

**2013/14**  
**Unaudited**  
**Statement of Accounts**  
**&**  
**Annual Governance**  
**Statement**



**Bassetlaw**  
DISTRICT COUNCIL  
— North Nottinghamshire —

**BASSETLAW DISTRICT COUNCIL  
STATEMENT OF ACCOUNTS 2013/14  
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## EXPLANATORY FOREWORD

During 2013/14, scrutiny of public spending and the national economic situation has become increasingly important and the government has given clear instructions to local authorities to make financial information publicly accessible and transparent. Bassetlaw District Council (the "Council") now publishes data on all expenditure over £250 which is available on our website [www.bassetlaw.gov.uk](http://www.bassetlaw.gov.uk).

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

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

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

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

The following pages summarise the financial activities of Bassetlaw District Council in 2013/14 and comment upon the most significant matters reported in the accounts. This publication incorporates all of the financial statements and disclosure notes required by statute. The accounts have been produced in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2012.

The Council's accounts for the year 2013/14 comprise:

### **Core Financial Statements Comprising:**

- **Movement in Reserves Statement.** This Statement shows the movement in the year on the different reserves held by the Council, analysed into 'Usable' and 'Unusable' reserves. These are defined below under 'Balance Sheet'. The Surplus/Deficit(-) on the Provision of Services line shows the true economic cost of providing the Council's services, more details of which are shown in the Comprehensive Income and Expenditure Statement. These are different from the statutory accounts required to be charged to the General Fund Balance and the Housing Revenue Account for council tax setting and rent setting purposes. The Net Increase/Decrease before Transfers to Earmarked Reserves line shows the statutory General Fund Balance and Housing Revenue Account Balance before any discretionary transfers to or from earmarked reserves are undertaken by the Council.
- **Comprehensive Income and Expenditure Statement.** This Statement shows the accounting cost in the year of providing services in accordance with 'generally accepted accounting practices', rather than the amount to be funded from taxation. Councils raise taxation to cover expenditure in accordance with regulations; this may be different from the accounting cost. The taxation position is shown in the Movement in Reserves Statement.
- **Balance Sheet.** The Balance Sheet shows the value as at the Balance Sheet date (31 March 2014) of the assets and liabilities recognised by the Council. The net assets of the Council (assets less

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

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

#### ***Supplementary Statements Comprising:***

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

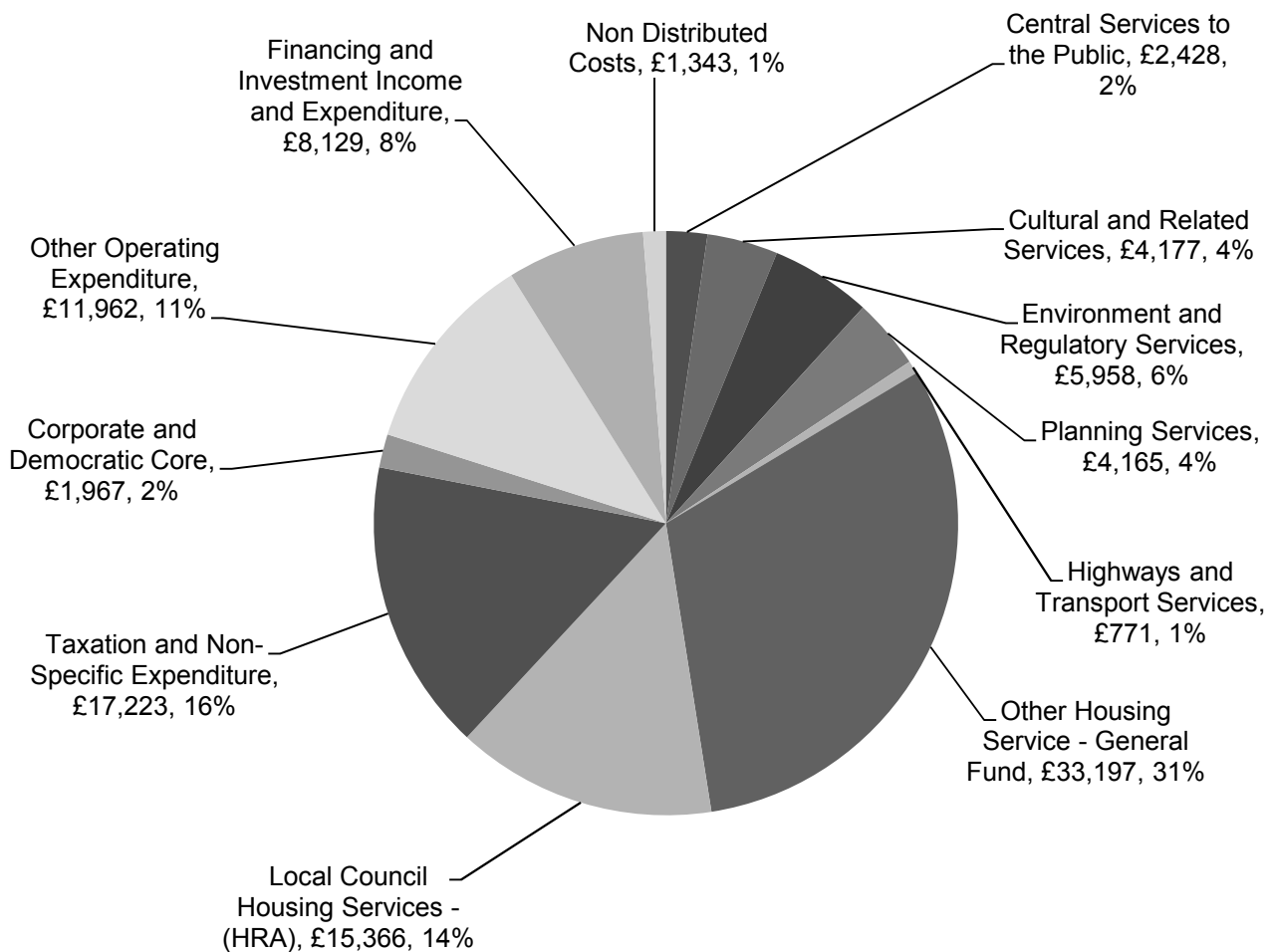
## FINANCIAL SUMMARY

### STATEMENT OF ACCOUNTS 2013/14

Revenue spending is generally on items that are consumed within a year, and is financed from government grants, Council Tax, and other income (largely charges to service users). The Comprehensive Income and Expenditure Statement sets out how much was spent during 2013/14 and where the money came from.

Gross revenue spending on services in the year was £106.686m (£95.561m in 2012/13). The following charts show the services on which the money was spent:

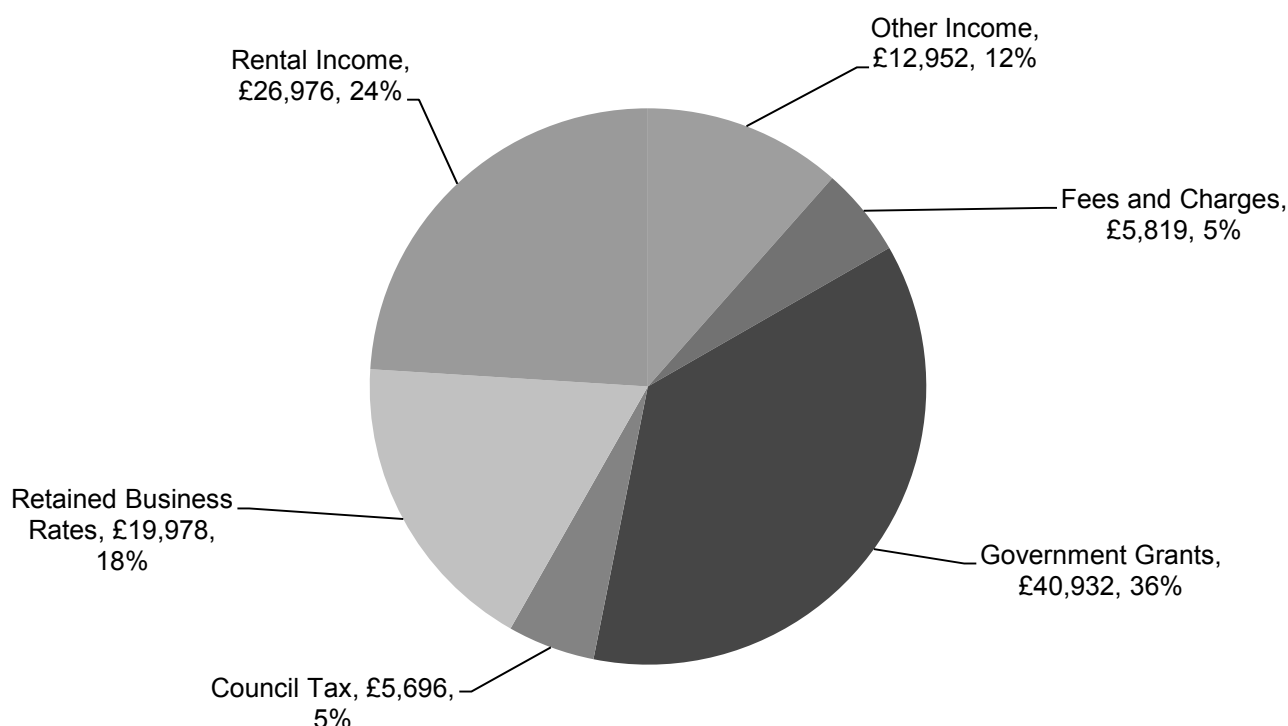
### GROSS COST OF SERVICES (£'000)



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

Gross revenue income generated by services during the year was £112.353m (£97.584m in 2012/13). The following charts show the services where the money came from:

### GROSS INCOME OF SERVICES (£'000)



### General Fund Spending in 2013/14

The original budget of £15.960m was adjusted throughout the year to reflect decisions made by the Council. Budgets were subsequently monitored against the revised budget of £15.525m.

