

**BASSETLAW DISTRICT COUNCIL
STATEMENT OF ACCOUNTS 2012/13
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EXPLANATORY FOREWORD

During 2012/13, scrutiny of public spending and the national economic situation has become increasingly important and the government has given clear instructions to local authorities to make financial information publicly accessible and transparent. Bassetlaw District Council (the "Council") now publishes data on all expenditure over £250 which is available on our website www.bassetlaw.gov.uk.

These accounts also form part of the information available to the public and although they are complex, due to the requirement to comply with International Financial Reporting Standards (IFRS), every effort has been made to provide notes and commentaries that explain and interpret the key elements of the accounts for the reader.

The Council will also be providing a summary version of the accounts which will include the key facts and information.

The purpose of a Local Council's published Statement of Accounts is to give electors, those subject to locally levied taxes and charges, Members of the Council, employees and other interested parties clear information about the Council's finances. The statement should answer such questions as:

- What did the Council's services cost during the year?
- Where did the money come from?
- What were the Council's assets and liabilities at the year-end?

The following pages summarise the financial activities of Bassetlaw District Council in 2012/13 and comment upon the most significant matters reported in the accounts. This publication incorporates all of the financial statements and disclosure notes required by statute. The accounts have been produced in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2012.

The Council's accounts for the year 2012/13 comprise:

Core Financial Statements Comprising:

- **Movement in Reserves Statement.** This Statement shows the movement in the year on the different reserves held by the Council, analysed into 'Usable' and 'Unusable' reserves. These are defined below under 'Balance Sheet'. The Surplus/Deficit(-) on the Provision of Services line shows the true economic cost of providing the Council's services, more details of which are shown in the Comprehensive Income and Expenditure Statement. These are different from the statutory accounts required to be charged to the General Fund Balance and the Housing Revenue Account for council tax setting and rent setting purposes. The Net Increase/Decrease before Transfers to Earmarked Reserves line shows the statutory General Fund Balance and Housing Revenue Account Balance before any discretionary transfers to or from earmarked reserves are undertaken by the Council.
- **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. Councils raise taxation to cover expenditure in accordance with regulations; this may be different from the accounting cost. The taxation position is shown in the Movement in Reserves Statement.
- **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 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 (e.g. the Capital Receipts Reserve which may only be used to fund capital expenditure or to 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 (e.g. the Revaluation Reserve), where amounts would only become available to provide services if 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'.

- **Cash Flow Statement.** The Cash flow Statement shows the changes in cash and cash equivalents of the Council during the reporting period. The Statement shows how the Council generates and uses cash and cash equivalents by classifying cash flows as operating, investing and financing activities. The amount of net cash flows arising from operating activities is a key indicator of the extent to which the operations of the Council are funded by way of taxation and grant income or from the recipients of services provided by the Council. Investing activities represent the extent to which cash outflows have been made for resources which are intended to contribute to the Council's future service delivery. Cash flows arising from financing activities are useful in predicting claims on future cash flows by providers of capital (i.e. borrowing) to the Council.
- **Notes to the Financial Statements.** These provide additional information about the figures in the core financial statements.
- **Accounting Policies.** These explain the treatment and basis of the figures in the accounts in accordance with proper accounting practices. The accounts can only be properly understood if the policies that have been followed in dealing with material items are explained.
- **Statement of Responsibilities.** Under Regulation 8(2) of The Accounts and Audit (England) Regulations 2011 there is a requirement for the Responsible Financial Officer to certify that the Statement of Accounts presents a true and fair view of the financial position of the Council.

Supplementary Statements Comprising:

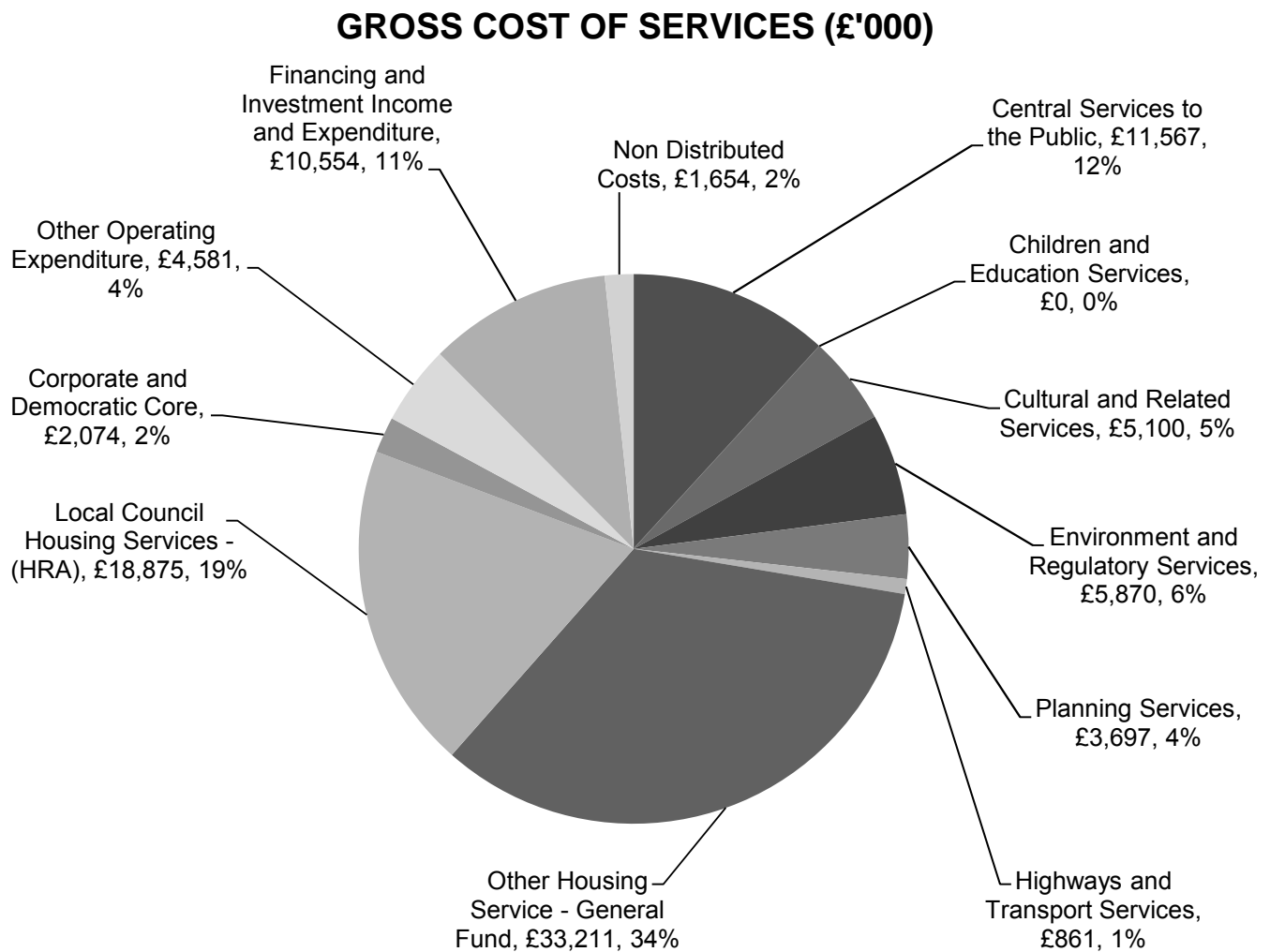
- **Housing Revenue Account (HRA).** This shows separately the revenue expenditure incurred in providing Council houses and demonstrates how this has been met by rents, subsidy and other income. The format of the account includes an Income and Expenditure Account and Statement of Movement on the HRA Balance.
- **Collection Fund.** This reports the transactions of the Council as a billing authority acting as an agent as it collects and distributes Council Tax income on behalf of major preceptors and itself and on behalf of Central Government for Business Rates. Amounts in respect of Business Rates and Council Tax due are shown, together with how these have been distributed to precepting authorities, the Council's General Fund, and the Government.
- **Group Accounts.** The Group Accounts consolidate the accounts of A1 Housing (Bassetlaw) Ltd, the wholly owned subsidiary Arms Length Management Organisation, with those of Bassetlaw District Council.
- **Auditors Report to Bassetlaw District Council – Audit Certificate and Opinion.** These pages are provided by the Council's external auditors upon completion of the audit.
- **Glossary of Terms.** Terms used throughout this document are explained further within these pages.

FINANCIAL SUMMARY

STATEMENT OF ACCOUNTS 2012/13

Revenue spending is generally on items that are consumed within a year, and is financed from government grants, Council Tax, and other income (largely charges to service users). The Comprehensive Income and Expenditure Statement sets out how much was spent during 2012/13 and where the money came from.

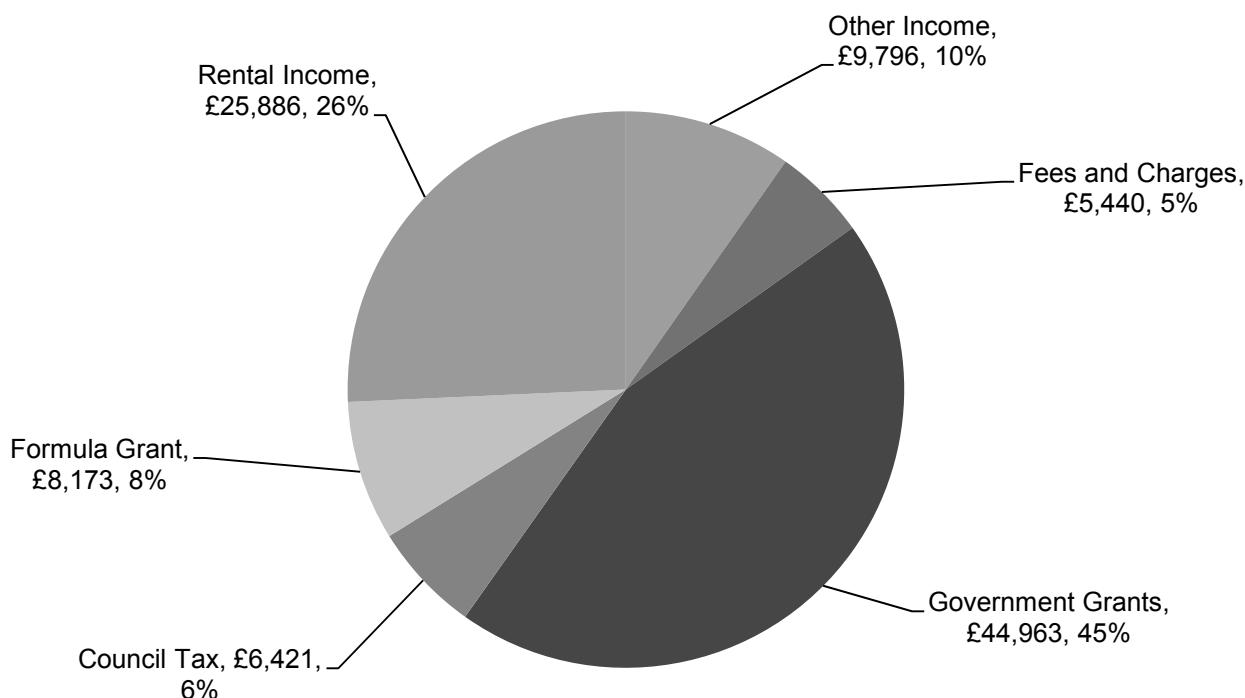
Gross revenue spending on services in the year was £98.044m (£136.279m in 2011/12). The following charts show the services on which the money was spent:



The accounts follow the prescribed Chartered Institute of Public Finance & Accountancy (CIPFA) format. As a result, the Comprehensive Income and Expenditure Statement and the Statement of Movement on the General Fund and HRA Balance cannot be easily related to the Council's operational management structure, and the management accounts used for in-year budgetary control. This management information in the format of segmental reporting can be found within the Group Accounts

Gross revenue income generated by services during the year was £100.679m (£98.416m in 2011/12). The following charts show the services where the money came from:

GROSS INCOME OF SERVICES (£'000)



General Fund Spending in 2012/13

The original budget of £15.858m was adjusted throughout the year to reflect decisions made by the Council. Budgets were subsequently monitored against the revised budget of £16.613m.

	Original Budget £m	Revised Budget £m	Outturn £m	Variance £m
Corporate Management	0.718	0.902	0.909	0.007
Chief Executive Department	0.200	0.295	0.201	-0.094
Economic Regeneration	1.056	1.111	1.356	0.245
Environment	4.466	4.308	4.419	0.111
Finance & Property	0.811	1.577	1.590	0.013
Housing	1.437	0.616	0.644	0.028
Leisure	2.403	2.866	2.836	-0.030
Planning & Building Control	1.366	1.331	1.353	0.022
Policy & Community Engagement	1.276	1.308	1.286	-0.022
Revenues & Customer Services	0.879	0.759	0.524	-0.235
Support Services	0.163	0.118	0.100	-0.018
Other Budgets	0.878	2.236	1.904	-0.332
	15.653	17.427	17.122	-0.305
Provisions & Impaired Estimates on Debtors	0.080	0.236	0.568	0.332
	15.733	17.663	17.690	0.027
Transfer to/(from) Usable Reserves	0.125	0.299	0.234	-0.065
Transfer to/(from) Unusable Reserves	0.000	-1.349	-1.351	-0.002
Transfer to/(from) General Reserve	0.000	0.000	0.040	0.040
Total General Fund	15.858	16.613	16.613	0.000

Budget

The significant changes from original to revised budget were to reflect:

- In-year savings from Budget Review process;
- Technical adjustments for pension costs, depreciation, impairment, revenue expenditure funded from capital under statute, and capital grants not increasing asset values;
- Approved movements to/from the Corporate Contingency to pay for additional expenditure on corporate priorities;
- Transfers to/from Reserves.

Variances

The net variance on service and other budgets of -£0.305m mainly relates to the under-achievement of income of £0.174m from car parking, planning, land charges, and building control services; a contribution of £0.054m towards the operating costs of the Turbine Centre, Worksop; additional costs arising from the CCTV contract £0.067m; and an underspend of -£0.038m on employee costs due to a vacancy target of 2.5% being over-achieved; additional housing benefit subsidy of -£0.306m; underspend on Treasury Management interest costs -£0.245m and other minor variances of -£0.011m.

The variance on other areas of the budget of £0.332m relates to increases in provisions and impaired estimates on debtors (bad debts). There has also been a number of movements to and from reserves during the year, giving a variance of -£0.067m.

Outturn

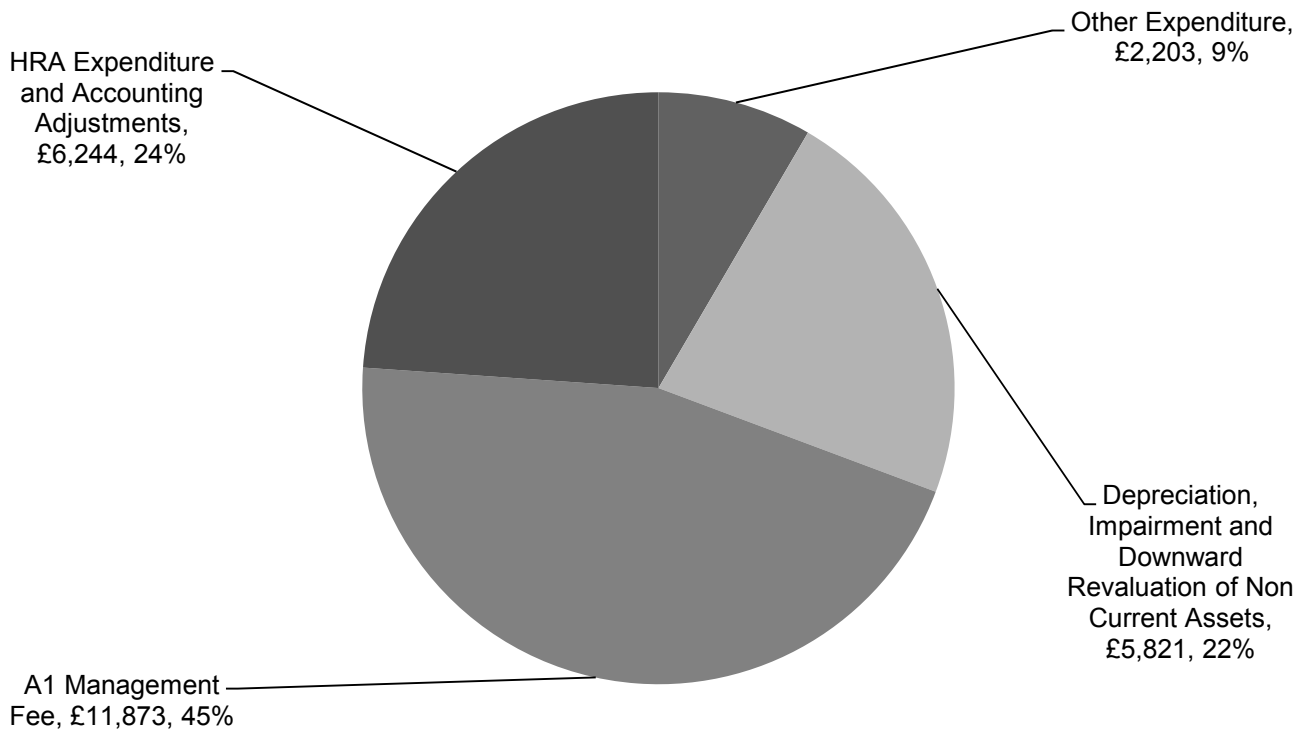
An amount of £0.040m has been contributed to the General Fund Balances. The resultant impact on Council Taxpayer funds is demonstrated in the Statement of Movement on General Fund Balance. This shows that the overall General Fund Balance at 31 March 2013 was £1.047m (31 March 2012 was £1.007m).

Housing Revenue Account Spending in 2012/13

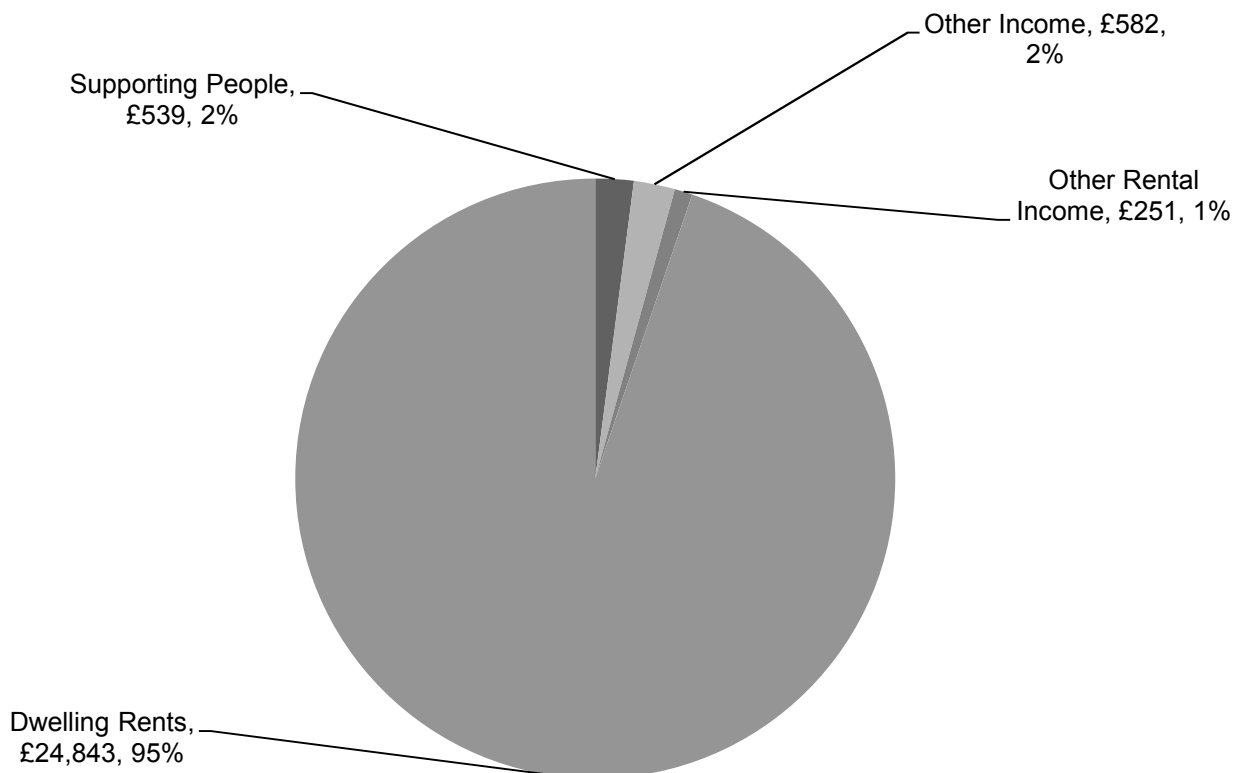
The Housing Revenue Account summarises the transactions relating to the provision, maintenance and management of the Council's housing stock. The account has to be self-financing and cannot be subsidised by the General Fund.

Gross revenue spending in the year was £26.141m (£55.471m 2011/12). The reason for this large movement is that 2011/12 included an exceptional item relating to a payment of £26.863m which was made to the UK Government to enable future self financing of the HRA. Gross revenue income was £26.215m (£24.817m in 2011/12). The following charts show the services on which the money was spent and where the money came from:

HRA EXPENDITURE 2012/13 (£'000)



HRA INCOME 2012/13 (£'000)



The Council operates the same budget monitoring procedures for the Housing Revenue Account as it does for the General Fund, and the original budget was adjusted throughout the year to reflect decisions made by the Council.

The resultant impact on the Council Rent payer is demonstrated in the movement on Housing Revenue Account Balance. This shows that the overall HRA Balance at 31 March 2013 was £1.466m (31 March 2012 £1.392m).

Capital Spending in 2012/13

Capital spending is broadly defined as spending on assets (land, buildings, major items of equipment, vehicles) that have a life beyond twelve months.

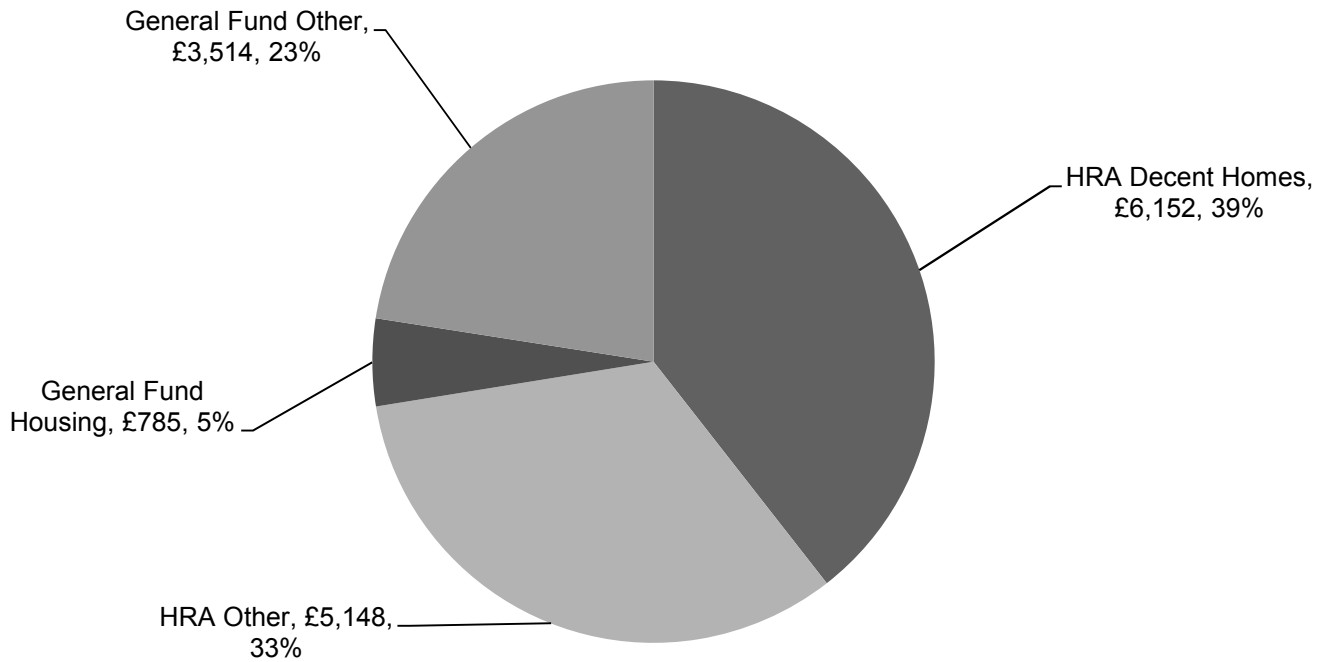
Capital spending in the year totalled £15.599m (a decrease of £1.525m over 2011/12). This represents a lower than estimated level of spend of £2.148m against the final programme approved at quarter three of £17.747m. To put this into context, the Council has an approved five-year capital programme, and the lower than estimated level of spend merely represents reprofiling within that programme.

