	4,731	0	44,818	4,353	2,500	28,281	84,683	258,006	342,689
Movement in Reserves during 2021/22									
Total Comprehensive Income and Expenditure	0	0	0	0	-3,789	2,092	-1,697	48,640	46,943
Adjustments between accounting basis and funding basis under regulations:									
Depreciation, impairment and revaluation losses of non-current assets	0	0	0	0	11,296	5,303	16,599	-16,599	0
Amortisation of intangible assets	0	0	0	0	225	0	225	-225	0
Transfer of amount equivalent to depreciation from HRA to MRR	0	4,769	0	0	0	-4,769	0	0	0
Movements in the fair value of investment properties	0	0	0	0	-587	0	-587	587	0
Capital grants and contributions credited to the CI&E Statement	0	0	0	4,829	-4,829	0	0	0	0
Net gain or loss on sale or derecognition of non-current assets	2,142	0	0	0	24	-707	1,459	-1,459	0
Transfer to/from Deferred Capital Receipts	10	0	0	0	14	0	24	-24	0
Amount by which pension costs calculated in accordance with IAS19 are different from the contributions due under pension scheme regulations	0	0	0	0	250	939	1,189	-1,189	0
Amount by which Council Tax/NDR Income taken to CI&E is different to amount taken to GF in accordance with regulations	0	0	0	0	-6,913	0	-6,913	6,913	0
Amount by which short term accumulated absences charged to CI&E is different to amount taken to GF in accordance with regulations	0	0	0	0	-57	0	-57	57	0
Movement in fair value of pooled investment funds	0	0	0	0	-848	0	-848	848	0
Statutory Provision for repayment of Principal	0	0	0	0	-741	-15,000	-15,741	15,741	0
Capital expenditure charged to the General Fund/HRA Balances	0	0	0	0	-4,886	0	-4,886	4,886	0
Transfer from Capital Receipts Reserve equal to amount payable to Housing Receipts Pool	-855	0	0	0	855	0	0	0	0
Usable Reserves used to Finance Capital Expenditure	-688	-3,345	0	-2,120	0	0	-6,153	6,153	0
Net Increase/Decrease(-) before transfers to Earmarked Reserve	609	1,424	0	2,709	-9,986	-12,142	-17,386	64,329	46,943
Transfers to/from(-) Earmarked Reserves	0	0	-12,073	0	12,073	0	0	0	0
Increase/Decrease(-) in year	609	1,424	-12,073	2,709	2,087	-12,142	-17,386	64,329	46,943
Balance at 31 March 2022 carried forward	5,340	1,424	32,745	7,062	4,587	16,139	67,297	322,335	389,632

HARROGATE BOROUGH COUNCIL

COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT FOR THE YEAR ENDED 31 MARCH 2023

	2022/23	2022/23	2022/23	2021/22	2021/22	2021/22
	Expenditure	Income	Net Cost	Expenditure	Income	Net Cost
	£'000	£'000	£'000	£'000	£'000	£'000
<i>Housing General Fund</i>	5,100	-2,688	2,412	4,132	-2,011	2,121
<i>Parks & Environmental Services</i>	16,590	-8,031	8,559	15,004	-7,807	7,197
<i>Safer Communities</i>	7,404	-3,798	3,606	3,431	-4,119	-688
<i>Finance</i>	21,676	-19,304	2,372	22,329	-19,447	2,882
<i>Legal & Governance</i>	3,423	-503	2,920	3,808	-602	3,206
<i>Information, Communications & Technology</i>	3,485	-100	3,385	3,363	0	3,363
<i>Organisational Development & Improvement</i>	2,321	-11	2,310	2,233	-16	2,217
<i>Culture, Tourism & Sport</i>	4,180	-4,801	-621	12,689	-1,489	11,200
<i>Destination Management Organisation</i>	2,310	-483	1,827	2,284	-342	1,942
<i>Place Shaping & Economic Growth</i>	14,357	-4,825	9,532	15,146	-6,543	8,603
<i>Harrogate Convention Centre</i>	6,266	-5,158	1,108	4,679	-3,978	701
<i>Corporate</i>	997	-318	679	-6,831	-316	-7,147
<i>Housing Revenue Account</i>	13,877	-18,114	-4,237	14,947	-17,888	-2,941
Cost of Services	101,986	-68,133	33,853	97,214	-64,558	32,656
Other Operating Expenditure						
Parish Precepts	1,224	0	1,224	1,162	0	1,162
Contribution to Housing Pooled Capital Receipts	0	0	0	855	0	855
Gain(-) or loss on disposal of Non-current assets	0	-981	-981	0	-745	-745
Other Capital Receipts	0	0	0	0	0	0
Financing & Investment Income & Expenditure						
External Interest Payments (note 11b)	1,226	0	1,226	1,583	0	1,583
Net Interest on the Net Defined Benefit Liability (Asset) (note 26)	420	0	420	637	0	637
External Interest Income (note 11b)	0	-1,020	-1,020	0	-381	-381
Movement in fair value of financial assets (note 11)	928	0	928	-848	0	-848
Investment Property I&E and changes in fair value (note 10)	-33	-91	-124	-587	-106	-693
Taxation and Non Specific Grant Income						
Income from Council Tax	0	-17,770	-17,770	0	-17,325	-17,325
Capital Grant Income (note 21)	0	-3,515	-3,515	0	-4,829	-4,829
Other Non-ringfenced Government Grants (note 21)	0	-10,194	-10,194	0	-14,795	-14,795
Non-Domestic Rates Income and Expenditure	23,331	-23,866	-535	23,468	-19,048	4,420
Surplus(-) or Deficit on the Provision of Services	129,082	-125,570	3,512	123,484	-121,787	1,697
Surplus(-) or Deficit on the Revaluation of Non-current Assets			-2,486			-27,446
Remeasurements pension assets/liabilities (note 26)			-24,553			-21,194
Other Comprehensive Income & Expenditure			-27,039			-48,640
Total Comprehensive Income & Expenditure			-23,527			-46,943

HARROGATE BOROUGH COUNCIL
BALANCE SHEET AS AT 31 MARCH 2023

	Note	2023 £'000	2022 £'000
Property, Plant & Equipment	8		
Council Dwellings		279,219	269,716
Other Land & Buildings		85,189	94,829
Vehicles, Plant & Equipment		9,305	8,299
Infrastructure Assets		1,039	1,064
Community Assets		2,178	2,170
Surplus Assets		717	717
Assets Under Construction		21,215	2,461
		<u>398,862</u>	<u>379,256</u>
Heritage Assets	9	44,847	43,795
Investment Property	10	2,338	2,305
Intangible Assets		1,023	1,178
Long Term Debtors	11	1,186	1,983
Long Term Investments	11	4,785	5,713
Long Term Assets		<u>453,041</u>	<u>434,230</u>
Short Term Investments	11	0	15,006
Assets Held for Sale	12	722	762
Inventories		237	222
Short Term Debtors	13	15,538	12,588
Cash & Cash Equivalents			
Cash In Hand/At Bank	11	93	9,810
Cash Equivalents	11	17,943	17,321
Current Assets		<u>34,533</u>	<u>55,709</u>
Short Term Borrowing	11	-24	-23
Short Term Creditors	14	-27,523	-19,041
Provisions	15	-1,946	-2,169
Grants Receipts in Advance (Revenue)	21	-4,781	-21,737
Grants Receipts In Advance (Capital)	21	-761	-650
Current Liabilities		<u>-35,035</u>	<u>-43,620</u>
Long Term Borrowing	11	-38,048	-38,056
Provisions	15	-1,332	-1,472
Other Long Term Liabilities – Pensions Liability	26	0	-17,159
Long Term Liabilities		<u>-39,380</u>	<u>-56,687</u>
Net Assets		<u>413,159</u>	<u>389,632</u>
Usable Reserves			
Usable Capital Receipts Reserve		3,732	5,340
Major Repairs Reserve		5	1,424
General Fund Earmarked Reserves	7	24,708	32,745
Capital Grants Unapplied Account		8,457	7,062
Working Balances:			
General Fund		2,500	4,587
HRA		19,274	16,139
Unusable Reserves			
Revaluation Reserve	16	98,437	96,726
Capital Adjustment Account	16	253,170	248,805
Deferred Capital Receipts	16	486	483
Pensions Reserve	16	0	-17,159
Accumulated Absences Adjustment Account	16	-482	-443
Collection Fund Adjustment Account	16	3,087	-6,790
Pooled Investment Funds Adjustment Account	16	-215	713
Total Reserves		<u>413,159</u>	<u>389,632</u>

HARROGATE BOROUGH COUNCIL
CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2023

	2022/23 £'000	2021/22 £'000
Operating Activities		
Net surplus(-) or deficit on the provision of services excluding interest transactions:	3,306	496
External Interest paid	1,226	1,583
External Interest received	-1,020	-382
Net surplus(-) or deficit on the provision of services	3,512	1,697
Adjust net surplus(-) or deficit for non-cash movements:		
Depreciation and amortisation	-4,264	-4,574
Impairment and revaluations	-3,370	-6,894
Movement in fair value of pooled investment funds	-928	848
Increase(-)/decrease in impairment for bad debts	173	-25
Increase(-)/decrease in other provisions	364	355
Increase(-)/decrease in creditors	18,424	-5,133
Increase/decrease(-) in debtors	6,175	-631
Increase/decrease(-) in inventories	15	-4
Pension Liability – contributions more/less(-) than IAS19 Costs	-7,394	-1,189
Carrying amount of non-current assets sold or derecognised	-2,162	-1,458
Increase(-)/decrease in Major Repairs Reserve (MRR)	1,419	-1,424
Adjust net surplus(-) or deficit for investing activity items:		
Less purchase of property, plant and equipment from MRR	-6,660	-3,345
Proceeds from the sale of non-current assets	3,084	2,142
Less Capital Grants credited to CI&ES	3,515	4,829
Less other Capital Receipts	13	-46
Net Cash Flows from Operating Activities	11,917	-14,852
Investing Activities		
Purchase of property, plant & equipment and intangible assets	32,156	17,998
Proceeds from the sale of property, plant and equipment, investment property and intangible assets	-3,094	-2,132
Capital grants received	-2,224	-2,808
Purchase of/proceeds from(-) long-term investments	200	500
Proceeds from(-)/purchase of short term deposits	-15,005	-18,999
Net Cash Flows from Investing Activities	12,033	-5,441
Financing Activities		
Repayments of long & short term borrowing	7	15,010
Change in net debtors for Council Tax and NDR income	-14,861	-13,530
Net Cash Flows from Financing Activities	-14,854	1,480
Net Increase(-)/Decrease in Cash & Cash Equivalents	9,095	-18,813
Cash & Cash Equivalents at the beginning of the reporting period		
Bank overdraft	0	0
Cash at Bank/in hand	-9,810	-2,918
Cash Equivalents*	-17,321	-5,400
	-27,131	-8,318
Cash & Cash Equivalents at the end of the reporting period		
Bank overdraft	0	0
Cash at Bank/in hand	-93	-9,810
Cash Equivalents*	-17,943	-17,321
	-18,036	-27,131

* Short Term Investments that mature within one month of date of acquisition
Credit cash balances are depicted as negative amounts

1. Accounting Policies

i. General Principles

The Accounts have been prepared in accordance with the 2022/23 Code of Practice on Local Authority Accounting issued in August 2022 by the Chartered Institute of Public Finance and Accountancy (CIPFA), based on International Financial Reporting Standards. The Accounts have been prepared under the historical cost convention modified to account for the revaluation of non-current assets. All the figures presented are rounded to varying levels of precision and this is made clear in each case.

ii. Accruals of Income and Expenditure

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

- Revenue from contracts with service recipients, whether for services or the provision of goods, is recognised when (or as) goods or services are transferred to the service recipient in accordance with the performance obligations in the contract.
- Supplies are recorded as expenditure when they are consumed – where there is a gap between the date supplies are received and their consumption, they are carried as inventories on the Balance Sheet.
- Expenses in relation to services received (including services provided by employees) are recorded as expenditure when the services are received rather than when payments are made.
- 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 and cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. The Council has adopted a policy of cash equivalents being short term investments which mature within one month of their acquisition.

iv. Contingent Assets and Liabilities

Contingent assets and liabilities are not recognised within the financial statements. Contingent assets are disclosed by way of a note to the accounts if the inflow of economic benefits or service potential is probable.

Contingent liabilities are disclosed by way of a note to the accounts if there are possible obligations that may require payment or a transfer of economic benefits.

v. Employee Benefits

Benefits Payable during Employment

Short-term employee benefits are those due to be settled within twelve months of the year-end. They include such benefits as wages and salaries, paid annual leave and paid sick leave, bonuses and non-monetary benefits (e.g. cars) for current employees and are recognised as an expense for services in the year in which employees render service to the Council. An accrual is made for the cost of holiday entitlements (or 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 charged to Surplus or Deficit on the Provision of Services, but then reversed out through the Movement in Reserves Statement so that holiday benefits are charged to revenue in the financial year in which the holiday absence occurs.

Termination Benefits

Termination benefits are amounts payable as a result of a decision by the Council to terminate an officer's employment before the normal retirement date, or an officer's decision to accept voluntary redundancy in exchange for those benefits. They are charged on an accruals basis to the relevant service or, where applicable, to Non Distributed Costs within the Corporate line in the Comprehensive Income and Expenditure Statement, at the earlier of when the Council can no longer withdraw the offer of those benefits or when the Council recognises costs for restructuring.

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

Retirement Benefits

In line with the CIPFA Accounting Code, the Council has adopted the full accounting requirements of IAS19 (Retirement Benefits). The disclosures required under IAS19 are set out in the notes to the Financial Statements, note 26.

Employees of the Council are members of the Local Government Pensions Scheme, administered by North Yorkshire County Council (NYCC). The scheme provides defined benefits to members (retirement lump sums and pensions), earned as employees work for the Council.

The Local Government Pension Scheme

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

- The liabilities of the NYCC pension scheme attributable to the Council are included in the Balance Sheet on an actuarial basis using the projected unit method – i.e. an assessment of the future payments that will be made in relation to retirement benefits earned to date by employees, based on assumptions about mortality rates, employee turnover rates, etc., and projections of earnings for current employees
- Liabilities are discounted to their value at current price, using a discount rate of 4.7% (based on the indicative rate of return on AA-rated corporate bonds)
- The assets of the NYCC pension fund attributable to the Council are included in the Balance Sheet at their fair value:
 - Quoted securities – current bid price
 - Unquoted securities – professional estimate
 - Unitised securities – current bid price
 - Property – market value
- The change in the net pensions liability is analysed into the following components:

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 Net Cost of Services in the Comprehensive Income and Expenditure Statement as part of Non Distributed Costs within the Corporate line on the statement

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

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

Remeasurements comprising:

- the return on plan assets – excluding amounts included in the 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 – debited to the Comprehensive Income and Expenditure Statement – charged to the Pensions Reserve as other Comprehensive Income and Expenditure
- contributions paid to the NYCC 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 Council to the pension fund in the year, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement there are transfers to and from the Pensions Reserve to the General Fund Balance to remove the notional debits and credits for retirement benefits and replace them with debits for the cash paid to the pension fund and any amounts payable to the fund but unpaid at the year-end.

Discretionary Benefits

The Council also has restricted powers to make discretionary awards of retirement benefits in the event of early retirements. Any liabilities estimated to arise as a result of an award to any member of staff 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.

vi. Events after the Reporting Date

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

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

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

vii. Financial Liabilities

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

was originally recognised. This means that for all the Council's borrowings the amount presented in the Balance Sheet is the outstanding principal plus accrued interest repayable and the interest charged to the Comprehensive Income and Expenditure Statement is the amount payable for the year according to the loan agreement.

viii. Financial Assets

Financial assets are classified based on a classification and measurement approach that reflects the business model for holding the financial assets and their cash flow characteristics. The Council holds financial assets measured at:

- amortised cost
- fair value through profit and loss (FVPL)

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 for interest receivable are based on the carrying amount of the asset, multiplied by the effective rate of interest for the instrument. For financial assets held by the Council, this means that the amount presented in the Balance Sheet is the outstanding principal plus accrued interest receivable and interest credited to the Comprehensive Income and Expenditure Statement is the amount receivable for the year according to the loan agreement.

