



Bassetlaw
DISTRICT COUNCIL
— North Nottinghamshire —

**UNAUDITED
STATEMENT OF
ACCOUNTS
2021/22**

Statement of Accounts Contents

INTRODUCTORY STATEMENTS

- 1 The Narrative Report
- 26 The Statement of Responsibilities

THE FINANCIAL STATEMENTS

- 29 The Comprehensive Income & Expenditure Statement
- 30 The Movement in Reserves Statement
- 31 The Balance Sheet
- 32 The Cash Flow Statement
- 33 Explanatory Notes to the Accounts

SUPPLEMENTARY STATEMENTS

- 102 The Housing Revenue Account
- 109 The Collection Fund Account
- 114 Glossary of Terms

THE ANNUAL GOVERNANCE STATEMENT

- 120 Draft Annual Governance Statement

THE NARRATIVE REPORT

| <u>Contents</u> | Page No. |
|--|------------|
| Introduction | <u>1.</u> |
| Councillor Preface | <u>1.</u> |
| Introduction by s151 Officer | <u>2.</u> |
| Part One Introduction to Bassetlaw Area | <u>4.</u> |
| Part Two Introduction to Bassetlaw District Council | <u>5.</u> |
| Part Three The Council Plan 2019-2023 | <u>8.</u> |
| Part Four Financial Performance and Management 2021/22 <ul style="list-style-type: none">➤ Economic Performance➤ The General Fund➤ The Housing Revenue Account➤ Overall Outcome➤ Capital Expenditure➤ The Balance Sheet | <u>13.</u> |
| Part Five Looking Forward; <ul style="list-style-type: none">➤ General Fund Revenue 2022/23 and beyond➤ Corporate Risks | <u>18.</u> |

Introduction

Councillor Preface



As Portfolio Holder for Finance and Property, I would like to welcome you to the Bassetlaw District Council 2021/22 Statement of Accounts.

The 2021/22 financial year was in many ways challenging following the prolonged impact of the Covid-19 pandemic, which was unprecedented both in terms of magnitude and the level of disruption to everyday life in Bassetlaw. There is still uncertainty over the longer-term impact from the pandemic and how the extra service costs, together with reduced income, will continue to impact on the Council's financial resilience.

Whilst Covid-19 has not disappeared, I am pleased to say that some sense of normality is returning; although it would have seemed unlikely a year ago, new issues are emerging and overtaking the pandemic both in terms of the media attention, public consciousness, and areas of immediate concern for our residents, such as the current 'cost of living crisis' due to the increasing cost of energy, fuel and food well in excess of rises in wage levels.

The Council is shaped by the changing needs of our residents and the impact of the broader external environment; the unparalleled events of the last two years in particular have had a significant impact on the Council itself and how it operates, particularly in terms of flexible working arrangements.

I would like to highlight the work that the Council has undertaken during 2021/22 - and which continues into 2022/23 - to administer grants to support specific initiatives and individuals, together with a range of Business Rate Relief and grant support to businesses. At the end of 2021/22, the Government provided over £7m of grants to enable the Council to issue and then, in the early months of 2022/23, Council undertook distribution of the £150 Council Tax Energy Rebate to residents, to help alleviate the impact of rising energy costs. At the time of writing, more than 80% of all such payments have been issued.

It is important to appreciate that many of the Council's underlying financial pressures remain but, despite this, I am pleased that we have ended the year with a robust financial position. This is important given that, as mentioned above, the full long-term impact of the pandemic is unknown. Furthermore, the recent challenges presented by the war in Ukraine with its broader implications, along with the current 'cost of living crisis', are expected to have a significant impact on the Council's finances as well as on the finances of Bassetlaw residents. It is, therefore, essential that we remain prudent and ensure that the financial position of the Council continues to be managed effectively. I am confident that, with work already underway to close our financial gap, the Council can maintain good financial health and financial sustainability and is well placed to address any future challenges.

As always, I would like to conclude by recognising the hard work and dedication shown by the Council's Finance Team throughout the year. Along with colleagues across the Council they have worked diligently to support the provision of essential Council services.

I remain confident that Bassetlaw District Council will continue to carefully manage its financial position in 2022/23 and future years, as evidenced by the production of this set of accounts and the work undertaken to set the 2022/23 budget, along with the support provided in delivering key Council objectives.

June Evans

Portfolio Holder for Finance and Property

Introduction by s151 Officer



I am pleased to introduce our Financial Accounts for 2021/22. They represent the financial results of the delivery of the third year of our 2019-2023 Council Plan.

The purpose of these accounts is to present a true and fair view of the financial results of our activities for the year and the value of our assets and liabilities at the end of the financial year.

This narrative report is set out in five parts:

- **Part one** - provides an introduction to the area of Bassetlaw
- **Part two** - provides an introduction to Bassetlaw District Council
- **Part three** - provides a summary of our performance against the priorities outlined in the Council Plan.
- **Part four** - relates to our financial performance for the year 2021/22 and summarises the information in the main Statement of Accounts document.
- **Part five** - looks forward, outlining the impact of the current economic climate and the risks we face on our resources and the services we provide.

In considering this report, you should note that the under spend reported against service budgets, which we use internally to monitor our financial performance, is not directly comparable to the surplus disclosed in the Statement of Accounts. This is mainly due to the accounting adjustments required to comply with reporting requirements, which do not affect the amount of our spending to be met by local taxpayers. The key differences relate to the way in which we account for items such as depreciation, impairment, reserves, provisions and carry-forwards. Each of these items is explained further in our accounting policies or the glossary.

Public inspection

It is important that members of the public have the opportunity to provide comment and question our Statement of Accounts. Therefore, the draft Statement of Accounts for 2021/22 will be available for inspection from 29th July. The formal audit of our accounts will commence in September/October.

David Hill

Director of Corporate Resources (s151 Officer)
Bassetlaw District Council

Part 1 – Introduction to Bassetlaw Area

Bassetlaw in Numbers – Did you know?

Bassetlaw has a resident population of approximately 118,800 (ONS Mid-year estimate 2020). Nearly 67% of Bassetlaw's residents live in its three largest towns, Worksop, Retford and Harworth & Bircotes; 15% live in larger rural settlements and 18% live in the rural areas.

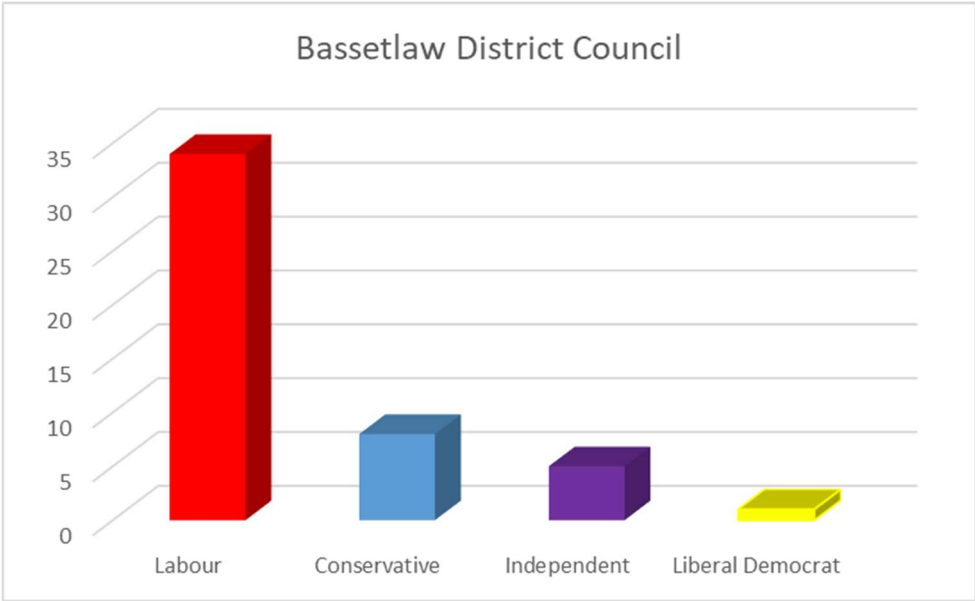
- Second largest District in Nottinghamshire measuring 63,688 hectares.
- 54,789 properties.
- Bassetlaw is classed as a Rural District with 73 villages served by 45 Parish Councils and 9 Parish Meetings.
- Bassetlaw has 10,000 hectares of woodland including 600ha of Ancient woodland
- The percentage of residents whose day to day activities is limited is 18% (2011 census).
- 4,900 registered business in the district
- Bassetlaw has 3,400 people of working age with no qualifications, however this is the lowest number in Nottinghamshire.
- 80.3% of residents are employed by the Private Sector.
- The Government's Indices of Multiple Deprivation 20197 has ranked Bassetlaw as 106 out of the 317 Local Authorities in England making it within the 35% most deprived areas nationally.
- In the twelve months to end of 2021 Q4 (12 months ending) Bassetlaw had recorded 85.64 crimes per 1000 people.
- 766 new homes completed in 2021/22.
- 952 new homes under construction.

Part 2 – Introduction to Bassetlaw District Council

How the Council Works

The whole Council of 48 Councillors is elected every four years with the last full elections held in May 2019. The political balance of the Council on 31st March 2022 was 34 Labour, eight Conservative, five Independent and one Liberal Democrat.

Chart 1 – The Council’s constitution



The Council operates under the Leader and Cabinet Executive Arrangements model. The Council elects the Leader (who is the Leader of the majority party), and the Leader appoints the other members of the Cabinet.

Each Cabinet member holds a separate portfolio. Decisions may be delegated to the individual members, or taken by the Cabinet as a whole. These decisions are scrutinised by the Council’s Overview & Scrutiny Committee.

The Leader and Cabinet are responsible for policies, plans, and strategies, which must be within the budget adopted by the full Council. These will be reported to the overall Council, which is convened as a whole, at regular Council meetings. The principle executive decisions taken by the Council as a whole are to appoint the Leader, to approve the Leader’s budget, to adopt development plan documents, and to agree on the Council’s Constitution.

On the 31st March 2022, the Council’s Cabinet consisted of the following Councillors:

- Leader of the Council, Cllr Simon Greaves.
- Deputy Leader and Cabinet Member for Regeneration, Cllr Jo White.

Cabinet Member for Finance, Cllr June Evans.
Cabinet Member for Neighbourhoods, Cllr Julie Leigh.
Cabinet Member for Housing, Cllr Steve Scotthorne.
Cabinet Member for Corporate Services, Cllr Kevin Dukes.
Cabinet Member for Health and Wellbeing, Cllr Susan Shaw.

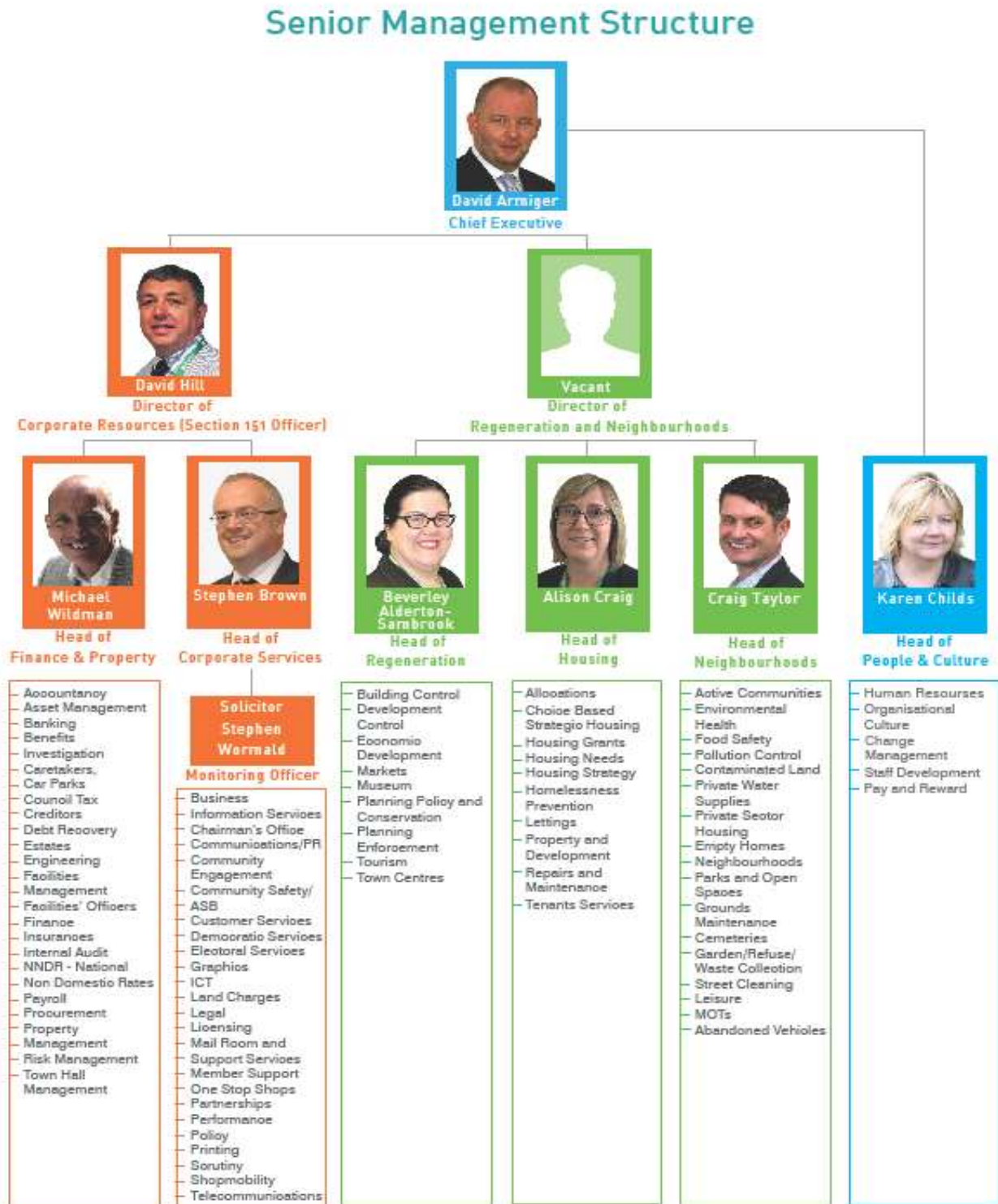
The work of Councillors is supported by Council Officers. The Directorate of Corporate Resources comprises the functional areas of Finance and Property Services and Corporate Services and the Directorate of Regeneration and Neighbourhoods comprises the functional areas of Regeneration, Neighbourhoods and Housing. The Council employed 496.46 staff (full time equivalent) at 1st April 2021.

The Chief Executive has overall responsibility for the services supported by two Corporate Directors and six Heads of Services. The Council also has a number of committees, with membership determined on the basis of the political balance.

Overview and Scrutiny Committee
Audit and Risk Scrutiny Committee
Standards Sub-Committee
Licensing Committee
Planning Committee
Appeals Committee
Appointments Committee
Chief Officers' Investigating Committee
Health and Safety Committee
Introductory Tenancies Appeal Board
Joint Employee Council

Senior Management Structure of the Council as of 31st March 2022

The Council's structure is as shown below. The Chief Executive Officer leads a Corporate Leadership Team including two Directors and a Corporate Management Team of six Heads of Service each with a portfolio of services to manage and deliver.



Part 3 – The Council Plan

The Council Plan sets out our priorities for the years 2019 – 2023. As a Council we want to:

- Improve the quality of our housing and build more new Council houses for rent.
- See investment in Bassetlaw as a place, with vibrant town centres, improved green spaces and a robust Industrial Strategy to deliver more jobs and economic growth.
- To see investment in our communities, with a focus on improving health and wellbeing, raising skills levels and supporting our most vulnerable residents.

We also have a responsibility to future generations of Bassetlaw residents so we will be reducing our carbon footprint whilst developing a long-term strategy to become carbon neutral in our operations. This Council Plan will run until 2023 and will focus on the three key themes of:

- Investing in Place
- Investing in Housing
- Investing in Communities

You can find out more about these themes, our priorities and some of our achievements on the following pages.

To deliver this Council Plan we will need to work with residents, partners and local businesses, whilst continuing to deliver financial savings.

By the end of this plan, we are forecast to have saved over £10.5 million since the beginning of austerity in 2009. Despite these cuts, we remain committed to delivering the best services we can to our communities and local businesses

Investing in Place: Our Priorities

1. Maximise Bassetlaw's local offer for the 400th Anniversary of the Mayflower Pilgrims' sailing to America.
2. Produce a Local Industrial Strategy for Bassetlaw, which will not only map out what we want to achieve but also support Bassetlaw's future bids for external funding.
3. Introduce a car parking strategy for our towns to maximise asset usage and support our local economies.
4. Work with owners of the two coal fired power station sites to maximise their potential and create positive local opportunities *
5. Work proactively with partners and landowners in agreeing an approach to redeveloping large- scale sites.
6. Provide continued support to our local high streets.

7. Develop a land and property database to improve the Council's asset management to generate more local income.
8. Develop a business plan for a local investment company which using the Council's balance sheet assets would enable the Council to intervene on stalled development sites whilst also generating a financial return.
9. Deliver on the masterplan for the Canch – including developing new physical activity facilities and new public toilets. There will also be a plan for Langold Country Park.
10. Encourage local tree planting by developing a long-term strategy on trees and their maintenance. Through the use of the planning system and by encouraging others to plant more trees in the district, we will seek to rejuvenate the Sherwood Forest area.

*This will take longer than the life of this plan as the estimated decommissioning process for the Power Stations is five years from the point of closure.

Investing in Housing: Our Priorities

1. Review the Council's housing estates and assets, including identifying any areas of deprivation and develop a plan to improve the physical appearance and image of those areas.
2. Improve the quality and performance of Bassetlaw's housing stock, by regularly inspecting them to ensure that they are maintained to the highest possible standards and therefore help reduce tenants' energy bills.
3. Agree appropriate and targeted interventions and investments to tackle the issues identified from these reviews and inspections, particularly in areas of need.
4. Be pro-active in how we manage our neighbourhoods and support our tenants through community engagement, community safety initiatives, regulation and enforcement. The Council will also review its housing allocations policy to take account of homeless prevention and to enable our properties to be let effectively.
5. Increase the supply and quality of new homes. We will seek to deliver our new housing requirement of around 400 new homes per year and will maximise all available S106 opportunities for new affordable housing.
6. Deliver further value for money for our tenants by carrying out a review of the condition of the housing stock, developing a new 30 year Housing Revenue Account Business Plan, bringing contract work in-house, where appropriate, and implementing fairer charging and the Rent Standard for Social Housing providers to assist households in receipt of Universal Credit.
7. To enable as many people as possible to live independently in their homes through the use of Better Care Funding to deliver disabled facilities adaptations and other

initiatives.

8. Ensure that our housing stock is safe and compliant in respect of gas safety, electric safety, asbestos management, fire management and legionella.
9. Increase year on year the SAP Rating* of our stock (currently 70.5) and support the private sector in taking up energy grants e.g. warm homes on prescription over the term of the plan to combat local fuel poverty.
10. To deliver in excess of 100 houses for sale by 2024 through the Council's commercial partnership with Bersahill.

* The Standard Assessment Procedure is the methodology used by the Government to assess and compare the energy and environmental performance of dwellings.

Investing in Communities: Our Priorities

1. Raise the skills level and employability of people within the district by establishing a Skills Board and encouraging local businesses to take on more apprenticeships.
2. To work collaboratively with Partners to reduce health inequalities across the district, and to improve general levels of health and wellbeing by encouraging healthy and active lifestyles and prioritising early preventative interventions in relation to the wider determinants of health.
3. Local Labour Agreements – the Council will ensure developers deliver a local labour agreement on future major developments to create training and employment opportunities during the term of the development.
4. Support rural communities through our outreach network, examine further digital service improvements and support the work of local parish councils.
5. Support local drug treatment engagement programmes to reduce dependency and turn peoples' lives around.
6. Increase the year on year number of homelessness preventions and a year on year decrease in the number of rough sleepers, over the term of the plan.
7. Work with the Department for Work & Pensions, Citizens Advice, Nottinghamshire County Council and local foodbanks to support local people in need.
8. Engage with local residents through "Bassetlaw Conversations" at community events, local town improvement plans, the work of the Worksop Town Commission, and the Bassetlaw Tenants' Panel.
9. Recruit, develop and retain local talent where the Council can in a competitive labour market. Bassetlaw has a significant apprentice scheme with 11 local participants and

advertises all positions in our communities, as local people provide the backbone of the services we provide. We will also develop our staff via our policies and training commitments. Promote apprenticeship opportunities to existing staff and offer new apprenticeship positions externally, with the aim of achieving five new apprenticeships each year.

10. Become recognised as a leader in environmental good practice both in how the Council conducts its operations, and how we assist and enable our residents and businesses to play their role too. Bassetlaw will develop a green plan to support this aspiration covering fuel poverty, insulation, green vehicle fleet and fuel efficiency, climate change, recycling and refuse, built environment (planning), water consumption, nature conservation and open spaces.

Investing in Place: We delivered...

- The D2N2 Local Industrial Strategy replaced with a Recovery and Growth Strategy supporting the Councils submission for the UK Shared Prosperity Fund investment priorities: Community and Place; Supporting Local Business and People and Skills.
- Economic data continues to be tracked to measure the impact of the Covid-19 pandemic on the local economy.
- West Burton A Power Station has been shortlisted for consideration under the government STEP programme as the location for the next generation of nuclear fusion research.
- Scoping works, detailed assessment and sustainability appraisal have been undertaken on all major strategic sites allocated in the Draft Local Plan.
- The Local Plan has reached formal Publication stage and is expected to be submitted to the Secretary of State in summer 2022; with examination by an independent inspector likely in autumn 2022.
- The Neighbourhood Area of the Retford Business Neighbourhood Plan expanded in September 2021 followed by public consultation on an initial vision and objectives.
- Worksop Town Centre Masterplan adopted and Harworth Masterplan completed
- New public toilets/Changing Places facilities and catering kiosk at the Canch opened February 2022. Following public consultation, specialist inclusive play equipment to be installed summer 2022.
- Draft Langold Country Park Masterplan consultation completed
- Sixty-six nominations to the Love Bassetlaw Campaign which asked Bassetlaw residents, visitors and businesses to 'spread the love' by shopping local and supporting the high street.

Investing in Housing: We delivered...

- Construction has commenced on the Bersahill joint venture housing development at Madison Court in Harworth.
- Thriving Communities Strategy and Delivery Plan in place. Working with partners actions include 110 smoke alarms fitted by Fire and Rescue Service; CAB to support residents on energy and affordable warmth; local Community Group being set up.
- Carlton Wimpey Estate Masterplan consultation launched
- Completed updates to the Allocations and Choice Based Lettings Policy reflecting the Homeless Prevention Act.
- Contractor appointed and site cleared for the development of 120 new homes at Radford Street, Worksop.
- Works started on the refurbishment of Larwood House, creating a state of the art independent living centre.
- Draft Tenant Engagement Strategy produced.
- Secured funding from the Social Housing Decarbonisation scheme to improve the energy efficiency of 23 properties at Tuxford and Normanton on Trent which are hard to heat.
- 1,400 dwellings in Bassetlaw received loft insulation, new boilers and cavity wall insulation under the Government's affordable warmth scheme. (Local Authority Flexible Eligibility Scheme)

Investing in Communities: We delivered ...

- Progress on improving provision for Rough Sleepers with Government grant funding to purchase, renovate and operate supported accommodation in Worksop.
- The Council and the North Notts BID have delivered two "What Next Careers" events in Spring 22 attended by 2000 young people and 80 employers.
- Launched the 'D2N2 Start' platform and the 'Notts Opportunities' sites to share labour market Information on vacancies, placements, apprenticeship and volunteering supported by careers advice and guidance.
- Supported over 12,000 businesses in response to the Covid-19 Pandemic.

- 3 new apprenticeships commenced with the Council and one completed during the year.
- The Leisure and Wellbeing Team have supported, clubs, individuals and partner organisations, involved in sport, health and leisure to navigate the Roadmap out of lockdown.
- The Council reduced its carbon footprint with funding from the Public Sector Decarbonisation Scheme (PSDS) to retrofit the Kilton Forest Golf Club House, install solar PVs and Electric Vehicle Charge points at Carlton Forest, Queens Buildings, Markets Garage and Retford Enterprise Centre.
- On-Street Resident Chargepoint Scheme (ORCS) on Gateford Road and Priorswell Road.
- Successful partnership events held to encourage residents to be more active, more often, include Dr Bike to reduce cycling inequalities, improve safety and Retford MS Society group participating in clay shooting and archery.
- 14,441 Subscribers to Bassetlaw's Residents and Business frequent e-Newsletters

Part 4 - Financial Performance & Management 2021/22

Economic Performance

The public sector, and in particular local government, has been significantly impacted financially as the government seeks to reduce the level of national debt. In Bassetlaw's case this has meant the reduction of a third in the Council's size over the last decade. We have dealt with each period of change creatively and innovatively to maintain effective and efficient services to our residents, businesses and visitors. These changes include pressures such as demographic growth and inflationary factors that contribute to create demand and additional costs in excess of Government grant support. The Council works proactively by developing and implementing plans across our district to address these issues.

The General Fund Revenue

The General Fund supports the day to day running of the Council's services (excluding housing). The Council set its budget for the 2021/22 financial year on 4th March 2021. This showed a total budget of £16.9m of which £15.2m was to deliver its core services ([Budget Council - March 2021](#)).

During the year the budget position for the net cost of services increased to £17.0m. The main factors contributing to this increase were in respect of statutory accounting adjustments which

are charged to services, but are subsequently reversed back out through the movement in reserves statement to eliminate any impact on the level of Council Tax charged.

The financial standing of the Council is very robust, with sound and improving financial management and practices.

The outturn position for the Council's General Fund was an under spend of £0.6m. This was reported to Cabinet in June 2022 ([Outturn Report 2021/22](#)).

The Housing Revenue Account (HRA)

The HRA is a ring-fenced landlord's account for the running of the Council's housing stock. The budget that was approved by Council on 28th January 2021 ([Extraordinary Council - January 2021](#))

Any over achievement of income will be re-invested into the Council's housing stock over a number of years to ensure properties are maintained to an appropriate standard and to continue to grow the stock of houses to ensure the Council meets the needs of the district.

Compared to the budget, savings of £1.5m have been achieved during the 2021/22 financial year.

Further information relating to the Housing Revenue Account can be found within the Supplementary Financial Statements.

Overall Outcome

The Comprehensive Income and Expenditure Statement shows the Council's outturn on an accounting basis (to include notional entries such as depreciation and impairment).

Charts 2 and 3 below show the details of the total spend and income in 2021/22 as shown in the Expenditure and Funding Analysis (EFA) (Notes 7 and 8)

Chart 2 – Total Expenditure

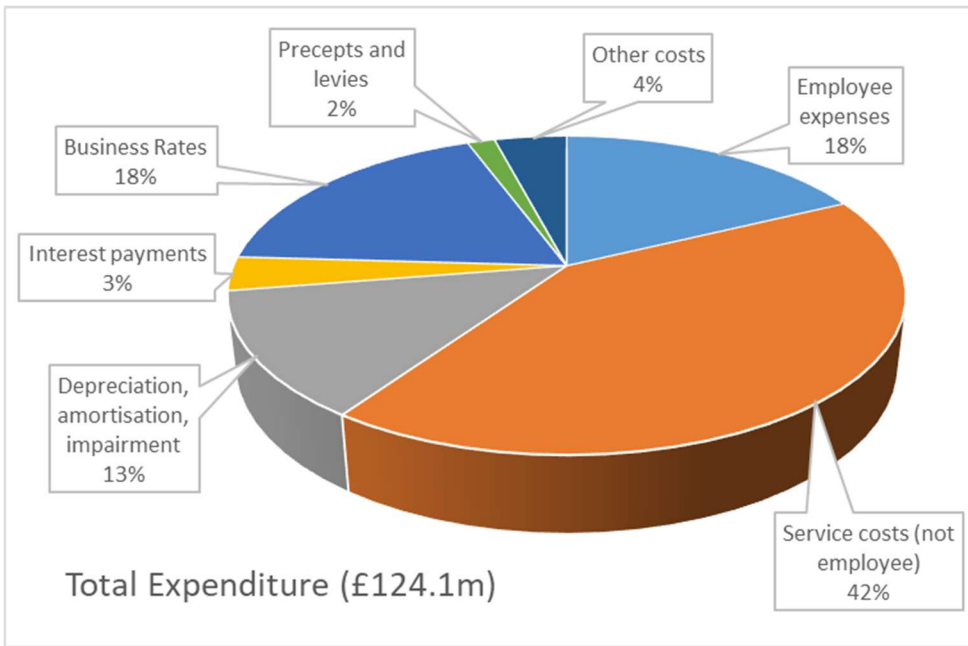
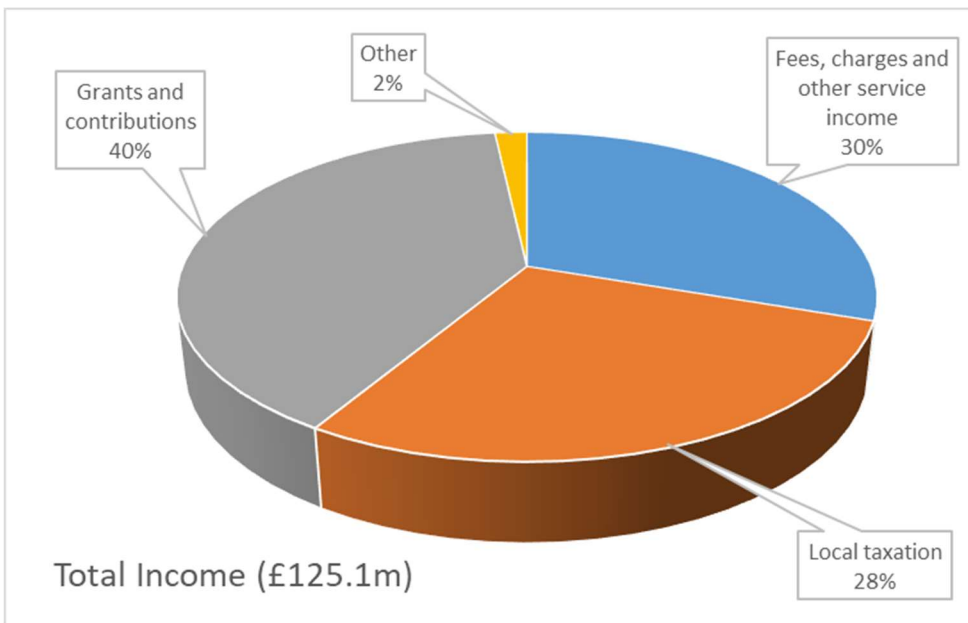


Chart 3 – Total Income



The main source of income is grants and contributions (£49.5m), fees and charges, including other service income (£37.8m) and local taxation (council tax and business rates) (£35.5m). The main area of spend was the direct costs of providing council services (£74.0m or 60%)

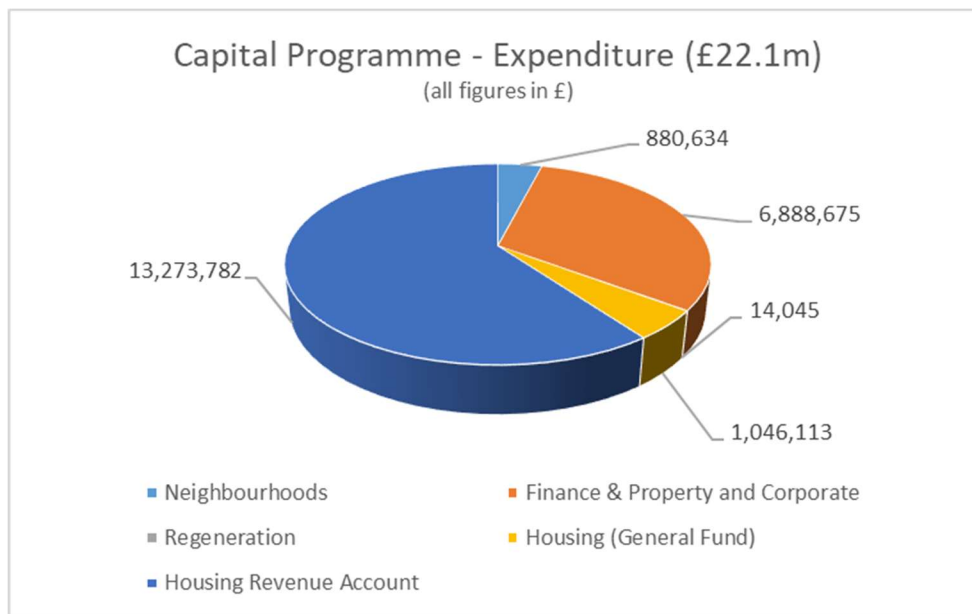
The EFA shows the Council’s outturn on a funding basis and hence shows the actual increase in the general reserve (held for unforeseen circumstances) and the Housing Revenue Account reserve (HRA), as opposed to appropriations to unusable reserves (as certain transactions are statutorily not allowed to be charged against the general reserve).