The significant schemes were:

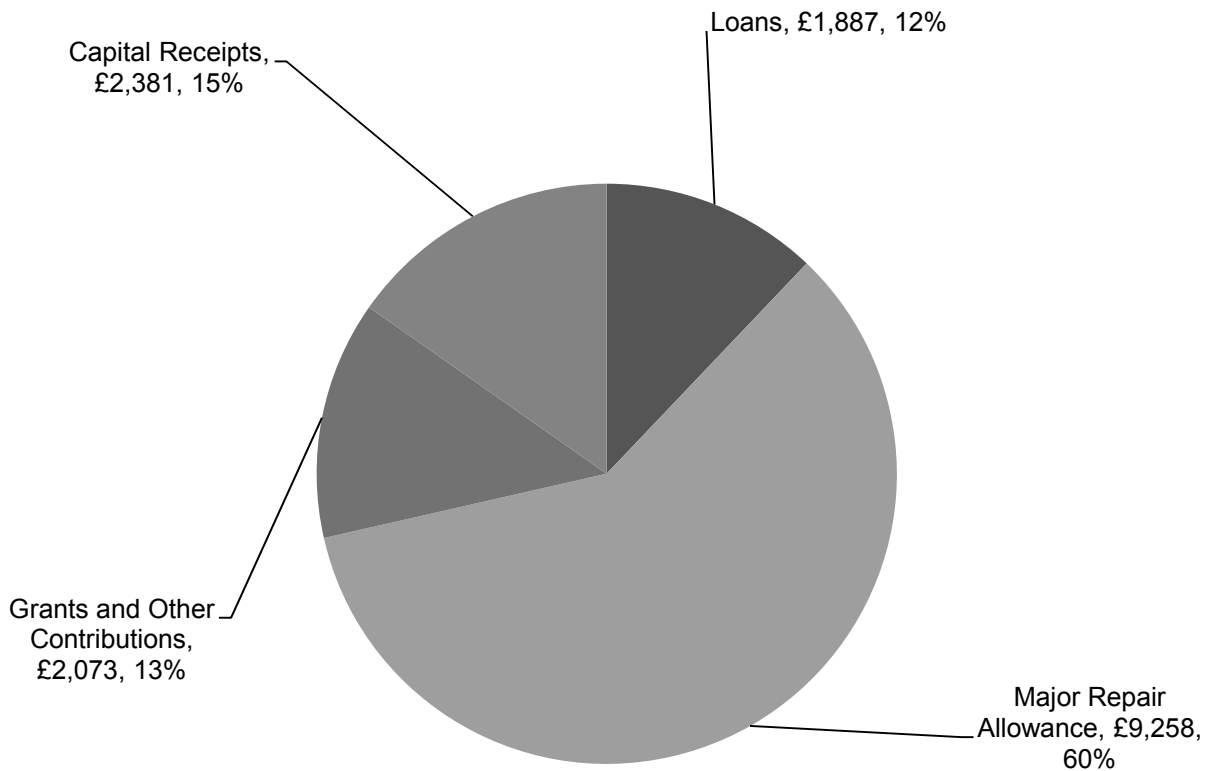
	£m
Decent Homes Work	6,152
Private Sector Housing and Disabled Facilities Grants	752
Other HRA Improvements	5,148
Vehicle Fleet	880
Worksop Creative Village	1,099
Bridge Street Public Realm	419
CCTV Upgrade	126
Other Projects	1,023
Capital Programme	15,599

The following charts show where the capital money was spent and how it was financed during 2012/13.

AREAS OF CAPITAL EXPENDITURE 2012/13 (£'000)



METHOD OF FINANCING 2012/13 (£'000)



Review of the Council's Financial Position and Significant Points in Respect of the Balance Sheet

The Balance Sheet shows the balances held by the Council as at 31 March 2013. It indicates how much is owed to the Council, and how much the Council owes to others, together with summarised information on the assets held and the financing of those assets.

The significant points being:

- The increase in the General Fund Reserve from £1.007m to £1.047m.
- The increase in the Housing Revenue Account balance from £1.392m to £1.466m.
- A reduced impairment for the deposits at risk with Icelandic Banks, calculated in accordance with national guidance, has resulted in the Treasury Management Reserve increasing from £1.806m to £1.956m.
- The Council's Pensions Liability as assessed by the Actuary showed a worsened position during the year, increasing from £41.510m to £42.517m. It should be noted that these figures are a snapshot at a point in time, and the Fund's assets and liabilities are subject to fluctuations in value depending upon the current state of the economy and stock market. The information should be considered with the long-term view provided by the triennial valuation undertaken by the Actuary, and over time this deficit will be made good by increasing contributions over the remaining working life of the employees.

Summary

The Statement of Accounts reports the final position for the Council for 2012/13. The Council continues to employ strong financial management, and has plans in place for future improvements in service delivery. Positive vacancy management remains in place, coupled with a culture of base budget and service reviews. It is envisaged that savings from these activities will allow the Council to continue to serve its taxpayers by providing quality services at reasonable cost. In the current economic climate this presents a considerable challenge, with the emphasis being on "achieving more with less".

Looking Forward

The Council remains susceptible to, but vigilant for, the external risks posed by the turbulent and unpredictable economic climate, and the inevitable reductions in central government grant funding. Cost pressures and further reductions in Council income streams have been effectively managed during the 2012/13 budget process, with no reductions in service and a zero per cent council tax increase. However, the Council will continue to monitor the external environment and develop strategies to counter the effects of changes to the wider economy in a timely and effective manner.

The Council also faces changes associated with the provision of pensions. Auto enrolment will come into force for Bassetlaw on 1 November 2013, and the next tri-annual review is due on 31 March 2014. Both of these areas could have a financial impact on the Council.

The Council's future capital programme 2013/14 to 2017/18 includes a total of £11.720m for General Fund schemes and £40.850m for the HRA. The Council remains committed to investment in regeneration, enhancement of assets (including the decent homes standard for the housing stock), provision of disabled facilities grants, community safety and health and well-being.

External funding of £5.950m, capital receipts of £5.440m, Major Repairs Reserve £35.500m, and Prudential borrowing of £5.680m will finance the future capital programme.

Further Information

If you require further information concerning the accounts of the Council this is available from the Head of Finance & Property, Bassetlaw District Council, Queens Buildings, Potter Street, Worksop, Nottinghamshire S80 2AH (01909) 533174 or by e-mail: corporate.finance@bassetlaw.gov.uk.

STATEMENT OF RESPONSIBILITIES FOR THE STATEMENT OF ACCOUNTS
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1 COUNCIL'S RESPONSIBILITIES

The Council is required to:

- Make arrangements for the proper administration of its financial affairs and to secure that one of its Officers has the responsibility for the administration of those affairs. In this Council, that Officer is the Head of Finance and Property;
- Manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets; and
- Approve the Statement of Accounts.

The Statement of Accounts for the year 1 April 2012 to 31 March 2013 has been prepared and I confirm that these accounts were approved by Bassetlaw District Council at the meeting held on 26 September 2013.

Signed:

**Not required to sign the draft
accounts in June 2013**

**Councillor Sybil Fielding
On behalf of Bassetlaw District Council
Council Chairman approving the accounts**

2 CHIEF FINANCIAL OFFICER'S RESPONSIBILITIES

The Head of Finance & Property is responsible for the preparation of the Council's Statement of Accounts in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2012/13 (the CODE).

In preparing this Statement of Accounts, the Head of Finance & Property has:

- selected suitable Accounting Policies and then applied them consistently;
- made judgements and estimates that were reasonable and prudent;
- complied with the Local Authority Code.

The Head of Finance & Property has also:

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

CERTIFICATE

I certify that the Statement of Accounts for 2012/13 presents a true and fair view of the financial position of Bassetlaw District Council at 31 March 2013 and its income and expenditure for the year ended 31 March 2013.

Signed: MIKE HILL

**Michael Hill, CPFA
Head of Finance & Property & Section 151 Officer,
Bassetlaw District Council**

Date: 27 June 2013

MOVEMENT IN RESERVES STATEMENT

Movement in Reserves during 2011/12

	General Fund Balance £'000	Earmarked General Fund Reserves £'000	Housing Revenue Account £'000	Earmarked HRA Reserves £'000	Capital Receipts Reserve £'000	Major Repairs Reserve £'000	Capital Grants Unapplied £'000	Total Usable Reserves £'000	Unusable Reserves £'000	Total Council Reserves £'000
Balance at 31 March 2011	1,314	2,385	1,128	0	10,804	0	609	16,240	126,017	142,257
Surplus or deficit(-) on the provision of Services	-3,294	0	-34,569	0	0	0	0	-37,863	0	-37,863
Other Comprehensive Income and Expenditure	-12	0	0	0	0	0	0	-12	-12,579	-12,591
Total Comprehensive Income and Expenditure	-3,306	0	-34,569	0	0	0	0	-37,875	-12,579	-50,454
Adjustment between accounting basis & funding basis under regulations (Note 7)	3,509	0	34,876	0	-4,302	0	-426	33,657	-33,657	0
Net Increase/Decrease (-) before Transfers to Earmarked Reserves	203	0	307	0	-4,302	0	-426	-4,218	-46,236	-50,454
Transfers to/from(-) Earmarked Reserves (Note 8)	-510	510	-43	43	0	0	0	0	0	0
Increase/Decrease(-) in 2011/12	-307	510	264	43	-4,302	0	-426	-4,218	-46,236	-50,454
Balance at 31 March 2012 carried forward	1,007	2,895	1,392	43	6,502	0	183	12,022	79,781	91,803

Movement in Reserves during 2012/13

	General Fund Balance £'000	Earmarked General Fund Reserves £'000	Housing Revenue Account £'000	Earmarked HRA Reserves £'000	Capital Receipts Reserve £'000	Major Repairs Reserve £'000	Capital Grants Unapplied £'000	Total Usable Reserves £'000	Unusable Reserves £'000	Total Council Reserves £'000
Balance at 31 March 2012 carried forward	1,007	2,895	1,392	43	6,502	0	183	12,022	79,781	91,803
Surplus or deficit(-) on the provision of Services	-2,990	0	5,625	0	0	0	0	2,635	0	2,635
Other Comprehensive Income and Expenditure	0	0	0	0	0	0	0	0	848	848
Total Comprehensive Income and Expenditure	-2,990	0	5,625	0	0	0	0	2,635	848	3,483
Adjustment between accounting basis & funding basis under regulations (Note 7)	3,264	0	-5,552	0	-1,032	949	-106	-2,477	2,477	0
Net Increase/Decrease(-) before Transfers to Earmarked Reserves	274	0	73	0	-1,032	949	-106	158	3,325	3,483
Transfers to/from(-) Earmarked Reserves (Note 8)	-234	234	1	-1	0	0	0	0	0	0
Increase/Decrease(-) in 2012/13	40	234	74	-1	-1,032	949	-106	158	3,325	3,483
Balance at 31 March 2013 carried forward	1,047	3,129	1,466	42	5,470	949	77	12,180	83,106	95,286

WHOLE COUNCIL COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT

2011/12				2012/13		
Gross Expenditure £'000	Gross Income £'000	Net Expenditure £'000		Gross Expenditure £'000	Gross Income £'000	Net Expenditure £'000
11,545	-10,006	1,539	Central Services to the Public	11,567	-9,799	1,768
5	-5	0	Children and Education Services	0	0	0
4,125	-908	3,217	Cultural and Related Services	5,100	-902	4,198
6,446	-986	5,460	Environment and Regulatory Services	5,870	-847	5,023
4,406	-1,540	2,866	Planning Services	3,697	-1,401	2,296
1,480	-1,500	-20	Highways and Transport Services	861	-1,001	-140
33,369	-31,290	2,079	Other Housing Service - General Fund	33,211	-32,622	589
27,691	-24,817	2,874	Local Council Housing Services - (Housing Revenue Account)	18,875	-26,215	-7,340
26,863	0	26,863	Exceptional Item HRA - Self Financing Settlement Payment to Government	0	0	0
2,136	-284	1,852	Corporate and Democratic Core	2,074	-261	1,813
1,821	-497	1,324	Non Distributed Costs	1,654	-378	1,276
0	0	0	Exceptional Item – Non Distributed Costs	0	0	0
			Pensions Indices Change			
119,887	-71,833	48,054	Cost of Services	82,909	-73,426	9,483
4,019	-416	3,603	Other Operating Expenditure (Note 9)	4,581	-1,782	2,799
12,373	-8,136	4,237	Financing and Investment Income and Expenditure (Note 10)	10,554	-4,844	5,710
0	-170	-170	Exceptional Items Gains(-) /Losses on Investments (Note 10)		-25	-25
0	-17,861	-17,861	Taxation and Non-Specific Grant Income (Note 11)	0	-20,602	-20,602
136,279	-98,416	37,863	Surplus (-) or Deficit on Provision of Services	98,044	-100,679	-2,635
		-630	Surplus(-) or Deficit on Revaluation of Non Current Assets (Note 12)			-1,597
		41	Impairment Losses on Non-Current Assets Charged to Revaluation Reserve (Note 12)			0
		13,168	Actuarial Gains(-)/Losses on Pension Assets/Liabilities (Note 39)			745
		12	Any Other Gains(-)/Losses Required to be Included in the Statement			4
		12,591	Other Comprehensive Income and Expenditure			-848
		50,454	Total Comprehensive Income and Expenditure			-3,483

BALANCE SHEET

31 March 2012 £'000		Notes	31 March 2013 £'000
244,887	Property, Plant & Equipment	12	243,433
314	Heritage Assets	13	314
0	Investment Properties	14	0
272	Intangible Assets	15	137
0	Assets Held For Sale	20	0
1,696	Long Term Investments	16	1,177
68	Long Term Debtors	18	95
247,237	TOTAL LONG TERM ASSETS		245,156
1,089	Short Term Investments	16	1,390
1,494	Assets Held For Sale	20	7,783
68	Inventories	17	62
6,737	Short Term Debtors	18	8,425
3,737	Cash and Cash Equivalents	19	707
13,125	TOTAL CURRENT ASSETS		18,367
-354	Cash and Cash Equivalents (Bank Overdraft)	19	-1,306
-9,209	Short Term Borrowings	16	-6,566
-3,399	Short Term Creditors	21	-2,296
-552	Provisions	22	-648
-80	Short Term Finance Lease Liability	36	0
-18	Grants Receipts in Advance - Revenue	33	-18
-13,612	TOTAL CURRENT LIABILITIES		-10,834
-1,032	Long Term Creditors	21	-1,010
0	Long Term Finance Lease Liability	36	0
-112,405	Long Term Borrowing	16	-113,876
-41,510	Pensions Liability	39	-42,517
-154,947	TOTAL LONG TERM LIABILITIES		-157,403
91,803	TOTAL NET ASSETS		95,286
12,022	Usable Reserves	7	12,180
79,781	Unusable Reserves	24	83,106
91,803	TOTAL RESERVES		95,286

CASH FLOW STATEMENT

2011/12 £'000		Note	2012/13 £'000
-37,863	Net Surplus/Deficit(-) on the Provision of Services		2,635
13,882	Adjustment to Surplus or Deficit on the Provision of Services for Non-Cash Movements	25	12,626
-1,597	Adjust for Item Included in the Net Surplus or Deficit on the Provision of Services that are Investing and Financing Activities	25	-3,756
-25,578	Net Cash Flows from Operating Activities	25	11,505
-11,071	Investing Activities	25C	-13,239
40,231	Financing Activities	25D	-2,248
3,582	Net Increase or Decrease(-) in Cash and Cash Equivalents		-3,982
-199	Cash and Cash Equivalents at the Beginning of the Reporting Period	19	3,383
3,383	Cash and Cash Equivalents at the End of the Reporting Period	19	-599

NOTES TO THE CORE FINANCIAL STATEMENTS

1. ACCOUNTING POLICIES**A. General Principles**

The Statement of Accounts summarises the Council's transactions for the 2012/13 financial year and its position at the year-end of 31 March 2013. The Council is required to prepare an annual Statement of Accounts by the Accounts and Audit (England) Regulations 2011 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 2012/13 and the Service Reporting Code of Practice 2012/13, 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.

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 the sale of goods is recognised when the Council transfers the significant risks and rewards of ownership to the purchaser and it is probable that economic benefits or service potential associated with the transaction will flow to the Council.
- 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 our relationships with other organisations is undertaken to ensure that where applicable they are consolidated into our accounts. Further detail is provided within the Group Accounting Policies.

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. At the current time A1 Housing (Bassetlaw) Ltd are recognised as a subsidiary of Bassetlaw District Council.

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 a similar nature on a line 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 the contribution in the General Fund Balance (MRP), by way of an adjusting transaction with the Capital Adjustment Account in the Movement in Reserves Statement for the difference between the two.

H. 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 amounts payable as a result of a decision by the Council to terminate an officer's employment before the normal retirement date or an officer's decision to accept voluntary redundancy and are charged on an accruals basis to the appropriate service or, where applicable, to the Non Distributed Costs line in the Comprehensive Income and Expenditure Statement when the Council is demonstrably committed to the termination of the employment of an officer or group of officers or making an offer to encourage voluntary redundancy. Where termination benefits involve the enhancement of pensions, statutory provisions require the General Fund Balance to be charged with the amount payable by the Council to the Pension Fund or pensioner in the year, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement, appropriations are required to and from the Pensions Reserve to remove the notional debits and credits for pension enhancement termination benefits and replace them with debits for the cash paid to the Pension Fund and pensioners and any such amounts payable but unpaid at the year-end.

Post-employment Benefits

Employees of the 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 the future payments that will be made in relation to retirement benefits earned to date by employees, based on assumptions about mortality rates, employee turnover rates, etc., and projections of projected earnings of current employees.

Liabilities are discounted to their value at current prices, using a discount rate of 1.0% real rate (actual 4.3%) based on the indicative rate of return on the high quality corporate bond (iBoxx AA rated over 15 year 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 seven 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 Non Distributed Costs.
- interest cost – the expected increase in the present value of liabilities during the year as they move one year closer to being paid – debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.
- expected return on assets – the annual investment return on the fund assets attributable to the Council, based on an average of the expected long-term return – credited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.
- gains and losses on settlements and curtailments – the result of actions to relieve the Council of liabilities or events that reduce the expected future service or accrual of benefits of employees – debited or credited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement as part of Non Distributed Costs.
- 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.

- 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.

I. 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.

J. 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 for interest payable are based on the carrying amount of the liability, multiplied by the effective rate of interest for the instrument. The effective interest rate is the rate that exactly discounts estimated future cash payments over the life of the instrument to the amount at which it was originally recognised.

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

Gains and losses on the repurchase or early settlement of borrowing are credited and debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement in the year of repurchase/settlement. However, where repurchase has taken place as part of a restructuring of the loan portfolio that involves the modification or exchange of existing instruments, the premium or discount is respectively deducted from or added to the amortised cost of the new or modified loan and the write-down to the Comprehensive Income and Expenditure Statement is spread over the life of the loan by an adjustment to the effective interest rate.

Where premiums and discounts have been charged to the Comprehensive Income and Expenditure Statement, regulations allow the impact on the General Fund Balance to be spread over future years. The Council has a policy of spreading the gain or 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 into two types:

- loans and receivables – assets that have fixed or determinable payments but are not quoted in an active market; and
- available-for-sale assets – assets that have a quoted market price and/or do not have fixed or determinable payments.

Loans and Receivables

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

Where assets are identified as impaired because of a likelihood arising from a past event that payments due under the contract will not be made, the asset is written down and a charge made to the relevant service (for receivables specific to that service) or the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement. The impairment loss is measured as the difference between the carrying amount and the present value of the revised future cash flows discounted at the asset's original effective interest rate.

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

Available-for-Sale Assets

Available-for-sale assets 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. Where the asset has fixed or determinable payments, annual credits to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement for interest receivable are based on the amortised cost of the asset multiplied by the effective rate of interest for the instrument. Where there are no fixed or determinable payments, income (e.g. dividends) is credited to the Comprehensive Income and Expenditure Statement when it becomes receivable by the Council.

Assets are maintained in the Balance Sheet at fair value. Values are based on the following principles:

- instruments with quoted market prices – the market price.
- other instruments with fixed and determinable payments – discounted cash flow analysis.
- equity shares with no quoted market prices – independent appraisal of company valuations.

Changes in fair value are balanced by an entry in the Available-for-Sale Reserve (when applicable) and the gain/loss is recognised in the Surplus or Deficit on Revaluation of Available-for-Sale Financial Assets. The exception is where impairment losses have been incurred – these are debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement, along with any net gain or loss for the asset accumulated in the Available-for-Sale Reserve (if required).

Where assets are identified as impaired because of a likelihood arising from a past event that payments due under the contract will not be made (fixed or determinable payments) or fair value falls below cost, the asset is written down and a charge made to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement. If the asset has fixed or determinable payments, the impairment loss is measured as the difference between the carrying amount and the present value of the revised future cash flows discounted at the asset's original effective interest rate. Otherwise, the impairment loss is measured as any shortfall of fair value against the acquisition cost of the instrument (net of any principal repayment and amortisation).

Any gains and losses that arise on the derecognition of the asset are credited or debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement, along with any accumulated gains or losses previously recognised in the Available-for-Sale Reserve.

Where fair value cannot be measured reliably, the instrument is carried at cost (less any impairment losses).

Instruments Entered Into Before 1 April 2006

The Council entered into a financial guarantee in relation to the Turbine Business Innovation Centre, and this is not accounted for as a financial instrument. This guarantee is reflected in the Statement of Accounts to the extent that a contingent liability has been disclosed.

In 2004 the Authority created an Arms Length Management Organisation, A1 Housing (Bassetlaw) Ltd. This is a wholly owned subsidiary, limited by guarantee of the Council and to which the Council is obliged to meet any deficit of this organisation upon its cessation or upon the conclusion of the Decent Homes Programme. This is not accounted for as a financial instrument.

K. 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.

L. 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, Retford.

They are recognised and measured in accordance with the Council's accounting policies for property, plant and equipment. However, some of the measurement rules are relaxed as detailed below:

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 they 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 are reviewed where there is evidence of impairment e.g. where an item has suffered physical deterioration or breakage or where doubts arise as to its authenticity.

M. Intangible Assets

Expenditure on non-monetary assets that do not have physical substance but are controlled by the

Council as a result of past events (e.g. software licences) is capitalised when it is expected that future economic benefits or service potential will flow from the intangible asset to the 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 R).

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 an 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

N. 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.

O. 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 for payment are accounted for under this policy where fulfilment of the arrangement is dependent on the use of specific assets.

The Council as Lessee

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 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.

P. Overheads and Support Services

The costs of overheads, support services and service management are charged to those that benefit from the supply or service in accordance with the costing principles of the CIPFA Service Reporting Code of Practice 2012/13 (SeRCOP). The total absorption costing principle is used – the full cost of overheads and support services are shared between users in proportion to the benefits received, with the exception of:

- Corporate and Democratic Core – costs that relate to the Council's status as a multifunctional, democratic organisation; and
- Non-Distributed Costs – the cost of discretionary benefits awarded to employees retiring early and impairment losses chargeable on Assets Held for Sale.

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

Q. Minimum Revenue Provision (MRP)

For capital expenditure incurred before 1 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 1 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 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.

R. Property, Plant and Equipment

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

Recognition

Expenditure on the acquisition, creation or enhancement of Property, Plant and Equipment is capitalised on an accruals basis, provided that it is probable that the future economic benefits or service potential associated with the item will flow to the Council and the cost of the item can be measured reliably. 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-minimus 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 bases:

- 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).
- all other assets – fair value, determined as the amount that would be paid for the asset in its existing use (existing use value EUV).

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

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

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

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

Impairment

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

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

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

- 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.

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

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

Disposals and Non-current Assets Held for Sale

When it becomes probable that the carrying amount of an asset will be recovered principally through a sale transaction rather than through its continuing use, it is reclassified as an Asset Held for Sale. The asset is revalued immediately before reclassification and then carried at the lower of this amount and fair value less costs to sell. Where there is a subsequent decrease to 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 and Equipment or Assets Held for Sale) is written off to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal. Receipts from disposals (if any) are credited to the same line in the Comprehensive Income and Expenditure Statement also as part of the gain or loss on disposal (i.e. netted off against the carrying value of the asset at the time of disposal). Any revaluation gains accumulated for the asset in the Revaluation Reserve are transferred to the Capital Adjustment Account.

Amounts received for 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.

R. Provisions, Contingent Liabilities and Contingent Assets**Provisions**

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

Provisions are charged as an expense to the appropriate service line in the Comprehensive Income and Expenditure Statement in the year that the Council becomes aware of the obligation, and 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 an insurance claim), this is only recognised as income for the relevant service if it is virtually certain that reimbursement will be received if the Council settles its obligation.

Contingent Liabilities

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

S. 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.

T. 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.

U. 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, NOT ADOPTED

The Code of Practice on Local Council Accounting in the United Kingdom (the Code) has introduced a change in accounting policy in relation to the adoption of the amendments to IFRS7 Financial Instruments: Disclosures (issued December 2011) relating to the treatment of transfers of financial assets. It is likely that this standard will not have a material impact on the financial statements of the Council, but will need to be adopted fully by the Council in the 2013/14 financial statements.

The Code of Practice on Local Council Accounting in the United Kingdom (the Code) has introduced a change in accounting policy in relation to the adoption of the amendments to IAS 19 Employee Benefits (June 2011 Amendments). For accounting years beginning on or after 1 January 2013, the expected return and the interest cost will be replaced with a single net interest cost, which will effectively set the expected return equal to the IAS19 discount rate. The capitalised cost of the additional benefits relative to those reserved for under IAS19 is calculated at £100,000.

The table for Profit and Loss figures if the revised IAS19 standard was applied for year to 31 March 2013 is on page 76.

3. CRITICAL JUDGEMENTS IN APPLYING ACCOUNTING POLICIES

The accounts have been prepared under the historical cost convention, modified to account for the revaluation of property, plant and equipment, intangible assets, inventories, and certain financial assets and financial liabilities. This is in accordance with directions issued by the Department of Communities and Local Government and CIPFA.

i) Critical Accounting Judgments and Key Sources of Estimation Uncertainty

In applying the Council's accounting policies, management is required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from those estimates. The estimates and underlying assumptions are continually reviewed.

Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

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

The Council had investments of £8m deposited with Icelandic Banks when the Icelandic banking system collapsed, in October 2008. Since that time the Icelandic Courts have given preferential creditor status to Local Authorities. Estimates of recoverable amounts have been based on estimated future discounted cashflows, as provided in guidance issued by CIPFA in the LAAP 82 Update 7.

ii) Critical Judgments in Applying Accounting Policies

The following are the critical judgments, apart from those involving estimations (see below) that management has made in the process of applying the entity's accounting policies and that have the most significant effect on the amounts recognised in the financial statements.

The Council leases a number of assets under leasing arrangements. IAS 17 'Leases' requires a lease to be treated as a finance lease where the present value of the minimum lease payments represents "substantially" all of the fair value of the asset. The Council has exercised judgment in determining

"substantially" and interpreted it to be where the present value of the minimum lease payments exceeds the fair value of the leased asset.