Expected Credit Loss Model:

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

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.

Financial assets measured at fair value through profit and loss

Financial assets measured at fair value through profit or loss 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.

Fair value is measured in accordance with the Council's Fair Value Measurements policy (see xxv below).

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

The Council has chosen to apply statutory provisions for mitigating the impact of fair value movements on Pooled Investment Funds as directed in the Local Authorities (Capital Finance and Accounting) (England) (Amendment) Regulations 2018 [SI 2018/1207]. This allows (where relevant criteria are met) for fair value gains and losses on Pooled Investment Funds to be reversed to an account established solely for the purpose of recognising fair value gains and losses – the Pooled Investment Funds Adjustment Account.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

This statutory provision originally applied from 1 April 2018 until 31 March 2023 but has since been extended to 31 March 2025.

ix. Grants and Contributions

Grants and Contributions relating to capital and revenue expenditure are accounted for on an accruals basis. They are recognised in the Comprehensive Income and Expenditure Statement as income in the period in which the conditions of the grant have been complied with and there is reasonable assurance that the grant or contribution will be received. Specific service revenue grants are shown in the relevant service line, general revenue grants and capital grants are shown in the Non Specific Grant Income lines.

Where a revenue grant is received in advance of the related expenditure the money is transferred to an earmarked reserve to reflect the expenditure commitment in future years.

Where a capital grant or contribution has been recognised as income in the Comprehensive Income and Expenditure Statement, the grant or contribution is transferred to the Capital Grants Unapplied Account to reflect its status as a capital resource available to finance expenditure. This transfer is reported in the Movement in Reserves Statement. Where the expenditure to be financed has been incurred at the balance sheet date the grant is transferred from the Capital Grants Unapplied Account to the Capital Adjustment Account. This transfer is also reported in the Movement in Reserves Statement.

Where a capital grant or contribution has a condition that the Council has not satisfied at the balance sheet date, the grant or contribution is credited to Capital Grants Receipts in Advance on the Balance Sheet. Once the condition has been met the grant is transferred and recognised as income in the Comprehensive Income and Expenditure Statement.

x. Heritage Assets

The Council has four main collections of heritage assets that are held primarily for the purpose of preserving them in trust for future generations because of their cultural, environmental or historical associations. Heritage Assets are recognised and measured (including the treatment of revaluation gains and losses) in accordance with the Council's accounting policies on property, plant and equipment. However, some of the measurement rules are relaxed in relation to heritage assets, as detailed below. The Council's collections of heritage assets are accounted for as follows:

• **Museums and Art Exhibits:**

Museum and Art Collections are reported on the Balance Sheet at insurance valuations, which are based on market values assessed by expert external valuers in 2006 and 2007, reviewed and updated annually by the Curator of Arts to include donations and purchases since this date at valuation or cost.

Sculptures included in this category are also reported at insurance valuations assessed by the Curator of Art in 1996 with more recent acquisitions being included at cost or valuation.

Acquisitions are normally purchases either at auction or from private collections and are funded using grants and contributions received for this purpose. These items, irrespective of value, are included in capital expenditure and recognised initially at cost on the Balance Sheet. Donations and bequests are few; where they do occur, they are recognised at valuation on the Balance Sheet, with a corresponding credit to the Donated Assets Account, or Comprehensive Income and Expenditure Statement once any conditions of the donation are met.

There is a strong presumption against the disposal of any items in the Museum & Art Collections but where a disposal does occur then the proceeds of such items are treated as capital receipts in the same way as Property, Plant & Equipment disposals but are to be applied for the benefit of the collections. This would normally mean that they would be used for the purchase of further acquisitions.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

Full details of the Council's Acquisition and Disposal Policy for Museum and Art Collections can be found on the Council's website www.harrogate.gov.uk in the Collection Development Policy.

These items are deemed to have indeterminate lives and high residual values, and depreciation is therefore not charged.

- **Civic Regalia:**

The Council's Civic Regalia – including the Mayor's and Mayoress' chains, badges of office, items of jewellery and mace – are included on the Council's Balance Sheet at their insurance valuation (replacement cost), as assessed by external experts in 2020/21. These items are used on a frequent basis outside of safe storage at public events so the insurance value is updated as regularly as possible. The number of valuations that can be carried out each year is restricted due to the costs involved.

The civic regalia category also includes a large number of trophies, bowls and other trinkets, many of which are made of silver and have been presented to the Council over the years to commemorate special occasions. Due to the large volume and diverse nature of these items, these items are not regularly valued due to the cost not being commensurate with the benefit attained. However, an up to date insurance valuation was commissioned in 2020/21.

The Council recognises these assets on the Balance Sheet at their insurance valuation, which is the expert valuation figure obtained in 2020/21.

The items included on the Balance Sheet are deemed to have indeterminate lives and high residual values, and depreciation is therefore not charged.

Acquisitions and donations are rare. Where they do occur, acquisitions are initially recognised at cost. Donations are not normally valued unless there are exceptional items that are likely to be of high value, in which case they would be valued by external specialists and recognised on the Balance Sheet, with a corresponding entry in the Donated Assets Account if there are conditions outstanding or in the Comprehensive Income and Expenditure Statement where there are no outstanding conditions.

- **Memorials and Monuments:**

The Council holds a small but diverse range of memorials and monuments. These are reported on the Balance Sheet at their insurance valuations, which are based on the estimated rebuilding costs that are reviewed and updated annually. These assets are considered to have indeterminate useful lives and depreciation is therefore not charged.

Acquisitions and disposals are not expected in this category.

- **Buildings:**

The Council holds one building that is classified as a heritage asset, namely the Royal Hall in Harrogate. Although historic cost information is available regarding the refurbishment that took place between 2006 and 2008, this cost relates only to aspects of the structure and interior of the building and not to the building as a whole. The asset is therefore held on the Balance Sheet at its insurance valuation which is based on the rebuilding cost as assessed by the Assets Manager. This valuation is reviewed annually. Depreciation is not charged on the Royal Hall as it is deemed to have an indeterminate useful life.

Acquisitions and disposals are not expected in this category.

xi. Intangible Assets

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

Intangible assets are valued initially at cost. Amounts are only revalued where the fair value of the assets held by the Council can be determined by reference to an active market. In practice, no intangible asset held by the Council meets this criterion, and they are therefore carried at amortised cost. The depreciable amount of an intangible asset is amortised over its useful life (usually 3-5 years) to the relevant services line(s) in the Comprehensive Income and Expenditure Statement on a straight line basis. 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 lines in the Comprehensive Income and Expenditure Statement. Any gain or loss arising on the disposal or abandonment of an intangible asset is posted to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement.

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

xii. Inventories

Inventories are included on the Balance Sheet at the lower of actual cost or net realisable value.

xiii. Investment Property

Investment Property is property (land and/or buildings) held solely to earn rental income or for capital appreciation or both. The Council's property portfolio is reviewed annually to identify any additional assets which meet these criteria.

Investment Properties are initially recognised at cost, but are subject to valuation at fair value at the end of each accounting period. When an asset is transferred to this category it is re-valued to fair value on transfer and any gain is recognised in the Revaluation Reserve. A loss is recognised in the Revaluation Reserve up to the balance on the Reserve and then to the Comprehensive Income and Expenditure Statement. Any balance on the Revaluation Reserve is frozen until the asset is derecognised.

Subsequent revaluation gains or losses on Investment Property are included in the Financing and Investment Income and Expenditure section of the Comprehensive Income and Expenditure Statement in addition to the rental income and any direct expenditure.

Depreciation is not charged on Investment Property.

xiv. Operating Leases

Assets utilised under operating leases are not shown on the Balance Sheet. The rentals payable are charged evenly to revenue and disclosed in the notes to the Financial Statements together with outstanding commitments at 31 March.

Council Assets rented out under operating leases are recorded as non-current assets and the rental income credited evenly to revenue over the period of the lease. The rental income is shown in the notes to the Financial Statements.

xv. Costs of Support Services

The costs of overheads and support services are included in the Comprehensive Income and Expenditure Statement (CIES) against the service within which they are managed and monitored, although the Housing Revenue Account includes its share of support charges and the costs are netted off the expenditure of the appropriate recharging service.

xvi. Property, Plant and Equipment

All expenditure on the acquisition, creation or enhancement of non-current assets is capitalised on an accruals basis (subject to the application of a de minimis of £10,000 for land and buildings, £5,000 for equipment and £0 for heritage assets for schemes to be included on the Council's capital programme). Property, Plant and Equipment assets are included in the Balance Sheet at current value. For land and buildings this is market value in existing use (or depreciated replacement cost, if there is no market based evidence of current value). Council dwellings are included on the basis of existing use value for social housing. For non-property assets that have short useful lives or low value (or both), depreciated historical cost basis is used as a proxy for current value.

Assets under Construction, Infrastructure Assets and Community Assets are included at historic cost. The current asset values used in the accounts are certified by the Council's internal valuers under a five year rolling programme of revaluations. Subsequent additions are included in the accounts at the cost of acquisition.

The increases in valuations arising on the revaluation of Property, Plant and Equipment at current value are matched by credits to the Revaluation Reserve to recognise unrealised gains. Exceptionally gains may be credited to the Comprehensive Income and Expenditure Statement where they arise from the reversal of a revaluation or impairment loss previously charged to a service revenue account.

An impairment or revaluation loss on a previously revalued asset is initially recognised in the Revaluation Reserve up to the balance on the Reserve in relation to that asset, any remaining loss being recognised in the Comprehensive Income and Expenditure Statement.

Property, Plant and Equipment are depreciated over their useful economic lives, except where any provision for depreciation would not be material. Depreciation is calculated using the straight line method for buildings, generally over a period between one and forty years. Depreciation on small items of plant and equipment, along with infrastructure assets, is calculated on a straight line basis over periods ranging from four to twenty years and the reducing balance method is used for vehicles at 30% per annum. Assets in the course of construction are depreciated from the point at which the asset is brought into use. Council dwellings are depreciated on a straight line basis over forty years.

The Council is not required to raise Council Tax to cover depreciation, revaluation or impairment losses. However it is required to make an annual provision from revenue to contribute towards the reduction in its overall borrowing requirements (equal to an amount calculated on a prudent basis determined by the Council in accordance with Statutory guidance). Depreciation, revaluation and impairment losses are therefore replaced by revenue provision in the General Fund Balance on the Movement in Reserves Statement, by way of an adjusting transaction with the Capital Adjustment Account.

Componentisation

When expenditure over £400k is incurred on a component of a building, the component is reviewed by the Council's valuers to assess whether the asset life of the component is significantly different to the life of the rest of the building. If it is considered to be materially different, the component will be recorded separately in the asset register for the purposes of calculating depreciation charges for the building.

When carrying out the rolling programme of building revaluations, the Council's valuers review all buildings with an asset value over £1m for significant components representing at least 20% of the overall original

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

building cost, subject to a de minimis of £400k and with an asset life materially different to that of the rest of the building. If any are identified they are included in the year end revaluation report and separated out on the asset register. These components are then taken into account in the calculation of the total depreciation charges to services for the building in the following year.

For some buildings (e.g. swimming pools), the valuer may define a component as a group of items which have similar significantly shorter lives than the rest of the building and collectively represent over 20% of the original cost of the building, subject to the £400k de minimis.

Assets Held For Sale

These are assets that have been declared surplus to the Council's operational requirements, are being actively marketed and have an estimated sale date within twelve months of the balance sheet date. Assets that are to be abandoned or scrapped are not reclassified as Assets Held for Sale.

Assets Held for Sale are included on the Balance Sheet at the lower of the carrying amount or the fair value of the asset less the costs to sell the asset.

Impairment or revaluation losses on initial classification or subsequent write down to fair value are charged directly to the Comprehensive Income and Expenditure Statement even if the asset has been previously revalued. Any balance on the Revaluation Reserve remains until the asset is sold.

Assets Held for Sale are not subject to depreciation.

Disposals

When an asset is disposed of, the value of the asset on 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. The receipt from the disposal is also credited to the same line in the Comprehensive Income and Expenditure Statement and netted off against the balance sheet value to show the net gain or loss on disposal of the fixed asset.

Amounts in excess of £10,000 must be treated as capital receipts. A proportion of receipts relating to housing disposals are payable to the Government.

Capital receipts are transferred to the Usable Capital Receipts Reserve (to fund future capital investment and the payment to the Government) and the balance sheet value of the assets sold is transferred to the Capital Adjustment Account. The net amount is shown as a transfer of the gain or loss on sale of non-current assets on the General Fund Balance in the Movement in Reserves Statement to neutralise the effect of recognising the gain or loss on disposal of fixed assets in the Comprehensive Income and Expenditure Statement surplus or deficit.

Any revaluation gains in the Revaluation Reserve relating to the asset sold are transferred to the Capital Adjustment Account.

xvii. Provisions

Provisions are made where an event has taken place which gives the Council a legal or constructive obligation that probably requires settlement by a transfer of economic benefits or service potential, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the appropriate service line in the Comprehensive Income and Expenditure Statement in the year that the Council becomes aware of the obligation and are measured at the best estimate at the balance sheet date of the amount 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. Provisions are reviewed at the end of each financial year and where it has become less probable that a transfer of economic benefits will now be required, or a lower settlement than anticipated is made, the provision is reversed and credited back to the relevant service.

xviii. Reserves

The Council sets aside specific amounts as reserves for future policy purposes or to cover contingencies. Reserves are created by transferring amounts out of the General Fund Balance in the Movement on Reserves Statement.

When expenditure to be financed from a reserve is incurred, it is charged to an appropriate service to score against the surplus or deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement. The reserve is then transferred back into the General Fund Balance in the Movement in Reserves Statement so there is no net charge against Council Tax for the expenditure.

Certain reserves are kept to manage the accounting processes for non-current assets, collection fund, retirement and employee benefits and do not represent usable resources for the Council. These reserves and the movements on them in the year are explained in more detail in note 16 to the Financial Statements.

ix. Revenue Expenditure Funded from Capital under Statute

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

xx. Value Added Tax (VAT)

The Council is VAT registered. The VAT that the Council pays on purchases of goods and services (input tax) and VAT that the Council collects on income from the supply of goods and services (output tax) are collected in a separate VAT Account. VAT collected on income must be paid to Her Majesty's Revenues and Customs (HMRC) whilst the VAT paid is recoverable from HMRC in the majority of cases.

The Council completes a monthly VAT return to HMRC and depending on the net position each month either the Council makes a payment to HMRC or HMRC makes a repayment to the Council.

Where VAT is not recoverable it is charged to the appropriate service in the Comprehensive Income and Expenditure statement.

When HMRC makes a refund of VAT collected in prior years due to a change in VAT regulations, the refunded VAT is credited to the appropriate service in the Comprehensive Income and Expenditure Statement in the year it is received. Any interest paid on the refunded VAT balance is credited to External Interest Income in the Comprehensive Income and Expenditure Statement.

At the year-end any balance due to or from HMRC is included as a creditor or debtor on the Council's Balance Sheet.

xxi. Internal Interest

External interest receipts and payments are collected centrally and shown in the Comprehensive Income and Expenditure Statement as Financing and Investment Income and Expenditure. The Housing Revenue Account is credited and debited with internal interest, being a share of these interest receipts and payments in accordance with the formulae set out in the Item 8 Credit and Item 8 Debit (General) Determination issued by the Government each year in exercise of its powers under the Local Government and Housing Act 1989.

xxii. Borrowing Costs

Borrowing costs are interest and other costs that are incurred in connection with the borrowing of funds. The Council has adopted a policy of recognising these costs as an expense in the period in which they are incurred.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

xxiii. Exceptional items and prior year adjustments

Any material exceptional items are included within the cost of the relevant individual service or, if a degree of prominence is necessary in order to give a fair presentation of the accounts, separately identified on the face of the revenue account. Details of any such exceptional items are given in the explanatory notes.

Material prior period adjustments arising from changes in accounting policies or from the correction of material errors have been accounted for by restating the comparative figures in the financial statements and notes, along with the cumulative effect on reserves. Any effect of material prior period adjustments is disclosed separately as a note to the accounts.

xxiv. Collection Fund

The Council is required by statute to maintain a separate fund for the collection and distribution of amounts due in respect of Council Tax and Non-Domestic Rates (NDR). The Statutory Collection Fund (England) Statement is included as a supplementary statement in the accounts.