	Original Budget £m	Revised Budget £m	Outturn £m	Variance £m
Chief Executive Department	0.225	0.389	0.227	-0.162
Corporate Management	0.785	0.597	0.550	-0.047
Economic Regeneration	1.454	1.486	1.628	0.142
Environment	4.127	4.384	4.334	-0.050
Finance & Property	0.491	0.509	0.420	-0.089
Housing	1.279	0.514	0.501	-0.013
Leisure	2.982	2.809	2.854	0.045
Planning & Building Control	1.443	1.289	1.097	-0.192
Policy & Community Engagement	1.161	1.228	1.168	-0.060
Revenue Services	0.868	0.916	1.010	0.094
Support Services	0.143	0.168	0.181	0.013
<b>Net Cost of Services</b>	<b>14.958</b>	<b>14.289</b>	<b>13.970</b>	<b>-0.319</b>
Other Budgets	1.002	2.918	2.534	-0.384
<b>Net Cost of Council Expenditure</b>	<b>15.960</b>	<b>17.207</b>	<b>16.504</b>	<b>-0.703</b>
Transfer to/(from) Usable Reserves	0.000	0.446	1.114	0.668
Transfer to/(from) Unusable Reserves	0.000	-2.128	-2.129	-0.001
Transfer to/(from) General Reserve	0.000	0.000	0.036	0.036
<b>Total General Fund</b>	<b>15.960</b>	<b>15.525</b>	<b>15.525</b>	<b>0.000</b>

Budget

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

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

Variances

The net variance on service and other budgets of -£0.319m mainly relates to an under spend on employee costs of -£0.288m, additional Housing Benefit subsidy of -£0.115m, overachieved fees & charges income of -£0.203m, over-achievement of recharges to HRA -£0.049m, over-achieved SLA income -£0.026m, a lower contribution towards the Turbine Worksop of -£0.026m, and contributions to provisions and debtor impairments of £0.391m plus other minor service underspends of -£0.003m.

The variance on other budgets of -£0.384m m relates to savings on Treasury Management costs of -£0.304m, plus an additional receipt in respect of Icelandic banks of -£0.049m, plus other minor movements of -£0.031m. There has also been a number of movements to and from reserves during the year, giving a variance of £0.667m.

Outturn

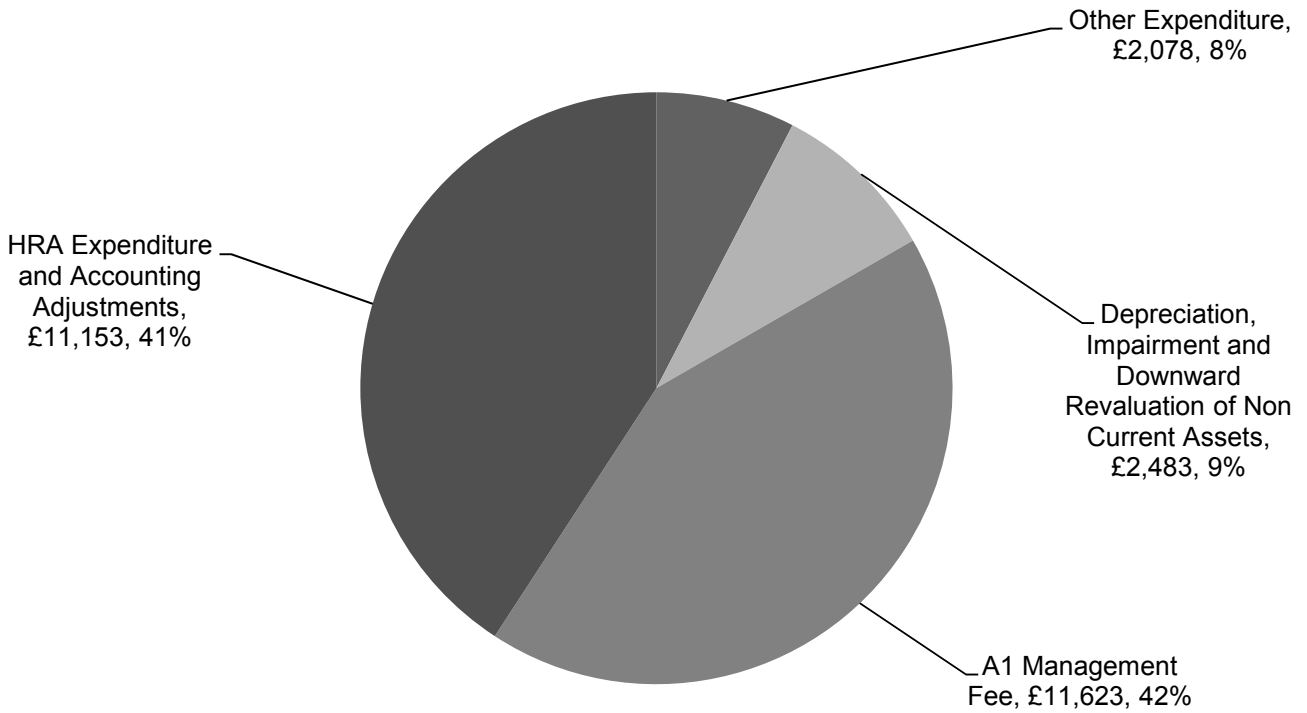
An amount of £0.036m has been contributed to the General Fund Balances. The resultant impact on the Council Taxpayer funds is demonstrated in the Statement of Movement on General Fund Balance. This shows that the overall General Fund Balance at 31 March 2014 was £1.083m (31 March 2013 was £1.047m).

**Housing Revenue Account Spending in 2013/14**

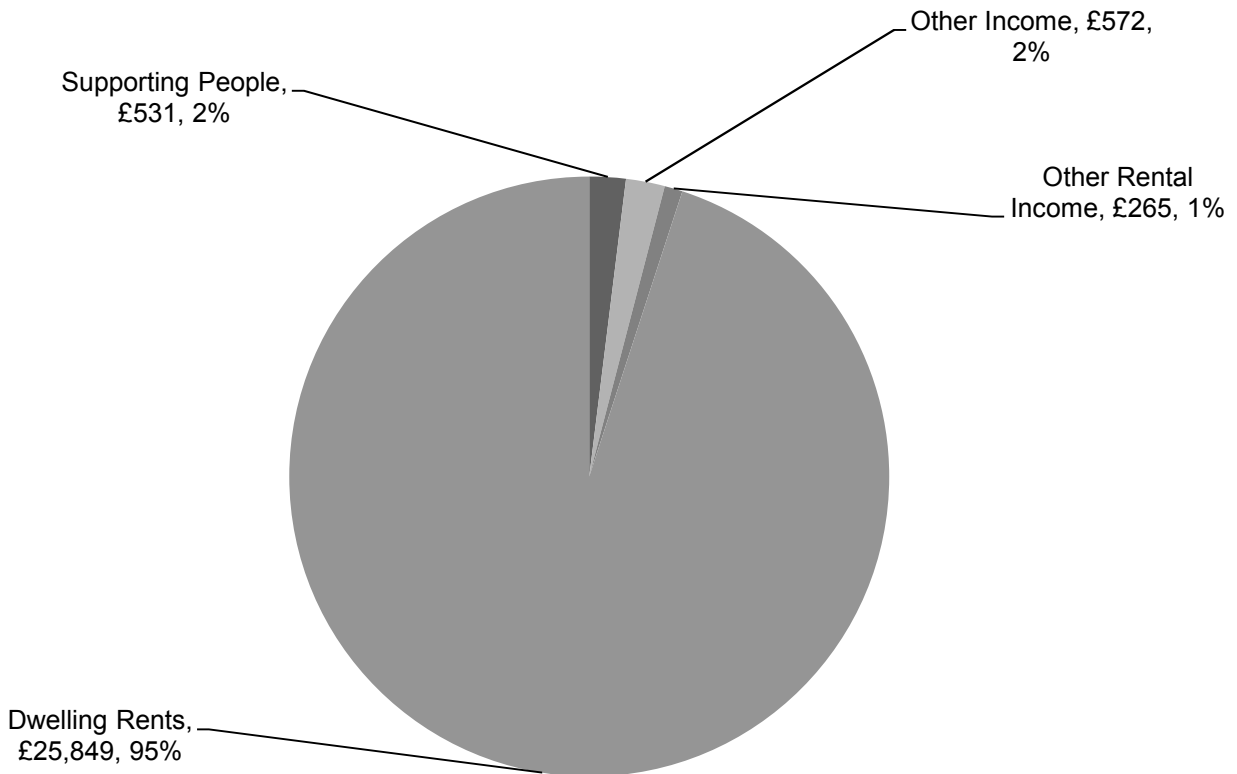
The Housing Revenue Account summarises the transactions relating to the provision, maintenance and management of the Council's housing stock. The account has to be self-financing and cannot be subsidised by the General Fund.