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 31 March 2013 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	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. 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.	If the useful life of assets is reduced, depreciation increases and the carrying amount of the assets falls. It is estimated that the annual depreciation charge for buildings would increase by £0.025m for every year that useful lives have to be reduced.
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 £0.206m has been set aside to meet these claims.
Land Charges	The Environmental Information Regulations now require that personal searches of the local land charges register are not chargeable. There is the possibility that a number of retrospective claims for the recovery of these fees will be submitted to the Council.	A provision of £0.112m has been set aside to meet a potential liability of circa £0.120m if all of the fees are challenged. However, the reimbursement has to be made to the individual applying for the search and not the company who facilitated that search. This decision is also being challenged by the Local Government Association.
Pensions Liability	Estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets. A firm of consulting actuaries is engaged to provide the Council with expert advice about the assumptions to be applied.	The effects on the net pensions liability of changes in individual assumptions can be measured. For instance, a 0.5% increase in the discount rate assumption would result in a decrease in the pension liability. However, the assumptions interact in complex ways. During 2012/13, the Council's Actuary advised that the net pensions liability had increased by £1.007m.
Arrears	At 31 March 2013, the Council had a balance of sundry debtors of £0.594m. A Review of significant balances suggested that an impairment of doubtful debts of 12% (£0.070m) was appropriate. However, in the current economic climate it is not certain that such an allowance would be sufficient.	If collection rates were to deteriorate, a doubling of the amount of the impairment of doubtful debts would require an additional £0.070m to set aside as an allowance.

5. MATERIAL ITEMS OF INCOME AND EXPENDITURE

There have been no material items of income and expenditure during 2012/13.

6. EVENTS AFTER THE BALANCE SHEET DATE

The final Audited Statement of Accounts will be authorised for issue by the Head of Finance & Property by the 26 September 2013. Events taking place after this date are not reflected in the financial statements or notes. Where events taking place before this date provided information about conditions existing at 31 March 2013, the figures in the financial statements and notes have been adjusted in all material respects to reflect the impact of this information.

There are no such material events to report.

7. ADJUSTMENTS BETWEEN ACCOUNTING BASIS AND FUNDING BASIS UNDER REGULATION

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.

General Fund Balance

The General Fund is the statutory fund into which all the receipts of an Council are required to be paid out of which all liabilities of the Council are to be met, except to the extent that statutory rules might provide otherwise. These rules can also specify the financial year in which liabilities and payments should impact on the General Fund Balance, which is not necessarily in accordance with proper accounting practice. The General Fund Balance therefore summarises the resources that the Council is statutorily empowered to spend on its services or on capital investment (or the deficit of resources that the Council is required to recover) at the end of the financial year. For housing councils – 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 Authority is required to maintain the Major Repairs Reserve, which controls the application of the Major Repairs Allowance (MRA). The MRA is restricted to being applied to new capital investment in HRA assets or the financing of historical capital expenditure by the HRA. The balance shows the MRA that has 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.

Earmarked Reserves

Earmarked Reserves are amounts set aside from either General Fund, Housing Revenue Account or Capital Reserves for a specific future purpose.

2012/13 Adjustment between accounting basis & funding basis under regulations	General Fund Balance £'000	Housing Revenue Account £'000	Major Repair Reserve £'000	Capital Receipts Reserve £'000	Capital Grants Unapplied Account £'000	Movement in Unusable Reserves £'000
Adjustments primarily involving the Capital Adjustment Account:						
Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement:						
Charges for depreciation and impairment of non-current assets (excl HRA dwellings)	-1,692	0	0	0	0	1,692
HRA depreciation/amortisation	0	-4,690	0	0	0	4,690
The difference of depreciation charged to HRA services over the Major Repairs Allowance element of housing subsidy	0	0	0	0	0	0
Revaluation losses on Property, Plant and Equipment charged to CIES	-947	-832	0	0	0	1,779
Amortisation of intangible assets	-135	0	0	0	0	135
Capital grants and contributions applied	1,445	485	0	0	0	-1,930
Revenue expenditure funded from capital under statute	-1,030	0	0	0	0	1,030
Amounts of non-current assets written off on disposal or sale as part of the gain(-)/loss on disposal to the CIES	-777	-2,094	0	0	0	2,871
Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement:						
Statutory provision for the financing of capital investment	1,076	0	51	0	0	-1,127
Capital expenditure charged against the General Fund and HRA Balances	0	0	0	0	0	0
Adjustments primarily involving the Capital Grant Unapplied Accounts:						
Capital grants and contributions unapplied credited to the CIES	38	0	0	0	-38	0
Application of grants to capital financing transferred to the Capital Adjustment Account	0	0	0	0	144	-144
Adjustments primarily involving the Capital Receipts Reserve:						
Transfer of cash sale proceeds credited as part of the gain(-)/loss on disposal to the CIES	526	1,291	0	-1,760	0	-57
Use of Capital Receipts Reserve to finance new capital expenditure	0	0	0	2,381	0	-2,381
Contribution from the Capital Receipts Reserve towards administrative costs of non-current assets disposals.	0	-29	0	29	0	0
Contribution from the Capital Receipts Reserve to finance payments to the Government capital receipts pool	-390	0	0	390	0	0
Transfer from Deferred Capital Receipts Reserve upon receipt of cash	0	0	0	-8	0	8

	General Fund Balance	Housing Revenue Account	Major Repair Reserve	Capital Receipts Reserve	Capital Grants Unapplied Account	Movement in Unusable Reserves
	£'000	£'000	£'000	£'000	£'000	£'000
Adjustments primarily involving the Deferred Capital Receipts Reserve:						
Transfer of deferred sale proceeds credited as part of the gain(-)/loss on disposal to the CIES	0	0	0	0	0	0
Adjustments primarily involving the Major Repairs Reserve:						
Reversal of Major Repair Allowance credited to the HRA	0	10,258	-10,258	0	0	0
Use of Major Repairs Reserve to finance new capital expenditure	0	0	9,258	0	0	-9,258
Adjustments primarily involving the Financial Instruments Adjustment Account:						
Amount by which finance costs charged to the CIES are different from finance costs chargeable in the year in accordance with statutory requirements	-10	76	0	0	0	-66
Adjustments primarily involving the Pension Reserve:						
Reversal of items relating to retirement benefits debited or credited to the CIES	-3,266	-11	0	0	0	3,277
Employers pension contributions and direct payments to pensioners payable in the year	1,917	1,098	0	0	0	-3,015
Adjustments primarily involving the Collection Fund Adjustment Account:						
Amount by which council tax income credited to the CIES is different from council tax income calculated for the year in accordance with statutory requirements	-27	0	0	0	0	27
Adjustments primarily involving the Accumulated Absences Account:						
Amount by which officer remuneration charged to CIES on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirement	8	0	0	0	0	-8
Total Adjustments	-3,264	5,552	-949	1,032	106	-2,477

2011/12 Adjustment between accounting basis & funding basis under regulations	General Fund Balance	Housing Revenue Account	Major Repair Reserve	Capital Receipts Reserve	Capital Grants Unapplied Account	Movement in Unusable Reserves
	£'000	£'000	£'000	£'000	£'000	£'000
Adjustments primarily involving the Capital Adjustment Account:						
Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement:						
Charges for depreciation and impairment of non-current assets (excl HRA dwellings)	-1,835	-199	0	0	0	2,034
HRA depreciation/amortisation	0	-281	281	0	0	0
The difference of depreciation charged to HRA services over the Major Repairs Allowance element of housing subsidy	0	-387	387	0	0	0
Revaluation losses on Property, Plant and Equipment charged to CIES	-703	-6,707	0	0	0	7,410
Amortisation of intangible assets	-203	0	0	0	0	203
Capital grants and contributions applied	1,728	54	0	0	0	-1,782
Revenue expenditure funded from capital under statute	-1,990	-26,863	0	0	0	28,853
Amounts of non-current assets written off on disposal or sale as part of the gain(-)/loss on disposal to the CIES	-1,043	-1,583	0	0	0	2,626
Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement:						
Statutory provision for the financing of capital investment	1,011	0	0	0	0	-1,011
Capital expenditure charged against the General Fund and HRA Balances	4	0	0	0	0	-4
Adjustments primarily involving the Capital Grant Unapplied Accounts:						
Capital grants and contributions unapplied credited to the CIES	49	0	0	0	-49	0
Application of grants to capital financing transferred to the Capital Adjustment Account	0	0	0	0	475	-475
Adjustments primarily involving the Capital Receipts Reserve:						
Transfer of cash sale proceeds credited as part of the gain(-)/loss on disposal to the CIES	131	332	0	-443	0	-20
Use of Capital Receipts Reserve to finance new capital expenditure	0	0	0	4,645	0	-4,645
Contribution from the Capital Receipts Reserve towards administrative costs of non-current assets disposals.	0	-57	0	12	0	45
Contribution from the Capital Receipts Reserve to finance payments to the Government capital receipts pool	-90	0	0	90	0	0
Transfer from Deferred Capital Receipts Reserve upon receipt of cash	0	0	0	-2	0	2

	General Fund Balance	Housing Revenue Account	Major Repair Reserve	Capital Receipts Reserve	Capital Grants Unapplied Account	Movement in Unusable Reserves
	£'000	£'000	£'000	£'000	£'000	£'000
Adjustments primarily involving the Deferred Capital Receipts Reserve:						
Transfer of deferred sale proceeds credited as part of the gain(-)/loss on disposal to the CIES	0	0	0	0	0	0
Adjustments primarily involving the Major Repairs Reserve:						
Reversal of Major Repair Allowance credited to the HRA	0	0	-4,862	0	0	4,862
Use of Major Repairs Reserve to finance new capital expenditure	0	0	4,194	0	0	-4,194
Adjustments primarily involving the Financial Instruments Adjustment Account:						
Amount by which finance costs charged to the CIES are different from finance costs chargeable in the year in accordance with statutory requirements	0	100	0	0	0	-100
Adjustments primarily involving the Pension Reserve:						
Reversal of items relating to retirement benefits debited or credited to the CIES	-2,787	0		0	0	2,787
Employers pension contributions and direct payments to pensioners payable in the year	2,223	715	0	0	0	-2,938
Adjustments primarily involving the Collection Fund Adjustment Account:						
Amount by which council tax income credited to the CIES is different from council tax income calculated for the year in accordance with statutory requirements	7	0	0	0	0	-7
Adjustments primarily involving the Accumulated Absences Account:						
Amount by which officer remuneration charged to CIES on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirement	-11	0	0	0	0	11
Total Adjustments	-3,509	-34,876	0	4,302	426	33,657

8 TRANSFERS TO/FROM EARMARKED RESERVES

This note sets out the amounts set aside from the General Fund and HRA balances in earmarked reserves to provide financing for future expenditure plans and the amounts posted back from earmarked reserves to meet General Fund and HRA expenditure in 2012/13.

	Balance at 1 April 2011 £'000	Transfer out 2011/12 £'000	Transfer in 2011/12 £'000	Balance at 31 March 2012 £'000	Transfer out 2012/13 £'000	Transfer in 2012/13 £'000	Balance at 31 March 2013 £'000
General Fund Reserves							
Developers Revenue Contributions Unapplied	-187	7	0	-180	8	-59	-231
Pension Strain	0	0	0	0	0	-41	-41
Concessionary Fares	-20	20	0	0	0	0	0
Internal Insurance	-69	69	0	0	0	0	0
Job Evaluation	-490	44	-174	-620	10	-125	-735
Treasury Management	-1,619	266	-453	-1,806	133	-283	-1,956
High Street Innovation	0	0	0	0	36	-99	-63
Revenue Grants & Contributions unapplied	0	0	-137	-137	120	-41	-58
Donations	0	0	-54	-54	15	-6	-45
Manton Community	0	0	-98	-98	98	0	0
Total General Fund	-2,385	406	-916	-2,895	420	-654	-3,129
Housing Revenue Account Reserves							
HRA Grants Unapplied	0	0	-43	-43	43	-42	-42
Total Housing Revenue Account	0	0	-43	-43	43	-42	-42
Total	-2,385	406	-959	-2,938	463	-696	-3,171

Developers Revenue Contributions Unapplied Reserve

These are sums gifted to the Council by developers as a condition of planning permission, usually under S106 agreements. They have no conditions in terms of their use or timescale.

Pension Strain Reserve

These are sums of money set aside to fund Pension strain costs which have been spread over a 3 year period.

Concessionary Fares Reserve

The concessionary fare scheme is administered by Nottinghamshire County Council on behalf of the District Councils. Bus passes are replaced on a five-year cycle and the Councils contribution was paid to Nottinghamshire County Council during 2011/12.

Internal Insurance Reserve

This is a self-insurance reserve where funds have been used in year to cover the costs of excesses where a claim has been settled.

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 equal pay legislation.

Treasury Management Reserve

This reserve is used to equalise the burdens of interest rate fluctuations on long term investments which has a direct impact on the finances of the Council. The closing balance represents the impairment of the Icelandic bank deposits which has yet to be determined.

High Street Innovation Reserve

In April 2012 the Council was awarded funding through the High Street Innovation Fund. This is a central government fund to deal with the problem of empty shops within town centres. This funding has been earmarked to fund projects associated with improving the High Streets within Bassetlaw.

Revenue Grants and Contributions Unapplied Reserve

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, Shopmobility and towards the Bassetlaw Games, which have been set aside for future use.

Manton Community Reserve

Manton Community Alliance was one of the National Neighbourhood Management Pathfinders set up to act as a strategic umbrella organisation for Manton. The balance brought forward from 2011/12 has been utilised in 2012/13.

Housing Revenue Account Grants Unapplied Reserve

This amount relates to the Supporting People Grant which was received during 2012/13 but relates to 2013/14 and therefore has been transferred to an earmarked reserve.

9 OTHER OPERATING EXPENDITURE

2011/12 £'000		2012/13 £'000
810	Parish Precepts	837
436	Levies	436
90	Payments to the Government Housing Capital Receipts Pool	390
2,267	Gains/Losses(-) on the disposal of non-current assets	1,136
3,603	Total	2,799

10 FINANCING AND INVESTMENT INCOME AND EXPENDITURE

2011/12 £'000		2012/13 £'000
3,670	Interest payable and similar charges	4,575
841	Pensions interest cost and expected return on pensions assets	1,236
-360	Interest receivable and similar income	-170
-170	Exceptional item - Gains(-)/Losses on investments	-25
0	Income and expenditure in relation to investment properties	0
86	Deficit on trading activities	69
4,067	Total	5,685

11 TAXATION AND NON-SPECIFIC GRANT INCOME

2011/12 £'000		2012/13 £'000
-6,352	Council tax income	-6,421
-7,081	Non-Domestic Rates	-8,173
-3,284	Non ring-fenced Government grants	-1,137
0	Developers grants & contributions	-26
-1,144	Capital grants and contributions	-4,845
-17,861	Total	-20,602

12 PROPERTY PLANT AND EQUIPMENT

Movements in 2012/13	Council Dwellings £'000	Other Land and Buildings £'000	Vehicles, Plant, Furniture & Equipment £'000	Infrastructure Assets £'000	Community Assets £'000	Surplus Assets £'000	Assets Under Construction £'000	Total Property, Plant & Equipment £'000
Cost or Valuation								
At April 2012	193,546	37,551	11,856	5,060	281	10,449	530	259,273
Additions	9,929	1,580	1,982	724	0	0	353	14,568
Donations	0	0	0	0	0	0	0	0
Revaluation increases/decreases(-) recognised in the Revaluation Reserve	0	2,200	0	0	0	-684	0	1,516
Revaluation increases/decreases(-) recognised in the Surplus/Deficit on the Provision of Services	-2,739	-1,148	0	0	0	-309	0	-4,196
Derecognition - Disposals	0	0	0	0	0	0	0	0
Derecognition - Other	-1,259	-262	-421	0	0	0	0	-1,942
Assets reclassified to(-)/from Held for Sale	-1,007	-375	0	0	0	-6,627	0	-8,009
Other movements in cost or valuation	500	-2,066	0	0	0	2,096	-530	0
At 31 March 2013	198,970	37,480	13,417	5,784	281	4,925	353	261,210
Accumulated Depreciation & Impairment								
At April 2012	4,388	731	8,077	1,163	0	27	0	14,386
Depreciation charge	4,425	776	1,008	166	0	7	0	6,382
Depreciation written out to the Revaluation Reserve	0	-80	0	0	0	-1	0	-81
Depreciation written out to the Surplus/Deficit on the Provision of Services	-1,908	-211	0	0	0	0	0	-2,119
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	0	0	0	0	0	0
Derecognition - Other	-371	0	-420	0	0	0	0	-791
Other movements in depreciation & impairment	0	0	0	0	0	0	0	0
At 31 March 2013	6,534	1,216	8,665	1,329	0	33	0	17,777
Net Book Value								
at 31 March 2013	192,436	36,264	4,752	4,455	281	4,892	353	243,433
at 31 March 2012	189,158	36,820	3,779	3,897	281	10,422	530	244,887

Comparative Movements in 2011/12:

	Council Dwellings £'000	Other Land and Buildings £'000	Vehicles, Plant, Furniture & Equipment £'000	Infrastructure Assets £'000	Community Assets £'000	Surplus Assets £'000	Assets Under Construction £'000	Total Property, Plant & Equipment £'000
Cost or Valuation								
At April 2011	191,227	38,228	12,112	4,288	278	13,438	429	260,000
Additions	9,974	1,929	1,212	1,460	9	19	418	15,021
Donations	0	0	0	0	0	0	0	0
Revaluation increases/decreases(-) recognised in the Revaluation Reserve	0	76	12	0	0	-724	0	-636
Revaluation increases/decreases(-) recognised in the Surplus/Deficit on the Provision of Services	-6,302	-2,334	0	0	0	-1,761	0	-10,397
Derecognition - Disposals	0	0	0	0	0	0	0	0
Derecognition - Other	-1,470	-378	-1,507	-688	-8	-121	0	-4,172
Assets reclassified to(-)/from Held for Sale	-97	0	-84	0	0	-427	0	-608
Other movements in cost or valuation	214	30	111	0	2	25	-317	65
At 31 March 2012	193,546	37,551	11,856	5,060	281	10,449	530	259,273
Accumulated Depreciation & Impairment								
At April 2011	2,249	1,829	8,433	1,609	0	27	0	14,147
Depreciation charge	4,581	812	1,151	140	0	14	0	6,698
Depreciation written out to the Revaluation Reserve	0	-1,267	0	0	0	0	0	-1,267
Depreciation written out to the Surplus/Deficit on the Provision of Services	-2,153	-832	0	0	0	0	0	-2,985
Impairment losses/reversals(-) recognised in the Revaluation Reserve	0	41	0	0	0	0	0	41
Impairment losses/reversals(-) recognised in the Surplus/Deficit on the Provision of Services	0	199	0	0	0	0	0	199
Derecognition - Disposals	0	0	0	0	0	0	0	0
Derecognition - Other	-289	-71	-1,507	-586	0	0	0	-2,453
Other movements in depreciation & impairment	0	20	0	0	0	-14	0	6
At 31 March 2012	4,388	731	8,077	1,163	0	27	0	14,386
Net Book Value								
at 31 March 2012	189,158	36,820	3,779	3,897	281	10,422	530	244,887
at 31 March 2011	188,978	36,399	3,679	2,679	278	13,411	429	245,853

Depreciation

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

- Council Dwellings - 2-75 years
- Other Land and Buildings - 9-75 years
- Vehicles, Plant, Furniture and Equipment - 3-25 years
- Infrastructure - 10-190 years
- Surplus - 20-98 years

Capital Commitments

During 2005/06 the Council had entered into a number of contracts for the acquisition, construction or enhancement of Council Dwellings with an estimated cost of £62m over 5 years. These works remain on-going and the outstanding financial commitment is variable depending on a number of factors including availability of funding and achieving the Decent Homes standards. The major contractors are Bullock Construction and Hornes Construction with the Council budgeting to spend a further £14m and £0.5m respectively until the end of the contract period.

Effects of Changes in Estimates

There have been no changes in relation to estimated asset life, residual asset values, depreciation method or disposal costs in 2012/13 that would have a material effect.

Revaluations

The Council carries out a rolling programme that ensures that all Property, Plant and Equipment required to be measured at fair value is revalued at least every five years. All valuations were carried out in-house. 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.

	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	4,752	0	5,089	9,841
Valued at Fair Value as at:						
31 March 2013	192,436	4,843	0	3,862	0	201,141
31 March 2012	0	21,208	0	462	0	21,670
01 April 2011	0	5,089	0	81	0	5,170
31 March 2011	0	1,355	0	0	0	1,355
01 April 2010	0	1,196	0	96	0	1,292
31 March 2010	0	1,207	0	0	0	1,207
01 April 2009	0	46	0	16	0	62
31 March 2009	0	992	0	368	0	1,360
01 April 2008	0	328	0	7	0	335
Total Cost or Valuation	192,436	36,264	4,752	4,892	5,089	243,433

13 HERITAGE ASSETS

	Ceramics Jewellery Regalia and Statues £'000	Art Collection and Samplers £'000	Machinery Equipment Furniture £'000	Memorials and Historic Sites £'000	Total Assets £'000
Cost or Valuation					
1 April 2011	115	149	30	20	314
Additions, Disposals, Revaluations, Impairment Losses/reversals(-)	0	0	0	0	0
31 March 2012	115	149	30	20	314
Cost or Valuation					
1 April 2012	115	149	30	20	314
Additions, Disposals, Revaluations, Impairment Losses/reversals(-)	0	0	0	0	0
31 March 2013	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.

All exhibits are contained in the Museum inventory. Appropriate records are maintained of newly acquired exhibits, whether purchased or donated, and any sales or disposals. Appropriate accounting treatment is undertaken dependent on their value. Items are stored and maintained in accordance with their specialised requirements.

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 £0.010m and above have subsequently been included. The insurance valuation is increased annually for inflation. The total carrying amount of these assets are reflected in the balance as £0.314m (£0.314m 2011/12).

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 £0.149m 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 £0.030m, which is the insurance valuation.

In addition to the above, there are over 100,000 other exhibits whose cost or valuation is below £100, and therefore they are not included within the Balance Sheet.

Memorial and Historical Sites

War memorial and historical sites are held at historic cost totalling £0.020m.

14 INVESTMENT PROPERTIES

There are currently no investment properties.

15 INTANGIBLE ASSETS

The intangible assets shown in the Balance Sheet relate to software and software licences. Purchases of these totalled £0m in 2012/13 (£0.113m in 2011/12). They are amortised over 3 to 5 years and the total amortisation charged in 2012/13 was £0.135m (£0.203m in 2011/12).

There are no internally generated assets.

The carrying amount of intangible assets is amortised on a straight-line basis. The amortisation of £0.135m charged to revenue in 2012/13 was charged in the main to the IT administration cost centre and then absorbed as an overhead across all the service headings in the Net Expenditure of Services. It is not possible to quantify exactly how much of the amortisation is attributable to each service heading.

The Council revalues its software assets acquired under licences where comparable licences are currently commercially available for purchase. Revaluations are made at every year end, based on the market price of the comparable licences at that date. There has been no material difference to the value of assets held and therefore, there has been no revaluation adjustment.

2011/12 £'000		2012/13 £'000
	Balance at start of year:	
1,796	Gross carrying amounts	972
-1,296	Accumulated amortisation	-700
500	Net carrying amount at start of year	272
	Movements:	
113	Purchases	0
-78	Other disposals	0
-203	Amortisation for the period	-135
-60	Transfer out of category	0
272	Net carrying amount at end of year	137
	Comprising:	
972	Gross carrying amounts	819
-700	Accumulated amortisation	-682
272		137

16 FINANCIAL INSTRUMENTS

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

	Long Term		Current	
	31 March 2013 £'000	31 March 2012 £'000	31 March 2013 £'000	31 March 2012 £'000
<i>Financial Liabilities Classified as Amortised Cost:</i>				
Borrowings	113,876	112,405	6,566	9,209
Bank Current Accounts (Overdrawn)	0	0	1,401	495
Operational Creditors	0	0	1,464	2,590
Provisions	0	0	648	552
Total Financial Liabilities Classified as Amortised Cost	113,876	112,405	10,079	12,846
<i>Financial Assets Classified as Loans and Receivables:</i>				
Investments	1,177	1,696	1,390	1,089
Short-term Deposits with Money Market Funds	0	0	706	3,735
Operational Debtors	0	0	2,719	2,537
Total Financial Assets Classified as Loans and Receivables	1,177	1,696	4,815	7,361

Under accounting requirements the carrying value of the financial instrument value is shown in the Balance Sheet at amortised cost, which includes the principal amount borrowed or lent and further adjustments for breakage costs or stepped interest loans (measured by an effective interest rate calculation) including accrued interest. Accrued interest is shown separately in current assets/liabilities where the payments/receipts are due within one year. The effective interest rate is effectively accrued interest receivable under the instrument, adjusted for the amortisation of any premiums or discounts reflected in the purchase price.

For short term operational creditors, these are carried at contract amount. Operational debtors are carried at an estimated recoverable amount.

Fair value has been measured by:

- Direct reference to published price quotations in an active market; and/or
- Estimating using a valuation technique.

Councils sometimes give financial guarantees that require them to make specified payments to reimburse the holder of a debt if the debtor fails to make payment when due in accordance with the terms of the contract. There have been no financial guarantees issued for Bassetlaw.

Material Soft Loans Made by the Council

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

Employee Car Loans

The Council has a scheme to provide loans for the purpose of a car purchase to employees who are in posts that require them to drive regularly on the Council's business. The total amount outstanding on 3 such loans is £0.011m.

Valuation Assumptions

The interest rate at which the fair values of these soft loans have been recognised is arrived at taking the Council's prevailing cost of borrowing for a comparable loan at the date of the advance and adding an allowance for the risk that the loan might not be repaid by the employees.

Where assets are identified as impaired because of a likelihood arising from a past event that payments due under the contract will not be made, the asset is written down and a charge made to the Comprehensive Income and Expenditure Statement.

Any gains and losses that arise on the derecognition of the asset are credited/debited to the Comprehensive Income and Expenditure Statement.