In its capacity as billing authority the Council acts as an agent. It collects and distributes NDR on behalf of the Government, North Yorkshire County Council (NYCC) and North Yorkshire Fire and Rescue Authority (NYFRA), and Council Tax on behalf of NYCC, North Yorkshire Police and Crime Commissioner (NYPCC) and NYFRA.

NDR accrued income for the year and Non-Domestic Ratepayers debtors, creditors, impairment allowance for doubtful debts and provision for appeals are shared between the Government, NYCC, NYFRA and the Council.

Council Tax accrued income for the year and Council Taxpayers debtors, creditors and impairment allowance for doubtful debts at 31 March are shared between the major preceptors and the Council based on their percentage share of the total demands/precepts for the following year.

Collection Fund debtors are reviewed collectively at the balance sheet date by debt type and provision is made for impairment based on the historical evidence of default in each category. The Council's share of the Collection Fund debtors shown on the Balance Sheet is net of this bad debt provision.

In accordance with the current accounting code of practice the Council's Comprehensive Income and Expenditure Statement includes its share of accrued NDR and Council Tax Income. Where this amount is more or less than the amount to be credited to the General Fund under statute, there is an adjusting transfer in the Movement in Reserves Statement, between the General Fund Balance and the Collection Fund Adjustment Account. This account holds the Council's share of the Collection Fund Surplus or Deficit at 31 March.

The Council's Balance Sheet includes the net creditor/debtor position with the Government and other local authorities for taxes collected on their behalf and not yet paid to them or taxes paid to them but not yet collected from taxpayers.

xxv. Fair Value

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

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

The Council measures the fair value of an asset or liability on the same basis that market participants would use when pricing the asset or liability (assuming that market participants act in their economic best interest).

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

The Council uses appropriate valuation techniques for each circumstance, maximising the use of relevant known data and minimising the use of estimates or unknowns.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

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

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

xxvi. Going Concern

The accounts have been prepared on a going concern basis, on the basis that the Council's functions and services will continue in operational existence for the foreseeable future. Local Government Reorganisation is due to take effect in North Yorkshire from 1 April 2023, and the functions of the Council will transfer to the new unitary authority, North Yorkshire Council (NYC). A balanced budget has been set by NYC for 2023/24 and there are sufficient reserves in place to ensure that the new authority will be able to operate for the foreseeable future.

2. Accounting Standards Issued but not yet Adopted

The Code of Practice on Local Authority Accounting in the United Kingdom 2022/23 (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 by the Code.

CIPFA continue to consider the implications of adopting IFRS16 – Leases. This standard was originally expected to be adopted in the Statements of Accounts for 2020/2021 but was originally deferred and expected to be adopted in 2022/23.

However, as a result of only 9% of local authority accounts in England meeting the audit publication deadline of 30 September 2021, the Department for Levelling-up, Housing and Communities asked CIPFA in December 2021 to consider ways in which the Code may ameliorate this crisis position. In response, CIPFA issued an emergency consultation on exploratory proposals for making time-limited changes to the Code and subsequently made the decision to defer the implementation of IFRS 16 until 1 April 2024. Local authorities can choose to voluntarily adopt IFRS 16 – Leases; however, Harrogate Borough Council has not.

Other standards that have been issued but not yet adopted by the CIPFA Code of Practice include:

- Definition of Accounting Estimates (Amendments to IAS 8) issued in February 2021.
- Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2) issued in February 2021.
- Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12) issued in May 2021.
- Updating a Reference to the Conceptual Framework (Amendments to IFRS 3) issued in May 2020.

None of these are expected to have a material impact on the Council's accounts.

3. Critical Judgements in Applying Accounting Policies

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

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

HARROGATE BOROUGH COUNCIL

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

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

The items on the Council's Balance Sheet at 31 March 2023 for which there are significant risks of material adjustment in the forthcoming financial year are shown in the table overleaf:

	Uncertainties	Effect if Actual Results Differ from Assumptions
Valuations of property, plant and equipment	Judgements are made by valuers when valuing property.	Discussed in more detail below.
(a) Other property, plant and equipment	Judgements are made by valuers when valuing property. A wide range of variables are involved and some, such as building costs, can be volatile. Properties such as the Harrogate Convention Centre are particularly open to variation as there is a significant amount of subjectivity involved in the valuers coming to their conclusions.	The balance sheet values of the non-current assets (£85,189k) could change. A 1% change in the net book value of other land and buildings would amount to £0.85m. Under current accounting rules, any revaluation gain or loss has no impact on the General Fund or HRA Balances.
Business Rates	Since the introduction of the Business Rates Retention Scheme from 1 April 2013, Local Authorities have become liable for a proportion of the cost of successful appeals against business rates charged to businesses. A provision has therefore been recognised for an estimate of the amount that businesses have been overcharged up to 31 March 2023. The estimate has been calculated in two parts. Firstly, in relation to the 2010 rating list, by using the Valuation Office ratings list of appeals and historical analysis of successful appeals. Secondly, in relation to the 2017 rating list, by using the allowance included within the business rates multiplier for appeals and multiplying it by the rateable value, and then adjusting for the amendments that have so far been made to valuations.	There are a number of variables that can affect the calculated level of provision. For example, a 1% increase in the historic reduction in RV of all successful appeals would result in the provision relating to the 2010 list increasing by £28k. The Council's share of the provision is 40% in 2022/23 and totals £2,879k.
Pensions Liability	Estimation of the net liability to pay pension depends on a number of complex factors. Actuaries make judgements in relation to factors such as the rate of inflation, the rate of increase in salaries, and mortality rates.	The effects on the net pension liability (£0k as at 31 March 2023) of changes in individual assumptions can be measured – for example, a 0.1% increase in the rate of increase in salaries assumption would increase the pension liability by £0.24m. However, changes are complex because the different assumptions interact. Under current accounting rules, a change in the pension liability does not impact upon the net cost of the General Fund or HRA Balances.

5. Events after the Reporting Period

All events between the balance sheet date and the date the accounts were authorised for issue by the Corporate Director of Resources of 19 July 2023 have been considered and there are no post reporting period events to disclose.

6. Adjustments between Accounting and Funding Basis under Regulations

The adjustments made to the total comprehensive income and expenditure recognised by the Council in the year in accordance with proper accounting practices to the resources that are specified by statutory provisions as being available to the Council to meet future capital and revenue expenditure are set out on the face of the Movement in Reserves Statement. A description of the reserves that these adjustments are made against is set out below:

General Fund Balance - The General Fund is the statutory fund into which all the receipts of the Council are required to be paid and out of which all liabilities of the Council 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. However, the balance is not available to be applied to fund HRA services.

Housing Revenue Account Balance - The Housing Revenue Account Balance reflects the statutory obligation to maintain a revenue account for local authority council housing provision in accordance with Part VI of the Local Government and Housing Act 1989. It contains the balance of income and expenditure as defined by the 1989 Act that is available to fund future expenditure in connection with the Council's landlord function or (where in deficit) that is required to be recovered from tenants in future years.

Major Repairs Reserve - The Council is required to maintain the Major Repairs Reserve, which controls an element of the capital resources limited to being used on capital expenditure on HRA assets or the financing of historical capital expenditure by the HRA. The balance shows the capital resources that have yet to be applied at the year-end.

Usable Capital Receipts Reserve - This reserve holds the capital receipts that have been set aside from the disposal of non-current assets. The use of these receipts is restricted by statute to fund new capital expenditure or to be set aside to finance historical capital expenditure.

Capital Grants Unapplied Account - This reserve holds the balance of capital grants received and credited to the Comprehensive Income and Expenditure Statement but not yet used to finance capital schemes. The balance is restricted by grant terms as to capital expenditure against which it can be applied and/or the financial year in which this can take place.

HARROGATE BOROUGH COUNCIL

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

7. Movements in General Fund Earmarked Reserves

	1 April 2022	Transfers In 2022/23	Transfers Out 2022/23	31 March 2023
	£'000	£'000	£'000	£'000
Council Investment Reserve (see i below)	16,649	4,798	-7,492	13,955
Service Reserves (ii)	3,371	2,376	-1,243	4,504
Insurance Reserve (iii)	465	184	-142	507
Corporate Projects & Innovate Reserves (iv)	204	75	-162	117
Council Tax/Housing Benefit Reserve (vi)	831	363	-207	987
Budget Transition Fund (vii)	895	1,598	-265	2,228
Business Rate Retention Reserve (viii)	7,592	1,304	-8,896	0
Other Earmarked Reserves (ix)	2,738	447	-775	2,410
Total 2022/23	32,745	11,145	-19,182	24,708
	1 April 2021	Transfers In 2021/22	Transfers Out 2021/22	31 March 2022
	£'000	£'000	£'000	£'000
Council Investment Reserve	16,501	8,568	-8,420	16,649
Service Reserves	2,792	1,569	-990	3,371
Insurance Reserve	392	202	-129	465
Corporate Projects & Innovate Reserves	345	21	-162	204
COVID Grants Reserve (v)	1,460	0	-1,460	0
Council Tax/Housing Benefit Reserve	655	524	-348	831
Budget Transition Fund	4,805	1,299	-5,209	895
Business Rates Retention Reserve	14,691	6,928	-14,027	7,592
Other Earmarked Reserves	3,177	522	-961	2,738
Total 2021/22	44,818	19,633	-31,706	32,745

i) The Council Investment Reserve is used to pool capital and investment resources across the Council.

ii) Service Reserves are built up from annual savings and are available to fund investment in services.

iii) The Insurance Reserve is held to meet any future self-insurance liabilities.

iv) The Corporate Projects and Innovate Reserves have been set up to fund any future costs that may arise from corporate restructuring reviews and the introduction of improved working arrangements.

v) The COVID grants reserve was established in 2020/21 to hold unspent grant funding where the council had some discretion over its use. This funding was all spent in 2021/22.

vi) The Council Tax/Housing Benefit Reserve is used to fund initiatives within the Revenues, Welfare & Customer Services function, including support for channel shift, as well as smoothing the budgetary effects of annual variations in the Benefits Subsidy that the Council receives.

vii) The Budget Transition Fund is used to smooth out the sharp changes that are required to the Council's budget in some years due to reductions in funding and one-off expenditures.

viii) The Business Rate Retention Reserve is used to smooth the impact of business rate surpluses and deficits. In-year savings are set aside to fund the associated future deficits. The balance was unusually high at 31 March 2021 and 31 March 2022 due to grants being received to fund the COVID-related reliefs in 2020/21 and 2021/22; the balance has been used to fund the associated deficit on the collection fund in 2021/22 and 2022/23.

ix) Other earmarked reserves are established for services across the Council to support specific work areas.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

8. Property, Plant & Equipment (PP&E)

a) Movement on Balances 2022/23

	Property, Plant and Equipment							
	Council Dwellings	Other Land & Building	Vehicles, Plant & Equipment	Infrastructure Assets	Community Assets	Surplus Assets	Assets Under Construction	Total PP&E
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Cost or Valuation								
1 April 2022	269,716	97,026	22,257	4,752	2,170	717	2,461	399,099
Additions	8,518	1,285	2,900	270	8	0	18,754	31,735
Revaluation Increases/decreases (-) to RR*	6,825	-5,374	0	0	0	0	0	1,451
Revaluation Increases/decreases (-) to SDPS**	5,295	-1,657	0	0	0	0	0	3,638
Derecognition – Disposals	-1,010	-84	-577	0	0	0	0	-1,671
Derecognition – Other	0	0	0	0	0	0	0	0
Reclassifications	0	0	0	0	0	0	0	0
31 March 2023	289,343	91,196	24,580	5,022	2,178	717	21,215	434,250
Depreciation and Impairment								
1 April 2022	0	-2,197	-13,959	-3,688	0	0	0	-19,844
Depreciation Charge to SDPS**	-5,081	-1,932	-1,881	-295	0	0	0	-9,189
Depreciation charge written out on revaluation	-5,062	-1,879	0	0	0	0	0	-6,941
Impairment Losses/reversal to RR*	0	0	0	0	0	0	0	0
Impairment Losses/reversal to SDPS**	0	0	0	0	0	0	0	0
Derecognition – Disposals	19	1	565	0	0	0	0	585
Derecognition – Other	0	0	0	0	0	0	0	0
Reclassifications	0	0	0	0	0	0	0	0
31 March 2023	-10,124	-6,007	-15,275	-3,983	0	0	0	-35,388
Net Book Value at 31 March 2023	279,219	85,189	9,305	1,039	2,178	717	21,215	398,862
Net Book Value at 31 March 2022	269,716	94,829	8,298	1,064	2,170	717	2,461	379,255

*RR = Revaluation Reserve

**SDPS = Surplus or Deficit on the Provision of Services

HARROGATE BOROUGH COUNCIL

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

b) Movement on Balances 2021/22

	Property, Plant and Equipment							
	Council Dwellings	Other Land & Buildings	Vehicles, Plant & Equipment	Infrastructure Assets	Community Assets	Surplus Assets	Assets Under Construction	Total PP&E
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Cost or Valuation								
1 April 2021	244,925	87,836	21,873	4,479	2,161	92	10,658	372,024
Additions	4,362	9,725	1,948	273	9	0	2,031	18,348
Revaluation Increases/decreases (-) to RR*	27,002	191	-116	0	0	267	0	27,344
Revaluation Increases/decreases (-) to SDPS**	-5,306	-8,832	-490	0	0	0	0	-14,628
Derecognition – Disposals	-1,462	0	-958	0	0	0	0	-2,420
Derecognition – Other	0	0	0	0	0	0	0	0
Reclassifications	195	8,106	0	0	0	358	-10,228	-1,569
31 March 2022	269,716	97,026	22,257	4,752	2,170	717	2,461	399,099
Depreciation and Impairment								
1 April 2021	0	-2,661	-13,008	-3,423	0	0	0	-19,092
Depreciation Charge to SDPS**	-4,612	-2,190	-2,050	-265	0	0	0	-9,117
Depreciation charge written out on revaluation	4,578	2,440	165	0	0	0	0	7,183
Impairment Losses/reversal to RR*	0	0	0	0	0	0	0	0
Impairment Losses/reversal to SDPS**	0	0	0	0	0	0	0	0
Derecognition – Disposals	27	0	934	0	0	0	0	961
Derecognition – Other	0	0	0	0	0	0	0	0
Reclassifications	7	214	0	0	0	0	0	221
31 March 2022	0	-2,197	-13,959	-3,688	0	0	0	-19,844
Net Book Value at 31 March 2022	269,716	94,829	8,298	1,064	2,170	717	2,461	379,255
Net Book Value at 31 March 2021	244,925	85,175	8,865	1,056	2,161	92	10,658	352,932

* RR = Revaluation Reserve

** SDPS = Surplus or Deficit on the Provision of Services

HARROGATE BOROUGH COUNCIL

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

c) Depreciation

For more information on depreciation methods and rates see Accounting Policy note 1(xvi).

d) Capital Commitments

The Council has authorised expenditure in 2023/24 of £50.2m (plus expenditure carried forward from 2022/23 of £16.9m). At 31 March 2023 some elements of this were contractually committed.

e) Effects of changes in Estimates

There were no material charges in the 2022/23 accounts resulting from changes in estimates for Property Plant and Equipment.

f) Revaluations

During the year all Council dwellings and approximately one fifth of other Council properties were revalued in accordance with the capital accounting rules, as part of the Council's five year rolling programme of valuations. All assets were reviewed for evidence of impairment at 31 March. The effective date for these revaluations was 31 March 2023, and the basis of all valuations is explained in Accounting Policy note 1(xvi).

Most of the properties were valued by internal valuers; Glenn Levison BSc (Hons) MRICS, Emma Guy BSc (Hons) MRICS, Lisa Corby BSc (Hons) MRICS, Andrew Whelan BSc (Hons) MRICS, James Bean BSc (Hons) FRGS, and Rishi Parmar BSc (Hons) under the supervision of Emma Guy. The following properties were valued by external valuers: Victoria multi-storey Car Park, West Park multi-storey Car Park, Jubilee multi-storey Car Park and all HRA properties by Align Property Partners.