Gross revenue spending in the year was £27.337m (£26.141m 2012/13). Gross revenue income was £27.217m (£26.215m in 2012/13). The following charts show the services on which the money was spent and where the money came from:

### HRA GROSS EXPENDITURE 2013/14 (£'000)



### HRA GROSS INCOME 2013/14 (£'000)





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

The resultant impact on the Council Rent payer is demonstrated in the movement on Housing Revenue Account Balance. This shows that the overall HRA Balance at 31 March 2014 was £1.346m (31 March 2013 £1.466m).

### Capital Spending in 2013/14

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

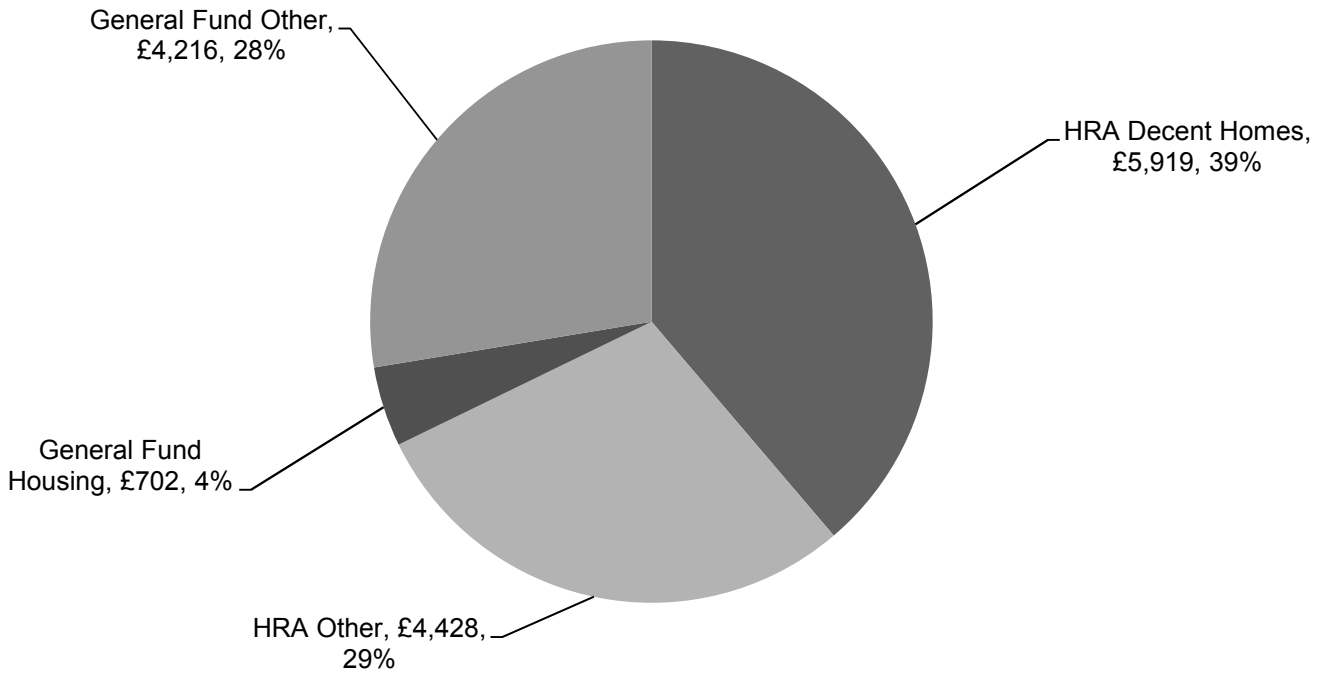
Capital spending in the year totalled £15.265m (a decrease of £0.334m over 2012/13). This represents a lower than estimated level of spend of £2.696m against the final programme approved at quarter three of £17.961m. To put this into context, the Council has an approved five-year capital programme, and the lower than estimated level of spend merely represents reprofiling within that programme.

The significant schemes were:

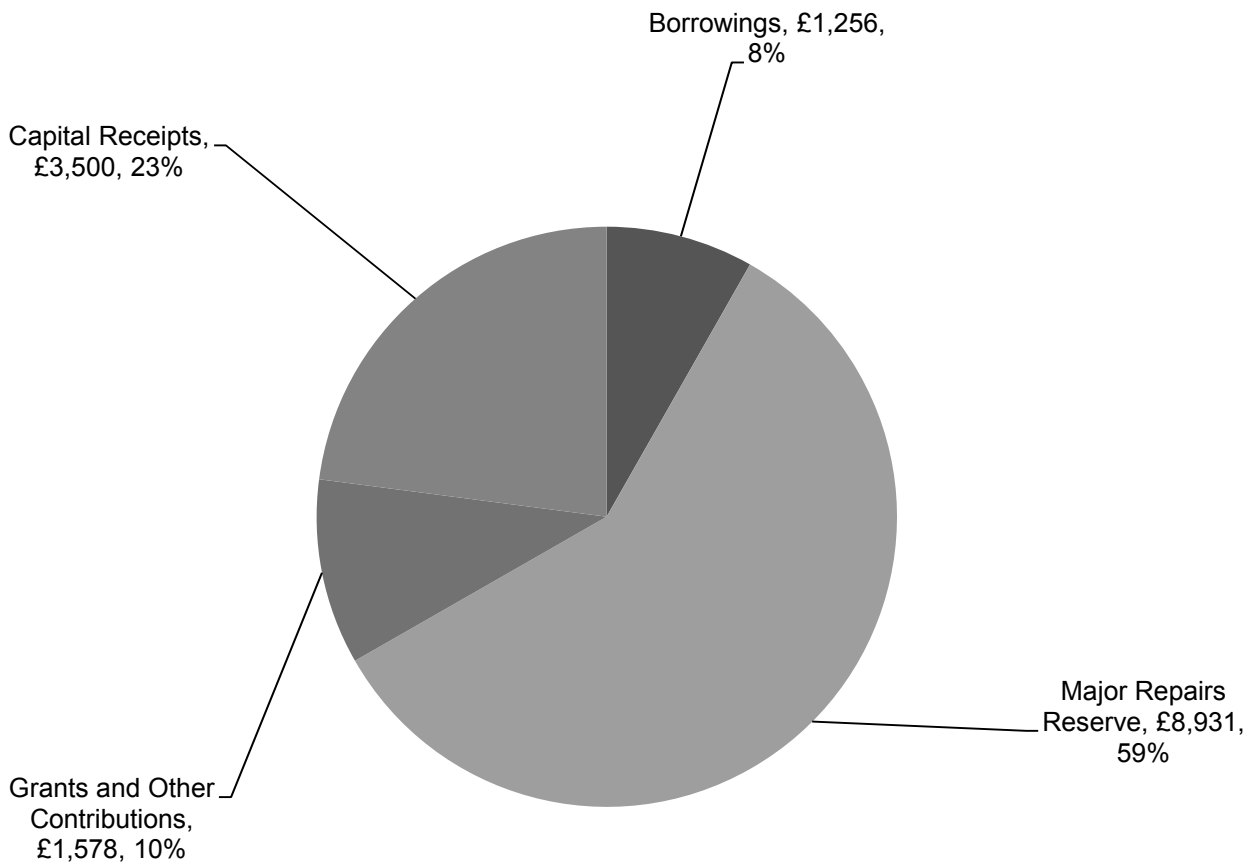
	£m
Decent Homes Work	5,919
Private Sector Housing and Disabled Facilities Grants	702
Other HRA Improvements	4,428
Vehicle Fleet	1,134
Local Lend a Hand Mortgage Scheme	1,000
Bridge Street Public Realm	291
New gym equipment at Leisure Centres	255
Other Projects	1,536
<b>Capital Programme</b>	<b>15,265</b>

The following charts show where the capital money was spent and how it was financed during 2013/14.

