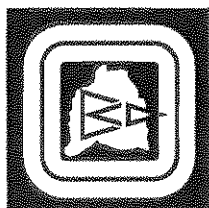
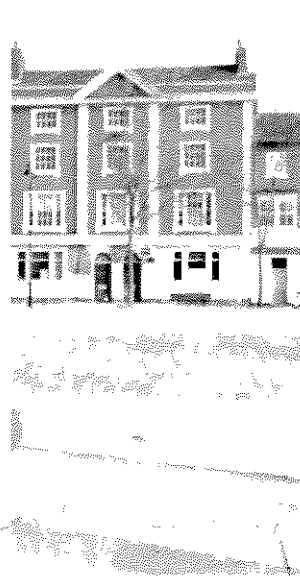
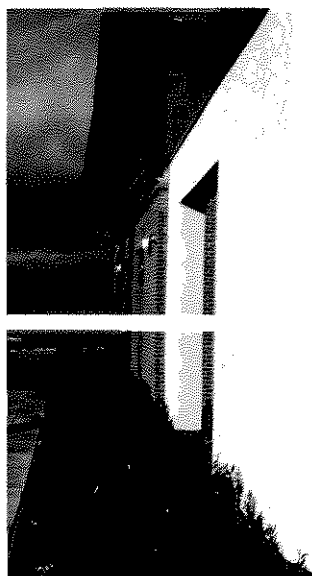
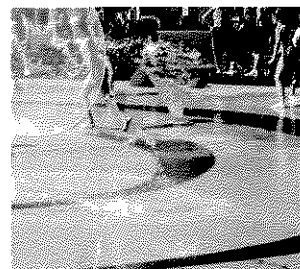
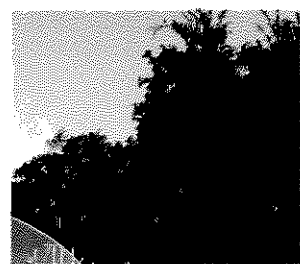


Statement of Accounts and Annual Governance Statement 2010 - 11



BASSETLAW
DISTRICT COUNCIL
NORTH NOTTINGHAMSHIRE

**BASSETLAW DISTRICT COUNCIL
STATEMENT OF ACCOUNTS 2010/11
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EXPLANATORY FOREWORD

During 2010/11, 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 "authority") now publishes data on all expenditure over £500 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 authority 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 Authority'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 2010/11 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 2010.

The Council's accounts for the year 2010/11 comprise:

Core Financial Statements Comprising:

- **Movement in Reserves Statement.** This Statement shows the movement in the year on the different reserves held by the authority, analysed into 'usable reserves' (i.e. those that can be applied to fund expenditure or reduce local taxation) and reserves. The Surplus or (Deficit) on the Provision of Services line shows the true economic cost of providing the authority's services, more details of which are shown in the Comprehensive Income and Expenditure Statement. These are different from the statutory amounts required to be charged to the General Fund Balance and the Housing Revenue Account for council tax setting and dwellings rent setting purposes. The Net Increase/Decrease before Transfers to Earmarked Reserves line shows the statutory General Fund Balance and Housing Revenue Account Balance before any discretionary transfers to or from earmarked reserves undertaken by the Council.
- **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. Council's 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 (for example 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 (for example 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 Cashflow 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. 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.

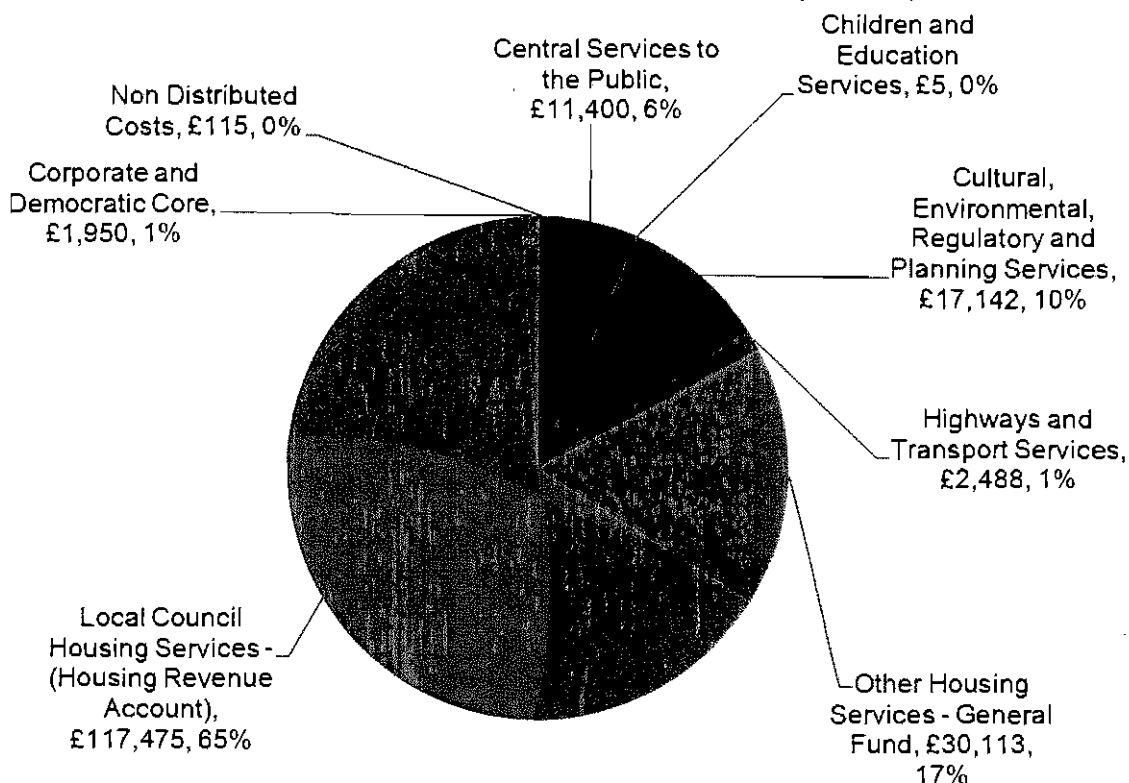
FINANCIAL SUMMARY

Council Revenue Spending in 2010/11

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 Account sets out how much was spent during 2010/11 and where the money came from.

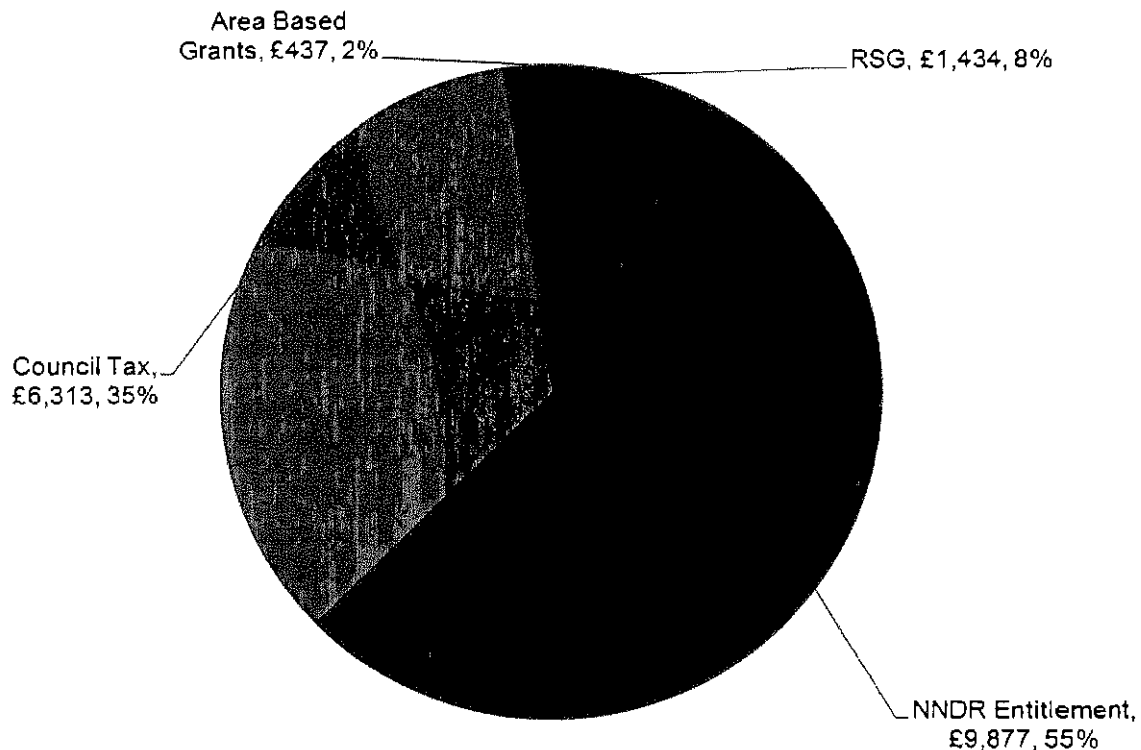
Gross revenue spending on services in the year was £173.642m (£85.436m in 2009/10). The following charts show the services on which the money was spent and where the money came from, excluding the negative pension costs of £7.046m charged to Non Distributed Costs:

GROSS COST OF SERVICES (£'000)



The accounts follow the prescribed Chartered Institute of Public Finance & Accountancy (CIPFA) format. As a result, the Comprehensive Income and Expenditure Account 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 disclosures.

FUNDING FROM GOVERNMENT GRANTS AND LOCAL TAXATION 2010/11 (£'000)



The original budget of £18.001m was adjusted throughout the year to reflect decisions made by the Council. Budgets were subsequently monitored against the revised budget of £19.680m.

	Original Budget £m	Revised Budget £m	Outturn £m	Variance £m
Community Engagement & Performance	1.394	1.641	1.563	-0.078
Community Prosperity	4.273	5.007	5.425	0.418
Corporate Management	0.805	-6.136	-6.125	0.011
Environment & Housing	6.431	7.865	7.626	-0.239
Finance & Property	1.945	1.460	1.443	-0.017
Revenues & Customer Services	1.268	1.158	1.138	-0.020
Support Services	0.044	0.179	0.208	0.029
Other Budgets	1.791	8.440	8.698	0.258
	17.951	19.614	19,976	0.362
Provisions & Impaired Estimates on Debtors	0.050	0.096	0.570	0.474
General Fund/HRA Movement in Central Support Costs	0	0.158	0	-0.158
Exceptional Item – Leisure Centre Utility Costs	0	0	0.214	0.214
	18.001	19.868	20.760	0.892
Transfer to/(from) Usable Reserves	0	-0.188	-1.238	-1.050
Transfer to/(from) Unusable Reserves	0	0	-0.007	-0.007
Transfer to/(from) General Reserve	0	0	0.165	0.165
Total General Fund	18.001	19.680	19.680	0

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

- In-year savings from Star Chamber 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 to pay for the costs of revenue carry forwards and Service Improvement Bids.

The variance on service and other budgets of £0.362m mainly relates to the under-achievement of income of £0.455m from car parking, planning, land charges, and building control services; an overspend of £0.250m on treasury management interest costs; an overspend on planning legal costs of £0.133m; an underspend on employee costs of £(0.144m) due to a vacancy target of 2.5% being over-achieved; a VAT refund of £(0.375m); and other minor variances of £(0.043m).

The variance on other areas of the budget of £0.530m relates to increases in provisions and impaired estimates on debtors; movements in central support costs between the General Fund and the Housing Revenue Account; and the confirmation of actual utility costs at the two new leisure centres (which were previously paid on estimated readings).

There have been a number of movements to and from reserves during the year, and overall, an amount of £0.165m has been contributed to the General Fund Reserve.

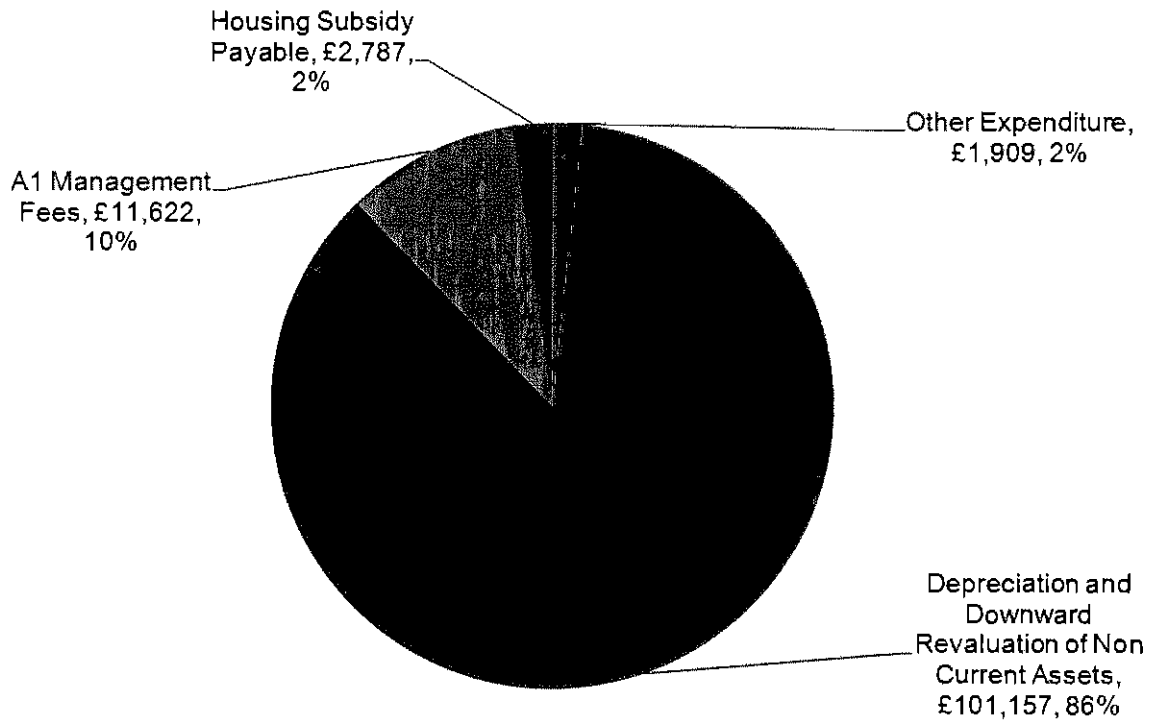
The resultant impact on Council Taxpayer funds is demonstrated in the Statement of Movement on General Fund Balance. This shows that the overall General Fund Balance at 31 March 2011 was £1.314m (31 March 2010 was £1.149m).

Housing Revenue Account Spending in 2010/11

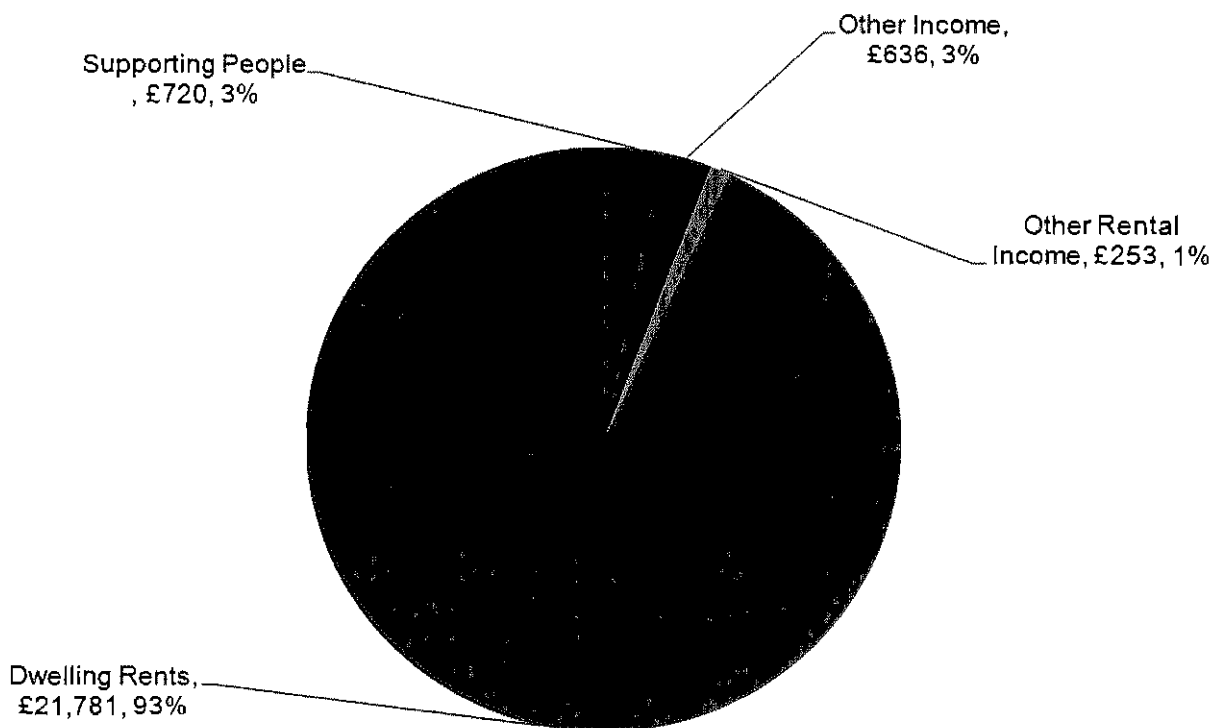
The Housing Revenue Account summarises the transactions relating to the provision, maintenance and management of the Council's housing stock. The account has to be self-financing and cannot be subsidised by the General Fund.

Gross revenue spending in the year was £117.475m (£21.925m 2009/10). The following charts show the services on which the money was spent and where the money came from:

HRA EXPENDITURE 2010/11 (£'000)



HRA INCOME 2010/11 (£'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 Council Rentpayer funds is demonstrated in the movement on Housing Revenue Account Balance. This shows that the overall HRA Balance at 31 March 2011 was £1.129m (31 March 2010 was £1.597m).

Capital Spending in 2010/11

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

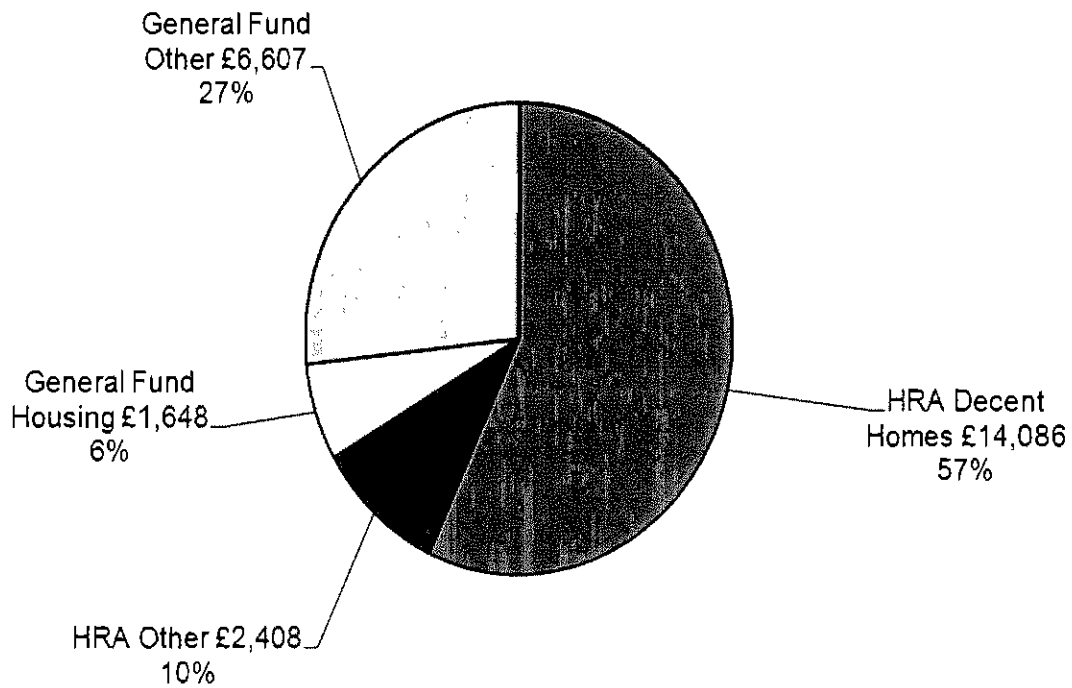
Capital spending in the year totalled £24.749m (a decrease of £3.898m over 2009/10). This represents a lower than estimated level of spend of £1.963m against the final programme approved at quarter three of £26.712m. To put this into context, the Council has an approved five-year capital programme, and the lower than estimated level of spend merely represents reprofiling within that programme.

The significant schemes were:

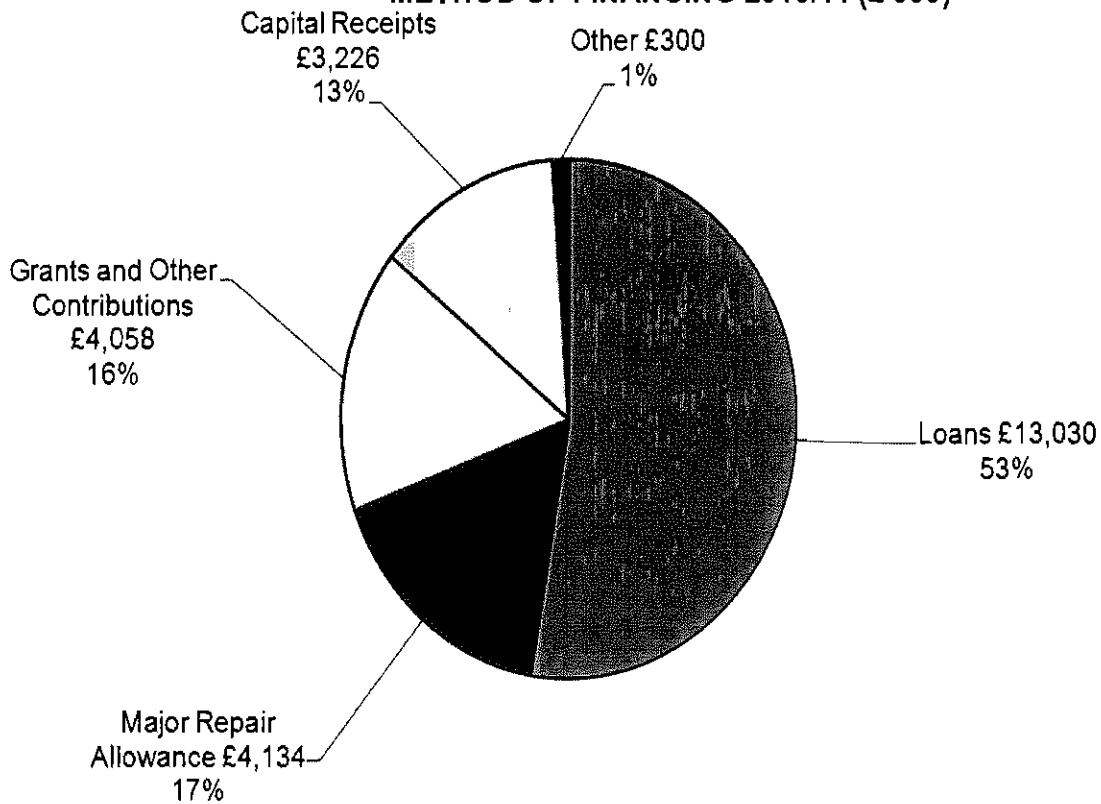
	£m
Decent Homes Work	14,086
Private Sector Housing and Disabled Facilities Grants	1,565
Other HRA Improvements	2,408
Vehicle Fleet	453
Play Area Development – Prospect	125
Public Toilets Langold Country Park	116
Canch Redevelopment	754
Queen's Buildings Windows	211
Retford Market Square	992
Worksop Market Development	634
Retford Enterprise Centre	554
Worksop Market Relocation	116
GIS and planning system	218
Other Projects	1,682
Fair Value of assets received in exchange of land	835
Total Capital Programme	24,749

The following charts show where the capital money was spent and how it was financed:

AREAS OF CAPITAL EXPENDITURE 2010/11 (£'000)



METHOD OF FINANCING 2010/11 (£'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 2011. 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 £1.149m to £1.314m.
- The decrease in the Housing Revenue Account balance from £1.597m to £1.128m.
- The net decrease in fixed asset valuations of £127.962m due to a combination of revaluations of council housing stock and other assets and capital enhancements offset by impairments and asset disposals.
- Long-term borrowing increasing by £7.951m due to the Decent Homes work completed during the year.
- A reduced impairment of £1.397m for the deposits at risk with Icelandic Banks, calculated in accordance with national guidance.
- In accordance with statutory guidance the writing out of the Financial Instruments Adjustment Account balance relating to the impairment of Icelandic Bank investments has resulted in a £1.619m transfer to an Earmarked Reserve which will be utilised to fund any further impairments chargeable to the General Fund.
- The Council's pensions liability as assessed by the Actuary showed an improved position of £30.740m during the year, decreasing from £59.233m to £28.493m. 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 2010/11. 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".

Economic Recession

The Council remains susceptible to, but vigilant for, the external risks posed by the turbulent and unpredictable economic climate. Cost pressures and inevitable reductions in Council income streams have been effectively managed during the 2010/11 budget process, with no reductions in service, no requirement for redundancies, 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.

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;
- Approve the Statement of Accounts.