The following table shows the progress of the Council's rolling programme for the revaluation of non-current assets:

	Council Dwellings	Other Land & Buildings	Vehicles Plant & Equipment	Infrastructure Assets
	£'000	£'000	£'000	£'000
Valued at Historic Cost	0	0	7,207	1,039
Valued at current value in:				
2018/19	0	4,759	752	0
2019/20	0	22,043	41	0
2020/21	0	6,181	0	0
2021/22	0	23,087	1,213	0
2022/23	279,219	29,119	92	0
Total	<u>279,219</u>	<u>85,189</u>	<u>9,305</u>	<u>1,039</u>
	Community Assets	Surplus Assets	Assets Under Construction	Total Property Plant & Equipment
	£'000	£'000	£'000	£'000
Valued at Historic Cost	2,178	0	21,215	31,639
Valued at current value in:				
2018/19	0	0	0	5,512
2019/20	0	0	0	22,084
2020/21	0	0	0	6,182
2021/22	0	63	0	24,363
2022/23	0	654	0	309,084
Total	<u>2,178</u>	<u>717</u>	<u>21,215</u>	<u>398,864</u>

The revaluation of Council Dwellings to reflect the current housing market resulted in a total revaluation increase of £6,806k.

HARROGATE BOROUGH COUNCIL

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

9. Heritage Assets

Reconciliation of the Carrying Value of Heritage Assets held by the Council. The four categories of Heritage Assets below are all shown on the Balance Sheet at their insurance valuations.

	Museums & Art Exhibits	Civic Regalia	Memorials & Monuments	Buildings Royal Hall	Total
	£'000	£'000	£'000	£'000	£'000
1 April 2022	8,720	554	2,221	32,300	43,795
Additions	16	0	0	0	16
Donations	0	0	0	0	0
Derecognition – other	0	0	0	0	0
Revaluation Increases/ decreases (-) to RR*	0	0	66	969	1,035
31 March 2023	8,736	554	2,287	33,269	44,846
*RR – Revaluation Reserve					
1 April 2021	8,720	554	2,156	31,359	42,789
Additions	0	0	0	0	0
Donations	0	0	0	0	0
Derecognition – other	0	0	0	0	0
Revaluation Increases/ decreases (-) to RR*	0	0	65	941	1,006
31 March 2022	8,720	554	2,221	32,300	43,795

*RR – Revaluation Reserve

Museums and Art Exhibits

For Museums and Art Exhibits, the insurance valuations shown are based on the market values assessed by external expert valuers in 2006 (items of Russian jewellery valued by Wartski of London) and 2007 (Fine art, ceramics, jewellery, Egyptology and Greek, Roman & South American collections valued by Tennants Fine Art Auctioneers). These insurance valuations have been updated in 2022/23 by the Curator of Art for acquisitions since that date, purchases being at cost, and donations at valuation, and the movements are shown as additions in the year. The collection is being externally revalued during the course of 2022/23 and 2023/24.

Within Museums and Art exhibits there are a number of sub-categories of heritage assets. The fine art collection consists of 2,500 works and accounts for the majority of the museums and arts collection's valuation.

A significant collection of foreign antiquities is held, with the Egyptology collection forming the majority of it, together with a collection of Greek, Roman and South American pieces.

There is also a collection of decorative and applied arts, consisting of ceramics, glass, silver and jewellery, and a collection of British archaeological material, together with a social history collection that covers a range of materials relating to domestic, community and working life in the Harrogate district, mainly dating from the 19th and 20th centuries.

The Council's Museums and Arts service cares for and promotes the above collections, which span the areas of Human History with 20,000 objects and Fine Art with 2,500 objects. All collections are stored in a purpose built secure storage and they are displayed principally at three sites; the Mercer Gallery, the Royal Pump Room Museum and Knaresborough Castle. Items are also loaned out to other museums and galleries in the UK and occasionally overseas.

The Council is committed to making the collections as intellectually and physically accessible as possible, not only to residents in its District but also in the wider north of England region and, where appropriate, nationally and internationally. For example, there are both permanent and temporary themed displays at

HARROGATE BOROUGH COUNCIL

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

the sites above, as well as education programmes for young people and the opportunity for supervised private individual academic study.

In addition to the above collections, the Council holds nine sculptures that have been included in the Museum and Art Exhibits category.

The Museums and Arts service maintain inventory books with hand written entries for each item as they have come into the collection, giving each item an accession number. They also maintain a computerised catalogue of all collections called the MODES system.

Civic Regalia

These items are included on the Council's Balance Sheet at their insurance valuation, being the cost of replacement assessed by external specialists, Ogden of Harrogate and Tennants Auctioneers, in 2020/21.

The collection includes items such as the Mayor's and Mayoress' chains and their badges of office, together with a number of trophies, bowls and other trinkets, many of which are made of silver and have been presented to the Council over the years to commemorate special occasions.

The majority of the civic regalia collection is kept in secure storage, although items are sometimes displayed at the Council's museums. The Mayor and Mayoress use their chains of office for public engagements.

The Mayor's secretary maintains an inventory of all the items presented to the Council and the valuation schedules for the Civic Regalia.

Memorials and Monuments

Memorials and monuments are included on the Balance Sheet at their insurance valuation. This insurance valuation for the estimated cost of replacement is provided by the Council's Assets Manager and is based on rebuilding costs, which are reviewed annually.

The Council is responsible for twelve memorials and monuments, including the clock tower on North Road in Ripon, the Queen Victoria monument in Harrogate town centre and the obelisk in Ripon Market Place.

The increase in valuation in 2022/23 reflects an inflationary increase in the assessment of the rebuilding cost of all the memorials and monuments.

The monuments and memorials are all located in community open spaces across the district and are accessible to the public. The items are recorded in the property schedules maintained for insurance purposes.

Buildings

The Royal Hall, Harrogate, is the only building held by the Council in the Heritage Asset category. It was originally built in 1903 and was fully restored between 2006 and 2008 with the assistance of grants from the Heritage Lottery Fund and the Royal Hall Restoration Trust. It is a unique local asset and is an important Grade II listed building. It is held on the Balance Sheet at its insurance valuation, being the estimated cost of replacement based on an assessment carried out by the Council's Asset Manager. This valuation is reviewed annually.

The building is recorded in the property schedules maintained for insurance purposes.

In accordance with the conditions of the Heritage Lottery Grant, the Royal Hall is open to the public by way of regular entertainment events, as well as public open days, and group tours can also be arranged.

The Council has a number of other heritage buildings e.g. Pump Room Museum, Mercer Gallery and Knaresborough House, but in accordance with the accounting code of practice these are treated as operational assets. They are included in the Property, Plant and Equipment Category on the Balance Sheet at current value and are not included as Heritage Assets. The Council does not possess any intangible heritage assets.

HARROGATE BOROUGH COUNCIL

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

10. Investment Property

The Council received rental income of £91k from investment property in 2022/23 (£106k in 2021/22), whilst direct operating expenses amounted to £0k (£0k in 2021/22). As part of the asset revaluation process in 2022/23 the Council's internal valuers have reviewed all of the investment properties and are not aware of any material restrictions on the realisability of investment property or the remittance of income and proceeds on disposal.

A reconciliation of the carrying amounts of investment property at the beginning and end of 2021/22 and 2022/23 is set out below:

	31 March 2023	31 March 2022
Fair Value	£'000	£'000
1 April	2,305	1,717
Net gains or losses(-) from fair value adjustments	33	588
Reclassifications	0	0
31 March	<u>2,338</u>	<u>2,305</u>

Fair Value Hierarchy

Details of the Council's investment properties and information about the fair value hierarchy as at 31 March 2023 and 2022 are as follows:

	Quoted prices in active markets for identical assets (Level 1)	Other significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Fair value as at 31 March 2023
<i>Recurring fair value measurements using:</i>	£'000	£'000	£'000	£'000
Shopping Centre	0	1,550	0	1,550
Secondary Industrial Land	<u>0</u>	<u>0</u>	<u>788</u>	<u>788</u>
Total	0	1,550	788	2,338

HARROGATE BOROUGH COUNCIL

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

2022 Comparative Figures:

	Quoted prices in active markets for identical assets (Level 1)	Other significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Fair value as at 31 March 2022
<i>Recurring fair value measurements using:</i>	£'000	£'000	£'000	£'000
Shopping Centre	0	1,500	0	1,500
Secondary Industrial Land	0	0	805	805
Total	0	1,500	805	2,305

There were no transfers between Levels 1, 2 and 3 during the year.

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

Significant Observable Inputs – Level 2

The shopping centre has been valued using an investment method of valuation using an initial yield. When valuing the asset, regard has been made to comparable investments with characteristics similar, but not identical, to the subject property.

Significant Unobservable Inputs – Level 3

The secondary industrial land has been valued using an investment method of valuation, with an initial yield applied to the income stream. However, due to the nature and location of these assets there is no evidence of disposals of similar properties and little quantitative information to consider, and therefore the valuer has relied upon other information and appropriate assumptions. For this reason, these assets are categorised as Level 3 in the fair value hierarchy as the valuation method uses significant unobservable inputs to determine the fair value (and there is no reasonably available information that indicates that market participants would use different assumptions).

Highest and Best Use of Investment Properties

In estimating the fair value of the Council's investment properties, the highest and best use of the shopping centre is its current use. The secondary industrial land is currently leased out and generate income, but there is the potential that their value could increase if they were reviewed and planning permission sought for development.

Valuation Process for Investment Properties

The fair value of the Council's investment property is measured annually at each reporting date. The valuations are carried out by both internal and external valuers, in accordance with the Royal Institution of Chartered Surveyors (RICS) Valuation – Professional Standards. The Council's valuations experts work closely with finance officers regarding all valuation matters.

HARROGATE BOROUGH COUNCIL

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

11. Financial Instruments

a) Categories for Financial Instruments

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

Financial Assets	Non-current				Current			
	Investments		Debtors		Investments		Debtors	
	31 March	31 March	31 March	31 March	31 March	31 March	31 March	31 March
	2023	2022	2023	2022	2023	2022	2023	2022
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Fair value through profit & loss	4,785	5,713	0	0	0	0	0	0
Amortised Cost:								
Principal	0	0	1,186	1,983	0	15,000	12,762	9,186
Investment accrued interest	0	0	0	0		6	0	0
Cash & cash equivalents	0	0	0	0	18,036	27,131	0	0
Total Financial Assets	4,785	5,713	1,186	1,983	18,036	42,137	12,762	9,186

Financial Liabilities	Non-current				Current			
	Borrowings		Creditors		Borrowings		Creditors	
	31 March	31 March	31 March	31 March	31 March	31 March	31 March	31 March
	2023	2022	2023	2022	2023	2022	2023	2022
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Amortised Cost								
Principal	38,048	38,056	0	0	7	7	23,093	13,162
Loans accrued interest	0	0	0	0	17	16	0	0
Total Financial Liabilities	38,048	38,056	0	0	24	23	23,093	13,162

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

b) Income, Expense, Gains and Losses

Interest income of £693k (£88k 2021/22) on financial assets at amortised cost and interest expense of £1,226k (£1,583k 2021/22) on financial liabilities at amortised cost are included in the surplus or deficit on the provision of services for the year, giving a net expense of £533k in the year (£1,495k net expense in 2021/22).

Interest income of £185k (£190k 2021/22) on financial assets at fair value through profit and loss was also included in the surplus or deficit on the provision of services for the year. A revaluation loss of £928k (gain of £847k 2021/22) was charged to the surplus or deficit on provision of services in the year but, as dictated by statutory provision, was reversed out through the Movement in Reserves Statement so as to not impact on the General Fund balance.

£109k (£98k 2021/22) of interest payments were received from Bracewell Housing, the Council's wholly-owned company, on the loans made to the company. Additionally, £1k (£6k 2021/22) of interest was received in relation to historic NNDR and Council Tax payments made to us following bankruptcy claims.

c) Fair Value of Financial Assets and Liabilities

	31 March			
	Carrying Amount 2023 £'000	Fair Value 2023 £'000	Carrying Amount 2022 £'000	Fair Value 2022 £'000
Financial Liabilities at amortised cost				
PWLB loans	38,071	35,491	38,078	43,895
Total	<u>38,071</u>	<u>35,491</u>	<u>38,078</u>	<u>43,895</u>
Financial assets at amortised cost	18,036	18,036	42,137	42,137
Financial assets at fair value through profit and loss	4,785	4,785	5,713	5,713
Total	<u>22,821</u>	<u>22,821</u>	<u>47,850</u>	<u>47,850</u>

Financial Liabilities consists of Public Works Loan Board (PWLB) loans. In 2022/23, the fair value of PWLB loans is lower than the carrying amount because the Council's portfolio of loans includes a number of fixed rate loans where the interest payable is lower than the rates available for similar loans at the balance sheet date. This commitment to pay interest below current market rates decreases the amount that the Council would have to pay if the lender agreed to early repayment of the loan. The fair value has been assessed by calculating the present value of the remaining cash flows by reference to the PWLB 'premature repayment' set of rates in force at the balance sheet date.

The Council has a continuing ability to borrow at concessionary rates from the PWLB rather than from the markets, termed the PWLB Certainty interest rates. A supplementary measure of the fair value 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 £38,071k would be valued at £35,491k. But, if the Council were to seek to avoid the projected loss by repaying the loans to the PWLB, the PWLB would raise a penalty charge, based on the redemption interest rates, for early redemption of £2,256k for the additional interest that will not now be paid. The exit price for the PWLB loans including the penalty charge would be £37,747k.

In 2022/23 the fair value of financial assets at amortised cost is equal to the carrying amount because all of the Council's investments have less than twelve months to maturity and therefore the carrying amount is assumed to approximate to fair value.

The financial assets at fair value through profit and loss are investments in property funds. The input level in the fair value hierarchy is at level 2, with valuations based on comparable investments with characteristics similar, but not identical, to the subject properties.

See note 28 for further information regarding financial instruments.

HARROGATE BOROUGH COUNCIL

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

12. Assets Held for Sale

	31 March 2023 £'000	31 March 2022 £'000
Balance outstanding at start of year	762	353
Assets newly qualified as held for sale:		
Property, Plant & Equipment	135	1,348
Revaluation increases/decreases(-)	-100	-939
Assets sold	-75	0
Balance outstanding at year-end	<u>722</u>	<u>762</u>

13. Debtors

Debtors have been reviewed collectively for impairment, based on historical loss experience at 31 March in the following categories shown in the table. Other Entities and Individual Debtors are reviewed individually by age analysis of the debtor system balance. The estimated impairment allowance for doubtful debts required has been charged to net cost of services in the Comprehensive Income and Expenditure Statement.

	31 March	
	2023 £'000	2022 £'000
Central Government Bodies	5,829	4,115
Other Local Authorities	2,393	2,563
Other entities and individuals	5,103	2,739
<i>Impairment Allowance</i>	-563	-232
	<u>4,540</u>	<u>2,507</u>
Payments in Advance	1,460	1,649
Total Customer Debtors	<u>14,222</u>	<u>10,834</u>
NDR/Council Taxpayers	2,410	3,157
<i>Impairment Allowance</i>	-1,178	-1,710
	<u>1,232</u>	<u>1,447</u>
Housing Rents	315	511
<i>Impairment Allowance</i>	-231	-204
	<u>84</u>	<u>307</u>
Total Statutory Debtors	<u>1,316</u>	<u>1,754</u>
Net Debtors	<u>15,538</u>	<u>12,588</u>
Total Impairment Allowance	<u>-1,972</u>	<u>-2,146</u>

We allowed an extra amount for impairment of customer debts at 31 March 2022 and 31 March 2023 than we normally would do because of the uncertainty surrounding the impact of the covid-19 pandemic and cost of living crisis on businesses and individuals.