### AREAS OF CAPITAL EXPENDITURE 2013/14 (£'000)



### METHOD OF FINANCING 2013/14 (£'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 2014. 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 £1.047m to £1.082m.
- The decrease in the Housing Revenue Account balance from £1.466m to £1.346m.
- The deficit in Business Rates of £6.281m which will be carried forward into the 2014/15 financial year to be recovered from central government and the major preceptors.
- The creation of a Retained Business Rates reserve of £2.517m, which will be used to fund Bassetlaw District Council's share of deficit carried forward.
- The Council's Pensions Liability as assessed by the Actuary showed a worsened position during the year, increasing from £42.517m to £44.932m. 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 2013/14. The Council continues to employ strong financial management, and has plans in place for future improvements in service delivery. Positive vacancy management remains in place, coupled with a culture of base budget and service reviews. It is envisaged that savings from these activities will allow the Council to continue to serve its taxpayers by providing quality services at reasonable cost. In the current economic climate this presents a considerable challenge, with the emphasis being on "achieving more with less".

## **Looking Forward**

The Council remains susceptible to, but vigilant for, the external risks posed by the turbulent and unpredictable economic climate, and the inevitable reductions in central government grant funding. The Council has a balanced budget for 2014/15, and measures are already in place to deliver a balanced budget for 2015/16. However, the Council will continue to monitor the external environment and develop strategies to counter the effects of changes to the wider economy in a timely and effective manner.

The Council's future capital programme for 2014/15 to 2018/19 includes a total of £12.161m for General Fund schemes and £47.211m for the HRA. The Council remains committed to investment in regeneration, enhancement of assets (including the decent homes standard for the housing stock), provision of disabled facilities grants, community safety and health and well-being schemes.

External funding of £4.754m, capital receipts of £8.276m, Major Repairs Reserve of £42.501m, and Prudential borrowing of £3.841m will finance the future capital programme.

### **Further Information**

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

<b>STATEMENT OF RESPONSIBILITIES FOR THE STATEMENT OF ACCOUNTS</b>
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## 1 COUNCIL'S RESPONSIBILITIES

The Council is required to:

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

The Statement of Accounts for the year 1 April 2013 to 31 March 2014 has been prepared and I confirm that these accounts were approved by Bassetlaw District Council at the meeting held on 25 September 2014.

**Signed:**

**Not required to sign the draft  
accounts in June 2014**

**Councillor Gillian Freeman  
Bassetlaw District Council  
Council Chairman approving the accounts**

## 2 CHIEF FINANCIAL OFFICER'S RESPONSIBILITIES

The Head of Finance & Property is responsible for the preparation of the Council's Statement of Accounts in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2013/14 (the CODE).

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

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

The Head of Finance & Property has also:

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

## CERTIFICATE

I certify that the Statement of Accounts for 2013/14 presents a true and fair view of the financial position of Bassetlaw District Council at 31 March 2014 and its income and expenditure for the year ended 31 March 2014.

**Signed: MIKE HILL**

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

**Date: 26 June 2014**

<b>MOVEMENT IN RESERVES STATEMENT</b>
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**Restated Movement in Reserves during 2012/13**

	General Fund Balance £'000	Earmarked General Fund Reserves £'000	Housing Revenue Account £'000	Earmarked HRA Reserves £'000	Capital Receipts Reserve £'000	Major Repairs Reserve £'000	Capital Grants Unapplied £'000	Total Usable Reserves £'000	Unusable Reserves £'000	Total Council Reserves £'000
<b>Balance at 31 March 2012 carried forward</b>	<b>1,007</b>	<b>2,895</b>	<b>1,392</b>	<b>43</b>	<b>6,502</b>	<b>0</b>	<b>183</b>	<b>12,022</b>	<b>79,781</b>	<b>91,803</b>
Surplus or deficit(-) on the provision of Services	-3,603	0	5,626	0	0	0	0	<b>2,023</b>	0	<b>2,023</b>
Other Comprehensive Income and Expenditure	0	0	0	0	0	0	0	<b>0</b>	1,460	<b>1,460</b>
<b>Total Comprehensive Income and Expenditure</b>	<b>-3,603</b>	<b>0</b>	<b>5,626</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>2,023</b>	<b>1,460</b>	<b>3,483</b>
Adjustment between accounting basis & funding basis under regulations (Note 7)	3,877	0	-5,553	0	-1,032	949	-106	<b>-1,865</b>	1,865	<b>0</b>
<b>Net Increase/Decrease (-) before Transfers to Earmarked Reserves</b>	<b>274</b>	<b>0</b>	<b>73</b>	<b>0</b>	<b>-1,032</b>	<b>949</b>	<b>-106</b>	<b>158</b>	<b>3,325</b>	<b>3,483</b>
Transfers to/from(-) Earmarked Reserves (Note 8)	-234	234	1	-1	0	0	0	<b>0</b>	0	<b>0</b>
<b>Increase/Decrease(-) in 2012/13</b>	<b>40</b>	<b>234</b>	<b>74</b>	<b>-1</b>	<b>-1,032</b>	<b>949</b>	<b>-106</b>	<b>158</b>	<b>3,325</b>	<b>3,483</b>
<b>Balance at 31 March 2013 carried forward</b>	<b>1,047</b>	<b>3,129</b>	<b>1,466</b>	<b>42</b>	<b>5,470</b>	<b>949</b>	<b>77</b>	<b>12,180</b>	<b>83,106</b>	<b>95,286</b>

**Movement in Reserves during 2013/14**

	General Fund Balance £'000	Earmarked General Fund Reserves £'000	Housing Revenue Account £'000	Earmarked HRA Reserves £'000	Capital Receipts Reserve £'000	Major Repairs Reserve £'000	Capital Grants Unapplied £'000	Total Usable Reserves £'000	Unusable Reserves £'000	Total Council Reserves £'000
<b>Balance at 31 March 2013 carried forward</b>	<b>1,047</b>	<b>3,129</b>	<b>1,466</b>	<b>42</b>	<b>5,470</b>	<b>949</b>	<b>77</b>	<b>12,180</b>	<b>83,106</b>	<b>95,286</b>
Surplus or deficit(-) on the provision of Services	-2,724	0	8,391	0	0	0	0	5,667	0	5,667
Other Comprehensive Income and Expenditure	0	0	0	0	0	0	0	0	-1,096	-1,096
<b>Total Comprehensive Income and Expenditure</b>	<b>-2,724</b>	<b>0</b>	<b>8,391</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>5,667</b>	<b>-1,096</b>	<b>4,571</b>
Adjustment between accounting basis & funding basis under regulations (Note 7)	4,401	0	-8,519	0	-1,734	3,013	62	-2,777	2,777	0
<b>Net Increase/Decrease(-) before Transfers to Earmarked Reserves</b>	<b>1,677</b>	<b>0</b>	<b>-128</b>	<b>0</b>	<b>-1,734</b>	<b>3,013</b>	<b>62</b>	<b>2,890</b>	<b>1,681</b>	<b>4,571</b>
Transfers to/from(-) Earmarked Reserves (Note 8)	-1,642	1,642	8	-8	0	0	0	0	0	0
<b>Increase/Decrease(-) in 2013/14</b>	<b>35</b>	<b>1,642</b>	<b>-120</b>	<b>-8</b>	<b>-1,734</b>	<b>3,013</b>	<b>62</b>	<b>2,890</b>	<b>1,681</b>	<b>4,571</b>
<b>Balance at 31 March 2014 carried forward</b>	<b>1,082</b>	<b>4,771</b>	<b>1,346</b>	<b>34</b>	<b>3,736</b>	<b>3,962</b>	<b>139</b>	<b>15,070</b>	<b>84,787</b>	<b>99,857</b>

<b>WHOLE COUNCIL COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT</b>
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Restated				2013/14		
2012/13				2013/14		
Gross Expenditure £'000	Gross Income £'000	Net Expenditure £'000		Gross Expenditure £'000	Gross Income £'000	Net Expenditure £'000
11,567	-9,799	1,768	Central Services to the Public	2,428	-915	1,513
0	0	0	Children and Education Services	0	0	0
5,100	-902	4,198	Cultural and Related Services	4,177	-791	3,386
5,870	-847	5,023	Environment and Regulatory Services	5,958	-1,107	4,851
3,697	-1,401	2,296	Planning Services	4,165	-2,059	2,106
861	-1,001	-140	Highways and Transport Services	771	-1,054	-283
33,211	-32,622	589	Other Housing Service - General Fund	33,197	-32,400	797
18,875	-26,215	-7,340	Local Council Housing Services - (Housing Revenue Account)	15,366	-27,217	-11,851
2,074	-261	1,813	Corporate and Democratic Core	1,967	-275	1,692
1,660	-378	1,282	Non Distributed Costs	1,343	-506	837
<b>82,915</b>	<b>-73,426</b>	<b>9,489</b>	<b>Cost of Services</b>	<b>69,372</b>	<b>-66,324</b>	<b>3,048</b>
4,581	-1,782	2,799	Other Operating Expenditure (Note 9)	11,962	-7,769	4,193
8,065	-1,749	6,316	Financing and Investment Income and Expenditure (Note 10)	8,129	-1,797	6,332
0	-25	-25	Exceptional Items Gains(-) /Losses on Investments (Note 10)	0	-85	-85
0	-20,602	-20,602	Taxation and Non-Specific Grant Income And Expenditure (Note 11)	17,223	-36,378	-19,155
<b>95,561</b>	<b>-97,584</b>	<b>-2,023</b>	<b>Surplus (-) or Deficit on Provision of Services</b>	<b>106,686</b>	<b>-112,353</b>	<b>-5,667</b>
			<b>Items that will not be reclassified to the Surplus (-) or Deficit on the Provision of Services</b>			
		-1,597	Surplus(-) or Deficit on Revaluation of Non Current Assets (Note 12)			-326
		0	Impairment Losses on Non-Current Assets Charged to Revaluation Reserve (Note 12)			0
		133	Remeasurements of the Net Defined Benefit Liability (Asset) (Note 39)			1,422
		4	Any Other Gains(-)/Losses Required to be Included in the Statement			0
		<b>-1,460</b>	<b>Other Comprehensive Income and Expenditure</b>			<b>1,096</b>
		<b>-3,483</b>	<b>Total Comprehensive Income and Expenditure</b>			<b>-4,571</b>