The Statement of Accounts for the year 1 April 2010 to 31 March 2011 has been prepared and I confirm that these accounts were approved by Bassetlaw District Council at the meeting held on 29 September 2011.

(The Accounts and Audit (England) Regulations 2011 Section 8 (3) require the Chairman to sign these accounts following approval by the Council on 29th September 2011.)

Signed:

**On behalf of Bassetlaw District Council
Council Chairman approving the accounts**

Date: 29th September 2011

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 Council Accounting in the United Kingdom 2010/11 (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 Council CODE.

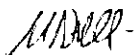
The Head of Finance & Property has also:

- 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 2010/11 presents a true and fair view of the financial position of Bassetlaw District Council at 31 March 2011 and its income and expenditure for the year ended 31 March 2011.

Signed:



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

Date: 29th September 2011

MOVEMENT IN RESERVES STATEMENT

Movement in Reserves during Statement 2009/10

	General Fund Balance £'000s	Earmarked General Fund Reserves £'000s	Housing Revenue Account Balance £'000s	Earmarked HRA Reserves £'000s	Capital Receipts Reserve £'000s	Major Repairs Reserve £'000s	Capital Grants Unapplied £'000s	Total Usable Reserves £'000s	Unusable Reserves £'000s	Total Council Reserves £'000s
Balance at 31 March 2009	2,384	1,170	1,333	0	15,097	0	652	20,636	253,279	273,915
Movement in reserves during 2009/10										
Surplus or (deficit) on the provision of Services	-4,906	0	-818	0	0	0	0	-5,724	0	-5,724
Other Comprehensive Income and Expenditure	3	0	0	0	0	0	0	3	-14,831	-14,828
Total Comprehensive Income and Expenditure	-4,903	0	-818	0	0	0	0	-5,721	-14,831	-20,552
Adjustment between accounting basis & funding basis under regulations (Note 22)	4,500	0	1,082	0	-1,720	0	-42	3,820	-3,820	0
Net Increase/Decrease before Transfers to Earmarked Reserves	-403	0	264	0	-1,720	0	-42	-1,901	-18,651	-20,552
Transfers to/from Earmarked Reserves (Note 8)	-832	832	0	0	7	0	0	7	-7	0
Increase/Decrease in 2009/10	-1,235	832	264	0	-1,713	0	-42	-1,894	-18,658	-20,552
Balance at 31 March 2010 carried forward	1,149	2,002	1,597	0	13,384	0	610	18,742	234,621	253,363

Movement in Reserves during 2010/11

	General Fund Balance £'000s	Earmarked General Fund Reserves £'000s	Housing Revenue Account Balance £'000s	Earmarked HRA Reserves £'000s	Capital Receipts Reserve £'000s	Major Repairs Reserve £'000s	Capital Grants Unapplied £'000s	Total Usable Reserves £'000s	Unusable Reserves £'000s	Total Council Reserves £'000s
Balance at 31 March 2010	1,149	2,002	1,597	0	13,384	0	610	18,742	234,621	253,363
Surplus or (deficit) on the provision of Services	4,714	0	-98,672	0	0	0	0	-93,958	0	-93,958
Other Comprehensive Income and Expenditure	-25	0	0	0	-1	0	0	-26	-17,112	-17,138
Total Comprehensive Income and Expenditure	4,689	0	-98,672	0	-1	0	0	-93,984	-17,112	-111,096
Adjustment between accounting basis & funding basis under regulations (Note 22)	-5,760	0	98,203	0	-2,587	0	-1	89,855	-89,854	1
Net Increase/Decrease before Transfers to Earmarked Reserves	-1,071	0	-469	0	-2,588	0	-1	-4,129	-106,966	-111,095
Transfers to/from Earmarked Reserves (Note 8)	1,236	383	0	0	8	0	0	1,627	-1,627	0
Increase/Decrease in 2010/11	165	383	-469	0	-2,580	0	-1	-2,502	-108,593	-111,095
Balance at 31 March 2011 carried forward	1,314	2,385	1,128	0	10,804	0	609	16,240	126,028	142,268

WHOLE 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. Council's raise taxation to cover expenditure in accordance with regulations, this may differ from the accounting cost. The taxation position is shown in the Movement in Reserves Statement.

Restated						
Gross Expenditure 2009/10 £'000	Gross Income 2009/10 £'000	Net Expenditure 2009/10 £'000		Gross Expenditure 2010/11 £'000	Gross Income 2010/11 £'000	Net Expenditure 2010/11 £'000
10,921	-9,454	1,467	Central Services to the Public	11,400	-9,639	1,761
44	-44	0	Children and Education Services	5	-7	-2
18,981	-5,750	13,231	Cultural, Environmental, Regulatory and Planning Services	17,142	-4,144	12,998
1,967	-1,140	827	Highways and Transport Services	2,488	-1,075	1,413
29,109	-27,177	1,932	Other Housing Services - General Fund	30,113	-28,570	1,543
21,829	-22,973	-1,144	Local Council Housing Services - (Housing Revenue Account)	59,573	-23,390	36,183
0	0	0	Exceptional Item – HRA (Note 5)	57,902	0	57,902
2,435	-377	2,058	Corporate and Democratic Core	1,950	-108	1,842
150	-38	112	Non Distributed Costs	115	0	115
0	0	0	Exceptional Item – Non Distributed Costs – Pensions (Note 5)	-7,046	0	-7,046
85,436	-66,953	18,483	Cost of Services	173,642	-66,933	106,709
3,592	-595	2,997	Other Operating Expenditure (Note 9)	5,811	-1,667	4,144
7,086	-2,862	4,224	Financing and Investment Income and Expenditure (Note 10)	7,326	-3,121	4,205
1,325	0	1,325	Exceptional Items Gains(-) /Losses (Note 5)	0	-1,397	-1,397
0	-21,305	-21,305	Taxation and Non-Specific Grant Income (Note 11)	164	-19,867	-19,703
97,439	-91,715	5,724	Surplus (-) or Deficit on Provision of Services	186,943	-92,985	93,958
		-8,995	Surplus or Deficit on Revaluation of Property, Plant and Equipment Assets			41,764
		23,821	Actuarial Gains/Losses on Pension Assets/Liabilities			-24,652
		2	Any Other Gains/Losses Required to be Included in the Statement			25
		14,828	Other Comprehensive Income and Expenditure			17,137
		20,552	Total Comprehensive Income and Expenditure			111,095

BALANCE SHEET

Restated 2008/09 £'000	Restated 2009/10 £'000		Note	2010/11 £'000
296,584	320,768	Council Dwellings		188,978
35,201	32,410	Other Land and Buildings		36,399
3,604	3,529	Vehicles, Plant and Equipment		3,679
1,821	737	Community Assets		603
966	1,191	Infrastructure Assets		2,679
29	1,728	Assets under Construction		429
16,067	13,777	Surplus Assets Not Held For Sale		13,411
354,272	374,140	PROPERTY, PLANT AND EQUIPMENT	12	246,178
81	81	Investment Properties	13	81
427	335	Intangible Assets	14	500
2,865	3,799	Long Term Investments	15	2,145
57	63	Long Term Debtors	17	53
357,702	378,418	TOTAL LONG TERM ASSETS		248,957
3,463	512	Short Term Investments	15	3,244
85	92	Inventories	16	62
6,826	10,852	Short Term Debtors	17	8,373
6,538	2,178	Cash and Cash Equivalents	18	278
0	1,335	Assets Held For Sale	19	1,625
16,912	14,969	TOTAL CURRENT ASSETS		13,582
-795	-1,668	Cash and Cash Equivalents	18	-477
-63	-2,579	Short Term Borrowings	15	-5,576
-7,367	-6,645	Short Term Creditors	20	-7,755
0	0	Provisions	21	-475
-501	-337	Short Term Finance Lease Liability	35	-310
-8,726	-11,229	TOTAL CURRENT LIABILITIES		-14,593
-101	-514	Long Term Creditors	20	-523
-56,156	-68,646	Long Term Borrowing	15	-76,597
-71	-62	Government Grants Receipts in Advance	32	0
-627	-340	Long Term Finance Lease Liability	35	-65
-35,018	-59,233	Pensions Liability	37	-28,493
-91,973	-128,795	TOTAL LONG TERM LIABILITIES		-105,678
273,915	253,363	TOTAL NET ASSETS		142,268
20,636	18,742	Useable Reserves	22	16,240
253,279	234,621	Unusable Reserves	23	126,028
273,915	253,363	TOTAL RESERVES		142,268

CASH FLOW STATEMENT

2009/10 £'000		Note 24	2010/11 £'000
-5,724	Net Surplus/(Deficit) on the Provision of Services		-93,958
16,553	Adjustment to Surplus or Deficit on the Provision of Services for Non-Cash Movements		104,417
-6,526	Adjust for Item Included in the Net Surplus or Deficit on the Provision of Services that are Investing and Financing Activities		-6,490
4,303	Net Cash Flows from Operating Activities	A	3,969
-21,456	Net Cash Flows from Investing Activities	C	-16,469
11,920	Net Cash Flows from Financing Activities	D	11,791
-5,233	Net Increase or Decrease in Cash and Cash Equivalents		-709
5,743	Cash and Cash Equivalents at the Beginning of the Reporting Period		510
510	Cash and Cash Equivalents at the End of the Reporting Period		-199

IMPACT OF THE ADOPTION OF INTERNATIONAL FINANCIAL REPORTING STANDARDS:

The statement of accounts for 2010/11 is the first to be prepared on an IFRS basis. Adoption of the IFRS- based Code has resulted in the restatement of various balances and transactions with the result that some amounts presented in the financial statements are different from the equivalent figures presented in the Statement of Accounts 2009/10.

An explanation of the differences between the amounts presented in the 2009/10 financial statements and the equivalent amounts presented in the 2010/11 financial statements is set out in the following tables and notes that accompany the tables.

RECONCILIATION OF NET WORTH REPORTED UNDER PREVIOUS UK GAAP TO NET WORTH UNDER IFRS AT THE DATE OF TRANSITION TO IFRS (1 April 2009)

2009/10 RESTATED BALANCE SHEET	EFFECT OF TRANSITION TO IFRS					2008-09 IFRS
	2008-09 UK GAAP	Leases	Grants	Property plant and equipment	Cash and Cash Equivalents	
	£'000	£'000	£'000	£'000	£'000	£'000
Council Dwellings	296,584					296,584
Other Land and Buildings	31,165			4,036		35,201
Vehicles, Plant and Equipment	2,438	1,129		37		3,604
Community Assets	1,856			-35		1,821
Infrastructure Assets	966					966
Assets under Construction	29					29
Surplus assets not held for sale	21			16,046		16,067
Investment Property*	21,011			-21,011		0
Property, Plant & Equipment	354,070	1,129	0	-927	0	354,272
Investment Property	0			81		81
Intangible Assets	427					427
Long Term Investments	0				2,865	2,865
Long Term Debtors	57					57
Long Term Assets	3,54,554	1,129	0	-846	2,865	357,702
Short Term Investments	12,861				-9,398	3,463
Stock	85					85
Short Term Debtors	6,528		298			6,826
Cash and cash Equivalents	0				6,533	6,533
Current Assets	19,474	0	298	0	-2,865	16,907
Bank Overdraft	-790				790	0
Cash and Cash Equivalents	0				-790	-790
Short Term Borrowings	-63					-63
Short Term Creditors	-6,702		-665			-7,367
Capital Contributions Unapplied*	-591		591			0
Short Term Finance Lease Liability	0	-501				-501
Current Liabilities	-8,146	-501	-74	0	0	-8,721
Long Term Creditors	0		-101			-101
Finance Lease Liability	0	-627				-627
Long Term Borrowing	-56,156					-56,156
Gov and Dev Grants Deferred*	-552		552			0
Dev Grants deferred*	-2,333		2,333			0
Developers contributions unapplied*	-601		601			0
Capital Grants Receipts in Advance	0		-71			-71
Pensions Liability	-35,018					-35,018
Long Term Liabilities	-94,660	-627	3,314	0	0	-91,973
Net Assets	271,222	1	3,538	-846	0	273,915
Useable Reserves	19,987		649			20,636
Unusable Reserves	251,235	1	2,889	-846		253,279
Total Reserves	271,222	1	3,538	-846	0	273,915
*No longer applicable under IFRS						

**RECONCILIATION OF NET WORTH REPORTED UNDER PREVIOUS UK GAAP TO NET WORTH
UNDER IFRS AT THE DATE OF TRANSITION TO IFRS (1 April 2010)**

	EFFECT OF TRANSITION TO IFRS					2009-10 IFRS
	2009-10 UK GAAP	Leases	Grants	Property plant and equipment	Cash and Cash Equivalents	
	£'000	£'000	£'000	£'000	£'000	£'000
Council Dwellings	320,768					320,768
Other Land and Buildings	28,181			4,229		32,410
Vehicles, Plant and Equipment	2,851	677				3,528
Community Assets	737					737
Infrastructure Assets	1,191					1,191
Assets under Construction	1,728					1,728
Surplus assets not held for sale	3,219			10,558		13,777
Investment Property*	17,154			-17,154		0
Property, Plant & Equipment	375,829	677	0	-2,367	0	374,139
Investment Property	0			81		81
Intangible Assets	335					335
Long Term Investments	3,799					3,799
Long Term Debtors	63					63
Long Term Assets	380,026	677	0	-2,286	0	378,417
Short Term Investments	2,685				-2,173	512
Inventories	92					92
Short Term Debtors	10,852					10,852
Cash and cash Equivalents	8				2,173	2,181
Assets held for sale	0			1,335		1,335
Current Assets	13,637	0	0	1,335	0	14,972
Cash and Cash Equivalents	-1,671					-1,671
Short Term Borrowings	-2,579					-2,579
Short Term Creditors including Provisions	-6,528		-178			-6,706
Capital Contributions Unapplied*	-636		636			0
Short Term Lease Liabilities	0	-337				-337
Current Liabilities	-11,414	-337	458	0	0	-11,293
Long Term Creditors	0		-301			-301
Provisions	0					0
Finance Lease Liability	0	-340				-340
Long Term Borrowing	-68,642		-4			-68,646
Gov and Dev Grants Deferred*	-386		386			0
Dev Grants Deferred*	-4,350		4,350			0
Developers contributions unapplied*	-722		722			0
Capital Grants Receipts in Advance	0		-213			-213
Other Long Term Liabilities	-4		4			0
Pensions Liability	-59,233					-59,233
Long Term Liabilities	-133,337	-340	4,944	0	0	-128,733
Net Assets	248,912	0	5,402	-951	0	253,363
Useable Reserves	18,076		666			18,742
Unusable Reserves	230,836		4,736	-951		234,621
Total Reserves	248,912	0	5,402	-951	0	253,363

*No longer applicable under IFRS

RECONCILIATION TO TOTAL COMPREHENSIVE INCOME AND EXPENDITURE UNDER IFRS FOR THE LATEST PERIOD IN THE MOST RECENT

ANNUAL FINANCIAL STATEMENTS (YEAR ENDED 31 MARCH 2010)

	2009-10 UK GAAP £'000	Leases £'000	Grants £'000	Property, Plant Equipment £'000	Other	2009-10 IFRS £'000
Gross expenditure, gross income and net expenditure of continuing operations						
Central Services to the Public	1,444		23			1,467
Cultural, Environmental, Regulatory and Planning services	12,622	0	293	677	-361	13,231
Education and Children's Services	0					0
Highways and Transport Services	827					827
Local Authority Housing (HRA)	-1,415		73	198		-1,144
Other Housing Services	1,931		1			1,932
Corporate and Democratic Core	2,058					2,058
Non Distributed Costs	112					112
Cost Of Services	17,579					18,483
Other Operating Expenditure	4,946			70	361	5,377
Financing and Investment Income and Expenditure	3,136	49		-17		3,168
Taxation and Non-Specific Grant Income	-18,179		-3,125			-21,304
(Surplus) or Deficit on Provision of Services	7,482					5,724
Surplus or deficit on revaluation of non-current assets	-8,995					-8,995
Actuarial gains(-)/losses on pension assets/liabilities	23,821					23,821
Other Comprehensive Income and Expenditure	2					2
Total Comprehensive Income and Expenditure	22,310					20,552

Transition to IFRS-

Short-term accumulating compensated absences

Short-term accumulating compensated absences refers to benefits that employees receive as part of their contract of employment, entitlement to which is built up as they provide services to the Council. The most significant benefit covered by this heading is holiday pay.

Employees build up an entitlement to paid holidays as they work. Under the Code, the cost of providing holidays and similar benefits is required to be recognised when employees render service that increases their entitlement to future compensated absences. As a result, the Council is required to accrue for any annual leave earned but not taken at 31 March each year. Under the previous accounting arrangements, no such accrual was required.

The Government has issued regulations that mean local authorities are only required to fund holiday pay and similar benefits when they are used, rather than when employees earn the benefits. Amounts are transferred to the Accumulated Absences Account until the benefits are used.

There were no material adjustments on transition to IFRS in relation to accumulated absences.

Transition to IFRS-

Leases

Under the Code, leases of property are accounted for as separate leases of land and buildings. Previously, each property lease would have been accounted for as a single lease. The change in accounting treatment can result in the land or buildings element of the lease being accounted for as an operating lease where it was previously treated as a finance lease; or as a finance lease where it was previously treated as an operating lease.

The Government has issued regulations and statutory guidance in relation to accounting for leases. Under these arrangements, the annual charge to the General Fund (where the Council is the lessee) will be unchanged. Where the Council is the lessor, the regulations allow the Council to continue to treat the income from existing leases in the same way as it accounted for the income prior to the introduction of the Code.

The Council has one property lease where the accounting treatment has changed following the introduction of the Code. The Council leases the Firs Sports Centre from Aspis Developments Ltd. The lease term is 40 years from 1 April 2008. The lease was previously classified as an operating lease, but under the Code, the buildings element of the lease has been classified as a finance lease.

As a consequence of classifying the buildings element of the lease as a finance lease, the financial statements have been amended as follows:

- The Council has recognised an asset (the building) and a finance lease liability.
- The operating lease charge within Cultural, Environmental, Regulatory and Planning Services has been reduced by the amount that relates to the buildings element of the lease payments.
- A depreciation charge has been included within Cultural, Environmental, Regulatory and Planning Services.

- The depreciation charge has been transferred from the General Fund to the Capital Adjustment Account. This transfer has been reflected in the Balance Sheets as at 1 April 2009 and 31 March 2010, and the adjustments that relate to 2009/10 are reported in the Movement in Reserves Statement for the year.
- The interest element of the lease payment in respect of the buildings element is charged to the Financing and Investment Income and Expenditure line in the Surplus or Deficit on the Provision of Services.

Transition to IFRS-

Government and Grants

Under the Code, grants and contributions for capital schemes are recognised as income when they become receivable. Previously, grants were held in a grants deferred account and recognised as income over the life of the assets which they were used to fund.

As a consequence of adopting the accounting policy required by the Code, the financial statements have been amended as follows:

- The balance on the Government Grants Deferred Account at 31 March 2009 has been transferred to the Capital Adjustment Account in the opening 1 April 2009 balance sheet.
- Portions of government grants deferred were previously recognised as income in 2009/10. These have been removed from the Comprehensive Income and Expenditure Statement in the comparative figures.
- Grants received in 2009/10 but not used. Previously, no income was recognised in respect of these grants, which were shown in the Grants Unapplied Account within the liabilities section of the Balance Sheet. Following the change in accounting policy, the grants have been recognised in full, and transferred to the Capital Grants Unapplied Account within the reserves section of the Balance Sheet.

Transition to IFRS-

Non Current Assets

The authority has a range of non current assets held on its Balance Sheet which were previously, under UK GAAP, categorised as operational assets and non operational assets. The transition to IFRS has led to a number of reclassifications of individual assets.

There is now a much tighter definition of what constitutes an investment property and this has led to a number of assets being reclassified from investment property to property, plant and equipment. IFRS also introduces a new category of asset "Assets Held for Sale" which can be classed as either a current asset or long term asset depending on when sale transactions are likely to be completed.

Revaluations, where required, were undertaken as at 31 March 2009, resulting on impacts on the Revaluation Reserve.

With the recategorisation of assets, there was also an impact on the level of charge made in respect of assets to the Comprehensive Income and Expenditure Statement (e.g. depreciation, impairment and revenue expenditure funded from capital) and the Capital Adjustment Account.

NOTES TO THE CORE FINANCIAL STATEMENTS**1. ACCOUNTING POLICIES****Significant Accounting Policies**

The consolidated financial statements of the Council for the year ended 31st March 2011 will comprise the Council and its subsidiaries and the Council's interest in associates and joint ventures (where applicable).

A. Statement of Compliance

The consolidated financial statements are prepared in accordance with International Financial Reporting Standards (IFRS) and its interpretations adopted by the International Accounting Standards Board (IASB). These are the Council's first consolidated financial statements and IFRS 1 has been applied.

B. Basis of Preparation

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 Judgements and Key Sources of Estimation Uncertainty

In the application of the Council's accounting policies, management is required to make judgements, 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.

ii) Critical Judgements in Applying Accounting Policies

The following are the critical judgements, 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 judgement 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.

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.

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, revenue 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. Revenue Recognition

The authority accounts for revenue recognition in accordance with IAS 18 Revenue and IPSAS 23 Revenue from Non-Exchange transactions (Taxes and Transfers) except where interpretations or adaptations to fit the public sector are detailed in the Code. This accounting policy does not apply to revenue arising from lease agreements (see separate accounting policy for Leases).

Revenue, except that for a financial asset, is measured at the fair value of the consideration received or receivable.

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

Sale of Goods

Revenue in relation to the sale of goods is recognised by the authority when the following has been satisfied:

- the authority transfers the significant risks and rewards of ownership of the goods to the purchaser;
- the authority retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the authority can measure the amount of revenue reliably;
- it is probable that the economic benefits or service potential associated with the transaction will flow to the authority; and the authority can measure the costs incurred or to be incurred in respect of the transaction.

Provision of Services

When the outcome of a transaction involving the provision of services can be estimated reliably by the authority, revenue associated with the transaction is recognised by reference to the percentage of completion method at the reporting date. The outcome of a transaction can be estimated reliably when all the following conditions are satisfied:

- the authority can measure the amount of revenue reliably;
- it is probable that the economic benefits or service potential associated with the transaction will flow to the authority;
- the percentage of completion of the transaction at the reporting date can be measured reliably; and the costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

Supplies

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

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

In relation to interest receivable and payable, revenue is recognised when:

- it is probable that the economic benefits or service potential associated with the transaction will flow to the authority; and the authority can measure the amount of revenue reliably.
- Subject to the recognition criteria above being met, interest is recognised 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.

Non Exchange Transactions

In a non exchange transaction, the authority either receives value from another entity without directly giving approximately equal value in exchange, or gives value to another entity without directly receiving approximately equal value in exchange.

Revenue in relation to non exchange transactions is recognised when:

- It is probable that the economic benefits or service potential associated with the transaction will flow to the authority; and the authority can measure the amount of the revenue reliably.

Accruals of Income and Expenditure

In circumstances where the consideration has been received but the revenue does not meet the recognition criteria described above, the authority recognises a creditor (i.e. receipt in advance) in respect of that inflow of resources. On satisfying the recognition criteria, revenue is recognised equal to the reduction of the carrying amount of the liability.

In circumstances where revenue meets the recognition criteria described above but the consideration has not been received, the authority recognises a debtor in respect of that inflow of resources (see accounting policy on debtors).

When uncertainty arises about the collectability of an amount already included in revenue, the uncollectable amount, or the amount in respect of which recovery has ceased to be probable, is recognised as an impairment of financial asset (see accounting policy for financial instruments)

E. 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:

- Fees, charges and rents due from customers are accounted for as income at the date the Council provides the relevant goods or service.
- Employee Benefits, for example carry forward of leave entitlement, are accounted for in the year the benefit was earned.
- 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 stocks on the Balance Sheet.
- Works are charged as expenditure when they are completed, before which they are carried as works in progress on the Balance Sheet.
- Interest payable on borrowings and receivable on investments is accounted for 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 income or expenditure has 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 it is doubtful that the debts will be settled, the balance of debtors is charged to an impaired estimate on debtors account. Contributions to the account are made by charging the service revenue accounts dependent upon the value of outstanding aged debts.

F. Cash and Cash Equivalents

Cash equivalents are defined as readily realisable financial assets with a maturity of less than three months. Cash and cash equivalents are shown as both assets (cash held and Money Market Fund investments) and liabilities (bank overdrafts and cash in transit) which are repayable on demand and form an integral part of the Authority's cash management.

G. 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 authorities performance.

H. 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, ie in the current and future years affected by the change and do not give rise to a prior period adjustment.

Changes in accounting policies are only made when required by proper accounting practices or the change provides more reliable or relevant information about the effect of transactions, other events and conditions on the Authority's financial position or financial performance. 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.

I. 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 Authority is not required to raise council tax to fund depreciation, revaluation and impairment losses or amortisations. However, it is required to make an annual contribution from revenue 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.

J. Employee Benefits

Employees of the Council are members of the Local Government Pensions 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.

This scheme is accounted for as a defined benefits scheme:

- The liabilities of the scheme attributable to the Council are included in the Balance Sheet on an accrual 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 the projected earnings for current employees.