Unusual Movements

An impairment of £0.025m was charged to the Comprehensive Income and Expenditure Statement during 2012/13 based on an estimated recoverable amount. The Icelandic Courts recently confirmed that preferential creditor status has been given to Local Authorities. This in turn has improved the estimated recoverable amount, and therefore a reversal (based on a prudent calculation of estimated recoverable amounts) of the previous impairment has been credited to the Comprehensive Income and Expenditure Account.

Collateral

The Council has a legal charge on a property where the land was transferred to a Housing Association but has a legal charge upon any future sale. The collateral charge as at 31 March 2013 is £1.2m.

The Council also has a legal charge on the land occupied by Retford United Football Club. The collateral charge as at 31 March 2013 is £0.030m.

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:

	2012/13			2011/12		
	Financial Liabilities measured at amortised cost £'000	Financial Assets: Loans and receivables £'000	Total £'000	Financial Liabilities measured at amortised cost £'000	Financial Assets: Loans and receivables £'000	Total £'000
Interest expense	4,602	0	4,602	3,637	0	3,637
Finance lease Interest	0	0	0	10	0	10
Reductions in fair value	0	0	0	0	0	0
Impairment losses	0	0	0	0	0	0
Fee expense	3	0	3	23	0	23
Total expense in Surplus(-) or Deficit on the Provision of Services	4,605	0	4,605	3,670	0	3,670
Interest income	0	-47	-47	0	-72	-72
Interest income accrued on impaired financial assets	0	-123	-123	0	-288	-288
Impairment gain	0	-25	-25	0	-170	-170
Total income in Surplus(-) or Deficit on the Provision of Services	0	-195	-195	0	-530	-530
Gains on revaluation	0	-30	-30	0	0	0
Losses on revaluation	0	0	0	0	6	6
Total surplus(-)/deficit arising on revaluation of financial assets in Other CIES	0	-30	-30	0	6	6
Net gain(-)/loss for the year	4,605	-225	4,380	3,670	-524	3,146

The Council does not hold investments in Available for Sale Assets, nor Assets Held at Fair Value through the Income and Expenditure Account.

The net loss of £4.410m (£3.140m in 2011/12) is due to borrowing interest, net of investment interest income and the increased recoverable amount showed as an impairment gain in relation to Icelandic Banks the gain on revaluation relates to the difference in exchange rates of investments held in Icelandic Kroner (ISK).

Financial Instruments Gains/Losses

Financial liabilities and financial assets represented by loans and receivables and long term debtors and creditors are carried on the balance sheet at amortised cost. Their fair value can be assessed by calculating the present value of the cash flows that take place over the remaining life of the instruments, using the following assumptions:

- For loans from the PWLB and other loans payable, borrowing/premature repayment rates from the PWLB have been applied to provide the fair value under PWLB debt redemption procedures;
- For loans receivable prevailing benchmark market rates have been used to provide the fair value;
- No early repayment or impairment is recognised;
- Where an instrument has a maturity of less than 12 months or is an operational debtor the fair value is taken to be the carrying amount or the billed amount; and
- The fair value of operational creditors is taken to be the invoiced or billed amount.

The fair values calculated are as follows:

	2012/13		2011/12	
	Carrying amount £'000	Fair value £'000	Carrying amount £'000	Fair value £'000
PWLB debt	81,863	97,308	80,426	92,632
Non-PWLB debt	32,013	61,560	31,979	42,559
Short term borrowing	6,566	6,566	9,209	9,209
Short term operational creditors	1,464	1,464	2,590	2,590
Short term provisions	648	648	552	552
Bank Current Accounts	1,401	1,401	495	495
Total Liabilities	123,955	168,947	125,251	148,037

The fair value of the liabilities is higher than the carrying amount because the Council's long term debt fair value includes a premium which would be payable if the loan was repaid before the contractual date.

Money market loans < 1 year	706	706	3,735	3,735
Short term investments	1,390	1,390	1,089	1,089
Long term investments	1,177	1,177	1,696	1,696
Short term operational debtors	2,719	2,719	2,537	2,537
Total Assets	5,992	5,992	9,057	9,057

The fair values for loans and receivables have been determined by reference to similar practices, as above, which provide a reasonable approximation for the fair value of a financial instrument, and includes accrued interest. The comparator market rates prevailing have been taken from indicative investment rates at each balance sheet date. In practice rates will be determined by the size of the transaction and the counterparty, but it is impractical to use these figures, and the difference is likely to be immaterial.

The Council holds the only share in its wholly owned subsidiary, A1 Housing (Bassetlaw) Ltd. The company was formed in October 2004 as an Arms Length Management Organisation, to manage and deliver the Decent Homes Programme to the housing stock. The company is limited by guarantee the value of the share holding is £1.

The fair value of the investment has not been disclosed because the fair value cannot be measured reliably, as there is no quoted market price in an active market for this holding. At this stage it is not envisaged that this financial investment will be disposed of.

17 INVENTORIES

The Council holds stocks of consumable items for resale totalling £0.062m. (£0.068m in 2011/12).

	Consumable Stores		Maintenance Materials		Total	
	2012/13 £'000	2011/12 £'000	2012/13 £'000	2011/12 £'000	2012/13 £'000	2011/12 £'000
Balance outstanding at start of year	42	37	26	25	68	62
Purchases	527	535	19	24	546	559
Recognised as an expense in year	-529	-529	-23	-22	-552	-551
Written off balances	0	-1	0	-1	0	-2
Reversals of write-offs in previous years	0	0	0	0	0	0
Balance outstanding at year end	40	42	22	26	62	68

18 ANALYSIS OF DEBTORS

2011/12 £'000		2012/13 £'000
3,015	Central Government Bodies	4,095
319	Other Local Authorities	700
0	NHS Bodies	0
3,403	Other Entities and Individuals	3,630
6,737	Short Term Debtors	8,425
68	Other Entities and Individuals	95
68	Long Term Debtors	95
6,805	Total	8,520

19 CASH AND CASH EQUIVALENTS/BANK OVERDRAFT

2011/12 £'000		2012/13 £'000
2	Cash held by the Council	1
3,735	Short-term deposits with Money Market Funds	706
3,737	Current Assets	707
-495	Bank current accounts (overdraft)	-1,401
141	Cash in transit	95
-354	Current Liabilities	-1,306
3,383	Total Cash and Cash Equivalents	-599

20 ASSETS HELD FOR SALE

2011/12 £'000		2012/13 £'000
1,625	Balance outstanding at start of year	1,494
608	Assets newly classified as held for sale: Property, Plant and Equipment	8,009
0	Revaluation gains	0
-739	Assets sold	-1,720
1,494	Balance outstanding at year-end	7,783

There are no cumulative income and expenses recognised in Other Comprehensive Income and Expenditure relating to non-current assets held for sale.

Significant assets held for sale include:

Land at Westhill Road, Ordsall

Land at Keats Crescent

Public convenience building at Newgate Street, Worksop

Land at Scrooby Road

These assets are held for sale as key regeneration sites and it is anticipated that their sales will be finalised during 2013/14.

21 ANALYSIS OF CREDITORS

2011/12 £'000		2012/13 £'000
0	Central Government Bodies	98
587	Other Local Authorities	442
20	NHS Bodies	0
2,792	Other Entities and Individuals	1,756
3,399	Short Term Creditors	2,296
1,032	Other Entities and Individuals	1,010
1,032	Long Term Creditors	1,010
4,431	Total	3,306

22 PROVISIONS

	Insurance Compensation Claims £'000	Workshop Leisure Centre - Gas £'000	Local Land Charges £'000	Other Provisions £'000	Total £'000
Balance at 1 April 2012	179	274	60	39	552
Additional provisions made in year	146	0	52	55	253
Amounts used in year	-4	0	0	-20	-24
Unused amounts reserved in year	-115	0	0	-18	-133
Unwinding of discounting in year	0	0	0	0	0
Balance at 31 March 2013	206	274	112	56	648

Insurance Claims

All insurance claims are individually insignificant, however, they relate to claims where the Council is alleged to be at fault (e.g. through a failure to repair a road or pavement in its ownership properly). 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.

Workshop Leisure Centre - Gas

Relates to estimated amounts of gas supplied between January 2008 and August 2011 when the gas meter was unregistered with a supplier. Subsequent billing has now commenced. It is therefore estimated that repayment will be sought within 12 months.

Local Land Charges

Bassetlaw District Council is a defendant in proceedings brought by a group of Property Search Companies for refunds of fees paid to the Council to access land charges data. In the current litigation the Council faces a claim of £45,000 plus interest and costs. A second group of Property Search Companies are also seeking to claim refunds although no proceedings have yet been issued. The Council has been informed that the value of those claims as present is £52,000 plus interest and costs. The second group of Property Search Companies have also intimated that they may bring a claim against all English and Welsh local authorities for alleged anti-competitive behaviour. It is not clear what the value of any such claim would be against the Council. It is possible that additional claimants may come forward to submit claims for refunds, but none have been intimated at present.

Other Provisions

All other provisions are individually insignificant.

23 USABLE RESERVES

Movements in the Council's usable reserves are detailed in Note 7.

24 UNUSABLE RESERVES

2011/12 £'000		2012/13 £'000
25,699	Revaluation Reserve	26,762
96,111	Capital Adjustment Account	99,262
-619	Financial Instruments Adjustment Account	-554
-41,510	Pensions Reserve	-42,517
61	Deferred Capital Receipts Reserve	133
58	Collection Fund Adjustment Account	31
-19	Accumulated Absences Account	-11
79,781	Total Unusable Reserves	83,106

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 1 April 2007, the date that the Reserve was created. Accumulated gains arising before that date are consolidated into the balance on the Capital Adjustment Account.

2011/12 £'000		2012/13 £'000
25,792	Balance at 1 April	25,699
4,599	Upward revaluations of assets	4,077
-4,010	Downward revaluation of assets and impairment losses not charged to the Surplus/Deficit on the Provision of Services	-2,480
589	Surplus or deficit(-) on revaluation of non-current assets not posted to the Surplus or Deficit on the Provision of Services	1,597
-171	Difference between fair value depreciation and historical cost depreciation	-123
-369	Accumulated gains on assets sold or scrapped	-411
-142	Amount written off to the Capital Adjustment Account	0
-682		-534
25,699	Balance at 31 March	26,762

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.

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

Note 7 provides details of the source of all the transactions posted to the account, apart from those involving the Revaluation Reserve.

2011/12 £'000		2012/13 £'000
129,350	Balance at 1 April	96,111
	Reversal of items relating to capital expenditure debited or credited to the CIES	
-6,896	Charges for depreciation and impairment of non-current assets	-6,382
-7,410	Revaluation losses on Property, Plant and Equipment	-1,779
-203	Amortisation of intangible assets	-135
-28,853	Revenue expenditure funded from capital under statute	-1,030
-2,626	Amounts of non-current assets written off on disposal or sale as part of the gain(-)/loss on disposal to the CIES	-2,871
-44	Costs of disposal deferred	-27
-46,032		-12,224
511	Adjusting amounts written out of the Revaluation Reserve	411
-45,521	Net written out amount of the cost of non-current assets consumed in the year	-11,813
	Capital financing applied in the year:	
4,645	Use of Capital Receipts Reserve to finance new capital expenditure	2,381
4,194	Use of Major Repairs Reserve to finance new capital expenditure	9,258
1,782	Capital grants and contributions credited to the CIES that have been applied to capital financing	1,930
475	Applications of grants to capital financing from the Capital Grant Unapplied Account	144
1,011	Statutory provision for the financing of capital investment charged against the General Fund and HRA balances	1,127
4	Capital expenditure charged against the General Fund and HRA balances	0
12,111	Adjustment between Capital Adjustment Account and Revaluation Reserve for depreciation that relates to the revaluation balance rather than historic cost	14,840
171		124
96,111	Balance at 31 March	99,262

The Financial Instruments Adjustment Account 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. (The Council uses the account to manage premiums paid on the early redemption of loans).

Premiums are debited to the Comprehensive Income and Expenditure Statement when they are incurred, but reversed out of the General Fund Balance to the Account 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. As a result, the balance on the Account at 31 March 2011 will be charged to the General Fund in 2012/13, and over the next 2 years for the HRA.

2011/12 £'000		2012/13 £'000
-719	Balance at 1 April	-619
0	Transfer to/from Earmarked Reserves	0
100	Differences between statutory debits/credits and amounts recognised as income and expenditure in relation to financial instruments	65
-619	Balance at 31 March	-554

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 Pensions Reserve therefore shows a substantial shortfall in the benefits earned by past and current employees and the resources the Council has set aside to meet them. The statutory arrangements will ensure that funding will have been set aside by the time the benefits come to be paid.

2011/12 £'000		2012/13 £'000
-28,493	Balance at 1 April	-41,510
-13,168	Actuarial gains or losses(-) on pensions assets and liabilities	-745
-2,787	Reversal of items relating to retirement benefits debited or credited to the Surplus or Deficit on the Provision of Services in the CIES	-3,277
2,938	Employers pensions contributions and direct payments to pensioners payable in the year	3,015
-41,510	Balance at 31 March	-42,517

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.

2011/12 £'000		2012/13 £'000
44	Balance at 1 April	61
20	Transfer of deferred capital grant repayable credited as part of the gain/loss(-) on disposal to the CIES	80
-3	Transfer to Capital Receipts Reserve	-8
61	Balance at 31 March	133

Collection Fund Adjustment Account

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

2011/12 £'000		2012/13 £'000
50	Balance at 1 April	58
1	Adjustment to opening balance	0
7	Amount by which council tax income credited to the CIES is different from council tax income calculated for the year in accordance with statutory requirements	-27
58	Balance at 31 March	31

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 31 March. Statutory arrangements require that the impact on the General Fund Balance is neutralised by transfers to or from the Account.

2011/12 £'000		2012/13 £'000
-7	Balance at 1 April	-19
7	Settlement or cancellation of accrual made at the end of the preceding year	19
0	Amounts accrued at the end of the current year	0
-19	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	-11
-19	Balance at 31 March	-11

25 CASH FLOW STATEMENTS**CASH FLOW STATEMENT - ADJUSTMENT TO NET SURPLUS OR DEFICIT ON THE PROVISION OF SERVICES FOR NON CASH MOVEMENTS**

2011/12 £'000		2012/13 £'000
-37,863	Net Surplus or Deficit(-) on the Provision of Services	2,635
	<u>Adjust net surplus or deficit on the provision of services for non-cash movements</u>	
6,698	Depreciation of Property, Plant and Equipment	6,382
7,609	Impairment and downward valuations	1,779
203	Amortisation of Intangible Assets	135
-170	Material impairment losses on Investments debited to surplus or deficit on the provision of services in year	0
6	Adjustments for effective interest rates	0
633	Increase/Decrease(-) in interest Creditors	0
-2,855	Increase/Decrease(-) in Creditors	-179
-1	Increase/Decrease(-) in interest and dividend Debtors	3
-276	Increase/Decrease(-) in Debtors	1,038
-6	Increase/Decrease(-) in Inventories	6
-151	Pension Liability	261
77	Contributions to/from(-) Provisions	96
2,115	Carrying amount of non-current assets and non-current Assets Held For Sale, sold or derecognised	3,105
13,882	<u>Adjust for items included in the net surplus or deficit on the provision of services that are investing or financing activities</u>	12,626
-1,134	Capital Grants credited to surplus or deficit on the Provision of Services	-1,939
-463	Proceeds from the sale of Property Plant and Equipment, Investment Property and Intangible Assets	-1,817
-1,597		-3,756
-25,578	Net Cash Flows from Operating Activities	11,505

B CASH FLOW STATEMENT - OPERATING ACTIVITIES

The cash flows for operating activities include the following items:

2011/12 £'000		2012/13 £'000
360	Interest received	170
-2,992	Interest paid	-4,575
-2,632		-4,405

C CASH FLOW STATEMENT - INVESTING ACTIVITIES

2011/12		2012/13
£'000		£'000
-16,405	Purchase of Property, Plant and Equipment, Investment Property and Intangible Assets	-15,492
-4,000	Purchase of short-term and long-term Investments	-2,179
0	Other payments for investing activities	-140
466	Proceeds from the sale of Property, Plant and Equipment, Investment Property and Intangible Assets	1,760
7,057	Proceeds from short-term and long-term Investments	2,397
1,811	Other receipts from investing activities	415
-11,071	Net cash flows from investing activities	-13,239

D FINANCING ACTIVITIES

2011/12		2012/13
£'000		£'000
45,864	Cash receipts or short and long-term Borrowing	8,383
1,941	Other receipts from financing activities	0
-282	Cash payments for the reduction of the outstanding liabilities relating to Finance Leases	-80
-7,292	Repayments of short and long-term Borrowing	-9,490
0	Other payments for financing activities	-1,061
40,231	Net cash flows from financing activities	-2,248

26 ACQUIRED AND DISCONTINUED OPERATIONS

There were no acquired or discontinued operations during the year.

27 TRADING OPERATIONS

The Council has established trading units where the service manager is required to operate in a commercial environment by generating income from other parts of the Council or other organisations. During 2012/13 a review was conducted of trading activities, which has led to a number being reclassified. Details of those units trading operations in 2012/13 are as follows:

2011/12 £'000	Trading Operations	2012/13 £'000
	Markets	
-376	Bassetlaw has 2 town centre market sites. The objective is to maximise income.	Turnover -355
553		Expenditure 527
177		Surplus(-)/Deficit 172
	Industrial Estates	
-190	Bassetlaw has 7 industrial estates, one is an estate of starter units to support small businesses. There has been an increase in costs on previous year due to refurbishment.	Turnover -202
309		Expenditure 1,153
119		Surplus(-)/Deficit 951
	Trade Refuse	
-147	Bassetlaw operates a trade waste collection service on four days a week. Running alongside the domestic service. The objective is to provide a cost effective value for money service to trade customers.	Turnover -85
146		Expenditure 133
-1		Surplus(-)/Deficit 48
	Pest Control	
-29	Bassetlaw provides a rodent and pest control service to prevent nuisance or health risk.	Turnover -16
94		Expenditure 113
65		Surplus(-)/Deficit 97
	Grounds Maintenance	
-1,023	Bassetlaw provides a full grounds maintenance service to other services including grass cutting, flower beds, tree pruning etc. The deficit reflects the costs to the Parks Service.	Turnover -1,053
1,062		Expenditure 1,064
39		Surplus(-)/Deficit 11
	Street Cleaning	
-112	The street sweeping service ensures public sites owned by other services are kept clean.	Turnover -196
156		Expenditure 196
44		Surplus(-)/Deficit 0
	Consolidated results of all other trading operations	
-347	2011/12 (Printing, Procurement, Strategic Cleaning), 2012/13 consisting of (Printing, Refuse, Strategic Cleaning)	Turnover -333
350		Expenditure 391
3		Surplus(-)/Deficit 58
446	Net surplus(-)/deficit on trading operations	1,337

Trading operations are incorporated into the Comprehensive Income and Expenditure Statement. Some are an integral part of one of the Council's services to the public (e.g. refuse collection), whilst others are support services. The expenditure of these operations is allocated or recharged to the headings in the Net Operating Expenditure of Continuing Operations. Only a residual amount of any net surplus (-)/deficit on trading operations is charged as Financing and Investment Income and Expenditure (see Note 10).

2011/12 £'000		2012/13 £'000
446	Net surplus(-)/deficit on trading operations:	1,337
-360	Services to the public included in Expenditure of Continuing Operations	-1,268
0	Support services recharged to Expenditure of Continuing Operations	0
86	Net surplus(-)/deficit credited to Other Operating Expenditure	69

28 AGENCY SERVICES

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 Authority/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.

29 POOLED BUDGETS

There are no pooled budgets.

30 EXPENDITURE ON MEMBERS' ALLOWANCES

2011/12 £'000		2012/13 £'000
221	Basic Allowance	222
89	Special Responsibility	91
18	Travelling Allowance	15
11	Subsistence Allowance	8
339	Total	336

31 OFFICERS' REMUNERATION

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

2012/13 Post holder information

Post title	Notes	Salary (including fees & allowances) £	Compensation for loss of office £	Benefits in kind (car allowance) £	2012/13 Total remuneration excluding pension contributions £	Pension contri- butions £	2012/13 Total remuneration including pension contributions £
CHIEF EXECUTIVE	1 & 3	52,921	38,544	0	91,465	7,888	99,353
DIRECTOR OF RESOURCES	2 & 4	98,801	0	0	98,801	20,804	119,605
DIRECTOR OF CORPORATE SERVICES		85,503	0	0	85,503	17,866	103,369
DIRECTOR OF COMMUNITY SERVICES		85,503	0	0	85,503	17,866	103,369
HEAD OF FINANCE & PROPERTY		67,991	0	0	67,991	14,617	82,608
HEAD OF REVENUES & CUSTOMER SERVICES		62,070	0	3,742	65,812	13,690	79,502
HEAD OF COMMUNITY PROSPERITY		64,098	0	0	64,098	13,690	77,788
HEAD OF HUMAN RESOURCES		63,453	0	0	63,453	13,690	77,143
		580,340	38,544	3,742	622,626	120,111	742,737

Note 1 - The Chief Executive left the Council on 31 July 2012.

Note 2 - The Director of Resources includes interim cover for Chief Executive from 1 August 2012.

Note 3 - In addition to the above, the Chief Executive received an amount of £4,648 in relation to his role as Returning Officer in the District and Parish local By-elections.

Note 4 - In addition to the above, the Director of Resources received an amount of £4,080 in relation to his role as Returning Officer in the Police and Crime Commissioner elections.

2011/12 Post holder information

Post title	Notes	Salary (including fees & allowances) £	Compensation for loss of office £	Benefits in kind (car allowance) £	2011/12 Total remuneration excluding pension contributions £	Pension contri- butions £	2011/12 Total remuneration including pension contributions £
CHIEF EXECUTIVE	1	115,122	0	0	115,122	23,666	138,788
DIRECTOR OF RESOURCES		85,067	0	0	85,067	17,797	102,864
DIRECTOR OF CORPORATE SERVICES		85,377	0	0	85,377	17,866	103,243
DIRECTOR OF COMMUNITY SERVICES		85,067	0	0	85,067	17,797	102,864
HEAD OF FINANCE & PROPERTY		67,524	0	0	67,524	14,617	82,141
HEAD OF REVENUES & CUSTOMER SERVICES		61,706	0	2,861	64,567	13,637	78,204
HEAD OF COMMUNITY PROSPERITY		63,089	0	0	63,089	13,637	76,726
HEAD OF HUMAN RESOURCES		63,089	0	0	63,089	13,637	76,726
		626,041	0	2,861	628,902	132,654	761,556

Note 1 - In addition to the above, the Chief Executive received an amount of £11,262 in relation to his role as Returning Officer in 2 Local By-elections.

The number of employees whose taxable remuneration, excluding pension contributions, was £50,000 or more in bands of £5,000 is detailed below.

Remuneration band	2011/12	2012/13
	Number of employees	Number of employees
£50,000-£54,999	0	0
£55,000-£59,999	0	0
£60,000-£64,999	3	2
£65,000-£69,999	1	2
£70,000-£74,999	0	0
£75,000-£79,999	0	0
£80,000-£84,999	0	0
£85,000-£89,999	3	2
£90,000-£94,999	0	1
£95,000-£99,999	0	1
£100,000-£104,999	0	0
£105,000-£109,999	0	0
£110,000-£114,999	0	0
£115,000-£119,999	1	0
Total	8	8

The numbers 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	
	2011/12	2012/13	2011/12	2012/13	2011/12	2012/13	2011/12	2012/13
	£1-£20,000	10	2	12	1	22	3	£146,408
£20,001 - £40,000	1	0	0	0	1	0	£231,234	£0
£40,001 - £60,000	0	0	1	1	1	1	£43,232	£32,745
£60,001 - £80,000	1	0	0	0	1	0	£68,803	£0
£80,001 - £100,000	0	0	0	0	0	0	£0	£0
£100,001 - £150,000	0	0	0	1	0	1	£0	£100,308
Total	12	2	13	3	25	5	£489,677	£134,999

32 EXTERNAL AUDIT COSTS

Costs incurred in relation to external audits and inspections carried out by the Audit Commission /KPMG.

2011/12 £'000		2012/13 £'000
116	Fees payable in respect of external audit services	78
21	Fees payable in respect of grant claims and returns	29
0	Fees payable in respect of statutory inspection	0
137	Total	107

33 GRANT INCOME

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

In accordance with correct accounting practice a number of revenue and capital grants, contributions & donations that have yet to be applied (and there are no conditions attached) have been transferred to Earmarked Reserves in year for revenue £0.178m and capital £0.039m (revenue £0.332m capital £0.049m in 2011/12).

2011/12 £'000		2012/13 £'000
	Credited to Taxation and Non Specific Grant Income:	
-7,081	NNDR Entitlement Grant	-8,173
-2,189	Revenue Support Grant	-158
-475	Local Services Support Grant	-129
-152	Performance Reward Grant - LAA	0
-330	New Homes Bonus Grant	-503
-138	Council Tax Freeze Grant	-139
0	Developers Grants & Contributions	-26
0	Local High Street Renovation Grant	-100
0	New Burdens - Welfare Reform	-108
-159	European Regional Development Fund - Retford Market Square	0
-459	Homes and Communities Agency - Exchange Street Retford	0
-175	Energy Saving Trust – A1 Housing Air Source Heating Grant	-409
-49	European Regional Development Fund – Worksop Creative Village	-643
-20	Academy School contributions	-20
-137	Other capital grants and contributions	-18
-54	HRA capital grants	-80
-91	Developers capital contributions (Section 106)	0
0	Decent Homes Backlog Grant	-3,500
0	NCC Contributions to Bridge Street works and Langold bandstand	-175
-11,509	Total	-14,181

2011/12 £'000		2012/13 £'000
	Credited to Services, Revenue Related:	
-39	Land Drainage Grant	0
-38,010	Housing Benefits and Council Tax Subsidy Grant	-38,926
-170	NNDR Cost Of Collection Grant	-165
-60	LEADER Grant Scheme	-46
-21	Homelessness Grant	0
-532	Other revenue grants and contributions	-226
-720	Supporting People Grant	-538
-143	Developers contributions (Section 106)	-32
-156	General Fund contribution to shared amenities	0
	Capital Related:	
-473	Disabled Facilities Grant	-527
0	Other Capital Grants and Contributions	-155
-4,194	Housing Subsidy - MRA Grant	0
-44,518	Total	-40,615

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.