## BALANCE SHEET

31 March 2013 £'000		Notes	31 March 2014 £'000
243,433	Property, Plant & Equipment	12	250,439
314	Heritage Assets	13	314
0	Investment Properties	14	0
137	Intangible Assets	15	154
0	Assets Held For Sale	20	0
1,177	Long Term Investments	16	30
95	Long Term Debtors	18	3,669
<b>245,156</b>	<b>TOTAL LONG TERM ASSETS</b>		<b>254,606</b>
1,390	Short Term Investments	16	1,439
7,783	Assets Held For Sale	20	1,350
62	Inventories	17	51
8,425	Short Term Debtors	18	10,169
707	Cash and Cash Equivalents	19	1,420
<b>18,367</b>	<b>TOTAL CURRENT ASSETS</b>		<b>14,429</b>
-1,306	Cash and Cash Equivalents (Bank Overdraft)	19	-713
-6,566	Short Term Borrowings	16	-7,516
-2,296	Short Term Creditors	21	-2,901
-648	Provisions Short Term	22	-1,102
0	Short Term Finance Lease Liability	36	0
-18	Grants Receipts in Advance - Revenue	33	-18
<b>-10,834</b>	<b>TOTAL CURRENT LIABILITIES</b>		<b>-12,250</b>
-1,010	Long Term Creditors	21	-1,086
0	Provisions Long Term	22	-528
0	Long Term Finance Lease Liability	36	0
-113,876	Long Term Borrowing	16	-110,382
-42,517	Pensions Liability	39	-44,932
<b>-157,403</b>	<b>TOTAL LONG TERM LIABILITIES</b>		<b>-156,928</b>
<b>95,286</b>	<b>TOTAL NET ASSETS</b>		<b>99,857</b>
12,180	Usable Reserves	7	15,070
83,106	Unusable Reserves	24	84,787
<b>95,286</b>	<b>TOTAL RESERVES</b>		<b>99,857</b>

<b>CASH FLOW STATEMENT</b>
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Restated 2012/13 £'000		Note	2013/14 £'000
2,023	Net Surplus/Deficit(-) on the Provision of Services		5,667
13,136	Adjustment to Surplus or Deficit on the Provision of Services for Non-Cash Movements	25	13,162
-3,756	Adjust for Item Included in the Net Surplus or Deficit on the Provision of Services that are Investing and Financing Activities	25	-11,154
11,403	Net Cash Flows from Operating Activities	25	7,675
-13,060	Investing Activities	25C	-5,622
-2,325	Financing Activities	25D	-747
-3,982	Net Increase or Decrease(-) in Cash and Cash Equivalents		1,306
3,383	Cash and Cash Equivalents at the Beginning of the Reporting Period	19	-599
<b>-599</b>	<b>Cash and Cash Equivalents at the End of the Reporting Period</b>	19	<b>707</b>

**PRIOR PERIOD ADJUSTMENT**

The Code of Practice on Local Council Accounting in the United Kingdom (the Code) has introduced a change in accounting policy in relation to the adoption of the amendments to IAS 19 Employee Benefits (June 2011 Amendments).

This is to be adopted for every accounting year beginning on or after 1 January 2013. The expected return and the interest cost is to be replaced with a single net interest cost, which effectively sets the expected return equal to the IAS19 discount rate.

The table below shows the declared CIES as per the 2012/13 Statement of Accounts, together with the adjustments to arrive at the restated 2012/13 CIES position:

**Movement on Whole Comprehensive Income and Expenditure Statement**

	Gross Expenditure £'000	Gross Income £'000	Net Expenditure £'000	Removal of Expenditure recognised 2012/13	Removal of Income recognised 2012/13	Insertion of Expenditure to be recognised 2012/13	Restated Gross Expenditure £'000	Restated Gross Income £'000	Restated Net Expenditure £'000
Central Services to the Public	11,567	-9,799	1,768	0	0	0	11,567	-9,799	1,768
Children and Education Services	0	0	0	0	0	0	0	0	0
Cultural and Related Services	5,100	-902	4,198	0	0	0	5,100	-902	4,198
Environment and Regulatory Services	5,870	-847	5,023	0	0	0	5,870	-847	5,023
Planning Services	3,697	-1,401	2,296	0	0	0	3,697	-1,401	2,296
Highways and Transport Services	861	-1,001	-140	0	0	0	861	-1,001	-140
Other Housing Service - General Fund	33,211	-32,622	589	0	0	0	33,211	-32,622	589
Local Council Housing Services - (Housing Revenue Account)	18,875	-26,215	-7,340	0	0	0	18,875	-26,215	-7,340
Corporate and Democratic Core	2,074	-261	1,813	0	0	0	2,074	-261	1,813
Non Distributed Costs	1,654	-378	1,276	-100	0	106	1,660	-378	1,282
<b>Cost of Services</b>	<b>82,909</b>	<b>-73,426</b>	<b>9,483</b>	<b>-100</b>	<b>0</b>	<b>106</b>	<b>82,915</b>	<b>-73,426</b>	<b>9,489</b>
Other Operating Expenditure (Note 9)	4,581	-1,782	2,799	0	0	0	4,581	-1,782	2,799
Financing and Investment Income and Expenditure (Note 10)	10,554	-4,844	5,710	-4,331	3,095	1,842	8,065	-1,749	6,316
Exceptional Items Gains (-)/Losses on Investments (Note 10)	0	-25	-25	0	0	0	0	-25	-25
Taxation and Non-Specific Grant Income (Note 11)	0	-20,602	-20,602	0	0	0	0	-20,602	-20,602
<b>Surplus or Deficit on Provision of Services</b>	<b>98,044</b>	<b>-100,679</b>	<b>-2,635</b>	<b>-4,431</b>	<b>3,095</b>	<b>1,948</b>	<b>95,561</b>	<b>-97,584</b>	<b>-2,023</b>

	Gross Expenditure £'000	Gross Income £'000	Net Expenditure £'000	Removal of Expenditure recognised 2012/13	Removal of Income recognised 2012/13	Insertion of Expenditure to be recognised 2012/13	Restated Gross Expenditure £'000	Restated Gross Income £'000	Restated Net Expenditure £'000
Surplus (-) or Deficit on Revaluation of Non Current Assets (Note 12)			-1,597	0	0	0			-1,597
Actuarial Gains (-)/Losses on Pension Assets/Liabilities (Note 39)			745	-745	0	133			133
Any Other Gains (-)/Losses Required to be Included in the Statement			4	0	0	0			4
<b>Other Comprehensive Income and Expenditure</b>			<b>-848</b>	<b>-745</b>	<b>0</b>	<b>133</b>			<b>-1,460</b>
<b>Total Comprehensive Income and Expenditure</b>			<b>-3,483</b>	<b>-5,176</b>	<b>3,095</b>	<b>2,081</b>			<b>-3,483</b>
<b>Adjustment to Movement in Reserves Statement (memorandum note 7)</b>									
Reversal of items relating to retirement benefits debited or credited to the CIES			-3,266	-745	0	133			-3,878
Employers pension contributions and direct payments to pensioners payable in the year			1,917	0	0	0			1,917
<b>Total Adjustments</b>			<b>-1,349</b>	<b>-745</b>	<b>0</b>	<b>133</b>			<b>-1,961</b>
<b>Impact on Pension Reserve</b>									
<b>Opening Balance</b>			<b>41,510</b>	<b>0</b>	<b>0</b>	<b>0</b>			<b>41,510</b>
Actuarial Gain/Loss			745	-745	0	133			133
Comprehensive Income and Expenditure			2,179	745	0	-133			2,791
Employers' contribution			-1,917	0	0	0			-1,917
<b>Closing Balance</b>			<b>42,517</b>	<b>0</b>	<b>0</b>	<b>0</b>			<b>42,517</b>

<b>NOTES TO THE CORE FINANCIAL STATEMENTS</b>
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**1. ACCOUNTING POLICIES****A. General Principles**

The Statement of Accounts summarises the Council's transactions for the 2013/14 financial year and its position at the year-end of 31 March 2014. The Council is required to prepare an annual Statement of Accounts by the Accounts and Audit (England) Regulations 2011 which those Regulations require to be prepared in accordance with proper accounting practices. These practices primarily comprise the Code of Practice on Local Authority Accounting in the United Kingdom 2013/14 and the Service Reporting Code of Practice 2013/14, supported by International Financial Reporting Standards (IFRS).