14. Creditors

	31 March	
	2023 £'000	2022 £'000
Central Government Bodies	-8,262	-994
Other Local Authorities	-9,367	-4,666
Housing Rents	-247	-239
NDR/Council Taxpayers	-48	-54
Other entities and individuals	-5,464	-7,502
Receipts in Advance (Non-Grant Income)	-4,135	-5,586
Total	<u>-27,523</u>	<u>-19,041</u>

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

15. Provisions

Current Liabilities:

	1 April 2022	Additional Provision In Year	Used In Year	Released In Year	31 March 2023
	£'000	£'000	£'000	£'000	£'000
NNDR Appeals	-1,696	-307	376	0	-1,627
Insurance Liabilities	-61	-45	46	8	-52
Redundancy Provision	-147	0	147	0	0
Other	-266	-17	0	16	-267
Total 2022/23	-2,170	-369	569	24	-1,946
Total 2021/22	-2,335	-514	441	238	-2,170

Long Term Liabilities:

	1 April 2022	Additional Provision In Year	Used In Year	Released In Year	31 March 2023
	£'000	£'000	£'000	£'000	£'000
NNDR Appeals	-1,304	-236	289	0	-1,251
Energy Bill Provision	-168	0	0	88	-80
Total 2022/23	-1,472	-236	289	88	-1,331
Total 2021/22	-1,662	-337	449	78	-1,472

Under the Business Rate Retention Scheme introduced on 1 April 2013, the Council has to make provision against its estimated liability for possible successful appeals against non-domestic rate (NDR) bills issued in 2022/23 and prior years. Payment from the provision will depend on the final settlement of these appeals by the Valuation Office and the time taken to settle appeals can vary significantly.

The Council is self-insured up to £50,000 per claim for public liability and employer's liability claims. Any claims beyond these levels are met by insurers. The level of provision made is adequate to meet the Council's estimated known liabilities under its self-insurance arrangements for all outstanding claims. Claims can take a number of years to resolve with, on average, annual settlements of around £150,000 being made. The value of outstanding claims is assessed by the Council's professional advisors and provided in full. The insurance provision also includes the estimated liability under the scheme of arrangement with the Council's former insurer Municipal Mutual Insurance (MMI) for claims relating to pre-1993 policies.

The provision for Energy Bills relates to a number of outstanding invoices from utility companies for gas and electricity used at a number of sites, partly in relation to 2016/17 and 2017/18 and partly 2020/21. The settlement date will depend on the receipt of outstanding invoices from Energy Companies.

The Redundancy Provision held the liabilities arising from redundancies that were negotiated in 2021/22 but were paid in 2022/23. There were no liabilities negotiated in 2022/23 that are to be paid in 2023/24.

Included within 'Other Provisions' is a provision for some disputed contract costs. The settlement date will depend upon when the dispute is resolved, though it is hoped that this will be in 2023/24.

No reimbursement is currently expected in relation to any of these provisions.

HARROGATE BOROUGH COUNCIL

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

16. Total Movement on Unusable Reserves

	1 April 2022	Gains/ Losses(-) in year	Transfers Between Reserves	31 March 2023
	£'000	£'000	£'000	£'000
Revaluation Reserve (see i below)	96,726	2,486	-775	98,437
Capital Adjustment Account (ii)	248,805	0	4,365	253,170
Deferred Capital Receipts (iii)	483	0	3	486
Pension Reserve (iv)	-17,159	24,553	-7,394	0
Accumulated Absences Adjustment Account (v)	-443	0	-39	-482
Collection Fund Adjustment Account (vi)	-6,790	0	9,877	3,087
Pooled Investment Funds Adjustment Account (vii)	713	-928	0	-215
Total 2022/23	322,335	26,111	6,037	354,483

	1 April 2021	Gains/ Losses(-) in year	Transfers Between Reserves	31 March 2022
	£'000	£'000	£'000	£'000
Revaluation Reserve (i)	70,428	27,446	-1,148	96,726
Capital Adjustment Account (ii)	238,573	0	10,232	248,805
Deferred Capital Receipts (iii)	507	0	-24	483
Pension Reserve (iv)	-37,164	21,194	-1,189	-17,159
Accumulated Absences Adjustment Account (v)	-501	0	58	-443
Collection Fund Adjustment Account (vi)	-13,703	0	6,913	-6,790
Pooled Investment Funds Adjustment Account (vii)	-134	847	0	713
Total 2021/22	258,006	49,487	14,842	322,335

i) Revaluation Reserve

The Revaluation Reserve contains revaluation gains made by the Council arising from increases in the value of its Property, Plant and Equipment 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. 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.

	31 March 2023	31 March 2022
	£'000	£'000
Balance at 1 April	96,726	70,428
Upward Revaluation of Assets	9,420	32,431
Downward revaluation of assets and impairment losses not charged to the Surplus/Deficit on the Provision of Services	-6,934	-4,985
Surplus or Deficit on revaluation of non-current assets not charged to the Surplus/Deficit on the Provision of Services	2,486	27,446
Difference between fair value depreciation and historical cost depreciation	-775	-1,148
Accumulated gains on assets sold	0	0
Amount written off to Capital Adjustment Account	-775	-1,148
Balance at 31 March	98,437	96,726

HARROGATE BOROUGH COUNCIL

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

ii) Capital Adjustment Account

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

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

The Account is also used to hold revaluation gains accumulated on Property, Plant and Equipment before 1 April 2007, the date that the Revaluation Reserve was created to hold such gains. It is not available to support spending.

	31 March 2023 £'000	31 March 2022 £'000
Balance at 1 April	248,805	238,573
Reversal of items relating to capital expenditure debited or credited to the Comprehensive Income & Expenditure Statement (CI&ES):		
Charges for the depreciation, amortisation and impairment of non-current assets	-9,505	-9,343
Revaluation losses on Property, Plant & Equipment	-4,973	-9,073
Reversal Revaluation Losses on Property, Plant & Equipment	1,570	1,591
Movement in the market value of Investment Property	33	588
Amount of non-current assets written off on disposal or sale as part of the gain/loss on disposal	-2,127	-1,458
Capital Financing Applied in year:		
Use of the Capital Receipts Reserve to finance new capital expenditure	4,681	688
Use of Major Repairs Reserve to finance new capital expenditure	6,660	3,345
Capital Grants and Contributions credited to the CI&ES that have been applied to capital financing	2,119	2,119
Statutory and Voluntary Provision for the repayment of Principal	1,102	15,742
Capital expenditure charged against General Fund and HRA balances	4,064	4,885
Adjusting amounts written out of the Revaluation Reserve	741	1,148
Balance at 31 March	253,170	248,805

HARROGATE BOROUGH COUNCIL

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

iii) Deferred Capital Receipts

The Deferred Capital Receipts Reserve holds the gains recognised on the disposal of non-current assets or on making improvement loans to home owners repayable when their house is sold, for which cash settlements have yet to take place. These items form Long Term Debtors.

Under statutory arrangements, the Council does not treat these gains as usable for financing new capital expenditure until they are backed by cash receipts. When the deferred cash settlement eventually takes place, amounts are transferred to the Usable Capital Receipts Reserve (or where the capital receipt is less than the £10,000 de minimis under legislation, to the Housing Capital Reserve).

	31 March	31 March
	2023	2022
	£'000	£'000
Balance at 1 April	483	507
New Deferred Receipts in year credited to CI&ES	0	0
Transfer to Usable Receipts reserve/GF Balance upon receipt of cash	3	-24
Balance at 31 March	486	483

iv) Pensions Reserve

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

	31 March	31 March
	2023	2022
	£'000	£'000
Balance at 1 April	-17,159	-37,164
Remeasurement gains or losses (-) on pensions assets and liabilities	24,553	21,194
Reversal of items relating to retirement benefits debited or credited to the surplus or deficit on the Provision of Services in the CI&ES	-10,601	-4,435
Employer's Pension Contributions payable in the year	3,207	3,246
Balance at 31 March	0	-17,159

HARROGATE BOROUGH COUNCIL

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

v) Accumulated Absences Adjustment Account

The Accumulated Absences Adjustment Account is used to absorb the differences that would normally be charged to 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 reversed by transfers to or from the Account.

	31 March	31 March
	2023	2022
	£'000	£'000
Balance at 1 April	-443	-501
Reversal of accrual made at the end of the preceding year	443	501
Amounts accrued at the end of the current year	-482	-443
Amount by which officer remuneration charged to the CI&ES on an accruals basis is different to remuneration chargeable in the year in accordance with statutory requirements	-39	58
Balance at 31 March	-482	-443

vi) Collection Fund Adjustment Account

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

	31 March	31 March
	2023	2022
	£'000	£'000
Balance at 1 April	-6,790	-13,703
Amount by which the Council Tax Income credited to the CI&ES on an accruals basis is different to Council Tax Income calculated for the year in accordance with statutory requirements	-36	201
Amount by which the NDR Income credited to the CI&ES on an accruals basis is different to the NDR income calculated for the year in accordance with statutory requirements	9,913	6,712
Balance at 31 March	3,087	-6,790

vii) Pooled Investment Funds Adjustment Account

The Pooled Investment Funds Adjustment Account is used solely for the purpose of recognising fair value gains and losses on the Council's pooled investment funds under statutory provisions.

	31 March	31 March
	2023	2022
	£'000	£'000
Balance at 1 April	713	-134
Changes in the fair value of pooled investment funds	-928	847
Balance at 31 March	-215	713

HARROGATE BOROUGH COUNCIL

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

17. Expenditure and Funding Analysis and Segmental Income

a) Expenditure and Funding Analysis

The Expenditure and Funding Analysis shows how annual expenditure is used and funded from resources (government grants, rents, council tax and business rates) by local authorities in comparison with those resources consumed or earned by authorities in accordance with generally accepted accounting practices. It also shows how this expenditure is allocated from 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.

2022/23	Net Expenditure chargeable to the General Fund and HRA balances	Adjustments for Capital Purposes (Note i)	Net change for the Pensions Adjustments (Note ii)	Other Differences (Note iii)	Net Expenditure in the Comprehensive Income and Expenditure Statement
	£000	£000	£000	£000	£000
Housing General Fund	1,826	111	476	0	2,413
Parks & Environmental Services	5,253	1,505	1,801	0	8,559
Safer Communities	-1,184	4,404	387	0	3,607
Finance	2,055	-547	864	0	2,372
Legal & Governance	2,607	20	294	0	2,921
Information, Communications & Technology	2,340	804	241	0	3,385
Organisational Development & Improvement	1,919	21	370	0	2,310
Culture, Tourism & Sport	-1,604	983	0	0	-621
Destination Management Organisation	1,530	98	199	0	1,827
Place Shaping and Economic Growth	7,864	595	1,073	0	9,532
Harrogate Convention Centre	273	408	426	0	1,107
Corporate	518	34	86	39	677
Housing Revenue Account (HRA)	-4,225	-769	757	0	-4,237
Net Cost of Services	19,172	7,667	6,974	39	33,853
Other Income & Expenditure	-12,183	-9,628	420	-8,949	-30,341
Transfers to/from(-) Earmarked Reserves	-8,037	0	0	8,037	0
Surplus(-) or Deficit	-1,048	-1,961	7,394	-873	3,512
Opening General Fund & HRA Balances at 31 March 2022	-20,726				
Surplus(-)/Deficit on General Fund and HRA Balances in year	-1,048				
Closing General Fund & HRA Balances at 31 March 2023*	-21,774				

* For a split of this balance between General Fund and HRA, see the Movement in Reserves Statement

HARROGATE BOROUGH COUNCIL

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

2021/22	Net Expenditure chargeable to the General Fund and HRA balances	Adjustments for Capital Purposes (Note i)	Net change for the Pensions Adjustments (Note ii)	Other Differences (Note iii)	Net Expenditure in the Comprehensive Income and Expenditure Statement
	£000	£000	£000	£000	£000
Housing General Fund	1,624	15	482	0	2,121
Parks & Environmental Services	3,191	2,023	1,983	0	7,197
Safer Communities	-1,480	311	481	0	-688
Finance	1,663	212	1,007	0	2,882
Legal & Governance	2,828	21	357	0	3,206
Information, Communications & Technology	2,292	792	279	0	3,363
Organisational Development & Improvement	1,749	21	447	0	2,217
Culture, Tourism & Sport	2,202	8,784	214	0	11,200
Destination Management Organisation	2,127	-345	160	0	1,942
Place Shaping and Economic Growth	7,618	-303	1,288	0	8,603
Harrogate Convention Centre	312	-45	434	0	701
Corporate	395	35	-7,519	-58	-7,147
Housing Revenue Account (HRA)	-4,415	535	939	0	-2,941
Net Cost of Services	<u>20,106</u>	<u>12,056</u>	<u>552</u>	<u>-58</u>	<u>32,656</u>
Other Income & Expenditure	2,022	-25,858	637	-7,760	-30,959
Transfers to/from(-) Earmarked Reserves	-12,073	0	0	12,073	0
Surplus(-) or Deficit	<u>10,055</u>	<u>-13,802</u>	<u>1,189</u>	<u>4,255</u>	<u>1,697</u>
Opening General Fund & HRA Balances at 31 March 2021	-30,780				
Surplus(-)/Deficit on General Fund and HRA Balances in year	10,055				
Closing General Fund & HRA Balances at 31 March 2022**	-20,725				

* For a split of this balance between General Fund and HRA, see the Movement in Reserves Statement

HARROGATE BOROUGH COUNCIL

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

i) Adjustments for Capital Purposes:

This column adds in depreciation and impairment and revaluation gains and losses in the services lines, and for Other Income and Expenditure:

- Adjusts for capital disposals with a transfer of income on disposal of those assets and the amounts written off for those assets
- Removes the charges for capital financing – i.e. Minimum Revenue Provision and voluntary set aside to repay debt, as these are not chargeable under generally accepted accounting practices
- Adds the contribution to Housing Pooled Capital Receipts
- Adds in revaluation gains or losses for Investment Properties
- Adds the transfer from deferred capital receipts for repaid housing improvement loans
- Adds capital grant income for grants that are receivable in the year without conditions or for which conditions were satisfied in the year

ii) Net Change for the Pensions Adjustments:

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

- For services this represents the removal of the employer pension contributions made by the authority as allowed by statute and their replacement with current service costs and past service costs
- For Other Income and Expenditure, the net interest on the defined benefit liability is charged to the CIES

ii) Other Differences:

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

- For services this represents the adjustment for accumulated absences
- For Other Income and Expenditure, the difference between what is chargeable under statutory regulations for council tax and business rates that was projected to be received at the start of the year and the income recognised under generally accepted accounting practices. This is a timing difference as any difference will be brought forward in future surpluses or deficits on the Collection Fund
- Transfers between Earmarked Reserves and the General Fund Working Balance are also adjusted for in this column

b) Segmental Income

Revenue received from external customers is analysed on a segmental basis below:

	2022/23	2021/22
	£'000	£'000
Services		
Housing General Fund	-178	-143
Parks & Environmental Services	-7,289	-5,687
Safer Communities	-3,721	-3,611
Finance	-507	-446
Legal & Governance	-93	-79
Information, Communications & Technology	-4	-0
Organisational Development & Improvement	-10	-5
Culture, Tourism & Sport	-4,801	-1,458
Destination Management Organisation	-376	-327
Place Shaping and Economic Growth	-3,490	-3,124
Harrogate Convention Centre	-4,854	-3,978
Corporate	-21	-29
Housing Revenue Account (including rents)	-17,838	-17,565
Total	-43,182	-36,452

HARROGATE BOROUGH COUNCIL

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

18. Members' Allowances and Expenses

Allowances paid in the year amounted to £347,000 in aggregate (£355,000 2021/22).