2011/12 £'000		2012/13 £'000
	Revenue grants receipts in advance:	
-18	Tackling Alcohol	-18
-18	Total revenue grants receipts in advance	-18
-1,112	Developer contributions receipts in advance	-1,152
-1,130	Total receipts in advance	-1,170

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.

Note: any related party relationship where control exists has to be disclosed irrespective of whether there have been transactions between the related parties. Previously, disclosures have only been necessary if any transactions have occurred.

UK Central Government

UK 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 the majority of its funding in the form of grants and prescribes the terms of many of the transactions that the Council has with other parties (e.g. Council Tax Bills and Housing Benefits). Grants received from government departments are set out in the subjective analysis in Group Note 14 on reporting amounts for resources allocation decisions. Grant receipts outstanding at 31 March 2013 are shown in Note 33.

Members

Members of the Council and potentially the closest members of their families have direct control over the Council's financial and operating policies. The total members' allowance paid in 2012/13 is shown in Note 30. The Council, in accordance with the National Code of Local Government 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. All members have been required to complete a related party declaration identifying the organisations with which the Council has a related party interest irrespective of whether there have been any transactions with the related party. The following table details these organisations and the relevant transactions:

Organisation	Member	Relationship	Expenditure £'000	Income £'000	Creditor £'000	Debtor £'000
B.C.V.S	V B Bowles (ex Cllr)	Ex Board Member	12	1	0	4
Bassetlaw Town Centres & Partnership Trust	A D Tromans (ex Cllr)	Ex Board Member	0	0	0	30
Bassetlaw Action Centre	Cllr D D Potts A D Tromans (ex Cllr)	Board Member Ex Board Member	57	0	0	0
Misterton Swimming Pool Advisory Committee	Cllr J Leigh Cllr H Brand	Board Member Board Member	0	0	0	0
King Edward VI Grammer School Trust	Cllr A D Tromans ex Cllr	Trustee	0	0	0	0
The Crossing SEC	Cllr G J Wynne E Yates ex Cllr	Director Substitute Director	0	0	0	0
The Crossing Café Company	Cllr G J Wynne Cllr G J Wynne (Spouse)	Director Director	0	0	0	0
Nottinghamshire County Council	E Yates ex Cllr	Councillor	1,162	747	263	22
Chesterfield Canal Partnership	E Yates ex Cllr	Ex Board Member	0	0	0	0
Ranby C of E Primary School	E Yates ex Cllr	Governor	0	0	0	0
King Edward Trust	E Yates ex Cllr	Member	0	0	0	0
Clayworth Educational Foundation	E Yates ex Cllr	member	0	0	0	0
F.O.Y.P Bassetlaw	E Yates ex Cllr	Member	0	0	0	0
Bassetlaw Play Forum	E Yates ex Cllr	Member	0	6	0	0
Bassetlaw Citizens Advice Bureau	Cllr S Fielding Cllr D R Pressley	Trustee Volunteer	115	6	0	0
North Notts College	Cllr D R Pressley	Governor	1	15	0	0
Haggonfields School	Cllr D R Pressley	Governor	0	0	0	0
Bassetlaw Food Bank	Cllr S May	Board Member	3	0	0	0
Bassetlaw Hospice of the Good Shepherd	M W Quigley (Spouse)	Chairman of Trustees	1	0	0	0
Nottinghamshire Fire Authority	Cllr S J Fielding	Board Member	0	3	0	0
Nottinghamshire Fire Trading Company	Cllr S J Fielding	Director	0	0	0	0
Norbridge Academy	Cllr S J Fielding	Governor	0	0	0	0
Haggonfields Primary School	Cllr S J Fielding	Governor	0	2	0	0
Bassetlaw Learning Centre	Cllr S J Fielding	Governor	0	2	0	0
St John's Primary School	Cllr S J Fielding (Spouse)	Governor	1	0	0	0
East Midlands Ambulance Service	Cllr A Mumby	First Responder	0	0	0	0
Hallcroft Primary School	Cllr A Mumby	Governor	0	1	0	0

In addition, the following members of the Council were on its Board of A1 Housing (Bassetlaw) Ltd, an arm's length housing management company wholly owned by the Council, Cllr H. Brand, Cllr A.D. Tromans (Ex Cllr), Cllr J. Potts, Cllr A. Battey, Cllr S. Greaves, Cllr T. Rafferty, Cllr A. Simpson, etc. The transactions are disclosed in the Group Accounts.

In all instances, there was proper consideration of declarations of interest and the relevant members did not take part in any related discussion or decisions.

Details of related party interest with members who are also councillors with other councils or who are on the Internal Drainage Board are shown under the Other Public Bodies paragraph below.

Senior Officers

All senior officers of the Council and the closest members of their families have the potential to significantly influence the policies of the Council although this is limited by the Council's scheme of delegation. They have been required to complete a related party declaration identifying the organisations with which the Council has a related party interest irrespective of whether there have been any transactions. The returns have shown that the Council's solicitor together with a close family member are directors of an events company. There were no transactions with this company. In addition the Building Control Manager is a member of the Property Committee of St Mary and St Josephs Church. There were no transactions with this organisation. An Economic Development Officer is a board member of the Retford Business Forum, there was a £25k transaction with this organisation.

Other Public Bodies (Subject to Common Control by Central Government)

The Council has determined that material transactions have occurred with the following parties:

Nottinghamshire County Council

Pension Fund as disclosed in Note 39.

Preceptor as disclosed in the Collection Fund Note C.

Nottinghamshire Parking Partnership – management, on behalf of the Nottinghamshire District Councils, for off and on street parking enforcement.

The accounts reflect the total expenditure and income relating to the Council's share.

Nottinghamshire Police and Crime Commissioner and Nottinghamshire Fire and Rescue Authority – preceptors as disclosed in the Collection Fund Note C.

Parish Councils – precepts £0.837 as disclosed in Note 9
Grants £0.083m not disclosed elsewhere

Internal Drainage Boards - £0.436m as disclosed in Note 9

35 CAPITAL EXPENDITURE AND FINANCING

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

2011/12		2012/13
£'000		£'000
93,228	Opening Capital Financing Requirement	125,105
	Capital Investment	
15,021	Property, Plant and Equipment	14,568
0	Investment Properties	0
113	Intangible Assets	0
1,577	Revenue Expenditure Funded from Capital Under Statute	1,030
413	Redundancy Pay Capitalisation Directive	0
26,863	HRA Self Financing Capitalisation Directive	0
0	Downward revaluation of HRA Non-Dwelling Assets, which has no revaluation reserve	-300
	Sources of Finance	
-4,645	Capital Receipts	-2,381
-6,450	Government Grants and Contributions	-11,332
-1,015	Sums set aside from Revenue (inc MRP)	-915
125,105	Closing Capital Financing Requirements	125,775
	Explanation of Movements in Year	
4,795	Increase in underlying need to borrow (supported by Government financial assistance)	0
28,093	Increase in underlying need to borrow (unsupported by Government financial assistance)	1,887
-1,011	Other Movements (MRP including finance leases)	-1,217
31,877	Increase in Capital Financing Requirement	670

36 LEASES**BASSETLAW DISTRICT COUNCIL AS LESSEE**Finance Leases

The Council has previously acquired a number of vehicles under finance leases. As at 31 March 2013 there were no finance leases.

The assets acquired under these leases are carried as Property, Plant and Equipment in the Balance Sheet at the following net amounts:

2011/12 £'000		2012/13 £'000
79	Vehicles, Plant, Furniture and Equipment	0
79	Total	0

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

2011/12 £'000		2012/13 £'000
	Finance lease debtor (net present value of minimum lease payments):	
80	Current	0
0	Non-current	0
5	Finance costs payable in future years	0
85	Minimum lease payments	0

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

Finance Lease Liabilities	Minimum Lease Payments		Finance Lease Liabilities	Minimum Lease Payments
2011/12 £'000	2011/12 £'000		2012/13 £'000	2012/13 £'000
80	85	Not later than one year	0	0
0	0	Later than one year and not later than five years	0	0
0	0	Later than five years	0	0
80	85		0	0

Operating Leases

The Council has acquired a number of vehicles and equipment by entering into operating leases with typical lives of 5 to 7 years. Future minimum lease payments due under these leases are:

2011/12 £'000		2012/13 £'000
	Category of payments	
61	Vehicles/Extension of Contract Terms	112
9	Employer's leased cars	4
0	Computer and other equipment	16
70	Total outstanding commitment	132
	Summarised as:	
19	Lease expiring within one year	132
51	Lease expiring between two to five years	0
0	Later than five years	0
70		132

The expenditure charged to net cost of service during the year in relation to these leases was:

2011/12 £'000		2012/13 £'000
	Category of payments	
61	Operating leases	128
9	Contract hire	4
70	Total payments	132

BASSETLAW DISTRICT COUNCIL AS A LESSORFinance 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 Council generated income of £0.441m (£0.482m in 2011/12) from such leases. Included in the 'not later than one year' category are a number of annually rolling leases where income totals £0.046m. The future minimum lease payments receivable in future years are:

2011/12 £000		2012/13 £000
492	Not later than one year	606
184	Later than one year and not later than five years	333
969	Later than five years	1,069
1,645	Total future minimum lease payments receivable	2,008

37 IMPAIRMENT LOSSES

There has been no impairment losses during this financial year 2012/13.

38 TERMINATION BENEFITS

The Council terminated the contracts of a number of employees in 2012/13, incurring liabilities of £0.135m (£0.490m in 2011/12) see Note 31 for the number of exit packages and total costs per band. Of this total, £0.039m was payable as compensation for loss of office and the total of enhanced pension benefits for the year were £0.077m as disclosed in note 31.

39 DEFINED BENEFIT PENSION SCHEME**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 that needs to be disclosed 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 final salary scheme, meaning that the Council and employees pay contributions into a fund, calculated at a level intended to balance the pensions liabilities with investment assets.

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.

Transactions Relating to Post-employment Benefits:

We recognise the cost of retirement benefits in the reported cost of services when they are earned by employees, rather than when the benefits are eventually paid as pensions. However, the charge we are required to make against council tax is based on the cash payable in the year, so the real costs of post-employment/retirement benefits is reversed out of the General Fund 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.

2011/12 £'000	LOCAL GOVERNMENT PENSION SCHEME	2012/13 £'000
	<i>Comprehensive Income and Expenditure Statement</i>	
	Cost of Services:	
1,619	Current Service Cost	1,941
0	Past Service Cost	0
327	Settlements and Curtailments	100
	Financing and Investment Income and Expenditure	
4,477	Interest Cost	4,331
-3,636	Expected Return On Scheme Assets	-3,095
2,787	Total Post-employment Benefit Charged to the Surplus or Deficit(-) on the Provision of Services	3,277
	Other Post-employment Benefit Charged to the Comprehensive Income and Expenditure Statement	
-13,168	Actuarial Gains and Losses (-)	-745
-10,381	Total Post-employment Benefit Charged to the Comprehensive Income and Expenditure Statement	2,532

2011/12 £'000		2012/13 £'000
	Movement in Reserves Statement	
-2,787	Reversal of net charges made to the Surplus or Deficit for the Provision of Services for post-employment benefits in accordance with the Code	-3,277
	Actual amount charged against the General Fund Balance for pensions in the year:	
2,223	Employers' contributions payable to the scheme	1,917
	Actual amount charged against the HRA for pensions in the year:	
715	Employers' contributions payable to the scheme	1,098

Employer's contributions of £1.098m (£0.715m in 2011/12) were charged to the Housing Revenue Account Balance reducing the outstanding liability for Housing Revenue Account relating to staff transferred to A1 Housing (Bassetlaw) Ltd. with the benefit of a fully funded pension scheme.

The cumulative amount of actuarial gains and losses recognised in Other Comprehensive Income and Expenditure relating to 'gains or losses on pensions assets and liabilities' line was at 31 March 2013 a loss of £0.745m and at 31 March 2012 was a loss of £13.168m.

Profit and Loss figures if the revised IAS19 standard was applied for the year to 31 March 2013

The Amounts recognised in the Profit and Loss Statement (if the revised IAS19 standard was adopted) are:	£'000
Service Cost	2,041
Net Interest on defined liability (asset)	1,842
Administration expenses	6
Total	3,889
Actual return on Scheme assets	8,382

Assets and Liabilities in Relation to Post-employment Benefits

A further analysis is now given showing the present value of the scheme assets and the present value of the scheme liabilities.

2011/12 £'000		2012/13 £'000
54,036	Opening balance at 1 April	54,292
3,636	Expected return on scheme assets	3,095
-2,348	Actuarial gains/losses(-)	5,281
2,935	Contribution by employer including unfunded benefits	3,021
502	Contribution by scheme participants	468
-4,469	Estimated benefits paid including unfunded benefits	-3,857
54,292	Closing balance at 31 March	62,300

2011/12 £'000		2012/13 £'000
-82,501	Opening balance at 1 April	-95,777
-1,619	Current service cost	-1,941
-4,477	Interest cost	-4,331
-10,820	Actuarial gains/losses(-)	-6,026
-327	Gains/Losses(-) on curtailments	-100
4,213	Estimated benefits paid	3,603
-502	Contribution by scheme participants	-468
256	Unfunded pension payments	254
-95,777	Closing balance at 31 March	-104,786

The Council's share of the County Council Pension Fund's assets and liabilities were estimated by the Actuary and are shown in the table below. However, the accounts reflect the actual total liability of £42.517m, the difference being actual amounts paid to the Pension Fund by the employer.

2011/12 £'000		2012/13 £'000
54,292	Estimated share of assets in the County Council Fund	62,300
-95,777	Estimated share of liabilities in the County Council Fund	-104,786
-41,485	Net asset/liability (-) based on Actuary's report	-42,486
-28	Opening balance adjustments of actual amounts paid	-25
3	In year adjustment for actual amounts paid	-6
-41,510	Adjustment for actual amounts paid	-42,517

The return on the Fund (on a bid value to bid value basis) for the year to 31 March 2013 is estimated to be 15%. This is based on the estimated Fund value used at the previous accounting date and the estimated Fund value used at this accounting date. The actual return on Fund assets over the year may be different. The estimated asset allocation for Bassetlaw District Council is detailed below:

2011/12 £'000	2011/12 %	Employer Asset Share	2012/13 £'000	2012/13 %
38,004	70%	Equities	45,479	73%
3,800	7%	Gilts	4,361	7%
2,715	5%	Other Bonds	3,738	6%
7,601	14%	Property	7,476	12%
2,172	4%	Cash	1,246	2%
54,292	100%	Total	62,300	100%

Reconciliation of Fair Value of the Scheme

The expected return on scheme assets 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.

The actual return on scheme assets in the year was £8.376m (£1.287m in 2011/12).

The actuarial gains identified as movements on the Pensions Reserve in 2012/13 can be analysed into the following categories, measured as a percentage of assets or liabilities at 31 March 2013.

	2008/09 £'000	2009/10 £'000	2010/11 £'000	2011/12 £'000	2012/13 £'000
Defined benefit obligation	-70,377	-106,498	-82,501	-95,777	-104,786
Scheme assets	35,381	47,285	54,036	54,292	62,300
Surplus/deficit(-) based on the Actuary's report	-34,996	-59,213	-28,465	-41,485	-42,486
Adjustments for actual amounts paid	-22	-20	-28	-25	-31
Net asset/liability(-) Balance Sheet	-35,018	-59,233	-28,493	-41,510	-42,517

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 £104.786m has a substantial impact on the net worth of the Council as recorded in the Balance Sheet, resulting in a negative overall balance of £42.517m.

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 31 March 2014 is £1.602m.

Basis for Estimating Assets and Liabilities

Liabilities have been assessed on an actuarial basis using the projected unit 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 have been assessed by Barnett Waddingham an independent firm of actuaries, estimates for the County Council Fund being based on the latest full valuation of the scheme as at 1 April 2010.

The principal assumptions used by the Actuary have been:

2011/12 %	Long Term Expected Rate of Return on Assets in the Scheme	2012/13 %
6.20	Equities	
3.30	Bonds - Government	
4.60	Bonds - Other	
5.70	Property	
3.00	Cash - Liquidity	
	Expected Return on Assets	5.70
Years	Mortality Assumption	Years
	Longevity at 65 for current pensioners:	
18.60	Male	18.70
22.70	Female	22.80
	Longevity at 65 for future pensioners:	
20.60	Male	20.70
24.50	Female	24.60
%	Financial Assumptions	%
3.30	Rate of Inflation (RPI)	3.30
2.50	Rate of Inflation (CPI)	2.50
4.70	Rate of Increase in Salaries	4.70
2.50	Rate of Increase in Pensions	2.50
4.60	Rate for Discounting Scheme Liabilities	4.30

Additional Assumptions

Members will exchange half of their commutable pension for cash at retirement.

Active members will retire one year later than they are first able to do so without reduction.

History of Experience Gains and Losses

The actuarial gains identified as movements on the Pensions Reserve in 2012/13 can be analysed into the following categories, measured as a percentage of assets or liabilities at 31 March 2013:

	2008/09 %	2009/10 %	2010/11 %	2011/12 %	2012/13 %
Differences between the expected and actual return on assets	-30.7	20.1	6.6	-4.3	8.5
Experience gains and losses on liabilities	0.0	0.1	5.2	0.0	0.0

Projected Pension Expense for the Year to 31 March 2014

Projection for Year to 31 March 2014	£'000
Current service cost	2,109
Interest cost	1,768
Administration Expenses	6
Total	3,883
Employer contributions	1,602

Note: These figures exclude the capitalised cost of any early retirements or augmentations which may occur after 31 March 2014.

Under IAS19 the administration expenses are now accounted for within the Profit and Loss charge: previously we made a deduction to the actual and expected returns on assets.

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, however a reserve of £0.735m has been earmarked for this purpose.

The Council has given a financial guarantee to underwrite 50% of the annual loss in respect of the operation of the Turbine Business Innovation Centre. The amount charged to the Comprehensive Income and Expenditure Account in 2012/13 is £0.054m (in 2011/12 £0.034m). A loss occurs when the optimum occupancy is not achieved. The maximum subsidy payable in any year is estimated to be £0.060m.

A provision of £0.112m has been included in the accounts in relation to the refund of personal search fees for Land Charges, this is due to the amendment of regulations affecting charges. However, a contingent liability of £0.065m is required should Estate Agents be allowed to recover the costs, this is currently the subject of an appeal.

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 £0.050m threshold.

As at 31 March 2013 the Council's maximum exposure, should MMI no longer be able to achieve solvent run off, is £0.343m. Due to a letter from the company's administrators Ernst & Young, the Council has created a creditor for 15% (£0.051m) and a provision for 13% (£0.045m) hence a contingent liability for £0.247m is needed.

Instead of paying over to central government all the NNDR collected by Bassetlaw, from 2013/14 Bassetlaw will remain the billing authority but only pay 50% over to central government. The remaining 50% will be shared with the County 9%, Fire and Rescue 1% with the balance of 40% being retained by Bassetlaw. There is an unquantifiable liability falling on the Council with regard to successful appeals against valuation of business properties going back retrospectively to 2010, any successful appeals will be met 100% by the Council and not 40% which will be the Council's share of NNDR collected. Based on the Council's NNDR1 return for 2013/14 the value of the appeals outstanding was £2.231m of which Bassetlaw's share at 40% is £0.892m.

41 CONTINGENT ASSETS

Part of the Council's offices at Queens Building, Worksop are owned by Nottinghamshire County Council. It is expected that this ownership will be legally transferred to the Council during 2013/14 at fair value.

The Council has made claims where either the policy of Her Majesty's Revenue and Customs (HMRC) has changed, or where legal judgements have changed the Value Added Tax (VAT) treatment of a service.

"Fleming claims" are claims for overpaid VAT, potentially going back as far as the inception of VAT in 1973. They followed the House of Lords judgements in January 2008 in the cases of Fleming and Conde Nast, which both concerned the way that the three-year time limit on making claims had been introduced by HMRC.

At 31 March 2013, the Council had contingent assets relating to the following VAT claims, none of which are individually material to the Council:

Nature and Value of Claim	Amount £'000
Trade Waste Fees (Fleming Claim)	151
Leisure Services Fees (Fleming Claim)	405
Leisure Services Fees (Fleming Claim)	982
Building Control Fees (Fleming Claim)	228
Total	1,766

The claims are subject to litigation and therefore the timing and amounts that may be paid to the Council are uncertain.

42 NATURE AND EXTENT OF RISKS ARISING FROM FINANCIAL INSTRUMENTS

Disclosure of nature and extent of risk arising from Financial Instruments

Key risks

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

- by formally adopting the requirements of the CIPFA Treasury Management Code of Practice;
- by the adoption of a Treasury Policy Statement and treasury management clauses within its financial and contract procedure rules; and
- by approving annually in advance prudential and treasury indicators for the following three years limiting:
 - o the Council's overall borrowing;
 - o its maximum and minimum exposures to fixed and variable rates;
 - o its maximum and minimum exposures to the maturity structure of its debt;
 - o its maximum annual exposures to investments maturing beyond a year; and
 - o by approving an investment strategy for the forthcoming year setting out its criteria for both investing and selecting investment counterparties in compliance with Government guidance.

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

The annual Treasury Management Strategy which incorporates the prudential indicators was approved by Council on 5 March 2012 and is available on the Council website. The key issues within the Strategy were:

- The Authorised Limit for 2012/13 was set at £134m. This is the maximum limit of external borrowings or other long term liabilities.

- The Operational Boundary was expected to be £129m. This is the expected level of debt and other long term liabilities during the year.
- The maximum amounts of fixed and variable interest rate exposure were set at 100% and 20% based on the Council's net debt.
- The maximum and minimum exposures to the maturity structure of debt.

These policies are implemented by a central treasury team. The Council maintains written principles for overall risk management, as well as written policies (Treasury Management Practices – TMPs) covering specific areas, such as interest rate risk, credit risk, and the investment of surplus cash. These TMPs are a requirement of the Code of Practice and are reviewed periodically.

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 Annual Investment Strategy, 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 & Poors Credit Ratings Services. The Annual Investment Strategy also considers maximum amounts and time limits in respect of each financial institution. Deposits are not made with banks and financial institutions unless they meet the minimum requirements of the investment criteria outlined below. Additional selection criteria are also applied after this initial criteria is applied.

	Fitch Long Term Rating (or Equivalent)	Money Limit	Time Limit
Banks 1 higher quality	F1+/A+	£1m	6 mths
Banks 2 - part nationalised	-	£1m	6 mths
Co-op Bank (own Bankers)	-	£1m	Overnight
UK Government Bodies	AAA	unlimited	6 mths
Local Authorities	-	£3m	6 mths
Money Market Funds	AAA	£3m	liquid

This Council uses the creditworthiness service provided by Sector. This service uses a sophisticated modelling approach with credit ratings from all three rating agencies - Fitch, Moodys and Standard and Poors, forming the core element. However, it does not rely solely on the current credit ratings of counterparties but also uses the following as overlays:

- Credit ratings of Short Term of F1+, Long Term A+, Support C and Financial Strength AAA (Fitch or equivalent rating), with the lowest available rating being applied to the criteria.
- UK institutions provided with support from the UK Government;

The full Investment Strategy for 2012/13 was approved by Full Council on 5 March 2012 and is available on the Council's website.

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's maximum exposure to credit risk in relation to its investments in banks 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. A risk of irrecoverability applies to all of the Council's deposits, but there was no evidence at 31 March 2013 that this was likely to crystallise.

No breaches of the Council's counterparty criteria occurred during the reporting period and the Council does not expect any losses from non-performance by any of its counterparties in relation to deposits and bonds.

The Council does not generally allow credit for its customers, such that £0.195m of the £0.364m balance is past its due date for payment at 31 March 2013 (£0.312m at 31 March 2012). The current outstanding amounts owed by customers can be analysed by age as follows:

	31 March 2013 £'000	31 March 2012 £'000
Less than three months	169	193
Three to six months	37	22
Six months to one year	12	49
More than one year	146	241
Total	364	505

The Historic experience of default is 31.7% and the maximum exposure to default is £0.115m.

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.

The maturity analysis of financial assets, excluding sums due from customers, is as follows:

	31 March 2013 £'000	31 March 2012 £'000
Less than 1 year	2,096	4,824
Between 1 and 2 years	0	0
Between 2 and 3 years	0	0
More than 3 years	1,177	1,696
Total	3,273	6,520

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 by Council as part of the Treasury Management Strategy).

	Approved minimum limits	Approved maximum Limits	Actual 31 March 2013 £'000	Actual 31 March 2012 £'000
Less than 1 year	0%	25% £29,606	15,062	8,062
Between 1 and 2 years	0%	50% £59,213	4,000	63
Between 2 and 5 years	0%	50% £59,213	18,700	16,200
Between 5 and 10 years	0%	50% £59,213	9,000	9,000
More than 10 years	0%	100% £118,425	71,663	86,663
Total			118,425	119,988

Market risk

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 in 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, subject to influences from Government grants. 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.

If all interest rates had been 1% higher than the Councils average borrowing rate of 3.99% (with all other variables held constant) the financial effect would be:

	£'000
Increase in interest receivable on variable rate investments	-81
Increase in Government grant receivable for financing costs	0
Impact on Surplus or Deficit on the Provision of Services	0
Share of overall impact debited to the HRA	0
Impact on Other Comprehensive Income and Expenditure	-81
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)	26,279

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 in Relation to Icelandic Deposits - The Council has foreign exchange exposure resulting from an element of the settlement received from Glitnir/Landsbanki. This is being held in Icelandic kroner in an escrow account due to the current imposition of currency controls.

Icelandic Bank Defaults

In October 2008, the Icelandic banks Landsbanki, Kaupthing and Glitnir collapsed and the UK subsidiaries of the banks, Heritable and Kaupthing Singer and Friedlander went into administration. The Council had £8.0m deposited across all 4 of these institutions, with varying maturity dates and interest rates as follows:

	Date Invested	Maturity Date	Amount Invested £'000	Interest Rate %	Carrying Amount £'000	Impairment Adjustment £'000
Landsbanki	09-Jan-08	07-Jan-09	3,000	5.56	1,312	-60
Heritable	09-Jul-08	09-Jan-09	2,000	6.12	209	-8
Glitnir	09-Jan-08	07-Jan-09	2,000	5.55	0	0
KSF	09-Jan-08	07-Jan-09	1,000	5.55	90	14
Landsbanki ISK			0	3.35	24	0
Glitnir ISK			0	3.35	431	0
Total			8,000		2,066	-54

All monies within these institutions are currently subject to the respective administration and receivership processes. The amounts and timing of payments to depositors such as the Council will be determined by the administrators / receivers.