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

**B. Accruals of Income and Expenditure**

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

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

**C. Basis of Consolidation**

Each year a review of our relationships with other organisations is undertaken to ensure that where applicable they are consolidated into our accounts. Further detail is provided within the Group Accounting Policies.

**i) Subsidiaries**

Subsidiaries are entities controlled by the Council. Control exists when the Council has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that presently are exercisable or convertible are taken into account. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. At the current time A1 Housing (Bassetlaw) Ltd are recognised as a subsidiary of Bassetlaw District Council.

**ii) Associates**

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

**iii) Joint Ventures**

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

**D. Cash and Cash Equivalents**

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

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

**E. Exceptional Items**

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

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

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

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

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

### **G. Charges to Revenue for Non-Current Assets**

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

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

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

### **H. Employee Benefits**

#### **Benefits Payable During Employment**

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

#### **Termination Benefits**

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

#### **Post-employment Benefits**

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

### The Local Government Pension Scheme

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

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

Liabilities are discounted to their value at current prices, using a discount rate of 1.0% real rate (actual 4.3%) based on the indicative rate of return on the high quality corporate bond (iBoxx AA rated over 15 year corporate bond).

The assets of the Nottinghamshire County Council Pension Fund attributable to the Council are included in the Balance Sheet at their fair value:

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

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

- current service costs – the increase in liabilities as a result of years of service earned this year – allocated in the Comprehensive Income and Expenditure Statement to the services for which the employees worked.
- past service cost – the increase in liabilities arising from current year decisions whose effect relates to years of service earned in earlier years – debited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement as part of Non Distributed Costs.
- net interest on the defined benefit liability (asset), ie net interest expense for the authority - the change during the period in the net defined benefit liability (asset) that arises from the passage of time charged to the Financing and Investment Income and Expenditure line of the Comprehensive Income and Expenditure Statement - this is calculated by applying the discount rate used to measure the defined benefit liability (asset) at the beginning of the period - taking into account the changes in the net defined benefit liability (asset) during the period as a result of contribution and benefit payments.

Remeasurements comprising:

- the return on plain assets - excluding amounts included in net interest on the net defined benefit liability (asset) - charged to the Pensions Reserve as Other Comprehensive Income and Expenditure.
- actuarial gains and losses - changes in the net pensions liability that arise because events have not coincided with assumptions made at the last actuarial valuation or because the actuaries have updated their assumptions - charged to the Pensions Reserve as Other Comprehensive Income and Expenditure.



Contributions paid to the Nottinghamshire County Council Pension Fund - cash paid as employer's contributions to the pension fund in settlement of liabilities; not accounted for as an expense.

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

### **Discretionary Benefits**

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

### **I. Events After the Balance Sheet Date**

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

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

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

### **J. Financial Instruments**

#### **Financial Liabilities**

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

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

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

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

### **Financial Assets**

Financial assets are classified into two types:

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

### **Loans and Receivables**

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

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

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

### **Available-for-Sale Assets**

Available-for-sale assets are recognised on the Balance Sheet when the Council becomes a party to the contractual provisions of a financial instrument and are initially measured and carried at fair value. Where the asset has fixed or determinable payments, annual credits to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement for interest receivable are based on the amortised cost of the asset multiplied by the effective rate of interest for the instrument. Where there are no fixed or determinable payments, income (e.g. dividends) is credited to the Comprehensive Income and Expenditure Statement when it becomes receivable by the Council.

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

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

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

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

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

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

#### **Instruments Entered Into Before 1 April 2006**

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

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

#### **K. Foreign Currency Translation**

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

## L. Government Grants and Other Contributions

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

- the conditions of entitlement will be satisfied; and
- the grant or contributions will be received.

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

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

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

## M. Heritage Assets

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

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

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

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

There are over 100,000 exhibits within the museum whose individual valuation is believed not to exceed £100. Owing to the lack of information on purchase cost; the lack of comparable market values; the diverse nature of the exhibits; and the volume of exhibits held; the benefits of obtaining a valuation would not justify the cost and therefore, they are not included in the Balance Sheet.

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

## 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 (e.g. software licences) is capitalised when it is expected that future economic benefits or service potential will flow from the intangible asset to the Council.

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

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

Amortisation is charged to the Comprehensive Income and Expenditure Statement on a straight-line basis over the estimated useful lives of intangible assets unless such lives are indefinite. Intangible assets with 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

### **O. Inventories and Long-Term Contracts**

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

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

### **P. Leases**

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

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

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

### **The Council as Lessee**

#### **i) Finance Leases**

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

Lease payments are apportioned between:

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

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

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

## **ii) Operating Leases**

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

## **The Council as Lessor**

### **i) Finance Leases**

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

Lease rentals receivable are apportioned between:

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

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

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

**ii) Operating Leases**

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

**Q. Overheads and Support Services**

The costs of overheads, support services and service management are charged to those that benefit from the supply or service in accordance with the costing principles of the CIPFA Service Reporting Code of Practice 2013/14 (SeRCOP). The total absorption costing principle is used – the full cost of overheads and support services are shared between users in proportion to the benefits received, with the exception of:

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

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

**R. Minimum Revenue Provision (MRP)**

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

For any finance leases held on the Balance Sheet MRP will be equal to the principal element of the lease payment.

The Head of Finance & Property reserves the right to make additional MRP payments each year, where it is prudent to do so, and will enhance the long term viability of the Council.

**S. Property, Plant and Equipment**

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

**Recognition**

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

- broadly simultaneous purchase dates;
- anticipated to have simultaneous disposal dates; and
- under single managerial control.

## Measurement

Assets are initially measured at cost, comprising;

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

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

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

Assets are then carried in the Balance Sheet using the following measurement 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 there is no market-based evidence of fair value because of the specialist nature of an asset, depreciated replacement cost (DRC) is used as an estimate of fair value.

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

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

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

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



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

### **Impairment**

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

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

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

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

### **Depreciation**

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

Depreciation is calculated on the following basis:

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

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

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

**Disposals and Non-current Assets Held for Sale**

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

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

Assets that are to be abandoned or scrapped are not reclassified as Assets Held for Sale.

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

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

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

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

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

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

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

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

### **Contingent Liabilities**

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

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

### **Contingent Assets**

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

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

## **U. Revenue Expenditure Funded From Capital Under Statute**

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

## **V. Reserves**

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

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

## **W. Value Added Tax (VAT)**

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

## **2. ACCOUNTING STANDARDS ISSUED, NOT ADOPTED**

The Code of Practice on Local Council Accounting in the United Kingdom (the Code) has introduced a change in accounting policy in relation to the adoption of the amendments to IFRS10 Consolidated Financial Statements (issued May 2011), IFRS 11 Joint Arrangements (issued May 2011), IFRS 12 Disclosures of Interests in Other Entities (issued May 2011), IAS 27 Separate Financial Statements (as amended in May 2011), IAS 28 Investments in Associates and Joint Ventures (as amended in May 2011), IAS 32 Financial Instruments: Presentation - Offsetting Financial Assets and Financial Liabilities (as amended in December 2011) and IAS 1 Presentation of Financial Statements (as amended in May 2011). It is likely that these standards will not have a material impact on the financial statements of the Council, but will need to be adopted fully by the Council in the 2014/15 financial statements.

## **3. CRITICAL JUDGEMENTS IN APPLYING ACCOUNTING POLICIES**

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

### **i) Critical Accounting Judgments and Key Sources of Estimation Uncertainty**

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

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

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

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

### **ii) Critical Judgments in Applying Accounting Policies**

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

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

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

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

The items in the Council's Balance Sheet at 31 March 2014 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 £0.260m has been set aside to meet these claims.
Land Charges	The Environmental Information Regulations now require that personal searches of the local land charges register are not chargeable. There is the possibility that a number of retrospective claims for the recovery of these fees will be submitted to the Council.	A provision of £0.126m has been set aside to meet this liability if all of the fees are challenged by the land charge searching agencies. The Local Government Association are fighting this legal challenge.
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 0.1% decrease in the discount rate assumption would result in an increase in the pension liability of £1.762m and a 1 year reduction in mortality would result in an increase of £3.830m. However, the assumptions interact in complex ways. During 2013/14, the Council's Actuary advised that the net pensions liability had increased by £2.416m.
Arrears	At 31 March 2014, the Council had a balance of sundry debtors of £0.489m. A Review of significant balances suggested that an impairment of doubtful debts of 27% (£0.134m) 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 £0.134m to set aside as an allowance.