This comprised:

	2022/23	2021/22
	£'000	£'000
Basic Allowances	227	234
Special Responsibility Allowances	97	99
Mayoral Allowance	20	19
Members' Car & Other Allowances	3	3
Expenses	0	0
	347	355

19. Employees' earnings

a) The numbers of employees (excluding senior officers - see note c) whose remuneration (excluding pension contributions) was £50,000 or more in the year were as follows:

Remuneration Band	2022/23	2021/22
	Number of Employees	Number of Employees
£50,000 - £54,999	8	9
£55,000 - £59,999	6	3
£60,000 - £64,999	3	1
£65,000 - £69,999	2	7
£70,000 - £74,999	5	0
£75,000 - £79,999	0	0
	24	20

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

a. Exit Package cost band (including special payments)	b. Number of compulsory redundancies		c. Number of other departures agreed		d. Total number of exit packages by cost band [(b) + (c)]		e. Total cost of exit packages in each band £'000	
	2022/23	2021/22	2022/23	2021/22	2022/23	2021/22	2022/23	2021/22
Value	3							
£0 - £20,000	0	1	3	11	3	12	20	100
£20,001 - £40,000	0	0	3	1	3	1	101	35
£40,001 - £60,000	0	0	2	0	2	0	93	0
£60,001 - £80,000	0	0	0	0	0	0	0	0
£80,001 - £100,000	0	0	0	1	0	1	0	87
£100,001 - £150,000	1	0	0	0	1	0	106	0
Total	1	1	8	13	9	14	320	222

HARROGATE BOROUGH COUNCIL

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

c) Senior Officers whose remuneration was £50,000 or more

	Salary, Including Fees & Allowances	Benefits in Kind e.g. car allowance	Compensation for Loss of Office	Employers Pension Contribution	Total Remuneration including Pension Contributions
2022/23	£	£	£	£	£
Chief Executive (see note 1)	136,226	23	101,275	0	237,524
Director, Harrogate Convention Centre	107,995	0	0	13,823	121,818
Director of Economy & Culture	103,425	50	0	13,238	116,713
Director of Corporate Affairs	103,425	160	0	13,238	116,823
Head of Finance	75,396	27	0	9,447	84,870

Note 1: The Chief Executive's salary for 2022/23 includes Acting Returning Officer Fees of £8,509.60. Compensation for loss of office includes £29,641.56 payment in lieu of notice.

	Salary, Including Fees & Allowances	Benefits in Kind e.g. car allowance	Compensation for Loss of Office	Employers Pension Contribution	Total Remuneration including Pension Contributions
2021/22	£	£	£	£	£
Chief Executive	132,175	5	0	0	132,180
Director, Harrogate Convention Centre	106,070	0	0	15,486	121,556
Director of Economy & Culture (see note 1)	98,866	0	0	14,434	113,300
Director of Corporate Affairs (see note 1)	101,393	24	0	14,803	116,220
Head of Finance	68,851	11	0	10,052	78,914

Note 1: The Chief Executive's salary for 2021/22 includes Acting Returning Officer Fees of £10,769.

HARROGATE BOROUGH COUNCIL

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

20. External Audit Costs

	2022/23	2021/22
	£'000	£'000
The following amounts were payable to external auditors in the year:		
Fees for external audit services (Mazars LLP)	49	39
Additional fee variations for external audit services (Mazars LLP)	23	0
Fees for assurance work on housing benefits subsidy return (KPMG)	27	27
Fees for agreement of other returns and work (Mazars LLP)	3	3
	<u>102</u>	<u>69</u>

The table above shows currently agreed fees. However, further fees may be added if additional work is needed.

21. Grant Income

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

	2022/23	2021/22
	£'000	£'000
Credited to Taxation and Non Specific Grant Income:		
Government Capital Grants		
Public Sector Decarbonisation Grant	0	2,422
Homes England (Housing Grants)	469	11
Other Capital Grants		
Developers Section 106 and CIL contributions (Housing & Play Areas)	2,963	2,396
Other grants, including donated art exhibits	83	0
	<u>3,515</u>	<u>4,829</u>
Other Government non-ringfenced grants		
New Homes Bonus Grant	2,535	1,670
Business Rate Relief Grants	6,121	10,511
Covid sales, fees & charges income loss compensation grant	0	1,260
Local Authority Covid Grant funding	0	640
Rural Services Delivery Grant	252	252
Local Council Tax Support Grant	0	232
Local Authority Housing Fund – Round 1	762	0
2022/23 Services Grant	258	0
Lower Tier Services Grant	171	159
Other Small Grants – Council Tax Annex Grant etc	95	71
	<u>10,194</u>	<u>14,795</u>
Credited to Services:		
Capital Grants to Finance Revenue Expenditure Funded by Capital under Statute		
Government Grants		
Department for Levelling Up, Housing & Communities (Housing Grants)	1,106	1,010
	<u>1,106</u>	<u>1,010</u>
Specific Revenue Grants		
Government Grants		
Housing Rent Allowances (Department for Work and Pensions – DWP)	11,658	11,867
Housing Rent Rebates (DWP)	5,526	5,628
Administration and various one-off grants (DWP)	425	539
Department for Levelling Up, Housing & Communities:		
Covid-related business grants	0	517
Discretionary Energy rebates	248	0
Housing, Planning & Finance	1,559	573
Dept for Business, Energy and Industrial Strategy – Covid-related grants	0	2,385
Natural England (AONB, Planning Services)	263	562
Other Grants (DOE, DHSC, DEFRA, English Heritage, Cabinet Office)	695	306
	<u>20,374</u>	<u>22,377</u>
Non-Government Grants		
Various (Housing, Community Safety, Planning and Cultural Services)	384	15
	<u>384</u>	<u>15</u>
Total Grants and Contributions	<u>35,573</u>	<u>43,026</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

In 2022/23, in addition to the above, £5,542k of grant income was held as receipts in advance. £3,090k of this was Business Rates grants; this relates to grants to compensate for the additional COVID-related reliefs that were granted in 2022/23. The grant paid included the shares of central government and the other preceptors, in order to support the Council's cashflow position. In 2023/24, the non-Council shares must be repaid and will then be replaced with central government and the preceptors paying their share of the accumulated deficit on the collection fund. £1,493k relates to COVID grants from the Government (Local Restrictions Support Grants etc) where the Council did not spend its full allocation and owes the unspent balances to central government. £761k is Land Release Fund grant and there were £198k of other grants. In 2021/22, £22,387k of grant income was held as receipts in advance. £10,617k of this was Business Rates grants; this relates to grants to compensate for the additional COVID-related reliefs that were granted in 2021/22. The non-Council shares must be repaid and will then be replaced with central government and the preceptors paying their share of the accumulated deficit on the collection fund. £3,044k relates to COVID grants from the Government where the Council has not spent its full allocation. £7,577k is for Council Tax Rebate grants which are payable in 2022/23, £650k is Land Release Fund grant, £305k relates to various homeslessness grants and 33k relates to a domestic abuse grant. Finally, £160k was Benefits Subsidy grant from DWP.

22. Related Party Transactions

Related party transactions are those involving Councillors, senior officers, precepting local authorities and Central Government. They are described here apart from those appearing elsewhere in these accounts.

Central Government exerts significant influence through legislation and funding. Details of the grants received from Central Government can be found in note 21 and on the face of the CIES.

North Yorkshire County Council (NYCC) also exerts its influence through the provision of grants for various purposes (see note 21). In addition, the Council provides the following services on an agency basis to NYCC; the Council collected £2,583k of on-street parking income in 2022/23 (£2,424k 2021/22) and after deduction of related costs of £934k (£909k 2021/22), the balance of £1,649k (£1,515k 2021/22) was paid to NYCC in four quarterly instalments. NYCC were charged £127k (£109k 2021/22) for Grounds Maintenance works and paid £44k (£41k 2021/22) towards Housing Services lifelines and sheltered housing costs under the Supporting People Scheme. NYCC also paid £27k towards Community Safety expenditure (£27k 2021/22). NYCC paid £0k (£44k 2021/22) for routine rentals for schools under Joint Use Agreements for Sport and Leisure Activities, and £113k for footway lighting, parish lighting and associated consultancy fees (£11k 2021/22).

The North Yorkshire Police, Fire and Crime Commissioner paid £42k (£30k 2021/22) towards Community Safety expenditure.

Payments totalling £15k (£33k 2021/22) were paid to Parish and Town Councils towards the cost of Grounds & Cemeteries Maintenance, Community Projects, and Christmas Lighting. Income of £9k (£20k 2021/22) was received for rental and caretaking services of recreation areas and properties leased to Parish and Town Councils.

During 2022/23, a number of Members held directorships at organisations with which the Council had transactions. In total, the Council made payments totalling £192k (£145k 2021/22) to such organisations and received payments totalling £173k (£103k 2021/22). One of the Council's directors is also a board member of the Harrogate Business Improvement District (BID). The Council bills for and collects the BID levies payable by businesses within the area covered by the BID and received a fee of £15k for doing so (£15k 2021/22).

There were no advances (£0k 2021/22) for car loans made to chief officers in the year under their conditions of service. Repayments of car loans were £3.3k (£4.4k 2021/22), leaving a balance of £0k (£3.3k 2021/22) at the year-end. Other transactions with these related parties are not listed individually, as their values are not regarded as material to a fair understanding of the accounts. This is on the basis of individual questionnaires returned by senior officers and councillors. There were 25 former councillors for 2022/23 (3 for 2021/22).

In 2022/23, the Council loaned £200k to Bracewell Homes Ltd, its wholly-owned company (£500k 2021/22). The Council received £109k of interest from Bracewell Homes on this loan in the year (£98k 2021/22), as well as £40k (£40k 2021/22) to cover the time spent by Council staff working on behalf of Bracewell Homes. As at 31 March 2023, the total value of loans from the Council to Bracewell Homes was £700k (£1,500k 2021/22). The company reported a net profit after tax of £1,237k in 2022/23 (£1,939k 2021/22) and had net assets of £3,997k as at 31 March 2023 (£2,774k 2021/22).

HARROGATE BOROUGH COUNCIL

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

On 1 August 2021, the provision for leisure and recreation services transferred to Brimhams Active, a company wholly-owned by the council. In the 2022/23 financial year, the council paid £2,308k (2021/22 £1,868k) to Brimhams Active by way of management fee for the provision of those services, and charged £1,277k (2021/22 £899k) to the company for the provision of support services (Finance, IT, Legal, HR etc).

23. Capital Expenditure and Capital Financing

	2022/23			2021/22
	General Fund	Housing Revenue Account	Total	Total
	£'000	£'000	£'000	£'000
Opening Capital Financing Requirement	37,076	46,189	83,265	90,738
Capital Expenditure				
Property, Plant & Equipment	21,232	10,638	31,870	18,350
Heritage Assets	16	0	16	0
Loan to wholly-owned company	200	0	200	500
Intangible Assets	161	0	161	456
Revenue Expenditure Funded from Capital under Statute (included in the surplus on the CIES)	1,106	0	1,106	1,010
	22,715	10,638	33,353	20,316
Sources of Finance				
Capital Receipts	-1,408	-3,274	-4,682	-688
Grants and Contributions	-2,520	-705	-3,225	-3,129
Revenue	-4,064	0	-4,064	-4,885
Major Repairs Reserve	0	-6,659	-6,659	-3,345
	-7,992	-10,638	-18,630	-12,047
Minimum Revenue Provision/set aside receipts	-1,102	0	-1,102	-15,742
Closing Capital Financing Requirement	50,697	46,189	96,886	83,265
Explanation of movement in year				
Borrowing - internal	14,723	0	14,723	8,269
Statutory/Voluntary Revenue set aside	-1,102	0	-1,102	-15,742
Increase / Decrease (-) in Capital Financing Requirement	13,621	0	13,621	-7,473
Items of Capital Expenditure			2022/23	2021/22
			£'000	£'000
Improvements to Council Dwellings – inc new build and purchases			10,638	4,893
Hydro redevelopment			8,914	2,031
Knaresborough Pool construction			7,719	1,500
Vehicles and Plant			1,297	936
Private Sector Housing Grants/Loans			1,106	1,010
Computer Investment – hardware and software			1,013	966
Electric Vehicle Charging Infrastructure			448	0
Plant Nursery Redevelopment			422	0
Ripon Pool and Leisure Centre			285	4,922
Harrogate Convention Centre			284	733
Open Space & Community Facilities			270	272
Loan to wholly-owned housing company			200	500
Empty Homes Purchases			135	0
78-82a High Street, Knaresborough			104	1,037
Dragon Road Car Park Resurfacing			102	0
Other schemes			416	1,516
			33,353	20,316

HARROGATE BOROUGH COUNCIL

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

24. Operating Leasing Payments and Commitments

Council as Lessee:

Operating Leases (for land and buildings)

i) Leasing rentals paid to lessors in the year were:

	2022/23	2021/22
	£'000	£'000
Minimum lease payments	89	89
Contingent rents	13	16
	102	105

ii) The minimum lease payments for land and buildings due under non-cancellable leases in future years are:

	31 March	31 March
	2023	2022
	£'000	£'000
Not later than one year	25	58
Later than one year and not later than five years	44	63
Later than five years	29	35
	98	156

Council as Lessor:

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

- For the provision of community services, such as sports facilities, tourism services and community centres
- For economic development purposes to provide suitable affordable accommodation for local businesses
- To provide investment income

i) Minimum lease payments received from lessees in the year were £1,178k (£1,071k in 2021/22).

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

	31 March	31 March
	2023	2022
	£'000	£'000
Not later than one year	499	622
Later than one year and not later than five years	801	941
Later than five years	10,332	10,490
	11,632	12,053

The minimum lease payments do not include rents that are contingent on events taking place after the lease was entered into, such as adjustments following rent reviews. In 2022/23 £137k of contingent rents were receivable (£98k in 2021/22).

From 1 August 2021, sport and leisure facilities, including the Turkish Baths and Little Explorers Day Nursery, were leased to Brimhams Active. The lease is at a peppercorn and expires on 31 March 2031. The responsibility for reactive and planned maintenance remains with the Council.

25. Termination Benefits

During 2022/23, 9 exit packages were agreed (14 in 2021/22), with an associated liability of £320k (£222k 2021/22) - see note 19(b) for the number of exit packages and total cost per band. The payments were mainly due to the outgoing Chief Executive of Harrogate Borough Council, in light of the local government reorganisation taking place in North Yorkshire from 1 April 2023, and staff within the Housing and Harrogate Convention Centre services. Of the £320k (£222k 2021/22) payable, £320k was paid out during 2022/23 (£75k 2021/22), with no provision being created for any payments to be made in 2023/24 (£147k provided for in 2021/22 to be paid in 2022/23). Of the total payable, £134k related to pension costs (£111k 2021/22).

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

26. Defined Benefit Pension Schemes

a) Participation in Pensions Schemes

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

The Council participates in two post-employment schemes:

- The Local Government Pension Scheme (LGPS), administered locally by North Yorkshire County Council (NYCC) – this is a funded defined benefit scheme, meaning that the council 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 pension liabilities, and cash has to be generated to meet actual pension payments as they eventually fall due

The North Yorkshire pension scheme is operated under the regulatory framework for the LGPS and the governance of the scheme is the responsibility of the Pension Fund Committee of NYCC. Policy is determined in accordance with Pensions Fund Regulations. The investment managers of the fund are appointed by the committee, which takes advice from the Corporate Director – Strategic Resources and the fund’s investment advisers.