The current situation with regards to recovery of the sums deposited varies between each institution and is covered by guidance issued by CIPFA (LAAP Bulletin 82 Update 7) on 28th May 2013. Based on the latest information available the authority considers that it is appropriate to consider an impairment adjustment for the deposits, and has taken the action outlined below.

The Council continues to adopt a prudent approach and as the available information from administrators/receivers is not definitive as to the amounts and timings of future payments, and are based on estimates, further adjustments will be made in 2013/14 if required, once more detail has been made available on the final recovery amounts.

Heritable Bank

Heritable bank is a UK registered bank under English law. The company was placed in administration on 7 October 2008. The current position on actual payments received and estimated future pay-outs is as shown in the table below and this Council has used these estimates to calculate the impairment based on recovering 88p in the pound.

Date	Repayment
Received to date	77.20%
July 2013	2.00%
January 2014	8.80%

Recoveries are expressed as a percentage of the Council's claim in the administration, which includes interest accrued up to 6 October 2008.

Kaupthing Singer and Friedlander Ltd

The current position on actual payments received and estimated future pay-outs is as shown in the table. The Council has decided to recognise an impairment based on it recovering 85.25p in the Pound. This reflects an improvement from the position reported as at 31st March 2012 of 83.5p in the Pound.

Date	Repayment
Received to date	76.00%
June 2013	3.00%
June 2014	3.25%
June 2015	3.00%

Recoveries are expressed as a percentage of the Council's claim in the administration, which includes interest accrued up to 7 October 2008.

Landsbanki

Landsbanki Islands hf is an Icelandic entity. Following steps taken by the Icelandic Government in early October 2008 its domestic assets and liabilities were transferred to a new bank (new Landsbanki) with the management of the affairs of Old Landsbanki being placed in the hands of a resolution committee. The Icelandic Supreme Court decision to grant UK local authorities priority status, the winding up board made a distribution to creditors in a basket of currencies in February 2012. A further distribution was issued in May 2012 and October 2012.

An element of the distribution is in Icelandic Kroner which has been placed in an escrow account in Iceland and is earning interest of 4.17% as at 31 March 2013. This element of the distribution has been retained in Iceland due to currency controls currently operating in Iceland and as a result is subject to exchange rate risk, over which the Council has no control. The Council has recognised a gain in 2012/13 due to currency fluctuations.

The current position on estimated future pay-outs is as shown in the table below and this council has used these estimates to calculate the impairment based on recovering 100p in the Pound.

Date	Repayment
Received to date	49.65%
December 2013	7.50%
December 2014	7.50%
December 2015	7.50%
December 2016	7.50%
December 2017	7.50%
December 2018	7.50%
December 2019	5.35%

Recovery is subject to the following uncertainties and risks:

- The impact of exchange rate fluctuations on the value of assets recovered by the resolution committee and on the settlement of the Council's claim, which may be denominated wholly or partly in currencies other than sterling.

Recoveries are expressed as a percentage of the Council's claim in the administration, which it is expected may validly include interest accrued up to 22 April 2009.

Glitnir Bank hf

Glitnir Bank hf is an Icelandic entity. Following steps taken by the Icelandic Government in early October 2008 its domestic assets and liabilities were transferred to a new bank (new Glitnir) with the management of the affairs of Old Glitnir being placed in the hands of a resolution committee. The Icelandic Supreme Court decision to grant UK local authorities priority status, the winding up board made a distribution to creditors in a basket of currencies in March 2012.

An element of the distribution is in Icelandic Kroner which has been placed in an escrow account in Iceland and is earning interest of 4.2% as at 31st March 2013. This element of the distribution has been retained in Iceland due to currency controls currently operating in Iceland and as a result is subject to exchange rate risk, over which the Council has no control. The Council has recognised a gain in 2012/13 due to currency fluctuations.

The distribution has been made in full settlement, representing 100% of the claim.

Foreign exchange risk in Relation to Icelandic Deposits - The Council has foreign exchange exposure resulting from an element of the settlement received from Glitnir/Landsbanki. This is being held in Icelandic kroner in an escrow account due to the current imposition of currency controls.

Accounting for Impairment

The total impairment (principal plus interest not received) previously recognised in the Comprehensive Income and Expenditure Statement now needs to be reversed as the estimated recoverable amounts has improved. A gain is therefore recognised in the Comprehensive Income and Expenditure Statement of £0.025m. This has been calculated by discounting the assumed cash flows at the effective interest rate of the original deposits in order to recognise the anticipated loss of interest to the Council until monies are recovered.

Adjustments to the assumptions will be made in future accounts as more information becomes available.

SUPPLEMENTARY STATEMENTS

HOUSING REVENUE ACCOUNT

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.

2011/12 £'000	Housing Revenue Account Income and Expenditure Statement	2012/13 £'000
	Expenditure	
5,754	Repairs and maintenance	6,184
6,654	Supervision and management	6,585
8	Rents, rates, taxes and other charges	92
3,348	Negative HRA Subsidy payable	-19
11,768	Depreciation and impairment of non-current assets	5,821
82	Debt management costs	90
26,863	Exceptional Item - Settlement Payment to Government for HRA Self Financing	0
77	Movement in the allowance for bad debts	122
0	Sums directed by the Secretary of State that are expenditure in accordance with the Code	0
54,554	Total Expenditure	18,875
	Income	
-23,158	Dwelling rents	-24,843
-252	Non dwelling rents	-251
-449	Charges for services and facilities	-539
-958	Contributions towards expenditure	-582
0	Sums directed by the Secretary of State that are income in accordance with the Code	0
-24,817	Total Income	-26,215
29,737	Net Cost of HRA Services as included in the Comprehensive Income and Expenditure Account	-7,340
154	HRA Services share of Corporate and Democratic Core	257
763	HRA share of other amounts included in whole authority Cost of services but not allocated to specific services	765
30,654	Net Operations Cost of HRA Services	-6,318
	HRA share of the operating income and expenditure included in the Comprehensive Income and Expenditure Statement:	
1,308	Gain or loss(-) on sale of HRA non-current assets	831
2,668	Interest payable and similar charges	3,856
-7	Interest and Investment Income	-10
0	Pensions interest cost and expected return on pensions assets	5
-54	Capital grants and contributions receivable	-3,989
34,569	Surplus (-) or deficit for the year on HRA services	-5,625

2011/12 £'000	Movement on the HRA Statement	2012/13 £'000
-1,128	Balance on the HRA at the end of the previous year	-1,392
34,569	Surplus (-) or deficit for the year on the HRA Income and Expenditure Account	-5,625
-34,876	Adjustments between accounting basis and funding basis under statute	5,552
-307	Net increase(-) or decrease before transfer to/from Earmarked Reserves	-73
43	Transfers to/from earmarked reserves	-1
-264	Net increase(-) or decrease in HRA Balances	-74
-1,392	Balance on the HRA at the end of the current year	-1,466

2011/12 £'000	Note to Statement of Movement on HRA Balance	2012/13 £'000
	<u>Reversal of Items debited or credited to the Comprehensive Income and Expenditure Statement:</u>	
-11,768	Charges for depreciation and impairment of non-current assets	-5,522
54	Capital grant and contributions applied	485
-26,863	Revenue Expenditure Funded from Capital under Statute	0
-1,251	Gain(-)/Loss on Sale of HRA Non Current Assets	-803
	<u>Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement:</u>	
100	Amortisation of Premiums and Discounts	76
-57	Capital expenditure charged against the HRA	-29
0	Reversal of items relating to retirement benefits debited or credited to the CIES	-11
715	Employers contribution payable to NCC pension fund and retirement benefits payable direct to pensioners	1,098
4,194	Transfer to Major Repairs Reserve	10,258
-34,876	Net additional amount required by statute	5,552

NOTES TO THE HOUSING REVENUE ACCOUNT

(A) HOUSING STOCK

Total 2011/12 No		Pre 1945 No	1945- 1964 No	1965- 1974 No	After 1974 No	Total 2012/13 No
	<u>Traditional Houses and Bungalows</u>					
3,001	1 - 2 Bedrooms	250	1,010	512	1,225	2,997
1,736	3+ Bedrooms	656	742	151	170	1,719
	<u>Non Traditional Houses and Bungalows</u>					
617	Houses and Bungalows	0	270	347	0	617
	<u>Flats</u>					
1,021	Low Rise (1-2 storeys)	20	406	242	354	1,022
554	Medium Rise (3-5 storeys)	0	22	367	173	562
6,929	Total	926	2,450	1,619	1,922	6,917

Movements in 2012/13	Council Dwellings	Other Land and Buildings	Vehicles, Plant, Furniture & Equipment	Infrastructure Assets	Community Assets	Surplus Assets	Assets Under Construction	Total Property, Plant & Equipment	Assets Held for Sale	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
At 1 April 2012	193,546	6,377	1,444	1,240	20	9,275	331	212,233	1,072	213,305
Additions	9,929	114	828	229	0	0	200	11,300	0	11,300
Donations	0	0	0	0	0	0	0	0	0	0
Revaluation increases/decreases(-) recognised in the Revaluation Reserve	0	601	0	0	0	-667	0	-66	0	-66
Revaluation increases/decreases(-) recognised in the Surplus/Deficit on the Provision of Services	-2,739	0	0	0	0	-300	0	-3,039	0	-3,039
Derecognition - Disposals	0	0	0	0	0	0	0	0	-1,206	-1,206
Derecognition - Other	-1,259	0	0	0	0	0	0	-1,259	0	-1,259
Assets reclassified to(-)/from Held for Sale	-1,007	0	0	0	0	-5,554	0	-6,561	6,561	0
Other movements in cost or valuation	500	10	0	0	0	-1,239	-331	-1,060	0	-1,060
At 31 March 2013	198,970	7,102	2,272	1,469	20	1,515	200	211,548	6,427	217,975
Accumulated Depreciation & Impairment										
At 1 April 2012	4,388	502	960	921	0	0	0	6,771	0	6,771
Depreciation charge	4,425	152	99	13	0	1	0	4,690	0	4,690
Depreciation written out to the Revaluation Reserve	0	-7	0	0	0	-1	0	-8	0	-8
Depreciation written out to the Surplus/Deficit on the Provision of Services	-1,908	0	0	0	0	0	0	-1,908	0	-1,908
Impairment losses/reversals(-) recognised in the Revaluation Reserve	0	0	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	0	0
Derecognition - Disposals	0	0	0	0	0	0	0	0	0	0
Derecognition - Other	-371	0	0	0	0	0	0	-371	0	-371
Other movements in depreciation & impairment	0	0	0	0	0	0	0	0	0	0
At 31 March 2013	6,534	647	1,059	934	0	0	0	9,174	0	9,174
Net Book Value										
at 31 March 2013	192,436	6,455	1,213	535	20	1,515	200	202,374	6,427	208,801
at 31 March 2012	189,158	5,875	484	319	20	9,275	331	205,462	1,072	206,534

Movements in 2011/12	Council Dwellings	Other Land and Buildings	Vehicles, Plant, Furniture & Equipment	Infrastructure Assets	Community Assets	Surplus Assets	Assets Under Construction	Total Property, Plant & Equipment	Assets Held for Sale	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
At 1 April 2011	191,227	7,637	1,408	1,329	17	11,662	212	213,492	998	214,490
Additions	9,974	6	220	30	0	0	331	10,561	0	10,561
Donations	0	0	0	0	0	0	0	0	0	0
Revaluation increases/decreases(-) recognised in the Revaluation Reserve	0	-60	0	0	0	-606	0	-666	0	-666
Revaluation increases/decreases(-) recognised in the Surplus/Deficit on the Provision of Services	-6,302	-1,014	0	0	0	-1,746	0	-9,062	0	-9,062
Derecognition - Disposals	0	0	0	0	0	0	0	0	-144	-144
Derecognition - Other	-1,470	-214	-267	-119	0	-11	0	-2,081	0	-2,081
Assets reclassified to(-)/from Held for Sale	-97	0	0	0	0	-121	0	-218	218	0
Other movements in cost or valuation	214	22	83	0	3	97	-212	207	0	207
At 31 March 2012	193,546	6,377	1,444	1,240	20	9,275	331	212,233	1,072	213,305
Accumulated Depreciation & Impairment										
At 1 April 2011	2,249	782	1,124	955	0	0	0	5,110	1	5,111
Depreciation charge	4,581	180	87	14	0	0	0	4,862	0	4,862
Depreciation written out to the Revaluation Reserve	0	-459	0	0	0	0	0	-459	0	-459
Depreciation written out to the Surplus/Deficit on the Provision of Services	-2,153	-202	0	0	0	0	0	-2,355	0	-2,355
Impairment losses/reversals(-) recognised in the Revaluation Reserve	0	41	0	0	0	0	0	41	0	41
Impairment losses/reversals(-) recognised in the Surplus/Deficit on the Provision of Services	0	199	0	0	0	0	0	199	0	199
Derecognition - Disposals	0	0	0	0	0	0	0	0	-1	-1
Derecognition - Other	-289	-42	-267	-48	0	0	0	-646	0	-646
Other movements in depreciation & impairment	0	3	16	0	0	0	0	19	0	19
At 31 March 2012	4,388	502	960	921	0	0	0	6,771	0	6,771
Net Book Value										
at 31 March 2012	189,158	5,875	484	319	20	9,275	331	205,462	1,072	206,534
at 31 March 2011	188,978	6,855	284	374	17	11,662	212	208,382	997	209,379

(B) VACANT POSSESSION VALUE

The vacant possession value (Open Market Value) of Council dwellings as at 31 March 2013 is £566.525m (31 March 2012 was £556.563m). 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.

(C) MAJOR REPAIRS RESERVE (MRR)

This reserve is credited with the depreciation charged to the Housing Revenue Account as well as the Decent Homes backlog grant and any revenue contributions from the Housing Revenue Account. 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.

2011/12 £'000		2012/13 £'000
0	Balance as at 1 April 2012	0
4,862	Depreciation on HRA Assets	4,690
-281	Reversal of Non-Dwelling Depreciation	0
0	Revenue Contributions to MRR	2,068
0	Decent Homes backlog grant	3,500
-387	Excess of Depreciation above MRA	0
0	Repayment of HRA Debt	-51
-4,194	Funding of HRA expenditure	-9,258
0	Balance as at 31 March 2013	949

(D) MOVEMENT ON HOUSING REPAIRS ACCOUNT

The Council does not operate a Housing Repairs Account. All costs are charged directly to the Housing Revenue Account.

(E) HRA CAPITAL FINANCING

2011/12 £'000		2012/13 £'000
	HRA Capital Expenditure Financed by :	
31,658	Borrowing	1,500
229	Grants and Contributions	485
1,342	Usable Capital Receipts	57
0	Revenue Contributions	0
4,194	Major Repairs Reserve	9,258
37,423	Total	11,300

(F) SUMMARY OF HOUSING CAPITAL RECEIPTS FROM DISPOSALS OF LAND, HOUSES AND OTHER PROPERTY WITHIN THE COUNCIL'S HOUSING REVENUE ACCOUNT EXCLUDING POOLING PAYMENT

2011/12 £'000		2012/13 £'000
0	Land	287
126	Houses	918
7	Other	104
133	Total	1,309

(G) 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.

2011/12 £'000		2012/13 £'000
4,581	Depreciation on Housing Revenue Account Dwellings	4,425
281	Depreciation on Housing Revenue Account other land and property	265
0	Depreciation on Housing Revenue Account non-operational assets	0
4,862	Total	4,690

The Housing Revenue Account debt financing costs includes the interest on debt adjusted for the statutory requirement to transfer the difference between depreciation and Major Repairs Allowance to the Major Repairs Reserve. However due to the self financing of the HRA this transfer is no longer applicable.

2011/12 £'000		2012/13 £'000
0	Amortisation of Deferred Charge	0
3,335	Cost of Capital Accounting Adjustment	3,856
-668	Transfer to Major Repairs Reserve	0
2,667	Total HRA Debt Financing Costs	3,856

(H) IMPAIRMENT CHARGES

There were no impairments in the financial year 2012/13.

(I) REVENUE EXPENDITURE FUNDED FROM CAPITAL UNDER STATUTE

Revenue Expenditure Funded from Capital under Statute is created when expenditure has been incurred on items that are not capitalised as fixed assets and have been financed from capital resources. Revenue Expenditure Funded from Capital under Statute is written down to the Housing Revenue Account over an appropriate period, usually in the same year in which the expenditure has been incurred.

The total amount of Revenue Expenditure Funded from Capital under Statute totals £0m for 2012/13.

(J) HOUSING SUBSIDY

Due to the self financing arrangements Housing Subsidy is no longer payable to the Government (£3.341m in 2011/12), however following an audit of the 2011/12 Housing Subsidy it was clarified that the Council was owed £0.019m. As shown in the table below:

2011/12 £'000		2012/13 £'000
10,614	Management and Maintenance	0
3,290	Charges for Capital	0
0	Admissible Allowance	0
-21,428	Notional Rent	0
-1	Interest on Receipts	0
4,194	Major Repairs Allowance	0
-10	Interest on Self-Financing Settlement	0
0	Housing Defects Subsidy	0
-7	Adjustment to Previous Year Subsidy by Audit	19
-3,348	Total	19

(K) PENSIONS

Since the transfer of housing HRA staff to A1 Housing (Bassetlaw) Ltd in October 2004, there have been no adjustments in the HRA relating to FRS17. However a payment of £1.091m (£0.715m in 2011/12) was made to the Pension Fund, which reduces the outstanding liability relating to these transferred staff, and is shown in the Statement of Movement of HRA Balance.

(L) ARREARS

The average weekly (52 week basis) rent per dwelling was £69.26 in 2012/13 compared to £64.62 in 2011/12 with arrears totalling 2.34% of gross debit in 2012/13 compared to the 2011/12 figure of 2.54%.

2011/12 £'000		2012/13 £'000
630	Total Rent Arrears (includes amounts collectable on behalf of other agencies)	594
41	Total Non Rent Arrears	33
671	Total HRA Arrears	627

The contribution to the debtor impairment allowance during the year for all debts was £0.356m.

(M) ITEMS DEBITED OR CREDITED TO HRA AS DIRECTED BY SECRETARY OF STATE

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

(N) EXCEPTIONAL ITEMS OR PRIOR YEAR ADJUSTMENTS

There were no prior year adjustments in 2012/13.

There were no exceptional items in 2012/13.

(O) HRA EARMARKED RESERVE

A HRA Earmarked reserve has been created relating to an unapplied grant, totalling £0.042m (£0.043m in 2011/12). This is included in the overall HRA Balance at 31 March 2013.

COLLECTION FUND ACCOUNT

This Statement reflects the statutory requirements for billing authorities to maintain a separate Collection Fund, showing the transactions relating to National Non-Domestic Rates and the Council Tax, and illustrating the way in which these have been distributed to preceptors and the General Fund. Administration costs of the Fund are, however, borne by the Council's General Fund. The balance on the Collection Fund is disaggregated at the year-end to attribute relevant amounts to the precepting authorities (shown as creditors or debtors in the Balance Sheet) and the billing Council (Bassetlaw District Council).

2011/12		Income/Expenditure	Note	2012/13	
Whole £'000	BDC Element £'000			Whole £'000	BDC Element £'000
		Income			
-48,375	-4,691	Income from Council Tax		-49,246	-4,758
		Transfers from General Fund			
-9,056	-878	Council Tax Benefit		-8,842	-855
-36,330	-166	Income collectable from business rate payers contributions	A	-37,974	-165
-93,761	-5,735	Total Income		-96,062	-5,778
		Expenditure			
57,071	5,535	Precepts	C	57,632	5,567
		Business Rates			
35,200	0	Payments to pool	A	36,645	0
166	166	Costs of collections	A	165	165
95	0	Interest on National Non Domestic	A	8	0
		Impairment of debts/appeals			
893	33	Write-offs of uncollectable amounts		876	12
319	-1	Allowance for impairment		584	17
0	0	Contribution towards previous year's estimated Collection Fund Surplus		400	44
93,744	5,733	Total Expenditure		96,310	5,805
0	-5	Movement on Fund Opening Balance		0	0
-17	-7	Movement on Fund Balance in year		248	27

NOTES TO THE COLLECTION FUND ACCOUNT

(A) NATIONAL NON-DOMESTIC RATES (NNDR)

Non-Domestic Rates are organised on a national basis. The Government specifies an amount, 45.8p in 2012/13 (43.3p in 2011/12) and subject to the effects of transitional arrangements, local businesses pay rates calculated by multiplying their rateable value by that amount. The Council is responsible for collecting rates due from the ratepayers in its area but pays the proceeds into a National Non-Domestic Rates Pool administered by the Government. The total Non-Domestic rateable value for Bassetlaw at 31 March 2013 was £111,491,891 (31 March 2012 £116,568,295).

The Government redistributes the sums paid into the Pool back to local Councils on the basis of a fixed amount per head of population. The amounts collected on behalf of the Government and paid into the Pool are analysed in the table below.

2011/12 £'000	National Non-Domestic Rate Income	2012/13 £'000
48,760	Gross Amount Due	44,927
-1,663	Charitable Relief etc.	-3,033
-7,505	Transitional Relief	713
-1,070	Small Business Rate Relief	-1,366
-2,192	Empty and Part Occupation Relief	-3,267
36,330	Net Amount Collectable	37,974
	<u>Less</u>	
-869	Impairment for Bad Debt	-1,156
-95	Interest on Overpayments	-8
-166	Cost of Collection Allowance payable to General Fund	-165
35,200	Amount Payable to NNDR Pool	36,645

(B) COUNCIL TAX BASE

Council Tax income derives from charges raised according to the value of residential properties that have been classified into 8 bands, based on valuations as at 1 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. The Council Tax base for the year was calculated as follows:

Valuation Band	Proportion of Band D Charge (ninths)	No of Dwellings in Valuation List		Number of Band D Equivalent Dwellings	
		2011/12	2012/13	2011/12	2012/13
Band A-	5	0	0	71	78
Band A	6	26,010	26,103	15,013	15,090
Band B	7	7,318	7,344	5,131	5,230
Band C	8	5,955	6,006	4,808	4,879
Band D	9	5,724	5,777	5,311	5,386
Band E	11	2,865	2,905	3,291	3,376
Band F	13	1,333	1,352	1,800	1,836
Band G	15	666	677	1,033	1,042
Band H	18	57	56	85	84
Total		49,928	50,220	36,543	37,001
Deduction for non-collection, new build, demolition and other adjustments				-324	-382
Additional properties and adjustments during the year*				-1	-5,210
Council Tax Base (Band D equivalent)				36,218	31,409

*Note: The reduction in 2012/13 relates to an adjustment to the tax base following the introduction of the Local Council Tax Benefit Scheme.

(C) PRECEPTS

Monies are paid from the Collection Fund to finance a proportion of expenditure of each of the Precepting Authorities, these being Bassetlaw District Council, Nottinghamshire County Council, Nottinghamshire Police Authority/Police and Crime Commissioner and Nottinghamshire Fire and Rescue Authority. Precepts are also paid via the Council to 57 individual Parish/Town Councils and Charter Trustees. Details of actual payments made are shown below.

2011/12 £'000		2012/13 £'000
5,535	Payable to Bassetlaw District Council: Bassetlaw District Council	5,567
43,213	Payable to Other Precepting Authorities: Nottinghamshire County Council	43,464
5,799	Nottinghamshire Police Authority/Police and Crime Commissioner	6,062
2,524	Nottinghamshire Fire and Rescue Authority	2,539
57,071	Total Precepts Payable	57,632

(D) COUNCIL TAX INCOME

The Council set a Council Tax (excluding local precepts) at Band D of £1,582.10 in 2012/13 compared to £1,575.80 in 2011/12. This is analysed as follows:

2011/12 £'000	Band D Council Tax	2012/13 £'000
152.82	Bassetlaw District Council	152.82
1,193.18	Nottinghamshire County Council	1,193.18
160.11	Nottinghamshire Police Authority/Police and Crime Commissioner	166.41
69.69	Nottinghamshire Fire and Rescue Authority	69.69
1,575.80	Total Council Tax Income	1,582.10

(E) COLLECTION FUND SURPLUSES AND DEFICITS

The year-end surplus or deficit on the Collection Fund is to be shared between billing and precepting authorities on the basis of estimates made on the year end balance. The calculation has to be made on the 15 January each year. On 15 January 2013, no surplus was declared in respect of 2013/14.

On the 15 January 2012 a surplus of £400,000 was declared on the Collection Fund account to be distributed to the Precepting Authorities during 2012/13. The payments to the individual preceptors were as follows:

2011/12 £'000		2012/13 £'000
	Payable to Bassetlaw District Council:	
0	Bassetlaw District Council	44
	Payable to Other Precepting Authorities:	
0	Nottinghamshire County Council	299
0	Nottinghamshire Police Authority/Police and Crime Commissioner	40
0	Nottinghamshire Fire and Rescue Authority	17
0	Total Precepts Payable	400

For 2012/13, the accounts recorded an in year deficit of £0.248m on the Collection Fund after paying the £400k surplus declared in respect of this financial year.

The balance at 31 March 2013 of £0.280m has been disaggregated for the purpose of these Accounts to attribute relevant amounts to the precepting Council's debtor account and the billing Council as follows:

Cumulative Surplus/ Deficit £'000		In Year Surplus/ Deficit 2012/13 £'000	Cumulative Surplus/ Deficit £'000
-58	Bassetlaw District Council	27	-31
-394	Nottinghamshire County Council	187	-207
-53	Nottinghamshire Police Authority	23	-30
-23	Nottinghamshire Fire and Rescue Authority	11	-12
-528	Balance at 31 March	248	-280

The amounts attributable to the County Council, Police Authority/Crime and Commissioner and Fire and Rescue Authorities above are shown as debtors in the 2012/13 Balance Sheet.