## **5. MATERIAL ITEMS OF INCOME AND EXPENDITURE**

There have been no material items of income and expenditure during 2013/14.

## **6. EVENTS AFTER THE BALANCE SHEET DATE**

The final Audited Statement of Accounts will be authorised for issue by the Head of Finance & Property on 25 September 2014. 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 2014, the figures in the financial statements and notes have been adjusted in all material respects to reflect the impact of this information.

There are no such material events to report.

## **7. ADJUSTMENTS BETWEEN ACCOUNTING BASIS AND FUNDING BASIS UNDER REGULATION**

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

### **General Fund Balance**

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

### **Housing Revenue Account Balance**

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

### **Major Repairs Reserve**

The Authority is required to maintain the Major Repairs Reserve, which controls the application of the Major Repairs Allowance (MRA). The MRA is restricted to being applied to new capital investment in HRA assets or the financing of historical capital expenditure by the HRA. The balance shows the MRA that has yet to be applied at the year-end.

### **Capital Receipts Reserve**

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

### **Capital Grants Unapplied**

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

### **Earmarked Reserves**

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

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



	General Fund Balance	Housing Revenue Account	Major Repair Reserve	Capital Receipts Reserve	Capital Grants Unapplied Account	Movement in Unusable Reserves
	£'000	£'000	£'000	£'000	£'000	£'000
<b>Adjustments primarily involving the Deferred Capital Receipts Reserve:</b>						
Transfer of deferred sale proceeds credited as part of the gain(-)/loss on disposal to the CIES	0	0	0	0	0	0
<b>Adjustments primarily involving the Major Repairs Reserve:</b>						
Reversal of Major Repair Allowance credited to the HRA	0	10,258	-10,258	0	0	0
Use of Major Repairs Reserve to finance new capital expenditure	0	0	9,258	0	0	-9,258
<b>Adjustments primarily involving the Financial Instruments Adjustment Account:</b>						
Amount by which finance costs charged to the CIES are different from finance costs chargeable in the year in accordance with statutory requirements	-10	76	0	0	0	-66
<b>Adjustments primarily involving the Pension Reserve:</b>						
Reversal of items relating to retirement benefits debited or credited to the CIES	-3,879	-10	0	0	0	3,889
Employers pension contributions and direct payments to pensioners payable in the year	1,917	1,098	0	0	0	-3,015
<b>Adjustments primarily involving the Collection Fund Adjustment Account:</b>						
Amount by which council tax income credited to the CIES is different from council tax income calculated for the year in accordance with statutory requirements	-27	0	0	0	0	27
<b>Adjustments primarily involving the Accumulated Absences Account:</b>						
Amount by which officer remuneration charged to CIES on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirement	8	0	0	0	0	-8
<b>Total Adjustments</b>	<b>-3,877</b>	<b>5,553</b>	<b>-949</b>	<b>1,032</b>	<b>106</b>	<b>-1,865</b>

2013/14 Adjustment between accounting basis & funding basis under regulations	General Fund Balance	Housing Revenue Account	Major Repair Reserve	Capital Receipts Reserve	Capital Grants Unapplied Account	Movement in Unusable Reserves
	£'000	£'000	£'000	£'000	£'000	£'000
<b>Adjustments primarily involving the Capital Adjustment Account:</b>						
<b>Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement:</b>						
Charges for depreciation and impairment of non-current assets (excl HRA dwellings)	-1,758	0	0	0	0	1,758
HRA depreciation/amortisation	0	-4,910	0	0	0	4,910
The difference of depreciation charged to HRA services over the Major Repairs Allowance element of housing subsidy	0	0	0	0	0	0
Revaluation losses on Property, Plant and Equipment charged to CIES	196	2,528	0	0	0	-2,724
Amortisation of intangible assets	-101	0	0	0	0	101
Capital grants and contributions applied	930	130	0	0	0	-1,060
Income in relation to donated assets	234	0	0	0	0	-234
Revenue expenditure funded from capital under statute	-1,205	-22	0	0	0	1,227
Amounts of non-current assets written off on disposal or sale as part of the gain(-)/loss on disposal to the CIES	-974	-7,888	0	0	0	8,862
<b>Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement:</b>						
Statutory provision for the financing of capital investment	2,763	0	51	0	0	-2,814
Capital expenditure charged against the General Fund and HRA Balances	0	0	0	0	0	0
<b>Adjustments primarily involving the Capital Grant Unapplied Accounts:</b>						
Capital grants and contributions unapplied credited to the CIES	75	0	0	0	-75	0
Application of grants to capital financing transferred to the Capital Adjustment Account	0	0	0	0	18	-18
Community Infrastructure Levy Receipts Unapplied credited to the CIES	5	0	0	0	-5	0
<b>Adjustments primarily involving the Capital Receipts Reserve:</b>						
Transfer of cash sale proceeds credited as part of the gain(-)/loss on disposal to the CIES	954	5,522	0	-2,207	0	-4,269
Use of Capital Receipts Reserve to finance new capital expenditure	0	0	0	3,500	0	-3,500
Contribution from the Capital Receipts Reserve towards administrative costs of non-current assets disposals.	0	-35	0	35	0	0
Contribution from the Capital Receipts Reserve to finance payments to the Government capital receipts pool	-450	0	0	450	0	0

	General Fund Balance	Housing Revenue Account	Major Repair Reserve	Capital Receipts Reserve	Capital Grants Unapplied Account	Movement in Unusable Reserves
	£'000	£'000	£'000	£'000	£'000	£'000
Transfer from Deferred Capital Receipts Reserve upon receipt of cash	0	0	0	-44	0	44
<b>Adjustments primarily involving the Deferred Capital Receipts Reserve:</b>						
Transfer of deferred sale proceeds credited as part of the gain(-)/loss on disposal to the CIES	0	0	0	0	0	0
<b>Adjustments primarily involving the Major Repairs Reserve:</b>						
Reversal of Major Repair Allowance credited to the HRA	0	11,995	-11,995	0	0	0
Use of Major Repairs Reserve to finance new capital expenditure	0	0	8,931	0	0	-8,931
<b>Adjustments primarily involving the Financial Instruments Adjustment Account:</b>						
Amount by which finance costs charged to the CIES are different from finance costs chargeable in the year in accordance with statutory requirements	-11	73	0	0	0	-62
<b>Adjustments primarily involving the Pension Reserve:</b>						
Reversal of items relating to retirement benefits debited or credited to the CIES	-4,175	-10	0	0	0	4,185
Employers pension contributions and direct payments to pensioners payable in the year	2,056	1,136	0	0	0	-3,192
<b>Adjustments primarily involving the Collection Fund Adjustment Account:</b>						
Amount by which council tax and non-domestic rating income credited to the CIES is different from council tax and non-domestic rating income calculated for the year in accordance with statutory requirements	-2,941	0	0	0	0	2,941
<b>Adjustments primarily involving the Accumulated Absences Account:</b>						
Amount by which officer remuneration charged to CIES on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirement	1	0	0	0	0	-1
<b>Total Adjustments</b>	<b>-4,401</b>	<b>8,519</b>	<b>-3,013</b>	<b>1,734</b>	<b>-62</b>	<b>-2,777</b>

**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 2013/14.

	Balance at 31 March 2012 £'000	Transfer out 2012/13 £'000	Transfer in 2012/13 £'000	Balance at 31 March 2013 £'000	Transfer out 2013/14 £'000	Transfer in 2013/14 £'000	Balance at 31 March 2014 £'000
<b>General Fund Reserves</b>							
Developers Revenue Contributions Unapplied	-180	8	-59	-231	8	0	-223
Internal Insurance Reserve	0	0	0	0	0	-300	-300
Job Evaluation	-620	10	-125	-735	0	0	-735
Treasury Management	-1,806	133	-283	-1,956	1,527	0	-429
Revenue Grants & Contributions Unapplied	-137	120	-41	-58	21	-64	-101
Donations	-54	15	-6	-45	13	-8	-40
Manton Community	-98	98	0	0	0	0	0
Pension Strain	0	0	-41	-41	21	0	-20
High Street Innovation	0	36	-99	-63	18	0	-45
LAMS Default Reserve	0	0	0	0	0	-8	-8
Retained Business	0	0	0	0	0	-2,512	-2,512
Rates Reserve							
General Fund	0	0	0	0	0	-352	-352
Earmarked Reserves							
Business Rates	0	0	0	0	0	-6	-6
Pooling Reserve							
<b>Total General Fund</b>	<b>-2,895</b>	<b>420</b>	<b>-654</b>	<b>-3,129</b>	<b>1,608</b>	<b>-3,250</b>	<b>-4,771</b>
<b>Housing Revenue Account Reserves</b>							
HRA Grants Unapplied	-43	43	-42	-42	42	-34	-34
<b>Total Housing Revenue Account</b>	<b>-43</b>	<b>43</b>	<b>-42</b>	<b>-42</b>	<b>42</b>	<b>-34</b>	<b>-34</b>
<b>Total</b>	<b>-2,938</b>	<b>463</b>	<b>-696</b>	<b>-3,171</b>	<b>1,650</b>	<b>-3,284</b>	<b>-4,805</b>

Developers Revenue Contributions Unapplied Reserve

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

Internal Insurance Reserve

This is a self-insurance reserve. Funds have been added in 2013/14 to reinstate the reserve.