Liabilities are discounted to their value at current prices, using a discount rate based on the indicative rate of return on high quality AA rated corporate bonds (Merrill Lynch Non Gilt Sterling Corporate Bond 15 year index - Discounted weighted average of spot yields on AA rated corporate bonds for 2009-10).

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 Authority are included in the Balance Sheet on an actuarial basis using the projected unit method – ie 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 1.9% real rate (actual 5.5%.) 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 Authority are included in the Balance Sheet at their fair value;

- quoted securities – current bid price
- unquoted securities – professional estimate

- unitised securities – current bid price
- property - market value

The change in the net pensions liability is analysed into 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 Authority, 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 Authority 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 – debited 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 Authority to the pension fund or directly to pensioners in the year, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement, this means that there are 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 Authority also has restricted powers to make discretionary awards of retirement benefits in the event of early retirements. Any liabilities estimated to arise as a result of an award to

any member of staff are accrued in the year of the decision to make the award and accounted for using the same policies as are applied to the Local Government Pension Scheme.

K. 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
- 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.

L. Financial Instruments

Financial assets are initially recognised at fair value. This is determined as follows:

- the fair value of financial assets and financial liabilities with standard terms and conditions and traded on active markets are determined with reference to quoted market prices.
- the fair value of other financial assets and financial liabilities (excluding derivative instruments) are determined in accordance with generally accepted pricing models based on discounted cash flow analysis.
- the fair value of derivative instruments are calculated using quoted prices. Where such prices are not available, use is made of discounted cash flow analysis using the applicable yield curve for the duration of the instrument.

Financial assets are classified into the following categories: financial assets 'at fair value through profit and losses'; 'held to maturity investments'; 'available for sale' financial assets, and 'loans and receivables'. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

i) Financial Assets at Fair Value Through Profit and Loss

Derivatives and contracts with embedded derivatives that are separable from the host contract under IAS 39 but whose separate value cannot be ascertained are treated as financial assets at fair value through profit and loss. They are held at fair value, with any resultant gain or loss recognised in the income statement. The net gain or loss recognised in the income statement incorporates any interest earned on the financial asset.

ii) Available For Sale Financial Assets

The Council will not invest in this type of asset.

iii) Loans and Receivables

Trade receivables, loans, and other receivables that have fixed or determinable payments that are not quoted in an active market are classed as 'loans and receivables'. They are measured at amortised cost using the effective interest method less any impairment. Interest income is

recognised by applying the effective interest rate, except for short-term receivables where the recognition of interest would be immaterial. The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset.

Receivables are assessed for indicators of impairment at each Balance Sheet date. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been impacted. The amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. The carrying amount of the financial asset is reduced by the impairment loss directly for financial assets other than trade receivables, where the carrying amount is reduced through an allowance for irrecoverable debts, changes in which are recognised in the income statement. If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through the income statement to the extent that the carrying amount of the receivable at the date of the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

iv) Financial Liabilities

Financial liabilities are classified as either financial liabilities at fair value through profit and loss or other financial liabilities.

v) Other Financial Liabilities

Other financial liabilities including borrowings are initially measured at fair value, less transaction costs. They are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis. The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability.

vi) 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 Council 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.

M. Government Grants and Other Contributions

Whether paid on account, by instalments or in arrears, Government Grants and third party contributions and donations are recognised in the Comprehensive Income and Expenditure Statement once the Council has reasonable assurance that:

- the conditions of entitlement will be satisfied.
- 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-ringfenced revenue grants and call 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.

Area Based Grant

The Council is a participant in a Local Area Agreement (LAA) – a partnership with other public bodies who work towards jointly agreed objectives for local public services. Nottinghamshire County Council acts as the Accountable Body for the LAA. The Area Based Grant is a non-ringfenced grant received directly from the government, and is credited to Taxation and Non-Specific Grant income in the Comprehensive Income and Expenditure Statement.

N. 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 (eg 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 U)

Amortisation is charged to the income 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

i). Intangible assets acquired by the Council are stated at cost less accumulated amortisation and impairment losses.

ii). Amortisation is charged to the Comprehensive Income and Expenditure Statement.

O. Interest Bearing Loans

Interest-bearing borrowings are recognised initially at fair value. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost with any difference between cost and redemption being recognised in the income and expenditure account over the period of the borrowings on an effective interest basis.

P. Inventories and Long-Term Contracts

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

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

Q. Investment Properties

Investment properties are properties which are held either to earn rental income or for the capital appreciation or for both. Investment properties are stated at a fair value. An internal, RICS qualified surveyor, having an appropriate recognised professional qualification and recent experience in the location and category of property being valued, values the portfolio every 5 years. The fair values are based on market values, being the estimated amount for which a property could be exchanged on the date of valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion.

The valuations are prepared by considering the aggregate of the net of the annual rents receivable from the properties and where relevant, associated costs. A yield which reflects the specific risks inherent in the net cash flows is then applied to the net annual rentals to arrive at the property valuation.

Valuations reflect, where appropriate: the type of tenants actually in occupation or responsible for meeting lease commitments or likely to be in occupation after letting of vacant accommodation and the market's general perception or their credit-worthiness; the allocation of maintenance and insurance responsibilities between lessor and lessee; and the remaining economic life of the property.

It has been assumed that whenever rent reviews or lease renewals are pending with anticipated reversionary increase, all noticed and where appropriate counter notices have been served validly and within the appropriate time.

Any gain or loss arising from a change in fair value is recognised in the income statement. Rental income from investment property is accounted for as described in accounting policy D.

When an item of property, plant or equipment is transferred to investment property following a change in its use, any differences arising at the date of transfer between the carrying amount of the item immediately prior to transfer and its fair value is recognised directly in equity if it is a gain. Upon disposal of the item the gain is transferred to retained earnings. Any loss arising in this manner is recognised immediately in the income statement.

If an investment property becomes owner-occupied, it is reclassified as property, fixtures and fittings and its fair value at the date of reclassification becomes its cost for accounting purposes of subsequent recording. When the Group begins to redevelop an existing investment property for continued future use as investment property, the property remains an investment property, which is measured based on the fair value model, and is not reclassified as property, plant and equipment during redevelopment.

A property interest under an operating lease is classified and accounted for as an investment property on a property-by-property basis when the Group holds it to earn rentals or for capital appreciation or both. Any such property interest under an operating lease classified as an investment property is carried at fair value. Lease payments are accounted for as described in accounting policy R.

R. 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 (eg 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 (ie 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 has been received, this is posted out of 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 fixed assets is fully provided for under separate arrangements for capital financing. Amounts are therefore appropriated to the Capital Adjustment Account from the General Fund Balance in the Movement in Reserves Statement.

ii) Operating Lease

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 of the life of the lease, even if this does not match the pattern of payments (eg 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.

S. Non-Current Assets Held For Sale and Discontinued Operations

Immediately before classification as held for sale, the measurement of the assets is brought up-to-date in accordance with applicable IFRS's. Then on the initial classification as held for sale, non-current assets are recognised at the lower of the carrying amount and fair value less costs to sell.

Impairment losses on initial classification as held for sale are included in profit or loss, even when there is a revaluation. The same applies to gains and losses on subsequent re-measurement.

T. 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 Best Value Accounting Code of Practice (BVACOP). 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 Councils' status as a multifunctional, democratic organisation.

Non-Distributed Costs – non-service specific costs e.g. costs of unused IT systems.

U. Minimum Revenue Provision

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.

V. 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 Authority 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 (ie repairs and maintenance) is charged as an expense when it is incurred. Assets acquired above a de minimis £10,000 are capitalised.

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

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

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

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

- infrastructure, community assets and assets under construction – depreciated historical cost
- dwellings – fair value, determined using the basis of existing use value for social housing (EUV-SH)
- 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 non-property assets that have short useful lives or low values (or both), and 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)
- 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 (ie freehold land and certain Community Assets) and assets that are not yet available for use (ie 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 (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 (ie 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 Authority's underlying need to borrow (the capital financing requirement). Receipts are appropriated to the Reserve from the General Fund Balance in the Movement in Reserves Statement.

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

W. Provisions, Contingent Liabilities and Contingent Assets

Provisions

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

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

When payments are eventually made, they are charged to the provision carried in the Balance Sheet. Estimated settlements are reviewed at the end of each financial year – where it becomes less than probable that a transfer of economic benefits will now be required (or 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 (eg from an insurance claim), this is only recognised as income for the relevant service if it is virtually certain that reimbursement will be received if the authority settles its obligation.

Contingent Liabilities

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

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

Contingent Assets

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

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

X. Revenue Expenditure Funded From Capital Under Statute

Expenditure that may be capitalised under the statutory provisions but does not result in the creation of tangible 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 fixed 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 to the Capital Adjustment Account is made from the General Fund Balance, therefore ensuring that there is no impact on the Council Tax.

Y. 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.

Z. Value Added Tax

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 2010/11 (the Code) has introduced a change in accounting policy in relation to the treatment of heritage assets held by the Council, which will need to be adopted fully by the Council in the 2011/12 financial statements.

The Council is required to disclose information relating to the impact of the accounting change on the financial statements as a result of the adoption by the Code of a new standard that has been issued, but is not yet required to be adopted by the Council, in this case, heritage assets. As is set out above, full adoption of the standard will be required for the 2011/12 financial statements. However, the Council is required to make disclosure of the estimated effect of the new standard in these (2010/11) financial statements. The new standard will require that a new class of asset, heritage assets, is disclosed separately on the face of the Council's Balance Sheet in the 2011/12 financial statements.

Heritage assets are assets that are held by the Council principally for their contribution to knowledge or culture. The heritage assets held by the Council are the collections of assets and artefacts either exhibited or stored at the Bassetlaw Museum.

The artefacts are currently held at the historic cost value of £0.330m and are deemed to be immaterial.

The collection is currently accounted for at depreciated historical cost (or where assets have been donated, at valuation, with the valuation being deemed a proxy for historical cost (see property, plant and equipment in the Council's summary of significant accounting policies in Note 1 and classified as community assets within Property, Plant and Equipment in the Balance Sheet. The remainder of the collection is not currently recognised in the financial statements as no information is available on the cost of the assets (these assets are held in the asset register of the Council and detailed records are kept on each asset by the curators of the museum as is set out below, this includes insurance valuation information). For 2010/11 the only accounting policy change which needs to be reported is that relating to Heritage assets.

The Code will require that heritage assets are measured at valuation in the 2011/12 financial statements (including the 2010/11 comparative information). The 2010/11 Code will permit some relaxations in the valuation requirements of heritage assets and this will mean that the Council is able to recognise more of its collections of heritage assets in the Balance Sheet. The Council is unlikely to be able to recognise the majority of the artefacts in future financial statements as it is of the view that obtaining valuations would involve a disproportionate cost of obtaining the information in comparison to the benefits to the users of the Council's financial statements – this exemption is permitted by the 2010/11 Code.

The carrying value of heritage assets currently held in the Balance Sheet as Community Assets (at cost) within Property, Plant and Equipment at 1 April 2010 is £0.323m. This value is deemed to be immaterial.

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 the application of 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.

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 2011 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 £0.109m has been set aside to meet these claims, with a further £0.069m held in a self-insurance earmarked reserve.
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 £0.060m 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 2010/11, the Council's actuaries advised that the net pensions liability had decreased by £30.748m.
Arrears	At 31 March 2011, the Council had a balance of sundry debtors of £1.742m. A Review of significant balances suggested that an impairment of doubtful debts of 8% (£0.143m) 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 £0.143m to set aside as an allowance.

5. MATERIAL ITEMS OF INCOME AND EXPENDITURE

Housing Stock Valuations

The effect of the Communities and Local Government guidance to valuers, relating to valuations of the HRA housing stock, reduced the Social Housing Existing Use Value (EUV) from 50% to 34% and has resulted in an exception item relating to the downward revaluation of £57.902m chargeable to the Housing Revenue Account. As at 1 April 2010 a full Housing Stock revaluation was undertaken and a further desk top review at 31 March 2011, the overall impact of Revaluations relating to the housing stock is a downward revaluation of £144m. The existing Revaluation Reserve of £45m has now been extinguished and a charge of £99m has been reflected in the Income and Expenditure Account.

Impaired Financial Instruments

Impairments of investments in Icelandic Banks was £2.666m 2009/10 based on guidance on estimates and assumptions at that time. The Authority was successful in receiving a Capitalisation Direction for £2.660m in 2009/10, effectively deferring the impact of the estimated loss over a number of years. However in April 2011 new guidance was issued which revised the assumptions and estimations of the recoverable amount resulting in a reduced impairment of £1.397m which is reflected as a gain within the Comprehensive Income and Expenditure Account.

In accordance with statutory guidance, the balance held in the Financial Instrument Adjustment Account (FIAA) relating to these impairments is required to be written out of the FIAA and transferred to the General Fund. Funds held are £1.619m which has been prudently been transferred to an earmarked reserve pending the final recovered amount.

Pensions

Due to changes in the real discount rate used by the pensions actuary the past service cost amount is now based on the Consumer Prices Index (CPI) instead of the Retail Prices Index (RPI), the impact being a significant past service gain of £7.046m.

6. EVENTS AFTER THE BALANCE SHEET DATE

The final Audited Statement of Accounts was authorised for issue by the Head of Finance & Property by the 30th September 2011. 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 2011, the figures in the financial statements and notes have been adjusted in all material respects to reflect the impact of this information.

The financial statements and notes have been amended due to guidance issued by CIPFA/LAASAC in the form of LAAP Bulletin 82 Update 4 relating to the outcome of the Icelandic Courts giving preferential creditor status to Local Authorities.

7. ADJUSTMENTS BETWEEN ACCOUNTING BASIS AND FUNDING BASIS UNDER REGULATIONS

As contained in Note 22 – Useable Reserves and Note 23 – Unusable Reserves.

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 2010/11.

	Balance at 1 April 2009 £'000	Transfers out 2009/10 £'000	Transfers In 2009/10 £'000	Balance at 31 March 2010 £'000	Transfers out 2010/11 £'000	Transfers in 2010/11 £'000	Balance at 31 March 2011 £'000
General Fund							
Developers Revenue Contributions Unapplied Reserve	-69	4	-27	-92	109	-204	-187
LABGI Reserve	-184	59	0	-125	125	0	0
Concessionary Fares Reserve	0	0	0	0	0	-20	-20
Internal Insurance Reserve	-52	0	-17	-69	0	0	-69
Job Evaluation Reserve	-815	0	0	-815	325	0	-490
Treasury Management Reserve	0	0	-770	-770	770	-1,619	-1,619
Property Management Fund	-50	50	0	0	0	0	0
Public Sector Reward Reserve	0	0	-131	-131	131	0	0
Total	-1,170	113	-945	-2,002	1,460	-1,843	-2,385

Developers Revenue Contributions Reserve

These are sums gifted to the Council by developers as a condition of planning permission, usually under Section 106 agreements. They have no conditions in terms of its use and timescale.

LABGI Reserve

Sums set aside for economic development initiatives and one-off projects which had to be spent by March 2011.

Concessionary Bus Pass Reserve

The concessionary fares scheme is administered by Nottinghamshire County Council on behalf of the District Councils. Bus passes are replaced on a five-year cycle with the next bulk replacement being scheduled for 2013/14. Responsibility for concessionary fares transferred to Nottinghamshire County Council in April 2011 and the Council is therefore liable for 2/5^{ths} of the scheduled cost of the bus pass replacement. This sum will be paid to Nottinghamshire County Council during 2011/12.

Internal Insurance Reserve

This is a self-insurance reserve where funds will be increased over time to reduce the burden of third party insurance premiums being payable by the Council. The Reserve also covers 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.

Public Sector Reward Reserve

The Council is the accountable body for the Local Strategic Partnership (LSP) and held this money on their behalf. It was allocated and spent via the LSP in year.

9. OTHER OPERATING EXPENDITURE

2009/10 £'000		2010/11 £'000
748	Parish Precepts	790
361	Levies	403
268	Payments to the Government Housing Capital Receipts Pool	249
1,620	Gains/Losses on the disposal of non-current assets	2,702
2,997	Total	4,144

10. FINANCING AND INVESTMENT INCOME AND EXPENDITURE

2009/10 £'000		2010/11 £'000
2,717	Interest payable and similar charges	3,213
2,380	Pensions interest cost and expected return on pensions assets	1,473
-856	Interest receivable and similar income	-562
-17	Income and expenditure in relation to investment properties and changes in their fair value	-17
0	Deficit on Trading Activities	98
4,224	Total	4,205

11. TAXATION AND NON-SPECIFIC GRANT INCOME

2009/10 £'000		2010/11 £'000
-6,244	Council Tax income	-6,313
-9,078	Non Domestic Rates	-9,877
-2,857	Non ringfenced Government Grants	-1,871
-136	Developers Grants & Contributions	-102
-2,990	Capital Grants and Contributions	-1,540
-21,305	Total	-19,703

12. PROPERTY PLANT AND EQUIPMENT

2010/11	Council Dwellings £'000	Other Lane 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 2010	321,714	34,309	12,346	2,909	737	13,789	1,728	387,532
Additions	15,977	2,778	1,246	1,807	0	11	408	22,227
Donations	0	0	0	0	0	0	0	0
Revaluation Increases/(decreases) recognised in the Revaluation Reserve	-44,744	2,027	0	0	0	86	0	-42,631
Revaluation increases/(decreases) recognised in the Surplus/Deficit on the Provision of Services	-99,135	-1,261	0	0	-11	-10	0	-100,417
Derecognition - Disposals	0	0	-138	0	0	0	0	-138
Derecognition - Other	-2,403	-248	-1,342	-410	-134	-40	-2	-4,579
Assets reclassified (to)/from Held for Sale	-248	-1,306	0	0	0	-115	0	-1,669
Other movements in Cost or Valuation	66	1,929	0	-18	11	-283	-1,705	0
At 31 March 2011	191,227	38,228	12,112	4,288	603	13,438	429	260,325
Accumulated Depreciation & Impairment								
At April 2010	946	1,899	8,817	1,718	0	12	0	13,392
Depreciation Charge	4,304	824	1,046	71	0	15	0	6,260
Depreciation written out to the Revaluation Reserve	0	-751	0	0	0	0	0	-751
Depreciation written out to the Surplus/Deficit on the Provision of Services	-2,785	-116	0	0	0	0	0	-2,901
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	-12	0	0	0	0	0	-12
Derecognition- Disposals	0	0	-138	0	0	0	0	-138
Derecognition- Other	-216	-15	-1,292	-180	0	0	0	-1,703
Other movements in Depreciation & Impairment	0	0	0	0	0	0	0	0
At 31 March 2011	2,249	1,829	8,433	1,609	0	27	0	14,147
Net Book Value								
at 31st March 2011	188,978	36,399	3,679	2,679	603	13,411	429	246,178
at 31st March 2010	320,768	32,410	3,529	1,191	737	13,777	1,728	374,140

Restated Movements in 2009/10

2009/10	Council Dwellings £'000	Other Lane 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 2009	296,982	36,646	12,181	2,752	1,821	16,067	29	366,478
Additions	19,809	495	919	318	0	0	1,712	23,253
Donations	0	0	0	0	0	0	0	0
Revaluation Increases/(decreases) recognised in the Revaluation Reserve	5,232	-331	0	0	0	-981	0	3,920
Revaluation increases/(decreases) recognised in the Surplus/Deficit on the Provision of Services	0	-828	0	0	-535	-232	0	-1,595
Derecognition - Disposals	-285	0	-502	0	0	-251	0	-1,038
Derecognition - Other	-23	-1,063	-342	-193	-517	0	-13	-2,151
Assets reclassified (to)/from Held for Sale	0	0	0	0	0	-1,335	0	-1,335
Other movements in Cost or Valuation	-1	-610	90	32	-32	521	0	0
At 31 March 2010	321,714	34,309	12,346	2,909	737	13,789	1,728	387,532
Accumulated Depreciation & Impairment								
At April 2009	398	1,445	8,577	1,786	0	0	0	12,206
Depreciation Charge	5,372	770	1,076	68	0	12	0	7,298
Depreciation written out to the Revaluation Reserve	-4,822	-224	0	0	0	-29	0	-5,075
Depreciation written out to the Surplus/Deficit on the Provision of Services	0	0	0	0	0	0	0	0
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	-2	0	-502	0	0	0	0	-504
Derecognition- Other	0	-56	-341	-136	0	0	0	-533
Other movements in Depreciation & Impairment	0	-36	7	0	0	29	0	0
At 31 March 2010	946	1,899	8,817	1,718	0	12	0	13,392
Net Book Value								
at 31st March 2010	320,768	32,410	3,529	1,191	737	13,777	1,728	374,140
at 31st March 2009	296,584	35,201	3,604	966	1,821	16,067	29	354,272

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 – 10-75 years
- Vehicles, Plant, Furniture and Equipment – 2-25 years
- Infrastructure – 15-100 years
- Surplus – 13-98 years

Capital Commitments

At 31 March 2011 the Authority had entered into a number of contracts for the construction or enhancement of Property, Plant and Equipment and budgeted to cost £23.473m. The major commitments are

- Bullock Construction £21.200m
- Bramall Construction £1.069m
- Connaught Partnerships Ltd £0.725m
- Brogan Construction Ltd £0.431m

Effects of Changes in Estimates

There have been no changes in estimated asset life or residual asset values in 2010/11 that would have a material effect

Revaluations

The Authority carries out a rolling programme that ensures that all Property, Plant and Equipment required to be measured at fair value is revalued at least every five years. All valuations were carried out internally. Valuations of land and buildings were carried out in accordance with the methodologies and bases for estimation set out in the professional standards of the Royal Institute of Chartered Surveyors. Valuations of vehicles, plant, furniture and equipment are based on current prices where there is an active second-hand market or latest list prices adjusted for the condition of the asset.

	Council Dwellings	Other Land & Buildings	Vehicles, Plant, Equipment	Surplus Assets	Total
	£'000	£'000	£'000	£'000	£'000
Valued at Historic cost	0	0	3,679	0	3,679
Valued at Current Cost in:					
2010/11	188,978	13,028	0	107	202,113
2009/10	0	1,533	0	12,012	13,545
2008/09	0	14,242	0	1,148	15,390
2007/08	0	1,766	0	142	1,908
2006/07	0	5,830	0	2	5,832
TOTAL	188,978	36,399	3,679	13,411	242,467

13. INVESTMENT PROPERTIES

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

The Council's only investment property relates to the mobile masts located at Queen's Buildings. Income generated from these assets is detailed below. There have been no movements in their fair value which remains at £0.081m.

Restated 2009/10 £'000		2010/11 £'000
17	Rental income from investment property	17
0	Direct operating expenses arising from investment	0
17	Net gain/loss	17

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

14. INTANGIBLE ASSETS

The intangible assets shown in the Balance Sheet relate to software and software licences. Purchases of these totalled £0.322m in 2010/11 (£0.102m in 2009/10). They are amortised over 3 or 5 years and the total amortisation charged in 2010/11 was £0.157m (£0.189m in 2009/10 restated).

There are no internally generated assets.

The carrying amount of intangible assets is amortised on a straight-line basis. The amortisation of £0.157m charged to revenue in 2010/11 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.

There have therefore been no internal movements during the year.

The Council re-values 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.

2008/09	2009/10 Restated			2010/11	
Restated Total £'000	Other Assets £'000	Total £'000		Other Assets £'000	Total £'000
1,105	1,377	1,377	Balance at start of year:		
-681	-950	-950	Gross carrying amounts	1,474	1,474
			Accumulated amortisation	-1,139	-1,139
424	427	427	Net carrying amount at start of year	335	335
			Additions:		
272	102	102	Purchases	322	322
0	-5	-5	Other disposals	0	0
-269	-189	-189	Amortisation for the period	-157	-157
427	335	335	Net carrying amount at end of year	500	500
			Comprising:		
1,377	1,474	1,474	Gross carrying amounts	1,796	1,796
-950	-1,139	-1,139	Accumulated amortisation	-1,296	-1,296

15. FINANCIAL INSTRUMENTS

Financial Instruments Balances

The borrowings and investments disclosed in the Balance Sheet are made up of the following categories of financial instruments:

	Long Term		Current	
	31 March 11 £'000	31 March 10 £'000	31 March 11 £'000	31 March 10 £'000
Financial liabilities (principal amount)	76,134	68,191	5,063	2,063
+ Accrued Interest	0	0	513	516
+/- Other accounting adjustments	463	455	0	0
Financial liabilities at amortised cost	76,597	68,646	5,576	2,579
Total borrowings	76,597	68,646	5,576	2,579
Loans and receivables (principal amount)	2,557	3,799	3,873	2,172
+ Accrued interest	422	0	638	1
+/- Accounting adjustments	-834	0	-1,267	512
Loans and receivables at amortised cost (1)	2,145	3,799	3,244	2,685
Total investments	2,145	3,799	3,244	2,685

Note 1 – Under accounting requirements the carrying value of the financial instrument value is shown in the Balance Sheet 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.

Note 2 – Fair value has been measured by:

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

Note 3 – Local authorities 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.

Note 4 - 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 de-recognition of the asset are credited/debited to the Comprehensive Income and Expenditure Statement.

Unusual Movements

An impairment of £1.325m was charged to the Comprehensive Income and Expenditure Statement during 2009/10 based on an estimated recoverable amount. The Icelandic Courts recently confirmed that preferential creditor status be 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. It will be up to the Council, in the future, whether to reduce the previous capitalised amount of £2.660m once all amounts have been recovered.