Capital Spending

Capital monies are spent on building or enhancing the Council's assets base. There are rules and regulations regarding what can be classed as capital expenditure and this spend must be financed separately from the day-to-day running costs of the Council.

During 2021/22 the Council spent £22.1m on capital works.

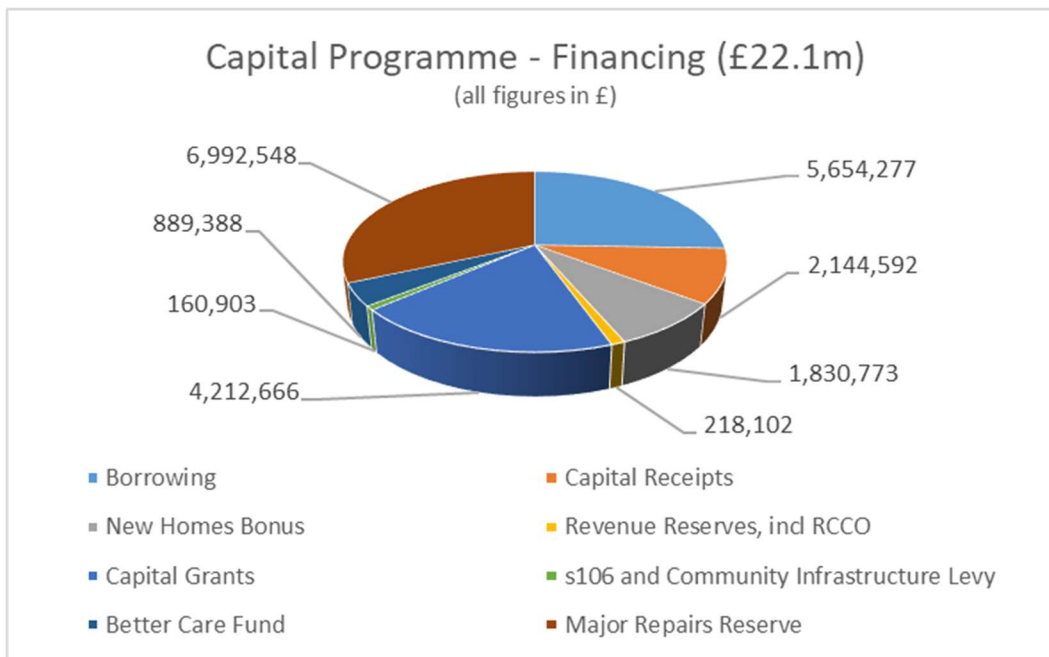
Chart 4 – Capital Expenditure



Major projects during the year included Bridge Court (£4.0m) in the General Fund Capital Programme; and Decent Homes and Future Major Works (£4.9m) and New Build and Refurbishment (£4.8m) within the HRA Capital Programme.

The programme spend was mainly financed through the use of the Major Repairs Reserve (32%, £6.9m), borrowing (26%, £5.6m) and capital grants (19%, £4.2m).

Chart 5 – Capital Financing



The Balance Sheet

Provisions

The Council's most significant provisions relate to the [Business Rates valuation appeals](#). Following Business Rates localisation, introduced in 2013, the Council has had to set aside a provision for any future successful ratepayer appeals against rateable valuations. The current balance is £1.845m (£2.632m as at 31st March 2021).

Assets

The value of the Council's Property, Plant and Equipment ([PPE](#)) at 31st March 2022 has increased to £433.1m (from £384.9m as at 31st March 2021). This is mainly due to revaluation adjustments to Council dwellings.

Cash Flow

The Council's [cash position](#) at 31st March 2022 is £28.5m this is an increase of £13.2m compared to the previous year's balance. This increase is mainly reflected in the amount held at the year-end in Money Market Funds.

Pension Fund

The value of the Council's [Pension Liability](#) has decreased to £76.3m (£88.6m as at 31st March 2021). This is mainly due to the changes in financial assumptions; which includes the discount rate linked to corporate bond yields and market expectations of inflation and the return of the schemes assets.

Part 5 - Looking Forward

General Fund Revenue – 2022/23 & Beyond

The Spending Review and Autumn Budget 2021 was announced in October 2021 by the Chancellor of the Exchequer. It set out the government's plans to 'build back better', over the remainder of the Parliament.

Set within the national economic context, the Spending Review set budgets for government departments up to 2024/25 and provided an indication of the funding available to the local government sector over the spending review period providing important context for the council's medium-term financial strategy.

The provisional local government settlement followed in December 2021. This built on the Spending Review and provided more detailed information for the local government sector and specific funding information and allocations for individual local authorities. To prioritise certainty for 2022/23, the government proposed a one-year local government finance settlement with the settlement designed to maximise the scope for manoeuvre in implementing significant finance reform (business rates, the Fair Funding Review etc.) in later years.

There remain however a number of new or developing issues in the short to medium term which remain unclear at this time. These uncertainties include:

- The on-going impact of Covid-19 pandemic. This affects almost all areas of the Council's finances including:

Business Rates – businesses closures, changes in rateable values, changes in working practices, government funded reliefs.

Council Tax – increase in LCTS claimants, ability to pay, effect on Council Tax base, accelerated move to Universal Credit.

Government Funding – continuation of funding, expectation of Councils to use reserves.

Ongoing loss of income and increased expenditure.

- How the proposed business rates reform will work in practice and what new responsibilities will be given to Council's are still unclear.
- Whether the Fair Funding Review will affect the Council's funding levels to a greater (or lesser) extent than expected.
- How much future Spending Reviews will affect the amount of funding available to Local Government.

- Delivery of planned savings – the Council has delivered significant savings in previous years. As a result, current and future savings are more difficult to deliver. This represents a considerable challenge for the organisation.
- Financial pressure on other partners – as other agencies come under spending pressure there may be direct impacts on services, which are currently, funded by them or in partnership with them. Even when there are no direct, cuts to Council funding there are likely to be indirect impacts on our community-based services.
- Welfare Reform – the government continues to reform the country’s system of welfare payments, which will have implications for the Council - not least the continuing and increased roll-out of Universal Credit due to the pandemic.

Service pressures, such as demographic growth, contribute to create demand in excess of Government grant support. The Council adopts a proactive approach in response to these funding cuts by identifying future pressures and associated risks, developing and implementing plans to address them.

This includes the development of a programme of budget cuts over the medium term in order to achieve a balanced budget. Successive financial plans have identified the need to make substantial budget reductions. Over the last 10 years the Council has delivered significant savings and forecasts a budget shortfall of £3.3m over the next 4 years.

The current Medium Term Financial Plan, which covers the years detailed above, was approved by Cabinet on 10th February 2022. The document sets the strategic direction for the Council as far as financial issues are concerned.

Corporate Risk

The Council’s updated Risk Management Strategy & Framework was considered and approved by the Audit & Risk Scrutiny Committee on 30th September 2021 ([Audit & Risk Scrutiny Committee, September 2021](#)) and was reviewed by full Council on 9th December 2021. The purpose of the Strategy and Framework is to define how risks are managed by the Council. It provides guidance on the processes, procedures, roles and responsibilities for risk, and it sets out the context on how risks are to be managed.

The Corporate Risk Register is a key enabler of the Strategy and Framework, and provides assurance on the key risks identified as Corporate Risks. Operational and service delivery risks are identified and managed by the individual service areas and overseen by the Heads of Service and the Corporate Directors. The table below provides a summary of the key risks identified as Corporate Risks along with mitigating actions:

| Risk | Summary of risk and control weaknesses | Actions and update |
|-------------|---|---------------------------|
|-------------|---|---------------------------|

Welfare Reforms and the Cost of Living Crisis

Planned welfare reform with the introduction of universal credits and unique Local Council Tax Reduction Scheme coupled with financial reductions. This may cause local hardship and increase tax arrears.

The risk value is high due to the implications from the pandemic and the cost of living crisis which is ongoing. The impact is not yet fully known.

The DWP migration across to Universal Credit planned between December 2020 and 2024 has been further delayed due to low take up at the pilot stage. The pandemic will accelerate the rate of natural migration due to changes in people's circumstances/earnings.

The Council's has a dedicated team of money advisors who are assisting with the increase in hardship cases due to the pandemic.

Information and Data Loss

With our increasing dependence on IT Systems to undertake business, the risk of information or data loss or external hacking of the Councils ICT systems also increases. The Council may suffer significant financial claims in respect of the loss of data and the reputation of the Council may also be harmed.

The risk value is adverse reputation.

Further enhancements of the Office 365 operating system will ensure that data sent via email can be restricted from leaving the Bassetlaw.gov.uk domain unless users affirm that any attachments do not contain personal data.

A review to ensure all staff have completed the online Data Protection course (GDPR).

Review all Data Protection Representatives to ensure roles and responsibilities are understood and that they have completed the specific module on the e-learning system.

The information risk policy is to be reviewed along with a data asset audit being completed

Security breaches are being logged and reported to CMT, these are being monitored for

trends with training being provided where necessary.

**Long Term
Financial Integrity
of the Council**

The uncertainty surrounding the future of Local Government Finance and the implementation plans of the business rates retention scheme by Central Government continues to give uncertainty on the future funding available to the Council. This level of financial uncertainty, coupled with relatively low levels of balances and reserves, may have a financial impact in the future, which will need to be managed proactively to secure the provision of services.

The MTFP identifies a £1.2m savings target to be addressed within the next 4 years.

Major financial issues going forward are the volatility and continuity of the New Homes Bonus grant, the impact of the housing benefit reforms on the value of the benefit subsidy administration grant and national changes being made in relation to Business Rates and retrospective appeals.

The Medium Term Financial Plan is in place and will be refreshed and presented for approval at Cabinet in October 2022.

Treasury Management Strategy and Cash Flow forecasting are in place. Officers balance each year's budget 12 months in advance.

A Transformation Board has been established to determine potential areas for savings and to address the shortfalls.

Currently, the Council is confident that it is doing everything it can to monitor and mitigate financial risks, but this is continuously being monitored and data collected.

The LGA conference has recently reported that the government will move to a 2 year finance settlement with effect from April 2023. This will help with the medium term budget planning.

**Failure to
properly risk
assess practices
and take
appropriate
action**

The Council is required under Health & Safety legislation to ensure that risk assessments are undertaken in all of its service areas.

The Safety & Resilience Manager monitors all outstanding risk assessment reviews and safety actions.

IOSH - Managing Safely training courses are being run for identified Service Managers to ensure all managers have the required level of

knowledge. The total number of managers who have already received their IOSH training is 54. All new managers requiring this training will be identified through the staff appraisal scheme.

An electronic employee protection register is being developed to ensure the safety of officers, whilst complying with the new data protection regulations.

Failure to properly risk assess the Council's Tangible Assets

The Council is required to undertake regular physical condition surveys of its non-housing tangible assets. The outcomes should be classified into the four condition bands of urgent work, essential work, desirable work, long term work and appropriate action taken to mitigate risks.

Since the external consultant concluded his survey, officers have been identifying actions to be taken, such as opportunities to dispose of assets and improvements to certain buildings. This process is set to continue as a provisional works and costing programme is currently being established. Further capital bids will be submitted for future years. Actions have been take to identify where there are opportunities to dispose of non-performing assets and where improvements to certain buildings can be made.

Risk assessments of Council buildings are in existence but require regular reviews and updating in conjunction with the condition surveys. Inspections regarding accessibility under Equalities legislation are undertaken as part of an ongoing rolling programme. When buildings inspections are intended to be carried out

opportunities to undertake work recommended regarding accessibility are undertaken where possible.

Incidents of recreational use on Council land need to be reviewed and prohibited where appropriate, by the use of Public Space Protection Orders.

Inspection Programme on Tree Management

All councils have statutory and legal responsibilities to provide areas of land for open space facilities. These range from play parks to cemeteries, all with very different needs in the way the Council maintains and inspects in order to minimise the risks that are present at these locations.

Trees due to their natural growth patterns are susceptible to disease and damage from either natural or deliberate causes which will always demand a human resource to monitor and inspect these periodically.

Regular inspection work is ongoing. The initial schedules for parks and open spaces were completed, and will be continuously changing as trees are re-inspected.

Once the inspection, logging and mapping has been completed, a programme of works will be identified to address any problem trees.

The 'Tree Management' audit has concluded that there is an adequate control framework in place for the Council to identify, inspect and monitor the condition of its trees and take action to mitigate the high risk areas. As a result of this both the Dangerous Trees on private land document and the Tree Safety Management Plan are in the process of being updated.

Cyber incident

The risk to the Council if it fails to control and secure ICT systems and data against unauthorised access including cyber-crime / attacks.

All staff to complete cyber awareness training via E-Learning courses. The e-learning and business compliance training has now been completed by 74% of staff.

This could result in the complete loss of systems and data leading to the Council being unable to deliver significant parts of its services and communications. This could result in considerable financial loss, potential legal action, place vulnerable customers at risk and lead to reputational damage.

New software has been recently installed to monitor any unusual activities on the servers by way of system alerts. The council then has access to a range of professionals should this happen.

The ICT Manager has gained accreditation in respect of the cyber resilience course.

The cyber incident response plan links into the Business Continuity Plan.

Regular updates are circulated to staff, members etc. reminding them of the risks, especially at this time of more remote working.

A cyber incident response plan has been drafted.

**Health and Safety
Compliance in
Council Housing
Stock**

As a result of the Grenfell Tower fire disaster and consequently new legislative changes a number of potential fire safety threats to the Council's Housing Stock have recently been identified and will require remediation works to be undertaken.

A serious and potentially life threatening incident in a tenant's home or other Council premise as a result of a failure to implement legislative and regulatory requirements.

The Compliance Officer has reviewed all Policies and Management Plans to ensure they are fit for purpose – some revision may be required with forthcoming changes to the Gas Regulations. All policies will now be kept under constant review. All compliance KPI's have been achieved.

The Repairs IT system is to be moved to Northgate by 31st March 2023. This will ensure that all data is in one place with connectivity with the Keystone Management system providing greater resilience.

**Health and Safety
Compliance in
Council Owned
Premises**

New MEES 'Minimum Energy Efficiency Standards' are coming into effect from 1st April 2023. In relation to commercial lettings it will be unlawful to let a property with a rating below a level of E from this date.

Full costings are to be ascertained and funding to be identified

Statement of Responsibilities

2021/22



Statement of Responsibilities for the Statement of Accounts

This section explains our responsibilities for our financial affairs and how we make sure we carry out these responsibilities properly, in line with the Accounts and Audit (Amendment) Regulations 2021 and the Accounts and Audit Regulations 2015

Responsibilities of the Council

We do the following:

- Make sure that one of our officers is responsible for managing our financial affairs. In this Council, the Section 151 Officer is responsible for this;
- Manage our affairs to make sure we use our resources efficiently and effectively and protect our assets; and
- Approve the Statement of Accounts.

Responsibilities of the Section 151 Officer

As the Section 151 Officer, I am responsible for the preparation of the Council's Statement of Accounts. These accounts must present a true and fair view of our financial position, including our income and spending for the year.

In preparing our Statement of Accounts, I have;

- Selected suitable accounting policies and applied them consistently;
- Made reasonable and prudent judgements and estimates;
- Followed the Chartered Institute of Public Finance and Accountancy/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom (the Code)

I have also:

- Kept proper accounting records which are up to date; and
- Taken steps to prevent and detect fraud and other irregularities

CERTIFICATION OF THE ACCOUNTS

I certify that the draft Statement of Accounts presents a true and fair view of the financial position of Bassetlaw District Council at 31st March 2022 and the income and expenditure for the year ended 31st March 2021. The unaudited draft accounts were authorised for issue on 29th July 2022. These will then be audited and presented at a meeting of the Audit and Risk Scrutiny Committee by 30th November 2022



David Hill, CPFA

Director of Corporate Resources - Section 151 Officer

Dated:

THE CORE FINANCIAL STATEMENTS

Comprising of:

- The Comprehensive Income and Expenditure Statement (CIES)
- The Movement in Reserves Statement (MiRS)
- The Balance Sheet
- The Cash Flow Statement (CFS)



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 (or rents). Authorities raise taxation (and rents) to cover expenditure in accordance with statutory requirements; this may be different from the accounting cost. The taxation position is shown in both the Expenditure and Funding Analysis and the Movement in Reserves Statement.

| 2020/21 | | | 2021/22 | | | | |
|-------------------|-----------------|-----------------|---|---------------------|-------------------|-----------------|-----------------|
| Gross Expenditure | Gross Income | Net Expenditure | Service Area | Note | Gross Expenditure | Gross Income | Net Expenditure |
| £'000 | £'000 | £'000 | | | £'000 | £'000 | £'000 |
| 670 | -138 | 532 | Chief Executive | | 553 | -141 | 412 |
| 4,859 | -1,901 | 2,958 | Corporate Services | | 4,912 | -1,908 | 3,004 |
| 32,315 | -28,427 | 3,888 | Finance & Property Services | | 36,010 | -35,308 | 702 |
| 1,885 | -2,099 | -214 | Housing Services | | 2,247 | -2,230 | 17 |
| 610 | -249 | 361 | Human Resources | | 554 | -254 | 300 |
| 10,151 | -3,032 | 7,119 | Neighbourhood Services | | 10,561 | -2,994 | 7,567 |
| 5,251 | -1,934 | 3,317 | Regeneration Services | | 5,473 | -3,422 | 2,051 |
| 28,379 | -27,031 | 1,348 | Housing Revenue Account | | 29,548 | -27,608 | 1,940 |
| 84,120 | -64,811 | 19,309 | Cost of Services | | 89,858 | | |
| 3,551 | -1,150 | 2,401 | | 11 | 4,431 | -1,914 | 2,517 |
| 5,872 | -276 | 5,595 | Financing and Investment Income and Expenditure | 12 | 6,022 | -290 | 5,732 |
| 22,347 | -47,068 | -24,721 | Taxation and Non-Specific Grant Income and Expenditure | 13 | 23,703 | -48,986 | -25,283 |
| 115,890 | -113,305 | 2,585 | Surplus (-) or Deficit on Provision of Services | | 124,013 | -125,055 | -1,041 |
| | | | Items that will not be reclassified to the Surplus (-) or Deficit on the Provision of Services: | | | | |
| | | -22,394 | Surplus(-) or Deficit on Revaluation of Non-Current Assets | 26 | | | -44,703 |
| | | 18,189 | Re-measurements of the Net Defined Benefit Liability (Asset) | 39b | | | -17,401 |
| | | -4,205 | Other Comprehensive Income and Expenditure | | | | -62,104 |
| | | -1,620 | Total Comprehensive Income and Expenditure | | | | -63,146 |

The accompanying notes form part of these financial statements - Figures for income, gains and surpluses are shown as negative (-) above

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 “unusable reserves”. The statement shows how the movements in year of the Council’s reserves are broken down between gains and losses incurred in accordance with generally accepted accounting practices and the statutory adjustments required to return to the amounts chargeable to council tax (or rents) for the year. The net increase/decrease line shows the statutory General Fund balance and Housing Revenue Account (HRA) balance movements in the year following those adjustments.

CURRENT YEAR

| 2021/2022 | General Fund Balance £'000 | Earmarked General Fund Reserves £'000 | Housing Revenue Account £'000 | Capital Receipts Reserve £'000 | Major Repairs Reserve £'000 | Capital Grants Unapplied £'000 | Total Usable Reserves £'000 | Unusable Reserves £'000 | Council's Total Reserves £'000 |
|--|-------------------------------|--|----------------------------------|-----------------------------------|--------------------------------|-----------------------------------|--------------------------------|----------------------------|-----------------------------------|
| Balance at 31 March 2021 bought forward | 4,687 | 15,560 | 4,830 | 2,339 | 849 | 15,283 | 43,548 | 172,190 | 215,738 |
| Movement in Reserves during 2020/21 | | | | | | | | | |
| Total Comprehensive Income and Expenditure | 7,208 | 0 | -6,167 | 0 | 0 | 0 | 1,041 | 62,104 | 63,145 |
| Adjustment between accounting basis & funding basis under regulations (Note 9) | -11,075 | 0 | 7,643 | -1,016 | -298 | 4,827 | 81 | -81 | 0 |
| Net Increase/Decrease(-) before Transfers to Earmarked Reserves | -3,867 | 0 | 1,476 | -1,016 | -298 | 4,827 | 1,122 | 62,023 | 63,145 |
| Transfers to/from(-) Earmarked Reserves (Note 10) | 3,868 | -3,868 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Increase/Decrease(-) in 2021/22 | 0 | -3,868 | 1,476 | -1,016 | -298 | 4,827 | 1,122 | 62,023 | 63,145 |
| Balance at 31 March 2022 carried forward | 4,687 | 11,692 | 6,306 | 1,323 | 551 | 20,110 | 44,670 | 234,213 | 278,883 |

COMPARATIVE YEAR

| 2020/2021 | General Fund Balance £'000 | Earmarked General Fund Reserves £'000 | Housing Revenue Account £'000 | Capital Receipts Reserve £'000 | Major Repairs Reserve £'000 | Capital Grants Unapplied £'000 | Total Usable Reserves £'000 | Unusable Reserves £'000 | Council's Total Reserves £'000 |
|--|-------------------------------|--|----------------------------------|-----------------------------------|--------------------------------|-----------------------------------|--------------------------------|----------------------------|-----------------------------------|
| Balance at 31 March 2020 bought forward | 3,579 | 9,170 | 3,107 | 4,064 | 3,932 | 10,778 | 34,630 | 179,488 | 214,118 |
| Movement in Reserves during 2019/20 | | | | | | | | | |
| Total Comprehensive Income and Expenditure | 2,771 | 0 | -5,356 | 0 | 0 | 0 | -2,585 | 4,205 | 1,620 |
| Adjustment between accounting basis & funding basis under regulations (Note 9) | 4,763 | 0 | 7,043 | -1,725 | -3,083 | 4,505 | 11,503 | -11,503 | 0 |
| Net Increase/Decrease(-) before Transfers to Earmarked Reserves | 7,534 | 0 | 1,687 | -1,725 | -3,083 | 4,505 | 8,918 | -7,298 | 1,620 |
| Transfers to/from(-) Earmarked Reserves (Note 10) | -6,426 | 6,390 | 36 | 0 | 0 | 0 | 0 | 0 | 0 |
| Increase/Decrease(-) in 2020/21 | 1,108 | 6,390 | 1,723 | -1,725 | -3,083 | 4,505 | 8,918 | -7,298 | 1,620 |
| Balance at 31 March 2021 carried forward | 4,687 | 15,560 | 4,830 | 2,339 | 849 | 15,283 | 43,548 | 172,190 | 215,738 |

The accompanying notes form part of these financial statements

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 are usable reserves, i.e. those reserves that the Council may use to provide services, subject to the need to maintain a prudent level of reserves and any statutory limitations on their use (for example the capital receipts reserve that may only be used to fund capital expenditure or repay debt). The second category of reserves is those that the Council is not able to use to provide services. This category of reserves includes reserves that hold unrealised gains and losses (for example the revaluation reserve), where amounts would only become available to provide services if the assets are sold; and reserves that hold timing differences shown in the Movement in Reserves Statement line 'adjustments between accounting basis and funding basis under regulations'.

| 31 March 2021 £'000 | | Notes | 31 March 2022 £'000 |
|---------------------------|--------------------------------------|--------------------|---------------------------|
| 384,951 | Property, Plant & Equipment | 14 | 433,074 |
| 314 | Heritage Assets | 15 | 314 |
| 13 | Intangible Assets | 17 | 13 |
| 110 | Long Term Investments | 18 | 110 |
| 262 | Long Term Debtors | 20 | 2,661 |
| 385,650 | LONG TERM ASSETS | | 436,172 |
| 0 | Short Term Investments | 18 | 0 |
| 3,302 | Assets Held For Sale | 22 | 4,268 |
| 145 | Inventories | 19 | 161 |
| 18,754 | Short Term Debtors | 20 | 14,869 |
| 15,256 | Cash and Cash Equivalents | 21 | 28,489 |
| 37,457 | CURRENT ASSETS | | 47,787 |
| -567 | Short Term Borrowings | 18 | -5,567 |
| -14,183 | Short Term Creditors | 23 | -25,425 |
| -788 | Provisions Short Term | 24 | -388 |
| -519 | Grants Receipts in Advance - Revenue | 33 | -212 |
| -16,057 | CURRENT LIABILITIES | | -31,592 |
| -1,157 | Long Term Creditors | 23 | -988 |
| -2,181 | Provisions Long Term | 24 | -1,770 |
| -99,387 | Long Term Borrowing | 18 | -94,384 |
| -88,586 | Pensions Liability | 39 | -76,342 |
| -191,311 | LONG TERM LIABILITIES | | -173,484 |
| 215,737 | NET ASSETS | | 278,883 |
| 43,548 | Usable Reserves | 25 | 44,670 |
| 172,189 | Unusable Reserves | 26 | 234,213 |
| 215,737 | TOTAL RESERVES | | 278,883 |

The accompanying notes form part of these financial statements

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 (day to day costs) is a key indicator of the extent to which the operations of the authority are funded by way of taxation and grant income or from the recipients of services provided by the Council. Investing activities represent the extent to which cash outflows have been made for resources which are intended to contribute to the authority's future service delivery. Cash flows arising from financing activities are useful in predicting claims on future cash flows by providers of capital (i.e. borrowing) to the Council.

| 2020/21 £'000 | CASH FLOW STATEMENT | Note | 2021/22 £'000 |
|------------------|--|-----------|------------------|
| -2,585 | Net Surplus/Deficit(-) on the Provision of Services | CIES | -1,041 |
| 21,852 | Adjustments to Surplus or Deficit on the Provision of Services for Non-Cash Movements | 27A. | 30,570 |
| -9,872 | Adjustments for Item Included in the Net Surplus or Deficit on the Provision of Services that are Investing and Financing Activities | 27A. | -13,591 |
| 9,395 | Net Cash Flows from Operating Activities | | 15,937 |
| -4,953 | Net cash flows from Investing Activities | 27B. | -9,268 |
| -2,039 | Net cash flows from Financing Activities | 27C. | 6,564 |
| 2,403 | Net Increase or Decrease(-) in Cash and Cash Equivalents | | 13,233 |
| 12,853 | Cash and Cash Equivalents at the Beginning of the Reporting Period | <u>21</u> | 15,256 |
| 15,256 | Cash and Cash Equivalents at the End of the Reporting Period | 21 | 28,489 |

The accompanying notes form part of these financial statements

EXPLANATORY NOTES TO THE ACCOUNTS

INDEX TO THE EXPLANATORY NOTES TO THE ACCOUNTS

| Note No. | Note description | Page No. |
|------------|---|-----------|
| 1 | Accounting Policies | <u>34</u> |
| 2 | Accounting Standards Issued that have not yet been Adopted | <u>50</u> |
| 3 | Critical Judgements in Applying Accounting Policies | <u>50</u> |
| 4 | Assumptions Made about the Future & Other Major Sources of Estimation Uncertainty | <u>50</u> |
| 5 | Material Items of Income and Expense | <u>53</u> |
| 6 | Events After the Balance Sheet Date | <u>53</u> |
| 7 | Expenditure and Funding Analysis | <u>54</u> |
| 8 | Expenditure and Income Analysed by Nature | <u>58</u> |
| 9 | Adjustments between Accounting Basis and Funding Basis Under Regulations | <u>60</u> |
| 10 | Movements in Earmarked Reserves | <u>64</u> |
| 11 | Other Operating Expenditure | <u>67</u> |
| 12 | Financing and Investment Income and Expenditure | <u>67</u> |
| 13 | Taxation and Non-specific Grant Income and Expenditure | <u>68</u> |
| 14 | Property, Plant and Equipment | <u>69</u> |
| 15 | Heritage Assets | <u>73</u> |
| 16 | Investment Properties | <u>73</u> |
| 17 | Intangible Assets | <u>74</u> |
| 18 | Financial Instruments | <u>75</u> |
| 19 | Inventories | <u>77</u> |
| 20 | Analysis of Debtors | <u>77</u> |
| 21 | Cash and Cash Equivalentents | <u>78</u> |
| 22 | Assets Held for Sale | <u>78</u> |
| 23 | Analysis of Creditors | <u>78</u> |
| 24 | Provisions | <u>79</u> |
| 25 | Usable Reserves | <u>79</u> |
| 26 | Unusable Reserves | <u>80</u> |
| 27a | Cash Flow Statement – Operating Activities | <u>83</u> |
| 27b | Cash Flow Statement – Investing Activities | <u>84</u> |
| 27c | Cash Flow Statement – Financing Activities | <u>84</u> |
| 28 | Acquired and Discontinued Operations | <u>84</u> |
| 29 | Agency Services | <u>84</u> |
| 30 | Members' Allowances | <u>85</u> |
| 31 | Officers' Remuneration and Termination Benefits | <u>86</u> |
| 32 | External Audit Costs | <u>89</u> |
| 33 | Grant Income | <u>89</u> |
| 34 | Related Parties | <u>90</u> |
| 35 | Capital Expenditure and Capital Financing | <u>91</u> |

| | | |
|----|---|------------|
| 36 | Leases | <u>92</u> |
| 37 | Impairment Losses | <u>92</u> |
| 38 | Nature and Extent of Risks Arising from Financial Instruments | <u>92</u> |
| 39 | Defined Benefit Pension Schemes | <u>95</u> |
| 40 | Contingent Liabilities | <u>100</u> |
| 41 | Contingent Assets | <u>100</u> |

1. STATEMENT OF ACCOUNTING POLICIES

This section summarises the accounting rules and conventions we have used in preparing these financial statements.

A. General Principles

The Statement of Accounts summarises the Council's transactions for the 2021/22 financial year and its position at the year-end of 31st March 2022. The Council is required to prepare an annual Statement of Accounts by the Accounts and Audit Regulations 2015, which those regulations require to be prepared in accordance with proper accounting practices. These practices primarily comprise the Code of Practice on Local Authority Accounting in the United Kingdom 2021/22, supported by International Financial Reporting Standards (IFRS). The accounting convention adopted in the Statement of Accounts is principally historical cost, modified by the revaluation of certain categories of non-current assets and financial instruments.

The accounts are prepared on a going concern basis; that is, on the assumption that the functions of the Council will continue in operational existence for the foreseeable future.

Figures within the Statement of Accounts may be adjusted by up to £2,000 to take account of rounding differences arising due to reporting figures in thousands (£000s).

B. Accruals of Income and Expenditure

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

- Revenue from contracts with service recipients, whether for services or the provision of goods, is recognised when (or as) the goods or services are transferred to the service recipient in accordance with the performance obligations of the contract.
- Revenue from the provision of services is recognised when the Council can measure reliably the percentage of completion of the transaction and it is probable that economic benefits or service potential associated with the transaction will flow to the Council.
- Supplies are recorded as expenditure when they are consumed. Where there is a gap between the date supplies are received and their consumption, they are carried as inventories on the Balance Sheet.
- Expenses in relation to services received (including services provided by employees) are recorded as expenditure when the services are received rather than when payments are made.
- Interest receivable on investments and payable on borrowings is accounted for respectively as income and expenditure on the basis of the effective interest rate for the relevant financial instrument rather than the cash flows fixed or determined by the contract.