GROUP ACCOUNTS

Introduction to the Group Accounts

The Council's Statement of Accounts includes the accounts of a company where the Council is the sole shareholder. A1 Housing (Bassetlaw) Ltd was incorporated on 16 September 2004 and commenced trading on 4 October 2004. The company's principal activity during the year was the management and maintenance of the housing stock owned by the Council, which numbered 6,917 dwellings as at 31 March 2013 (6,929 as at 31 March 2012). The company is responsible for the day to day management of the housing services which includes housing management, warden services, housing repairs, capital works and technical and design services.

Under the management agreement with the Council the company receives a sum of money to run the business of managing and maintaining the stock on behalf of the Council.

The Council has maintained a bank account solely for A1 Housing (Bassetlaw) Ltd transactions on a Service Level Agreement basis. This is not shown within the Council's accounts. Adjustments to the A1 Housing (Bassetlaw) Ltd accounts to reflect this Bank balance of £1.579m are Debtors of £1.579m with no short term Creditors. The Council uses all daily cash balances for Treasury Management purposes. Short-term borrowing and investments are reflected in the Balance Sheet of Bassetlaw District Council only. To enable a Group Cash Flow to be prepared the A1 Bank Account, held under a BDC Mandate has been recognised as such within the Group Cash Flow.

The accounting policies of A1 Housing (Bassetlaw) Ltd are consistent with those of Bassetlaw District Council.

The following group financial statements show the consolidated position of the Council and its interest in A1 Housing (Bassetlaw) Ltd.

Movement in Group Reserves Statement

	Total Council Reserves £'000	A1 Reserves £'000	Total Group Reserves £'000
Balance at 31 March 2011 carried forward	142,257	-3,969	138,288
			0
Surplus or deficit(-) on the provision of Services	-37,863	-122	-37,985
Other Comprehensive Income and Expenditure	-12,591	-4,918	-17,509
Total Comprehensive Income and Expenditure	-50,454	-5,040	-55,494
Adjustments between group accounts and authority accounts	0	0	0
Net Increase/decrease(-) before transfers	-50,454	-5,040	-55,494
Adjustment between accounting basis & funding basis under regulations	0	0	0
Net Increase/Decrease(-) before Transfers to Earmarked Reserves	-50,454	-5,040	-55,494
Transfers to/from Earmarked Reserves	0	0	0
Increase/Decrease(-) in 2011/12	-50,454	-5,040	-55,494
Balance at 31 March 2012 carried forward	91,803	-9,009	82,794
Movement in reserves during 2012/13			
Surplus or deficit(-) on the provision of Services	2,635	-588	2,047
Other Comprehensive Income and Expenditure	848	1,838	2,686
Total Comprehensive Income and Expenditure	3,483	1,250	4,733
Adjustments between group accounts and authority accounts	0	0	0
Net Increase/decrease(-) before transfers	3,483	1,250	4,733
Adjustment between accounting basis & funding basis under regulations	0	0	0
Net Increase/Decrease(-) before Transfers to Earmarked Reserves	3,483	1,250	4,733
Transfers to/from Earmarked Reserves	0	0	0
Increase/Decrease(-) in 2012/13	3,483	1,250	4,733
Balance at 31 March 2013 carried forward	95,286	-7,759	87,527

GROUP COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT

2011/12		2012/13		
Group Net Total £'000		Group Expenditure £'000	Group Income £'000	Group Net Total £'000
1,535	Central Services to the Public	11,565	-9,799	1,766
0	Children and Education Services	0	0	0
3,751	Cultural and Related Services	5,097	-349	4,748
5,869	Environment and Regulatory Services	5,857	-457	5,400
3,395	Planning Services	3,695	-855	2,840
-20	Highways and Transport Services	861	-1,001	-140
1,933	Other Housing Service - General Fund	33,206	-32,618	588
1,315	Local Council Housing Services - (Housing Revenue Account)	19,057	-27,771	-8,714
26,863	Exceptional Item HRA - Self Financing settlement payment to Government	0	0	0
1,852	Corporate and Democratic Core	2,073	-261	1,812
1,324	Non Distributed Costs - other	1,654	-378	1,276
0	Exceptional Item – Non Distributed Costs Pensions Indices Change	0	0	0
47,817	Cost of Service	83,065	-73,489	9,576
3,946	Other Operating Expenditure	4,508	-1,425	3,083
4,247	Financing and Investment Income and Expenditure	11,848	-5,929	5,919
-170	Exceptional Items Gains(-) /Losses on Investments	0	-25	-25
-17,855	Taxation and Non-Specific Grant Income	0	-20,600	-20,600
37,985	Surplus (-) or Deficit on Provision of Services	99,421	-101,468	-2,047
-630	Surplus(-) or Deficit on Revaluation of Property, Land and Equipment Assets			-1,597
41	Impairment Losses on Non-Current Assets Charged to Revaluation Reserve			0
18,086	Actuarial Gains(-)/Losses on Pension Assets /Liabilities			-1,093
12	Any Other Gains(-)/Losses Required to be Included in the Statement			4
17,509	Other Comprehensive Income and Expenditure			-2,686
55,494	Total Group Comprehensive Income and Expenditure			-4,733

GROUP BALANCE SHEET

2011/12		2012/13			
31 March 2012 £'000		Bassetlaw District Council £'000	A1 Housing £'000	Adjust- ments £'000	31 March 2013 £'000
244,887	Property, Plant & Equipment	243,433	0	0	243,433
314	Heritage Assets	314	0	0	314
0	Investment Properties	0	0	0	0
272	Intangible Assets	137	0	0	137
1,696	Long Term Investments	1,177	0	0	1,177
68	Long Term Debtors	95	0	0	95
247,237	TOTAL LONG TERM ASSETS	245,156	0	0	245,156
1,089	Short Term Investments	1,390	0	0	1,390
1,494	Assets Held For Sale	7,783	0	0	7,783
154	Inventories	62	143	0	205
7,085	Short Term Debtors	8,425	324	-235	8,514
4,851	Cash and Cash Equivalents	707	1,579	0	2,286
14,673	TOTAL CURRENT ASSETS	18,367	2,046	-235	20,178
-354	Cash and Cash Equivalents	-1,306	0	0	-1,306
-9,209	Short Term Borrowings	-6,566	0	0	-6,566
-4,462	Short Term Creditors	-2,296	-1,597	235	-3,658
-552	Provisions	-648	0	0	-648
-80	Short Term Finance Lease Liability	0	0	0	0
-18	Grants Receipts in Advance - Revenue	-18	0	0	-18
-14,675	TOTAL CURRENT LIABILITIES	-10,834	-1,597	235	-12,196
-1,032	Long Term Creditors	-1,010	0	0	-1,010
0	Long Term Finance Lease Liability	0	0	0	0
-112,405	Long Term Borrowing	-113,876	0	0	-113,876
-51,004	Pensions Liability	-42,517	-8,208	0	-50,725
-164,441	TOTAL LONG TERM LIABILITIES	-157,403	-8,208	0	-165,611
82,794	TOTAL NET ASSETS	95,286	-7,759	0	87,527
12,507	Useable Reserves	12,180	449	0	12,629
70,287	Unusable Reserves	83,106	-8,208	0	74,898
82,794	TOTAL RESERVES	95,286	-7,759	0	87,527

GROUP CASH FLOW STATEMENT

2011/12 £'000		2012/13		
		BDC - Adjusted £'000	A1 - Adjusted £'000	Group Cashflow £'000
-37,985	Net Surplus/Deficit(-) on the provision of services	14,643	-12,596	2,047
13,974	Adjustment to Surplus or deficit on the provision of services for non-cash movements	12,851	619	13,470
-1,597	Adjust for item included in the net surplus or deficit on the provision of services that are investing and financing activities	-3,756	209	-3,547
-25,608	Net Cash Flows from Operating Activities	23,738	-11,768	11,970
-11,071	Net Cash Flows from Investing Activities	-13,239	0	-13,239
40,231	Net Cash Flow from Financing Activities	-2,248	0	-2,248
3,552	Net Increase or Decrease(-) in Cash and Cash Equivalents	8,251	-11,768	-3,517
945	Cash and Cash Equivalents at the Beginning of the Reporting Period	3,383	1,114	4,497
4,497	Cash and Cash Equivalents at the End of the Reporting Period	11,634	-10,654	980

NOTES TO THE GROUP ACCOUNTS

1 ACCOUNTING POLICIES

The accounting policies of A1 Housing (Bassetlaw) Ltd are consistent with those of Bassetlaw District Council.

The group financial statements show the consolidated position of the Council and its interest in A1 Housing (Bassetlaw) Ltd.

Basis of Consolidation

In accordance with the requirements of IFRS, the group financial statements have been prepared by adding like items of income and expenditure, assets, liabilities, and reserves on a line by line basis and then eliminating intra group transactions and balances between the Council and A1 Housing (Bassetlaw) Ltd.

The accounts of A1 Housing have the same reporting date as that of the Council, i.e. 31 March. The draft accounts of A1 Housing for the year ended 31 March 2013 have therefore been used in preparing the group financial statements.

2 GROUP COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT

2011/12 £'000		2012/13		
		Bassetlaw District Council £'000	A1 Housing £'000	Group Total £'000
48,166	Operating loss / profit (-)	9,483	379	9,862
-10,181	Interest payable and similar charges	-12,118	209	-11,909
37,985	Surplus (-) or deficit before tax	-2,635	588	-2,047
0	Corporation tax	0	0	0
37,985	Surplus (-) or deficit after tax	-2,635	588	-2,047
0	Derecognition of net trading liabilities included within the Council's single entity accounts	-10,334	10,334	0
0	Derecognition of FRS 17 pension liability included within the Council's single entity accounts	0	0	0
37,985	Surplus (-) or deficit on provision of services	-12,969	10,922	-2,047

3 ADJUSTMENTS BETWEEN ACCOUNTING BASIS AND FUNDING BASIS

2011/12 £'000		2012/13		
		Bassetlaw District Council £'000	A1 Housing £'000	Group Total £'000
-3,667	FRS 17 pension costs charged / credited(-) to the surplus or deficit on the provision of services	-3,277	-1,229	-4,506
3,599	Employer pension contributions	3,015	677	3,692
-68	Contribution from / to(-) pensions reserve	-262	-552	-814

4 STAFF REMUNERATION

The details of the A1 Housing (Bassetlaw) Ltd senior officers pay can be found at www.A1housing.co.uk. The number of group employees whose taxable remuneration, excluding pension contributions, was £50,000 or more in bands of £5,000 is detailed below.

Remuneration Band	2011/12	2012/13
	Number of employees	Number of employees
£50,000-£54,999	0	0
£55,000-£59,999	1	0
£60,000-£64,999	3	3
£65,000-£69,999	2	3
£70,000-£74,999	1	1
£75,000-£79,999	0	0
£80,000-£84,999	0	0
£85,000-£89,999	4	3
£90,000-£94,999	0	1
£95,000-£99,999	0	1
£100,000-£104,999	0	0
£105,000-£109,999	0	0
£110,000-£114,999	1	0
Total	12	12

5 PENSIONS

2011/12 £'000		2012/13		
		Bassetlaw District Council £'000	A1 Housing £'000	Group Total £'000
-32,850	Deficit at 1 April	-41,510	-9,494	-51,004
	Pension costs charged(-) / credited to the surplus or deficit(-) on provision of services:			
-2,455	Current service cost	-1,941	-1,012	-2,953
0	Past service gain	0	0	0
-361	Settlements and curtailments	-100	-8	-108
-2,816	Amount charged(-)/credited to the operating surplus or loss(-)	-2,041	-1,020	-3,061
-851	Interest payable and similar charges	-1,236	-209	-1,445
-3,667	Overall amount charged(-) / credited to the surplus or deficit(-) on provision of services	-3,277	-1,229	-4,506
-18,086	Actuarial loss(-) / gain	-745	1,838	1,093
3,599	Employer contributions	3,015	677	3,692
-51,004	Deficit at 31 March	-42,517	-8,208	-50,725

6 DEBTORS

2011/12 £'000		2012/13			
		Bassetlaw District Council £'000	A1 Housing £'000	Adjust- ments £'000	Group Total £'000
3,015	Central Government Bodies	4,095	0	0	4,095
319	Other Local Authorities	700	0	0	700
0	NHS Bodies	0	0	0	0
0	Inter Company Transactions	193	42	-235	0
3,751	Other Entities and Individuals	3,437	282	0	3,719
7,085	Short Term Debtors	8,425	324	-235	8,514
68	Other Entities and Individuals	95	0	0	95
68	Long Term Debtors	95	0	0	95
7,153	Total Group Debtors	8,520	324	-235	8,609

7 CREDITORS

2011/12 £'000		2012/13			
		Bassetlaw District Council £'000	A1 Housing £'000	Adjust- ments £'000	Group Total £'000
0	Central Government Bodies	98	0	0	98
587	Other Local Authorities	442	0	0	442
20	NHS Bodies	0	0	0	0
0	Inter Company Transactions	43	192	-235	0
3,855	Other Entities and Individuals	1,713	1,405	0	3,118
4,462	Short Term Creditors	2,296	1,597	-235	3,658
1,032	Other Entities and Individuals	1,010	0	0	1,010
1,032	Long Term Creditors	1,010	0	0	1,010
5,494	Total Group Creditors	3,306	1,597	-235	4,668

8 INVENTORIES

2011/12 £'000		2012/13		
		Bassetlaw District Council £'000	A1 Housing £'000	Group Total £'000
42	Consumable Stores	40	0	40
86	Raw materials and consumables	0	143	143
26	Maintenance Materials	22	0	22
154	Total Group Inventories	62	143	205

9 CASH AND CASH EQUIVALENTS

2011/12 £'000		2012/13		
		Bassetlaw District Council £'000	A1 Housing £'000	Group Total £'000
1,116	Cash held by the Council	1	1,579	1,580
3,735	Short-term deposits with Money Market Funds	706	0	706
4,851	Current Assets	707	1,579	2,286
-495	Bank current accounts (overdraft)	-1,401	0	-1,401
141	Cash in Transit	95	0	95
-354	Current Liabilities	-1,306	0	-1,306
4,497	Total Group Cash and Cash Equivalents	-599	1,579	980

10 GROUP RESERVES INCLUDING A1 ANALYSIS

2011/12 £'000		2012/13 £'000
12,022	Bassetlaw District Council Usable Reserves	12,180
79,781	Bassetlaw District Council Unusable Reserves	83,106
388	A1 Housing Usable Reserves Opening Balance	485
-4,357	A1 Housing Unusable Reserves Opening Balance	-9,494
-122	A1 Housing Profit for the year	-588
	<i>Other comprehensive income, net of tax:</i>	
-4,918	Actuarial gains/losses(-) on defined benefit obligations	1,838
-5,040	A1 Housing Comprehensive Income for the year	1,250
485	A1 Housing Usable Reserve Closing Balance	449
-9,494	A1 Housing Unusable Reserves Closing Balance	-8,208
82,794	Group Closing Balance	87,527

11 AMOUNTS REPORTED TO RESOURCE ALLOCATION DECISIONS

The analysis of income and expenditure by service on the face of the Comprehensive Income and Expenditure Statement is that specified by the Service Reporting code of Practice. However, decisions about resource allocation are taken by the Council's Cabinet and the A1 Housing (Bassetlaw) Ltd Board on the basis of budget reports analysed across Committees. These reports are prepared on a different basis from the accounting policies used in the financial statements. In particular:

- No charges are made in relation to capital expenditure (whereas depreciation, revaluation and impairment losses in excess of the balance on the Revaluation Reserve and amortisations are charged to services in the comprehensive Income and Expenditure Statement);
- The cost of retirement benefits is based on cash flows (payment of employer's pensions contributions) rather than current service cost of benefits accrued in the year;
- Expenditure on some support services is budgeted for centrally and not charged to Services.

The income and expenditure of the Council's principal (committees) and the Board of A1 Housing (Bassetlaw) Ltd are recorded in the budget reports for the year is as follows:

12 COMMITTEE ANALYSIS 2012/13

2012/13	Economic Regeneration	Housing	Environment	Leisure	Finance & Property	Support Services	Revenues & Customer Services	Planning and Building Control	Community Engagement & Performance	Corporate Management	Other Non Service Specific Budgets	Chief Executive Department	Housing Revenue Account	A1 Housing	Total
Committee Income & Expenditure	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Fees, charges & other service	-1,587	-334	-3,508	-733	-3,826	-2,591	-4,647	-1,334	-528	-347	-5,620	-1,034	-26,272	-14,076	-66,437
Government grants	0	-570	0	0	0	0	-39,092	-23	0	0	0	0	0	0	-39,685
Total Income	-1,587	-904	-3,508	-733	-3,826	-2,591	-43,739	-1,357	-528	-347	-5,620	-1,034	-26,272	-14,076	-106,122
Employee expenses	885	339	3,397	436	1,227	991	1,670	1,321	722	103	-3,084	817	45	6,067	14,936
Other service expenses	1,732	973	3,207	2,849	3,126	865	40,243	467	614	309	10,608	259	18,097	8,597	91,946
Support service recharges	326	236	1,323	284	1,063	835	2,350	922	478	844	0	159	350	0	9,170
Total Expenditure	2,943	1,548	7,927	3,569	5,416	2,691	44,263	2,710	1,814	1,256	7,524	1,235	18,492	14,664	116,052
Net Expenditure	1,356	644	4,419	2,836	1,590	100	524	1,353	1,286	909	1,904	201	-7,780	588	9,930
Comprising: Bassetlaw District Council A1 Housing															9,342 588

COMMITTEE ANALYSIS 2011/12

2011/12	Economic Regeneration	Housing	Environment	Leisure	Finance & Property	Support Services	Revenues & Customer Services	Planning and Building Control	Community Engagement & Performance	Corporate Management	Other Non Service Specific Budgets	Housing Revenue Account	A1 Housing	Total
Committee Income & Expenditure	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Fees, charges & other service income	-2,528	-518	-3,443	-675	-4,073	-3,190	-5,139	-1,501	-812	-1,466	-9,574	-24,633	-14,346	-71,898
Government grants	0	-494	0	0	-16	0	-38,229	-23	-10	0	0	0	0	-38,772
Total Income	-2,528	-1,012	-3,443	-675	-4,089	-3,190	-43,368	-1,524	-822	-1,466	-9,574	-24,633	-14,346	-110,670
Employee expenses	1,020	342	3,614	384	1,203	1,179	1,640	1,407	742	1,227	-3,636	79	5,331	14,532
Other service expenses	2,346	1,440	4,309	1,798	3,292	1,335	39,063	452	647	565	13,468	51,948	9,137	129,800
Support service recharges	650	406	1,467	208	1,688	767	3,409	1,241	719	981	0	0	0	11,536
Total Expenditure	4,016	2,188	9,390	2,390	6,183	3,281	44,112	3,100	2,108	2,773	9,832	52,027	14,468	155,868
Net Expenditure	1,488	1,176	5,947	1,715	2,094	91	744	1,576	1,286	1,307	258	27,394	122	45,198
Comprising: Bassetlaw District Council A1 Housing														45,076 122

13 RECONCILIATION OF SERVICE INCOME AND EXPENDITURE TO COST OF SERVICES IN THE COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT.

This reconciliation shows how the figures in the analysis of Service income and expenditure relate to the amounts included in the Comprehensive Income and Expenditure Statement.

2011/12 £'000		2012/13 £'000
45,198	Net expenditure in the Committee Analysis	9,930
0	Net expenditure of services and support services not included in the Analysis	0
7,097	Amounts in the Comprehensive Income and Expenditure Statement not reported to management in the Analysis	7,738
-4,478	Amounts included in the Analysis not included in the Comprehensive Income and Expenditure Statement	-8,092
47,817	Cost of Services in the Comprehensive Income and Expenditure Statement	9,576

14 RECONCILIATION TO SUBJECTIVE ANALYSIS

This reconciliation shows how the figures in the analysis of Service income and expenditure relate to a subjective analysis of the Surplus or Deficit on the Provision of Services included in the Comprehensive Income and Expenditure Statement.

2012/13	Committee Analysis £'000	Amount not reported to management for decision making £'000	Amounts not included in I&E £'000	Allocation of Recharges £'000	Cost of Services £'000	Corporate Amounts £'000	Total £'000
Fees, charges & other service income	-66,437	10,555	10,423	11,655	-33,804	-7,663	-41,467
Interest & investment income	0	0	0	0	0	-203	-203
Income from council tax	0	0	0	0	0	-6,421	-6,421
Government grants and contributions	-39,685	-3,501	3,500	1	-39,685	-13,692	-53,377
Total Income	-106,122	7,054	13,923	11,656	-73,489	-27,979	-101,468
Employee expenses	14,936	1,080	1,257	-5,500	11,773	748	12,521
Other service expenses	91,946	-836	-22,990	-2,787	65,333	1,860	67,193
Support Service recharges	9,170	440	-282	-2,897	6,431	282	6,713
Depreciation, amortisation and impairment	0	0	0	-472	-472	0	-472
Interest Payments	0	0	0	0	0	4,583	4,583
Precepts & Levies	0	0	0	0	0	1,273	1,273
Payments to Housing	0	0	0	0	0	390	390
Capital Receipts Pool	0	0	0	0	0	2,900	2,900
Gain or Loss on Disposal of Fixed Assets	0	0	0	0	0	2,900	2,900
Cost of Pensions	0	0	0	0	0	4,320	4,320
Total expenditure	116,052	684	-22,015	-11,656	83,065	16,356	99,421
Surplus(-)/deficit on the provision of services	9,930	7,738	-8,092	0	9,576	-11,623	-2,047
Comprising Bassetlaw District Council A1 Housing (Bassetlaw) Ltd							-2,635 588

2011/12	Committee Analysis £'000	Amount not reported to management for decision making £'000	Amounts not included in I&E £'000	Allocation of Recharges £'000	Cost of Services £'000	Corporate Amounts £'000	Total £'000
Fees, charges & other service income	-71,898	13,676	10,565	14,061	-33,596	-3,828	-37,424
Interest & investment income	0	0	0	0	0	-6,824	-6,824
Income from council tax	0	0	0	0	0	-6,352	-6,352
Government grants and contributions	-38,772	0	0	49	-38,723	-10,457	-49,180
Total Income	-110,670	13,676	10,565	14,110	-72,319	-27,461	-99,780
Employee expenses	14,532	0	3,301	-6,131	11,702	0	11,702
Other service expenses	129,800	-6,868	-18,141	-3,493	101,298	1,564	102,862
Support Service recharges	11,536	289	-203	-4,486	7,136	0	7,136
Depreciation, amortisation and impairment	0	0	0	0	0	0	0
Interest Payments	0	0	0	0	0	6,328	6,328
Precepts & Levies	0	0	0	0	0	1,246	1,246
Payments to Housing	0	0	0	0	0	90	90
Capital Receipts Pool	0	0	0	0	0	0	0
Gain or Loss on Disposal of Fixed Assets	0	0	0	0	0	2,684	2,684
Cost of Pensions	0	0	0	0	0	5,717	5,717
Total expenditure	155,868	-6,579	-15,043	-14,110	120,136	17,629	137,765
Surplus(-)/deficit on the provision of services	45,198	7,097	-4,478	0	47,817	-9,832	37,985
Comprising Bassetlaw District Council							37,863
A1 Housing (Bassetlaw) Ltd							122

OTHER GROUP INFORMATION

1. THE ENTITIES INCLUDED IN THE GROUP ACCOUNTS

The accounts of Bassetlaw District Council and A1 Housing (Bassetlaw) Ltd have been consolidated in the Group Accounts. Full details are contained in Note 1 of the Bassetlaw District Council statements.

2. INTER COMPANY TRANSACTIONS

The Group Accounts exclude transactions between the two organisations. This ensures that expenditure and income is only reflected once within the account. These net adjustments total £10.334m in 2012/13 (£10.074m in 2011/12).

A1 Housing (Bassetlaw) Ltd prepares their accounts under the requirements of the Companies Act. A1 Housing (Bassetlaw) Ltd has incorporated the requirements of IAS19 relating to pensions within their accounts.

Group Accounts require that all transactions between the two entities be removed to reflect the true financial position of the group. These adjustments are shown in the tables above. The adjustments are related to the amounts owed/due between Bassetlaw District Council and A1 Housing (Bassetlaw) Ltd and vice versa.

A1 Housing (Bassetlaw) Ltd has created a debtor of £1.579m (£1.114m in 2011/12) to reflect their bank balance position. This amount has been adjusted for in the A1 Housing (Bassetlaw) Ltd Balance Sheet as cash and bank on consolidation.

Bassetlaw District Council

Debtors increased by £1.584m to £8.327m (reduced by £1.569m to £6.743m in 2011/12)
Creditors reduced by £1.030m to £3.263m (reduced by £3.693m to £4.293m in 2011/12)

A1 Housing (Bassetlaw) Ltd.

Debtors reduced by £0.128m to £0.282m (increased by £0.072m to £0.410m in 2011/12)
Creditors increased by £0.205m to £1.405m (reduced by £0.150m to £1.200m in 2011/12)

A1 Housing (Bassetlaw) Ltd accounts can be obtained from the Managing Director, A1 Housing (Bassetlaw) Ltd, Carlton Forest House, Hundred Acre Lane, Worksop, Nottinghamshire, S80 0TS.

3. STATUS OF A1 HOUSING (BASSETLAW) LTD

The company is limited by guarantee without share capital. The liability of the Members in the event of winding up is limited to £1 for each Member.

4. PENSION LIABILITY - A1 HOUSING (BASSETLAW) LTD

The pension liability relating to A1 Housing has decreased by £1.286m to £8.208m (increase of £5.137m to £9.494m in 2011/12).

GLOSSARY OF TERMS

ACCOUNTING POLICIES

Those principles, basis, 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.

ADMINISTRATIVE BUILDINGS

Buildings that either have a shared use or are not charged directly to a service. The costs relating to all such buildings are allocated to the users of the buildings on some appropriate basis (usually the floor area occupied by each user).

AMORTISATION

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

ARMS LENGTH MANAGEMENT COMPANY

The Council is the sole shareholder of this company that it created solely for the purpose of managing its Housing stock.