The principal risks to the Council of the scheme are the longevity assumptions, structural changes to the scheme (i.e. large scale withdrawals), changes to inflation, bond yields and the performance of equity investments held by the scheme.

b) Transactions Relating to Retirement Benefits

The costs of retirement benefits are recognised in the Net Cost of Services when they are earned by employees, rather than when the benefits are eventually paid as pensions. However, the charge that is required to be made against Council Tax is based on the cash payable in the year, so the real cost of retirement benefits is reversed out of the General Fund and Housing Revenue Account via the Movement in Reserves Statement. The following transactions have been made in the Comprehensive Income and Expenditure Statement and Movement in Reserves Statement during the year:

	2022/23	2021/22
	£'000	£'000
Comprehensive Income & Expenditure Statement		
<i>Cost of Services:</i>		
<i>Service cost comprising:</i>		
• Current Service Cost	9,945	11,298
• Past Service Cost	236	19
• Gain(-)/loss from settlements	0	-7,519
<i>Financing & Investment Income & Expenditure:</i>		
Net interest expense	420	637
Total Post-employment Benefits charged to the Surplus or Deficit on the Provision of Services	10,601	4,435
<i>Other Post-employment Benefits charged to the Comprehensive Income and Expenditure Statement:</i>		
Remeasurement of the net defined benefit liability comprising:		
• Return on plan assets (excluding the amount included in the net interest expense)	-69,112	703
• Experience gain/loss(-)	-25,608	-1,403
• Gain/loss(-) due to changes in demographic assumptions	-2,615	3,627
• Gain/loss(-) due to changes in financial assumptions	121,888	18,267
	24,553	21,194
Total Post-employment Benefits charged to the Comprehensive Income and Expenditure Statement	13,952	16,759

HARROGATE BOROUGH COUNCIL

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

b) Transactions Relating to Retirement Benefits (continued)

Movement in Reserves Statement	2022/23	2021/22
	£'000	£'000
Reversal of net charges made to the Surplus or Deficit on the Provision of Services	-10,601	-4,435
<i>Actual amount charged against the General Fund Balance and HRA Balance for pensions in the year:</i>		
Employers' contributions payable to the scheme	<u>3,207</u>	<u>3,246</u>
Amount by which pension costs calculated in accordance with IAS19 are different from the contributions due under pension scheme regulations	<u>-7,394</u>	<u>-1,189</u>

c) Local Government Pension Scheme Assets and Liabilities Recognised in the Balance Sheet

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

	31 March	31 March
	2023	2022
	£'000	£'000
Present value of the defined benefit obligation	-241,962	-325,062
Fair value of plan assets	<u>241,962</u>	<u>307,903</u>
Net liability arising from defined benefit obligation	<u>0</u>	<u>-17,159</u>

d) Reconciliation of the Movements in the Fair Value of Scheme Assets

	31 March	31 March
	2023	2022
	£'000	£'000
Opening fair value of scheme assets at 1 April	307,903	313,025
Interest on plan assets	8,247	5,841
Remeasurement gain/loss(-):		
• Return on plan assets, exc. amount included in net interest expense	-69,112	703
Employer contributions	3,207	3,246
Member contributions	1,491	1,409
Benefits/transfers paid	-9,774	-10,101
Settlements	0	-6,220
Closing fair value of scheme assets at 31 March	<u>241,962</u>	<u>307,903</u>

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

	31 March	31 March
	2023	2022
	£'000	£'000
Opening balance at 1 April	325,062	350,189
Current service cost	9,945	11,298
Interest cost	8,667	6,478
Member contributions	1,491	1,409
Remeasurement gains(-) and losses:		
• Experience gain(-)/loss	25,608	1,403
• Gain(-)/loss due to changes in demographic assumptions	2,615	-3,627
• Gain(-)/loss due to changes in financial assumptions	-121,888	-18,267
Past service cost loss/gain(-) on curtailments	236	19
Benefits/transfers paid	-9,774	-10,101
Settlements	0	-13,739
Closing balance at 31 March	<u>241,962</u>	<u>325,062</u>

HARROGATE BOROUGH COUNCIL

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

f) Local Government Pension Scheme assets comprised:

	Quoted Price in Active Market Y/N	Fair Value of Scheme Asset 31 March			
		2023 %	2023 £'000	2022 %	2022 £'000
Equities	Y	52.1	141,579	55.5	170,886
Property	Y	6.4	17,392	7.5	23,093
Government Bonds	Y	11.0	29,892	16.9	52,036
Corporate Bonds	Y	7.2	19,566	7.7	23,708
Multi Asset Credit	Y	5.3	14,402	0.0	0
Cash	Y	1.4	3,804	1.1	3,387
Other	Y	7.3	19,837	3.9	12,008
Other	N	9.3	25,272	7.4	22,785
Total		100.0	271,744	100.0	307,903

g) 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. The NYCC fund liabilities have been assessed by Aon Hewitt Limited, an independent firm of actuaries, estimates being based on the latest full valuation of the scheme as at 31 March 2022.

	2022/23	2021/22
The significant assumptions used by the actuary have been:		
Mortality assumptions:		
Longevity at 65 for current pensioners		
Men:	22.6 yrs	21.8 yrs
Women:	25.0 yrs	23.8 yrs
Longevity at 65 for future pensioners		
Men:	23.5 yrs	23.5 yrs
Women:	26.0 yrs	25.7 yrs
Rate of Inflation CPI	2.70%	3.00%
Rate of increase in salaries	3.95%	4.25%
Rate of increase in pensions	2.70%	3.00%
Rate for discounting scheme liabilities	4.70%	2.70%

The estimation of the defined benefit obligations is sensitive to the actuarial assumptions set in the table above. The sensitivity analysis below has been determined based on example changes of the assumptions occurring at the end of the reporting period and assumes for each change that the assumption analysed changes while all the other assumptions remain constant. The assumptions on 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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

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 £'000
Longevity (increase by 1 year)	6,291
Rate of increase in pensions (increase by 0.1% per annum)	3,629
Rate of increase in salaries (increase by 0.1% per annum)	242
Rate for discounting scheme liabilities (increase by 0.1% per annum)	-3,871

h) Impact on the Council's Cash Flows

The objectives of the scheme are to keep employers' contributions at as constant a rate as possible. The County Council has agreed a strategy with the scheme's actuary to achieve a funding level of 100% over the next 18 years; for Harrogate Borough Council, funding is currently at 100%. Funding levels are monitored on an annual basis. The next triennial valuation is due to be completed as at 31 March 2025.

The scheme takes into account changes to the value of pension liabilities on a defined benefits basis, due to the enactment of the Public Service Pensions Act 2013. LGPS benefits in relation to service up to 31 March 2014 are determined on a final salary basis. Benefits accrued from 1 April 2014 are determined on a career average revalued earnings basis.

The total contributions expected to be made to the Local Government Pension Scheme by the Council in the year to 31 March 2024 is £4.46m (year to 31 March 2023 £2.95m).

The weighted average duration of the defined benefit obligation for scheme members is 16.0 years (20.4 years 2021/22).

i) Investment Strategy

The Pension Fund Committee of North Yorkshire County Council has determined the investment strategy, which is aimed at growing the Fund's assets to meet benefit obligations when they fall due. As required by the regulations, the suitability of various classes of investments has been considered including assessing the benefit of asset class diversification. The Fund is primarily invested in equities (52.1% of scheme assets) and fixed income (11.0%), with investments also in property and alternatives. This strategy is reviewed periodically, dependent on changes to market conditions and the solvency position of the Fund.

27. Contingent Assets and Contingent Liabilities

There are no contingent assets or liabilities as at 31 March 2023.

28. Nature and Extent of Risks Arising from Financial Instruments

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

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

The Council's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the resources available to fund services. Procedures for risk management on treasury management are set out in the Local Government Act 2003 and associated regulations. These require the Council to comply with the CIPFA Prudential Code and the CIPFA Treasury Management in the Public Services Code plus investment guidance issued under the Act. Risk management is carried out by a central treasury team, under policies approved by the Council in the annual treasury management strategy. The Council provides written principles for overall risk management, as well as written policies covering specific areas, such as interest rate risk, credit risk and the investment of surplus cash.

HARROGATE BOROUGH COUNCIL

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

a) Credit Risk

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

The prime objective of treasury management activities is the security of the principal sums it invests. This is achieved through the Council's Annual Investment Strategy, which will ensure that its counterparty list and limits reflect a prudent attitude towards organisations with whom funds may be deposited. Deposits are not made with banks and financial institutions unless they achieve a minimum level of credit worthiness. This is based on credit ratings from all three rating agencies, Fitch, Moody's and Standard & Poor's, as the core element, plus credit watches and credit outlooks from credit rating agencies and Credit Default Swap spreads, to give early warning of likely changes in credit ratings.

The following analysis summarises the Council's potential maximum exposure to credit risk, based on experience of default and uncollectability over the last five financial years, adjusted to reflect current market conditions and the age of the debts.

	Amount at 31 March 2023	Historical Experience of Default	Adjusted for Market Conditions at 31 March	Estimated Maximum Exposure to Default and Uncollectability	Estimated Maximum Exposure 31 March 2022
	£'000	%	%	£'000	£'000
Deposits with Banks and Financial Institutions	19,148	0.0	0.0	0	0
Customers:					
Government and Local Authorities	8,222	0.0	0.0	0	0
Other	4,540	4.2	5.2	240	120
				<u>240</u>	<u>120</u>

No credit limits were exceeded during the reporting period by banks and financial institutions and the Council does not expect any losses from non-performance by any of its counterparties in relation to deposits.

The Council does not generally allow credit for customers, such that £4.7m of the £12.8m balance is past its due date for payment. This amount can be analysed by age as follows:

	31 March 2023	31 March 2022
	£'000	£'000
Less than three months	4,024	1,313
Three to six months	397	44
Six months to one year	45	80
More than one year	249	233
	<u>4,715</u>	<u>1,670</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

Amounts arising from expected credit loss

All of the Council’s financial assets have been assessed as Stage 1 at both 31 March 2022 and 31 March 2023, which means that there has been no significant increase in their credit risk. The 12-month expected credit loss for these assets has been assessed as nil. Impairment allowances for losses in relation to receivables due from customers are shown within the debtors note (note 13). The Council calculates allowances based on estimated default rates in combination with specific adjustments for individual debts when appropriate. We allowed an extra amount for customer bad debts at 31 March 2022 and 31 March 2023 than we normally would because of the ongoing uncertainty surrounding the impact of the covid-19 pandemic on businesses, together with the cost of living crisis. There is a rebuttable presumption in IFRS 9 that aged debt older than 30 days should be impaired. We have reviewed the aged debt older than 30 days, as disclosed above, and are satisfied that our existing impairment allowance adequately provides for this.

b) Liquidity Risk

The level of short term deposits held by the Council mean that it does not currently require any additional long term borrowings and is in a position to meet the repayments due on its long term loans.

The Council has ready access to borrowings from the Public Works Loan Board and would be able to take up this option whenever rates are favourable. When new borrowings are required the Council must ensure that a significant proportion of the borrowings are not undertaken at a time of unfavourable interest rates.

	31 March 2023 £'000	31 March 2022 £'000
The maturity analysis of financial liabilities is:		
Less than one year	24	24
1 - 2 years	8	7
2 - 5 years	15,028	15,026
5 - 10 years	15,041	15,048
10 - 15 years	7,970	7,973
	<u>38,071</u>	<u>38,078</u>

c) Market Risk

Interest Rate risk

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

- borrowings at variable rates – the interest expense charged to the Comprehensive Income and Expenditure Statement will rise
- borrowings at fixed rates – the fair value of the liabilities will fall
- investments at variable rates – the interest income credited to the Comprehensive Income and Expenditure Statement will rise
- investments at fixed rates – the fair value of the assets will fall

Borrowings are not carried at fair value, so nominal gains and losses on fixed rate borrowings would not impact on the Comprehensive Income and Expenditure Statement. However, changes in interest payable and receivable on variable rate borrowings and investments will be posted to the Comprehensive Income and Expenditure Statement and affect the General Fund Balance £ for £.

The Council has a number of strategies for managing interest rate risk. The policy is to aim to keep the proportion of interest paid on borrowing, which is at variable rates, at a maximum of 25%. During periods of falling interest rates, and where economic circumstances make it favourable, fixed rate loans will be repaid early to limit exposure to losses.

HARROGATE BOROUGH COUNCIL

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

In 2022/23 all borrowings and investments were at fixed rates. If interest rates had been 1% higher with all other variables held constant, the financial effect at 31 March 2023, would be:

	31 March £'000
Decrease in fair value of fixed rate investment assets (no impact on CI&ES Statement)	0
Decrease in fair value of fixed rate borrowings liabilities (no impact on CI&ES Statement)	2,376

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

d) Price Risk

The Council does not invest in equity shares and has no exposure to loss arising from movements in the prices of shares.

e) Foreign Exchange Risk

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

29. Expenditure and Income Analysed by Nature

	2022/23 £'000	2021/22 £'000
Expenditure/Income		
Expenditure		
Employee expenses	35,798	27,721
Other service expenses	52,376	51,889
Support Service recharges	904	780
Depreciation, amortisation, revaluation losses and impairments	13,803	15,389
Interest and investment payments	1,613	2,220
Precepts and levies (inc Business Rates tariff)	24,555	24,630
Payments to Housing capital receipts pool	0	855
Loss on disposal of non-current assets	0	0
Total Expenditure	129,049	123,484
Income		
Fees, charges and other service income	-46,601	-41,170
Income from Council Tax and Business Rates	-41,636	-36,373
Government grants and contributions	-32,195	-40,591
Non-Government capital grants	-3,046	-2,421
Interest and investment income	-1,078	-487
Gain on disposal of non-current assets	-981	-745
Other capital receipts	0	0
Total Income	-125,537	-121,787
Surplus(-) or Deficit on Provision of Services	3,512	1,697

HARROGATE BOROUGH COUNCIL

MOVEMENT ON THE HOUSING REVENUE ACCOUNT STATEMENT FOR THE YEAR ENDED 31 MARCH 2023

		31 March 2023	31 March 2022
		£'000	£'000
Note	HRA Balance brought forward	-16,138	-28,281
	Surplus (-) or Deficit in the year on HRA Income & Expenditure Statement	-3,739	-2,092
	Adjustments between accounting basis and funding basis under regulations		
	Gain or Loss (-) on sale of HRA non-current assets	592	708
	HRA share of contributions to or from (-) the Pensions Reserve	-757	-939
	Capital Expenditure funded by the HRA	0	0
	Transfer to Major Repairs Reserve	5,241	4,769
	Transfers to/from (-) the Capital Adjustment Account:		
2	Depreciation, impairments and revaluation losses	-4,472	-5,303
3	Voluntary set aside – repayment of debt	0	15,000
	Net increase (-) or decrease before transfers to or from Reserves	-3,135	12,143
	Increase (-) or decrease in the year on the HRA	-3,135	12,143
	HRA Balance carried forward	-19,273	-16,138

HARROGATE BOROUGH COUNCIL

HOUSING REVENUE ACCOUNT INCOME AND EXPENDITURE STATEMENT FOR THE YEAR ENDED 31 MARCH
2023

	2022/23	2021/22
	£'000	£'000
Note Expenditure		
Repairs and maintenance	4,846	5,430
Supervision and management	4,277	4,082
2 Depreciation and impairments of non-current assets	4,472	5,303
Debt Management Costs	34	34
Total Expenditure	13,629	14,849
Income		
Dwelling Rents (gross)	-16,959	-16,543
Non-dwelling rents (gross)	-157	-170
Charges for services and facilities	-810	-858
Contributions towards expenditure	-128	-317
Total Income	-18,054	-17,888
Net Cost/Surplus (-) of HRA Services included in the Whole Authority Comprehensive Income and Expenditure Statement	-4,425	-3,039
HRA share of Corporate Costs	102	98
HRA Non-distributed costs	86	0
Net Cost/Surplus (-) of HRA Services	-4,237	-2,941
HRA share of the other operating income and expenditure included in the Whole Authority Comprehensive Income and Expenditure Statement		
Gain (-) or loss on sale HRA non-current assets	-592	-717
3 Interest payable	1,339	1,592
3 Investment Income	-249	-26
Surplus (-) or Deficit for the year on HRA services	-3,739	-2,092

HARROGATE BOROUGH COUNCIL

NOTES TO THE HOUSING REVENUE ACCOUNT FOR THE YEAR ENDED 31 MARCH 2023

1. General

The Housing Revenue Account is kept in accordance with the financial regime introduced in the Local Government and Housing Act 1989. The account for 2022/23 is presented in accordance with the Accounting Code of Practice.

The Movement on the HRA Statement incorporates the surplus or deficit on the Income and Expenditure Statement and effectively meets the statutory requirement to include the Housing Revenue Account as a single statement in the Statement of Accounts.

2. Depreciation, Impairments and Revaluation Losses

	2022/23	2021/22
	£'000	£'000
Council Dwellings:		
Depreciation	5,081	4,611
Revaluation losses	0	747
Reversal Prior Year Revaluation Losses	-233	-18
Other Land and Buildings:		
Depreciation	111	108
Revaluation losses	0	0
Reversal Prior Year Revaluation Losses	-536	-194
Vehicles, Plant & Equipment		
Depreciation	41	41
Infrastructure Assets		
Depreciation	8	8
	4,472	5,303

During 2022/23, the valuation of the Council's housing stock was revised in line with the latest market values. This led to a £6,806k net increase in the valuation, which was credited to the revaluation reserve.

3. Capital Asset Charges Accounting Adjustment

HRA paid interest charges in 2022/23 in accordance with the Item 8 Credit and Item 8 Debit (General) Determination 2012 (as amended). Interest paid is related to the HRA Capital Financing Requirement (CFR) which represents the HRA share of the Council's borrowing for capital expenditure.