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

C. Basis of Consolidation

Each year a review of the Council's relationships with other organisations is undertaken to ensure that where applicable they are consolidated into the accounts. Materiality is taken into account when applying this policy.

i) Subsidiaries

Subsidiaries are entities controlled by the Council. Control exists when the Council has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that presently are exercisable or convertible are taken into account. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

ii) Associates

Associates are those entities in which the Council has significant influence, but not control, over the financial and operating policies. The consolidated financial statements include the Council's share of the total recognised gains and losses of associates on an equity accounted basis, from the date that significant influence commences until the date that significant influence ceases. When the Council's share of losses exceeds its interest in an associate, the Group's carrying amount is reduced to nil and recognition of further losses is discontinued except to the extent that the Council has incurred legal or constructive obligations or made payments on behalf of an associate.

iii) Joint Ventures

Joint ventures are those entities over whose activities the Council has joint control, established by contractual agreement. The consolidated financial statements include the Group's proportionate share of the entities assets, liabilities, revenues and expenses with items of similar nature on a by line basis, from the date that joint control commences until the date that joint control ceases.

D. Cash and Cash Equivalents

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

In the Cash Flow Statement, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Council's cash management.

E. Exceptional Items

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

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

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

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

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

G. Charges to Revenue for Non-Current Assets

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

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

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

H. Council Tax & Non Domestic Rates (NDR)

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

Accounting for Council Tax and NDR

The council tax and NDR income included in the Comprehensive Income and Expenditure Statement is the Council's share of accrued income for the year. However, regulations determine the amount of council tax and NDR that must be included in the Council's General Fund. Therefore, the difference between the income included in the Comprehensive Income and Expenditure Statement and the amount required by regulation to be credited to the General Fund is taken to the Collection Fund Adjustment Account and included as a reconciling item in the Movement in Reserves Statement. The Balance Sheet includes the Council's share of the end of the year balances in respect of council tax and NDR relating to arrears, impairment allowances for doubtful debts, overpayments and prepayments and appeals.

I. Employee Benefits

Benefits Payable during Employment

Short-term employee benefits are those due to be settled within 12 months of the year-end. They include such benefits as 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 made at the wage and salary rates applicable in the following accounting year, being the period in which the employee takes the benefit. The accrual is charged to the Surplus or Deficit on the Provision of Services, but then reversed out through the Movement in Reserves Statement so that holiday benefits are charged to revenue in the financial year in which the holiday absence occurs.

Termination Benefits

Termination benefits are payable as a result of a decision by the Council to terminate an officer's employment before the normal retirement date, or the officer's decision to accept voluntary redundancy. These costs are charged on an accrual basis to the Non Distributed Costs in the CIES when the Council is committed to the termination, or makes an offer to encourage voluntary redundancy. When these involve enhancement of pensions the General Fund is required to be charged with the amount payable, however this is adjusted (in line with regulations) in the Movement in Reserves Statement to reflect the cash paid rather than the liability incurred under accounting standards.

Post-employment Benefits

Employees of the Council are members of the Local Government Pension Scheme administered by Nottinghamshire County Council. 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 Pension Scheme is accounted for as a defined benefits scheme;

The liabilities of the Nottinghamshire County Council Pension Fund attributable to the Council are included in the Balance Sheet on an actuarial basis using the projected unit method – i.e. an assessment of 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 the projections of projected earnings of current employees.

Liabilities are discounted to their value at current prices, using an appropriate discount rate based on the indicative rate of return on the high quality corporate bond.

The assets of the Nottinghamshire County Council 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:

- current service costs – the increase in liabilities as a result of years of service earned this year – allocated in the Comprehensive Income and Expenditure Statement to the services for which the employees worked.
- Past service cost – the increase in liabilities arising from current year decisions whose effect relates to years of service earned in earlier years – debited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement as part of the Finance and Property segment.
- Net interest on the defined benefit 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 liability (asset) at the beginning of the period – taking into account the changes in the net defined liability (asset) during the period as a result of contribution and benefit payments.
- Re-measurements comprising:
 - The return on plan assets – excluding amounts included in the net interest on the net defined benefit liability (asset) charged to the Pension Reserve as other comprehensive income and expenditure.
 - Actuarial gains and losses – changes in the net pensions liability that arise because events have not coincided with assumptions made at the last actuarial valuation or because the actuaries have updated their assumptions – charged to the Pensions Reserve as Other Comprehensive Income and Expenditure.
 - Contributions paid to the Nottinghamshire County Council 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 or directly to pensioners in the year, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement, this means that there are appropriations to and from the Pension Reserve to remove the notional debits and credits for retirement benefits and replace them with debits for the cash paid to the Pension Fund and pensioners, any such amounts payable but unpaid at the year-end. The negative balance that arises on the Pension Reserve thereby measures the beneficial impact to the General fund of being required to account for retirement benefits on the basis of cash flows rather than as benefits are earned by employees.

Discretionary Benefits

The 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.

J. Events After the Balance Sheet Date

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

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

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

K. Financial Instruments

Financial Liabilities

Financial liabilities are recognised on the Balance Sheet when the Council becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value and are carried at their amortised cost. Annual charges to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement (CIES) 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 of the life of the instrument to the amount at which it was originally recognised.

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

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

Financial Assets

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

- Amortised cost
- Fair value through profit or loss (FVPL)
- Fair value through other comprehensive income (FVOCI)

The business model of the Council is to hold investments to collect contractual cash flows. Financial assets are therefore classified at amortised cost, except for those who contractual payments are not solely payment of principal and interest (i.e. where the cash flows do not take the form of a basic debt instrument).

Financial Assets Measured at Amortised Cost

Financial assets measured at amortised cost are recognised 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 then measured at their amortised cost. Annual credits to the Financing and Investment Income and Expenditure line in the CIES for interest receivable are based on the carrying amount of the asset multiplied by the effective rate of interest for the instrument. For most of the loans that the Council has made, this means that the amount presented in the Balance Sheet is the outstanding principal receivable (plus accrued interest) and interest credited to the CIES is the amount receivable for the year in the loan agreement.

However, the Council has from time to time made a number of loans to voluntary organisations at less than market rates (soft loans). When soft loans are made, a loss is recorded in the CIES (debited to the appropriate service) for the present value of the interest that will be foregone over the life of the instrument, resulting in lower amortised cost than the outstanding principal.

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

Any gains and losses that arise on the de-recognition of an asset are credited/debited to the Financing and Investment Income and Expenditure line in the CIES.

Expected Credit Loss Model

The Council recognises expected credit losses on all of its financial assets held at amortised cost, either on a 12-month or lifetime basis. The expected credit loss model also applies to lease receivables and contract assets. 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 the obligations. Credit risk plays a crucial part in assessing losses. Where risk has increased substantially since an instrument was initially recognised, losses are assessed on a lifetime basis. Where risk has not increased substantially or remains low, losses are assessed on the basis of 12-month expected losses.

The Council has substantial amount of investments and employs treasury management advisers in addition to full time professional staff. However, reasonable and verifiable information to support the measurement of lifetime losses on individual instruments is not available without undue cost or effort. Losses are mainly assessed for the portfolio on a collective basis.

Financial Assets are amalgamated into the following groups to assess risk and associated loss allowances whilst making use of a simplified approach contained in regulations.

Group 1 – Commercial investments in line with treasury management policy including counterparties that have external credit ratings of A or better. Loss allowances will be assessed on a group basis using the simplified approach of collective assessment.

Group 2 – Loans to related parties – Loss allowances for these loans are assessed on an individual basis and/or and individual borrower basis.

Group 3 – Other loans to local businesses, in support of the Council vision and objectives. Loss allowances for these loans are assessed on an individual basis and/or and individual borrower basis.

Financial assets measured at fair value through other comprehensive income

Financial assets that are measured at FVOCI 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 arise in other comprehensive income.

Financial assets measured at fair value through profit of loss

Financial assets that are measured at FVPL are recognised on the balance sheet when the Council becomes a party to the contractual provisions of a financial instrument and are initially measured and carried at fair value. Fair value gains and losses are recognised as they arise in the surplus or deficit on the provision of services.

Fair value measurements of financial assets

Fair value of an asset is the price that would be received to sell an asset in an orderly transaction between market participants at the measurement date. The fair value measurements of the Councils financial assets are based on the following techniques:

- instruments with quoted market prices – the market price
- other instruments with fixed and determinable payments – discounted cash flow analysis.

The inputs to the measurement techniques are categorised in accordance with the following three levels:

- Level 1 inputs – quoted prices (unadjusted) in active markets for identical assets that the authority can access at the measurement date.
- Level 2 inputs – inputs other than quoted prices included within Level 1 that are observable for the asset, either directly or indirectly.
- Level 3 inputs – unobservable inputs for the asset.

Any gains and losses that arise on the de-recognition of the asset are credited or debited to the financing and investment income and expenditure line in the comprehensive income and expenditure statement.

L. Foreign Currency Translation

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

M. Government Grants and Other Contributions

Whether paid on account, by instalments or in arrears, Government Grants and third party contributions and donations are recognised in the Comprehensive Income and Expenditure Statement once the Council has reasonable assurance that the conditions of entitlement will be satisfied and the grant or contributions will be received.

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

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

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

Business Improvement Districts (BID)

A BID scheme applies across the whole of the District. The scheme is funded by a BID levy paid by non-domestic ratepayers. The Council acts as Principal under the scheme and accounts for income received and expenditure incurred (including contributions to the BID project) within the relevant services within the CIES.

Community Infrastructure Levy (CIL)

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

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

N. Heritage Assets

Heritage Assets, shown in the Balance Sheet, are held in support of the Council's primary objective of increasing knowledge, understanding and appreciation of the local area and its history. They relate to civic regalia, statues, memorial and historic sites together with a vast number of exhibits held at the Bassetlaw Museum, Grove Street, and Retford.

Ceramics, Jewellery, Regalia, Statues, Art Collection and Samplers together with Machinery, Equipment and Furniture – these are measured at insurance valuation, based on market value, which is increased annually for inflation. As they are deemed to have indeterminate lives and a high residual value, the Council does not consider it appropriate to charge depreciation.

Memorial and Historical Sites are measured at historic cost. As these are deemed to have indeterminate lives and a high residual value, the Council does not consider it appropriate to

charge depreciation. There are over 100,000 exhibits within the museum whose individual valuation is believed not to exceed £100. Owing to the lack of information on purchase cost; the lack of comparable market values; the diverse nature of the exhibits and the volume of exhibits held the benefits of obtaining a valuation would not justify the cost and therefore, they are not included in the Balance Sheet. The carrying amount of heritage assets is reviewed where there is evidence of impairment e.g. where an item has suffered physical deterioration or breakage or where doubts arise to its authenticity.

O. 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) may be capitalised when it is expected that future economic benefits or service potential will flow from the intangible asset to the Council.

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

Intangible assets that are acquired by the Council are stated at cost less accumulated amortisation (see below) and impairment losses (see accounting policy S).

Amortisation is charged to the Comprehensive Income and Expenditure Statement on a straight line basis over the estimated useful lives of intangible assets unless such lives are indefinite. Intangible assets with indefinite useful life are systematically tested for impairment at each Balance Sheet date. Other intangible assets are amortised from the date they are available for use. The estimated useful lives are as follows:

- Software Licences 3 years
- Capitalised development costs 5 years

P. Inventories and Long Term Contracts

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

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

Q. Leases

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

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

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

The Council as Lessee

i) Finance Leases

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

Lease payments are apportioned between:

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

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

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

ii) **Operating Leases**

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

The Council as a Lessor

i) **Finance Leases**

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

Lease rentals receivable are apportioned between:

- a charge for the acquisition of the interest in the property – applied to write down the lease debtor (together with any premiums received) and
- finance income - credited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.

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

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

ii) Operating Leases

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

R. Minimum Revenue Provision (MRP)

For capital expenditure incurred before 1st April 2007 or thereafter for “supported capital expenditure” MRP will follow the Regulatory Method (i.e. the practice outlined in the former Communities and Local Government Regulations). From 1st April 2007 for all unsupported borrowing, MRP will be based on the Asset Life Method, a charge made to revenue over the estimated life of the assets and will commence the financial year after the expenditure is incurred or the asset becomes operational.

For any finance leases held on the Balance Sheet MRP will be equal to the principal element of the lease payment. The Head of Finance and Property reserves the right to make additional Voluntary Revenue Provision (VRP) payments each year, where it is prudent to do so and will enhance the long term viability of the Council.

S. Property, Plant and Equipment

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

Recognition

Expenditure on the acquisition, creation or enhancement of Property, Plant and Equipment is capitalised on an accruals basis, provided that it is probable that the future economic benefits or service potential associated with the item will flow to the Council and the cost of the item can be measured reliably. Expenditure that maintains but does not add to an asset’s potential to deliver future economic benefits or service potential (i.e. repairs and maintenance) is charged as an expense when it is incurred. Individual assets acquired above a de-minimis level of £10,000 are capitalised as are collective assets where the following criteria are met:

- broadly simultaneous purchase dates;
- anticipated to have simultaneous disposal dates and

- under single managerial control.

Measurement

Assets are initially measured at cost, comprising;

- the purchase price
- any costs associated with bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

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

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

- Infrastructure, community assets and assets under construction – depreciated historical cost.
- Dwellings – fair value, determined using the basis of existing use value for social housing (EUV-SH).
- Other Land and Buildings – current value, determined as the amount that would be paid for the asset in its existing use. (EUV)
- Surplus Assets – fair value, determined by the highest and best use of the asset.

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

Where non property assets that have short useful lives or low values (or both), deemed to be up to 8 years or below £0.1m respectively, depreciated historical cost basis is used as a proxy for fair value.

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

Where decreases in value are identified, they are accounted for as follows:

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

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

Impairment

Assets are assessed at each year end as to whether there is any indication that an asset may be impaired. Where indications exist and any possible differences are estimated to be material,

the recoverable amount of the asset is estimated and, where this is less than the carrying amount of the asset, an impairment loss is recognised for the shortfall.

Where impairment losses are identified, they are accounted for as follows:

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

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

Depreciation

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

Depreciation is calculated on the following basis:

- Dwellings and other buildings – straight line allocation over the useful life of the property as estimated by the valuer (typically up to 100 years, components up to 75 years).
- Vehicles, plant furniture and equipment – straight line allocation over the estimated useful life (typically Plant and Equipment up to 40 years and fixtures and fittings up to 25 years).
- Infrastructure – straight line allocation over the estimated useful life (typically up to 100 years)
- Land is not depreciated.

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

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

Disposals and Non-current Assets Held for Sale

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

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

recoverable amount at the date of the decision not to sell. Assets that are to be abandoned or scrapped are not reclassified as Assets Held for Sale.

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

Amounts received for a disposal in excess of £10,000 are categorised as capital receipts. A proportion of receipts relating to housing disposals (75% for dwellings and 50% for land and other assets, net of statutory deductions and allowances) is payable to the Government. The balance of receipts is required to be credited to the Capital Receipts Reserve, and can then only be used for new capital investment or set aside to reduce the Council's underlying need to borrow (the Capital Financing Requirement). Receipts are appropriated to the Capital Receipts Reserve from the General fund Balance in the Movement in Reserves Statement.

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

T. Provisions, contingent Liabilities and Contingent Assets

Provisions

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

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

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

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

Contingent Liabilities

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

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

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

Contingent Assets

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

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

U. Revenue Expenditure funded from Capital under Statute

Expenditure that may be capitalised under the statutory provisions but does not result in the creation of non-current assets, i.e. a grant or expenditure on property not owned by the Council, and which does not result in the expenditure being carried on the Balance Sheet as a non-current asset, will be charged as revenue expenditure to the relevant service account in year. Where the Council has determined to meet the cost of this expenditure from existing capital resources or by borrowing, a transfer in the Movement in Reserves Statement from the General Fund Balance to the Capital Adjustment Account then reverses out the amounts charged so that there is no impact on the level of council tax.

V. Reserves

The Council sets aside specific amounts as reserves for future policy purposes or to cover contingencies. Reserves are created by appropriating amounts out of the General Fund Balance in the Movement in Reserve Statement. When expenditure to be financed from a reserve is incurred, it is charged to the appropriate service in that year to score against the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement. The reserve is then appropriated back into the General Fund Balance in the Movement in Reserves Statement so that there is no net charge against the council tax for the expenditure.

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

W. Value Added Tax (VAT)

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

2. ACCOUNTING STANDARDS ISSUED THAT HAVE NOT YET BEEN ADOPTED

The Code of Practice on Local Authority Accounting in the United Kingdom (the Code) requires the disclosure of information relating to the expected impact of an accounting change that will be

required by a new standard which has been issued but is yet to be adopted by the 2021/22 Code.

The Code also requires that changes in accounting policy are to be applied retrospectively unless transitional arrangements are specified, this would, therefore result in an impact on disclosures spanning two financial years. Accounting changes that are introduced by the 2022/23 Code are:

- IFRS 16 Leases (but only for those local authorities that have decided to adopt IFRS16 in the 2022/23 year).
- Annual Improvements to IFRS Standards 2018–2020. The annual IFRS improvement programme notes 4 changed standards
 - IFRS 1 (First-time adoption) – amendment relates to foreign operations of acquired subsidiaries transitioning to IFRS
 - IAS 37 (Onerous contracts) – clarifies the intention of the standard
 - IFRS 16 (Leases) – amendment removes a misleading example that is not referenced in the Code material
 - IAS 41 (Agriculture) – one of a small number of IFRSs that are only expected to apply to local authorities in limited circumstances.

These changes are not expected to have a material impact on the Council's single entity statements or group statements

3. CRITICAL JUDGEMENTS IN APPLYING ACCOUNTING POLICIES

In applying the accounting policies as set out in Note 1, the Council has had to make certain judgments, estimates and assumptions about complex transactions or those involving uncertainty about future events. The critical judgements made in the statement of accounts are as follows:

- There is a high degree of uncertainty about future levels of funding for local government, notably issues around funding reforms and localisation of Business Rates. However, as these reforms have been delayed by a further year due to Covid-19, the Council has determined that this uncertainty is not yet sufficient to provide an indication that the assets of the Council might be impaired as a result of a need to close facilities and reduce levels of service provision.
- Details of the Council's relationship with other companies and investments in companies are detailed in note 34. These are not material and therefore group accounts have not been prepared on this basis.

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

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

| Item | Uncertainties | Effect if Actual Results Differ from Assumptions |
|-------------------------------|---|---|
| Property, Plant and Equipment | <p>Assets are depreciated over useful lives that are dependent on assumptions about the level of repairs and maintenance that will be incurred in relation to individual assets.</p> <p>The current economic climate makes it uncertain that the Council will be able to sustain its current spending on repairs and maintenance, bringing into doubt the useful lives assigned to assets.</p> | <p>If the useful life of assets is reduced, depreciation increases and the carrying amount of the assets falls.</p> <p>It is estimated that the annual depreciation charge for buildings would increase by £0.033m for every year that useful lives have to be reduced.</p> |
| Covid-19 | <p>Whilst there is always a requirement to make assumptions and always an element of uncertainty, the Covid-19 pandemic and the moving to a new normal has added an extra challenge which has heightened risk in considering future estimates.</p> <p>The Council’s valuation of its Land and Building assets is therefore reported by our valuer on the basis of ‘material valuation uncertainty’ as per VPS 3 and VPGA 10 of the RICS Red Book Global.</p> <p>Consequently, less certainty – and a higher degree of caution – should be attached to our valuations than would normally be the case.</p> | <p>Given the unknown future impact that Covid-19 might have on the real estate market, the Council will keep the valuation of all properties under frequent review. As more market information becomes available, it may mean that there will be an adjustment required to the carrying amount of asset valuations in the next financial year.</p> |
| Pension Scheme Liability | <p>Estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate used; the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets.</p> <p>A firm of consulting actuaries is engaged by Nottinghamshire County Council and assurance is placed on the use of these qualified professionals to provide expert advice about the assumptions to be applied.</p> <p>The ongoing impact of the Covid-19 pandemic has created uncertainty surrounding illiquid asset values. As such, the Pension Fund property and infrastructure allocations as at 31 March 2021 are difficult to value according to preferred accounting policy.</p> | <p>The effects on the net pension liability of changes in individual assumptions can be measured. For instance, a 0.1% decrease in the discount rate assumption would result in an increase in the pension liability of £4.208m and a 1 year reduction in mortality would result in a decrease of £10.276m. However, the assumptions interact in complex ways. During 2021/22, the Council's actuary advised that the net pension liability had decreased by £12.244m.</p> <p>For the 2021/22 Statement of Accounts, the actuary has advised that a rate of 2.6% is appropriate. Application of this rate has resulted in an decrease</p> |

| | | |
|----------------------------------|--|---|
| | | in liabilities measured at today's prices of £15,014m, adjusted for by an increase in actuarial losses recognised for the year in the Comprehensive Income and Expenditure Statement in the Other Comprehensive Income and Expenditure part of the statement. |
| Arrears | <p>At 31 March 2022, the Council had a balance of sundry debtors of £7.556m, which included approximately £4.4m relating to CIL (Community Infrastructure Levies), which are not considered a risk of default, nor were they due for payment.</p> <p>A review of significant balances (excluding CIL and other debts not due at 31/3/21) suggested that an impairment of doubtful debts of 38% (£0.230m) was appropriate. It is not certain that this impairment allowance would be sufficient as the Council cannot assess with certainty which debts will be collected or not.</p> <p>The economic impact of the Covid-19 pandemic has made the estimation of debt impairment more difficult as there is more uncertainty about the economic viability of debtors and hence their ability to settle their debts.</p> | If collection rates were to deteriorate, a doubling of the amount of the impairment of doubtful debts would require an additional £0.230m to set aside as an allowance. |
| Business Rates Backdated Appeals | Estimation of backdated appeals was provided by Analyse Local. This assumes that various amounts of appeals are received, and then subsequently agreed. | Decrease in collection amount of NNDR, leaving the Council with a reduced amount of funding for Services. 40% of any reduction would impact upon the Council. |
| Fair Value Estimations | <p>The Council's internal valuers use valuation techniques to determine the fair value of surplus assets and assets held for sale.</p> <p>This involves developing estimates and assumptions consistent with how market participants would price the property. The valuers base their assumptions on observable data as far as possible, but this is not always available. In that case, the valuers use the best information available.</p> | <p>The Council uses combination of indexation techniques, beacon valuations and discounted cash flow (DCF) models to measure the fair value of its Surplus Assets and Assets Held for Sale under IFRS13 depending on which technique it considers most appropriate. The significant unobservable inputs used in the fair value measurement include management assumptions regarding rent growth, occupancy levels, floor area repairs backlogs, beacon classifications and others. Significant changes in any of the unobservable inputs would result</p> |

| | | |
|-----------|--|---|
| | | in a significantly lower or higher fair value measurement for these assets. |
| Insurance | The Council has a number of insurance claims that remain unsettled, and this gives rise to a potential liability that the Council will incur if all the claims outstanding are upheld against the Council. | A provision of £0.230m has been set aside to meet these claims. |

5. MATERIAL ITEMS OF INCOME AND EXPENDITURE

There are no material items of income and expense that have not been disclosed elsewhere in the accounts. During the year the Council acted as an agent for Government, distributing £29.492m Business Support Grants to businesses. The remaining £4m is shown as a creditor on the balance sheet to either be carried forward to 2021/22 or repaid to Government.

6. EVENTS AFTER THE BALANCE SHEET DATE

There are no known events that would have material impact on the Council's position as at 31 March 2022. However, the understanding of how the Covid-19 pandemic has affected services and valuations will continue during 2022/23 and may see significant changes to balances in accounts for that year.

The draft Statement of Accounts was authorised for issue by the Section 151 Officer on 29th July 2022. Events taking place after this date are not reflected in the financial statements or notes. Where events taking place before this date provided information about conditions existing at 31st March 2022, the figures in the financial statements and notes have been adjusted in all material respects to reflect the impact of this information.

7. THE EXPENDITURE AND FUNDING ANALYSIS

The purpose of the Expenditure and Funding Analysis (EFA) is to demonstrate how the funding available to the Council, ie grants, rents, council tax and business rates) for the year have been used in providing services in comparison to those resources consumed and earned by the Council in accordance with generally accepted accounting practices. The EFA also shows how this expenditure is allocated for decision making purposes between the Councils services. Income and expenditure accounted for under generally accepted accounting practices is presented more fully in the CIES.

| 2020/21 | | | | 2021/22 | | |
|--|------------------------------------|--------------------------------------|------------------------------------|--|------------------------------------|--------------------------------------|
| Net Expenditure Chargeable to the General Fund and HRA Balances £'000 | Adjustments (See Note 7a) £'000 | Net Expenditure in the CIES £'000 | | Net Expenditure Chargeable to the General Fund and HRA Balances £'000 | Adjustments (See Note 7a) £'000 | Net Expenditure in the CIES £'000 |
| | | | Summary of Revenue Spending | | | |
| 465 | 67 | 532 | Chief Executive | 348 | 63 | 411 |
| 2,512 | 447 | 2,959 | Corporate Services | 2,536 | 468 | 3,004 |
| 2,872 | 1,016 | 3,888 | Finance & Property Services | -725 | 1,427 | 702 |
| 236 | -450 | -214 | Housing Services | 183 | -166 | 17 |
| 316 | 45 | 361 | Human Resources | 251 | 49 | 300 |
| 5,212 | 1,906 | 7,118 | Neighbourhood Services | 5,613 | 1,954 | 7,567 |
| 1,821 | 1,496 | 3,317 | Regeneration Services | 1,297 | 754 | 2,051 |
| -12,917 | 14,265 | 1,348 | Housing Revenue Account | -11,854 | 13,794 | 1,940 |
| 517 | 18,792 | 19,309 | Net Cost of Services | -2,351 | 18,343 | 15,992 |
| -9,738 | -6,986 | -16,724 | Other Income and Expenditure | 4,731 | -21,766 | -17,035 |
| -9,221 | 11,806 | 2,585 | Surplus (-) or Deficit | 2,381 | -3,423 | -1,041 |
| | | | | | | |
| General Fund & Earmarked Reserve £'000 | HRA & Earmarked Reserve £'000 | Total £'000 | | General Fund & Earmarked Reserve £'000 | HRA & Earmarked Reserve £'000 | Total £'000 |
| 12,749 | 3,107 | 15,856 | Opening Balance | 20,247 | 4,830 | 25,077 |
| 7,498 | 1,723 | 9,221 | Surplus or (-) Deficit in year | -3,867 | 1,476 | -2,391 |
| 20,247 | 4,830 | 25,077 | Closing Balance at 31 March | 16,379 | 6,306 | 22,686 |
| | | | Split by Reserve: | | | |
| 4,687 | 4,830 | 9,517 | Working Reserve | 4,687 | 6,306 | 10,994 |
| 15,560 | 0 | 15,560 | Earmarked Reserve | 11,692 | 0 | 11,692 |
| 20,247 | 4,830 | 25,077 | Closing Balance at 31 March | 16,379 | 6,306 | 22,686 |

7a. NOTE TO THE EXPENDITURE AND FUNDING ANALYSIS

This note provides a reconciliation of the main adjustments between accounting and funding basis, to the net expenditure chargeable to the General Fund and HRA balances to arrive at amounts in the CIES.

| 2020/2021 | | | | 2021/2022 | | | | |
|----------------------------------|---|-------------------|-------------------|--|----------------------------------|---|-------------------|-------------------|
| Adjustments for Capital Purposes | Net change for the Pensions Adjustments | Other Differences | Total Adjustments | | Adjustments for Capital Purposes | Net change for the Pensions Adjustments | Other Differences | Total Adjustments |
| £'000 | £'000 | £'000 | £'000 | | £'000 | £'000 | £'000 | £'000 |
| 0 | 66 | 0 | 66 | Chief Executive | 0 | 62 | 0 | 62 |
| 81 | 365 | 0 | 446 | Corporate Services | 44 | 417 | 6 | 467 |
| 762 | 254 | 0 | 1,016 | Finance and Property Services | 1,143 | 285 | 0 | 1,428 |
| -558 | 108 | 0 | -450 | Housing Services | -283 | 117 | 0 | -166 |
| 0 | 45 | 0 | 45 | Human Resources | 0 | 49 | 0 | 49 |
| 1,288 | 619 | 0 | 1,907 | Neighbourhood Services | 1,261 | 693 | 0 | 1,954 |
| 1,163 | 334 | 0 | 1,497 | Regeneration Services | 384 | 370 | 0 | 754 |
| 13,778 | 487 | 0 | 14,265 | Housing Revenue Account | 14,307 | 550 | 0 | 13,795 |
| 16,514 | 2,278 | 0 | 18,792 | Net Cost of Services | 16,856 | 2,543 | 6 | 18,343 |
| | | | | Other income and expenditure from the Expenditure and Funding Analysis | -17,414 | 1,742 | -6,094 | -21,766 |
| -16,076 | 1,581 | 7,509 | -6,986 | | | | | |
| 438 | 3,859 | 7,509 | 11,806 | Difference between General Fund surplus or deficit and Comprehensive Income and Expenditure Statement Surplus or Deficit on the Provision of Services | -558 | 4,285 | -6,088 | -3,423 |

The following provides details of the adjustments made:

Adjustments for Capital Purposes

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

- **Other operating expenditure** – adjusts for capital disposals with a transfer of income on disposal of assets and the amounts written off for those assets.
- **Financing and investment income and expenditure** – the statutory charges for capital financing, that is Minimum Revenue Provision and other revenue contributions are deducted from other income and expenditure as these are not chargeable under generally accepted accounting practices.
- **Taxation and non-specific grant income and expenditure** – capital grants are adjusted for income not chargeable under generally accepted accounting practices. Revenue grants are adjusted from those receivable in the year to those receivable without conditions or for which conditions were satisfied throughout the year. The Taxation and Non Specific Grant Income and Expenditure line is credited with capital grants receivable in the year without conditions or for which conditions were satisfied in the year.





Net Change for the Pensions Adjustments

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

- **For services** - this represents the removal of the employer pension contributions made by the Council as allowed by statute and the replacement with current service costs and past service costs.
- **For Financing and investment income and expenditure** - the net interest on the defined benefit liability is charged to the CIES.

Other Differences

Other differences between amounts debited/credited to the Comprehensive Income and Expenditure Statement and amounts payable/receivable to be recognised under statute:

- For **Financing and investment income and expenditure** - the other differences column recognises adjustments to the General Fund for the timing differences for premiums and discounts
- The charge under **Taxation and non-specific grant income and expenditure** - represents the difference between what is chargeable under statutory regulations for council tax and NDR that was projected to be received at the start of the year and the income recognised under generally accepted accounting practices in the Code. This is a timing difference as any difference will be brought forward in future Surpluses or Deficits on the Collection Fund.
- This column includes the removal of recharges / transactions between segments, which are not permitted to be shown on the face of the CIES.