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 at 31 March 2011 is £1.2m.

Financial instruments Gains/Losses

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

Financial Instruments Gains and Losses 2010/11			
	Financial Liabilities	Financial Assets	
	Liabilities measured at amortised cost £'000	Loans and receivables £'000	Total £'000
Interest expense	3,213		3,213
Impairment losses		-1,397	-1,397
Fee expense			
Total expense in Surplus or Deficit on the Provision of Services	3,213	-1,397	1,816
Interest income		-562	-562
Total income in Surplus or Deficit on the Provision of Services	0	-562	-562
Surplus arising on revaluation of financial assets in Other Comprehensive Income and Expenditure	0	0	0
Net gain/(loss) for the year	3,213	-1,959	1,254

Financial Instruments Gains and Losses 2009/10			
	Financial Liabilities	Financial Assets	
	Liabilities measured at amortised cost £'000	Loans and receivables £'000	Total £'000
Interest expense	2,667		2,667
Impairment losses		1,325	1,325
Fee expense			
Total expense in Surplus or Deficit on the Provision of Services	2,667	1,325	3,992
Interest income		-627	-627
Interest Income accrued on impaired financial assets		-229	-229
Fee income			
Total income in Surplus or Deficit on the Provision of Services	0	-856	-856
Surplus arising on revaluation of financial assets in Other Comprehensive Income and Expenditure	0	0	0
Net gain/(loss) for the year	2,667	469	3,136

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 £1.254m is due to borrowing interest, net of investment interest and a reversed impairment relating to Icelandic Investments (loss of £ 3.136m in 2009/10).

Fair value of Assets and Liabilities carried at Amortised Cost

Financial liabilities and financial assets represented by loans and receivables are carried on the Balance Sheet at amortised cost (in long term assets/liabilities with accrued interest in current assets/liabilities). 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 a trade or other receivable the fair value is taken to be the carrying amount or the billed amount;
- The fair value of trade and other receivables is taken to be the invoiced or billed amount.

The fair values calculated are as follows:

	31 March 2011		31 March 2010	
	Carrying amount £'000	Fair value £'000	Carrying amount £'000	Fair value £'000
PWLB Debt	44,626	47,087	36,689	38,116
Non-PWLB Debt	31,963	38,116	31,953	33,875
Short Term Borrowings	5,576	5,576	2,579	2,579
Short Term Creditors	7,755	7,755	6,645	6,645
Short Term Finance Lease Liability	310	310	337	337
Long Term Creditors	523	523	514	514
Long Term Finance Lease Liability	65	65	340	340
Total Liabilities	90,818	99,432	79,057	82,406
The fair value is greater than the carrying amount because the Council's portfolio of loans includes a number of fixed rate loans where the interest rate payable is higher than the rates available for similar loans in the market at the Balance Sheet date.				
Money market loans < 1yr	274	274	2,173	2,173
Short term investment	3,244	3,244	512	512
Long term Investments	2,145	2,145	3,799	3,799
Short Term Debtors	8,373	8,373	10,852	10,852
Long Term Debtors	53	53	63	63
Total Assets	14,089	14,089	17,399	17,399
The differences are attributable to fixed interest instruments receivable being held by the Council whose interest rate is higher than the prevailing rate estimated to be available at 31 March. This increases the fair value of financial liabilities and raises the value of loans and receivables.				

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.

16. INVENTORIES

The Council holds stocks of consumable items for resale totalling £0.062m. (£0.092m in 2009/10).

	Consumable Stores		Maintenance Materials		Total	
	2010/11 £'000	2009/10 £'000	2010/11 £'000	2009/10 £'000	2010/11 £'000	2009/10 £'000
Balance Outstanding as start of year	66	59	26	26	92	85
Purchases	436	680	92	166	528	846
Recognised as an expense in year	-465	-673	-93	-166	-558	-839
Balance outstanding at year end	37	66	25	26	62	92

17. DEBTORS

Restated 2008/09 £'000	Restated 2009/10 £'000		2010/11 £'000
1,338	5,917	Central Government Bodies	4,073
7	0	Other Local Authorities	5
5,481	4,935	Other Entities and Individuals	4,295
6,826	10,852	Short Term Debtors	8,373
57	63	Other Entities and Individuals	53
57	63	Long Term Debtors	53
6,883	10,915	Total	8,426

18. CASH AND CASH EQUIVALENTS

Restated 2008/09 £'000	Restated 2009/10 £'000		2010/11 £'000
5	5	Cash held by the Authority	4
6,533	2,173	Short-term deposits with Money Market Funds	274
6,538	2,178	Current Assets	278
-1,016	-1,813	Bank current accounts	-595
221	145	Cash in Transit	118
-795	-1,668	Current Liabilities	-477
5,743	510	Total Cash and Cash Equivalents	-199

19. ASSETS HELD FOR SALE

Current	Non-Current		Current	Non-Current
Restated 2009/10 £'000	Restated 2009/10 £'000		2010/11 £'000	2010/11 £'000
0	0	Balance outstanding at start of year	1,335	0
		Assets newly classified as held for sale:		
1,335	0	Property, Plant and Equipment	1,669	0
0	0	Revaluation gains	116	0
0	0	Assets sold	-1,495	0
1,335	0	Balance outstanding at year-end	1,625	0

There were no balances or movements relating to Asset Held for Sale in 2008-09

20. ANALYSIS OF CREDITORS

Restated 2008/09 £'000	Restated 2009/10 £'000		2010/11 £'000
222	34	Central Government Bodies	801
7	40	Other Local Authorities	0
7,138	6,571	Other Entities and Individuals	6,954
7,367	6,645	Short Term Creditors	7,755
101	514	Other Entities and Individuals	523
101	514	Long Term Creditors	523
7,468	7,159	Total	8,278

21. PROVISIONS

	Accumulated Absences £'000	Insurance Compensation Claims £'000	Other Provisions £'000	Total £'000
Balance at 1 April 2010	0	0	0	0
Additional provisions made in 2010/11	7	108	360	475
Amounts used in 2010/11	0	0	0	0
Unused amounts reversed in 2010/11	0	0	0	0
Balance at 31 March 2011	7	108	360	475

22. USEABLE RESERVES**MOVEMENT IN USEABLE RESERVES 2010/11**

	General Fund Balance £'000	Earmarked GF Reserves £'000	Housing Revenue Account £'000	Major Repair Reserve £'000	Capital Receipts Reserve £'000	Capital Grants Unapplied £'000	Useable Reserves £'000
Balance at 31 March 2010	1,149	2,002	1,597	0	13,384	610	18,742
Movement in reserves during 2010/11							
Surplus or (deficit) on provision of services	4,714	0	-98,672	0	0	0	-93,958
Other Comprehensive Expenditure and Income	-25	0	0	0	-1	0	-26
Revaluation gains	0	0	0	0	0	0	0
Revaluation losses (chargeable to revaluation reserve)	0	0	0	0	0	0	0
Impairment losses (chargeable to revaluation reserve)	0	0	0	0	0	0	0
Movement in the pensions reserve	0	0	0	0	0	0	0
Other movements	-25	0	0	0	-1	0	-26
Total Comprehensive Expenditure and Income	4,689	0	-98,672	0	-1	0	-93,984
Adjustments between accounting basis & funding basis under regulations	-5,760	0	98,203	0	-2,587	-1	89,855

Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement (CIES)**(Amounts included in CIES to be removed for determining movement in general fund)**

Depreciation/amortisation (excl HRA depn)	1,730	0	0	0	0	0	1,730
HRA Depreciation/amortisation	0	0	384	-384	0	0	0
The difference of depreciation charged to HRA services over the Major	0	0	170	-170	0	0	0
Repairs Allowance element of housing subsidy	0	0	0	0	0	0	0
Impairment/Revaluation losses (charged to CIES)	1,020	0	96,484	0	0	0	97,504
Capital grant and contributions applied	-2,856	0	48	0	0	0	-2,808
Donated assets fair value less consideration	0	0	0	0	0	0	0
Revenue Expenditure Funded from Capital under Statute	2,160	0	40	0	0	0	2,200
Movement in value of held for sale assets	0	0	0	0	0	0	0
Amounts of non current assets written off on disposal or sale as part of the gain/loss on disposal to the CIES	1,744	0	2,620	0	0	0	4,364
Capital grant and contributions unapplied credited to CIES	-366	0	-49	0	0	415	0
Use of capital grants and contributions to finance capital expenditure	0	0	0	0	0	-416	-416

	General Fund Balance £'000	Earmarked GF Reserves £'000	Housing Revenue Account £'000	Major Repair Reserve £'000	Capital Receipts Reserve £'000	Capital Grants Unapplied £'000	Useable Reserves £'000
Transfer of sale proceeds credited as part of the gain/loss on disposal to the CIES	-1,384	0	-340	0	892	0	-832
Use of capital receipts reserve to finance capital expenditure	0	0	0	0	-3,226	0	-3,226
Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement	-3,369	0	0	0	0	0	-3,369
Differences between statutory debits/credits and amounts recognised as income and expenditure in relation to financial instruments e.g. Soft loans Premiums and discounts	-1,622	0	-177	0	0	0	-1,799
Amount by which council tax income and residual community charge adjustment included in the Comprehensive Income and Expenditure Statement is different from the amount taken to the General Fund in accordance with regulation	-22	0	0	0	0	0	-22
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	7	0	0	0	0	0	7

Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement
(Amounts excluded in CIES to be included for determining movement in general fund)

Statutory Provision for the repayment of debt - (Minimum revenue provision)	-712	0	0	0	0	0	-712
Statutory Repayment of Debt (Finance Lease Liabilities)	-302	0	0	0	0	0	-302
Contribution to disposal costs of capital sales	0	0	4	0	-4	0	0
HRA capital receipts to housing central pool	249	0	0	0	-249	0	0
Revenue contribution to finance capital	0	0	-300	0	0	0	-300
Employers contributions to pension schemes	-2,037	0	-681	0	0	0	-2,718
Reversal of Major Repairs Allowance credited to the HRA	0	0	0	4,688	0	0	4,688
Use of the Major Repairs Reserve to finance new capital expenditure	0	0	0	-4,134	0	0	-4,134

	General Fund Balance £'000	Earmarked GF Reserves £'000	Housing Revenue Account £'000	Major Repair Reserve £'000	Capital Receipts Reserve £'000	Capital Grants Unapplied £'000	Useable Reserves £'000
<u>Other adjustments include</u>							
Adjustment between CAA and Revaluation Reserve for depreciation that is related to the revaluation balance rather than Historic Cost.	0	0	0	0	0	0	0
Net Increase/Decrease before Transfers to Earmarked Reserves	-1,071	0	-469	0	-2,588	-1	-4,129
Transfers to/from Earmarked Reserves							
Earmarked reserves	1,236	383	0	0	8	0	1,627
Increase/Decrease (movement) in Year	165	383	-469	0	-2,580	-1	-2,502
Balance at 31 March 2011 carried forward	1,314	2,385	1,128	0	10,804	609	16,240

22. USEABLE RESERVES**MOVEMENT IN USEABLE RESERVES
2009/10 RESTATED**

	General Fund Balance £'000	Earmarked GF Reserves £'000	Housing Revenue Account £'000	Major Repair Reserve £'000	Capital Receipts Reserve £'000	Capital Grants Unapplied £'000	Useable Reserves £'000
Balance at 31 March 2009 Restated	2,384	1,170	1,333	0	15,097	652	20,636
Movement in reserves during 2009/10							
Surplus or (deficit) on provision of services	-4,906	0	-818	0	0	0	-5,724
Other Comprehensive Expenditure and Income	3	0	0	0	0	0	3
Revaluation gains	0	0	0	0	0	0	0
Revaluation losses (chargeable to revaluation reserve)	0	0	0	0	0	0	0
Impairment losses (chargeable to revaluation reserve)	0	0	0	0	0	0	0
Movement in the pensions reserve	0	0	0	0	0	0	0
Other movements	3	0	0	0	0	0	3
Total Comprehensive Expenditure and Income	-4,903	0	-818	0	0	0	-5,721
Adjustments between accounting basis & funding basis under regulations	4,500	0	1,082	0	-1,720	-42	3,820
<u>Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement (CIES)</u>							
<u>(Amounts included in CIES to be removed for determining movement in general fund)</u>							
Depreciation/amortisation (excl HRA depn)	1,835	0	0	0	0	0	1,835
HRA Depreciation/amortisation	0	0	331	-331	0	0	0
The difference of depreciation charged to HRA services over the Major Repairs Allowance element of housing subsidy	0	0	1,244	-1,244	0	0	0
Impairment/revaluation losses charged to Comprehensive Income and Expenditure Account (CIES)	1,746	0	642	0	0	0	2,388
Capital grant and contributions applied	-4,145	0	-85	0	0	0	-4,230
Revenue Expenditure Funded from Capital under Statute	5,326	0	0	0	0	0	5,326

**MOVEMENT IN USEABLE RESERVES
2009/10 RESTATED**

	General Fund Balance £'000	Earmarked GF Reserves £'000	Housing Revenue Account £'000	Major Repair Reserve £'000	Capital Receipts Reserve £'000	Capital Grants Unapplied £'000	Useable Reserves £'000
Movement in market value of investment property	0	0	0	0	0	0	0
Amounts of non current assets written off on disposal or sale as part of the gain/loss on disposal to the CIES	1,301	0	908	0	0	0	2,209
Capital grant and contributions unapplied credited to CIES	-137	0	-239	0	0	376	0
Use of capital grants and contributions to finance capital expenditure	0	0	0	0	0	-418	-418
Transfer of sale proceeds credited as part of the gain/loss on disposal to the CIES	-60	0	-822	0	882	0	0
Use of capital receipts reserve to finance capital expenditure	0	0	0	0	-2,328	0	-2,328
Reversal of items relating to retirement benefits debited or credited to the CIES	3,210	0	0	0	0	0	3,210
Differences between statutory debits/credits and amounts recognised as income and expenditure in relation to financial instruments e.g. Soft loans Premiums and discounts	-1,648	0	-258	0	0	0	-1,906
Amount by which council tax income and residual community charge adjustment included in the CIES is different from the amount taken to the General Fund in accordance with regulation	-27	0	0	0	0	0	-27

**Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement
(Amounts excluded in CIES to be included for determining movement in general fund)**

Statutory Provision for the repayment of debt	-530	0	0	0	0	0	-530
Statutory Repayment of Debt (Finance Lease Liabilities)	-451	0	0	0	0	0	-451
Contribution to disposal costs of capital sales	0	0	6	0	-6	0	0
HRA capital receipts to housing central pool	268	0	0	0	-268	0	0
Revenue contribution to finance capital	-17	0	0	0	0	0	-17
Employers contributions to pension schemes	-2,171	0	-645	0	0	0	-2,816
Reversal of Major Repairs Allowance credited to the HRA	0	0	0	5,670	0	0	5,670
Use of Major Repairs Reserve to finance new capital expenditure	0	0	0	-4,095	0	0	-4,095

MOVEMENT IN USEABLE RESERVES 2009/10 RESTATED	General Fund Balance £'000	Earmarked GF Reserves £'000	Housing Revenue Account £'000	Major Repair Reserve £'000	Capital Receipts Reserve £'000	Capital Grants Unapplied £'000	Useable Reserves £'000
<u>Other adjustments include</u>							
Adjustment between CAA and Revaluation Reserve for depreciation that is related to the revaluation balance rather than Historic Cost.	0	0	0	0	0	0	0
Net Increase/Decrease before Transfers to Earmarked Reserves	-403	0	264	0	-1,720	-42	-1,901
Transfers to/from Earmarked Reserves							
Earmarked reserves	-832	832	0	0	7	0	7
Increase/Decrease (movement) in Year	-1,235	832	264	0	-1,713	-42	-1,894
Balance at 31 March 2010 carried forward	1,149	2,002	1,597	0	13,384	610	18,742

23. UNUSABLE RESERVES

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.

Capital Adjustment Account

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

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

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

Notes 22 and 23 provide details of the source of all the transactions posted to the Account, apart from those involving the Revaluation Reserve.

Financial Instruments Adjustment Account

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 over the next 2 years (3 years for the HRA).

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.

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.

Accumulating Compensated Absences Adjustment Account

The Accumulating 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.

MOVEMENT IN RESERVES STATEMENT**UNUSABLE RESERVES 2010/11**

	Revaluation Reserve	Pensions Reserve	Capital Adjustment Account	Deferred Capital Receipts	Financial Instruments Adjustment Account	Collection Fund Adjustment Account	Short Term Compensated Absences	Unusable Reserves
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Balance at 31 March 2010	68,907	-59,233	225,769	50	-900	28	0	234,621
Movement in reserves during 2010/11								
Surplus or (deficit) on provision of services	0	0	0	0	0	0	0	0
Other Comprehensive Expenditure and Income	-41,764	24,652	0	0	0	0	0	-17,112
Revaluation gains	3,050	0	0	0	0	0	0	3,050
Revaluation losses (chargeable to revaluation reserve)	-44,814	0	0	0	0	0	0	-44,814
Impairment losses (chargeable to revaluation reserve)	0	0	0	0	0	0	0	0
Movement in the pensions reserve	0	24,652	0	0	0	0	0	24,652
Other items	0	0	0	0	0	0	0	0
Total Comprehensive Expenditure and Income	-41,764	24,652	0	0	0	0	0	-17,112
Adjustments between accounting basis & funding basis under regulations	-1,351	6,088	-96,405	0	1,799	22	-7	-89,854
Reversal of items debited or credited to the CIES								
(Amounts included in CIES to be removed for determining movement in general fund)								
Depreciation/amortisation (excl HRA depn)	0	0	-1,730	0	0	0	0	-1,730
HRA Depreciation/amortisation	0	0	0	0	0	0	0	0
Impairment/revaluation losses (charged to CIES)	0	0	-97,504	0	0	0	0	-97,504
Capital grant and contributions applied	0	0	2,808	0	0	0	0	2,808
Donated assets fair value less consideration	0	0	0	0	0	0	0	0
Revenue Expenditure Funded from Capital under Statute	0	0	-2,200	0	0	0	0	-2,200
Amounts of non current assets written off on disposal or sale as part of the gains/loss on disposal to CIES	-1,126	0	-3,238	0	0	0	0	-4,364
Capital grant and contributions unapplied credited to CIES	0	0	0	0	0	0	0	0
Use of capital grants and contributions to finance capital exp	0	0	416	0	0	0	0	416
Transfer of sale proceeds credited as part of the gain/loss on disposal to the CIES	0	0	832	0	0	0	0	832
Use of capital receipts reserve to finance capital expenditure	0	0	3,226	0	0	0	0	3,226
Reversal of items relating to retirement benefits debited/credited to CIES	0	3,369	0	0	0	0	0	3,369
Differences between statutory debits/credits and amounts recognised as income and expenditure in relation to financial instruments	0	0	0	0	1,799	0	0	1,799

	Revaluation Reserve	Pensions Reserve	Capital Adjustment Account	Deferred Capital Receipts	Financial Instruments Adjustment Account	Collection Fund Adjustment Account	Short Term Compensated Absences	Unusable Reserves
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Amount by which council tax income and residual community charge adjustment included in the CIES is different from the amount taken to the General Fund in accordance with regulation.	0	0	0	0	0	22	0	22
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	0	0	0	0	0	0	-7	-7
Insertion of items not debited or credited to the CIES								
(Amounts excluded in CIES to be included for determining movement in general fund)								
Statutory Provision for the repayment of debt (MRP)	0	0	712	0	0	0	0	712
Statutory Repayment of Debt (Finance Lease Liabilities)	0	0	302	0	0	0	0	302
Voluntary provision above MRP	0	0	0	0	0	0	0	0
Contribution to disposal costs of capital sales	0	0	0	0	0	0	0	0
HRA capital receipts to housing central pool	0	0	0	0	0	0	0	0
Revenue contribution to finance capital	0	0	300	0	0	0	0	300
Employers contributions to pension schemes	0	2,719	0	0	0	0	0	2,719
Reversal of Major Repairs Allowance credited to the HRA	0	0	-4,688	0	0	0	0	-4,688
Use of the Major Repairs Reserve to finance new capital expenditure	0	0	4,134	0	0	0	0	4,134
Other adjustments include								
Adjustment between CAA and Revaluation Reserve for depreciation that is related to the revaluation balance rather than historic cost	-225	0	225	0	0	0	0	0
Net Increase/Decrease before Transfers to Earmarked Reserves	-43,115	30,740	-96,405	0	1,799	22	-7	-106,960
Transfers to/from Earmarked Reserves								
Earmarked reserves	0	0	-3	-6	-1,618	0	0	-1,627
HRA Reserves (housing repairs account)	0	0	0	0	0	0	0	0
Increase/Decrease (movement) in Year	-43,115	30,740	-96,408	-6	181	22	-7	-108,590
Balance at 31 March 2011 carried forward	25,792	-28,493	129,361	44	-719	50	-7	126,028

UNUSABLE RESERVES 2009/10**MOVEMENT IN UNUSABLE RESERVES
2009/10 RESTATED**

	Revaluation Reserve	Pensions Reserve	Capital Adjustment Account	Deferred Capital Receipts	Financial Instruments Adjustment Account	Collection Fund Adjustment Account	Total Unusable Reserves
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Balance at 31 March 2009 Restated	61,707	-35,018	229,338	52	-2,806	6	253,279
Movement in reserves during 2009/10							
Surplus or (deficit) on provision of services	0	0	0	0	0	0	
Other Comprehensive Expenditure and Income	8,995	-23,821	0	0	0	-5	-14,826
Revaluation gains	13,584	0	0	0	0	0	13,584
Revaluation losses (chargeable to revaluation reserve)	-4,589	0	0	0	0	0	-4,589
Impairment losses (chargeable to revaluation reserve)	0	0	0	0	0	0	0
Movement in the pensions reserve	0	-23,821	0	0	0	0	-23,821
Other	0	0	0	0	0	-5	0
Total Comprehensive Expenditure and Income	8,995	-23,821	0	0	0	-5	-14,826
Adjustments between accounting basis & funding basis under regulations	-1,795	-394	-3,564	0	1,906	27	-3,820
Reversal of items debited or credited to the CIES							
(Amounts included in CIES to be removed for determining movement in general fund)							
Depreciation/amortisation (excl HRA depn)	0	0	-1,835	0	0	0	-1,835
HRA Depreciation/amortisation	0	0	0	0	0	0	0
The difference of depreciation charged to HRA services over the Major	0	0	0	0	0	0	0
Repairs Allowance element of Housing Subsidy	0	0	0	0	0	0	0
Impairment/revaluation losses (charged to CIES)	0	0	-2,388	0	0	0	-2,388
Capital grant and contributions applied	0	0	4,230	0	0	0	4,230
Revenue Expenditure Funded from Capital under Statute	0	0	-5,326	0	0	0	-5,326
Movement in market value of investment property	0	0	0	0	0	0	0
Amounts of non current assets written off on disposal or sale as part of the gain/loss on disposal to the CIES	-300	0	-1,909	0	0	0	-2,209
Capital grant and contributions unapplied credited to CIES	0	0	0	0	0	0	0
Use of capital grants and contributions to finance capital expenditure	0	0	418	0	0	0	418
Transfer of sale proceeds credited as part of the gain/loss on disposal to the CIES	0	0	0	0	0	0	0
Use of capital receipts reserve to finance capital expenditure	0	0	2,328	0	0	0	2,328
Reversal of items relating to retirement benefits debited or credited to the CIES	0	-3,210	0	0	0	0	-3,210

**MOVEMENT IN UNUSABLE RESERVES
2009/10 RESTATED**

	Revaluation Reserve	Pensions Reserve	Capital Adjustment Account	Deferred Capital Receipts	Financial Instruments Adjustment Account	Collection Fund Adjustment Account	Total Unusable Reserves
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Differences between statutory debits/credits and amounts recognised as income and expenditure in relation to financial instruments e.g. Soft loans Premiums and discounts	0	0	0	0	1,906	0	1,906
Amount by which council tax income and residual community charge adjustment included in the CIES is different from the amount taken to the General Fund in accordance with regulation	0	0	0	0	0	27	27
Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement (Amounts excluded in CIES to be included for determining movement in general fund)							
Statutory Provision for the repayment of debt	0	0	530	0	0	0	530
Statutory Repayment of Debt (Finance Lease Liabilities)	0	0	451	0	0	0	451
Contribution to disposal costs of capital sales	0	0	0	0	0	0	0
HRA capital receipts to housing central pool	0	0	0	0	0	0	0
Revenue contribution to finance capital	0	0	17	0	0	0	17
Employers contributions to pension schemes	0	2,816	0	0	0	0	2,816
Reversal of Major Repairs Allowance credited to the HRA	0	0	-5,670	0	0	0	-5,670
Use of the Major Repairs Reserve to finance new capital expenditure	0	0	4,095	0	0	0	4,095
Other adjustments include							
Adjustment between CAA and Revaluation Reserve for depreciation that is related to the revaluation balance rather than Historic Cost.	-1,495	0	1,495	0	0	0	0
Net Increase/Decrease before Transfers to Earmarked Reserves	7,200	-24,215	-3,564	0	1,906	22	-18,659
Transfers to/from Earmarked Reserves							
Earmarked reserve	0	0	-5	-2	0	0	-7
Increase/Decrease (movement) in Year	7,200	-24,215	-3,569	-2	1,906	22	-18,659
Balance at 31 March 2010 carried forward	68,907	-59,233	225,769	50	-900	28	234,621

24. CASHFLOW STATEMENT**24.A**

2009/10 £'000		2010/11 £'000
-5,724	Net Surplus or (Deficit) on the Provision of Services	-93,958
	<u>Adjust net surplus or deficit on the provision of services for non cash movements</u>	
7,316	Depreciation	6,261
2,388	Impairment and downward valuations	97,505
189	Amortisation	157
	Material Impairment losses on Investments debited to surplus or deficit on the provision of services in year	-1,397
1,325	Adjustment for internal interest charged	0
0	Adjustments for effective interest rates	10
27	Increase/Decrease in Interest Creditors	-1
-970	Increase/Decrease in Creditors	-1,052
402	Increase/Decrease in Interest and Dividend Debtors	0
473	Increase/Decrease in Debtors	1,054
-732	Increase/Decrease in Inventories	30
-7	Pension Liability	-3,369
3,210	Contributions to/(from) Provisions	475
0	Carrying amount of non-current assets sold [property plant and equipment, investment property and intangible assets]	3,197
1,909	Carrying amount of short and long term investments sold	1,547
1,023		
16,553	<u>Adjust for items included in the net surplus or deficit on the provision of services that are investing or financing activities</u>	104,417
	Capital Grants credited to surplus or deficit on the provision of services	-3,222
-4,621	Proceeds from the sale of short and long term investments	-1,547
-1,023	Proceeds from the sale of property plant and equipment, investment property and intangible assets	-1,721
-882		
-6,526		-6,490
4,303	Net Cash Flows from Operating Activities	3,969

24.B CASHFLOW STATEMENT - OPERATING ACTIVITIES

Operating activities within the cashflow statement include the following cash flows relating to interest.