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 account replaced the former Capital Financing Account with effect from 1st April 2007 and 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 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 calculating Formula Grant, the Government assumes a 100% collection rate. 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 is the term applied to deferred capital receipts. These transactions arise when fixed assets are sold and the amounts owed by the purchasers are repaid over a number of years, e.g. mortgages. The balance is reduced by the amount repayable in any financial year.

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 and to ensure that the Council has made proper arrangements to secure 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.

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 REPORTING STANDARD (FRS)

A statement of accounting practice issued by the Accounting Standards Board.

FINANCIAL YEAR

The Council's financial year commences on 1 April and ends on 31 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 95% of the cost of benefits to non HRA tenants ("rent allowances") and the whole of the cost of benefits to 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.

HOUSING SUBSIDY

This represents a Government grant payable towards the cost of providing Council housing and the management and maintenance of that housing. However, if a Council generates more rent income than it spends on the notional HRA Subsidy account then the Council may be requested to make a payment to central government. This ceased from 1 April 2012.

IMPAIRMENT

Impairment occurs when that 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 1 April 2010 for Local Government entities.

INFRASTRUCTURE ASSETS

Expenditure on works of construction or improvement but which have no tangible value, such as construction of, or improvement to highways.

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 an Council's overall borrowing requirement.

NATIONAL NON-DOMESTIC RATE (NNDR)

Under the revised arrangements for uniform business rates, which came into effect on 1 April 1990, the Council collects National 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, is paid to a central pool managed by the Government. That in turn, pays back to Councils their share of the pool based on a standard amount per head of the local adult population. This distribution methodology has changed from 1 April 2013.

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 NNDR) and precept upon the billing Council, which then collects it on their behalf. Nottinghamshire County Council, Nottinghamshire Police Authority/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 an 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 reserve replaced the former Fixed Asset Restatement Account on 1st April 2007 and records unrealised revaluation gains arising since that date 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.

FURTHER INFORMATION

Urdu

اگر آپ کو ہمارے ساتھ بات کرنے میں یا ہماری فراہم کردہ کسی دستاویز کو سمجھنے میں مدد کی ضرورت ہو تو ہم آپ کی مدد کے لئے لینگویج لائن کے ایک انٹراپرائز (مترجم) یا ترجمہ کرنے والے کا اہتمام کر سکتے ہیں۔
برائے مہربانی ہم سے **01909 533733 / 01909 533186** پر رابطہ کر کے اپنی زبان اور اپنا ٹیلیفون نمبر بتائیں۔

Mandarin

如果您在与我们沟通或理解我们的任何文件时需要帮助，我们可安排“语言热线”（Language Line 公司）的口译人员或笔译人员来帮助您。请拨打这个电话 - **01909 533733 / 01909 533186** 与我们联系，说明您使用的语言和电话号码。

Punjabi

ਜੇ ਤੁਹਾਨੂੰ ਸਾਡੇ ਨਾਲ ਗੱਲਬਾਤ ਕਰਨ ਜਾਂ ਸਾਡੇ ਕਿਸੇ ਦਸਤਾਵੇਜ਼ ਨੂੰ ਸਮਝਣ ਵਿੱਚ ਮਦਦ ਚਾਹੀਦੀ ਹੈ, ਤਾਂ ਤੁਹਾਡੀ ਮਦਦ ਕਰਨ ਦੇ ਲਈ ਅਸੀਂ ਇੱਕ ਲੈਂਗਵੇਜ਼ ਲਾਈਨ ਇੰਟਰਪ੍ਰੀਟਰ (ਦੁਬਾਸੀਏ) ਜਾਂ ਟ੍ਰਾਂਸਲੇਟਰ (ਅਨੁਵਾਦਕ) ਦਾ ਪ੍ਰਬੰਧ ਕਰ ਸਕਦੇ ਹਾਂ।
ਕਿਰਪਾ ਕਰਕੇ ਸਾਨੂੰ - **01909 533733 / 01909 533186** - ਉੱਪਰ ਸੰਪਰਕ ਕਰੋ ਅਤੇ ਆਪਣੀ ਭਾਸ਼ਾ ਅਤੇ ਟੈਲੀਫੋਨ ਨੰਬਰ ਦੱਸੋ।

Polish

Jeśli potrzebujesz pomocy w komunikowaniu się z nami lub w zrozumieniu naszych dokumentów, możemy do pomocy udostępnić tłumacza Language Line.
Proszę się z nami skontaktować pod numerem telefonu – **01909 533733 / 01909 533186** - podając język rozmowy i numer telefonu.

If you need any help communicating with us or understanding any of our documents, we can arrange for a copy of this leaflet in large print or arrange for a Language Line interpreter or translator to help you. Please contact us on **01909 533733** or **01909 533186**.

BASSETLAW DISTRICT COUNCIL
ANNUAL GOVERNANCE STATEMENT 2012/13



BASSETLAW
DISTRICT COUNCIL
NORTH NOTTINGHAMSHIRE

1. Scope of Responsibility

- 1.1 Bassetlaw District Council is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively. Bassetlaw District 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.
- 1.2 In discharging this overall responsibility, Bassetlaw District Council is responsible for putting in place proper arrangements for the governance of its affairs, facilitating the effective exercise of its functions, and which includes arrangements for the management of risk.
- 1.3 Bassetlaw District Council has approved and adopted a code of corporate governance, which is consistent with the principles of the CIPFA/SOLACE Framework *Delivering Good Governance in Local Government*. A copy of the authority's code is on our website at www.bassetlaw.gov.uk or can be obtained from the Director of Corporate Services, Bassetlaw District Council, Queen's Buildings, Potter Street, Worksop. S80 2AH. This statement explains how Bassetlaw District Council has complied with the code and also meets the requirements of the Accounts and Audit (England) Regulations 2011, regulation 4(3), which requires all relevant bodies to prepare an annual governance statement.

2. The Purpose of the Governance Framework

- 2.1 The governance framework comprises the systems and processes, culture and values by which the authority is directed and controlled and its activities through which it accounts to, engages with and leads its communities. It enables the authority to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate services and value for money.
- 2.2 The system of internal control is a significant part of that framework and is designed to manage risk to a reasonable level. It cannot eliminate all risk of failure to achieve policies, aims and objectives and can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of Bassetlaw District Council's policies, aims and objectives, to evaluate the likelihood and potential impact of those risks being realised, and to manage them efficiently, effectively and economically.
- 2.3 The governance framework has been in place at Bassetlaw District Council for the year ended 31st March 2013 and up to the date of approval of the statement of accounts.

3. The Governance Framework

- 3.1 Bassetlaw District Council approved an updated "*Local Code of Corporate Governance*" at its full Council meeting on 28th June 2012 which recognised that effective governance is achieved through the six core principles and 18 supporting principles. Evidence that the Council complies is detailed below:

Focusing on the purpose of the Council and on outcomes for the community including citizens and service users, and creating and implementing a vision for the local area.

(i) Exercising strategic leadership by developing and clearly communicating the authority's purpose and vision and its intended outcome for citizens and service users.

- The Council's and its partners' vision has been defined through the development of the Sustainable Community Strategy 2010-2020. This identifies the long term vision and has been produced in collaboration with the Local Strategic Partnership.
- The Council's purpose and vision is published in the Corporate Plan, and this defines the Council's contribution to the Sustainable Community Strategy. This document provides a basis for corporate and service planning, and aligning strategic management responsibilities with the identified corporate objectives and priorities.
- The Council publishes reports on a timely basis to communicate its activities and achievements, its financial position and performance e.g. quarterly Performance Reports to Scrutiny, the Annual Statement of Accounts to Council, and the Equalities Annual Report.

(ii) Ensuring that users receive a high quality of service, whether directly or in partnership or by commissioning.

- The Council sets service standards and has an effective performance monitoring process in place.
- The Council's key partnerships are held on a Partnership Register. On an annual basis each key partnership is reviewed in terms of their stewardship and governance arrangements.
- The Council's key Partnerships are reported to Council annually as part of the Statement of Accounts.
- The Council has effective arrangements in place to deal with failure in service delivery. This is achieved through the Council's performance management framework.

(iii) Ensuring that the Council makes best use of its resources and that taxpayers and service users receive excellent value for money.

- The Council has a Value for Money Strategy in place, which is refreshed on an annual basis. The Strategy includes how value for money is to be measured and ensures that it has the information needed to review value for money and performance effectively. It also provides an Action Plan for future areas of work.

Members and officers working together to achieve a common purpose with clearly defined functions and roles.

(iv) Ensuring effective leadership throughout the Council by being clear about Cabinet and non-Cabinet functions and of the roles and responsibilities of the scrutiny function.

- The Council has an approved Constitution which clearly sets out the respective roles and responsibilities of the Cabinet and other Committees within the Council.
- The Council has put in place effective management arrangements at the top of the organisation e.g. monthly performance and financial management reports to Directorate Management Team meetings.

(v) Ensuring that a constructive working relationship exists between elected Members and officers and that the responsibilities of Members and officers are carried out to a high standard.

- The Constitution includes a Scheme of Delegation, which is under periodic review.

- The Council has determined that the Chief Executive is responsible and accountable for all aspects of operational management.
- The Council has a developed Communication strategy, including Members Information Bulletins and scheduled meetings, that ensures effective communication between Members and officers in their respective roles.
- The Leader and Chief Executive meet on a weekly basis to ensure that a shared understanding of roles and objectives is maintained.
- The Council has established terms and conditions for remuneration of Members and officers and there is an effective structure for managing the process including the existence of an Independent Remuneration Panel.
- The Council has made the Head of Finance & Property (the Section 151 Officer) responsible for ensuring that appropriate advice is given on all financial matters, for keeping proper records and accounts, and for maintaining an effective system of internal control.
- The Council has made the Director of Corporate Services (the Monitoring Officer) responsible for ensuring that agreed procedures are followed and that all applicable statutes and regulations are complied with.

(vi) Ensuring relationships between the Council, its partners and the public are clear so that each knows what to expect of the other.

- The Council has in place a number of Service Level Agreements and robust Performance Monitoring arrangements to ensure that its partners provide effective service delivery.
- The Council ensures that its vision, strategic plans, priorities and targets are developed through a robust mechanism, and in consultation with the local community and other key stakeholders, and that they are clearly articulated and disseminated.

Promoting the values of the Council (Positive; Responsible; Innovative; Decisive; Enterprising and Ambitious), and demonstrating the values of good governance through upholding the highest standards of conduct and behaviour.

(vii) Ensuring Council Members and officers exercise leadership by behaving in ways that uphold high standards of conduct and exemplify effective governance.

- The Council's leadership sets a tone for the organisation by creating a climate of openness, support and respect.
- The Constitution includes a Code of Conduct scheme for both officers and Members.
- The Council has put in place anti-fraud and anti-corruption, and whistle-blowing arrangements to ensure that Members and officers of the Council are not influenced by prejudice, bias or conflicts of interest in dealing with different stakeholders.

(viii) Ensuring that organisational values are put into practice and are effective.

- The Council has put in place arrangements to ensure that procedures and operations are designed in conformity with appropriate ethical standards, and to monitor their continuing compliance in practice.
- The Council uses shared values to act as a guide for decision making and as a basis for developing positive and trusting relationships within the Council through the work of the Local Strategic Partnership.
- The Council when pursuing partnerships, agrees upon a set of values against which decision-making and actions can be judged. Such values must be demonstrated by partners' behaviour both individually and collectively e.g. equality and diversity arrangements.
- The values of the Council are included as part of the annual officer appraisal process.

Taking informed and transparent decisions that are subject to effective scrutiny and managing risk.

(ix) Exercising leadership by being rigorous and transparent about how decisions are taken and listening to and acting upon the outcome of constructive scrutiny.

- The Council operates an Overview & Scrutiny Committee, an Audit & Risk Scrutiny Committee, a Performance-Sub Committee (up to 31st March 2013), and individual Scrutiny Panels (up to 31st March 2013).
- The Council has a transparent Agenda and minutes system that documents the criteria, rationale and considerations on which decisions are based.
- The Council has systems in place that record all gifts and hospitality, and a register of interests.
- The Council has a Complaints Officer, and effective transparent and accessible arrangements for dealing with complaints are in place.

(x) Having good quality information, advice and support to ensure that services are delivered effectively and are what the community wants/needs.

- All committee reports explain the purpose of the report; the background to it; the implications of a decision; and the options, risks and reasons for the recommendations made. This ensures that those making decisions are provided with information that is fit for purpose i.e. relevant and timely, and gives clear explanations of technical issues and their implications.
- The Council has ensured that professional advice on legal, financial and equality matters is available and recorded well in advance of decision-making and used appropriately when decisions have significant legal, financial or potential equality implications, including the issuing of unique references before a report is accepted for the final agenda.
- All major policies and services are subject to an Equalities Impact Assessment and training has been provided to all officers.

(xi) Ensuring that an effective risk management system is in place.

- The Council has ensured that risk management is embedded into the culture of the Council, with Members and managers at all levels recognising that risk management is part of their job and a duty placed on all.
- The Council has a Corporate Risk Management Group that meets quarterly to review both Corporate, Directorate and service-based risks and reports appropriately.
- The Council has a Whistle-Blowing policy in place, to which officers and all those contracting with the Council have access via the Council's own intranet.

(xii) Recognising the limits of lawful action and observing both the specific requirements of legislation and the general responsibilities placed on local authorities by public law, but also accepting responsibility to use their legal powers to the full benefit of the citizens and communities in its area.

- The Council works within its own Constitutional framework as well as specific legislative requirements of general and administrative law.
- The Council when working in partnership has put in place protocols for working together, to ensure that there are robust procedures for scrutinising decisions and behaviour, and that these decisions and behaviour are compliant with any existing Council or specific partnership Rules and Codes.
- The Council ensures that all committee papers are easily accessible and meetings are held in public unless there are good reasons for confidentiality.

- Internal Audit supports the Audit & Risk Scrutiny Committee by reviewing elements of the Council's system of internal control and reporting regularly thereon, thus helping the Council to satisfy itself as to compliance with regulation and best practice.
- The system of internal control is based on a coherent accounting and budgeting framework including contract, financial and procurement procedure rules.

Developing the capacity and capability of Members to be effective and ensuring that officers – including the statutory officers – also have the capability and capacity to deliver effectively.

(xiii) Making sure that Members and officers have the skills, knowledge, experience and resources they need to perform well in their roles.

- The Council provides training programmes tailored to Members and officers needs to update their knowledge on a regular basis.
- The Council employs experienced statutory officers that have the skills, resources and support necessary to perform effectively in their roles, and that these roles are properly understood throughout the Council.

(xiv) Developing the capability of people with governance responsibilities and evaluating their performance, as individuals and as a group.

- The Council has an officer appraisal system that assesses the skills required by individual officers and retains a training budget to develop those skills to enable roles to be carried out effectively. A similar arrangement exists for elected Members where training is tailored to a national skills framework and local priorities.
- The Council develops skills on a continuing basis to improve performance, including the ability to scrutinise and challenge and to recognise when outside expert advice is needed.

(xv) Encouraging new talent for membership of the Council so that best use can be made of resources in balancing continuity and renewal.

- The Council has made the political parties aware of the need, and this is reflected by the significant changes to the Council's membership over the last year.
- The Council has recently introduced Assistant portfolio-holders to address this need.

Engaging with local people and other stakeholders to ensure robust public accountability.

(xvi) Exercising leadership through a robust scrutiny function which effectively engages local people and all local institutional stakeholders, including partnerships, and develops constructive accountability relationships.

- The Council, through its publications e.g. Corporate Plan, Sustainable Community Strategy etc., has made clear to all officers and the community the roles and functions it undertakes as a local authority.
- The Council produces an annual report to the Overview & Scrutiny Committee on the activity of the scrutiny function.
- The Council conducts an annual evaluation of its scrutiny function, and reports this to full Council.

(xvii) Taking an active and planned approach to dialogue with and accountability to the public to ensure effective and appropriate service delivery whether directly by the Council, in partnership or by commissioning.

- The Council holds meetings in public unless there are appropriate reasons for confidentiality.

- The Council coordinates activity with its diverse communities through a newly created Community and Voluntary Sector Forum commissioned by the Council. This approach enables the Council to engage with all sections of the community effectively. These arrangements recognise that different sections of the community have different priorities and established processes are in place for dealing with these competing demands. This approach also recognises the opportunities to work collaboratively with the sector in the new “mixed market place” of service delivery in which the Council now operates.
- The Council has established a clear policy on the types of issues they will meaningfully consult or engage with the public and service users on including a feedback mechanism for those consulted e.g. participatory budgeting exercise in previous years.
- The Council on an annual basis publishes reports giving information on the Council’s vision, strategy, plans and financial statements as well as information about its outcomes, achievements and the satisfaction of service users in the previous period.

(xviii) Making the best use of human resources by taking an active and planned approach to meet responsibility to officers.

- The Council has developed a clear policy on how officers and their representatives are consulted and involved in decision-making.

4. Governance Arrangements

- 4.1 There is a governance assurance framework through which the Council satisfies itself as to the effectiveness of its system of internal control. This takes as its starting point the Council’s principal statutory and organisational objectives as set out in the Sustainable Community Strategy and Corporate Plan. From this are identified the key risks to the achievement of the Council’s objectives as set out within the Council’s corporate strategic and directorate risk registers.
- 4.2 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.
- 4.3 The following documents establish these policies, aims and objectives at a strategic level:
- The Sustainable Community Strategy;
 - The Corporate 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 Human Resources Strategy;
 - The Corporate Equalities Scheme.
 - The Anti-Fraud & Anti-Corruption Strategy and Policy
 - The Anti-Bribery Policy
- 4.4 These high level plans are further supported by Directorate and Service Improvement and 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. All of these documents are available on the Council's website at www.bassetlaw.gov.uk or can be inspected at the Council's offices.

- 4.5 Bassetlaw's Corporate Governance Framework defines the roles and responsibilities of the executive, non-executive, scrutiny and officer functions, and demonstrates how the Council meets defined standards of governance in relation to its policies, aims and objectives.
- 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 & 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.

5. Financial Management

- 5.1 Ensuring that an effective system of internal financial control is maintained and operated is the responsibility of the Section 151 Officer. The systems of internal financial control provide reasonable, but not absolute assurance that assets are safeguarded, that transactions are authorised and properly recorded, and that material errors or irregularities are either prevented or would be detected within a timely period.
- 5.2 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.
- 5.3 The Council has produced comprehensive procedure notes/manuals for all key financial systems on a phased basis, 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.
- 5.4 CIPFA issued in 2010 a Statement on "*The Role of the Chief Financial Officer in Local Government*", and this covered five key areas. The Council can demonstrate how it conforms to these governance requirements as follows:
 - The Section 151 Officer is a member of the Extended Corporate Management Team and plays a key role in helping it to develop and implement strategy to resource and deliver the Council's strategic objectives sustainably and in the public interest. This environment is enhanced by the Director of Resources and Interim Chief Executive also being a CIPFA qualified member.

- The Section 151 Officer 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 there is alignment with the Council's overall financial strategy.
- The Section 151 Officer 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.
- The Section 151 Officer leads and directs the finance function, which is resourced to be fit for purpose.
- The Section 151 Officer is professionally qualified and suitably experienced.

5.5 CIPFA issued in 2010 a Statement on "The Role of the Head of Internal Audit", and this covered five key areas. The Council can demonstrate how it conforms to these governance requirements as follows:

- The Head of Internal Audit champions best practice in governance and management, objectively assessing the adequacy of governance and management of existing risks, commenting on responses to emerging risks and proposed developments.
- The Head of Internal Audit gives an objective and evidence based opinion on all aspects of governance, risk management and internal control.
- The Head of Internal Audit is a Director of RSM Tenon and has regular and open engagement across Bassetlaw District Council, particularly with the Leadership Team and with the Audit & Risk Scrutiny Committee.
- The Head of Internal Audit leads and directs an internal audit service that is resourced to be fit for purpose.
- The Head of Internal Audit is professionally qualified and suitably experienced.

6. Group Activities

6.1 The Council's only Group activities relate to the ALMO, A1 Housing.

6.2 From an internal control perspective;

- A1 Housing utilise the Council's corporate systems and are safeguarded by the controls therein.
- A1 Housing finance officers are included in some Council-wide finance working groups / meetings.
- There are regular monitoring meetings between officers of A1 Housing and officers of the Council at a senior level.
- A1 Housing has its own appointed external auditors.
- Equally, A1 Housing is subject to examination by its internal auditors, RSM Tenon, which are also the Council's own Internal Auditors. Overall A1 Housing's internal audit assurances for 2012/13 were given as 'green' for governance arrangements, 'green' for risk management arrangements, and 'green' for overall controls in place.
- A1 Housing has its own risk management arrangements, which the Audit Commission has found to be "robust and well embedded". A1's internal auditors noted a strong commitment towards Risk Management and key tasks had been assigned to key personnel.
- A1 has its own Financial Regulations and Contract Procedure Rules, which were approved by the Council in 2012.
- A1 has its own financial monitoring arrangements, with management accounts prepared on a monthly basis and reviewed by the A1 Board and/or A1's Finance and Organisational Health Champions Group.
- Service Level Agreements are in place that are regularly reviewed and monitored.

7. External Inspections and Work Programmes

7.1 The Review of Effectiveness set out in section 6 above demonstrates that the control environment is operating effectively. Further evidence to support this conclusion comes from:

- The Annual Review of the Effectiveness of the System of Internal Audit, which concluded:
 - *“The CIPFA Code of Practice Self-Assessment Compliance Checklist was completed in May 2013. The overall results were good and it is considered that the internal audit system is effective. The S151 Officer therefore concludes that when reviewing the effectiveness of the system of internal audit, the required standards of the Code have been met.”*

- The Audit Manager’s Internal Audit Annual Report 2012/13, which concluded:
 - *“We (RSM Tenon) are satisfied that sufficient internal audit work has been undertaken to allow us to draw a reasonable conclusion on the adequacy and effectiveness of Bassetlaw District Council’s arrangements. For the 12 months ended 31 March 2013, based on the work we have undertaken, our opinion regarding the adequacy and effectiveness of Bassetlaw District Council’s arrangements for governance, risk management and control is as follows:*
 - *Governance – We undertook a specific review of Corporate Governance during 2012/13, which focused primarily on members’ responsibilities and the impact of the Localism Act 2011. There is an up-to-date Constitution in place which contains clear reference to members’ duties, roles and responsibilities. No significant recommendations were made as a result of the audit.*

 - *Risk Management – We undertook a full review of the Council’s Risk Management arrangements in 2012/13. The Council’s Risk Management Strategy has been put in place over the last two years and is designed to reflect current best practices in Local Authority Risk Management. Further work is required to ensure that the Risk Management processes are embedded and ownership of risks is devolved to the appropriate level of management. No significant recommendations were made as a result of the audit.*

 - *Control - We undertook forty-two internal audit reviews in 2012/13, and these included four follow-up reviews and two Advisory reviews. For the thirty-six reviews resulting in an assurance opinion, there were twenty-two reviews (61%) which resulted in a substantial assurance level being given; nine (25%) where reasonable assurance was given; and five (14%) which resulted in only some assurance being given..”*

- The external auditor (KPMG)’s Annual Governance Report 2011/12 concluded:
 - *“On the basis of my work, having regard to the guidance on the specified criteria published by the Audit Commission in October 2011, I am satisfied that, in all significant respects, Bassetlaw District Council put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ending 31st March 2012.”*

7.2 It is important to recognise the results of the Internal Audit Annual Report where the Council has been issued with three green traffic lights – one for each area of scrutiny. This is a significant improvement over the previous year, where the Council received one green and two amber traffic light assurance levels. However there is still room for improvement, as the Council received five ‘Amber/Red’ assurance opinions during 2012/13, but within these only five High recommendations were made in total and these did not raise any concerns regarding financial accountability. These have now been addressed by the Managers concerned.

8. Review of Effectiveness

8.1 Bassetlaw District 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 also by comments made by the external auditors and other review agencies and inspectorates.

8.2 The Council is committed to the maintenance of a system of internal control which:

- Demonstrates openness, accountability and integrity;
- Monitors and reviews compliance with established policies, procedures, laws and regulations and effectiveness against agreed standards and targets;
- Monitors and reviews the effectiveness of the operation of controls that have been put in place;
- Identifies, profiles, controls and monitors all significant strategic and operational risks;
- Ensures that the risk management and control process is monitored for compliance.

8.3 We have been advised on the implications of the result of the **review of the effectiveness of the governance framework** by the Corporate Governance Working Group and the Audit & Risk Scrutiny Committee, and that the arrangements **continue to be regarded as fit for purpose in accordance with the governance framework**. The areas already addressed and those to be specifically addressed with new actions planned are outlined in section 9 below.

9. Significant Governance Issues

9.1 During the 2012/13 financial year the following issues were 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:

- Constitution – The Corporate Governance Working Group undertook a full review of the Constitution during 2012/13, however it will continue to be the subject of constant review to ensure that it meets the current legislative requirements and reflects the ambitions of the Leadership. **Action: Corporate Governance Working Group – March 2014.**
- Constitutional Training – The Members’ Code of Conduct has been updated, and it is important that training is delivered to Members on these new arrangements. **Action: Corporate Governance Working Group – July 2013.**

- Prevention of Fraud and Compliance Training – A number of Policies and Procedures were updated during 2012/13, and training needs to be delivered on Freedom of Information Requests, Data Protection, Gift & Hospitality Protocol, Whistle-blowing Policy, and the Social Media Policy. **Action: Corporate Governance Working Group – September 2013.**
- Risk Management – Work is ongoing on the capture and recording of service and directorate risks across the Council, and this process need to become embedded in routine activity. **Action: Directors – June 2013.**
- Document Retention Policy – There is a need under the Data Protection Act to ensure that all documents, both paper-based and electronic, are only retained in accordance with the agreed Policy. **Action: Senior Manager Support Services – March 2014.**

9.2 We propose over the coming year to take steps to address the above matters to further enhance our governance arrangements. We are satisfied that these steps will address the 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.

Signed:

Neil Taylor
Interim Chief Executive

Date 26th September 2013

Simon Greaves
Council Leader

Date 26th September 2013