8. EXPENDITURE AND INCOME ANALYSED BY NATURE

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

| | Chief Executive | Corporate Services | Finance & Property | Housing Services | Human Resources | Neighbourhoods | Regeneration | HRA | Corporate Amounts | Total |
|--|-----------------|--------------------|--------------------|------------------|-----------------|----------------|---------------|----------------|-------------------|----------------|
| 2021/22 | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 |
| Expenditure | | | | | | | | | | |
| Employee expenses | 464 | 3,409 | 3,357 | 904 | 415 | 5,801 | 3,134 | 4,626 | 0 | 22,110 |
| Other services expenses | 88 | 1,459 | 31,510 | 1,338 | 139 | 3,503 | 2,137 | 11,761 | 0 | 51,935 |
| Depreciation, amortisation, impairment | 0 | 44 | 1,143 | 4 | 0 | 1,261 | 202 | 13,244 | 0 | 15,898 |
| Developers Contributions Payments | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 860 | 860 |
| Interest payments | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 4,277 | 4,277 |
| Non Domestic Rates Tariff & Deficit | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 22,843 | 22,843 |
| Precepts and levies | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 1,935 | 1,935 |
| Payments to Housing Capital Receipts Pool | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 584 | 584 |
| Interest Cost of Pensions | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 1,745 | 1,745 |
| Net Book Value on the disposal of assets | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 1,912 | 1,912 |
| Total expenditure | 552 | 4,912 | 36,010 | 2,246 | 554 | 10,565 | 5,473 | 29,546 | 34,156 | 124,014 |
| Income | | | | | | | | | | |
| Fees, charges and other service income | -142 | -1,806 | -2,874 | -307 | -254 | -2,383 | -2,446 | -27,613 | 0 | -37,825 |
| Interest received | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | -290 | -290 |
| Income from council tax & NDR | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | -35,520 | -35,520 |
| Proceeds from sale of Non-Current Assets | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | -1,914 | -1,914 |
| Government grants and contributions | 0 | -102 | -32,434 | -1,923 | 0 | -611 | -976 | 0 | -13,466 | -49,512 |
| Total income | -142 | -1,908 | -35,308 | -2,230 | -254 | -2,994 | -3,422 | -27,613 | -51,190 | 125,061 |
| Surplus or Deficit on the Provision of Services | 410 | 3,004 | 702 | 16 | 300 | 7,571 | 2,051 | 1,933 | -17,034 | -1,041 |

PRIOR YEAR COMPARISON

| | Chief Executive | Corporate Services | Finance & Property | Housing Services | Human Resources | Neighbourhoods | Regeneration | HRA | Corporate Amounts | Total |
|--|-----------------|--------------------|--------------------|------------------|-----------------|----------------|---------------|----------------|-------------------|-----------------|
| 2020/21 | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 |
| Expenditure | | | | | | | | | | |
| Employee expenses | 550 | 3,461 | 3,504 | 916 | 413 | 5,439 | 2,879 | 4,454 | 0 | 21,616 |
| Other services expenses | 120 | 1,317 | 28,069 | 967 | 197 | 3,424 | 2,210 | 10,147 | 0 | 46,451 |
| Depreciation, amortisation, impairment | 0 | 81 | 742 | 2 | 0 | 1,288 | 162 | 13,778 | 0 | 16,053 |
| Developers Contributions Payments | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 342 | 342 |
| Interest payments | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 4,288 | 4,288 |
| Non Domestic Rates Tariff & Deficit | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 22,005 | 22,005 |
| Precepts and levies | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 1,797 | 1,797 |
| Payments to Housing Capital Receipts Pool | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 527 | 527 |
| Interest Cost of Pensions | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 1,584 | 1,584 |
| Net Book Value on the disposal of assets | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 1,227 | 1,227 |
| Total expenditure | 670 | 4,859 | 32,315 | 1,885 | 610 | 10,151 | 5,251 | 28,379 | 31,770 | 115,890 |
| Income | | | | | | | | | | |
| Fees, charges and other service income | -139 | -1,881 | -2,395 | -300 | -249 | -2,416 | -1,651 | -27,025 | 0 | -36,056 |
| Interest received | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | -276 | -276 |
| Income from council tax & NDR | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | -35,206 | -35,206 |
| Proceeds from sale of Non-Current Assets | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | -1,150 | -1,150 |
| Government grants and contributions | 0 | -19 | -26,032 | -1,799 | 0 | -616 | -282 | -5 | -11,862 | -40,615 |
| Total income | -139 | -1,900 | -28,427 | -2,099 | -249 | -3,032 | -1,933 | -27,030 | -48,494 | -113,303 |
| Surplus or Deficit on the Provision of Services | 531 | 2,959 | 3,888 | -214 | 361 | 7,119 | 3,318 | 1,349 | -16,724 | 2,587 |



9. ADJUSTMENTS BETWEEN ACCOUNTING BASIS AND FUNDING BASIS UNDER REGULATIONS

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

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

General Fund Balance

The General Fund is the statutory fund into which all the receipts of a Council are required to be paid into and which all liabilities of the Council are to be met from, 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. For housing authorities however, the balance is not available to be applied to funding 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

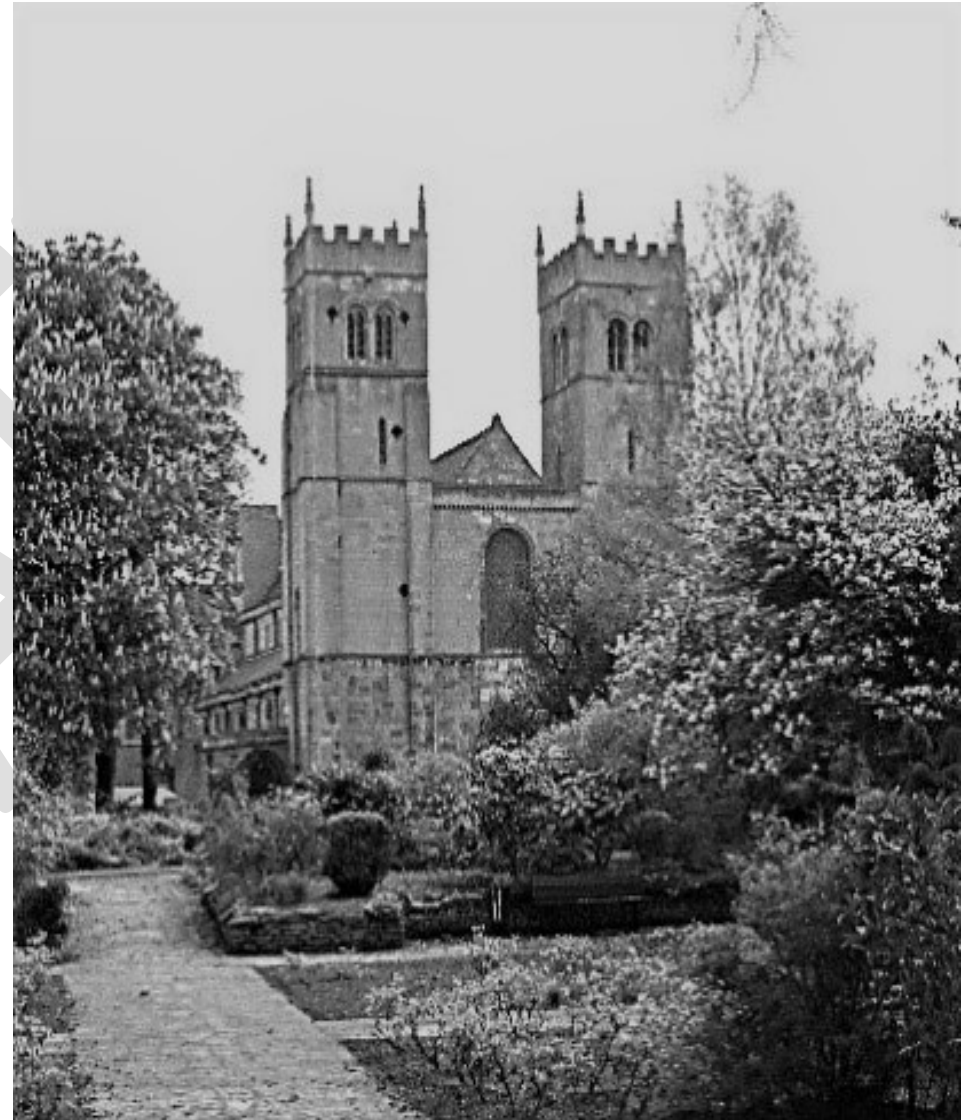
The Council is required to maintain the Major Repairs Reserve, which controls an element of the capital resources, limited to being used on capital expenditure on HRA assets or the financing of historical capital expenditure by the HRA. The balance shows the capital resources that have yet to be applied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

Capital Receipts Reserve

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

Capital Grants Unapplied

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



| | General Fund Balance | Housing Revenue Account | Capital Receipts Reserve | Major Repairs Reserve | Capital Grants Unapplied | Movement in usable Reserves |
|---|----------------------------|-------------------------------|--------------------------------|-----------------------------|--------------------------------|-----------------------------------|
| 2021/22 | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 |
| <u>Adjustments to the Revenue Resources</u> | | | | | | |
| <i>Amounts by which income and expenditure included in the CIES are different from revenue for the year calculated in accordance with statutory requirements:</i> | | | | | | |
| Pensions costs (transferred to (or from) the Pensions Reserve) | -3,377 | -906 | 0 | 0 | 0 | 4,283 |
| Financial instruments (transferred to the Financial Instruments Adjustments Account) | 4 | 0 | 0 | 0 | 0 | -4 |
| Council tax and NDR (transfers to or from Collection Fund) | 6,069 | 0 | 0 | 0 | 0 | -6,069 |
| Holiday pay (transferred to the Accumulated Absences Reserve) | 21 | 0 | 0 | 0 | 0 | -21 |
| Reversal of entries included in the Surplus or Deficit on the Provision of Services in relation to capital expenditure (these items are charged to the Capital Adjustment Account): | 7,836 | -14,893 | 0 | 0 | -6,595 | 13,652 |
| Total Adjustments to Revenue Resources | 10,553 | -15,799 | 0 | 0 | -6,595 | 11,841 |
| <u>Adjustments between Revenue and Capital Resources</u> | | | | | | |
| Transfer of non-current asset sale proceeds from revenue to the Capital Receipts Reserve (CRR) | 251 | 1,493 | -1,744 | 0 | 0 | 0 |
| Administrative costs of non-current asset disposals (funded by a contribution from the CRR) | 0 | -31 | 31 | 0 | 0 | 0 |
| Payments to the government housing receipts pool (funded by a transfer from the CRR) | -584 | 0 | 584 | 0 | 0 | 0 |
| Posting of HRA resources from revenue to the Major Repairs Reserve | 0 | 6,695 | 0 | -6,695 | 0 | 0 |
| Statutory provision for the repayment of debt (transfer from the Capital Adjustment Account) | 637 | 0 | 0 | 0 | 0 | -637 |
| Capital expenditure financed from revenue balances (transfer to the Capital Adjustment Account) | 218 | 0 | 0 | 0 | 0 | -218 |
| Total Adjustments between Revenue and Capital Resources | 522 | 8,157 | -1,129 | -6,695 | 0 | -855 |
| <u>Adjustments to Capital Resources</u> | | | | | | |
| Use of the Capital Receipts Reserve to finance capital expenditure | 0 | 0 | 2,145 | 0 | 0 | -2,145 |
| Use of the Major Repairs Reserve to finance capital expenditure | 0 | 0 | 0 | 6,993 | 0 | -6,993 |
| Application of capital grants to finance capital expenditure | 0 | 0 | 0 | 0 | 1,767 | -1,767 |

| | | | | | | |
|--|---------------|---------------|--------------|--------------|---------------|----------------|
| Cash payments in relation to deferred capital receipts | 0 | 0 | 0 | 0 | 0 | 0 |
| Total Adjustments to Capital Resources | 0 | 0 | 2,145 | 6,993 | 1,767 | -10,905 |
| Total Adjustments | 11,075 | -7,642 | 1,016 | 298 | -4,828 | 81 |

PREVIOUS YEAR COMPARISON

| | General Fund Balance | Housing Revenue Account | Capital Receipts Reserve | Major Repairs Reserve | Capital Grants Unapplied | Movement Usable Reserves |
|---|----------------------|-------------------------|--------------------------|-----------------------|--------------------------|--------------------------|
| | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 |
| 2020/21 | | | | | | |
| <u>Adjustments to the Revenue Resources</u> | | | | | | |
| <i>Amounts by which income and expenditure included in the Comprehensive Income and Expenditure Statement are different from revenue for the year calculated in accordance with statutory requirements:</i> | | | | | | |
| „Pensions costs (transferred to (or from) the Pensions Reserve) | -3,051 | -808 | 0 | 0 | 0 | -3,859 |
| Financial instruments (transferred to the Financial Instruments Adjustments Account) | 14 | 0 | 0 | 0 | 0 | 14 |
| „Council tax and NDR (transfers to or from Collection Fund) | -7,567 | 0 | 0 | 0 | 0 | -7,567 |
| „Holiday pay (transferred to the Accumulated Absences Reserve) | 44 | 0 | 0 | 0 | 0 | 44 |
| Reversal of entries included in the Surplus or Deficit on the Provision of Services in relation to capital expenditure (these items are charged to the Capital Adjustment Account): | 5,114 | -14,784 | 0 | 0 | -6,266 | -15,936 |
| Total Adjustments to Revenue Resources | -5,446 | -15,592 | 0 | 0 | -6,266 | -27,304 |
| <u>Adjustments between Revenue and Capital Resources</u> | | | | | | |
| Transfer of non-current asset sale proceeds from revenue to the Capital Receipts Reserve | 109 | 1,010 | -1,119 | 0 | 0 | 0 |
| Administrative costs of non-current asset disposals (funded by a contribution from the Capital Receipts Reserve) | 0 | -23 | 23 | 0 | 0 | 0 |
| Payments to the government housing receipts pool (funded by a transfer from the Capital Receipts Reserve) | -527 | 0 | 527 | 0 | 0 | 0 |
| Posting of HRA resources from revenue to the Major Repairs Reserve | 0 | 7,563 | 0 | -4,290 | 0 | 3,273 |
| Statutory provision for the repayment of debt (transfer from the Capital Adjustment Account) | 597 | 0 | 0 | 0 | 0 | 597 |
| Capital expenditure financed from revenue balances (transfer to the Capital Adjustment Account) | 504 | 0 | 0 | 0 | 0 | 504 |
| Total Adjustments between Revenue and Capital Resources | 683 | 8,550 | -569 | -4,290 | 0 | 4,374 |
| <u>Adjustments to Capital Resources</u> | | | | | | 0 |
| Use of the Capital Receipts Reserve to finance capital expenditure | 0 | 0 | 2,294 | 0 | 0 | 2,294 |

| | | | | | | |
|---|---------------|---------------|--------------|--------------|---------------|----------------|
| Use of the Major Repairs Reserve to finance capital expenditure | 0 | 0 | 0 | 7,373 | 0 | 7,373 |
| Application of capital grants to finance capital expenditure | 0 | 0 | 0 | 0 | 1,760 | 1,760 |
| Total Adjustments to Capital Resources | 0 | 0 | 2,294 | 7,373 | 1,760 | 11,427 |
| Total Adjustments | -4,763 | -7,042 | 1,725 | 3,083 | -4,506 | -11,503 |

10. TRANSFER TO/FROM EARMARKED RESERVES

This note sets out the amounts set aside from the General Fund and HRA balances in earmarked reserves to provide financing for future expenditure plans and the amounts posted back from earmarked reserves to meet General Fund and HRA expenditure in 2021/22.

| | Balance 31.03.20 £'000 | Transfers out £'000 | Transfers in year £'000 | Balance 31.03.21 £'000 | Transfers out £'000 | Transfers in year £'000 | Balance 31.03.22 £'000 |
|--|------------------------------|---------------------------|-------------------------------|------------------------------|---------------------------|-------------------------------|------------------------------|
| GENERAL FUND RESERVES | | | | | | | |
| Developers Revenue Contributions | -149 | 26 | -475 | -597 | 4 | -225 | -819 |
| Insurance | -198 | 0 | -23 | -221 | 0 | 0 | -221 |
| Job Evaluation | -638 | 73 | 0 | -565 | 0 | 0 | -564 |
| Revenue Grants & Contributions | -811 | 111 | -323 | -1,023 | 249 | -1,231 | -2,006 |
| Donations | -36 | 0 | 0 | -36 | 0 | -2 | -38 |
| LAMS Default Reserve | -72 | 0 | 0 | -72 | 0 | 0 | -72 |
| Retained Business Rates Reserve | -2,482 | 0 | -871 | -3,353 | 0 | 0 | -3,353 |
| General Fund Earmarked Reserves | -2,106 | 432 | -37 | -1,712 | 22 | 0 | -1,689 |
| Business Rate Volatility Reserve | -599 | 0 | 0 | -599 | 0 | 0 | -599 |
| Business Rates Pooling Reserve | -872 | 0 | 0 | -872 | 0 | 0 | -872 |
| New Homes Bonus | -250 | 250 | 0 | 0 | 0 | 0 | 0 |
| Invest to Save | -814 | 61 | -14 | -767 | 77 | 0 | -690 |
| Management Team | -14 | 0 | -30 | -44 | 0 | 0 | -44 |
| ICT Developments (Business Continuity) | -11 | 0 | 0 | -11 | 0 | 0 | -11 |
| Building Assets Improvements | -48 | 0 | 0 | -48 | 0 | 0 | -48 |
| Fair Value Movement | -70 | 0 | 0 | -70 | 0 | 0 | -70 |
| S31 Grants - Business Rates Reserve | 0 | 0 | -5,570 | -5,570 | 5,570 | 0 | 0 |
| Cost of Living | 0 | 0 | 0 | 0 | 0 | -294 | -294 |
| Planning reserve | 0 | 0 | 0 | 0 | 0 | -303 | -303 |

| | | | | | | | |
|--------------|---------------|------------|---------------|----------------|--------------|---------------|----------------|
| Total | -9,170 | 953 | -7,343 | -15,560 | 5,922 | -2,055 | -11,693 |
|--------------|---------------|------------|---------------|----------------|--------------|---------------|----------------|

Developers Revenue Contributions Reserve

These are sums gifted to the Council by developers as a condition of planning permission, usually under Section 106 agreements Town and Country Planning Act 1990. They have no conditions in terms of their use or timescale.

Insurance Reserve

This is a self-insurance reserve. The reserve is reviewed annually to ensure the level of reserve is sufficient.

Job Evaluation Reserve

This is an amount set aside to cover the costs of protection and increased salaries resulting from the corporate introduction of job evaluation and associated equal pay legislation.

Revenue Grants and Contributions

The Council receives a number of grants and contributions. If the grant/contribution has no conditions attached or the conditions have been met, but expenditure has not been incurred at the Balance Sheet date then the balances are transferred to an earmarked reserve until required.

Donations Reserve

These are sums of money donated by the public for Museums, Shop mobility, Sports Development and towards the Bassetlaw Games. Monies are available for use to support the service area for which they have been donated during the year if required, the remainder has been set aside for future use.

Local Area Mortgage Scheme Default Reserve (LAMS)

During 2013/14 the Council entered into a Local Authority Mortgage Scheme with both Lloyds bank and Mansfield Building Society. The Council has set aside interest monies in the event that an applicant defaults on their mortgage repayments.

Retained Business Rates Reserve

The Business Rates Retention scheme was introduced in April 2013. The scheme allows Councils to retain their share of Business Rates income. However, the accounting arrangements for the scheme are complex and different income streams have to be accounted for under different legislative arrangements. This can lead to deficits or surpluses within General Fund. This reserve has been set up to help smooth these variances.

General Fund Earmarked Reserve

Various reserves set up to support specific Service requirements

4 new reserves introduced in 2017/18 which had been agreed by Management Team to fund various Service specific one-off projects.

Business Rates Volatility Reserve

The amount of Business Rates income retained by the Council is determined by a number of factors. Statute prescribes the transfer from the Collection Fund to General Fund which is based on estimates as at the 31st January. The surplus or deficit is based on the outturn position and is subject to a safety net or levy which is paid/received direct into/out of General Fund. A number of section 31 Grants are also receivable to off-set reliefs given. Due to the complexity of the estimates a Volatility Reserve was set up in 2014/15 to mitigate any variances in the future.

Business Rates Pooling Reserve

Bassetlaw is a member of the Nottinghamshire Pool for retained Business Rates. This reserve has been created to recognise the Council's share of redistributed growth generated from not paying over the individual Council levies to Central Government as a result of the pooling arrangements.

New Homes Bonus

The New Homes Bonus was first introduced in 2011/12, and was top-sliced from the Revenue Support Grant. It is paid as a separate specific grant and is linked to authorities' delivery of new housing. Previously, the Council has fully relied on this money as part of its mainstream funding. Cabinet agreed to reduce this reliance to nil by 2019/20.

Management Team

Invest to Save

This money has been set aside in order to assist with the creation of efficiencies and increase income generation potential. This reserve should continually be replenished when the financed project starts to generate savings/income.

During 2017/18 - 3 new Earmarked reserves were created to support:

- Environmental Improvements
- ICT Developments
- Building Assets Improvements

Fair Value Movement

This reserve is to cover any of the Council's investments that will be affected by changes in fair value as under new regulations, IFRS 9, any fair value movement will impact upon the General Fund balance in that financial year.

S31 Business Rates Reserve

During 2021/22 the Council received section 31 Grants to offset the reliefs given to businesses during lockdown. The balance was held in an earmarked reserve until 2021/22 when it was used to offset the collection fund deficit.

Cost of Living

A reserve established to contribute towards the demands of the cost of living crisis

Planning reserve

A reserve established for specific planning purposes

11. OTHER OPERATING EXPENDITURE

The following table contains corporate items of income and expenditure that cannot reasonably be allocated or apportioned to specific services:

| | 2020/21 £'000 | 2021/22 £'000 |
|--|------------------|------------------|
| Parish Council Precepts | 1,244 | 1,335 |
| Levies | 553 | 599 |
| Payments to the Government Housing Capital Receipts Pool | 527 | 584 |
| Gains/Losses(-) on the disposal of non-current assets | 77 | -2 |
| Total | 2,401 | 2,517 |

12. FINANCING AND INVESTMENT INCOME AND EXPENDITURE

The following table contains corporate items of income and expenditure arising from the Council's Involvement in financial instruments and similar transactions involving interest:

| | 2020/21 £'000 | £'000 |
|---|------------------|--------------|
| Interest payable and similar charges | 4,287 | 4,277 |
| Net interest on the net defined benefit liability (asset) | 1,584 | 1,745 |
| Interest receivable and similar income | -276 | -291 |
| Total | 5,595 | 5,732 |

13. TAXATION AND NON-SPECIFIC GRANT INCOME AND EXPENDITURE

The following table consolidates all the grants and contributions receivable that cannot be identified to particular service expenditure:

| | 2020/21 £'000 | 2021/22 £'000 |
|-----------------------------------|------------------|------------------|
| Council Tax Income | -7,540 | -8,039 |
| Non-Domestic Rates (NDR) | -5,662 | -4,638 |
| Non ring-fenced Government grants | -4,849 | -2,466 |
| Developers grants & contributions | -3,758 | -6,191 |
| Capital grants & contributions | -2,912 | -3,950 |
| Total | -24,721 | -25,283 |

14. PROPERTY PLANT AND EQUIPMENT

| | Council Dwellings £ 000 | Other Buildings £ 000 | Land & Buildings £ 000 | Vehicles, Plant & Equipment £ 000 | Infrastructure Assets £ 000 | Community Assets £ 000 | Surplus Assets £ 000 | Assets Under Construction £ 000 | Total Property, Plant & Equipment £ 000 |
|---|-------------------------------|-----------------------------|------------------------------|---|-----------------------------------|------------------------------|-------------------------|---------------------------------------|--|
| Movements in 2021/22 | | | | | | | | | |
| Cost or Valuation | | | | | | | | | |
| At April 2021 | 299,625 | 61,259 | | 18,583 | 7,598 | 2,384 | 7,407 | 4,663 | 401,519 |
| Additions | 8,757 | 1,374 | | 1,452 | 0 | 0 | 0 | 9,388 | 20,971 |
| Revaluation increases/decreases(-) recognised in the Revaluation Reserve | 42,094 | 1,292 | | 0 | 0 | 15 | 25 | 0 | 43,425 |
| Revaluation increases/decreases(-) recognised in the Surplus/Deficit on the Provision of Services | -7,833 | -3,467 | | 0 | 0 | 0 | 0 | 0 | -11,300 |
| Derecognition - Disposals | 0 | 0 | | -398 | 0 | 0 | 0 | 0 | -398 |
| Derecognition - Other | 0 | 0 | | 0 | 0 | 0 | 0 | 0 | 0 |
| Reclassification | -2,821 | -490 | | 0 | 0 | 0 | 0 | 0 | -3,311 |
| At 31 March 2022 | 339,822 | 59,968 | | 19,637 | 7,598 | 2,399 | 7,432 | 14,051 | 450,906 |
| Accumulated Depreciation & Impairment | | | | | | | | | |
| At April 2021 | 0 | 892 | | 12,585 | 3,085 | 0 | 6 | 0 | 16,568 |
| Depreciation charge | 3,986 | 1,057 | | 1,020 | 217 | 0 | 1 | 0 | 6,281 |
| Depreciation written out to the Revaluation Reserve | -3,955 | -425 | | 0 | 0 | 0 | 0 | 0 | -4,380 |
| Depreciation written out to the Surplus/Deficit on the Provision of Services | 0 | -243 | | 0 | 0 | 0 | 0 | 0 | -243 |
| Impairment losses/reversals(-) recognised in the Revaluation Reserve | 0 | 0 | | 0 | 0 | 0 | 0 | 0 | 0 |
| Impairment losses/reversals(-) recognised in the Surplus/Deficit on the Provision of Services | 0 | 0 | | 0 | 0 | 0 | 0 | 0 | 0 |
| Derecognition - Disposals | 0 | 0 | | -394 | 0 | 0 | 0 | 0 | -394 |
| Derecognition - Other | 0 | 0 | | 0 | 0 | 0 | 0 | 0 | 0 |
| At 31 March 2022 | 31 | 1,281 | | 13,211 | 3,302 | 0 | 7 | 0 | 17,832 |
| Net book value at 31 March 2022 | 339,791 | 58,687 | | 6,426 | 4,296 | 2,399 | 7,425 | 14,051 | 433,074 |
| Net book value at 31 March 2021 | 299,625 | 60,367 | | 5,998 | 4,513 | 2,384 | 7,401 | 4,663 | 384,951 |

PRIOR YEAR COMPARISON

| | Council Dwellings £ 000 | Other Land & Buildings £ 000 | Vehicles, Plant & Equipment £ 000 | Infrastructure Assets £ 000 | Community Assets £ 000 | Surplus Assets £ 000 | Assets Under Construction £ 000 | Total Property, Plant & Equipment £ 000 |
|---|-------------------------------|------------------------------------|---|-----------------------------------|------------------------------|-------------------------|---------------------------------------|--|
| Movements in 2020/21 | | | | | | | | |
| Cost or Valuation | | | | | | | | |
| At April 2020 | 286,598 | 60,629 | 17,470 | 7,598 | 293 | 8,061 | 1,505 | 379,614 |
| Additions | 8,031 | 348 | 1,450 | 0 | 0 | 0 | 4,081 | 13,910 |
| Revaluation increases/decreases(-) recognised in the Revaluation Reserve | 14,275 | 1,307 | -80 | 0 | 2,094 | -788 | 0 | 17,688 |
| Revaluation increases/decreases(-) recognised in the Surplus/Deficit on the Provision of Services | -8,612 | -1,055 | -72 | 0 | -3 | 0 | 0 | -9,742 |
| Derecognition - Disposals | 0 | -51 | -185 | 0 | 0 | 0 | 0 | -236 |
| Derecognition - Other | -104 | 0 | 0 | 0 | 0 | 0 | 0 | -104 |
| Reclassification | -563 | 81 | 0 | 0 | 0 | 134 | -923 | -1,271 |
| At 31 March 2021 | 299,625 | 61,259 | 18,583 | 7,598 | 2,384 | 7,407 | 4,663 | 401,519 |
| Accumulated Depreciation & Impairment | | | | | | | | |
| At April 2020 | 0 | 1,274 | 11,895 | 2,868 | 0 | 5 | 0 | 16,042 |
| Depreciation charge | 4,041 | 1,094 | 967 | 217 | 0 | 1 | 0 | 6,320 |
| Depreciation written out to the Revaluation Reserve | -4,040 | -1,256 | -72 | 0 | 0 | 0 | 0 | -5,368 |
| Depreciation written out to the Surplus/Deficit on the Provision of Services | 0 | -209 | -20 | 0 | 0 | 0 | 0 | -229 |
| Impairment losses/reversals(-) recognised in the Revaluation | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Impairment losses/reversals(-) recognised in the | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Derecognition - Disposals | -1 | -11 | -185 | 0 | 0 | 0 | 0 | -197 |
| Derecognition - Other | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| At 31 March 2021 | 0 | 892 | 12,585 | 3,085 | 0 | 6 | 0 | 16,568 |

Depreciation

The Council charges depreciation based on the valuers estimate of their useful economic life, as shown below:

- Council Dwellings and other Land and Buildings - up to 100 years
- Plant & Equipment – up to 40 years
- Infrastructure – up to 100 years

Capital Commitments

At 31st March 2022 the Council had entered into a contract for the Public Sector Decarbonisation Scheme which amounts to circa £1m.

Revaluations

In accordance with the Code of Practice, the Council carries out a rolling programme ensuring that all Property, Plant and Equipment required to be measured at current value is revalued at least every five years. The Council has however undertaken a full review of all its assets at 31st March 2022 and has appointed property specialists, Wilks Head & Eve LLP to assist the internal valuer with the annual asset re-valuations.

Valuations of land and buildings were carried out in accordance with the methodologies and basis for estimation set out in the professional standards of the Royal Institute of Chartered Surveyors (RICS). The Valuation basis i.e. Depreciated Replacement Cost is based on a depreciated modern equivalent asset (excluding borrowing costs), market value and fair value is based on estimated price agreed between willing parties and based on local comparable information.

The table below shows the gross book value of the asset valuations at 31st March 2022.

| | Council Dwellings £'000 | Other Land & Buildings £'000 | Vehicles, Plant, Equipment £'000 | Surplus Assets £'000 | Other PPE Assets £'000 | Total £'000 |
|--------------------------------|----------------------------|---------------------------------|-------------------------------------|-------------------------|---------------------------|----------------|
| Carried at Historical cost | 0 | 0 | 19,637 | 0 | 24,048 | 43,685 |
| Valued at current value at: | | | | | | |
| 30 March 2021 | 339,822 | 59,968 | 0 | 7,432 | 0 | 407,222 |
| Total Cost or Valuation | 339,822 | 59,968 | 19,637 | 7,432 | 24,048 | 450,907 |

Valuation Techniques used to Determine Level 2 and 3 Fair Values for Surplus Assets

Significant Observable Inputs – Level 2

The fair value for the residential properties and developable land has been based on the market approach using current market and recent sales prices and other relevant information for similar assets in Local authority area. Market conditions are such that similar properties are actively purchased and sold and the level of observable inputs are significant, leading to the assets being categorised at level 2 in the fair value hierarchy.

Significant Unobservable Inputs – Level 3

The ground leases and other long lease hold properties/land have been valued on income approach basis using the information available from the Council's own records and the officers' investigations with professional colleagues and using their professional judgement. The Council's ground leases and other long leasehold properties/land are therefore categorised as level 3 in the fair value hierarchy as the measurement techniques use significant unobservable inputs to determine the fair value measurements (and there is no reasonably available information that indicates that market participants would use different assumptions). Other assets have been valued using the market approach for similar assets within the Local Authority area and an application of professional judgment.

Valuation techniques

There have been no changes to the valuation techniques used during the year, these have remained in line with the RICS Valuation – Professional Standards (Red Book). The classification of assets has been separated into Level 2 & 3 for this year.

Fair Value Hierarchy

Details of the Council's surplus assets and information about the fair value hierarchy as at 31st March 2022 is as follows:

| | Quoted Prices in active markets for identical assets (Level 1) £'000 | Other significant observable inputs (Level 2) £'000 | Significant unobservable inputs (Level 3) £'000 | Fair Value at 31 March 2022 £'000 |
|---|---|--|--|--------------------------------------|
| Residential Properties and Developable Land | 0 | 7,341 | 0 | 7,341 |
| Other | 0 | 0 | 60 | 60 |
| Total | 0 | 7,341 | 60 | 7,401 |

Previous Year Comparison

| | Quoted Prices in active markets for identical assets (Level 1) £'000 | Other significant observable inputs (Level 2) £'000 | Significant unobservable inputs (Level 3) £'000 | Fair Value at 31 March 2021 £'000 |
|---|---|--|--|--------------------------------------|
| Residential Properties and Developable Land | 0 | 7,996 | 0 | 7,996 |
| Other | 0 | 0 | 60 | 60 |
| Total | 0 | 7,996 | 60 | 8,056 |

Transfers between Levels of the Fair Value Hierarchy

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

Reconciliation of Fair Value Measurements (Using Significant Unobservable Inputs) Categorised within Level 3 of the Fair Value Hierarchy

| | 31st March 2021 £'000 | 31st March 2022 £'000 |
|---|--------------------------|--------------------------|
| Opening Balance | 60 | 60 |
| Transfers in Level 3 | 0 | 0 |
| Transfer out of Level 3 | 0 | 0 |
| Total gains [or losses] for the period included in Surplus or Deficit on the Provision of Services resulting from changes in the fair value | 0 | 0 |
| Closing Balance | 60 | 60 |

Valuation Process for Surplus Assets

The fair value of the Council's surplus assets is measured annually at each reporting date. All valuations are carried out in accordance with the methodologies and bases for estimation set out in the Royal Institution of Chartered Surveyors. Gains or losses arising from changes in the fair value of Surplus Assets are recognised within the Net Cost of Services.