2009/10 £'000		2010/11 £'000
473	Interest received	563
-2,615	Interest paid	-3,116
-2,142		-2,553

24.C CASHFLOW STATEMENT - INVESTING ACTIVITIES

2009/10 £'000		2010/11 £'000
-27,032	Purchase of property, plant and equipment, investment property and intangible assets	-21,681
0	Purchase of short-term and long-term investments	-1,000
20	Other payments for investing activities	0
590	Proceeds from the sale of property, plant and equipment, investment property and intangible asset	893
1,023	Proceeds from short-term and long-term investments	1,547
3,943	Other receipts from investing activities	3,772
-21,456	Net cash flows from investing activities	-16,469

24.D FINANCING ACTIVITIES

2009/10 £'000		2010/11 £'000
15,000	Cash receipts or short and long-term borrowing	21,000
-475	Other receipts from financing activities	1,178
-450	Cash payments for the reduction of the outstanding liabilities relating to Finance leases	-302
-61	Repayments of short and long-term borrowing	-10,063
-2,094	Other payments for financing activities	-22
11,920	Net cash flows from financing activities	11,791

25 ACQUIRED AND DISCONTINUED OPERATIONS

There were no acquired or discontinued operations during the year.

26 TRADING OPERATIONS

The Council has established 8 trading units where the service manager is required to operate in a commercial environment and balance their budget by generating income from other parts of the Council or other organisations. Details of those units trading operations in 2010/11 are as follows:

Trading Operation		2009/10 £'000	2010/11 £'000
Markets Bassetlaw has 2 town centre market sites. The objective is to maximise income.	Turnover	-318	-302
	Expenditure	443	537
	Surplus(-)/Deficit	125	235
Industrial Estates Bassetlaw has 5 Industrial estates, one of which is under redevelopment and another is an estate of starter units to support small businesses.	Turnover	-166	-165
	Expenditure	396	375
	Surplus(-)/Deficit	230	210
Trade Refuse 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	-152	-152
	Expenditure	123	102
	Surplus(-)/Deficit	-29	-50
Grounds Maintenance Provides a full grounds maintenance service to services include grass cutting, flower beds, tree pruning etc. The deficit reflects the costs to the Parks service.	Turnover	-653	-673
	Expenditure	1,108	1,072
	Surplus(-)/Deficit	455	399
Street Cleaning The street sweeping service ensures public sites owned by other services are kept clean.	Turnover	-133	-146
	Expenditure	910	1,030
	Surplus(-)/Deficit	777	884
Consolidated results of all other trading operations (Strategic cleaning, printing and procurement)	Turnover	-244	-186
	Expenditure	245	285
	Surplus(-)/Deficit	1	99
Net surplus(-)/Deficit on trading operations		1,469	1,777

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 the net surplus on trading operations is charged as Financing and Investment Income and Expenditure.

	2009/10 £'000	2010/11 £'000
Net Surplus(-)Deficit on trading operations:	1,469	1,777
Services to the Public included in Expenditure of Continuing Operations	-327	-395
Support Services recharged to Expenditure of Continuing Operations	-1,142	-1,284
Net surplus(-)deficit credited to Financing and Investment Income and Expenditure	0	98

27. 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 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.

28. POOLED BUDGETS

There are no pooled budgets.

29. EXPENDITURE ON MEMBERS' ALLOWANCES

2009/10 £'000		2010/11 £'000
231	Basic Allowance	219
92	Special Responsibility	88
24	Travelling Allowance	22
12	Subsistence Allowance	13
359	Total	342

Members' Allowances

30. OFFICERS' REMUNERATION

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

	No of Employees 2009/10	No of Employees 2010/11
£50,000-£54,999	0	1
£55,000-£59,999	1	0
£60,000-£64,999	4	3
£65,000-£69,999	1	2
£70,000-£74,999	0	0
£75,000-£79,999	0	0
£80,000-£84,999	1	1
£85,000-£89,999	2	2
£90,000-£94,999	0	0
£95,000-£99,999	0	0
£100,000-£104,999	0	0
£105,000-£109,999	0	0
£110,000-£114,999	1	1
Total	10	10

2010/11 Post holder information

Post Title	Notes	Salary (including Fees & Allowances)	Compensation for loss of office	Benefits in Kind (car allowance)	2010/11 Total Remuneration excluding pension contributions	Pension contri- butions	2010/11 Total Remuneration including pension contributions
CHIEF EXECUTIVE	1	114,880	0	0	114,880	22,596	137,476
DIRECTOR OF RESOURCES	3	88,698	0	0	88,698	17,461	106,159
DIRECTOR OF CORPORATE SERVICES		85,913	0	0	85,913	17,057	102,970
DIRECTOR OF COMMUNITY SERVICES		83,403	0	0	83,403	16,614	100,017
HEAD OF FINANCE & PROPERTY		67,644	0	0	67,644	13,956	81,600
HEAD OF REVENUES & CUSTOMER SERVICES		62,070	0	3,296	65,366	13,070	78,436
HEAD OF COMMUNITY ENGAGEMENT & PERFORMANCE	2	52,769	10,324	0	63,093	10,891	73,984
HEAD OF COMMUNITY PROSPERITY		63,465	0	0	63,465	13,070	76,535
HEAD OF HUMAN RESOURCES		63,465	0	0	63,465	13,070	76,535
SENIOR MANAGER SUPPORT SERVICES		53,735	0	0	53,735	11,025	64,760
		736,042	10,324	3,296	749,662	148,810	898,472

Note 1 - In addition to the above, the Chief Executive received an amount of £11,538 in relation to his role as Returning Officer in the District Parliamentary and local By-elections.

Note 2 - The Head of Community Engagement & Performance left the Council on 31st January 2011. Her annualised salary was £61,944. There has been no replacement to the post.

Note 3 - Undertook additional work for West Lindsey DC during the period August 2010 to December 2010 for which a total of £3,195 was paid. This sum plus on costs have been reimbursed by West Lindsey DC.

2009/10 Post holder information

Post Title	Notes	Salary (including Fees & Allowances)	Compensation for loss of office	Benefits in Kind (car allowance)	2009/10 Total Remuneration excluding pension contributions	Pension contri- butions	2009/10 Total Remuneration including pension contributions
CHIEF EXECUTIVE	2	114,664	0	0	114,664	22,488	137,152
DIRECTOR OF RESOURCES		85,375	0	0	85,375	16,977	102,352
DIRECTOR OF CORPORATE SERVICES		85,249	0	0	85,249	16,977	102,226
DIRECTOR OF COMMUNITY SERVICES		80,472	0	0	80,472	15,947	96,419
HEAD OF FINANCE & PROPERTY		67,443	0	0	67,443	13,890	81,333
HEAD OF REVENUES & CUSTOMER SERVICES		59,970	0	3,559	63,529	12,567	76,096
HEAD OF COMMUNITY ENGAGEMENT & PERFORMANCE		61,284	0	0	61,284	12,567	73,851
HEAD OF COMMUNITY PROSPERITY		61,284	0	0	61,284	12,567	73,851
*HEAD OF ENVIRONMENT & HOUSING (left Aug 2009)		26,246	0	0	26,246	5,388	31,634
HEAD OF HUMAN RESOURCES		61,284	0	0	61,284	12,567	73,851
SENIOR MANAGER SUPPORT SERVICES		56,987	0	0	56,987	11,665	68,652
		760,258	0	3,559	763,817	153,600	917,417

Note 1 - The Head of Environment & Housing left the Council on 28 August 2009, his annualised salary was £61,944. There has been no replacement to the post.

Note 2 - In addition to the above, the Chief Executive received an amount of £4,525 in relation to his role as Returning Officer.

There were no payments made in relation to bonuses or compensation for loss of office during 2009/10

31. EXTERNAL AUDIT COSTS

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

2009/10 £'000		2010/11 £'000
135	Fees payable in respect of External Audit Services	125
32	Fees payable in respect of Grant Claims and Returns	30
13	Fees payable in respect of Statutory Inspection	35
180	Total	190

External Audit Fees**32. GRANT INCOME**

The Council credited the following grants, contributions and donations to the Comprehensive Income and Expenditure Statement in 2010/11.

2009/10 £'000		2010/11 £'000
	Credited to Taxation and Non Specific Grant Income	
-2,095	Revenue Support Grant	-1,434
-9,078	NNDR Entitlement Grant	-9,877
-408	Area Based Grant	-393
0	European Regional Development Fund (ERDF) - Canch	-204
0	ERDF - Retford Market Square	-332
-1,645	East Midlands Development Agency - Retford Enterprise Centre	0
-324	BRE Low Carbon Grant	0
-459	Other Capital Grants	-164
-354	Other Revenue grants	-44
-140	Developers Capital Contributions (Section 106)	-624
0	Developers Revenue Contributions (Section 106)	-102
-108	Other Capital Contributions	-216
-14,611	Total	-13,390
	Credited to Services	
0	Land Drainage Grant	-380
-4	Skills Funding Agency Grant	-97
0	Contaminated Land Grant	-84
0	Anti-Social Behaviour Grant	-71
-34,410	Housing Benefits And Council Tax Subsidy Grant	-36,060
-180	NNDR Cost Of Collection Grant	-170
-345	Disabled Facilities Grant	-375
-850	Private Sector Renewal Grant	-657
-70	Homelessness Grant	-52
-4,095	Housing Subsidy-MRA Grant	-4,134
-853	Supporting People Grant	-720
0	Member Development Grant	-103
-289	Concessionary Travel Grant	-297
-285	Places For Change Grant	-55
-666	Other Revenue grants	-380
0	Developer Contributions (Section 106)	-130
-60	NCC Contribution	-55
-49	Recycling Credits Contribution	-64
-537	Other Contributions	-273
-1	Donations	-1
-42,694	Total	-44,158

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.

	2009/10 £'000	2010/11 £'000
Capital Grants Receipts in Advance	-61	0
Developer Contributions	-698	-691
Total	-759	-691

33. RELATED PARTIES

The Council is required to disclose material transactions with third parties (e.g. Central Government, Pension Funds, other Local Authorities or precepting bodies, subsidiary and associated companies, joint ventures and joint venture partners, Members and Senior Officers). This is to draw attention to the possibility of the reported financial position being affected by either the existence of these related parties or any material transactions with them.

Most transactions with related parties are disclosed elsewhere in the Statement of Accounts:

Payments to Central Government	Cash Flow Statement
Precepts from other Public Bodies	Collection Fund Accounts
Grant Income	Note 32
Members Allowances	Note 29
Trust Funds	Note 44
A1 Housing (Bassetlaw) Ltd	Group Accounts
Pension Fund Contributions	Note 37

Other transactions not disclosed elsewhere are:

Net Balance 2009/10 £'000		Receipts 2010/11 £'000	Payments 2010/11 £'000	Net Balance 2010/11 £'000
100	Citizens Advice Bureau	0	74	74
54	Grants to Parish Councils	0	58	58
361	Internal Drainage Boards	0	402	402
25	Bassetlaw Enterprise Board Grants	0	22	22
209	Bassetlaw Town Centre Partnership	0	209	209
-11	Bassetlaw PCT	-1	0	-1
	Nottinghamshire County Council:			
1,253	Concessionary Travel	0	1,253	1,253
408	Leisure Centres	0	0	0
0	Leisure Trust Management	-41	564	523
-828	Other	-1,717	1,686	-31

Related Party Transactions

The management of all Leisure Centres and the Golf Course, transferred to a Leisure trust on 1 April 2010.

The Council maintains a register of Members' interests, together with a record of interests declared at Cabinet and Council meetings. There are no material transactions to organisations included in these registers that are not disclosed elsewhere.

34. 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 Authority, the expenditure results in an increase in the Capital Financing Requirement (CFR), a measure of the capital expenditure incurred historically by the Authority that has yet to be financed. The CFR is analysed in the second part of this note.

Restated 2009/10 £'000		2010/11 £'000
63,731	Opening Capital Financing Requirements	81,211
	Capital Investment	
21,511	Property, Plant and Equipment	22,227
1,712	Investment Properties	0
97	Intangible Assets	322
2,666	Revenue Expenditure Funded from Capital Under Statute	2,200
2,660	Icelandic Banks Capitalisation	0
	Sources of Finance	
-2,328	Capital Receipts	-3,226
-7,840	Government Grants and Contributions	-8,193
-998	Sums set aside from Revenue (inc MRP)	-1,313
81,211	Closing Capital Financing Requirements	93,228
	<u>Explanation of Movements in Year</u>	
14,940	Increase in underlying need to borrow (supported by Government financial assistance)	10,940
3,521	Underlying need to borrow (Unsupported by Government financial assistance)	2,090
-981	Other Movements (MRP)	-1,013
17,480	Total Movements	12,017

Capital Expenditure and Financing Requirement

35. LEASES**BASSETLAW DISTRICT COUNCIL AS LESSEE**Finance Leases

The Council has previously acquired a number of vehicles under finance leases.

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

2008/09 £'000	2009/10 £'000		2010/11 £'000
0	0	Other Land and Buildings	0
1,128	678	Vehicles, Plant, Furniture and Equipment	375
1,128	678	Total	375

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:

2008/09 £'000	2009/10 £'000		2010/11 £'000
		Finance lease debtor (net present value of minimum lease payments):	
501	337	Current	310
627	340	Non-Current	65
102	52	Finance costs payable in future years	18
1,230	729	Minimum Lease Payments	393

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

	Minimum Lease Payments			Finance Lease Liabilities		
	2008/09 £'000	2009/10 £'000	2010/11 £'000	2008/09 £'000	2009/10 £'000	2010/11 £'000
Not later than one year	501	337	310	451	302	295
Later than one year and not later than five years	729	392	83	677	375	80
Later than five years	0	0	0	0	0	0
	1,230	729	393	1,128	677	375

Operating Leases

Category of Payments	2008/09 £'000	2009/10 £'000	2010/11 £'000
Vehicles	176	72	50
Employers Leased Cars	0	11	15
Computer and Other Equipment	11	0	0
Total Outstanding Commitment	187	83	65
<u>Summarised as:</u>			
Lease expiring within one year	0	3	0
Lease expiring between two to five years	200	80	65
	200	83	65

Category of Payments	2008/09 £'000	2009/10 £'000	2010/11 £'000
Operating Leases	195	187	72
Contract Hire	13	11	11
Total Payments	208	198	83

BASSETLAW DISTRICT COUNCIL AS A LESSORFinance Leases

There are no leases classified as Finance leases.

Operating Leases

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

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

36. IMPAIRMENT LOSSES

There have been no impairment losses during 2010/11.

37. DEFINED BENEFIT PENSION SCHEME**Participation in Pension Scheme:**

Since 2003/04 Councils have had to comply with the requirement of FRS17 that retirement benefits be reflected in the accounts. The basic principle of FRS17 is that the Council should account for retirement benefits when it is committed to give them, even if the actual giving will be many years into the future. Further information can be found in the Annual Report of the County Council Pension Fund, which is available upon request from Nottinghamshire County Council, County Hall, West Bridgford, Nottingham, NG2 7QP.

The Local Government Pension Scheme for civilian employees is 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.

Transactions Relating to Retirement Benefits:

Although the benefits will not actually be payable until employees retire, the Council has a commitment to make payments that need to be disclosed at the time that the employees earn their future entitlement. The cost of retirement benefits is recognised in the Net Cost of Services when employees earn them, rather than when the benefits are eventually paid as pensions. However, the charge that is required to be made against Council Tax is based on the cash payable in the year, so the real cost of retirement benefits is reversed out in the Statement of Movement on General Fund Balance. The following transactions have been made in the Income and Expenditure Account and Statement of Movement on General Fund Balance during the year:

2009/10 £'000	LOCAL GOVERNMENT PENSION SCHEME	2010/11 £'000
	Net Cost of Service	
701	Current Service Cost	2,142
0	Past Service Cost	-7,046
128	Curtailment/Settlement Gain	62
829	Net Operating Expenditure	-4,842
4,651	Interest Cost	4,914
-2,271	Expected Return On Assets in Scheme	-3,441
3,209	Net Charge to the Income and Expenditure Account	-3,369

2009/10 £'000	FRS17 Statement of Movement on General Fund Balance	2010/11 £'000
-3,209	Reversal of net charges made for Retirement Benefits in accordance with FRS 17	3,369
2,171	Actual Amount Charged Against Council Tax in Year Employers contributions payable to the scheme	2,037
645	Actual Amount Charged Against Rent Payer Employers contributions payable to the scheme	681

Employer's contributions of £0.681m (£0.645m in 2009/10) 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. Later tables contain details of the assumptions made in estimating the figures included in this table.

In addition to the recognised gains and losses included in the Income and Expenditure Account, an Actuarial gain of £24.652m (loss of £23.821m in 2009/10) was included in the Movement in Reserves Statement.

Return on Assets, Gains and Losses

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

2009/10 £'000		2010/11 £'000
35,381	Opening fair value of scheme assets	47,285
2,271	Expected Return on Scheme Assets	3,441
9,483	Actuarial (gains) (-) losses	3,554
2,813	Contribution by employer including unfunded benefits	2,727
537	Contribution by scheme participants	531
-3,200	Estimated benefits paid including unfunded benefits	-3,502
47,285	Fair value of Scheme assets at end of period based on the Actuary's Report	54,036

Reconciliation of present value of the scheme assets

2009/10 £'000		2010/11 £'000
-70,377	Opening Defined Benefit Obligation	-106,498
-701	Current Service Cost	-2,142
-4,651	Interest Cost	-4,914
-33,304	Actuarial gains and (losses) (-)	21,098
-128	(Losses) (-) gains on curtailments	-62
2,937	Estimated benefits paid	3,246
0	Past Service Cost	7,046
-537	Contribution by scheme participants	-531
263	Unfunded pension payments	256
-106,498	Closing Defined Benefit Obligation	-82,501

Reconciliation of opening and closing of present value of scheme liabilities

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 £28.493m, the difference being actual amounts paid to the Pension Fund by the employer.

2009/10 £'000		2010/11 £'000
47,285	Estimated Share Of Assets in the County Council Fund	54,036
-106,498	Estimated Share of Liabilities in the County Council Fund	-82,501
-59,213	Net Asset/Liability (-) Based on Actuary's Report	-28,465
-22	Opening balance adjustments of actual amounts paid	-20
2	In year adjustment for actual amounts paid	-8
-59,233	Adjustment for Actual amounts paid	-28,493

Assets and Liabilities in Relation to Retirement Benefits

The return on the Fund (on a bid value to bid value basis) for the year to 31 March 2011 is estimated to be 8%. 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:

2009/10 £'000	2009/10 %		2010/11 £'000	2010/11 %
		Employer Asset Share		
32,153	68%	Equities	39,447	73%
4,256	9%	Gilts	3,783	7%
2,837	6%	Other Bonds	2,161	4%
7,093	15%	Property	6,484	12%
946	2%	Cash	2,161	4%
47,285	100%	Total	54,036	100%

Estimated Asset Allocation

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 £4.014m (£11.755m in 2009/10).

	31 March 2011	31 March 2010	31 March 2009	31 March 2008	31 March 2007
Defined Benefit Obligation	-82,501	-106,498	-70,377	-83,248	-78,230
Scheme assets	54,036	47,285	35,381	43,274	44,386
Surplus/deficit based on the Actuary's Report	-28,465	-59,213	-34,996	-39,974	-33,844
Adjustments for Actual amounts paid	-28	-20	-22	0	0
Net Asset/Liability Balance Sheet	-28,493	-59,233	-35,018	-39,974	-33,844
Experience adjustments on Scheme assets	3,554	9,483	-10,863	-4,022	947
% of assets at Balance Sheet date	6.6%	20.1%	-30.7%	-9.3%	2.1%
Experience adjustments on scheme liabilities	4,315	94	0	2,132	0
% of Liabilities at Balance Sheet date	5.2%	0.1%	0.0%	2.6%	0.0%

Scheme History

The liabilities show the underlying commitments that the Council has in the long run to pay for retirement benefits. The total liability of £82.501m has a substantial impact on the net worth of the Council as recorded in the Balance Sheet, resulting in a negative overall balance of -£28.493m.

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. The total contributions expected to be made to the Local Government Pension Scheme by the Council in the year to 31 March 2012 is £1.812m.

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. The County Council Pension Fund liabilities have been assessed by Barnett Waddingham, an independent firm of Actuaries and the estimates for the County Council Pension Fund are based on the latest full valuation of the scheme as at 1 April 2010.

The principal assumptions used by the Actuary have been:

2009/10 %	Long Term Expected Rate of Return on Assets in the Scheme	2010/11 %
7.40	Equities	7.30
4.50	Bonds - Government	4.40
5.50	Bonds - Other	5.50
6.90	Property	6.80
3.00	Cash - Liquidity	3.00
2009/10 Years	Mortality Assumption	2010/11 Years
	Life Expectance from age 65 years	
	Retiring Today	
20.30	Male	18.50
23.91	Female	22.60
	Retiring in 20 years	
21.22	Male	20.50
24.91	Female	24.50
2009/10 %	Financial Assumptions	2010/11 %
3.90	Rate of Inflation	3.50
n/a	Rate of Increase in CPI	2.70
5.40	Rate of Increase in Salaries	5.00
3.90	Rate of Increase in Pensions	2.70
5.50	Rate for discounting scheme liabilities	5.50
50.00	Take-up of options to cover annual pension into retirement lump sum	Not specified by NCC

Table of assumptions history of Experience Gains and Losses

The Actuarial gains identified as movements on the Pensions Reserve in 2010/11 can be analysed into the following categories, measured as a percentage of assets or liabilities at 31 March 2011.

Projected Pension Expense for the year to 31 March 2012

Projection for Year to 31 March 2012	£'000
Current service Cost	1,685
Interest Cost	4,510
Return on Assets	-3,663
Total	2,532
Employer contributions	1,812

Pension Projection

38 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 an Equal Pay Reserve of £0.489m 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 Income and Expenditure Account in 2010/11 for this is £0.006m (in 2009/10 £0.030m). A loss occurs when the optimum occupancy is not achieved, and the maximum subsidy payable in any year is estimated to be £0.050m.

Costs of an estimated £0.200m may also be realised in relation to a Judicial Review and outstanding court cases.

The Council has a number of employer and public liability cases brought against it where either the obligating event is disputed or the amounts involved are uncertain. Subsequent changes may alter the probability or estimated values of these cases and the maximum liability in respect of these is £0.250m.

39 CONTINGENT ASSETS

There are no contingent assets to disclose.

40 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 rate 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 procedure rules;
- by approving annually in advance prudential and treasury indicators for the following three years limiting:
 - The Council's overall borrowing;
 - Its maximum and minimum exposures to fixed and variable rates;
 - Its maximum and minimum exposures to the maturity structure of its debt;
 - Its maximum annual exposures to investments maturing beyond a year.

- 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 4 March 2010 and is available on the Council's website. The key issues within the strategy were:

- The Authorised Limit for 4 March 2010 was set at £97m. This is the maximum limit of external borrowings or other long term liabilities.
- The Operational Boundary was expected to be £86m. 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	Moody's	Standard & Poors	Money Limit	Time Limit
Bank and Building Societies	F1+/A+	P-1/Aa3	A-1/A+	£3m	6 mths
Money Market Funds		AAA		£3m	Reinvested Daily
UK Government Bodies	AAA			£1m	6 mths
Local Authorities				£1m	6 mths

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

The full Investment Strategy for 2010/11 was approved by Full Council on 4 March 2010 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 and building societies 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 2011 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 £0.299m of the £0.562m balance is past its due date for payment. The past due amount can be analysed by age as follows:

2009/10 £'000		2010/11 £'000
89	Less than three months	263
21	Three to six months	24
39	Six months to one year	29
269	More than one year	246
418	Total	562

The Historic experience of default is 31.7% and the maximum exposure to default is £0.177m.