Interest Payable	2022/23	2021/22
	£'000	£'000
Interest on loans included in the HRA CFR	1,226	1,582
Interest on unfinanced HRA CFR	113	10
Total	1,339	1,592

From 1 April 2012 all of the Council's external loans were earmarked as either for General Fund or HRA and interest paid on each loan is charged accordingly. Where HRA has not borrowed externally to finance its CFR in full, it pays interest to the General Fund on the part which is being financed from internal balances. The interest rate charged to HRA on the unfinanced CFR is the average rate of interest on the Council's approved investments in the year (1.39% for 2022/23 and 0.12% in 2021/22).

HARROGATE BOROUGH COUNCIL

NOTES TO THE HOUSING REVENUE ACCOUNT FOR THE YEAR ENDED 31 MARCH 2023

In accordance with the same determination, HRA received the following interest credits:

Investment Income	2022/23	2021/22
	£'000	£'000
Average notional cash balance in year including Major Repairs Reserve	17,920	21,827
Average interest rate on approved investments	1.39%	0.12%
Interest on Notional Cash Balance	<u>-249</u>	<u>-26</u>

In 2021/22, £15m was set aside to repay the third of the loans taken out to fund the self-financing payment made to Government in 2011/12. No equivalent payments were made in 2022/23.

4. Council House Rent Arrears

For the financial year 2022/23 rent arrears from Council house tenants (both current and former) represented 1.88% of the total Council house rent income due (1.74% in 2021/22). This comprised 1.16% for current tenants (1.01% in 2021/22) and 0.72% for former tenants (0.73% in 2021/22). The arrears figures are as follows:

	2022/23	2021/22
	£'000	£'000
Arrears at 31 March:		
- current tenants	194	164
- former tenants	121	120
	<u>315</u>	<u>284</u>
Impairment of Debtors Allowance	<u>231</u>	<u>204</u>

5. Housing Stock

The Council was responsible for managing 3,904 dwellings as at 31 March 2023. The stock was made up as follows:

	31 March	31 March
	2023	2022
Houses	1,328	1,312
Flats, Bedsits and Maisonettes	1,802	1,805
Bungalows	677	677
Hostel Places	57	57
Shared Ownership*	40	42
	<u>3,904</u>	<u>3,893</u>

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

The changes in the general housing stock can be summarised as follows:

	2022/23	2021/22
Stock at 1 April	3,893	3,873
Sales to Council Tenants	-13	-18
Sales of outstanding shares in Shared Ownership homes	-2	0
Additions to council dwelling stock	26	24
Additions to Hostel Places	0	14
	<u>3,904</u>	<u>3,893</u>

HARROGATE BOROUGH COUNCIL

NOTES TO THE HOUSING REVENUE ACCOUNT FOR THE YEAR ENDED 31 MARCH 2023

6. Balance sheet values

	31 March 2023	1 April 2022
	£'000	£'000
Council Dwellings	279,219	269,970
Other Land and Buildings	4,643	4,214
Vehicles, Plant and Equipment	576	617
Infrastructure Assets	87	96
Surplus Assets	630	376
Assets Under Construction	3,081	961
	288,236	276,234

The balance sheet value of dwellings at 1 April 2022 is £266m on a tenanted valuation (£245m 1 April 2021). The vacant possession value of dwellings at 1 April 2022 is £649m (£586m 1 April 2021). These two values show the economic cost of providing council housing at less than market rents.

7. Capital Expenditure Analysis

	2022/23	2021/22
	£'000	£'000
HRA Capital Expenditure		
Planned maintenance and improvements	3,078	1,899
Purchase of properties to add to council dwelling stock	6,001	1,501
Construction of new dwellings	1,559	1,493
	10,638	4,893
HRA Capital Funding		
Major repairs reserve	-6,659	-3,345
Capital Contributions and Grants	-705	-860
HRA capital receipts	-3,274	-688
	-10,638	-4,893

8. Capital Receipts Analysis

	2022/23	2021/22
	£'000	£'000
Sale of council dwellings	-1,467	-2,142
Payment to national pool*	0	855
Sale of shares in shared ownership properties	-200	0
Balance of usable receipts available to finance capital expenditure	-1,677	-1,287

* The Government allowed local housing authorities to retain 100% of Right to Buy receipts in 2022/23 and 2023/24

HARROGATE BOROUGH COUNCIL

THE COLLECTION FUND (ENGLAND) STATEMENT FOR THE YEAR ENDED 31 MARCH 2023

		2022/23		2021/22
		£'000	£'000	£'000
Income				
Council Tax collectable – Note 1		-138,896		-131,446
Transfers to(-)/from General Fund:	Council Tax benefits	38		214
	Transitional Protection	2	-138,856	2
Non-Domestic Rates (NDR) collectable – Note 2			-58,394	-47,112
Total Income			-197,250	-178,342
Expenditure				
Council Tax Precepts and Demands:	North Yorkshire County Council	95,561		90,286
	North Yorkshire Police & Crime Commissioner	18,304		17,344
	North Yorkshire Fire and Rescue Authority	4,924		4,744
	Harrogate Borough Council	17,890	136,679	17,217
NDR Share Payments:	Central Government	26,989		31,553
	North Yorkshire County Council	4,858		5,680
	North Yorkshire Fire and Rescue Authority	540		631
	Harrogate Borough Council	21,592	53,979	25,243
NDR charges/receipts (-)	Cost of collection allowance	282		279
	Renewable Energy Payment to NYCC	228		228
	Transitional Protection Payments	264	774	147
Uncollectable Amounts:	Council Tax Allowance for Impairment	793		442
	Council Tax written off	235	1,028	360
	NDR Allowance for Impairment	-7		-140
	NDR Allowance for Appeals	-303		-393
	NDR written off/on	-60	-370	86
Council Tax surplus/deficit(-) re prior year to/from(-):	NYCC, NYPCC & NYFRA		-543	-597
	HBC		-84	-92
NDR surplus/deficit(-) re prior year to/from(-):	Central Government, NYCC & NYFRA		-12,463	-20,310
	HBC		-8,309	-13,193
Total Expenditure			170,691	159,515
Surplus(-)/Deficit for the year – Council Tax			-1,776	-1,526
Surplus(-)/Deficit for the year – NDR			-24,783	-17,301
Total Surplus(-)/Deficit for the year			-26,559	-18,827
Fund Surplus(-)/Deficit at start of year – Council Tax			-293	1,233
Fund Surplus(-)/Deficit at start of year – NDR			17,065	34,366
Total Fund Surplus(-)/Deficit at start of year			16,772	35,599
Fund Surplus(-)/Deficit at end of year – Council Tax (Note 3)			-2,069	-293
Fund Surplus(-)/Deficit at end of year – NDR (Note 4)			-7,718	17,065
Total Fund Surplus(-)/Deficit at end of year			-9,787	16,772

HARROGATE BOROUGH COUNCIL

THE COLLECTION FUND (ENGLAND) STATEMENT FOR THE YEAR ENDED 31 MARCH 2023

Note 1 Council Tax 2022/23

The Council's Taxbase (the estimated number of chargeable dwellings in each Band, adjusted for discounts and converted to an equivalent number of Band D dwellings) was calculated as follows:

Valuation Band	Chargeable dwellings	Ratio to Band D	Band D Equivalents
A- (inc disabled relief)	28	5/9	16
A	5,242	6/9	3,494
B	10,764	7/9	8,372
C	14,138	8/9	12,567
D	10,141	9/9	10,141
E	9,143	11/9	11,175
F	6,361	13/9	9,189
G	5,507	15/9	9,179
H	622	18/9	1,243
Total	61,946		65,376
Adjustment for collection rate, banding appeals, contributions in lieu etc.			-251
Council Taxbase			65,125

The average Band D Council Tax of £2,079.94 (£2,007.17 in 2021/22) was set by dividing the total of Precepts and Demands on the Collection Fund by the Council Taxbase shown above (63,985 in 2021/22). The Council Tax for dwellings in other Valuation Bands is the appropriate Ratio of the Band D tax.

Council Tax collectable includes £979k (£947k in 2021/22) of Government contributions in lieu of Council Tax for Ministry of Defence properties.

Note 2 Non Domestic Rates 2022/23

Non-domestic rates are collected on an agency basis and shares of the amount collectable are distributed in accordance with Business Rate Retention legislation, the shares for 2022/23 and 2021/22 being: 50% to Central Government, 40% to HBC, 9% to NYCC and 1% to NYFRA.

The non-domestic rate was set by the Government at 51.2p for the year (51.2p 2021/22), and the total non-domestic rateable value at the end of the year was £163,379,911 (£163,857,451 2021/22). The gross rates thus payable for the year were abated by reliefs for empty property, charitable occupiers, rating appeals and transition, to give the net amount collectable shown above.

Note 3 Movement on the Fund Balance – Council Tax

Each Authority's share of the movement on the Fund Balance in the year, a surplus of £1,776k (£1,526k surplus 2021/22) is: NYCC £1,475k (£1,067k surplus 2021/22), NYPCC £237k (£204k surplus 2021/22), NYFRA £64k (£55k surplus 2021/22) and HBC £0k (£200k surplus 2021/22). The HBC share is £0k in 2022/23 as the Council's share is included in the NYCC total, due to the move to North Yorkshire Council on 1 April 2023.

This amount is added to the Council Tax Demand for the year and any prior year surplus/deficit to give the Council Tax Income figure on an accruals basis shown in the Comprehensive Income and Expenditure Statement.

Note 4 Movement on the Fund Balance - NDR

Each Authority's share of the movement on the Fund Balance in the year, a surplus of £24,783k (£17,301k deficit 2021/22) is: Central Government £12,392k (£9,067k deficit 2021/22), NYCC £2,230k (£1,349k deficit 2021/22), NYFRA £248k (£173k deficit 2021/22) and HBC £9,913k (£6,712k deficit 2021/22).

This amount is added to the NDR Share for the year less the tariff and levy payments to the Leeds City Region Business Rates Pool to give the retained Non-domestic Rate Income figure on an accruals basis shown in the Comprehensive Income and Expenditure Statement.

HARROGATE BOROUGH COUNCIL

GLOSSARY OF TERMS FOR THE FINANCIAL STATEMENTS YEAR ENDED 31 MARCH 2023

Accounting Policies

Principles, rules and procedures selected and followed by the management of an organisation in preparing and reporting the financial statements.

Accruals

The concept that income and expenditure are recognised as they are earned or incurred, not as cash is received or paid.

Amortisation

The allocation of the value of an intangible asset (less any expected residual value) over its useful life.

Capital Expenditure

Expenditure on the acquisition of a non-current asset or expenditure which enhances, rather than simply maintaining, an existing non-current asset.

Capital Receipts

The proceeds from the sale of non-current assets in excess of £10,000. These are then available to fund future capital investment.

CIPFA

The Chartered Institute of Public Finance and Accountancy.

Collection Fund

The account into which Council Taxes and Non-Domestic Rates are paid, for distribution to preceptors, the Council's General Fund, and Central Government.

Community Assets

Assets that an authority intends to hold in perpetuity, that have no determinable useful life and which may have restrictions on their disposal.

Contingent Asset

A possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the authority.

Contingent Rent

The portion of a lease payment that is not fixed in amount but is based on the future amount of a factor that changes other than with the passage of time – for example, percentage of future sales, future inflation rates.

Contingent Liability

A possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the authority,

or:

a present obligation that arises from past events but is not recognised because:

- a) it is not probable that an outflow of resources will be required to settle the obligation, or
- b) the amount of the obligation cannot be measured with sufficient reliability.

HARROGATE BOROUGH COUNCIL

GLOSSARY OF TERMS FOR THE FINANCIAL STATEMENTS YEAR ENDED 31 MARCH 2023

Creditors

Amounts owed by the Council at year end for which payment has not yet been made.

Current Assets

Current Assets are cash and items that can be readily converted into cash.

Current Liabilities

Current Liabilities are amounts that are due for payment by the Council within the near future.

Current Service Cost (Pensions)

The increase in the value of the pension scheme's future pension liabilities arising from the employees' membership of the pension scheme in the year.

Debtors

Amounts owed to the Council at the year end, where services have been delivered but payment has not been received.

Depreciation

The allocation of the value of an asset (less any expected residual value) over its useful life.

Earmarked Reserves

Earmarked reserves are balances set aside for specific purposes. For each reserve, the purpose, usage and procedures for transactions need to be clearly defined.

Fair Value

The price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Financial Instruments

A contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Examples include loans and investments.

General Fund (GF)

The account that includes expenditure and income associated with all Council services, apart from the Council's own housing stock (see Housing Revenue Account).

Heritage Assets

Assets that are intended to be preserved in trust for future generations because of their cultural, environmental or historical associations. Examples include museum and art collections, civic regalia and historic buildings and monuments.

Historical Cost

The amount of money originally paid for an asset.

HMRC

Her Majesty's Revenues and Customs.

Housing Revenue Account (HRA)

This account includes the expenditure and income associated with the Council's own housing stock. Under statute, these costs and income must be accounted for separately from the rest of the Council's operations.

HARROGATE BOROUGH COUNCIL

GLOSSARY OF TERMS FOR THE FINANCIAL STATEMENTS YEAR ENDED 31 MARCH 2023

IFRS

International Financial Reporting Standards. These are guidelines and rules set by the International Accounting Standards Boards (IASB) that organisations follow when compiling financial statements. The Council does this by virtue of complying with CIPFA's Code of Practice on Local Authority Accounting, which is based on IFRS.

Impairment

The reduction in value of a non-current asset through physical damage, dilapidation or obsolescence.

Infrastructure Assets

Inalienable assets, expenditure on which is only recoverable by continued use of the asset created, i.e. there is no prospect of sale or alternative use. Examples include roads, footpaths and bridges.

Intangible Asset

An identifiable non-monetary asset without physical substance. An example would be computer software.

Minimum Revenue Provision (MRP)

The amount that the Council has calculated to be the prudent amount that it must charge to its revenue account in the year to repay debt, as required by statute.

Non-Domestic Rates (NNDR)

Otherwise known as business rates, these are collected from businesses by the Council. The Council was part of the Leeds City Region Business Rates Pool in 2022/23. Shares of the income were paid over to Central Government (50%), North Yorkshire County Council (9%) and North Yorkshire Fire and Rescue Authority (1%), with 40% being retained by the Council.

Net Book Value

The amount at which non-current assets are included in the balance sheet. This will be their historical cost or current valuation, less any depreciation that has been charged.

Non-current Assets

Assets such as buildings and vehicles, the benefits of which will be realised over a period of greater than one year.

Operating Lease

Under this type of lease, the risks and rewards of ownership of the leased goods remain with the lessor (the organisation leasing out the goods).

Past Service Cost (Pensions)

The change in the obligation for employee service in prior periods, arising as a result of changes to plan arrangements in the current period. Past service cost may be either positive (where benefits are introduced or improved) or negative (where existing benefits are reduced).

Precept/Preceptors

A precept is the amount that each non-billing authority (County Council, Police and Crime Commissioner, Fire & Rescue Authority, Parish Councils) asks the Council to collect from taxpayers on its behalf. The County Council etc are known as preceptors.

Provision

A liability of uncertain timing or amount.

HARROGATE BOROUGH COUNCIL

GLOSSARY OF TERMS FOR THE FINANCIAL STATEMENTS YEAR ENDED 31 MARCH 2023

Prudential Borrowing

The Council's borrowing for capital purposes must conform to the Prudential Code, a set of rules governing Local Authority borrowing in the UK which (among other things) requires that borrowing is affordable and prudent.

PWLB

The Public Works Loan Board – a government body that lends money to public sector organisations.

Remeasurements of Pension Assets and Liabilities

The changes in the pension fund surplus or deficit that arise because a) actual events have not coincided with the assumptions made by the actuaries when they last valued the pension fund and/or b) the actuaries have updated the assumptions they've made since the previous valuation of the fund.

Revenue Expenditure Funded from Capital Under Statute (REFCUS)

Expenditure that may be funded from capital resources but that does not result in an asset on the Council's balance sheet.

Revenue Support Grant (RSG)

A general grant paid by Central Government towards the cost of providing local authority services in the area.

Useful Life

The period for which an asset is expected to be available for use

HARROGATE BOROUGH COUNCIL

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF HARROGATE BOROUGH COUNCIL

Will be published here once the audit is complete.

APPENDIX 1

ANNUAL GOVERNANCE STATEMENT