15. HERITAGE ASSETS

The net book value of the heritage assets the Council holds is £314k (£314k in 2020/21). There have been no material acquisitions or disposals of heritage assets during 2021/22.

| | Ceramics | Art | Machinery Equipment and Furniture | Memorials and Historic Sites | Total Assets |
|---|------------|------------|--|---------------------------------------|-----------------|
| | £'000 | £'000 | £'000 | £'000 | £'000 |
| Cost or Valuation | | | | | |
| 31 March 2021 | 115 | 149 | 30 | 20 | 314 |
| Additions, Disposals, Revaluations, Impairment Losses/reversals(-) | 0 | 0 | 0 | 0 | 0 |
| 31 March 2022 | 115 | 149 | 30 | 20 | 314 |
| Cost or Valuation | | | | | |
| 1 April 2021 | 115 | 149 | 30 | 20 | 314 |
| Additions, Disposals, Revaluations, Impairment Losses/reversals(-) | 0 | 0 | 0 | 0 | 0 |
| 31 March 2022 | 115 | 149 | 30 | 20 | 314 |

The Bassetlaw Museum, Grove Street, Retford, has a vast number of exhibits which would meet the definition of heritage assets. A valuation was undertaken in 2001 of all exhibits worth over £500, and this valuation has been the basis of the insurance valuation. These assets and subsequent purchases of exhibits of £10k and above have subsequently been included.

Ceramics, Jewellery, Regalia and Statues

The Council's collection is reported in the Balance Sheet at insurance valuation which is based on market valuation.

Art Collection and Samplers

The Museum includes an art collection of 57 paintings valued at £149k for insurance purposes.

Machinery, Equipment and Furniture

The Bassetlaw Museum holds 24 exhibits depicting the local farming and industrial history of the area. These exhibits are held at £30k which is the insurance valuation.

Memorial and Historical Sites

War memorial and historical sites are held at historic cost totalling £20k.

16. INVESTMENT PROPERTIES

There are currently no investment properties held by the Council.

17. INTANGIBLE ASSETS

The Council accounts for its software as intangible assets, to the extent that the software is not an integral part of a particular IT system and accounted for as part of the hardware item of property, plant and equipment. The intangible assets include both purchased software and licenses. All software is given a finite useful life, based on assessments of the period that the software is expected to be of use to the Council. The useful lives assigned to the major software suites used by the Council are usually 3 to 5 years. There are no internally generated assets.

The total amortisation charged in 2021/22 was £2k (£2k in 2020/21).

The carrying amount of intangible assets is amortised on a straight-line basis. The amortisation of £2k charged to revenue in 2021/22 was charged in the main to the IT administration cost centre, within the Corporate Services heading within the Cost of Services in the Comprehensive Income and Expenditure Statement.

| | 2020/21 £'000 | 2021/22 £'000 |
|---|------------------|------------------|
| Balance at start of year: | | |
| Gross carrying amounts | 712 | 712 |
| Accumulated amortisation | -697 | -699 |
| Net carrying amount at start of year | 15 | 13 |
| Movements in year: | | |
| Purchases | 0 | 2 |
| Other disposals | 0 | 0 |
| Amortisation for the period | -2 | -2 |
| Net carrying amount at end of year | 13 | 13 |
| Comprising: | | |
| Gross carrying amounts | 712 | 714 |
| Accumulated amortisation | -699 | -700 |
| | 13 | 14 |

18. FINANCIAL INSTRUMENTS

a) Categories of Financial Instruments

A financial instrument is a contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Non-exchange transactions, such as those relating to taxes and government grants, do not give rise to financial instruments and therefore have been excluded from the table below.

The following categories of financial instruments are carried in the balance sheet:

| | Non Current | | Current | |
|---|---------------------------|---------------------------|---------------------------|---------------------------|
| | 31 March 2021 £'000 | 31 March 2022 £'000 | 31 March 2021 £'000 | 31 March 2022 £'000 |
| <u>Financial Assets at Amortised Cost</u> | | | | |
| Long Term Investments | 110 | 110 | 0 | 0 |
| Long Term Debtors | 262 | 2,661 | 0 | 0 |
| Deposits in Money Market Funds | 0 | 0 | 12,670 | 25,675 |
| Bank Current Accounts | 0 | 0 | 2,586 | 2,815 |
| Operational Debtors | 0 | 0 | 10,832 | 9,280 |
| Total Financial Assets | 372 | 2,771 | 26,089 | 37,769 |
| <u>Financial Liabilities at Amortised Cost</u> | | | | |
| Borrowings | 99,387 | 94,384 | 567 | 5,567 |
| Operational Creditors | 0 | 0 | 8,174 | 13,109 |
| Total Financial Liabilities | 99,387 | 94,384 | 8,741 | 18,676 |

Amortised cost - typically consists of the outstanding principal (plus accrued interest) payable or receivable and in the case of financial assets, any allowances made for potential credit losses.

Effective interest rate - the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to the amount at which it was originally recognised.

Material Soft Loans Made by the Council

There have been no material soft loans made by the Council.

b) Income, Expense, Gains and Losses

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

| Measured at Amortised Cost: | Financial Liabilities £'000 | Financial Assets £'000 | Total £'000 | Financial Liabilities £'000 | Financial Assets £'000 | Total £'000 |
|---|--------------------------------|---------------------------|----------------|--------------------------------|---------------------------|----------------|
| Interest expense | 4,288 | 0 | 4,288 | 4,277 | 0 | 4,277 |
| Finance lease Interest | 0 | 0 | 0 | 0 | 0 | 0 |
| Reductions in fair value | 0 | 0 | 0 | 0 | 0 | 0 |
| Impairment losses | 0 | 0 | 0 | 0 | 0 | 0 |
| Fee expense | 0 | 0 | 0 | 0 | 0 | 0 |
| Total expense in Surplus(-) or Deficit on the Provision of Services | 4,288 | 0 | 4,288 | 4,277 | 0 | 4,277 |
| Interest income | 0 | -276 | -276 | 0 | -290 | -290 |
| Total income in Surplus(-) or Deficit on the Provision of Services | 0 | -276 | -276 | 0 | -290 | -290 |
| Gains/Loss on revaluation | 0 | 0 | 0 | 0 | 0 | 0 |
| Net gain(-)/loss for the year | 4,288 | -276 | 4,012 | 4,277 | -290 | 3,988 |

c) Financial Instruments – Fair Value

The fair value of financial liabilities held at amortised cost is higher than their balance sheet carrying amount because the money was borrowed when interest rates were higher than they are now. The table shows the amounts held at 31st March 2022 and the fair value reported in the 2021/22 accounts.

| | 2020/21 | | 2021/22 | |
|------------------------------------|--------------------------|---------------------|--------------------------|---------------------|
| | Carrying amount £'000 | Fair value £'000 | Carrying amount £'000 | Fair value £'000 |
| PWLB debt | 67,363 | 85,569 | 67,363 | 79,486 |
| Non-PWLB debt | 32,024 | 54,989 | 31,500 | 49,654 |
| Short term borrowing | 567 | 567 | 5,567 | 5,567 |
| Short term creditors | 8,174 | 8,174 | 13,109 | 13,109 |
| Total Financial Liabilities | 108,128 | 149,299 | 117,539 | 147,816 |
| Money market loans < 1 year | 12,670 | 12,670 | 25,675 | 25,675 |
| Long Term Investments | 110 | 110 | 110 | 110 |
| Short term debtors | 10,832 | 10,832 | 9,280 | 9,280 |
| Long term debtors | 244 | 244 | 2,646 | 2,646 |
| Bank Current Accounts | 2,586 | 2,586 | 2,815 | 2,815 |
| Total Assets | 26,442 | 26,442 | 40,526 | 40,526 |

The fair value measurements shown above are based on level 2 inputs, which are inputs other than quoted prices that are observable for the asset or liability. Their fair values have been assessed by calculating the present value of the cash flows that take place over the remaining life of the instruments on the following basis:

- PWLB debt - PWLB premature repayment rates have been applied to provide the fair value under PWLB debt redemption procedures.
- Non-PWLB debt - PWLB premature repayment rates have also been applied as a reasonable proxy in the absence of quoted prices from the lender (no early repayment or impairment is recognised);
- Trade payables / receivables - the fair value is taken to be the invoiced or billed amount;
- Other instruments a maturity of less than 12 months - the fair value is taken to be the carrying amount.

The fair value of the liabilities is greater than the carrying amount as the Council has a number of fixed rate loans where the interest rate payable is higher than the rates available for similar loans in the market at the balance sheet date. This shows a notional future loss (based on economic conditions at 31st March

2022) arising from a commitment to pay interest to lenders above current market rates and reflects the higher penalty charge that would be payable for early redemption.

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.

Valuation Assumptions

Short term investments held at 31st March 2022 amounted to £28.49m, consisting of £25.67m of Money Market Funds and £2.81m of Call Account deposits where, the rate only alters with movements in the Bank rate. No formal calculation of the effective interest rate (EIR) is necessary, and the carrying amount is a reasonable approximation of the fair value.

Debtors and creditors, both of which are instruments of short duration, with no formal EIR are at fair value.

19. INVENTORIES

The following table shows the breakdown of inventories carried in the Balance Sheet.

The Council holds stock of consumable items totalling £161k (£145k in 2020/21)

| | Housing Stocks | | Consumable Stores | | Maintenance Materials | | Total | |
|----------------------------------|----------------|------------|-------------------|-----------|-----------------------|-----------|------------|------------|
| | 20/21 | 21/22 | 20/21 | 21/22 | 20/21 | 21/22 | 20/21 | 21/22 |
| | £000 | £000 | £000 | £000 | £000 | £000 | £000 | £000 |
| Opening Balances | 103 | 118 | 31 | 15 | 42 | 12 | 176 | 145 |
| Purchases | 230 | 464 | 356 | 460 | 191 | 239 | 777 | 1,163 |
| Recognised as an expense in year | -232 | -453 | -358 | -444 | -205 | -249 | -795 | -1,146 |
| Written off balances | 17 | -9 | -14 | -7 | -16 | 15 | -13 | -1 |
| Closing Balances | 118 | 120 | 15 | 24 | 12 | 17 | 145 | 161 |

20. DEBTORS

The following table identifies the breakdown of debtors owing the Council

| | 2020/21 | 2021/22 |
|--------------------------------|---------------|---------------|
| | £'000 | £'000 |
| Central Government Bodies | 2,173 | 991 |
| Other Local Authorities | 4,088 | 2,282 |
| NHS Bodies | 0 | 0 |
| Other Entities and Individuals | 12,493 | 11,596 |
| Short Term Debtors | 18,754 | 14,869 |
| Other Entities and Individuals | 262 | 2,661 |
| Long Term Debtors | 262 | 2,661 |
| Total Debtors | 19,016 | 17,530 |

21. CASH AND CASH EQUIVALENTS

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

| | 2020/21 £'000 | 2021/22 £'000 |
|--|------------------|------------------|
| Cash held by the Council | 1 | 1 |
| Cash in transit | 533 | 405 |
| Bank current accounts | 2,052 | 2,408 |
| Short-term liquid deposits | 12,670 | 25,675 |
| Total Cash and Cash Equivalents | 15,256 | 28,489 |

22. ASSETS HELD FOR SALE

During 2020/21 non-current assets valued at £2.840m were classified as held for sale, as it is the Council's intention to sell these assets during 2022/23.

| | 2020/21 £'000 | 2021/22 £'000 |
|---|------------------|------------------|
| Balance outstanding at start of year | 3,089 | 3,302 |
| Assets newly classified as held for sale: | | |
| Property, Plant and Equipment | 1,273 | 2,840 |
| Assets sold | -1,060 | -1,874 |
| Balance outstanding at year-end | 3,302 | 4,268 |

23. CREDITORS

The following table identifies a breakdown of the Council's creditors:

| | 2020/21 £'000 | 2021/22 £'000 |
|--------------------------------|------------------|------------------|
| Central Government Bodies | 4,877 | 9,909 |
| Other Local Authorities | 469 | 1,537 |
| Other Entities and Individuals | 8,837 | 13,979 |
| Short Term Creditors | 14,183 | 25,425 |
| Other Entities and Individuals | 1,157 | 988 |
| Long Term Creditors | 1,157 | 988 |
| Total Creditors | 15,340 | 26,413 |

24. PROVISIONS

The Council has the following provisions:

| | Insurance Claims £'000 | Business Rates £'000 | Other Provisions £'000 | Total £'000 |
|--|------------------------------|----------------------------|------------------------------|----------------|
| | | | | |

| | | | | |
|--|------------|--------------|------------|--------------|
| Short Term Balance at 1 April 2021 | 218 | 451 | 119 | 788 |
| Additional provisions made in year | 45 | -195 | 7 | -143 |
| Amounts used in year | -33 | -181 | 0 | -214 |
| Transfer from Long Term | 0 | 0 | 0 | 0 |
| Unused amounts reversed in year | 0 | 0 | -44 | -44 |
| Short Term Balance at 31 March 2022 | 230 | 75 | 82 | 388 |
| Long Term Balance at 1 April 2021 | 0 | 2,181 | 0 | 2,181 |
| Additional provisions made in year | 0 | -411 | 0 | -411 |
| Amounts used in year | 0 | 0 | 0 | 0 |
| Transfer to Short Term | 0 | 0 | 0 | 0 |
| Unused amounts reversed in year | 0 | 0 | 0 | 0 |
| Long Term Balance at 31 March 2022 | 0 | 1,770 | 0 | 1,770 |

Insurance Claims

All insurance claims are individually insignificant, however, they relate to claims where the Council is alleged to be at fault (e.g. a failure to properly maintain a road or pavement in its ownership.) Provision is made for those claims where it is deemed probable that the Council will have to make a settlement, based on past experience of court decisions about liability and the amount of damages payable. All outstanding claims are expected to be settled within 12 months. The Council may be reimbursed by its insurers, but until claims are actually settled no income is recognised as the insurers will only reimburse amounts above a £15,000 excess.

Business Rates Appeals

This provision sets aside sums for the Council's element of anticipated appeals that may arise in respect of Business Rates. The full liability is expected to be circa £4.612m, but the difference is to be met by major preceptors – being Central Government (50%), Nott's County Council (9%) and Fire Authority (1%). The Council's proportion being 40% of the total provision, which is £1.845m (£2.632m in 2020/21).

Other Provisions

All other provisions are individually insignificant.

25. USABLE RESERVES

Movements in the Council's usable reserves are detailed in the Movement in Reserves Statement. The movement in the earmarked reserves in 2021/22 includes the use of the £5.570m section 31 business rate relief compensation grant that was used in 2021/22 to offset the deficit in the Collection Fund. A summary of the General Fund, HRA and capital usable reserves is shown below:

| USABLE RESERVES | 2020/21 | 2021/22 |
|------------------------------|----------------|----------------|
| | £'000 | £'000 |
| General Fund Balance | 4,687 | 4,687 |
| Earmarked Reserves | 15,560 | 11,692 |
| Housing Revenue Account | 4,830 | 6,306 |
| Capital Receipts Reserve | 2,339 | 1,322 |
| Major Repairs Reserve | 849 | 552 |
| Capital Grants Unapplied | 15,283 | 20,111 |
| Total Usable Reserves | 43,548 | 44,670 |

26. UNUSABLE RESERVES

The table below shows the unusable reserves held by the Council:

| UNUSABLE RESERVES | 2020/21 | 2021/22 |
|----------------------------|----------------|----------------|
| | £'000 | £'000 |
| Revaluation Reserve | 153,186 | 197,889 |
| Capital Adjustment Account | 118,297 | 116,404 |

| | | |
|--|----------------|----------------|
| Financial Instruments Adjustment Account | -501 | -497 |
| Pensions Reserve | -90,394 | -77,262 |
| Deferred Capital Receipts Reserve | 16 | 16 |
| Collection Fund Adjustment Account | -8,387 | -2,318 |
| Accumulated Absences Account | -28 | -7 |
| Total Unusable Reserves | 172,189 | 234,213 |

A). Revaluation Reserve

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

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

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

| REVALUATION RESERVE | 2020/21 | 2021/22 |
|---|----------------|----------------|
| | £'000 | £'000 |
| Balance at 1 April | 130,822 | 153,186 |
| Upward revaluations of assets | 29,221 | 47,085 |
| Downward revaluation of assets and impairment losses not charged to the Surplus/Deficit on the Provision of Services | -6,827 | -2,381 |
| Surplus or deficit(-) on revaluation of non-current assets not posted to the Surplus or Deficit on the Provision of Services | 22,394 | 44,703 |
| Difference between fair value depreciation and historical cost depreciation | -1 | 0 |
| Accumulated gains on assets sold or scrapped | -29 | 0 |
| Amount written off to the Capital Adjustment Account | -30 | 0 |
| Balance at 31 March | 153,186 | 197,889 |

B). Capital Adjustment Account

The Capital Adjustment Account absorbs the timing differences arising from the different arrangements for accounting for the consumption of non-current assets and for financing the acquisition, construction or enhancement of those assets under statutory provisions. The account is debited with the cost of acquisition, construction or enhancement as depreciation, impairment losses and amortisations are charged to the Comprehensive Income and Expenditure Statement (with reconciling postings from the Revaluation Reserve to convert fair value figures to 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.

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

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

| CAPITAL ADJUSTMENT ACCOUNT | 2020/2 1 £'000 | 2021/2 2 £'000 |
|--|----------------------|----------------------|
| Balance at 1 April | 118,403 | 118,297 |
| Reversal of items relating to capital expenditure debited or credited to the CIES | | |
| Charges for depreciation and impairment of non-current assets | -14,266 | -14,115 |
| Revaluation losses on Property, Plant and Equipment | -1,786 | -1,782 |
| Amortisation of intangible assets | 0 | 0 |
| Donated Assets | 0 | 0 |
| Revenue expenditure funded from capital under statute | -1,722 | -1,130 |
| Amounts of non-current assets written off on disposal or sale as part of the gain(-) / loss on disposal to the CIES | -1,203 | -1,877 |
| | -18,977 | -18,905 |
| Adjusting amounts written out of the Revaluation Reserve | 29 | 0 |
| Net written out amount of the cost of non-current assets consumed in the year | -18,948 | -18,905 |
| Capital financing applied in the year: | | |
| Use of Capital Receipts Reserve to finance new capital expenditure | 2,294 | 2,145 |
| Use of Major Repairs Reserve to finance new capital expenditure & repayment of debt | 10,646 | 6,993 |
| Capital grants and contributions credited to the CIES that have been applied to capital financing | 3,041 | 5,252 |
| Applications of grants to capital financing from the Capital Grant Unapplied Account | 1,759 | 1,767 |
| Statutory provision for the financing of capital investment charged against the General Fund and HRA balances | 597 | 637 |
| Capital expenditure charged against the General Fund and HRA balances | 504 | 218 |
| | 18,841 | 17,012 |
| Adjustment between Capital Adjustment Account and Revaluation Reserve for depreciation that relates to the revaluation balance rather than historic cost | 1 | 0 |
| Balance at 31 March | 118,297 | 116,404 |

C). Financial Instruments Adjustment Account

The Financial Instruments Adjustment Account (FIAA) absorbs the timing differences arising from the different arrangements for accounting for income and expenses relating to certain financial instruments and for bearing losses or benefiting from gains per statutory provisions (for example premiums / discounts on the early redemption of loans and changes to the effective interest rate for stepped interest loans).

Premiums / Discounts:

Premiums are debited to the Comprehensive Income and Expenditure Statement when they are incurred, but reversed out of the General Fund Balance to the FIAA in the Movement in Reserves Statement. Over time, the expense is posted back to the General Fund Balance and HRA in accordance with statutory arrangements for spreading the burden on council tax. In the Council's case, this period is the unexpired term that was outstanding on the loans when they were redeemed.

Stepped Interest Loans:

An adjustment is posted to the Comprehensive Income and Expenditure Statement each year to reflect the difference between the interest payable under the loan agreement and the amount determined by the effective interest rate calculation. These adjustments are then reversed out of the General Fund Balance to the FIAA in the Movement in Reserves Statement, in accordance with statutory arrangements for spreading the burden on council tax. The cumulative adjustments are reflected in the carrying amount of

the loan, which is why the carrying amount of the Council's non-PWLB debt is much higher than the outstanding principal.

| FINANCIAL INSTRUMENTS ADJUSTMENT ACCOUNT | 2020/21 £'000 | 2021/22 £'000 |
|--|------------------|------------------|
| Balance at 1 April | -515 | -501 |
| Differences between statutory debits/credits and amounts recognised as income and expenditure in relation to financial instruments | 14 | 4 |
| Balance at 31 March | -501 | -497 |

D). Pensions Reserve

The Pensions Reserve absorbs the timing differences arising from the different arrangements for accounting for post-employment benefits and for funding benefits in accordance with statutory provisions. The 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 pension funds or eventually pays any pensions for which it is directly responsible. The debit balance on the Pension 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.

| PENSION RESERVE ACCOUNT | 2020/21 £'000 | 2021/22 £'000 |
|--|------------------|------------------|
| Balance at 1 April | -68,346 | -90,394 |
| Re-measurements of the net defined benefit liability/(asset) | -18,189 | 17,401 |
| Reversal of items relating to retirement benefits debited or credited to the Surplus or Deficit on the Provision of Services in the CIES | -7,411 | -7,411 |
| Employers pensions contributions and direct payments to pensioners payable in the year | 3,552 | 3,129 |
| Timing difference | 0 | 13 |
| Balance at 31 March | -90,394 | -77,262 |

E). Deferred Capital Receipts Reserve

The Deferred Capital Receipts Reserve holds the gains recognised on the disposal of non-current assets but for which cash settlement has yet to take place. Under statutory arrangements, the 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 Capital Receipts Reserve.

| DEFERRED CAPITAL RECEIPTS RESERVE | 2020/21 £'000 | 2021/22 £'000 |
|---|------------------|------------------|
| Balance at 1 April | 16 | 16 |
| Transfer of deferred capital receipt repayable credited as part of the gain / loss(-) on disposal to the CIES | 0 | 0 |

| | | |
|--------------------------------------|-----------|-----------|
| Transfer to Capital Receipts Reserve | 0 | 0 |
| Balance at 31 March | 16 | 16 |

F). Collection Fund Adjustment Account

The Collection Fund Adjustment Account manages the differences arising from the recognition of council tax and non-domestic rates income in the Comprehensive Income and Expenditure Statement as it falls due from council tax payers and business rate payers compared with the statutory arrangements for paying across amounts to the General Fund from the Collection Fund. The significant increase in the year is due to the increase in the deficit between the position estimated in January 2020 prior to Covid-19 and the position at 31st March 2022. The increase in the deficit arises mainly from additional reliefs awarded and in increase in the provision for appeals.

| COLLECTION FUND ADJUSTMENT ACCOUNT | 2020/21 | 2021/22 |
|---|---------------|---------------|
| | £'000 | £'000 |
| Balance at 1 April | -820 | -8,387 |
| Amount by which council tax income and non-domestic rating income credited to the CIES is different from council tax and non-domestic rating income calculated for the year in accordance with statutory requirements | -7,567 | 6,069 |
| Balance at 31 March | -8,387 | -2,318 |

G). Short Term Compensated Absences Adjustment Account

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

| SHORT TERM COMPENSATED ABSENCES ADJUSTMENT ACCOUNT | 2020/21 | 2021/22 |
|---|------------|------------|
| | £'000 | £'000 |
| Balance at 1 April | -73 | -28 |
| Amount by which officer remuneration charged to the CIES on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements | 45 | 21 |
| Balance at 31 March | -28 | -7 |

27. CASH FLOW STATEMENTS

A). Cash Flow Statement – Operating Activities

The cash flows for Operating Activities include the following items:

| | 2020/21 | 2021/22 |
|-------------------|---------------|---------------|
| | £'000 | £'000 |
| Interest received | 276 | 290 |
| Interest paid | -4,292 | -4,277 |
| | -4,016 | -3,987 |

The surplus or deficit on the provision of services has been adjusted for the following non-cash movements:

| | 2020/21 | 2021/22 |
|--|---------|---------|
| | £'000 | £'000 |

| | | |
|--|---------------|---------------|
| Depreciation | 14,266 | 14,115 |
| Impairment and downward valuations | 1,786 | 1,782 |
| Amortisation | 0 | 0 |
| Increase/Decrease(-) in Creditors | 2,015 | 5,299 |
| Increase/Decrease(-) in Debtors | -326 | 3,082 |
| Increase/Decrease(-) in Inventories | 31 | -16 |
| Movement in Pension Liability | 2,051 | 5,157 |
| Other non-cash items charged to the net surplus or deficit on the provision of services | 826 | -812 |
| Carrying amount of non-current assets and non-current assets held for sale, sold or derecognised | 1,203 | 1,877 |
| | 21,852 | 30,485 |

The surplus or deficit on the provision of services has been adjusted for the following items that are investing and financing activities:

| | 2020/21 £'000 | 2021/22 £'000 |
|--|------------------|------------------|
| Proceeds from the sale of property, plant and equipment | -565 | -1,744 |
| Any other items for which the cash effects are investing or financing cash flows | -9,307 | -11,847 |
| | -9,872 | -13,591 |

B). Cash Flow Statement – Investing Activities

| | 2020/21 £'000 | 2021/22 £'000 |
|---|------------------|------------------|
| Purchase of Property, Plant and Equipment | -14,578 | -20,514 |
| Purchase of short-term and long-term Investments | 0 | 0 |
| Other payments for investing activities | -247 | -2,345 |
| Proceeds from the sale of Property, Plant and Equipment | 565 | 1,744 |
| Other receipts from investing activities | 9,307 | 11,847 |
| Net cash flows from investing activities | -4,953 | -9,268 |

C). Cash Flow Statement – Financing Activities

| | 2020/21 £'000 | 2021/22 £'000 |
|---|------------------|------------------|
| Repayments of short and long term borrowings | 0 | 0 |
| Other payments for financing activities | -2,039 | 6,564 |
| Net cash flows from financing activities | -2,039 | 6,564 |

28. ACQUIRED AND DISCONTINUED OPERATIONS

There have been no acquired or discontinued operations during 2021/22 financial year.

29. AGENCY INCOME AND EXPENDITURE

Due to a change in accounting policy introduced by the SORP 2009, the Council is now deemed to act as an agent for Nottinghamshire County Council, Nottinghamshire Police and Crime Commissioner and Nottinghamshire Fire and Rescue Authority in respect of the collection of Council Tax. In addition, the Council acts as agent for the Government in the collection of National Non-Domestic Rates. All relevant disclosures are contained within the notes of the Collection Fund.

30. EXPENDITURE ON MEMBERS' ALLOWANCES

The Council makes payment to Councillors for work undertaken in the course of their duties. The following amounts were paid to members of the Council during the year:

| | 2020/21 £'000 | 2021/22 £'000 |
|----------------------------------|------------------|------------------|
| Basic Allowance | 223 | 229 |
| Special Responsibility Allowance | 93 | 92 |

| | | |
|------------------------------------|------------|------------|
| Travelling & Subsistence Allowance | 2 | 1 |
| Total | 318 | 322 |

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31. OFFICERS' REMUNERATION AND TERMINATION BENEFITS

OFFICER REMUNERATION

The Council is required to disclose the remuneration of senior employees; defined as those who are members of the Senior Management Team, those holding statutory posts, or those whose remuneration is £150,000 or more per year. Remuneration for senior staff includes the employer's contribution to the pension fund as shown below:

| 2021/22 | Notes | * Salary, Fees & Allowances £ | Expense Allowances £ | Compensation for Loss of Office £ | Pension contributions £ | Total £ |
|---|-------|----------------------------------|-------------------------|--------------------------------------|----------------------------|----------------|
| Chief Executive | a | 72,962 | 497 | 0 | 14,244 | 87,704 |
| Chief Executive | b | 55,489 | 128 | | 9,209 | 64,826 |
| Assistant Chief Executive | a | 38,525 | 83 | 0 | 7,551 | 46,159 |
| Director of Regeneration & Neighbourhood Services | c | 0 | 0 | 0 | 0 | 0 |
| Director of Corporate Resources | | 86,978 | 190 | 0 | 16,960 | 104,128 |
| Head of Finance and Property Services | d | 3,155 | 3 | 0 | 618 | 3,777 |
| Head of Corporate Services | | 62,759 | 171 | 0 | 13,708 | 76,639 |
| Head of Regeneration Services | | 67,900 | 630 | 0 | 13,743 | 82,274 |
| Head of Housing Services | | 70,325 | 68 | 0 | 13,708 | 84,101 |
| Head of Neighbourhood Services | | 59,421 | 452 | 0 | 13,242 | 73,115 |
| Head of People and Culture | | 54,001 | 68 | 0 | 12,778 | 66,847 |

* Salaries, Fees and Allowances include elements such as allowances for election responsibilities.

NOTES:

- a. The Assistant Chief Executive took up the role of Interim Chief Executive week effective 20.08.2021
- b. Left 19.08.2021
- c. Position vacant since July 2020
- d. Commenced week effective 14.03.2022

PREVIOUS YEAR COMPARISON

| 2020/21 | Notes | * Salary, Fees & Allowances £ | Expense Allowances £ | Compensation for Loss of Office £ | Pension contributions £ | Total £ |
|---|-------|----------------------------------|-------------------------|--------------------------------------|----------------------------|------------|
| Chief Executive | | 121,404 | 68 | 0 | 23,603 | 145,075 |
| Assistant Chief Executive | a | 64,232 | 45 | 0 | 12,588 | 76,865 |
| Director of Regeneration & Neighbourhood Services | a | 29,974 | 23 | 0 | 5,875 | 35,872 |
| Director of Corporate Resources | b | 15,715 | 0 | 2,151 | 3,075 | 20,941 |
| Interim Director of Corporate Resources | c | 55,300 | 45 | 0 | 10,834 | 66,179 |
| Head of Finance and Property Services | c | 25,264 | 23 | 0 | 4,952 | 30,239 |
| Head of Corporate Services | | 68,934 | 68 | 0 | 13,505 | 82,507 |
| Head of Regeneration Services | | 68,903 | 67.8 | 0 | 13,505 | 82,476 |
| Head of Housing Services | | 68,903 | 68 | 0 | 13,505 | 82,476 |
| Head of Neighbourhood Services | | 63,204 | 67.8 | 0 | 12,388 | 75,660 |
| Interim Head of People and Culture | d | 41,270 | 45 | 0 | 8,087 | 49,402 |
| HR Service Manager | d | 16,767 | 22.6 | 0 | 3,286 | 20,076 |

* Salaries, Fees and Allowances include elements such as allowances for election responsibilities - During 2019/20 3 elections took place; Districts, European and General.