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 Mar 11 £'000	31 Mar 10 £'000
Less than 1 Year	3,519	2,685
Between 1 and 2 Years	0	0
Between 2 and 3 Years	0	0
More than 3 Years	2,145	3,799
Total	5,664	6,484

Refinancing and Maturity risk

The Council maintains a significant debt and investment portfolio. Whilst the cash flow procedures 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 full Council as part of the Treasury Management Strategy)

	Approved minimum limits	Approved maximum limits	Actual 31 March 2011 £'000	Actual 31 March 2010 £'000
Less than 1 year	0%	25% 20,297	5,063	2,062
Between 1 and 2 years	0%	25% 20,297	63	63
Between 2 and 5 years	0%	25% 20,297	4,062	4,125
Between 5 and 10 years	0%	40% 32,475	21,200	21,200
More than 10 years	0%	85% 69,010	50,800	42,800
Total			81,188	70,250

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.

The risk of interest rate loss is partially mitigated by Government grant payable on financing costs.

If all interest rates had been 1% higher (with all other variables held constant) the financial effect would be:

	£'000
Increase in interest receivable on variable rate investments	-90
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	-90
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)	11,992

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 – Fair value of Assets and Liabilities carried at Amortised Cost.

Price risk - The Council, excluding the NCC Pension Fund, does not generally invest in equity shares or marketable bonds.

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

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 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 £'000	Principal Default %
Landsbanki	9 Jan 08	7 Jan 09	3,000	5.56	2,416	-1,014	33.80
Heritable	9 July 08	9 Jan 09	2,000	6.12	676	-517	25.85
Glitnir	9 Jan 08	7 Jan 09	2,000	5.55	2,022	-299	14.95
KSF	9 Jan 08	7 Jan 09	1,000	5.55	275	-269	26.90
Total			8,000		5,389	-2,099	

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. Based on the latest information available the Council considers that it is appropriate to consider an impairment adjustment for the deposits, and has taken the action outlined below. As the available information is not definitive as to the amounts and timings of future payments to be made by the administrators / receivers, it is likely that further adjustments will be made to the accounts in future years.

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 payouts is as shown in the table below and this council has used these estimates to calculate the impairment based on recovering 84.98p in the pound.

Date	Repayment
Received to date	50.08%
April 2011	6.25%
July 2011	5.00%
October 2011	5.00%
January 2012	5.00%
April 2012	5.00%
July 2012	5.00%
October 2012	3.65%

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 below. The Council has decided to recognise an impairment based on it recovering 82p in the pound.

Date	Repayment
Received to date	53.0%
May 2011	5.00%
January 2012	8.00%
July 2012	8.00%
January 2013	8.00%

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 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 94.85p in the pound.

Date	Repayment
Received to date	0.00%
December 2011	22.17%
December 2012	8.87%
December 2013	8.87%
December 2014	8.87%
December 2015	8.87%
December 2016	8.87%
December 2017	8.87%
December 2018	19.46%

Recovery is subject to the following uncertainties and risks:

- Whilst the Icelandic courts have initially confirmed that deposits enjoy preferential creditor status, this is currently subject to appeal.
- 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.
- Settlement of the terms of a 'bond' which will allow creditors of old Landsbanki to enjoy rights in New Landsbanki.

Failure to secure preferential creditor status would have a significant impact upon the amount of the deposit that is recoverable. The total assets of the bank only equate to one third of its liabilities, assuming that the Bond remains at its current value. Based on initial estimates, if preferential creditor status is not achieved the recoverable amount may only be 33p in the pound.

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. Old Glitnir's affairs are being administered under Icelandic law. This indicates that full recovery of the principal and interest to 22 April 2009 is likely to be achieved. Recovery is subject to the following uncertainties and risks:

- Whilst the Icelandic courts have initially confirmed that deposits enjoy preferential creditor status, this is currently subject to appeal.
- 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.
- Settlement of the terms of a 'bond' which will allow creditors of old Glitnir to enjoy rights in New Glitnir.

The Council has therefore decided to recognise an impairment based on it recovering the full amount of principal and interest up to 22 April 2009 in the future. The impairment therefore reflects the loss of interest to the Council until the funds are repaid.

Failure to secure preferential creditor status would have a significant impact upon the amount of the deposit that is recoverable. The total assets of the bank only equate to 40% of its liabilities, assuming that the Bond remains at its current estimated value. Based on initial estimates, if preferential creditor status is not achieved the recoverable amount may only be 40p in the pound.

No information has been provided by the resolution committee about the timing of any payments to depositors. Since the value of deposits is small compared to the total asset value of the bank, in calculating the impairment the Council has therefore followed the CIPFA Guidance that the repayment of priority deposits will be made by December 2011.

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.

Accounting for Impairment

The total net reversal of impairment of £1.397m (principal plus interest not received) recognised in the Income and Expenditure Account in 2010/11, 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. This is due to Local Authorities being given priority creditor status.

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

Capitalisation of impairments

The Council was awarded a capitalisation direction of £2.660m to capitalise the impairments during 2009/10. The effect of capitalisation means that the impairment did not have to be fully charged to revenue in 2009/10 but the charge to revenue can be spread over several years by treating it as capital expenditure.

The Council may consider reducing this capitalisation once actual amounts are received.

41 BUILDING CONTROL ACTIVITIES

The Local Council Building Control Regulations (SI 1998/3129) require the disclosure of information regarding the setting of charges for the administration of the Building Control function. However, certain activities performed by Building Control cannot be charged for, such as providing general advice. The statement below shows the turnover and surplus(-)/deficit on the Building Control Account.

2009/10 Total £'000		2010/11 Non Chargeable £'000	2010/11 Chargeable £'000	2010/11 Total £'000
	Expenditure			
322	Employee Expenses	163	160	323
0	Premises	0	0	0
27	Transport	8	22	30
29	Supplies and Services	4	25	29
372	Central & Support Service Charges	186	135	321
0	Capital Charges	0	0	0
750	Total Expenditure	361	342	703
	Income			
-238	Building Regulations Charges	0	-242	-242
-113	Recharge to other Services	-15	0	-15
0	Miscellaneous Income	0	-3	-3
-351	Total Income	-15	-245	-260
399	Surplus (-) / Deficit for the Year	346	97	443

The Building Regulations charging account is required to break even over a rolling three-year period. The Building Control charging account shows a £0.204m deficit for the three-year period.

42 SECTION 137 EXPENDITURE – LOCAL GOVERNMENT ACT 1972

The majority of the provisions of Section 137 of the Local Government Act 1972 were replaced by the "well being" powers contained in the Local Government Act 2000. This gives principal local authorities a discretionary power to do anything they consider likely to promote the economic, social or well being of their area. There is a no spending limit attached to this power. Principal authorities have to disclose their expenditure incurred under S137 (3) e.g. donations to charities, voluntary bodies and not for profit bodies. Expenditure incurred in 2010/11 was £0.168m (£0.288m in 2009/10).

43 EXPENDITURE ON PUBLICITY

Section 5(1) of the Local Government Act 1986 requires the Council to keep a separate account of its expenditure on publicity. The Secretary of State has issued an Exemption Order, which provides that certain descriptions of publicity and expenditure are not required to be accounted for separately. Local Authorities are not prevented, however, from including all such publicity in the Account and this is the case in the following table.

2009/10 £'000		2010/11 £'000
117	Tourism and Promotion	165
59	Information Services & Publicity	54
44	Recruitment Advertising	18
139	Public Relations Unit	158
93	Other Advertising	80
452	TOTAL	475

44 TRUST FUNDS

The Council administers three funds on behalf of other parties. The capital values on these funds as at 31st March 2011 were:

2009/10 £'000	Fund	2010/11 £'000
-74	King George's Field Foundation	-59
1	Sir Stuart and Lady Florence Goodwin Charity	14
-1	Dr Kool Want Charity	-1
-74	Total	-46

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.

2008/09 £'000	2009/10 £'000	Housing Revenue Account Income and Expenditure Account	2010/11 £'000
		<u>Income</u>	
-20,694	-21,160	Dwelling Rents	-21,781
-258	-263	Non dwelling Rents	-253
-376	-556	Charges for Services and Facilities	-490
-976	-1,068	Contributions towards expenditure	-866
-22,304	-23,047	<u>Total Income</u>	-23,390
		<u>Expenditure</u>	
5,243	5,959	Repairs and Maintenance	5,939
6,144	6,235	Supervision and Management	6,514
35	14	Rents, Rates, Taxes and Other Charges	19
3,054	2,448	Negative Housing Revenue Account Subsidy payable	2,787
6,198	6,335	Depreciation and Downward Revaluation of non-current Assets	43,255
0	0	Exceptional Item – EUV change	57,902
100	144	Debt Management Costs	177
128	34	Movement in the allowance for bad debts	39
20,902	21,169	<u>Total Expenditure</u>	116,632
-1,402	-1,878	Net Cost of HRA Services as included in the Comprehensive Income and Expenditure Account	93,242
162	177	HRA Services share of Corporate and Democratic Core	159
810	579	HRA share of other amounts included in whole authority Net	685
-430	-1,122	Net Cost of HRA Services	94,086
29	298	Gain(-) or Loss on Sale of HRA Non-current Assets	2,300
1,466	1,991	Interest payable and similar charges	2,295
-20	-25	Interest and Investment Income	-7
0	-324	Capital grants and contributions receivable	-2
1,045	818	Surplus (-) or deficit for the year on HRA services	98,672

Housing Revenue Account (HRA)

2008/09 £'000	2009/10 £'000		2010/11 £'000
1,045	818	Surplus (-) or deficit for the year on the HRA Income and Expenditure Account	98,672
-1,145	-1,082	Net Additional amounts required by statute to be debited or credited (-) to the HRA balance for the year	-98,203
-100	-264	Increase (-) or Decrease in the HRA Balance	469
-1,233	-1,333	Balance Brought Forward	-1,597
-1,333	-1,597	Balance Carried Forward	-1,128

Statement of movement on HRA Balance

2008/09 £'000	2009/10 £'000		2010/11 £'000
		<u>Items included in HRA Income and Expenditure Account but excluded from the Movement on HRA Balance in the Year</u>	
		Any other items of Income and Expenditure:	
-318	-642	Impairments of Assets	-96,484
0	0	Deferred Government Grants	0
37	-91	Gain/Loss on Disposal Assets	-2,284
		Items NOT included in HRA Income and Expenditure Account required to be included in the movement on HRA Balance in year	
4,036	4,095	Transfer to Major Repairs Reserve	4,134
-5,879	-5,347	Transfer to Capital Adjustment Account	-4,727
0	0	Capital Expenditure funded by HRA	300
369	258	Amortisation of Premiums and Discounts	177
		Employees Contribution payable to NCC Pension	
610	645	Fund and Retirement benefits payable direct to pensioners	681
-1,145	-1,082	Net additional amount required by statute	-98,203

Note to Statement of Movement on HRA Balance**NOTES TO THE HOUSING REVENUE ACCOUNT****(A) HOUSING STOCK**

Total 2008/09	Total 2009/10		Pre 1945	1945- 1964	1965- 1974	After 1974	Total 2010/11
		<u>Traditional Houses and Bungalows</u>					
3,008	3,007	1 - 2 Bedrooms	244	1,023	515	1,223	3,005
1,740	1,737	3+ Bedrooms	662	736	153	183	1,734
		<u>Non Traditional Houses and Bungalows</u>					
617	617	Houses and Bungalows	0	269	348	0	617
		<u>Flats</u>					
1,029	1,028	Low Rise (1-2 storeys)	20	407	249	352	1,028
553	553	Medium Rise (3-5 storeys)	0	21	368	164	553
6,947	6,942	Total	926	2,456	1,633	1,922	6,937

Current Housing Stock

2010/11	Council Dwellings £'000	Other Lane 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	Held for Sale £'000	Total £'000
Cost or Valuation										
At April 2010	321,714	8,106	1,277	1,648	17	11,558	0	344,320	0	344,320
Additions	15,977	44	131	90	0	11	212	16,465	0	16,465
Donations								0		0
Revaluation Increases/(decreases) recognised in the Revaluation Reserve	-44,744	433	0	0	0	77	0	-44,234	116	-44,118
Revaluation increases/(decreases) recognised in the Surplus/Deficit on the Provision of Services	-99,135	0	0	0	0	0	0	-99,135	0	-99,135
Derecognition - Disposals	0	0	0	0	0	0	0	0	-131	-131
Derecognition - Other	-2,403	-70	0	-409	0	0	0	-2,882	-30	-2,912
Assets reclassified (to)/from Held for Sale	-248	-794	0	0	0	0	0	-1,042	0	-1,042
Other movements in Cost or Valuation	66	-82	0	0	0	16	0	0	1,043	1,043
At 31 March 2011	191,227	7,637	1,408	1,329	17	11,662	212	213,492	998	214,490
Accumulated Depreciation & Impairment										
At April 2010	946	745	1,022	1,112	0	1	0	3,826	0	3,826
Depreciation Charge	4,304	258	102	24	0	0	0	4,688	0	4,688
Depreciation written out to the Revaluation Reserve	0	0	0	0	0	0	0	0	0	0
Depreciation written out to the Surplus/Deficit on the Provision of Services	-2,785	0	0	0	0	0	0	-2,785	0	-2,785
Impairment losses/(reversals) recognised in the Revaluation Reserve	0	-206	0	0	0	0	0	-206	0	-206
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	-1	-1
Derecognition- Other	-216	-15	0	-181	0	0	0	-412	0	-412
Other movements in Depreciation & Impairment	0	0	0	0	0	-1	0	-1	2	1
At 31 March 2011	2,249	782	1,124	955	0	0	0	5,110	1	5,111
Net Book Value										
at 31st March 2011	188,978	6,855	284	374	17	11,662	212	208,382	997	209,379
at 31st March 2010	320,768	7,361	255	536	17	11,557	0	340,494	0	340,494

Balance Sheet Valuation of HRA Assets

2009/10 Restated Movement on Balance Sheet Valuation of HRA Assets

2009/10	Council Dwellings £'000	Other Lane 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	Held for Sale £'000	Total £'000
Cost or Valuation										
At April 2009	296,982	8,645	1,758	1,690	22	14,799	0	323,896	0	323,896
Additions	19,809	221	0	48	0	0	0	20,078	0	20,078
Donations								0		
Revaluation										
Increases/(decreases) recognised in the Revaluation Reserve	5,232	-203	0	0	0	-2,791	0	2,238	0	2,238
Revaluation increases/(decreases) recognised in the Surplus/Deficit on the Provision of Services	0	0	0	0	0	0	0	0	0	0
Derecognition - Disposals	-285	0	-481	0	0	-251	0	-1,017	0	-1,017
Derecognition - Other	-23	-285	0	-90	-5	0	0	-403	0	-403
Assets reclassified (to)/from Held for Sale	0	0	0	0	0	0	0	0	0	0
Other movements in Cost or Valuation	-1	-272	0	0	0	-199	0	-472	0	-472
At 31 March 2010	321,714	8,106	1,277	1,648	17	11,558	0	344,320	0	344,320
Accumulated Depreciation & Impairment										
At April 2009	398	691	1,400	1,132	0	0	0	3,621	0	3,621
Depreciation Charge	5,372	206	103	21	0	1	0	5,703	0	5,703
Depreciation written out to the Revaluation Reserve	-4,822	-140	0	0	0	0	0	-4,962	0	-4,962
Depreciation written out to the Surplus/Deficit on the Provision of Services	0	0	0	0	0	0	0	0	0	0
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	-2	0	-481	0	0	0	0	-483	0	-483
Derecognition- Other	0	-9	0	-41	0	0	0	-50	0	-50
Other movements in Depreciation & Impairment	0	-3	0	0	0	0	0	-3	0	-3
At 31 March 2010	946	745	1,022	1,112	0	1	0	3,826	0	3,826
Net Book Value										
at 31st March 2010	320,768	7,361	255	536	17	11,557	0	340,494	0	340,494
at 31st March 2009	296,584	7,954	358	558	22	14,799	0	320,275	0	320,275

(B) VACANT POSSESSION VALUE

The vacant possession value (Open Market Value) of Council dwellings as at 1 April 2010 is £553.513m (1 April 2009 was £540.839m). The review as at 31 March 2011 increases this valuation to £555.942m. 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, together with an adjusting transfer to ensure the net credit in the year is equal to the Major Repairs Allowance that forms part of the Housing Subsidy arrangements / agreement. The Reserve is only available for funding major repairs to the housing stock. Any sums unspent are carried forward for use in future years.

2008/09 £'000	2009/10 £'000		2010/11 £'000
0	0	Balance as at 1 April 2010	0
5,879	5,670	Depreciation on HRA Assets	4,688
-310	-331	Reversal of Non-Dwelling Depreciation	-384
-1,533	-1,244	Excess of Depreciation above MRA	-170
-4,036	-4,095	Funding of HRA expenditure	-4,134
0	0	Balance as at 31 March 2011	0

Major Repairs Reserve

(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

2008/09 £'000	2009/10 £'000		2010/11 £'000
		HRA Capital Expenditure Financed by :	
11,940	14,940	Borrowing	10,940
109	85	Grants and Contributions	241
222	958	Usable Capital Receipts	879
0	0	Revenue Contributions	300
4,036	4,095	Major Repairs Reserve	4,134
16,307	20,078	Total	16,494

Capital Funding HRA

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

2008/09 £'000	2009/10 £'000		2010/11 £'000
204	206	Land	0
566	336	Houses	326
782	45	Other	20
1,552	587	Total	346

Housing Capital Receipts

(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.

Restated 2008/09 £'000	Restated 2009/10 £'000		2010/11 £'000
5,568	5,372	Depreciation on Housing Revenue Account Dwellings	4,304
310	331	Depreciation on Housing Revenue Account other land and property	384
0	0	Depreciation on Housing Revenue Account non-operational assets	0
5,878	5,703	Total	4,688

HRA Depreciation

2008/09 £'000	2009/10 £'000		2010/11 £'000
0	0	Amortisation of Deferred Charge	0
3,477	3,625	Cost of Capital Accounting Adjustment	2,850
-1,843	-1,595	Transfer to Major Repairs Allowance	-555
1,634	2,030	Total HRA Debt Financing Costs	2,295

HRA Debt Financing Costs

(H) IMPAIRMENT CHARGES

There were no impairments during 2010/11 (£0.318m in 2009/10) charged to the Housing Revenue Account. An explanation of impairment is contained within the Statement of Accounting Policies and the Glossary.

(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 Council has determined to meet £0.040m from existing capital resources and a transfer to the Capital Adjustment Account has been made from the Housing Revenue Account and shown as a reconciling item in the Statement of Movement on the Housing Revenue Account balance, therefore ensuring that there is no impact on the service.

(J) HOUSING SUBSIDY

The figure of £2.635m (£2.448m 2009/10) is the amount of housing subsidy payable to the Government by the Council. The table below shows the breakdown of the net subsidy payable.

2008/09 £'000	2009/10 £'000		2010/11 £'000
9,786	10,227	Management and Maintenance	10,429
2,255	2,746	Charges for Capital	2,898
0	0	Admissible Allowance	0
-19,088	-19,553	Notional Rent	-20,096
-3	-2	Interest on Receipts	-1
4,036	4,095	Major Repairs Allowance	4,134
0	0	Rental Constraint Allowance	0
0	0	Housing Defects Subsidy	0
-40	39	Adjustment to Previous Year Subsidy by Audit	-151
-3,054	-2,448	Total	-2,787

Housing Subsidy**(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 IAS19. However a payment of £0.681m (£0.645m in 2009/10) 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 £60.81 in 2010/11 compared to £59.19 in 2009/10 with arrears totalling 2.88% of gross debit in 2010/11 compared to the 2009/10 figure of 3.16%.

2008/09 £'000	2009/10 £'000		2010/11 £'000
763	717	Total Arrears (includes amounts collectable on behalf of other agencies)	675
585	514	Contribution to Debtor Impairment Allowance	459

Housing Arrears and Debtor Impairment

There is also an amount of £0.070m of arrears at 31st March 2011 outstanding in respect of non-rent debtors (£0.076m at 31st March 2011). The contribution to the debtor impairment allowance includes an amount for other debts not relating to rent arrears.

(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**Housing Stock Valuations**

The effect of the Communities and Local Government guidance to valuers, relating to valuations of the HRA housing stock, reduced the Social Housing Existing Use Value (EUUV) from 50% to 34% and has resulted in an exception item relating to the downward revaluation of £57.902m chargeable to the Housing Revenue Account. As at 1 April 2010 a full Housing Stock revaluation was undertaken and a further desk top review at 31 March 2011, the overall impact of Revaluations relating to the housing stock is a downward revaluation of £144m. The existing Revaluation Reserve of £45m has now been extinguished and a charge of £99m has been reflected in the Income and Expenditure Account.

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).

Whole		Income/Expenditure	Note	BDC Element	
2009/10 £'000	2009/10 £'000			2010/11 £'000	2010/11 £'000
-47,825	-4,666	Income		-48,244	-4,679
		Income from Council Tax			
		Transfers from General Fund			
-8,742	-853	Council Tax Benefit		-9,015	-874
-35,456	-165	Income collectable from business rate payers contributions	A	-35,664	-161
-92,023	-5,684	Total Income		-92,923	-5,714
		Expenditure			
56,056	5,468	Precepts	C	56,716	5,500
		Business Rates			
34,935	0	Payments to pool	A	35,230	0
165	165	Costs of collections	A	161	161
88	0	Interest on National Non Domestic Refunds	A	36	0
		Impairment of debts/appeals			
380	1	Write-offs of uncollectable amounts		556	30
120	23	Allowance for impairment		7	1
91,744	5,657	Total Expenditure		92,706	5,692
-279	-27	Movement on Fund Balance in year		-217	-22

Collection Fund Revenue Account

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, 41.4p in 2010/11 (48.5p in 2009/10) 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 at 31 March 2011 was £116,003,594 (31 March 2010 £85,295,046).

The Government redistributes the sums paid into the Pool back to local authorities 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.

2009/10 £'000	National Non Domestic Rate Income	2010/11 £'000
30,474	Gross Amount Due	46,437
-1,090	Charitable Relief etc.	-1,142
9,178	Transitional Relief	-6,815
-584	Small Business Rate Relief	-452
-2,522	Empty and Part Occupation Relief	-2,364
35,456	Net Amount Collectable	35,664
	<u>Less</u>	
-268	Impairment for Bad Debt	-237
-88	Interest on Overpayments	-36
-165	Cost of Collection Allowance payable to General Fund	-161
34,935	Amount Payable to NNDR Pool	35,230

Analysis of National Non Domestic Rate Income

(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, 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	
		2009/10	2010/11	2009/10	2010/11
Band A	6	25,834	25,926	14,846	14,930
Band B	7	7,280	7,305	5,095	5,156
Band C	8	5,966	5,943	4,839	4,816
Band D	9	5,662	5,686	5,260	5,283
Band E	11	2,829	2,853	3,230	3,294
Band F	13	1,299	1,313	1,751	1,767
Band G	15	657	660	1,015	1,013
Band H	18	57	57	79	80
Total		49,584	49,743	36,115	36,339
Deduction for non-collection, new build, demolition and other adjustments				-544	-345
Additional properties and adjustments during the year				212	-2
Council Tax Base (Band D equivalent)				35,783	35,992

Council Tax Base

(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 and Nottinghamshire Fire and Rescue Authority. Precepts are also paid via the District Council to 57 individual Parish/Town Councils and Charter Trustees. Details of actual payments made are shown below.

2009/10 £'000		2010/11 £'000
5,468	Payable to Bassetlaw District Council: Bassetlaw District Council	5,500
42,696	Payable to Other Precepting Authorities: Nottinghamshire County Council	42,945
5,468	Nottinghamshire Police Authority	5,763
2,424	Nottinghamshire Fire and Rescue Authority	2,508
56,056	Total Precepts Payable	56,716

Precepts on the Collection Fund

(D) COUNCIL TAX INCOME

The Council set a Council Tax (excluding local precepts) at Band D of £1,575.80 in 2010/11 compared to £1,566.55 in 2009/10. This is broken down as follows:

2009/10 £	Band D Council Tax	2010/11 £
152.82	Bassetlaw District Council	152.82
1,193.18	Nottinghamshire County Council	1,193.18
152.82	Nottinghamshire Police Authority	160.11
67.73	Nottinghamshire Fire and Rescue Authority	69.69
1,566.55	Total Council Tax Income	1,575.80

Council Tax Income

(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. For 2010/11 no surplus was declared.

The accounts record an in-year surplus of £0.217m on the Collection Fund in 2010/11.

The surplus on the Collection Fund at 31 March 2010 was allocated to the District Council, Nottinghamshire County Council, the Police Authority and the Fire and Rescue Authority debtor accounts in proportion to the value of their respective demands and precepts made on the Collection Fund for 2011/12.