NOTES a. The post holder's hours were reduced from 37 to 22.20 per week from May 2018.

b. The post holder left the Council 31 January 2020

c. The post holder commenced with the Council 9 March 2020

d. The HR Manager took up the role of Interim Head of People & Culture from 01.08.2020

DRAFT

The Council is required to show the number of staff who are paid more than £50,000 a year. This is shown in the table below. Pay includes salary, redundancy, taxable travel and other taxable costs. These figures do not include employer's pension contributions. This table includes those staff that were included in the preceding tables.

| Remuneration band | Number of Employees | |
|-------------------|---------------------|-----------|
| | 2020/21 | 2021/22 |
| £50,000-£54,999 | 6 | 4 |
| £55,000-£59,999 | 1 | 5 |
| £60,000-£64,999 | 1 | 0 |
| £65,000-£69,999 | 3 | 1 |
| £70,000-£74,999 | 0 | 1 |
| £75,000-£79,999 | 0 | 0 |
| £80,000-£84,999 | 1 | 0 |
| £85,000-£89,999 | 0 | 1 |
| £90,000-£94,999 | 1 | 0 |
| £95,000-£99,999 | 0 | 0 |
| £100,000-£104,999 | 0 | 0 |
| £105,000-£109,999 | 0 | 0 |
| £110,000-£114,999 | 0 | 1 |
| £115,000-£119,999 | 0 | 0 |
| £120,000-£124,999 | 1 | 0 |
| £125,000-£129,999 | 0 | 0 |
| £130,000-£134,999 | 0 | 0 |
| £135,000-£139,999 | 0 | 0 |
| Total | 14 | 13 |

TERMINATION BENEFITS

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 | |
|--|--|----------|--|----------|---|----------|---|----------|
| | 2020/21 | 2021/22 | 2020/21 | 2021/22 | 2020/21 | 2021/22 | 2020/21 | 2021/22 |
| £0 - £20,000 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | £0 |
| £20,001 - £40,000 | 0 | 0 | 0 | 0 | 0 | 0 | £0 | £0 |
| £40,001 - £60,000 | 0 | 0 | 1 | 1 | 1 | 1 | £48,561 | £0 |
| £60,001 - £80,000 | 0 | 0 | 1 | 0 | 1 | 0 | £0 | £0 |
| £80,001 - £100,000 | 0 | 0 | 0 | 0 | 0 | 0 | £0 | £0 |
| £100,001 - £150,000 | 0 | 0 | 0 | 0 | 0 | 0 | £0 | £0 |
| Total | 0 | 0 | 2 | 1 | 2 | 1 | 48,561.00 | 0 |

32. EXTERNAL AUDIT COSTS

From 1st April 2015 the appointment of External Auditors to Local Authorities has been undertaken by Public Sector Audit Appointments Limited (PSAA), an independent company limited by guarantee and incorporated by the Local Government Association in August 2014. With effect from 1st April 2018 Mazars LLP became the appointed auditor for the Council. The fees incurred relating to external audits and statutory inspections carried out by Mazars LLP is shown in the table below:

| | 2020/21 | 2021/22 |
|--|-----------|-----------|
| | £'000 | £'000 |
| Fees payable with regard to external audit services carried out by the appointed auditor for the year (Mazars) | 44 | 44 |
| Additional fees incurred in relation to the 2020/21 annual audit (Mazars) | 12 | 12 |
| Other services provided by Mazars during the year | 3 | 3 |
| Total | 59 | 59 |

33. GRANT INCOME

The Council credited the following grants, contributions and donations to the Comprehensive Income and Expenditure Statement.

| | 2020/21 | 2021/22 |
|--|---------------|---------------|
| | £'000 | £'000 |
| Credited to Taxation and Non Specific Grant Income & Expenditure: | | |
| Covid Support Grants | 8,760 | 5,380 |
| New Homes Bonus Grant | 1,146 | 822 |
| Revenue Support Grant | 228 | 173 |
| Council Tax Support Admin Grant | 126 | 133 |
| Other Revenue Grants | 427 | 361 |
| Capital Related: | | |
| Developers Contributions | 1,159 | 310 |
| Other Capital grants | 5,749 | 3,950 |
| Total | 17,595 | 11,129 |
| Credited to Services: | | |
| Housing Benefits Subsidy | 18,795 | 18,224 |
| Business Rates - Collection Allowance | 168 | 167 |
| Homelessness Grants | 178 | 188 |
| National Lottery Grants | 82 | 63 |
| Flooding Grant | 628 | 776 |
| Capital Related: | | |
| Better Care Fund - Disabled Facilities Grant | 1,371 | 132 |

The Council has received a number of grants, contributions and donations that have yet to be recognised as income as they have conditions attached to them that require the monies or property to be returned to the giver. The balances at year end are as follows:

| | 2020/21 | 2021/22 |
|---|------------|------------|
| | £'000 | £'000 |
| Revenue grants receipts in advance: | | |
| H.B. Subsidy | 70 | 70 |
| Coronavirus Grant | 416 | 179 |
| Pilgrims Roots Project HLF Grants | 15 | 24 |
| Tackling Alcohol and HLF Grants | 18 | 18 |
| Total revenue grants receipts in advance | 519 | 291 |
| Developer contributions receipts in advance: | | |
| Short-Term Creditor | 3 | 3 |
| Long-Term Creditor | 1,157 | 988 |

34. RELATED PARTIES

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

Central Government

Central Government has significant influence over the general operations of the Council – it is responsible for providing the statutory framework, within which the Council operates, provides funding in the form of grants and prescribes the terms of many of the transactions that the Council has with other parties (e.g. Council Tax Bills and Housing Benefits). Grants received from government departments are set out in Note 8, Expenditure and Income Analysed by Nature. Grant receipts outstanding are shown in Note 33.

Members of the Council

The total members' allowances paid are shown in Note 30. The Council, in accordance with the Members Code of Conduct, maintains a register of pecuniary and non-pecuniary interests disclosed by members which is open to public inspection and is accessible via the Council's website. The following Members hold positions of control or significant influence in related parties to the Council during 2021/22:

Cllr June Evans is currently the Chairperson of Harworth and Bircotes Town Council. There were no significant transactions with the Town Council during the year.

There are also 5 Council Members that are trustees of the Sir Stuart and Lady Florence Goodwin Charity. There have been no transactions in the year with this Charity, and the Council holds no balances at year end.

Senior Officers - there are no significant related parties that need to be disclosed.

Other Public Bodies – Material transactions have occurred with the following parties:

- A) Nottinghamshire County Council**
 - Pension Fund as disclosed in Note 39
 - Preceptor as disclosed in the Collection Fund Note A.
 - Nottinghamshire Parking Partnership
- B) Nottinghamshire Police and Crime Commissioner and Nottinghamshire Fire and Rescue Authority** – preceptors as disclosed in the Collection Fund Note A.
- C) Parish Councils** – preceptors as disclosed in Note 11

- D) Nottingham City Council** – provides procurement services to the Council. The annual fee for this service is £35,700

Trading Organisations

In September 2017 the Council established a Company called **Bersahill**. Bersahill is a joint venture between the Council and Woodhead Regeneration Limited with each party holding 50% of the shares. Bersahill is an innovative public private joint venture, designed to reinvigorate the area by creating construction and employment opportunities, through the direct delivery of developments in the local area. The company commenced trading during 2020/21 and the Council has provided £2.470M in loans/contributions towards the project in accordance with the terms of any contractual agreements. The development of 26 new homes (of which 4 are affordable) is now well underway and is expected to be completed during 2022/23.

In October 2017 the Council registered with Companies House a Local Authority Trading Company under the name of **S80 Partnership** and 3 directors were appointed. S80 Partnership Ltd has been established by the Council through which services can be offered on a commercial basis. The Council is the sole shareholder.

35. CAPITAL EXPENDITURE AND FINANCING

The total amount of capital expenditure incurred in the year is shown in the table below, together with the resources that have been used to finance it.

Where capital expenditure is to be financed in future years by charges to revenue as assets are used by the Council, the expenditure results in an increase in the Capital Financing Requirement (CFR), a measure of the capital expenditure incurred historically by the Council that has yet to be financed. The movement on the CFR is analysed in the second part of this note.

| | 2020/21 £'000 | 2021/22 £'000 |
|--|------------------|------------------|
| Opening Capital Financing Requirement | 120,354 | 117,390 |
| Capital Investment: | | |
| Property, Plant and Equipment | 13,910 | 20,973 |
| Investment Properties | 0 | 0 |
| Intangible Assets | 0 | 0 |
| Revenue Expenditure Funded from Capital Under Statute (REFCUS) | 1,723 | 1,130 |
| Other | 244 | 2,345 |
| Sources of Finance | | |
| Capital Receipts | -2,294 | -2,145 |
| Grants and Contributions | -4,801 | -7,094 |
| Earmarked Reserves | | |
| Major Repairs Reserve (MRR) | -10,646 | -6,993 |
| Sums set aside from Revenue (includes MRP) | -1,100 | -855 |
| Closing Capital Financing Requirements | 117,390 | 124,751 |

Explanation of Movements in Year

| | | |
|--|---------------|--------------|
| Increase in underlying need to borrow (unsupported by Government financial assistance) | 906 | 7,998 |
| Less voluntary set aside MRR | -3,273 | 0 |
| Less set aside MRP | -597 | -637 |
| Increase/(-) Decrease in Capital Financing Requirement | -2,964 | 7,361 |

Split on Capital Financing Requirement between General Fund and Housing Revenue Account

| | | |
|-------------------------|----------------|----------------|
| General Fund | 25,249 | 28,278 |
| Housing Revenue Account | 92,141 | 96,473 |
| | 117,390 | 124,751 |

36. LEASES

Bassetlaw District Council as Lessee

Finance Leases

At 31 March 2022 the Council had no finance leasing arrangements and none at 31 March 2021.

Operating Leases

At 31 March 2022 the Council had no operating leasing arrangements and none at 31 March 2021.

Bassetlaw District Council as a Lessor

Finance Leases

There are no leases classified as finance leases.

Operating Leases

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

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

The minimum lease payments receivable in future years are as shown in the table below:

| | 2020/21 | 2021/22 |
|---|--------------|--------------|
| | £'000 | £'000 |
| Not later than one year | 238 | 238 |
| Later than one year and not later than five years | 184 | 184 |
| Later than five years | 723 | 723 |
| Total future minimum lease payments receivable | 1,145 | 1,145 |

37. IMPAIRMENT LOSSES

The Council is required to disclosure by class of assets the amounts for impairment losses and impairment reversals charged to the surplus or deficit on the provision of services and to other comprehensive income and expenditure. These disclosures are consolidated in [note 14](#) reconciling the movement over the year in the property, plant and equipment balances.

There were no impairment losses recognised in 2021/22 (nil in 2020/21)

38. NATURE AND EXTENT OF RISKS ARISING FROM FINANCIAL INSTRUMENTS

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

| THE KEY RISKS ARE: | |
|--------------------------|---|
| 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; |
| RE-FINANCING RISK | The possibility that the Council might be requiring to renew a financial instrument on maturity at disadvantageous interest rates or terms; |
| MARKET RISK | The possibility that financial loss might arise for the Council as a result of changes in such measures as interest rates movements. |

Overall procedures for managing risk

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.

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 risk, credit risk and the investment of surplus cash.

By approving annually in advance prudential and treasury indicators for the following three years in compliance with Government guidance, limiting:

- the Council's overall borrowing;
- its management of interest rate exposures;
- its maximum and minimum exposures to the maturity structure of its debt; and
- its maximum exposure to investments maturing beyond a year and to selected investment counterparties.

Credit risk

Credit risk arises from deposits with banks and financial institutions, as well as credit exposures to the Council's customers. This risk is minimised through the Treasury Management Strategy (TMS), which requires that deposits are not made with financial institutions unless they meet identified minimum credit criteria, in accordance with the Fitch, Moody's and Standard & Poor's Credit Ratings Services. The TMS for 2021/22 was approved by Full Council on 4th March 2021.

The Council's maximum exposure to credit risk in relation to its investments in financial institutions of £1m cannot be assessed generally as the risk of any institution failing to make interest payments or repay the principal sum will be specific to each individual institution. Recent experience has shown that it is rare for such entities to be unable to meet their commitments. There remains a risk that the Council's deposits could be unrecoverable in the event of an institution failing, there was no evidence at the 31st March 2022 that this was likely to crystallise, as shown in the table below:

| Counterparty / Institution | Credit Rating | Historic Risk of Default | Gross Carrying Amount (£m) |
|-----------------------------|---------------|--------------------------|----------------------------|
| Fidelity Money Market Fund | AAAmmf* | 0.000% | 3.550 |
| BlackRock Money Market Fund | AAAmmf | 0.000% | 5.150 |
| CCLA Money Market Fund | AAAmmf | 0.000% | 3.970 |
| Handlesbanken PLC | AA- | 0.000% | 2.440 |
| Bersahill Limited** | N/A | N/A | 0.314 |
| S80 Partnership Limited | N/A | N/A | 0.040 |

*AAA is the highest credit rating available and is an indication of very strong credit quality

**As lender the Council has first charge over the property associated with this joint venture

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

Customers for goods and services are assessed, taking into account their financial position, past experience and other factors, with individual credit limits being set in accordance with internal ratings in accordance with parameters set by the Council. The Council does not generally allow credit for its customers, but some of the current balance is past its due date for payment. The current overdue amounts owed by customers can be analysed by age as follows:

| | 31 March 2021 £'000 | 31 March 2022 £'000 |
|------------------------|---------------------------|---------------------------|
| Less than three months | 1,111 | 740 |
| Three to six months | 92 | 161 |
| Six months to one year | 459 | 143 |
| More than one year | 565 | 1,256 |
| Total | 2,227 | 2,300 |

Liquidity risk

The Council manages its liquidity position through the risk management procedures above (the setting and approval of prudential indicators and the approval of the treasury and investment strategy reports), as well as through a comprehensive cash flow management system, as required by the CIPFA Code of Practice. This seeks to ensure that cash is available when needed.

The Council has ready access to borrowings from the money markets to cover any day to day cash flow need, and the PWLB and money markets for access to longer term funds. The Council is also required to provide a balanced budget through the Local Government Finance Act 1992, which ensures sufficient monies are raised to cover annual expenditure. There is therefore no significant risk that it will be unable to raise finance to meet its commitments under financial instruments.

Refinancing and Maturity Risk

The Council maintains a significant debt and investment portfolio. Whilst the cash flow procedures above are considered against the refinancing risk procedures, longer-term risk to the Council relates to managing the exposure to replacing financial instruments as they mature. This risk relates to both the maturing of longer term financial liabilities and longer term financial assets. The approved treasury indicator limits for the maturity structure of debt and the limits placed on investments placed for greater than one year in duration are the key parameters used to address this risk.

The Council approved treasury and investment strategies address the main risks and the central treasury team address the operational risks within the approved parameters. This includes:

- monitoring the maturity profile of financial liabilities and amending the profile through either new borrowing or the rescheduling of the existing debt; and
- monitoring the maturity profile of investments to ensure sufficient liquidity is available for the Council's day to day cash flow needs, and the spread of longer term investments provide stability of maturities and returns in relation to the longer term cash flow needs.

The maturity analysis of financial liabilities is as follows, with the maximum and minimum limits for fixed interest rates maturing in each period.

| | Approved minimum limits | Approved maximum Limits £'000 | Actual 31 Mar 2021 £'000 | Actual 31 Mar 2022 £'000 |
|------------------------|-------------------------------|--|-----------------------------------|-----------------------------------|
| Less than 1 year | 0% | 50% £49,432 | 0 | 5,000 |
| Between 1 and 2 years | 0% | 50% £49,432 | 5,000 | 4,000 |
| Between 2 and 5 years | 0% | 50% £49,432 | 4,000 | 5,500 |
| Between 5 and 10 years | 0% | 50% £49,432 | 15,000 | 9,500 |
| More than 10 years | 0% | 100% £98,863 | 74,863 | 74,863 |
| Total | | | 98,863 | 98,863 |

Note: Whilst the maturity date of the Council's LOBO (Lender Option Borrower Option) loans is uncertain, the table above is prepared on the basis of their contractual end dates as opposed to their next call date.

Interest rate risk

The Council is exposed to interest rate movements on its borrowings and investments. Movements in interest rates have a complex impact on the Council, depending on how variable and fixed interest rates move across differing financial instrument periods. For instance, a rise in variable and fixed 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 borrowing will fall (no impact on revenue balances);
- **Investments at variable rates** – the interest income credited to the Comprehensive Income and Expenditure Statement will rise; and
- **Investments at fixed rates** – the fair value of the assets will fall (no impact on revenue balances).

Borrowings are not carried at fair value on the balance sheet, so nominal gains and losses on fixed rate borrowings would not impact on the Surplus or Deficit on the Provision of Services or Other Comprehensive Income and Expenditure. However, changes in interest payable and receivable on variable rate borrowings and investments will be posted to the Surplus or Deficit on the Provision of Services and affect the General Fund Balance. Movements in the fair value of fixed rate investments that have a quoted market price will be reflected in the Other Comprehensive Income and Expenditure Statement.

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

According to this assessment strategy, at 31st March 2022, if all interest rates had been 1% higher (with all other variables held constant) the financial effect would be:

| | £'000 |
|---|-------------|
| Increase in interest receivable on variable rate investments | -283 |
| Impact on Surplus (-) or Deficit on Provision of Services | -283 |
| Decrease in fair value of fixed rate borrowings liabilities (no impact on the Surplus or Deficit on the Provision of Services or Other Comprehensive Income and Expenditure) | -71,306 |

The approximate impact of a 1% fall in interest rates would be as above but with the movements being reversed. These assumptions are based on the same methodology as used in the Note 16 – Fair value of Assets and Liabilities carried at Amortised Cost.

Price risk

The Council, excluding the Nottinghamshire County Council Pension Fund, does not generally invest in equity shares or marketable bonds.

Foreign exchange risk

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

39. DEFINED PENSION BENEFIT SCHEME

a). Participation in Pension Scheme:

As part of the terms and conditions of employment of its officers, 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 the Local Government Pension Scheme, administered locally by Nottinghamshire County Council - this is a funded defined benefit statutory scheme and currently provides benefits based on career average revalued salary and length of service on retirement. This means that

the Council and employees pay contributions into a fund, calculated at a level intended to balance the pension's liabilities with investment assets.

The Actuary, Barnett Waddingham, have prepared their figures in accordance with their understanding of the International Accounting Standard IAS 19 (2011). Further information can be found in the Annual Report of the County Council Pension Fund, which is available upon request from Nottinghamshire County Council, County Hall, West Bridgford Nottingham, NG2 7QP."

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

In addition, as many unrelated employers participate in the Nottinghamshire County Council Pension Fund, there is an orphan liability risk where employers leave the Fund but with insufficient assets to cover their pension obligations so that the difference may fall on the remaining employers.

All of the risks above may also benefit the Employer e.g. higher than expected investment returns or employers leaving the Fund with excess assets which eventually get inherited by the remaining employers. These are mitigated to a certain extent by the statutory requirements to charge the General Fund and Housing Revenue Account the amounts required by statute as described in the Accounting Policies note H.

The latest available membership data is shown in the table below:

| | Number | Salaries / Pensions £000 | Average Age |
|---------------------|--------|-----------------------------|-------------|
| Active members | 515 | 11,798 | 48 |
| Deferred pensioners | 637 | 1,170 | 48 |
| Pensioners | 797 | 4,314 | 73 |
| Unfunded pensioners | 126 | 228 | 82 |

b). Transactions Relating to Post-employment Benefits:

The cost of retirement benefits in the reported cost of services is recognised 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 costs of post-employment/retirement benefits is reversed out of the General Fund and Housing Revenue Account via the Movement in Reserves Statement.

The following transactions have been made in the Comprehensive Income and Expenditure Statement and the General Fund Balance via the Movement in Reserves Statement during the year.

| | 2020/21 £000 | 2021/22 £000 |
|--|-----------------|-----------------|
| Comprehensive Income and Expenditure Statement | | |
| Cost of Services: | | |
| Current Service cost | 5,700 | 6,009 |
| Past Service costs | 72 | 0 |
| (gain)/loss from settlements | 0 | 0 |
| Administration expenses | 55 | 73 |
| Financing and Investment Income and Expenditure: | | |
| Net interest expense | 1,584 | 1,745 |
| Total charged to the Surplus / Deficit on the Provision of Services | 7,411 | 7,827 |
| <i>Other Post-employment benefits charged to the CIES:</i> | | |
| Re-measurement of the net defined benefit liability comprising: | | |
| Return on plan assets | -22,513 | -8,271 |
| Changes in demographic assumptions | -2,056 | 0 |

| | | |
|--|---------------|----------------|
| Changes in financial assumptions | 44,951 | -9,633 |
| Experience loss/(gain) on defined benefit obligation | -2,193 | 503 |
| Other gains and (-)losses | 0 | 0 |
| Total charged to Other Comprehensive Income and Expenditure | 18,189 | -17,401 |

| | | |
|--|---------------|---------------|
| Total charged to the Comprehensive Income and Expenditure Statement | 25,600 | -9,574 |
|--|---------------|---------------|

Movement in Reserves Statement -

Reversal of net charges made to the Surplus or Deficit on the Provision of Services

-7,411 -7,411

Actual amount charged against the General Fund Balance for pensions:

Employers' contributions payable to the Scheme

2,873 2,855

Actual amount charged against the HRA for pensions in the year:

Employers' contributions payable to the Scheme

679 690

c). Assets and Liabilities in Relation to Post-Employment Benefits

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

| | 2020/21 | 2021/22 |
|--|----------------|----------------|
| | £'000 | £'000 |
| Present value of the defined benefit obligation | -225,835 | -222,126 |
| Fair value of plan assets | 137,249 | 145,784 |
| Net liability arising from the defined benefit obligation | -88,586 | -76,342 |

In April 2020 the Council made a one-off payment to the Pension Fund of £2.664m to cover future deficit liabilities for the period 2020/21 to 2022/2023. In line with the Council's accounting policies £0.856m (£0.720m General Fund and £0.136m Housing Revenue Account) has been accounted for in 2020/21 and 2021/22 with the remainder being offset against the pension liability on the balance sheet. Including this year and the year 2022/23 the pension reserve of £77.262m and the net pension liability (£76.342m) will be brought into line as the lump sum payments are accounted for in 2022/23.

The following table provides a reconciliation of the present value of the schemes liabilities (defined benefit obligation) for the Council:

| | 2020/21 | 2021/22 |
|--|-----------------|-----------------|
| | £'000 | £'000 |
| Opening balance at 1 April | -180,793 | -225,835 |
| Current service cost | -5,700 | -6,009 |
| Interest cost | -3,486 | -4,466 |
| Contribution by scheme participants | -797 | -807 |
| Re-measurement Gains/Losses(-) | | |
| Change in financial assumptions | -44,951 | 9,633 |
| Change in demographic assumptions | 2,056 | 0 |
| Experience loss/(gain) on defined benefit obligation | 2,193 | -503 |
| Gains/Losses(-) on curtailments | -72 | 0 |
| Benefits paid | 5,516 | 5,672 |
| Unfunded pension payments | 199 | 189 |
| Liabilities extinguished on settlements | 0 | 0 |
| Closing Defined Benefit Obligation | -225,835 | -222,126 |

The table below provides a reconciliation of the movements in the Fair Value of the Scheme (Plan) Assets:

| | 2020/21 £'000 | 2021/22 £'000 |
|--|------------------|------------------|
| Opening fair value of scheme assets | 112,447 | 137,249 |
| Interest income | 1,902 | 2,721 |
| Re-measurement Gain/Loss(-) | | |
| Return on Assets less Interest | 22,513 | 8,271 |
| Other Actuarial Gains/Losses(-) | 0 | 0 |
| Contributions from employer | 5,360 | 2,670 |
| Contributions from employees into the scheme | 797 | 807 |
| Benefits paid | -5,715 | -5,861 |
| Administration expenses | -55 | -73 |
| Settlement prices received / (paid) | 0 | 0 |
| Closing Fair Value of Scheme Assets | 137,249 | 145,784 |

The expected return on scheme assets and interest expense on scheme liabilities is determined by considering the expected returns available on the assets underlying the current investment policy. Expected yields on fixed interest investments are based on gross redemption yields as at the Balance Sheet date. Expected returns on equity investments reflect long-term real rates of return experienced in the respective markets.

d). Basis for Estimating Assets and Liabilities

Liabilities have been assessed on an actuarial basis using the projected unit credit method, an estimate of the pensions that will be payable in future years dependent on assumptions about mortality rates, salary levels etc.

Both the Local Government Pension Scheme and discretionary benefits liabilities have been estimated by Barnett Waddingham an independent firm of Actuaries, estimates for the County Council Fund being based on the latest full valuations of the scheme as at 1st April 2019. The significant assumptions used by the actuary have been:

| | 2020/21 % | 2021/22 % |
|--|--------------|--------------|
| <u>Mortality Assumptions</u> | | |
| Longevity at 65 for current pensioners: | | |
| Male | 21.6 | 21.6 |
| Female | 24.3 | 24.3 |
| Longevity at 65 for future pensioners: | | |
| Male | 22.9 | 22.9 |
| Female | 25.7 | 25.7 |
| <u>Financial Assumptions</u> | % | % |
| Rate of inflation - CPI | 2.8 | 2.8 |
| Rate of increase in salaries | 3.8 | 3.8 |
| Rate of increase in pensions | 2.8 | 2.8 |
| Rate for discounting scheme liabilities | 2.0 | 2.0 |

Assets

The return on the Fund (on a bid value to bid value basis) for the year to 31st March 2022 is estimated to be 8.08% (21.57% as at 31st March 2021). The actual return on Fund assets over the year may be different. The estimated asset allocation for the Council is shown in the table below.

| Asset Share | 2020/21 | | 2021/22 | |
|------------------------------|----------------|------------|----------------|------------|
| | £'000 | % | £'000 | % |
| Asset Share | | | | |
| Equity Instruments | 88,905 | 65 | 88,317 | 61 |
| Gilts | 4,611 | 3 | 4,293 | 3 |
| Other Bonds | 9,407 | 7 | 9,942 | 7 |
| Property | 14,021 | 10 | 18,730 | 13 |
| Cash | 6,241 | 5 | 8,160 | 5 |
| Inflation-linked pooled fund | 6,641 | 5 | 7,681 | 5 |
| Infrastructure | 7,423 | 5 | 8,661 | 6 |
| | 137,249 | 100 | 145,784 | 100 |

Additional Assumptions:

- Members will exchange half of their commutable pension for cash at retirement.
- Members will retire at one retirement age for all tranches of benefit, which will be the pension weighted average tranche retirement age.
- The proportion of the membership that had taken up the 50:50 option at the previous valuation date will remain the same.

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

The assumptions in longevity, for example assume that life expectancy increases or decreases for men and women. In practice, this is unlikely to occur and changes in some of the assumption 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 method. The methods and types of assumptions used in preparing the sensitivity analysis below did not change from the used in the previous period.

Impact on the Defined Benefit Obligation on the Scheme

| | Increase in Assumption | Decrease in Assumption |
|--|------------------------|------------------------|
| | £'000 | £'000 |
| Longevity (increase or decrease in 1 year) | 232,938 | 211,855 |
| Rate of increase in salaries (increase or decrease by 0.1%) | 222,561 | 221,694 |
| Rate of increase in pensions (increase or decrease by 0.1%) | 225,867 | 218,446 |
| Rate for discounting scheme liabilities (increase or decrease by 0.1%) | 217,994 | 226,340 |

e). Impact on the Council's Cash Flows

The objectives of the scheme are to keep employers' contributions at as constant rate as possible. The County Council has agreed a strategy with the schemes actuary to achieve a funding level of 100% over the next 3 years. Funding levels are monitored on an annual basis. The next triennial valuation is due to be completed on 31st March 2022.

The scheme will need to take account of the national changes to the scheme under the Public Pensions Services Act 2013. Under the Act, the Local Government Pension Scheme in England Wales and the other main existing public service schemes may not provide benefits in relation to service after 31st March 2014. The Act provides for scheme regulations to be made within a common framework, to establish new career average revalued earnings schemes to pay pensions and other benefits to certain public servants.

The liabilities show the underlying commitments that the Council has in the long run to pay for post-employment (retirement) benefits. The total liability of £222.126m (£225.835m in 2020/21 has a

substantial impact on the net worth of the Council, as recorded in the Balance Sheet, resulting in a negative overall balance of £76.342m (£88.586m in 2020/21).

However, statutory arrangements for funding the deficit mean that the financial position of the Council remains healthy. The deficit on the Local Government scheme will be made good by increased contributions over the remaining working life of employees, as assessed by the scheme Actuary. Finance is only required to be raised to cover discretionary benefits when the pensions are actually paid.

The total contributions expected to be made to the Local Government Pension Scheme by the Council in the year to 31st March 2023 is £2.544m.

Projected Pension Expenditure

The projected pension expenses for the year to 31st March 2023 are:

| Projection for Year to 31 March 2023 | £'000 |
|---|--------------|
| Service cost | 5,692 |
| Net Interest on the defined liability (asset) | 1,950 |
| Administration expenses | 72 |
| Total | 7,714 |
| Employer contributions | 2,544 |

These figures exclude the capitalised cost of any early retirements or augmentations which may occur after 31st March 2022. The projections are based on the assumptions as at 31st March 2022, as described in the Barnett Waddingham Actuary report.

40. CONTINGENT LIABILITIES

The Council is committed to an equal pay review, which is subject to agreement with the Trade Unions. The total cost is unknown at this stage and the timing of any payments would be subject to as and when claims occur.

In 1992, Municipal Mutual Insurances Ltd (MMI) fell below the minimum regulatory solvency requirement and went into run off. The company's creditors entered into a Scheme of Arrangement whereby the company would continue to meet claims whilst ever it had sufficient funds to do so. However, if at any time the company were unable to meet claims, creditors would be liable for payment of 28% of total claims to date over a £50k threshold. The Council has received no further indication that any additional levies would be imposed.

41. CONTINGENT ASSETS

A contingent asset arises where an event has taken place that gives the Council a possible asset whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the Council. Contingent assets are not recognised in the Balance Sheet but are disclosed in a note to the accounts where it is probable that there will be an inflow of economic benefits or service potential.

The case of fraudulent refunds of Business Rates which happened in 2019/20 is still on going and it is not certain as to how much the Council will be able to recover

SUPPLEMENTARY FINANCIAL STATEMENTS

The Supplementary Financial Statements are:

- **The Housing Revenue Account (HRA)**
Separately identifies the Council's statutory landlord function as a provider of social housing under the Local Government and Housing Act 1989.
- **The Collection Fund**
Summarises the collection of Council tax and business rates and the redistribution of some of that money to other organisations that the Council collects these taxes on behalf of.
- **Glossary of Terms**
This section explains some of the more complicated terms that have been used in this document
- **The Annual Governance Statement (AGS)**
Explains how the Council has complied with the Local Code of Corporate Governance and provides a review of the effectiveness of its systems of internal control.

THE HOUSING REVENUE ACCOUNT (HRA)

The Housing Revenue Account summarises the transactions relating to the provision, maintenance and management of the Council's housing stock. The account has to be self-financing and cannot be subsidised by the General Fund.

The HRA Income and Expenditure statement below 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.

The Council charges rents to cover expenditure in accordance with the legislative framework; this may be different from the accounting cost. The increase or decrease in the year, on the basis upon which rents are raised, is shown in the Movement on the Housing Revenue Account Statement.