The balance at 31 March 2011 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 2010/11 £'000	Cumulative Surplus/Deficit £'000
-28	Bassetlaw District Council	-22	-51
-222	Nottinghamshire County Council	-163	-385
-30	Nottinghamshire Police Authority	-22	-52
-13	Nottinghamshire Fire and Rescue Authority	-10	-23
-293	Balance at 31 March	-217	-511

Collection Fund - Share of Balance

The amounts attributable to the County Council, Police and Fire and Rescue Authorities above are shown as debtors in the 2010/11 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 principle activity during the year was the management and maintenance of the housing stock owned by the Council, which numbered 6,937 dwellings as at 31 March 2011 (6,942 as at 31 March 2010). 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 £0.909m are Debtors of £0.909m 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 2009	273,915	-4,633	269,282
Movement in reserves during 2009/10			
Surplus or (deficit) on the provision of Services	-5,724	159	-5,565
Other Comprehensive Income and Expenditure	-14,553	-5,103	-19,656
Total Comprehensive Income and Expenditure	-20,277	-4,944	-25,221
Adjustments between group accounts and authority accounts	0	0	0
Net Increase/decrease before transfers	-20,277	-4,944	-25,221
Adjustment between accounting basis & funding basis under regulations	-282	0	-282
Net Increase/Decrease before Transfers to Earmarked Reserves	-20,559	-4,944	-25,503
Transfers to/from Earmarked Reserves	7	0	7
Increase/Decrease in 2010/11	-20,552	-4,944	-25,496
Balance at 31 March 2010 carried forward	253,363	-9,577	243,786

Movement in reserves during 2010/11

Surplus or (deficit) on the provision of Services	-93,958	1,538	-92,420
Other Comprehensive Income and Expenditure	-17,138	4,070	-13,068
Total Comprehensive Income and Expenditure	-111,096	5,608	-105,488
Adjustments between group accounts and authority accounts	0	0	0
Net Increase/decrease before transfers	0	0	0
Adjustment between accounting basis & funding basis under regulations	1	0	1
Net Increase/Decrease before Transfers to Earmarked Reserves	-111,095	5,608	-105,487
Transfers to/from Earmarked Reserves	0	0	0
Increase/Decrease in 2010/11	-111,095	5,608	-105,487
Balance at 31 March 2011 carried forward	142,268	-3,969	138,299

GROUP COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT

Restated 2009/10 Net Total £'000		Group Expenditure 2010/11 £'000	Group Income 2010/11 £'000	Net Total 2010/11 £'000
1,463	Central Services to the Public	11,391	-9,595	1,796
0	Children and Education Services	5	-7	-2
15,213	Cultural, Environment & Planning Services	17,098	-2,184	14,914
827	Highways and Transport Services	2,488	-1,075	1,413
1,739	Other Housing Services - General Fund	29,950	-28,563	1,387
-3,430	Local Council Housing Services - Housing Revenue Account	60,009	-25,340	34,669
0	Exceptional Item – HRA	57,902	0	57,902
2,059	Corporate & Democratic Core	1,950	-108	1,842
112	Non Distributed Costs	115	0	115
0	Exceptional Item – Non Distributed Costs – Pensions	-9,260	0	-9,260
17,983	Cost of Service	171,648	-66,872	104,776
2,997	Other Operating Expenditure	5,811	-1,667	4,144
4,565	Financing and Investment Income and Expenditure	8,736	-4,243	4,493
1,325	Exceptional Items Gains (-)/Losses	0	-1,397	-1,397
-21,305	Taxation and Non-Specific Grant Income	164	-19,760	-19,596
5,565	Surplus (-) or Deficit on Provision of Services	186,359	-93,939	92,420
-8,995	Surplus or Deficit on Revaluation of Property, Land and Equipment Assets			41,764
28,924	Actuarial Gains/Losses on Pension Assets /Liabilities			-28,722
2	Any Other Gains/Losses Required to be Included in the Statement			25
19,931	Other Comprehensive Income and Expenditure			13,067
25,496	Total Group Comprehensive Income and Expenditure			105,487

Group Income and Expenditure Account

GROUP BALANCE SHEET

Restated 2008/09 £'000	Restated 2009/10 £'000		Bassetlaw District Council £'000	A1 Housing £'000	Adjust- ments £'000	2010/11 £'000
296,584	320,768	Council Dwellings	188,978			188,978
35,201	32,410	Other Land and Buildings	36,399			36,399
3,604	3,529	Vehicles, Plant and Equipment	3,679			3,679
966	1,191	Infrastructure Assets	2,679			2,679
1,821	737	Community Assets	603			603
29	1,728	Assets under Construction	429			429
16,067	13,777	Surplus Assets not Held for Sale	13,411			13,411
354,272	374,140	PROPERTY, PLANT AND EQUIPMENT	246,178			246,178
81	81	Investment Properties	81			81
427	335	Intangible Assets	500			500
2,865	3,799	Long Term Investments	2,145			2,145
57	63	Long Term Debtors	53			53
357,702	378,418	TOTAL LONG TERM ASSETS	248,957			248,957
3,463	512	Short Term Investments	3,244			3,244
166	172	Stock	62	79		141
7,567	10,908	Short Term Debtors	8,373	629	-406	8,596
6,693	1,419	Cash and Cash Equivalents	278	1,144		1,422
0	1,335	Assets Held For Sale	1,625			1,625
17,889	14,346	TOTAL CURRENT ASSETS	13,582	1,852	-406	15,028
0	0	Cash and Cash Equivalents	-477			-477
-63	-2,579	Short Term Borrowings	-5,576			-5,576
-9,146	-7,402	Short Term Creditors	-7,755	-1,464	406	-8,813
0	0	Provisions	-475			-475
-501	-337	Short Term Finance Lease Liability	-310			-310
-9,710	-10,318	TOTAL CURRENT LIABILITIES	-14,593	-1,464	406	-15,651
-101	-514	Long Term Creditors	-523			-523
-56,156	-68,646	Long Term Borrowing	-76,597			-76,597
-71	-62	Government Grants Receipts in Advance	0			0
-627	-340	Long Term Finance Lease Liability	-65			-65
-39,644	-69,098	Defined Benefit Pension Scheme	-28,493	-4,357		-32,850
-96,599	-138,660	TOTAL LONG TERM LIABILITIES	-105,678	-4,357	0	-110,035
269,282	243,786	TOTAL NET ASSETS	142,268	-3,969	0	138,299
20,636	18,742	Useable Reserves	16,240			16,240
248,653	224,756	Unusable Reserves	126,028			126,028
-7	288	A1 Profit and Loss Reserve		-3,969		-3,969
269,282	243,786	TOTAL RESERVES	142,268	-3,969	0	138,299

GROUP CASH FLOW STATEMENT

2009/10 £'000		BDC – Adjusted 2010/11 £'000	A1 – Adjusted 2010/11 £'000	Group Cashflow 2010/11 £'000
-5,765	Net Surplus/(Deficit) on the provision of services	-105,661	11,938	-93,723
15,224	Adjustment to Surplus or deficit on the provision of services for non-cash movements	104,417	0	104,417
-6,370	Adjust for item included in the net surplus or deficit on the provision of services that are investing and financing activities	-6,490	0	-6,490
3,089	Net Cash Flows from Operating Activities	-7,734	11,938	4,204
-21,366	Net Cash Flows from Investing Activities	-16,469	0	-16,469
13,003	Net Cash Flow from Financing Activities	11,791	0	11,791
-5,274	Net Increase or Decrease in Cash and Cash Equivalents	-12,412	11,938	-474
6,693	Cash and Cash Equivalents at the Beginning of the Reporting Period	510	909	1,419
1,419	Cash and Cash Equivalents at the End of the Reporting Period	-11,902	12,847	945

Group Cash Flow Statement

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 Best Value Accounting 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:

Committee Analysis 2010/11

2010/11 Committee Income & Expenditure	Community Prosperity £'000	Environ- ment & Housing £'000	Finance & Property £'000	Support Services £'000	Revenues & Customer Services £'000	Community Engagement & Performance £'000	Corporate Managem- ent £'000	Other Non Service Specific Budgets £'000	Housing Revenue Account £'000	A1 Housing Ltd £'000	Total £'000
Fees, charges & other service income	-4,077	-3,716	-4,861	-3,714	-4,381	-1,193	-1,452	-11,1215	-22,311	-14,342	-71,262
Government grants	-77	-1,155	-297	-34	-36,237	-56	0	0	-4,872	0	-42,728
Total Income	-4,154	-4,871	-5,158	-3,748	-40,618	-1,249	-1,451	-11,215	-27,183	-14,342	-113,990
Employee expenses	2,978	4,126	1,053	1,541	1,844	924	-6,088	1,966	748	4,005	13,097
Other service expenses	4,857	6,758	3,710	1,473	37,756	1,260	496	17,716	120,695	8,799	203,520
Support service recharges	1,744	1,727	1,838	942	2,156	628	915	0	389	0	10,339
Total Expenditure	9,579	12,611	6,601	3,956	41,756	2,812	-4,677	19,682	121,832	12,804	226,956
Net Expenditure	5,425	7,740	1,443	208	1,138	1,563	-6,129	8,467	94,649	-1,538	112,966
Comprising: Bassetlaw District Council A1 Housing											114,504 -1,538

Committee Analysis 2009/10

Restated 2009/10 Committee Income & Expenditure	Community Prosperity £'000	Environ- ment & Housing £'000	Finance & Property £'000	Support Services £'000	Revenues & Customer Services £'000	Community Engagement & Performance £'000	Corporate Managem- ent £'000	Other Non Service Specific Budgets £'000	Housing Revenue Account £'000	A1 Housing Ltd £'000	Total £'000
Fees, charges & other service income	-6,084	-3,983	-4,902	-4,051	-3,419	-1,183	-1,550	-11,628	-22,263	-14,814	-73,877
Government grants	-125	-1,565	-289	0	-34,603	-197	0	0	-1,038	0	-37,817
Total Income	-6,209	-5,548	-5,191	-4,051	-38,022	-1,380	-1,550	-11,628	-23,301	-14,814	-111,694
Employee expenses	3,967	3,737	976	1,440	1,756	776	984	1,342	689	6,001	21,668
Other service expenses	6,105	7,313	4,588	1,691	34,511	1,050	518	10,314	20,242	8,313	94,645
Support service recharges	1,974	1,598	1,843	1,123	2,901	752	898	0	419	0	11,508
Total Expenditure	12,046	12,648	7,407	4,254	39,168	2,578	2,400	11,656	21,350	14,314	127,821
Net Expenditure	5,837	7,100	2,216	203	1,146	1,198	850	28	-1,951	-500	16,127
Comprising: Bassetlaw District Council A1 Housing											16,627 -500

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.

	2009/10 £'000	2010/11 £'000
Net expenditure in the Committee Analysis	16,127	112,966
Net expenditure of services and support services not included in the Analysis	-688	-9,196
Amounts in the Comprehensive Income and Expenditure Statement not reported to management in the Analysis	-10,019	-12,015
Amounts included in the Analysis not included in the Comprehensive Income and Expenditure Statement	145	665
Cost of Services in the Comprehensive Income and Expenditure Statement	5,565	92,420

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.

2010/11	Committee Analysis £'000	Services and Support Services not in Analysis £'000	Amounts not reported to management for decision making £'000	Amounts not included in CIES £'000	Allocation of Recharges £'000	Cost of Services £'000	Corporate Amounts £'000	Total £'000
Fees, charges & other service income	-71,262	0	9,784	-137	14,925	-46,690	-1,046	-47,736
Interest & investment income	0	0	0	0	0	0	-4,323	-4,323
Income from council tax	0	0	0	0	0	0	-6,313	-6,313
Government grants and contributions	-42,728	0	0	0	920	-41,808	-13,341	-55,149
Total Income	-113,990	0	9,784	-137	15,845	-88,498	-25,023	-113,521
Employee expenses	13,097	0	-2,646	7	-6,512	3,946		3,946
Other service expenses	203,520	0	-4,074	742	-4,122	196,066	164	196,230
Support Service recharges	10,339	0	0	0	-4,871	5,468	0	5,468
Depreciation, amortisation and impairment	0	0	-10,527	0	-340	-10,867	0	-10,867
Interest Payments	0	0	-1,690	53	0	-1,637	5,560	3,923
Precepts & Levies	0	0	0	0	0	0	1,193	1,193
Payments to Housing Capital Receipts Pool	0	0	0	0	0	0	249	249
Gain or Loss on Disposal of Fixed Assets	0	0	-43	0	0	-43	4,369	4,326
Cost of Pensions	0	0	0	0	0	0	1,473	1,473
Total expenditure	226,956	0	-18,980	802	-15,845	192,933	13,008	205,941
Surplus or deficit on the provision of services	112,966	0	-9,196	665	0	104,435	-12,015	92,420
Comprising Bassetlaw District Council A1 Housing Bassetlaw Ltd								93,958 -1,538

	Committee Analysis	Services and Support Services not in Analysis	Amounts not reported to management for decision making	Amounts not included in CIES	Allocation of Recharges	Cost of Services	Corporate Amounts	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
2009/10 Comparative								
Fees, charges & other service income	-73,877	0	12,395	442	15,665	-45,375	-616	-45,991
Interest & investment income	0	0	75	-17	0	58	-2,828	-2,770
Income from council tax	0	0	0	0	0	0	-6,244	-6,244
Government grants and contributions	-37,817	0	0	-1,976	960	-38,833	-12,990	-51,823
Total Income	-111,694	0	12,470	-1,551	16,625	-84,150	-22,678	-106,828
Employee expenses	21,668	0	-645	0	-6,221	14,802	0	14,802
Other service expenses	94,645	0	-11,171	1,646	-4,861	80,259	500	80,759
Support Service recharges	11,508	0	0	0	-5,227	6,281	0	6,281
Depreciation, amortization and impairment	0	0	0	1	-316	-315	1,905	1,590
Interest Payments	0	0	0	49	0	49	4,639	4,688
Precepts & Levies	0	0	0	0	0	0	747	747
Payments to Housing Capital Receipts Pool	0	0	0	0	0	0	268	268
Gain or Loss on Disposal of Fixed Assets	0	0	0	0	0	0	2,220	2,220
Cost of Pensions	0	0	-1,342	0	0	-1,342	2,380	1,038
Total expenditure	127,821	0	-13,158	1,696	-16,625	99,734	12,659	112,393
Surplus or deficit on the provision of services	16,127	0	-688	145	0	115,584	-10,019	5,565
Comprising Bassetlaw District Council A1 Housing (Bassetlaw) Ltd								5,724 -159

NOTES TO THE GROUP ACCOUNTS**1. MATERIAL ADDITIONAL AMOUNTS****Pensions Liability**

Due to changes in the real discount rate used by the pensions actuary the past service cost amount is now based on the Consumer Prices Index (CPI) instead of the Retail Prices Index (RPI), the impact being a significant past service gain of £2.214m.

2. 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.

3. PRIOR PERIOD ADJUSTMENT

The statement of accounts for 2010/11 is the first to be prepared on an International Financing Reporting Basis (IFRS). Adoption of these standards has resulted in changes to accounting policies which require restatement of the opening Group balances at 1 April 2009.

4. 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 £9.792m in 2010/11 and £9.914m in 2009/10.

A1 Housing (Bassetlaw) Ltd prepares their accounts under the requirements of the Companies Act. A1 Housing (Bassetlaw) Ltd has incorporated the requirements of FRS17 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 £1.144m (£0.909m in 2009/10) 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 reduced by £2.433m to £8.260m (£0.161m to £10.693m in 2009/10)

Creditors increased by £1.820m to £7.986m (£0.362m to £6.166m in 2009/10)

A1 Housing (Bassetlaw) Ltd.

Debtors increased by £0.121m to £0.338m (£0.362m to £0.217m in 2009/10)

Creditors increased by £0.231m to £1.350m (£0.161m to £1.119m in 2009/10)

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.

5. 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.

6. PENSION LIABILITY - A1 HOUSING (BASSETLAW) LTD

The pension liability relating to A1 Housing has reduced by £5.508m to £4.357m (increase of £5.239m to £9.865m in 2009/10)

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BASSETLAW DISTRICT COUNCIL

Opinion on the Authority and Group accounting statements

I have audited the Authority and Group accounting statements of Bassetlaw District Council for the year ended 31 March 2011 under the Audit Commission Act 1998. The Authority and Group accounting statements comprise the Authority and Group Movement in Reserves Statement, the Authority and Group Comprehensive Income and Expenditure Statement, the Authority and Group Balance Sheet, the Authority and Group Cash Flow Statement, the Housing Revenue Account, the Movement on the Housing Revenue Account Statement and Collection Fund and the related notes. These accounting statements have been prepared under the accounting policies set out in the Statement of Accounting Policies.

This report is made solely to the members of Bassetlaw District Council in accordance with Part II of the Audit Commission Act 1998 and for no other purpose, as set out in paragraph 48 of the Statement of Responsibilities of Auditors and Audited Bodies published by the Audit Commission in March 2010.

Respective responsibilities of the Chief Financial Officer and auditor

As explained more fully in the Statement of the Chief Financial Officer's Responsibilities, the Head of Finance & Property is responsible for the preparation of the Authority and Group'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. My responsibility is to audit the accounting statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require me to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the accounting statements sufficient to give reasonable assurance that the accounting statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Authority and Group's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Authority and Group; and the overall presentation of the accounting statements. I read all the information in the explanatory foreword to identify material inconsistencies with the audited accounting statements. If I become aware of any apparent material misstatements or inconsistencies I consider the implications for my report.

Opinion on accounting statements

In my opinion the accounting statements:

- give a true and fair view of the state of Bassetlaw District Council's affairs as at 31 March 2011 and of its income and expenditure for the year then ended;
- give a true and fair view of the state of the Group's affairs as at 31 March 2011 and of its income and expenditure for the year then ended; and
- have been properly prepared in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom.

Opinion on other matters

In my opinion, the information given in the explanatory foreword for the financial year for which the accounting statements are prepared is consistent with the accounting statements.

Matters on which I report by exception

I have nothing to report in respect of the governance statement on which I report to you if, in my opinion the governance statement does not reflect compliance with 'Delivering Good Governance in Local Government: a Framework' published by CIPFA/SOLACE in June 2007.

Conclusion on Authority's arrangements for securing economy, efficiency and effectiveness in the use of resources

Authority's responsibilities

The Authority is responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources, to ensure proper stewardship and governance, and to review regularly the adequacy and effectiveness of these arrangements.

Auditor's responsibilities

I am required under Section 5 of the Audit Commission Act 1998 to satisfy myself that the Authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. The Code of Audit Practice issued by the Audit Commission requires me to report to you my conclusion relating to proper arrangements, having regard to relevant criteria specified by the Audit Commission.

I report if significant matters have come to my attention which prevent me from concluding that the Authority has put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources. I am not required to consider, nor have I considered, whether all aspects of the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively.

Basis of conclusion

I have undertaken my audit in accordance with the Code of Audit Practice, having regard to the guidance on the specified criteria, published by the Audit Commission in October 2010, as to whether the Authority has proper arrangements for:

- securing financial resilience; and
- challenging how it secures economy, efficiency and effectiveness.

The Audit Commission has determined these two criteria as those necessary for me to consider under the Code of Audit Practice in satisfying myself whether the Authority put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2011.

I planned my work in accordance with the Code of Audit Practice. Based on my risk assessment, I undertook such work as I considered necessary to form a view on whether, in all significant respects, the Authority had put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources.

Conclusion

On the basis of my work, having regard to the guidance on the specified criteria published by the Audit Commission in October 2010, 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 31 March 2011.

Certificate

I certify that I have completed the audit of the Authority and Group accounts of Bassetlaw District Council in accordance with the requirements of the Audit Commission Act 1998 and the Code of Audit Practice issued by the Audit Commission.

David Phillips
Officer of the Audit Commission

Audit Commission
Westthorpe Business Innovation Centre
Westthorpe Fields Road
Killamarsh
Sheffield S21 1TZ

September 2011

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.

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 SORP 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.

CAPITAL CHARGES

A charge 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 an 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 local 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 Revenue Support 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, local authorities 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

A physical or electronic document that has intrinsic monetary value or transfers value.

FINANCIAL INSTRUMENT ADJUSTMENT ACCOUNT

An account that holds the accumulated difference between the financing costs included in the 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 1st April and ends on 31st March the following year.

FIXED ASSET

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

GAAP

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

GENERAL FUND

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

GROSS EXPENDITURE

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

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.

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 1st 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 Authorities their share of the pool based on a standard amount per head of the local adult population.

NET EXPENDITURE

Gross expenditure less specific service income, but before deduction of central government grants and Council Tax.

NON-OPERATIONAL ASSET

Fixed assets held by the Council but not directly used or consumed in the delivery of its services. This would include surplus properties awaiting disposal.

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.

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 on their behalf. Nottinghamshire County Council, Nottinghamshire Police Authority, 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:

- 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 Chief 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.

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.

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 Council 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 انٹرپرائز (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** 与我们联络，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 ਵਿਚ ਮਦਦ ਚਾਹੀਦੀ ਹੈ, ਤਾਂ ਤੁਹਾਡੀ ਮਦਦ ਕਰਨ ਦੇ ਲਈ ਅਸੀਂ ਇਕ ਲੈਂਗਵੇਜ਼ ਲਾਈਨ ਇੰਟਰਪ੍ਰੇਟਰ (ਦੁਭਾਸ਼ੀਏ) ਜਾਂ ਟ੍ਰਾਂਸਲੇਟਰ (ਅਨੁਵਾਦਕ) ਦਾ ਪ੍ਰਬੰਧ ਕਰ ਸਕਦੇ ਹਾਂ।
ਕਿਰਪਾ ਕਰਕੇ ਸਾਨੂੰ - **01909 533733 / 01909 533186** - ਉੱਪਰ ਸੰਪਰਕ ਕਰੋ ਅਤੇ ਆਪਣੀ ਭਾਸ਼ਾ ਅਤੇ ਟੇਲੀਫੋਨ ਨੰਬਰ ਦੱਸੋ।

Polish

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BASSETLAW DISTRICT COUNCIL
ANNUAL GOVERNANCE STATEMENT 2010/11



1. Introduction

- 1.1 Bassetlaw District Council has a corporate governance framework consistent with the principles of the 2007 CIPFA/SOLACE Framework *"Delivering Good Governance in Local Government."* This Statement explains how Bassetlaw District Council delivers good governance and also meets the requirements of Regulation 4(3) of the Accounts and Audit (England) Regulations 2011 in relation to the publication of a statement on internal control.

2. Scope of Responsibility

- 2.1 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.
- 2.2 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.
- 2.3 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, including arrangements for the management of risk.

3. The Purpose of the Governance Framework

- 3.1 Governance is about how local government bodies ensure that they do the right things, in the right way, for the right people in a timely, inclusive, open, honest and accountable manner. The governance framework comprises the systems and processes, culture and values, by which the Council is directed and controlled, and its activities through which it accounts to, engages with, and, where appropriate, leads the community. It enables the Council to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate, cost effective services, and in accordance with legislative requirements.
- 3.2 The system of internal control is a significant part of that framework, designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives. It 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 of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically.
- 3.3 The governance framework has been in place at Bassetlaw District Council for the year ended 31 March 2011, and up to the date of approval of the Statement of Accounts.

4. Core Principles

Bassetlaw District Council is being asked to approve an updated "*Local Code of Corporate Governance*" at its full Council meeting on 29th June 2011 which recognises that effective governance is achieved through the following core principles:

- (i) 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.
- (ii) Members and officers working together to achieve a common purpose with clearly defined functions and roles.
- (iii) 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.
- (iv) Taking informed and transparent decisions, which are subject to effective scrutiny and managing risk.
- (v) 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.
- (vi) Engaging with local people and other stakeholders to ensure robust local public accountability.

An Action Plan is included as Appendix "2" to this Statement showing the actions the Council proposes to take in 2011/12 to strengthen its compliance with the core principles.

5. Governance Arrangements

5.1 The key elements of the systems and processes that comprise Bassetlaw's governance arrangements are detailed below. These provide assurance and evidence in support of Bassetlaw District Council's Annual Governance Statement.

5.2 *Assurance Framework*

The governance assurance framework supports the Council in establishing, implementing and monitoring policies and objectives. 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 Housing Strategy;
- The Human Resources Strategy;
- The Corporate Equalities Scheme.

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.

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. The Corporate Risk Scorecard and Action Plan are incorporated within the Corporate Governance Framework. These record the process and results for identifying, assessing, managing and monitoring of strategic risks. These documents are updated and reviewed by senior management regularly. Control issues identified from the Internal Audit reviews are aligned with the Risk Management process, providing a holistic and integrated source of assurance.

The Corporate Plan lays out the Council's vision, priorities and values. The Plan affirms its commitment to continuous service improvement. The Council recognises the increasing importance of working in partnership with other agencies, and is committed to partnership working in order to deliver its priorities and wider themes of the Sustainable Community Strategy.