HOUSING REVENUE ACCOUNT

| 2020/21 £'000 | INCOME AND EXPENDITURE STATEMENT | NOTE | 2021/22 £'000 |
|------------------|---|------|------------------|
| | Expenditure | | |
| 5,447 | Repairs and maintenance | | 7,120 |
| 4,479 | Supervision and management | | 3,001 |
| 1,462 | Special Services | | 1,428 |
| 428 | Rents, rates, taxes and other charges | | 495 |
| 13,778 | Depreciation, impairment & revaluation losses of non-current assets | 5,6 | 13,244 |
| 0 | Debt management costs | | 0 |
| 20 | Movement in the allowance for bad debts | 8 | 22 |
| 25,614 | Total Expenditure | | 25,309 |
| | Income | | |
| (25,386) | Dwelling rents | 1 | (25,854) |
| (254) | Non dwelling rents | 2 | (280) |
| (1,390) | Charges for services and facilities | 3 | (1,474) |
| (27,030) | Total Income | | (27,608) |
| (1,416) | (-) Net income or expenditure for HRA Services as included in the Council's Comprehensive Income and Expenditure Account | | (2,299) |
| 2,667 | HRA Services' share of Corporate and Democratic Core | | 4,311 |
| 97 | HRA share of other amounts included in the whole authority cost of services but not allocated to specific services | | 92 |
| 1,348 | Net Income (-) or Expenditure of HRA Services | | 2,104 |
| | HRA share of the operating income and expenditure included in the Council's CIES: | | |
| (7) | Gain or loss(-) on sale of HRA non-current assets | | 29 |
| 3,703 | Interest payable and similar charges | 7 | 3,688 |
| (5) | HRA Interest and Investment Income | 7 | (10) |
| 321 | Net interest on the net defined benefit liability(asset) | 9 | 356 |
| (4) | Capital grants and contributions | | 0 |
| 5,356 | (-) Surplus or deficit for the year on HRA services | | 6,167 |

Movement on the HRA Statement

The statement below takes the outturn on the HRA Income and Expenditure Statement and reconciles it to the surplus or deficit for the year on the HRA Balance, calculated in accordance with the requirements of the Local Government and Housing Act 1989.

| 2020/21 £'000 | MOVEMENT ON THE HRA STATEMENT | 2021/22 £'000 |
|------------------|--|------------------|
| -3,108 | Balance on the HRA at the end of the previous year | -4,830 |
| 5,356 | (-) Surplus or deficit on the HRA Income and Expenditure Statement | 6,167 |
| -7,042 | Adjustments between accounting basis and funding basis under statute <i>(see table below for details)</i> | -7,642 |
| -1,686 | Net (-) increase or decrease before transfer to/from Reserves | -1,475 |
| -36 | Transfers to or (from) reserves | 0 |
| -1,722 | (-) increase or decrease in year on the HRA | -1,476 |
| -4,830 | Balance on the HRA at the end of the current year | -6,306 |

Revaluation gains and losses are charged under "HRA share of the operating income and expenditure included in the CIES" and included within the surplus or deficit on the HRA for the year. The revaluation amounts are reversed out of the HRA Income and Expenditure Statement through the Movement on the HRA Statement so that it does not impact on the rent chargeable for dwellings.

The table below provides a breakdown of the adjustments between accounting basis and funding basis in accordance with statute;

| 2020/21 £'000 | NOTE TO THE MOVEMENT ON THE HRA STATEMENT | 2021/22 £'000 |
|------------------|---|------------------|
| | Items included in the HRA Income and Expenditure Statement but excluded from the Movement on the HRA Statement for the year: | |
| -13,778 | Charges for depreciation and impairment of non-current assets | -13,400 |
| 4 | Capital grants and contributions applied | 0 |
| 0 | Revenue Expenditure Funded from Capital under Statute | 0 |
| 0 | Capital grants and contributions unapplied credited to the CIES | |
| 0 | Gain(-)/Loss on Sale of HRA Non Current Assets | |
| -1,487 | Reversal of items relating to retirement benefits debited or credited to the CIES | -1,596 |
| 679 | Employers contribution payable to NCC pension fund and retirement benefits payable direct to pensioners | 690 |
| -14,582 | | -14,306 |
| | items not included in the HRA Income and Expenditure Statement but included within the movement on the HRA Statement for the year: | |
| -23 | Capital expenditure funded by the HRA | -31 |
| 7,563 | Transfer to Major Repairs Reserve | 6,695 |
| 0 | Voluntary set aside for debt repayment | 0 |
| 7,540 | | 6,664 |
| -7,042 | Net additional amount required by statute | -7,642 |

NOTES TO THE HOUSING REVENUE ACCOUNT

(1) Dwelling Rents

This represents the total rent due from Council Tenants excluding any empty properties.

| | 2020/21 | 2021/22 |
|---|----------|---------|
| Dwelling Rents | £25.386m | £25.854 |
| Average Weekly (52 week basis) rent per dwelling | £74.49 | £74.49 |
| Number of Voids (Empty Properties) | 145 | 191 |
| Voids as a percentage of the total Councils housing stock | 2.18% | 2.88% |

| | 2020/21 | 2021/22 |
|---|----------|---------|
| Dwelling Rents | £25.386m | £25.854 |
| Average Weekly (52 week basis) rent per dwelling | £74.49 | £74.49 |
| Number of Voids (Empty Properties) | 145 | 191 |
| Voids as a percentage of the total Councils housing stock | 2.18% | 2.88% |

(2) Non-dwelling Rents

This represents rent received from the other HRA non-current assets which are not defined dwellings, such as shops and garages.

| | 2020/21 £'000 | 2021/22 £'000 |
|--------------------|------------------|------------------|
| Non Dwelling Rents | 254 | 280 |

(3) Charges for Services and Facilities

This includes charges for services provided by the Council in connection with the provision of property for occupancy and comprises of:

| | 2020/21 £000 | 2021/22 £000 |
|-------------------------------------|-----------------|-----------------|
| Charges for services and facilities | 602 | 560 |
| Reimbursement of Costs | 545 | 537 |
| Other Charges | 243 | 377 |
| Total | 1,390 | 1,474 |

(4) Sums directed by the secretary of state

The Secretary of State has not directed that any other items should be charged to the Housing Revenue Account.

(5) Depreciation and Capital Charges

The Housing Revenue Account includes a depreciation charge. Council buildings, including Council dwellings, are depreciated over the remaining useful life of the buildings.

| | 2020/21 £000 | 2021/22 £000 |
|---|-----------------|-----------------|
| Council Dwellings | 4,045 | 3,984 |
| Non-Current Assets (Other land and buildings) | 534 | 434 |
| Equipment & Vehicles | 7 | 61 |
| Amortisation of intangible assets | 0 | 0 |
| Total | 4,586 | 4,479 |

(6) Impairment

During 2021/22 £13.4m was charged to the Housing Revenue Account for impairment and revaluation losses, where there had either been a general fall in the value of the asset or whereby the Council incurred spend on the assets for which the value of that expenditure did not lead to a pound increase in that asset. For example the work undertaken on Council dwellings to ensure the decent homes standards are maintained, such as new kitchens and bathrooms, improve the property but do not increase the value of the property, as such these costs have been impaired.

Impairment and revaluation losses are charged directly to services within the net cost of HRA services where there is no balance or an insufficient balance of accumulated gains on the Revaluation Reserve for the relevant assets. However, there is no impact on the HRA overall balances as this is a statutory accounting adjustment and is reversed out.

The following table shows how impairment and revaluation losses were split between Council dwellings, assets under construction and other HRA non-current assets.

Impairment and revaluation losses on HRA assets are charged directly to services within the Net cost of HRA services where there is no balance or an insufficient balance of accumulated gains on the Revaluation Reserve for the relevant assets.

| | 2020/21 £000 | 2021/22 £000 |
|---|-----------------|-----------------|
| Council dwellings | 7,943 | 8,896 |
| Assets Under Construction | 0 | 0 |
| Non-Current Assets (Other land and buildings) | 1,249 | 933 |
| Intangible Assets | 0 | |
| Total | 9,192 | 9,828 |

(7) Capital Charges

The HRA receives a proportion of the interest received by the Council in respect of its cash management. There is a statutory calculation (Item 8 Credit) which determines the amount received.

Conversely, the HRA also pays a proportion of the interest owed by the Council for loans that have been taken out, which forms part of the Item 8 Debit.

From 1st April 2012, Local Authorities are allowed to determine how they calculate the level of interest charged to the Housing Revenue Account for pooled loans (that is, all loans prior to the Housing Self Financing Reform which were held in the General Fund and for which there was a year-end charge for interest payable). Under the new arrangements, Local Authorities are required to ensure that the methodology for charging the Housing Revenue is fair and equitable. The Council has based the calculation on the average debt interest rate for all pooled loans against the HRA Capital Financing Requirement (loans which have been taken out in the past for HRA capital schemes, which are still outstanding).

| | £000 | £000 |
|---------------------------------------|--------------|--------------|
| Interest Payable: | | |
| Item 8 Debit | | |
| Internal borrowing - interest payable | 201 | 194 |
| Self-financing loan interest payable | 3,502 | 3,495 |
| Total | 3,703 | 3,688 |
| Interest Receivable: | | |
| Item 8 Credit | -5 | (10) |

The Council does not hold any premiums or discounts in relation to the rescheduling of HRA Debt.

(8) Rent Arrears

The arrears outstanding at the 31st March for rent not paid to the Council are shown in the table below. The figures in respect of rent due are shown separately to the debts outstanding in respect of the charges relating to court fees and for the provision of services and facilities.

| | 31 Mar 21 £'000 | 31 Mar 22 £'000 |
|--------------------------------|--------------------|--------------------|
| Rent Arrears | 576 | 602 |
| Court Cost | 57 | 54 |
| Service and Facilities Arrears | 135 | |
| Total | 768 | 656 |

| | | |
|---|-------|-------|
| Outstanding debts as a proportion of gross rent due - Rent only | 2.27% | 2.33% |
| Amount of debts written off during the year: | £1k | £78k |
| Amount of impairment allowance for all debts: | £469k | 413k |

(9) Contribution to Pension Reserves

The cost of retirement benefits is recognised in the reported cost of services when they are earned by employees, rather than when the benefits are eventually paid as pensions. Therefore the following transactions have been made in the Housing Revenue Account and the Housing Revenue Fund Balance via the Movement in Reserves Statement during the year.

| LOCAL GOVERNMENT PENSION SCHEME | 2020/21 £'000 | 2021/22 £'000 |
|---|------------------|------------------|
| Comprehensive Income and Expenditure Statement | | |

| | | |
|--|--------------|--------------|
| Cost of Services: | | |
| Current Service Cost | 1,155 | 1,225 |
| Past Service Cost | 0 | 0 |
| (Gain)/Loss from Settlements | 0 | 0 |
| Administration expenses | 11 | 15 |
| Financing and Investment Income and Expenditure: | | |
| Net Interest Expense | 321 | 356 |
| Total Post-employment Benefit charged to the Surplus or Deficit on the Provision of Services | 1,487 | 1,596 |
| Movement in HRA Reserves Statement: | | |
| Reversal of net charges made to the Surplus or Deficit on the Provision of Services for post-employment benefits in accordance with the code | -1,487 | (1,596) |
| Actual amount Charged Against the HRA for pensions in the year: | | |
| Employers contribution payable to the scheme | 679 | 690 |

(10) Housing Stock

The number and type of dwelling in the Council's Housing stock is shown in the table below:

| Total 2020/21 No. | | Pre 1,945 No. | 1945 1,964 No. | 1965 1,974 No. | 1975 2,013 No. | After 2,013 No. | Total 2021/22 No. |
|-------------------------|---|---------------------|----------------------|----------------------|----------------------|-----------------------|-------------------------|
| 2,992 | <u>Traditional Houses and Bungalows</u> | | | | | | |
| | 1 - 2 Bedrooms | 246 | 979 | 505 | 1,228 | 33 | 2,991 |
| 1,560 | 3+ Bedrooms | 583 | 636 | 135 | 154 | 49 | 1,557 |
| | <u>Non Traditional Houses and Bungalows</u> | | | | | | |
| 543 | Houses and Bungalows | | 207 | 323 | | | 530 |
| | <u>Flats</u> | | | | | | |
| 964 | Low Rise (1-2 storeys) | 16 | 396 | 196 | 308 | 12 | 928 |
| 579 | Medium Rise (3-5 storeys) | | 26 | 370 | 182 | 0 | 578 |
| 6,638 | Total | 845 | 2,244 | 1,529 | 1,872 | 94 | 6,584 |

| The movement in housing stock during the year is analysed as follow: | | |
|--|----------------------------------|--------------|
| 6,655 | Stock at 1 April | 6,638 |
| 1 | Additions to housing stock | 7 |
| (18) | Sales, demolitions and disposals | (61) |
| 6,638 | Stock at 31 March | 6,584 |

(11) Vacant Possession Value

The value of Council Dwellings assuming vacant possession (Open Market Value) as at 31 March 2022 is £807.7m (31st March 2021 was £713.4m). This does not compare to the Balance Sheet, which shows the Existing Use Value, the difference being an indication of the economic and social costs of providing Council housing at less than market rent.

(12) Capital Receipts

Capital Receipts received from the sale of HRA non-current assets were as follows:

| | |
|---------|---------|
| 2020/21 | 2021/22 |
|---------|---------|

| | £'000 | £'000 |
|-------------------------------------|------------|------------|
| Disposal of land and other property | - | - |
| Sale of Council Dwellings | 387 | 518 |
| Other | - | - |
| Total | 387 | 518 |

(13) Major Repairs Reserve (MRR)

This reserve is credited with depreciation charged to the HRA and any revenue contributions made towards capital from the HRA. The Reserve is only available for funding major repairs to the housing stock or the repayment of HRA Debt. Any sums unspent are carried forward for use in future years.

| | 2020/21 £'000 | 2021/22 £'000 |
|----------------------------------|------------------|------------------|
| Balance as at 1 April | -3,932 | -849 |
| Depreciation on HRA Assets | -4,586 | -4,479 |
| Revenue Contributions to Capital | -2,977 | -2,217 |
| Financing of Capital Expenditure | 10,646 | 6,993 |
| Balance as at 31 March | -849 | -552 |

(14) HRA Capital Financing

The table below shows the total amount of capital expenditure incurred in the year together with the resources that have been used to finance it:

| | 2020/21 £'000 | 2021/22 £'000 |
|--|------------------|------------------|
| HRA Capital Expenditure Financed by : | | |
| Borrowing | 0 | 4,331 |
| Grants and Contributions | 4 | 0 |
| Usable Capital Receipts | 1,045 | 1,950 |
| Major Repairs Reserve | 10,646 | 6,993 |
| Total | 11,695 | 13,274 |

(15) Revenue Expenditure Funded from Capital under Statute (REFCUS)

REFCUS is created when expenditure has been incurred on items that are not capitalised as fixed assets and have been financed from capital resources. There was a REFCUS in 2021/22 of £1.96m (nil in 2020/21).

(16) Exceptional Items or Prior Year Adjustments

There were no exceptional items in 2021/22.

THE COLLECTION FUND

EXPLANATORY NOTES TO THE COLLECTION FUND

The Collection Fund is an agent's statement that reflects the statutory obligation of billing authorities, such as Bassetlaw District Council to maintain a separate Collection Fund. The statement shows the transactions of the billing authority in relation to the collection from taxpayers of Council Tax and Non-Domestic Rates (NDR) and its distribution to local government bodies and the Government.

The Council has a statutory requirement to operate a Collection fund as a separate account to the General Fund. The purpose of the Collection Fund therefore, is to isolate the income and expenditure relating to Council Tax and Non-Domestic Business Rates. The administration costs associated with the collection process are charged to the General Fund.

With effect from 1st April 2013, the local government finance regime was revised with the introduction of the retained business rates scheme. The main aim of the scheme is to give Councils a greater incentive to grow businesses in the District. It does, however, also increase the financial risk due to non-collection and the volatility of the NDR tax base.

All local authorities were given the opportunity to work with neighbouring and partner authorities to develop a bid to become a local authority business rate "pool". Bassetlaw District Council is part of a Nottinghamshire business rates pool which is administered by Nottinghamshire County Council. Member authorities are treated as a single authority for the purpose of certain calculations under the business rates retention scheme. The advantage of a pool is to potentially generate additional business growth through collaborative working and to smooth out the impact of volatility in business rates income across a wider economic area.

This new arrangement provides a direct link between business rates growth and the amount of money local authorities have to spend on services. Local authorities can keep a proportion of their NDR collected in their area after certain contributions to (levy payments) and from (safety net payments) the Government have been made. The Council's share is 40% with the remainder paid to precepting bodies. For Bassetlaw District Council the NDR precepting bodies are Central Government (50% share), Nottinghamshire County Council (9% share) and Nottinghamshire Fire Authority (1% share).

The national code of practice followed by Local Authorities in England stipulates that a Collection Fund Income and Expenditure account is included in the Council's accounts. The Collection Fund balance sheet meanwhile is incorporated into the Council's consolidated balance sheet. The balance of the Collection Fund is disaggregated at the year-end to attribute relevant amounts to the precepting authorities (shown as debtors or creditors in the Balance Sheet) and the billing Council (Bassetlaw District Council).

| 2020/21 | | | | 2021/22 | | |
|--|----------------|----------------|--|----------------|---------------|----------------|
| Business Rates | Council Tax | Total | Income/Expenditure | Business Rates | Council Tax | Total |
| £'000 | £'000 | £'000 | | £'000 | £'000 | £'000 |
| INCOME | | | | | | |
| 0 | -73,608 | -73,608 | Council Tax Receivable | 0 | 77,784 | -77,784 |
| -33,988 | 0 | -33,988 | Business Rates Receivable | -43,102 | 0 | -43,102 |
| -33,988 | -73,608 | 107,596 | | -43,102 | 77,784 | 120,886 |
| Apportionment of Previous Year Surplus or (Deficit) | | | | | | |
| 790 | 0 | 790 | Central Government | -8,951 | 0 | -8,951 |
| 632 | 52 | 684 | Bassetlaw District Council | -7,161 | -34 | -7,195 |
| 142 | 372 | 514 | Nottinghamshire County Council | -1,611 | -244 | -1,855 |
| 16 | 20 | 36 | Nottinghamshire Fire and Rescue Authority | -179 | -13 | -192 |
| 0 | 55 | 55 | Nottinghamshire Police and Crime Commissioner | 0 | -37 | -37 |
| 1,580 | 499 | 2,079 | Surplus or (deficit) balance carried forward | -17,902 | -328 | -18,230 |
| EXPENDITURE | | | | | | |
| PRECEPTS, DEMANDS AND SHARES | | | | | | |
| 21,327 | 0 | 21,327 | Central Government | 21,562 | 0 | 21,562 |
| 17,062 | 7,557 | 24,619 | Bassetlaw District Council | 17,250 | 7,898 | 25,148 |
| 3,839 | 54,296 | 58,135 | Nottinghamshire County Council | 3,881 | 56,549 | 60,430 |
| 427 | 2,878 | 3,305 | Nottinghamshire Fire and Rescue Authority | 431 | 2,967 | 3,398 |
| 0 | 8,112 | 8,112 | Nottinghamshire Police and Crime Commissioner | 0 | 8,738 | 8,738 |
| 42,655 | 72,843 | 115,498 | | 43,124 | 76,152 | 119,276 |
| CHARGES TO THE COLLECTION FUND | | | | | | |
| 773 | 165 | 938 | Write offs of uncollectable amounts | 621 | 191 | 812 |
| -259 | 771 | 512 | Increase /Decrease (-) in Impairment Allowance | -574 | 66 | -508 |
| 2,463 | 0 | 2,463 | Increase /Decrease (-) in Provision for Appeals | -1,968 | 0 | -1,968 |
| 168 | 0 | 168 | Allowance for Cost of Collection | 167 | 0 | 167 |
| 798 | 0 | 798 | Disregarded amounts | 859 | 0 | 859 |
| 3,455 | 0 | 3,455 | Transitional Protection Payment to Central Gov't | 3,275 | 0 | 3,275 |
| 7,398 | 936 | 8,334 | | 2,380 | 257 | 2,637 |
| -17,645 | -670 | -18,315 | Surplus/Deficit (-) arising in year | 15,500 | 1,703 | 17,203 |
| -3,188 | 493 | -2,695 | Surplus/Deficit (-) b/fwd 1 April | -20,833 | -177 | -21,010 |
| -20,833 | -177 | -21,010 | Surplus/Deficit (-) c/fwd 31 March | -5,333 | 1,526 | -3,807 |

NOTES TO THE COLLECTION FUND ACCOUNT

(A)

NON-DOMESTIC RATES (NDR)**Income from Business Ratepayers**

Non-Domestic Rates (NDR) or Business Rates are paid by businesses. The Council collects Business Rates for its area based on local rateable values provided by the Valuation Office Agency (VOA) multiplied by a uniform business rate set nationally by Central Government. Businesses pay an annual bill calculated by multiplying the rateable value of their premises by this annual rate; there are a number of reliefs available, for example to small businesses and charities.

| | 31 Mar 21 | 31 Mar 22 |
|--------------------------------|-----------|-----------|
| Total Rateable Value (£'000) | 110,191 | 111,686 |
| Non Domestic Rating Multiplier | 51.2p | 51.2p |
| Small Business Multiplier | 49.9p | 49.9p |

The Council collects and distributes business rates from rate-payers to the main preceptors and central government. The table below shows the NDR income collectable in 2021/22 after reliefs was £43.102m (£33.988m in 2020/21). The table shows an increase in year of £9.1m in 2021/22 this is mainly as a result less reliefs that were provided to support businesses.

NET AMOUNT COLLECTED

| | 2020/21 £'000 | 2021/22 £'000 |
|-------------------------------|------------------|------------------|
| Non Domestic Rate Income | | |
| Gross Amount Due | 57,663 | 57,905 |
| Less Reliefs | -23,675 | -14,803 |
| Net Amount Collectable | 33,988 | 43,102 |

The Council receives an allowance from the Collection Fund towards the collection of Business Rates, for 2021/22 this was £167k (2020/21 £168k)

The estimated year-end surplus or deficit on the Collection Fund non-domestic rates is shared between the billing and precepting authorities. The calculation of the estimated surplus or deficit for the year has to be made on the 31st January each year. For 2021/22 a deficit of £7.371m was declared (deficit of £17.902m in 2020/21).

The in-year balance on the business rates account at the 31st March 2022 is a deficit of £2.401m (deficit of £17.645m in 2020/21) and this has been disaggregated for the purposes of these Accounts to attribute relevant amounts to the precepting authorities' debtor/creditor accounts and the billing authority as follows:

| | Surplus/(Deficit) at 31.03.21 £'000 | Surplus in year £'000 | Surplus/(Deficit) at 31.03.22 £'000 |
|---|---|-----------------------------|---|
| Bassetlaw District Council | -8,333 | 6,200 | -2,133 |
| Central Government | -10,417 | 7,750 | -2,667 |
| Nottinghamshire County Council | -1,875 | 1,395 | -480 |
| Nottinghamshire Fire and Rescue Authority | -208 | 155 | -53 |
| Balance at 31 March | -3,188 | 15,500 | -5,333 |

Business Rates Appeals

Under the Business Rates Retention Scheme, local authorities are required to provide for the potential loss of business rates as a result of businesses successfully appealing against the rateable valuation of property occupied. The provision is funded from the Collection Fund and the cost shared between the Members of the Business Rates pool. The total of the appeals provisions is £4.612m (2020/21 £6.580m) with the Council being responsible for £1.845m (2020/21 £2.632m). The £1.845m provision for appeals is included within the Council's disaggregated share of the collection fund balances held in the consolidated balance sheet.

(B) COUNCIL TAX

Council Tax income derives from charges raised according to the value of residential properties that have been classified into 9 bands, based on valuations as at 1st April 1991. Individual charges are calculated by estimating the amount of income required from the Collection Fund by Nottinghamshire County Council, Nottinghamshire Police Authority/Police and Crime Commissioner, Nottinghamshire Fire and Rescue Authority and this Council, and dividing this total figure by the Council Tax Base. (I.e. the equivalent number of Band D dwellings).

The Council Tax base for the 2021/22 financial year was 35,900 and was calculated as shown below:

| Valuation Band | Ratio to Band D | No of Dwellings in Valuation List | | Number of Band D Equivalent Dwellings | |
|---|-----------------|-----------------------------------|---------------|---------------------------------------|---------------|
| | | 20/21 | 21/22 | 20/21 | 21/22 |
| Band A- | 5/9 | 0 | 0 | 75 | 77 |
| Band A | 6/9 | 27053 | 27346 | 15815 | 15949 |
| Band B | 7/9 | 7916 | 8031 | 5628 | 5705 |
| Band C | 8/9 | 6444 | 6499 | 5261 | 5292 |
| Band D | 9/9 | 6241 | 6372 | 5829 | 5957 |
| Band E | 11/9 | 3180 | 3246 | 3685 | 3776 |
| Band F | 13/9 | 1525 | 1572 | 2087 | 2144 |
| Band G | 15/9 | 695 | 702 | 1099 | 1103 |
| Band H | 18/9 | 57 | 57 | 85 | 88 |
| Total | | 52,518 | 53,825 | 39,564 | 40,091 |
| Deduction for non-collection, new build, demolition and other adjustments | | | | -545 | -545 |
| Additional properties and adjustments during the year | | | | -3,646 | -3,646 |
| Council Tax Base (Band D equivalent) | | | | 35,373 | 35,900 |

The Council set a Council Tax (excluding local precepts) at Band D of £2,091.54 in 2021/22 compared to £2,024.11 in 2020/21. This is broken down as follows:

| Band D Council Tax | 2020/21 £ | 2021/22 £ |
|--|-----------------|-----------------|
| Bassetlaw District Council | 178.48 | 183.48 |
| Nottinghamshire County Council | 1400.66 | 1431.21 |
| Nottinghamshire County Council Adult Social Care | 134.29 | 149.64 |
| Nottinghamshire Police and Crime Commissioner | 229.32 | 244.26 |
| Nottinghamshire Fire and Rescue Authority | 81.36 | 82.95 |
| Total Council Tax Income | 2,024.11 | 2,091.54 |

The year-end surplus or deficit on Council Tax Account is shared between the billing and precepting authorities on the basis of estimates made on the year-end balance. The calculation has to be made on the 15th January each year. For 2021/22 a deficit of £500k was declared (For 2020/21 £328k deficit was declared).

The balance at the 31st March 2022, a surplus of £1,526k has been disaggregated for the purpose of these accounts to attribute relevant amounts to the precepting authorities' debtor/creditor account and the billing authority as follows:

| | Cuml. Surplus at 31.03.21 £'000 | Surplus in year £'000 | Cuml. Surplus at 31.03.22 £'000 |
|---|--|-----------------------------|---------------------------------------|
| Bassetlaw District Council | -18 | 174 | 156 |
| Nottinghamshire County Council | -134 | 1,270 | 1,136 |
| Nottinghamshire Police and Crime Commissioner | -18 | 194 | 176 |
| Nottinghamshire Fire and Rescue Authority | -7 | 65 | 58 |
| Balance at 31 March | -177 | 1,703 | 1,526 |

GLOSSARY OF TERMS

ACCOUNTING POLICIES

Those principles, bases, conventions, rules and practices applied by an entity that specify how the effects of transactions and other events are to be reflected in its financial statements through:

- Recognising
- Selecting measurement bases for, and
- Presenting assets, liabilities, gains, losses and changes to reserves.

Accounting policies do not include estimation techniques. Accounting policies define the process whereby transactions and other events are reflected in financial statements. For example, an accounting policy for a particular type of expenditure may specify whether an asset or loss is to be recognised, the basis on which it is to be measured, and where in the revenue account or Balance Sheet it is to be presented.

ACCRUALS

Sums included in the final accounts of the Council to cover income or expenditure attributable to the accounting period for which payments have not been received/made in the financial year. Local authorities accrue for both revenue and capital expenditure.

AMORTISATION

The measure of the consumption or other reduction in the useful life of an intangible asset, charged annually to service revenue accounts.

BALANCES

Surplus of income over expenditure that may be used to finance expenditure. Balances can be earmarked in the accounts for specific purposes. Those that are not, represent resources set aside for such purposes as general contingencies and cash flow management.

BALANCE SHEET

A statement of the recorded assets, liabilities and other balances at a specific date at the end of an accounting period.

BILLING AUTHORITIES

Those authorities that set the Council Tax and collect the Council Tax and Non-Domestic Rates.

CAPITAL ADJUSTMENT ACCOUNT

This provides a balancing mechanism between the different rates at which assets depreciated under the Code and are financed through the capital controls system. It should be noted that this account and the Revaluation Reserve are matched by fixed assets within the Balance Sheet - they are not resources available to the Council, and are therefore termed Unusable Reserves.

CAPITAL CHARGES

Annual charges to service revenue accounts to reflect the cost of fixed assets used in the provision of services.

CAPITAL EXPENDITURE

Spending that produces or enhances an asset, like land, buildings, roads, vehicles, plant and machinery. Definitions are set out in Section 40 of the Local Government and Housing Act 1989. Any expenditure that does not fall within the definition must be charged to a revenue account.

CAPITAL PROGRAMME

The capital projects a Council proposes to undertake over a set period of time. The usual period covered by a capital programme is three to five years.

CAPITAL RECEIPTS

The proceeds from the sale of fixed assets such as land and buildings. Capital receipts can be used to repay any outstanding debt on fixed assets or to finance new capital expenditure within rules set down by Government. Capital receipts cannot, however, be used to finance revenue expenditure.

CHARTERED INSTITUTE OF PUBLIC FINANCE AND ACCOUNTANCY (CIPFA)

The professional accountancy body concerned with local authorities and the public sector.

COLLECTION FUND

The Collection Fund is a statutory fund set up under the provisions of the National Local Government Finance Act 1988. It includes the transactions of the charging Council in relation to Non-Domestic Rates and Council Tax and illustrates the way in which the fund balance is distributed to Central Government, preceptors and the General Fund.

COMMUNITY ASSETS

These are assets that the Council intends to hold in perpetuity, that have no determinable useful life and that may have restrictions on their disposal. Examples of community assets are parks and historic buildings not used in the direct provision of services. It also covers items of Civic Regalia.

CONTINGENT LIABILITIES

Potential losses for which a future event will establish whether a liability exists and for which it is inappropriate to set up a provision in the accounts.

COUNCIL TAX

The main source of local taxation to local authorities. Council Tax is levied on households within its area by the billing Council and the proceeds are paid into its Collection Fund for distribution to precepting authorities and for use by its own General Fund.

COUNCIL TAX BASE

The council tax base of an area is equal to the number of band “D” equivalent properties. It is calculated by counting the number of properties in each of the eight Council Tax bands and then converting this into an equivalent number of band “D” properties (e.g. a band “H” property pays twice as much Council Tax as a band “D” property and therefore is equivalent to two band “D” properties). For the purpose of calculations made by a local Council of the basic amount of Council Tax for its area for each financial year, the Council makes an estimate of its collection rate and reflects this in the tax base.

CURRENT EXPENDITURE

Expenditure on running costs such as that in respect of employees, premises and supplies and services.

DEFERRED CAPITAL RECEIPTS

Amounts derived from the sale of assets that will be received in instalments over agreed periods of time. These arise mainly from mortgages on the sale of council houses.

DEFERRED CREDITORS

This term applies to the monies owed by the Council more than 12 months from the Balance Sheet date.

DEPRECIATION

Charges reflecting the wearing out, consumption or other reduction in the useful life of a fixed asset.

EARMARKED RESERVES

These are reserves set aside for a specific purpose or a particular service, or type of expenditure.

EMOLUMENTS

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

EXTERNAL AUDIT

The independent examination of the activities and accounts of local authorities to ensure that the accounts have been prepared in accordance with legislative requirements and proper practices, to ensure that the Council has proper arrangements in place for securing financial resilience and to challenge how it secures economy, efficiency and effectiveness in its use of resources.

FEES AND CHARGES

Income raised by charging users of services for the facilities. For example, Councils usually make charges for the use of leisure facilities, car parks and the collection of trade refuse etc.

FINANCE LEASE

Arrangement whereby the lessee is treated as owner of the leased asset and is required to include such

assets within fixed assets on the Balance Sheet.

FINANCIAL INSTRUMENT

Contracts which give rise to a financial asset of one organisation and a financial liability of another organisation.

FINANCIAL INSTRUMENT ADJUSTMENT ACCOUNT

An account that holds the accumulated difference between the financing costs included in the Comprehensive Income and Expenditure Account and the accumulated financing costs required in accordance with regulations to be charged to the General Fund Balance.

FINANCIAL YEAR

The Council's financial year commences on 1st April and ends on 31st March the following year.

FIXED ASSET

Tangible asset that yields benefits to the Council and the services it provides for a period of more than one year.

GAAP

Generally Accepted Accounting Principles is the standard framework of guidelines for financial accounting. It includes the standards, conventions and rules accountants follow in recording and summarising transactions and in the preparation of financial statements.

GENERAL FUND

The main revenue fund of a billing Council. Day to day spending on services is met from this Fund. Spending on the provision of council housing must be charged to a separate Housing Revenue Account.

GROSS EXPENDITURE

The total cost of providing Council services before taking into account income from government grants and fees and charges for services.

HERITAGE ASSETS

An asset with historical, artistic, scientific, technological, geophysical or environmental qualities that is held and maintained principally for its contribution to knowledge and culture.

HOUSING BENEFIT

Financial help given to Council's or private tenants whose income is below prescribed amounts. The Government finances approximately 100% of the cost of benefits to non HRA tenants ("rent allowances") and HRA tenants (through the rent rebate element of housing subsidy).