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. The internal control system includes:

- An established Anti-Fraud Strategy, including whistle-blowing procedures, communicated to Members, officers and the public via the Council's website;
- The work of the Audit Committee undertaking the core functions as identified in CIPFA guidance. This was undertaken by the Overview and Scrutiny Committee for the early part of the year, and the Audit and Performance Scrutiny Committee for the latter part of the year;
- The development of a Partnership Risk Register to identify strategic partnership arrangements and assess the adequacy of governance arrangements;
- Corporate Performance monitoring, review and reporting;
- Facilitation of policy and decision making through the Constitution, Codes of Conduct, the decision-making process, Forward Plan, and the role of the Scrutiny Committees;
- The statutory roles of the Council's Monitoring Officer and Chief Financial Officer place a duty on these postholders to ensure compliance with established policies, procedures, laws and regulations;
- Compliance with established policies, procedures, laws and regulations are monitored through the work of the Finance and Legal staff that are adequately trained and experienced;
- Internal Audit reviews are carried out using a risk-based audit approach with the emphasis on key financial systems. This work is undertaken in co-operation with the Council's External Auditor, ensuring maximum use of Audit resources and that high professional standards are maintained;

- A Risk Management Strategy that is led by senior management for the identification and evaluation of Corporate risks, and this is integrated with the work of Internal Audit to provide a holistic source of assurance aligned to corporate objectives;
- Directorate operational risk registers, subject to review by Heads of Service;
- Ensuring economical, effective and efficient use of resources, and securing continuous improvement by adherence to the Corporate and Service performance targets (as reported to the Audit and Performance Scrutiny Committee) and Service review findings and agreed action plans;
- The financial management of the Council and the reporting of financial management through Financial and Contract Procedure Rules, a comprehensive budgeting and budget monitoring system, a robust medium term financial planning process and internal audit review;
- The performance management of the Council and the reporting of performance management through a quarterly reporting system to the Audit and Performance Scrutiny Committee and Cabinet;
- Formal project management guidelines;
- Adherence to good employment practices.

5.3 *Principal Statutory Obligations*

These are identified and embedded by the following:

- The responsibilities for statutory obligations are formally established within the Council's Constitution. This determines individual officer and Member responsibilities; defines the scheme of delegation to officers and Members; and provides full guidance on all officer and Member codes and protocols. It also provides the terms of reference for the Cabinet and other Committees. Structure charts and job descriptions further define the responsibilities of key officers.
- An accessible record of statutory obligations is maintained by legal and available electronically on the Intranet. Service managers hold hard copies of the Constitution within each team.
- Effective procedures are in place to identify, evaluate, communicate, implement, comply with and monitor legislative change within the Council. This is maintained by the appointment of suitably qualified and experienced officers; accurate and specific job descriptions and person specifications; provision of appropriate induction and awareness training; and effective communication via the Policy and Scrutiny Unit, and key officers across the organisation.
- Effective action is taken to overcome areas of non-compliance through internal/external audit reports and the recommendations therein; monitoring reports to the Management Team and Cabinet/Scrutiny on progress of delivery against approved Action Plans; and effective training with regard to Data Protection, Freedom of Information Act requests, and official complaints.

5.4 *Organisation Objectives*

These are identified and embedded by the following:

- The Council ensures that its vision, strategic plans, priorities and targets are developed through a robust mechanism in consultation with the local community and other key stakeholders.
- The Corporate Plan takes account of the results of public consultation, and sets out how the Council will address the local and national priorities in conjunction with the Council's partners.
- Strategic priorities and objectives are clearly set out in the Corporate Plan, which demonstrates clear linkages to the annual budgets and the Medium Term Financial Plan.
- Departmental Service Improvement and Delivery Plans are aligned with the corporate priorities, and in turn, these are directly linked into the Medium Term Financial Plan, IT Strategy, HR Strategy, and Asset Management Plan.
- The Council's objectives are clearly communicated to staff, stakeholders and partners in a variety of ways - including the distribution of hard copies of the Corporate Plan. It is also made available on the Council's website.

5.5 *Effective Corporate Governance Arrangements*

These are identified and embedded by the following:

- The Council has adopted a Code of Corporate Governance in line with the CIPFA/SOLACE guidance, and a communication strategy in relation to the Code has been developed, approved and implemented.
- The Code is reviewed on an annual basis, and is updated in response to any changed requirements. Reports on compliance are continuously monitored, and an annual report i.e. the Annual Governance Statement, is prepared and submitted to Members. This produces an Action Plan, which identifies any particular weaknesses in complying with the Code. Internal and external audit reports also specifically comment on the adequacy of corporate governance arrangements.
- The responsibility for overseeing corporate governance has been formally delegated to the Standards Committee, for which clear terms of reference have been adopted and approved.
- 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.
- The Code is reported to the Standards Committee and full Council on an annual basis, and is published and accessible to all staff, the public and other stakeholders.
- 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.

5.6 *Performance Management Arrangements*

These are identified and embedded by the following:

- The Council has a clearly defined performance management framework that identifies all sources, links to documentation, defines who is responsible, how it is collected and measured, the approval and monitoring process, quality assurance, and how performance is improved over time.

- Key Performance Indicators have been established and arrangements are in place for their collection, monitoring and reporting. They are also included within departmental Service Improvement and Delivery Plans and reported to the Audit and Performance Scrutiny Committee on a quarterly basis.
- Targets are set in relation to improved performance outcomes, for which the Council uses a balanced scorecard approach via the electronic software package 'Covalent'.
- Information in relation to Bassetlaw's performance is compared to local neighbours, peer authorities etc. This is monitored and acted upon, to ensure continuous improvement takes place within the Council, and that the results improve to the upper quartile wherever possible.
- Performance management systems are regularly reviewed to take account of changes in organisational structure, new local and national indicators, and internal and external service reviews. They are also collected, developed and monitored in conjunction with the key strategic partners, including A1 Housing (Bassetlaw) Ltd.

5.7 *Equality and Diversity Arrangements*

The Council adheres to its legal duties and promotes wider awareness of equality and diversity. It monitors its employment procedures and has arrangements in place for service delivery both by its own staff and through other bodies. The Council has reviewed its various schemes and moved to a Single Equality Scheme that incorporates the responsibilities from the Equality Act 2010.

All major policies and services are subject to an Equality Impact Assessment and training has been provided to all officers. The Cabinet maintains an overview on the equality issues and is supported by the Corporate Management Team.

The Council produces an Annual Report on its equality duties to the Equality and Human Rights Commission. A peer review in early 2011 concluded that the Council met the requirements of the 'Achieving Level' of the Equality Framework for Local Government.

5.8 *Strategic and Operational Risk Management Arrangements*

The Council has adopted a corporate risk management strategy, and operates a fully integrated risk management system across the organisation which involves:

- There is a written strategy and policy in place for managing risk, which has been formally approved, and is monitored and reported on a regular basis, including partnership risks.
- The Council has clear structures and processes in place for risk management, i.e. all reports to Council, Cabinet, or Committees include a section on risk; a Cabinet Member has been appointed as 'risk champion'; and risk management is considered in the annual Service Improvement and Delivery Plan process.
- The Council has developed a corporate approach to the identification and evaluation of risk which is disseminated through the Risk Management Policy, briefings, and training.
- The Council has well defined procedures for recording and reporting risk through its use of corporate and project risk registers, action plans, bi-monthly risk management meetings with Heads of Service, and the adoption of a risk-based approach to internal audit.

- The Council has well-established and clear arrangements for financing risk in terms of all legal requirements for insurance are being met, and a comprehensive review of insurance excesses and capping levels is undertaken each year.
- The Council undertakes risk management training for officers and Members on a regular basis.
- The Council adopts a corporate risk management structure with quarterly reporting to the Management Team and the Cabinet.
- External guidance in risk management is purchased through the insurance provider.
- Strategic risks are cross referenced to the Council's ambitions and priorities, and detail the risk and mitigation owners and explain the potential consequences if risks materialise.
- Risk management is embedded across the organisation and when working in partnership with other service providers.
- Specific areas of risk, for example those relating to financial instruments, are managed through policies, associated practice notes and indicators.

6. Review of Effectiveness

- 6.1 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 results of the review are reported to the Cabinet, the Audit Committee (currently the Audit and Performance Scrutiny Committee), and full Council. In doing this, Bassetlaw is looking to provide assurance that its governance arrangements are adequate and operating effectively in practice, or where gaps are revealed, that actions are planned to ensure effective governance in the future.
- 6.2 The review of effectiveness is informed by the work of the Chief Executive, Directors, Heads of Service, and Managers within the Council, who have responsibility for the development and maintenance of the governance environment. This is enhanced by the '*Annual Review of the Effectiveness of the System of Internal Audit*', the '*Internal Audit Annual Report*', the Audit Commission's '*Annual Governance Report*', and also by the comments made by other review agencies and inspectorates.
- 6.3 The process of maintaining and reviewing the effectiveness of the governance framework includes the following measures and actions:
 - The Council carries out a programme of monitoring which runs throughout its annual cycle. This includes quarterly scrutiny of all budgets; regular reviews of Service Improvement and Delivery Plans by Heads of Service and Directors; quarterly Corporate Performance reporting and reviews of Performance Indicator targets; and bi-annual monitoring of the Corporate Plan.
 - The Cabinet carries out functions that are not the responsibility of any other part of the Council, and Members of the Cabinet are assigned portfolio areas. This allows the Cabinet to monitor the activities of the Council, and each Cabinet Member has a specific role description setting out the responsibilities of their portfolio. The Cabinet members have both collective and individual responsibility for ensuring that decisions of the Council delegated to them are in compliance with the Council's overall governance arrangements.
 - There is a robust and well-established overview and scrutiny function, which is delivered through the Audit and Performance Scrutiny and the Overview and Scrutiny Committees.

- The Monitoring Officer carries out a continuous review of all legal and ethical matters, receiving copies of all agendas, minutes, reports and associated papers, commenting when necessary, or taking appropriate action, should it be required. The Monitoring Officer is also responsible for monitoring the Local Code of Corporate Governance.
- The Council continues to operate a robust standards function through an established Standards Committee, with defined roles and responsibilities for promoting and maintaining high standards of conduct by the Council's Members and co-opted Members.
- The Audit and Performance Scrutiny Committee carries out an overview of the activities of the Council's internal and external audit functions. Members are provided with copies of all reports produced by Internal Audit and by the Audit Commission. They approve the annual plans for each, and receive regular progress reports throughout the year. The Internal Audit Manager submits to them an Annual Report and Opinion, and the external auditor (Audit Commission) submits an Annual Governance Report.
- The Internal Audit service is outsourced to RSM Tenon, a private firm of auditors, that provides a continuous review in accordance with the Council's obligations under the Local Government Act 1972, and the Accounts and Audit Regulations 2006. This is supplemented by a part-time in-house resource that administers the contract arrangements and undertakes 'special' reviews as required. The arrangement operates under the Auditing Practices Board Guidelines and CIPFA Code of Practice for Internal Audit in Local Government.
- The Council's external auditors (Audit Commission) review the activities of the Council and provide an opinion on the Council's financial statements and Group Accounts. They also provide a value for money conclusion on the corporate arrangements for securing economy, efficiency and effectiveness in the use of the Council's resources. This opinion, conclusion, and any significant issues arising are included in their Annual Governance Report submitted to those charged with governance.
- The Council's approach includes an annual review of the Council's corporate governance framework by the Corporate Governance Working Group and the Corporate Management Team, which includes a detailed examination of corporate risks.
- All Heads of Service and Directors are required to keep under review and comply with the elements of internal control that individually apply to each. Annual Assurance statements are made by them confirming that they have complied with these internal controls within their respective areas of responsibility, and highlighting any areas of concern if appropriate.
- Measures to address the weaknesses and issues identified in the above reviews are included in the Action Plans for 2011/12.
- The Chief Executive is responsible for the annual independent review, and he reports on the adequacy and effectiveness of the corporate governance arrangements and compliance with them.
- The Council has reviewed its partnership arrangements and identified and evaluated its key partnerships as part of its Risk Management process. Key governance requirements that all partnership arrangements will be required to meet have been developed, to ensure that all members of any partnership are responsible for ensuring they meet the highest standards of governance.

7. Efficiency / Value For Money

- 7.1 The Council prides itself on delivering quality services at an affordable price, and is recognised as being efficient.
- 7.2 There is a strong commitment to the principles of service reviews, annual efficiency reviews via the Star Chamber process, and continuous improvement. All of these take into account the requirements of the Gershon efficiency and collaboration agendas. An essential part of Internal Audit's role is to make recommendations, where appropriate, through Management Action Plans to ensure measures are taken to improve and strengthen the efficiency and effectiveness of the Council's services.
- 7.3 The Council continues to develop its budgetary monitoring and control processes to ensure that financial resources are used to their best advantage. Service planning underpins financial planning with increased expenditure in any service being justified to the Corporate Management Team or, where necessary, approved by Cabinet. Key to the service planning process is a requirement to demonstrate planning for continuous improvement over several years. The Audit and Performance Scrutiny Committee is tasked with prioritising resources to ensure that the objectives within the Corporate Plan are supported by the individual Service Improvement and Delivery Plans, and that improvements are in line with the strategic objectives. Economic and efficient use of services is subject to review through the work of both internal and external audit.
- 7.4 The Star Chamber process features the inclusion of a value for money assessment as part of a defined approach to service efficiency and value for money. Once again, this approach enabled the Council to reinvest in strategic public services through the use of the Service Improvement Bid process. The principle was to make efficiency savings from non-priority areas by removing 'excesses' from the budget. This in turn created headroom for the budget, which could then be successfully applied to one-off service improvements.

8. Financial Management

- 8.1 Ensuring that an effective system of internal financial control is maintained and operated is the responsibility of the S151 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.
- 8.2 Internal financial control is based on a framework of management information that includes: Financial and Contract Procedure Rules and administration procedures, adequate separation of duties, management supervision, and a system of delegation and accountability. Ongoing development and maintenance of the various processes will be the joint responsibility of the S151 Officer and other Managers within the Council. The Council's processes undertaken during 2010/11 include the following:
- the setting of annual budgets for a three-year period;
 - monitoring of actual income and expenditure against the annual budgets;
 - monthly budget reviews to estimate the likely outturn figures;
 - periodic reporting of the Council's financial position to Members;
 - the 'Star Chamber' process of efficiency savings;
 - the Service Improvement Bid review process;

- clearly defined capital expenditure guidelines as outlined in the Capital Strategy;
- the monitoring of finances against a Medium Term Financial Plan.

8.3 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.

8.4 The Council's financial management arrangements consist of a number of interlocking strands:

- Financial and Contract Procedure Rules – These provide the framework for managing the Council's financial affairs. They identify the financial responsibilities of the Cabinet, Portfolio Holder and officers. They also set out the procedures that the Council has adopted for financial planning, budgeting, risk management, auditing, treasury management and procurement of goods and services, including contract management.
- Medium Term Financial Planning – The Council publishes revenue and capital projects for a three to five year period. The projections are reviewed and updated on an annual basis. Additionally, to inform the capital planning process, the Council uses a Capital Strategy and Prioritisation Process to prioritise, target and measure the performance of its capital resources. This Strategy was developed in consultation with stakeholders and partners and is co-ordinated as part of the capital Service Improvement Bid process.
- Budget Preparation – The Council has a robust budgetary process driven by the objectives outlined in its Corporate Plan. In 2010/11 the Council strengthened the links between the budget and the Plan by using the Star Chamber and Service Improvement Bid process to prioritise the allocation of resources in line with the objectives of the Plan.
- Budget Management – A robust budget monitoring system is employed to manage areas of known budget risk, to plan for predictable budget peaks, to identify change management issues, and to forecast year-end outturns. This enables accurate forecasting to be undertaken and reported to Cabinet/Scrutiny on a quarterly basis. The Head of Finance & Property also reviews all of the Balance Sheet entries to ensure consistency of treatment.
- Budgeting, Monitoring and Reporting – Budgets are assigned to responsible officers, and key budgetary control information is produced on a monthly basis for those officers to manage. Summaries of their year-end forecasts are reported to the Finance Portfolio holder, the Corporate Management Team, and all Heads of Service. The headline variances are also reported quarterly to Cabinet and the Audit and Performance Scrutiny Committee.
- Performance Management – The Council has had a performance management framework for several years based on a range of local and national performance indicators. The Council's strategic priorities and the internal audit recommendations are also monitored through the performance management framework. Every action in the Council's Corporate Plan has a responsible officer, and each action has its own performance measure. Performance data is reported quarterly to the Corporate Management Team and to the Audit and Performance Scrutiny Committee, and on an annual basis to Cabinet. An annual progress report is published on the Council's website, and the Council feeds back progress direct to community groups and through its newspaper 'Bassetlaw News'. Areas where performance is below

target are highlighted and responsible officers are required to provide a Performance Improvement Plan for these items. The Council uses benchmarking figures to compare itself with other Council's, and has engaged with business process re-engineering specialists as a key step to improving performance.

The Council has a comprehensive software package to enhance performance monitoring. The system enables a more sophisticated analysis of performance trends, provides early warnings of dips in performance, and provides instant access to performance information for all Members and Managers, enabling comparisons to be made quickly with previous years performance, national benchmarks and similar authorities, and tracks the progress of implementing key actions and priorities.

9. Group Activities

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

9.2 From an internal control perspective;

- A1 Housing utilise the Council's corporate systems and are safeguarded by the controls therein.
- A1 Housing finance staff 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 2010/11 were given as 'green' for governance arrangements, 'green' for risk management arrangements, and 'amber' 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 2010.
- 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.

10. External Inspections and Work Programmes

10.1 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 Code of Practice Self-Assessment Compliance Checklist was completed in May 2009 and remains effective for 3 years. 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 2010/11, 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 2011, 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 - As part of this year's review we looked at the Governance Arrangements in relation to: Committee Structure, the Constitution & Standing Orders, Scheme of Delegation, Financial Regulations and information presented to Members. This resulted in one Low recommendation being raised. The implementation and management agreement to the recommendations that are raised during the course of the year are an important contributing factor when assessing the assurance opinion on Governance. Three Follow Up reviews were undertaken during the year. Overall, we concluded that Good progress has been made to implement recommendations.*
 - *Risk Management - The Risk Management advisory review was undertaken to review the effectiveness of risk identification, recording, monitoring, reporting and utilisation of information across the Council. Our report included eight recommendations (i.e. one high, four medium and three low). Management have accepted all the recommendations from this advisory review and have assigned responsibility for implementation of such recommendations with practical timescales. However, the Control Environment is a key aspect of Risk Management, and as can be seen from the number of recommendations raised and the five red assurance opinions given, there is some room for improvement in strengthening the Control Environment. As a result, an Amber traffic light has been awarded, reflecting the opportunity to improve on controls to mitigate risks faced by the Authority.*
 - *Control - We undertook a total of 46 Internal Audit reviews, three Advisory reviews and three Follow Up reviews of recommendations made during the year. Overall, this resulted in five 'no' assurance opinions (i.e. red) and nine 'some' assurance opinions (i.e. Red-Amber) being given. The remaining 32 reviews resulted in reasonable assurance being given (i.e. Green or Green-Amber) over the control environment."*
 - *"In arriving at our opinion, we have taken into account:*
 - *The results of all internal audits undertaken during the year ended 31 March 2011;*
 - *The results of follow-up action taken in respect of audits from previous years;*
 - *Whether fundamental/high or significant/medium recommendations have been accepted by management and, if not, the consequent risks;*
 - *The affects of any material changes in the organisation's objectives or activities;*
 - *Matters arising from previous reports or other assurance providers to the Audit & Performance Scrutiny Committee and/or the Council;*
 - *Whether or not any limitations have been placed on the scope of internal audit;*
 - *Whether there have been any resource constraints imposed upon us which may have impinged on our ability to meet the full internal audit needs of the organisation;*
 - *What proportion of the organisation's internal audit needs have been covered to date."*

- *"We are satisfied that sufficient support has been given by the Authority to Internal Audit, thus allowing the delivery of the plan and a formal opinion to be given."*
- *"A total of 336 recommendations have been raised during the year (excluding those recommendations raised as part of the Follow Up reviews), of which 14 were not accepted by management.... do not impact on the assurance opinion given."*
- The Audit Commission's Annual Governance Report 2009/10 concluded:
 - *"I have undertaken my audit in accordance with the Code of Audit Practice and having regard to the criteria for principal local authorities specified by the Audit Commission and published in May 2008 and updated in October 2009, and the supporting guidance, I am satisfied that, in all significant respects, Bassetlaw District Council made proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ending 31 March 2010."*

11. Emerging Significant Governance Issues

11.1 During the 2010/11 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 thorough its proactive and holistic approach to governance:

- Internal Audit Recommendations – the Council acknowledges the opinion of the Internal Audit provider (RSM Tenon) and is encouraged with the 'good progress' rating on the audit follow-up reports. It should be noted however, that 2010/11 was the second year of a three-year rolling programme of the new risk-based approach being operated by RSM Tenon, and this is reflected in having 336 recommendations made. It is pleasing to note, however, that of this amount, only 25 (7%) of these were classified as 'high' recommendations, and further improvements are anticipated in 2011/12.
- Constitution – the Council updated part of the Constitution during the year, and it is recognised that a number of officer training needs now exist in the scheme of delegation, financial procedure rules, and the contract procedure rules.
- Prevention of Fraud – the Head of Finance & Property requested an advisory audit in two areas that have not been subjected to internal audit scrutiny: anti-fraud arrangements and inventory management. Both of these audits identified a need for further work by officers, particularly in respect of the new Bribery Act 2010, and this will be completed during the early part of 2011/12.
- Procurement – there is a need for a more corporate and centralised approach to be taken by the Council in procuring works, goods and services, and a rolling programme of work has been scheduled into the new financial year.
- Risk Management – work is ongoing on the capture and recording of service and directorate risks across the Council.
- Economic Recession – the Council remains susceptible to, but vigilant for, the external risks posed by the turbulent and unpredictable economic climate. Cost pressures and inevitable reductions in Council income streams have been effectively managed during the 2010/11

budget process, with no reductions in service, no requirement for redundancies, 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.

12. Moving Forward

- 12.1 Over the coming year, Bassetlaw District Council will take steps to address the issues identified within the Action Plan (Appendix 2), 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 we will monitor their implementation and operation as part of our next annual review.

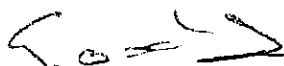
Signed:

David Hunter
Chief Executive



Date 29th June 2011

Graham Oxby
Council Leader

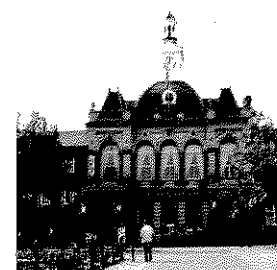
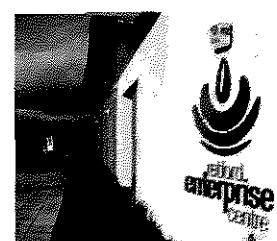


Date 29th June 2011

2010/11 ANNUAL GOVERNANCE STATEMENT
ACTION PLAN FOR 2011/12

Core Principle	Supporting Principles	Specific Actions	Action By
Taking informed and transparent decisions which are subject to effective scrutiny and managing risk.	Having good quality information, advice and support to ensure that services are delivered effectively and are what the community wants/needs.	The audit recommendations will continue to be logged onto the Covalent system and followed up on a regular basis with responsible Managers and Heads of Service. This will include periodic reporting to the Management Team and Audit Committee. Members are encouraged to challenge officers on progress with the implementation of those recommendations.	Head of Finance & Property – as and when audits are completed throughout the year.
Members and officers working together to achieve a common purpose with clearly defined functions and roles.	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 delivery of a corporate training programme for both Members and officers in terms of the Scheme of Delegation, Financial Procedure Rules, and the Contract Procedure Rules.	Corporate Governance Working Group – December 2011.
Taking informed and transparent decisions which are subject to effective scrutiny and managing risk.	Making sure that an effective risk management system is in place.	The refresh of all of the Council's Policies and Procedures with regard to the prevention of fraud. The delivery of a corporate training programme for both Members and officers in terms of anti-fraud measures, including the Council's response to the Bribery Act 2010.	Corporate Governance Working Group – December 2011.

Core Principle	Supporting Principles	Specific Actions	Action By
Focusing on the purpose of the authority and on outcomes for the community including citizens and service users and creating and implementing a vision for the local area.	Ensuring that the Authority makes best use of its resources and that taxpayers and service users receive excellent value for money.	To strengthen the corporate procurement arrangements by ensuring that the Procurement Manager is involved in all purchasing of works, goods and services, and that appropriate corporate contracts are established to encourage the best use of resources.	Head of Finance & Property – March 2012.
Taking informed and transparent decisions which are subject to effective scrutiny and managing risk.	Making sure that an effective risk management system is in place.	To develop a comprehensive record of all service and directorate risks across the Authority, and to develop plans to mitigate those risks to an acceptable level.	Risk Management Group – December 2011.
Focusing on the purpose of the authority and on outcomes for the community including citizens and service users and creating and implementing a vision for the local area.	Exercising strategic leadership by clearly communicating the Authority's purpose and vision and its intended outcome for citizens and service users.	To maintain a focus on the economic conditions that have a wider impact on the local community, and to raise and discuss options for targeted service improvements with the leadership.	Corporate Management Team – ongoing throughout the year.



Bassetlaw District Council,
 Queen's Buildings, Potter Street,
 Worksop, Nottinghamshire S80 2AH.
 Tel; (01909) 533533 Fax:(01909) 501246
corporate.finance@bassetlaw.gov.uk



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