HOUSING REVENUE ACCOUNT

A Council's statutory account covering revenue income and expenditure on the housing services relating to its housing stock.

IMPAIRMENT

Impairment occurs when the value of an asset has reduced. This can be either as a result of a general fall in prices or by a clear consumption of economic benefits such as by physical damage to the asset.

INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS)

Accounting standards adopted from 1st April 2010 for Local Government entities.

INTERNAL AUDIT

An independent appraisal function established by the management of an organisation for the review of the internal control system as a service to the organisation. It objectively examines, evaluates and reports on the adequacy of internal control as a contribution to the proper economic, efficient and effective use of resources. Every Council is required to maintain an adequate and efficient internal audit. A review of the effectiveness of the internal audit function of a Council has to be considered and approved by the Council's Members each year.

INVESTMENTS

Deposits with approved institutions, usually for less than one year.

LONG TERM DEBTORS

Amounts due to the Council more than one year after the Balance Sheet date.

MINIMUM REVENUE PROVISION (MRP)

The minimum annual provision from revenue towards a reduction in a Council's overall borrowing requirement.

NON-DOMESTIC RATE (NDR)

The Council collects Non-Domestic Rates for its area based on local rateable values, multiplied by a national uniform rate. The total amount, less certain relief's and deductions, including Council Tax benefit, is shared between Central Government (50%), District Councils (40%), County Council (9%) and Fire Authority (1%).

NET EXPENDITURE

Gross expenditure less gross income.

NON-OPERATIONAL ASSET

Fixed assets held by the Council but not directly used or consumed in the delivery of its services. This would include properties and land that are Held for Sale or Surplus.

OPERATIONAL ASSET

Fixed assets held by the Council and used or consumed in the delivery of its services.

OPERATIONAL LEASE

An arrangement whereby the risks and rewards of ownership of the leased asset remain with the leasing company, or lessor.

PENSION FUND

An employees' pension fund maintained by a Council, or a group of authorities, in order to make pension payments on retirement of participants. It is financed from contributions from the employing Council, the employee and investment income.

PRECEPT

The levy made by precepting authorities on billing authorities, requiring the latter to collect income from council taxpayers on their behalf.

PRECEPTING AUTHORITIES

Those authorities that are not billing authorities (i.e. do not collect Council Tax or NDR) and precept upon the billing Council, which then collects it on their behalf. Nottinghamshire County Council, Nottinghamshire Police and Crime Commissioner, Nottinghamshire Fire and Rescue Authority and Parish Councils all precept upon Bassetlaw District Council.

PROVISIONS

Sums set aside to meet future expenditure where a specific liability is known to exist but that cannot be measured accurately.

PUBLIC WORK LOANS BOARD (PWLB)

A Government body that meets part of the Council's loan finance for capital purposes.

RELATED PARTIES

Two or more parties are related parties when at any one time in the financial period:

- One party has direct or indirect control of the other party;
- The parties are subject to common control from the same source;
- One party has influence over the financial or operational policies of the other party to an extent that the other party might be inhibited from pursuing at all times its own separate interests;
- The parties, in entering a transaction are subject to influence from the same source to such an extent that one of the parties to the transaction has subordinated its own separate interests.

Examples of related parties of a Council include:

- UK Central Government;
- Local authorities and other bodies precepting or levying demands on the Council Tax;
- Its subsidiary and associated companies;
- Its joint ventures and joint venture partners;
- Its Members;
- Its Senior Officers.

For individuals identified as related parties, the following are also presumed to be related parties:

- Members of close family, or the same household;
- Partnerships, companies, trusts and other entities in which the individual, or a member of their close family or the same household, has a controlling interest.

REVALUATION RESERVE

This records unrealised revaluation gains arising since 1st April 2007 from holding assets. It should be noted that this reserve and the Capital Adjustment Account are matched by fixed assets within the Balance Sheet. They are not resources available to the Council and are therefore termed 'Unusable'.

REVENUE EXPENDITURE FUNDED FROM CAPITAL UNDER STATUTE

Expenditure of a capital nature for which there is no tangible asset acquired by the Council. This would include capital grants or renovation grants to private persons.

REVENUE SUPPORT GRANT (RSG)

This funding is the Government grant provided by the Department of Communities and Local Government (DCLG) that is based on the Government's assessment as to what should be spent on local services. The amount provided by the DCLG is fixed at the beginning of each financial year, and is announced as part of the Comprehensive Spending Review. It now forms part of the formula grant.

SOFT LOANS

A "soft loan" is where a loan has been made for policy reasons, rather than as a financial instrument. These loans may be interest free or at rates below prevailing market rates. Commonly, such loans are made to local organisations that undertake activities that the Council considers will have benefit to the local population.

STATEMENT OF ACCOUNTS

Local authorities are required to prepare, in accordance with proper practices, a Statement of Accounts in respect of each financial year, which contains prescribed financial statements and associated notes. Members of the Council must approve the Statement by 30 September following the end of the financial year.

STATEMENT OF RECOMMENDED PRACTICE (CODE)

The accounts have been produced in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom: A Statement of Recommended Practice.

TOTAL COST

The total cost of a service or activity includes all costs that relate to the provision of the service (directly or bought in) or to the undertaking of the activity. Gross total cost includes employee costs, expenditure relating to premises and transport, supplies and services, third party payments, transfer payments, support services and depreciation charges. This includes an appropriate share of all support services and overheads that need to be apportioned.

TRADING SERVICES

Services that are, or are generally intended to be, financed mainly from charges levied on the users of the service.

USABLE CAPITAL RECEIPTS

Amounts available to finance capital expenditure in future years.

USABLE RESERVES

Amounts set aside in the accounts for future purposes that fall outside the definition of provisions. They include general balances and reserves that have been earmarked for specific purposes. Expenditure is not charged directly to a reserve, but to the appropriate service revenue account.

UNUSABLE RESERVES

Represent gains and losses yet to be realised and which are not available to support services.

DRAFT

Draft Annual Governance Statement 2021/22





Index to the Annual Governance Statement

| SECTION | DETAILS | PAGE NO |
|----------|---|--|
| 1 | Executive Summary | <u>122</u> |
| 2 | Introduction & Scope of Responsibility | <u>123</u> |
| 3 | The Governance Framework | <u>123</u> |
| 4 | Review of Effectiveness <ul style="list-style-type: none"> • Governance Arrangements • Financial Management | <u>124</u> 126 127 |
| 5 | Assurance from Internal & External Audit | <u>128</u> |
| 6 | Governance Issues and Action Plan <ul style="list-style-type: none"> • From 2020/21 • Identified during 2021/22 | <u>130</u> <u>132</u> |
| 7 | Conclusion | <u>133</u> |

1. Executive Summary

1.1 The Annual Governance Statement considers the effectiveness of the Council's governance arrangements throughout 2021/22. It is an objective and honest appraisal of the Council's governance framework which identifies those areas where further development and improvement is required.

1.2 Having considered the review of governance arrangements carried out by senior management, the Chief Executive and Chair of the Audit & Risk Scrutiny Committee (ARSC) are satisfied that:

- a) appropriate governance arrangements are in place, and
- b) the actions set out in the table below will address the areas for improvement identified through the Council's review of effectiveness

| Issue | Actions Agreed |
|-------------------------------------|--|
| Constitutional review | Amendments will be made to the Council Constitution to ensure it reflects how the Council currently operates and how it makes decisions to demonstrate that these are made efficiently, transparently and in an accountable manner. This review will ensure that the Constitution is a living document which accurately reflects current legislation and council policy, priorities and working practices |
| Outcomes and benefits review | A refreshed Corporate Plan will consider options for updated Council priorities which will support the Council's wider aims and objectives in supporting the District's residents and businesses in their response to the cost of living issues and enable individual and collective wellbeing through a number of preventative and personalised measures |
| Financial management | The Council will undertake a further self-assessment to evaluate its compliance with the Financial Management Code and to give assurances over its financial resilience and sustainability. The current cost of living crisis however will expose the Council's budget to rising costs. To control costs difficult decisions may need to be made which could include further unplanned reductions to services and the cancellation or delays to major projects. A robust financial planning process will provide an integrated view of the Council's finances and outlook over the medium term |

1.3 The implementation of these actions will be monitored throughout the coming financial year and summarised as part of the next annual review.

Signed on behalf of Bassetlaw District Council:

Mr David Armiger, Chief Executive

**Cllr Alan Rhodes, Chair
of Audit and Risk Scrutiny
Committee**

2. Introduction and Scope of Responsibility

2.1 Bassetlaw District Council is responsible for ensuring that:

- Its business is conducted in accordance with legal requirements and proper standards;
- public money is safeguarded and properly accounted for, and
- resources are used economically, efficiently and effectively

2.2 The Council also has a duty under the Local Government Act 1999 to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.

2.3 At its Full Council meeting on 22nd July 2021¹, Bassetlaw District Council approved and adopted a Local Code of Corporate Governance (Local Code), based on the CIPFA² /SOLACE³ framework “*Delivering Good Governance in Local Government*” first published in 2007. The framework is designed to help councillors and officers to identify emerging risks to governance, and to tackle them proportionately. The framework is not something that needs to be adopted by councils and does not operate as a checklist or process that can be used to evaluate governance risk. Instead it provides a way for people within the Council to talk about and reflect on governance, and to think about what steps need to be taken to act on emerging governance risks.

2.4 The Annual Governance Statement explains how the Council has complied with the Local Code and meets the requirements of Regulation 6(1)(a) of the Accounts & Audit (England) Regulations 2015, which requires an authority to conduct a review at least once a year of the effectiveness of its system of internal control and include a statement reporting on the review with the published Statement of Accounts.

3. The Governance Framework

3.1 In conducting its business, Bassetlaw District Council is fully committed to the key principles of good governance as established by the Nolan Committee on Standards in Public Life.

These key principles are to:

- Focus on the organisation’s purpose and on outcomes for citizens and service users
- Promote values for the whole organization and demonstrate good governance through behaviour
- Perform effectively in clearly defined functions and roles
- Take informed, transparent decisions and manage risk

¹ <https://data.bassetlaw.gov.uk/media/8778/co230921non.pdf> pages 17-33

² Chartered Institute of Public Finance and Accountancy

³ Society of Local Chief Executives

- Develop the capacity and capability of the governing body to be effective
- Engage stakeholders and make accountability real.

3.2 The CIPFA/SOLACE framework for good governance adapts these core principles for the local authority context. The seven core principles of good governance as recognised by the CIPFA/SOLACE framework adopted by the Council are set out below:

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

3.3 For details of how the Council will seek to apply each of the seven core principles above, please refer to the Council’s latest Local Code of Corporate Governance⁴.

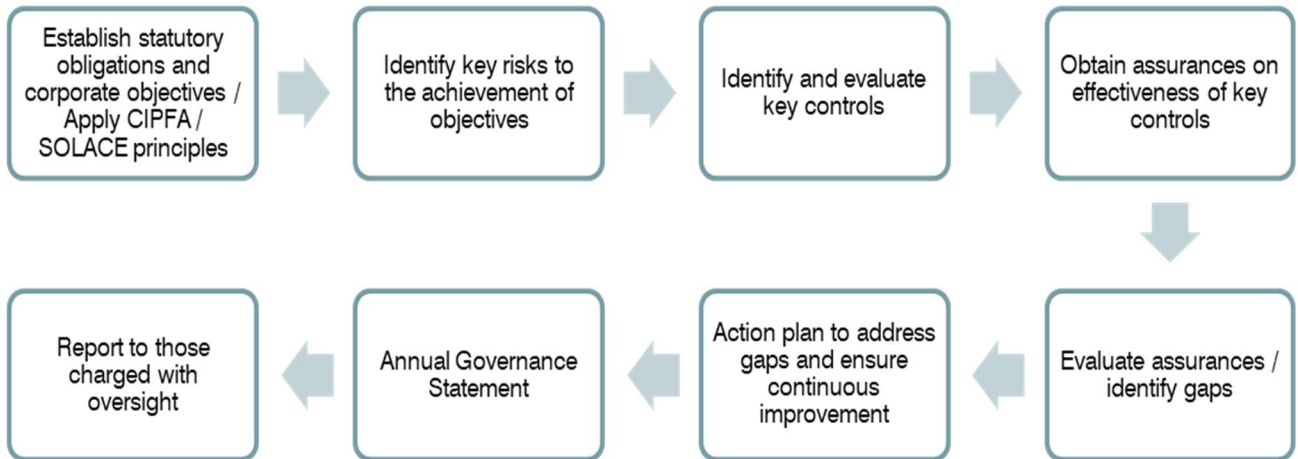
4. Review of Effectiveness

4.1 The Council has responsibility for conducting, at least annually, a review of the effectiveness of its governance framework including the system of internal control. The review of effectiveness is informed by the work of the executive managers within the authority (who have responsibility for the development and maintenance of the governance environment), the Head of Internal Audit’s annual report and comments made by the external auditors or other review agencies and inspectorates.

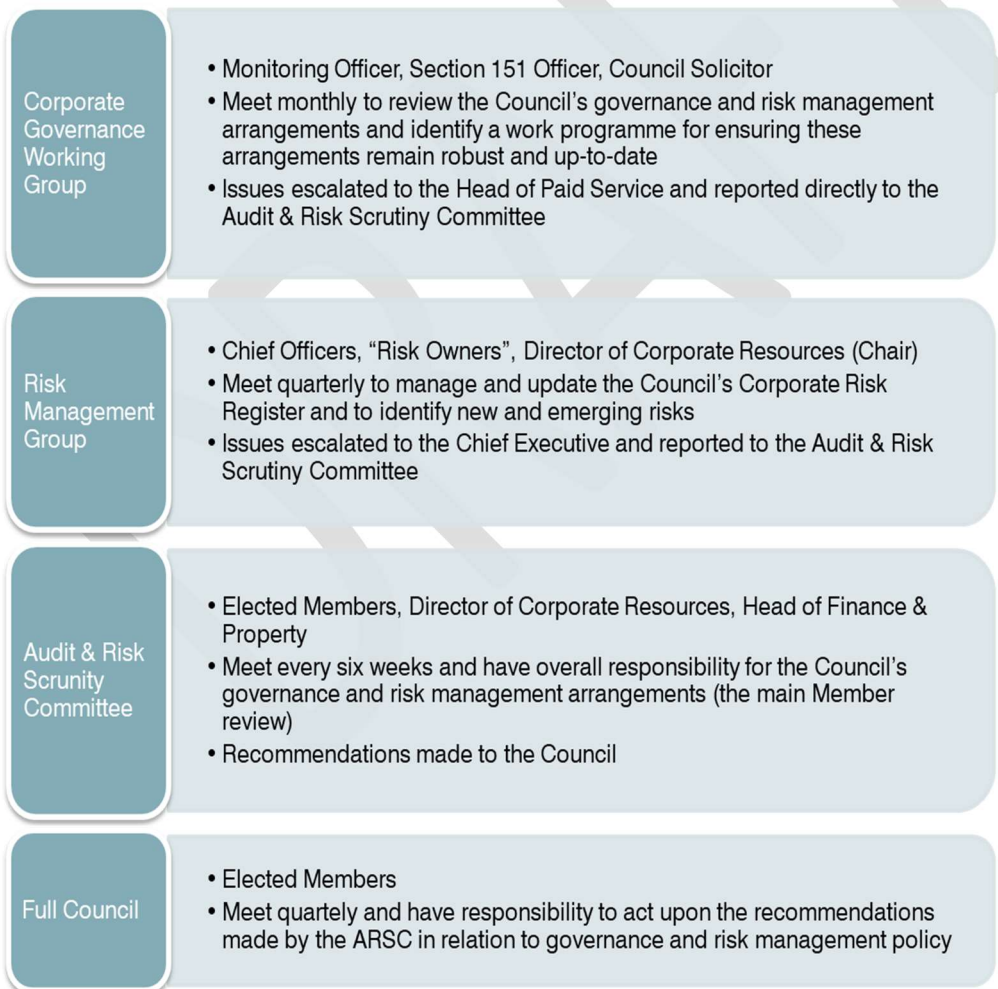
4.2 The Council takes its corporate governance arrangements seriously and as a result has put in place a rigorous process of reviewing the arrangements on a regular basis. An overview of this process is provided overleaf (for more details please refer to the Council’s latest Local Code of Corporate Governance).

Review Process:

⁴ <https://data.bassetlaw.gov.uk/media/8778/co230921non.pdf> (pages 17-33)



Oversight:



Governance Arrangements

The Council satisfies itself as to the effectiveness of its system of internal control through a governance assurance framework. This takes as its starting point the Council's principal statutory and organisational objectives as set out in the Council Plan. From this are identified the key risks to the achievement of the Council's objectives as set out within the Council's corporate, directorate and service risk registers.

4.3 The framework identifies the main sources of assurance on the controls in place to manage those risks, and it is the evaluation of those assurances that is the basis of this Annual Governance Statement.

4.4 The following documents establish these policies, aims and objectives at a strategic level:

- The Council Plan;
- The Community Safety Partnership Strategy;
- The Local Development Framework;
- The Annual Budget and Performance Management Framework;
- The Capital Strategy and Asset Management Plan;
- The Financial Strategy;
- The Treasury Management Strategy;
- The Internal Audit Strategy;
- The Risk Management Strategy;
- The Housing Strategy;
- The Corporate Equalities Scheme;
- The CCTV Code of Practice; and
- The Anti-Fraud & Anti-Corruption Strategy and Policy.

4.5 These high-level plans are further supported by Service Delivery Plans. The Constitution provides clear guidance on how the Council operates, how decisions are made and the procedures and protocols to ensure that decisions and activities are efficient, transparent and accountable to local citizens. Some of these processes are required by law, whilst others are determined by the Council for itself.

4.6 The Council acknowledges its responsibility to ensure that it operates an effective system of internal control to maintain and operate controls over its resources. This system of internal control can only provide reasonable (not absolute) assurance that assets are safeguarded, transactions authorised and properly recorded, and that material errors or irregularities are prevented or would be detected within a reasonable period. A key element of the Council's internal control system is the work of the Audit and Risk Scrutiny Committee, undertaking the core functions as identified in CIPFA guidance.

4.7 Governance training has been provided to all key officers and Members, including induction training, and arrangements are in place for the ongoing continuation of that training.

4.8 The Council undertakes an annual review of the effectiveness of its corporate governance framework, including signed Assurance Statements from each of the Heads of Service and Directors.

Financial Management

- 4.9 Ensuring that there is an effective system of internal financial control is the responsibility of the Section 151 Officer. The systems of internal financial control provide reasonable, assurance that assets are safeguarded, that transactions are authorised and properly recorded, and that material errors or irregularities either are prevented or would be detected within a timely period.
- 4.10 Internal financial control is based on a framework of management information that includes the Financial, Contract and Procurement Procedure Rules and administration procedures, adequate separation of duties, management supervision, and a system of delegation and accountability.
- 4.11 The Council has produced comprehensive procedure notes/manuals for all key financial systems, and these are regularly reviewed. The controls created by management are evaluated to ensure:
- Council objectives are being achieved;
 - The economic and efficient use of resources;
 - Compliance with policies, procedures, laws, rules and regulations;
 - The safeguarding of Council assets;
 - The integrity and reliability of information and data.
- 4.12 In 2016 CIPFA issued an updated statement on **“the Role of the Chief Financial Officer in Local Government”** which covered five key principles. The Council can demonstrate how it conforms to these governance requirements as the Section 151 Officer:
- is a key member of the Corporate Leadership Team, helping it to develop and implement strategy and to resource and deliver the Council’s strategic objectives sustainably and in the public interest. The Chief Executive is also a CIPFA qualified accountant which strengthens this further.
 - is actively involved in, and able to bring influence to bear on, all material business decisions to ensure immediate and longer term implications, opportunities and risks are fully considered, and alignment with the Council’s financial strategy.
 - leads the promotion and delivery by the whole Council of good financial management so that public money is safeguarded at all times and used appropriately, economically, efficiently and effectively.
 - leads and directs a finance function that is resourced to be fit for purpose.
 - is professionally qualified and suitably experienced.
- 4.13 In 2019 CIPFA issued an updated statement on **“The Role of the Head of Internal Audit in Public Service Organisations”** which again covered five key principles. The Council can demonstrate how it conforms to these governance requirements as the Head of Internal Audit:

- objectively assesses the adequacy and effectiveness of governance and management of risks, giving an evidence based opinion on all aspects of governance, risk management and internal control.
- champions best practice in governance and comments on responses to emerging risks and proposed developments.
- is a Partner at RSM and has regular and open engagement across the Council, particularly with the Corporate Leadership Team and with the Audit & Risk Scrutiny Committee.
- leads and directs an internal audit service that is resourced appropriately, sufficiently and effectively.
- is professionally qualified and suitably experienced.

5. Assurance from Internal and External Audit

5.1 One of the key assurance statements the Council receives is the annual report and opinion of the Head of Internal Audit. The Audit Manager's Internal Audit Annual Report for 2021/22 (as considered at Audit and Risk Scrutiny Committee on 21st July) includes an overall positive assurance rating:

For the 12 months ended 31st March 2022, the Head of Internal Audit opinion for Bassetlaw District Council is as follows:

“The Council has an adequate and effective framework for risk management, governance and internal control. However, our work has identified further enhancements to the framework of risk management, governance and internal control to ensure that it remains adequate and effective”.

❖ **Governance –**

Internal Audit have taken into consideration the governance and oversight related elements of each of the reviews undertaken as part of the 2021/22 internal audit plan and have concluded that there is a governance framework in place, and the Audit and Risk Scrutiny Committee is effective in monitoring and challenging management and holding them to account. A number of areas have been identified for improvement which have led to the agreement of management actions.

❖ **Risk Management –**

The risk management opinion was informed by Internal Audit's observation of risk management systems and processes throughout the course of all audits within the Audit Plan. These audits included Tree Management, Environment Services – Health and Safety, Property and Asset Management and Secure Remote Working which have direct links to the Corporate Risk Register.

The Corporate Risk Register contains those risks which may impact the achievement of the Council's strategic objectives. There are eight strategic risks and for each one there

is a summary of why they are a strategic risk, existing controls and an overall risk rating. The register also includes the inherent and residual risk rating, alongside the target risk rating that the Council are striving to mitigate to. The risks are discussed and reviewed in a report presented to the Audit and Risk Scrutiny Committee on a quarterly basis.

❖ **Internal Controls –**

Internal Audit undertook 13 internal audit reviews in 2021/22 which resulted in an assurance opinion. There was one review (8%) from which the Council could take substantial assurance, 10 reviews (77%) from which the Council could take reasonable assurance, and two reviews (15%) from which the Council could only take partial assurance (negative opinion).

During the year Internal Audit agreed a total of 106 management actions across assurance, advisory and follow up reviews. Of the actions agreed: one (1%) was ‘high’ priority, 61 (58%) were ‘medium’ priority, 44 (41%) were ‘low’ priority. A total of four of these came from the three Continuous Assurance Visits. These controls are deemed as non-negotiable areas of compliance, that management require assurance on throughout the year on their functionality and effectiveness.

❖ **The External Auditor’s (Mazars) Value for Money Conclusion for 2020/21 concluded:**

“The Value for Money Commentary has not yet been issued. We can confirm however that no risks or actual significant weaknesses have been identified in the Council’s arrangements for securing economy, efficiency and effectiveness in its use of resources”

5.2 It is important to recognise the results of the Internal Audit Annual Report where the Council has been issued with an overall positive assurance rating.

6. Governance Issues and Action Plan

6.1 The issues set out within this section are those identified via the Council’s risk management, governance, internal audit and other internal control processes as being relevant to the preparation of the Annual Governance Statement. They are not highlighted as significant control or risk concerns, but included to highlight the Council’s awareness of emerging issues through its proactive and holistic approach to governance. Whilst recognising our improvements to date, the emphasis going forward is to address identified issues and to put in place improvement actions to not only address those areas of concern but also seeking to embrace continual improvement to areas where there are no issues. We have made good progress in implementing the actions from 2020/21 as noted below with all outstanding issues being carried forward into the 2021/22 Action Plan. We are satisfied that these steps will address any need for improvements that were identified in our review of effectiveness and will monitor their implementation and operation as part of our next annual review and through regular updates to the Audit and Risk Scrutiny Committee.

Actions from the Annual Governance Statement for 2020/21

- 6.3 The table below summarises the governance issues identified during the 2020/21 financial year and the actions agreed in order to address these issues:

| Issue | Actions agreed and status |
|------------------------|---|
| <p>Covid-19</p> | <p>Corporate approach and risk management</p> <p>The Council has been hugely impacted by the pandemic with governance arrangements and internal control environments being tested significantly. A separate risk register has been created and is being maintained and updated regularly. The register provides details as to how services continue to respond and the measures / changes that have or are needed to be put in place. An update on these risks was reported to Audit and Risk Scrutiny Committee on 26th May 2022.</p> <p>Provision of services</p> <p>Government requirements for local authorities to respond to the pandemic have been accommodated by services which have flexed to accommodate these requirements as necessary, e.g. Neighbourhoods Service responded to the pandemic by undertaking advice and monitoring of business compliance with the regulations and providing advice to residents, participated in various meetings with partner organisations to co-ordinate testing, incident and outbreak management and coordinated a consistent and comprehensive promotion of vaccinations and media messaging.</p> <p>Change in operational procedures</p> <p>Risk assessment and control measures were established to ensure safe workplaces and safe working practices. These were reviewed and revised upon changes to government guidance. Risk assessments were reviewed by the relevant service managers on a quarterly basis (as a minimum) to reflect the rapidly changing national guidance. A significant number of employees were enabled to work from home and although this impacted on front line service provision, the impact was kept as low as practicable. Staff were encouraged to return to the office on a rota basis to gradually re-introduce office-based working and a hybrid working policy was subsequently approved at Cabinet in November 2021 and has now been implemented. Business continuity plans have been strengthened and impact assessments, particularly around critical functions, are being reviewed.</p> <p>New initiatives</p> <p>A number of one-off funding streams were introduced at national and local level to provide assistance to those who are medically vulnerable or have been impacted by the economic consequences of the pandemic. Measures have been put in</p> |

| Issue | Actions agreed and status | | |
|---|---|-----------------------------------|---|
| | <p>place to monitor that spend is allocated to need continues to be properly accounted for and a balance reached so as not to create a dependency culture. The Council has been distributing grants quickly to ensure that risks to businesses are minimised.</p> | | |
| <p>Contingent Assets or Liabilities</p> | <p>The pandemic resulted in forced closure of leisure centres for various periods during 2020/21. The level of uptake and lower capacity on re-opening has reduced BPL income during 2021/22. Further, and alongside this, there has been reduced income from the Council's car parks and market stall income. <i>(This shortfall in income will continue to be closely monitored during the 2022/23 financial year)</i></p> | | |
| <p>High Risk Audit Recommendations</p> | <p>22.20/21 Leaseholders and Service Charges: Consultations will take place with all leaseholders prior to works taking place <i>(Expected completion date of December 2022)</i></p> <p>09.21/22 Retford Enterprise Centre: Management will ensure there are legally binding tenancy agreements in place with all tenants to include all appropriate legalities required by the landlord to carry out statutory compliance checks. There will also be more enhanced checks undertaken against virtual tenants to ensure the validity of the incoming tenant before the agreement is signed off <i>(Expected completion date of 30th June 2022)</i></p> | | |
| <p>Financial Management Code (FM Code)</p> | <p>The CIPFA Financial Management Code (FM Code) is designed to support good practice in financial management and to assist local authorities in demonstrating their financial sustainability. The FM Code therefore sets the standards of financial management for local authorities. The Council has undertaken a further self-evaluation of compliance with the FM Code during 2021/22 with an update provided to September's Audit and Risk Scrutiny Committee ⁵. The assessment identified a number of recommended actions across all standards including a number where compliance is being demonstrated but further improvements could be made.</p> | | |
| | <p>RAG Rating</p> | <p>Number of standards</p> | <p>Number of recommended actions</p> |
| | <p>Green (compliance demonstrated)</p> | <p>8</p> | <p>10</p> |
| | <p>Amber (minor improvements required)</p> | <p>8</p> | <p>18</p> |
| | <p>Red (significant improvements required)</p> | <p>0</p> | <p>0</p> |
| | <p>Total</p> | <p>17</p> | <p>28</p> |

⁵ <https://data.bassetlaw.gov.uk/media/8535/ar300921non.pdf>

Government issues and Action Plan for 2021/22

6.4 The table below summarises the governance issues and areas of risk identified during 2021/22 financial year and the actions required in order to address these issues

| Issue | Commentary / Actions Required |
|---|---|
| Role of Audit and Risk Scrutiny Committee and Overview and Scrutiny Committee in financial matters | A review of the Council's Constitution during 2022/23 will consider the role of both committees particularly in the oversight and scrutiny of financial matters. The review is due to be presented to Council in September 2022. A revised Constitution will be progressed soon afterwards and will include a review of the arrangements for council meetings; the arrangements for executive decision-making; the arrangements for scrutiny and overview of decisions; the code of conduct for members; and the rules governing finance, contractual and legal matters. |
| A revised Corporate Plan | A report will be presented to Cabinet to consider options for updated corporate priorities in the light of the changing economic situation affecting residents and businesses within the District. |
| A review of local authority companies and outside organisations | The review will focus on the effectiveness and appropriateness of governance arrangements (both the council's governance arrangements for overseeing wholly or partly owned entities and holding them to account; and the governance arrangements for the entities themselves) to ensure that companies may be held to account and to protect the interests of taxpayers. The review will focus on questions and challenges that are relevant to the decision-making processes for establishing wholly or partly owned entities and why establishing a company is the right approach and considers whether an alternative delivery model would be more appropriate. |
| A further self-assessment of the Financial Management Code (FM Code) | A further self-assessment of the FM Code will take place during 2022/23. It is proposed that a framework is agreed for peer reviews across the Nottinghamshire region to enable best practice to be shared between councils |

| | |
|--|--|
| | <p>with the final outcome designed to ensure all councils move towards full compliance of the FM Code over the short to medium term. A further compliance report will be presented to members of the Audit and Risk Scrutiny Committee during the year and will consider the Council's financial control environment including accountability for keeping net costs within the approved budget, the Financial Procedure Rules and the Budget and Policy Framework Procedure Rules as set out in the constitution.</p> |
| <p>Financial sustainability and resilience, the cost of living crisis</p> | <p>The cost of living has been increasing since early 2021 and in April 2022, inflation reached its highest recorded level affecting the affordability of goods and services for both the Council and local residents. This will ultimately lead to increasing budget pressures across council services due to inflationary increases including pay awards and pension contributions at a time when resources are constrained particularly following the pandemic. The main area of financial concern however continues to be the uncertainty surrounding the proposals and potential impact of both the Fair Funding review and the Business Rates Retention scheme. Both of these could significantly impact the Council. The government have delayed these reforms by another year with a possible implementation date of April 2023.</p> |

7. Conclusions

- 7.1 The Council has been hugely impacted by the coronavirus pandemic over the last two years. This has been taken into account and referenced throughout this Annual Governance Statement. Our governance arrangements and internal control environment have been significantly tested providing some notable successes whilst on the other hand giving opportunities for reflection and improvement.
- 7.2 The Council's governance and risk management arrangements enable it to deal openly and effectively with situations such as those highlighted. The nature of the organisation means that there will always be difficult situations to deal with, but the internal control mechanisms ensure that actions are taken appropriately and promptly, and the organisation is accountable for those actions.

- 7.3 Whilst the Council is satisfied that we have appropriate governance arrangements in place, it would be unwise to be complacent and governance processes should be subject to continuous review and improvement. It is always valuable for a local authority to seek to understand the issues experienced elsewhere and to learn from those.
- 7.4 The Audit and Risk Scrutiny Committee will continue to play a key role in obtaining relevant assurances, questioning and challenging the material before it. Together with the work carried out by the Overview and Scrutiny function, the triangulation of financial, ethical and service performance should seek to give early warning of any risks to good governance in the future.
- 7.5 We propose over the coming year to take steps to address the matters identified above to further enhance our governance arrangements in these challenging times.

If you need any help communicating with us or understanding any of our documents, please contact us on **01909 533 533**.