Job Evaluation Reserve

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

#### 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.

#### Revenue Grants and Contributions Unapplied Reserve

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

#### Donations Reserve

These are sums of money donated by the public for Museums, Shopmobility and towards the Bassetlaw Games, which have been set aside for future use.

#### Manton Community Reserve

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

#### Pension Strain Reserve

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

#### High Street Innovation Reserve

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

#### Local Area Mortgage Scheme Default Reserve

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

#### Retained Business Rates Reserve

April 2013 saw the introduction of the new Business Rates Retention scheme. This will mirror the operations of the council tax reserve in that any surplus or deficits are carried forward into future years to be either paid out to or recovered from central government and the major preceptors.

As predicted, business rate collections during 2013/14 were significantly lower than government expectations, resulting in a deficit position. As part of the Nottinghamshire Pooling arrangements, the council is entitled to a contribution from the Pool which increases business rate income up to the equivalent of 92.5% of the government target. As this is the first year of the new accounting arrangements, this contribution needs to be put into a reserve to match Bassetlaw's element of the deficit during 2014/15.

#### General Fund Earmarked Reserve

A number of new reserves have been set up in 2013/14 to fund specific projects in 2014/15. These include; Scanning project, Queens Building open plan project, new Human Resources IT system, and other projects.

#### Business Rates Pooling Reserve

Bassetlaw is a member of the Nottinghamshire Pool for retained Business Rates. This reserve has been set up to hold the Councils share of redistributed growth from the Pool.

Housing Revenue Account Grants Unapplied Reserve

This amount relates to the Supporting People Grant which was received during 2013/14 but relates to 2014/15 and therefore has been transferred to an earmarked reserve.

**9 OTHER OPERATING EXPENDITURE**

<b>2012/13 £'000</b>		<b>2013/14 £'000</b>
837	Parish Council Precepts	797
436	Levies	445
390	Payments to the Government Housing Capital Receipts Pool	450
1,136	Gains/Losses(-) on the disposal of non-current assets	2,501
<b>2,799</b>	<b>Total</b>	<b>4,193</b>

**10 FINANCING AND INVESTMENT INCOME AND EXPENDITURE**

<b>Restated 2012/13 £'000</b>		<b>2013/14 £'000</b>
4,575	Interest payable and similar charges	4,600
1,842	Net interest on the net defined benefit liability (asset)	1,761
-170	Interest receivable and similar income	-120
-25	Exceptional item - Gains(-)/Losses on investments	-85
69	Deficit on trading activities	91
<b>6,291</b>	<b>Total</b>	<b>6,247</b>

**11 TAXATION AND NON-SPECIFIC GRANT INCOME AND EXPENDITURE**

<b>2012/13 £'000</b>		<b>2013/14 £'000</b>
-6,421	Council tax income	-5,696
-8,173	Non-Domestic Rates income and expenditure	-2,755
-1,137	Non ring-fenced Government grants	-6,755
-26	Developers grants & contributions	-211
-4,845	Capital grants and contributions	-3,738
<b>-20,602</b>	<b>Total</b>	<b>-19,155</b>

## 12 PROPERTY PLANT AND EQUIPMENT

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

<b>Movements in 2013/14</b>	<b>Council Dwellings £'000</b>	<b>Other Land and Buildings £'000</b>	<b>Vehicles, Plant, Furniture &amp; Equipment £'000</b>	<b>Infrastructure Assets £'000</b>	<b>Community Assets £'000</b>	<b>Surplus Assets £'000</b>	<b>Assets Under Construction £'000</b>	<b>Total Property, Plant &amp; Equipment £'000</b>
<b>Cost or Valuation</b>								
<b>At April 2013</b>	198,970	37,480	13,417	5,784	281	4,925	353	<b>261,210</b>
Additions	9,945	303	2,025	484	0	0	163	<b>12,920</b>
Donations	0	0	134	100	0	0	0	<b>234</b>
Revaluation increases/decreases(-) recognised in the Revaluation Reserve	0	-106	0	0	0	91	0	<b>-15</b>
Revaluation increases/decreases(-) recognised in the Surplus/Deficit on the Provision of Services	495	29	0	0	0	12	0	<b>536</b>
Derecognition - Disposals	0	0	0	0	0	0	0	<b>0</b>
Derecognition - Other	-1,527	-91	-734	0	0	-59	0	<b>-2,411</b>
Assets reclassified to(-)/from Held for Sale	-1,318	-40	0	0	0	158	0	<b>-1,200</b>
Other movements in cost or valuation	184	26	111	16	0	2	-335	<b>4</b>
<b>At 31 March 2014</b>	<b>206,749</b>	<b>37,601</b>	<b>14,953</b>	<b>6,384</b>	<b>281</b>	<b>5,129</b>	<b>181</b>	<b>271,278</b>
<b>Accumulated Depreciation &amp; Impairment</b>								
<b>At April 2013</b>	6,534	1,216	8,665	1,329	0	33	0	<b>17,777</b>
Depreciation charge	4,470	770	1,220	186	0	22	0	<b>6,668</b>
Depreciation written out to the Revaluation Reserve	0	-322	0	0	0	-19	0	<b>-341</b>
Depreciation written out to the Surplus/Deficit on the Provision of Services	-1,992	-83	0	0	0	-12	0	<b>-2,087</b>
Impairment losses/reversals(-) recognised in the Revaluation Reserve	0	0	0	0	0	0	0	<b>0</b>
Impairment losses/reversals(-) recognised in the Surplus/Deficit on the Provision of Services	0	0	0	0	0	0	0	<b>0</b>
Derecognition - Disposals	0	0	0	0	0	0	0	<b>0</b>
Derecognition - Other	-464	-5	-709	0	0	-4	0	<b>-1,182</b>
Other movements in depreciation & impairment	1	-1	0	0	0	4	0	<b>4</b>
<b>At 31 March 2014</b>	<b>8,549</b>	<b>1,575</b>	<b>9,176</b>	<b>1,515</b>	<b>0</b>	<b>24</b>	<b>0</b>	<b>20,839</b>
<b>Net Book Value</b>								
<b>at 31 March 2014</b>	<b>198,200</b>	<b>36,026</b>	<b>5,777</b>	<b>4,869</b>	<b>281</b>	<b>5,105</b>	<b>181</b>	<b>250,439</b>
<b>at 31 March 2013</b>	<b>192,436</b>	<b>36,264</b>	<b>4,752</b>	<b>4,455</b>	<b>281</b>	<b>4,892</b>	<b>353</b>	<b>243,433</b>



## Depreciation

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

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

## Capital Commitments

During 2005/06 the Council had entered into a number of contracts for the acquisition, construction or enhancement of Council Dwellings with an estimated cost of £62m over 6 years. The contracts for Decent Homes were finalised during 2013/14, however works remain on-going to maintain this standard and the outstanding financial commitment is variable depending on a number of factors including availability of funding. The major contractors are Bullock Construction, J Tomlinson and CPS Contractors with the Council budgeting to spend a further £6.6m, £4.4m and £0.2m respectively until the end of the contract period.

## Effects of Changes in Estimates

There have been no changes in relation to estimated asset life, residual asset values, depreciation method or disposal costs in 2013/14 that would have a material effect.

## Revaluations

The Council carries out a rolling programme that ensures that all Property, Plant and Equipment required to be measured at fair value is revalued at least every five years. All valuations were carried out in-house. Valuations of land and buildings were carried out in accordance with the methodologies and basis for estimation set out in the professional standards of the Royal Institute of Chartered Surveyors (RICS). The Valuation basis i.e. Depreciated Replacement Cost is based on a depreciated modern equivalent asset (excluding borrowing costs), market value and fair value is based on estimated price agreed between willing parties and based on local comparable information.

	<b>Council Dwellings</b> £'000	<b>Other Land &amp; Buildings</b> £'000	<b>Vehicles, Plant, Equipment</b> £'000	<b>Surplus Assets</b> £'000	<b>Other PPE Assets</b> £'000	<b>Total</b> £'000
Carried at Historical cost	0	0	5,777	0	5,331	11,108
Valued at Fair Value as at:						
31st March 2014	198,200	3,299	0	556	0	202,055
31 March 2013	0	5,064	0	4,010	0	9,074
31 March 2012	0	19,483	0	441	0	19,924
01 April 2011	0	4,946	0	0	0	4,946
31 March 2011	0	2,552	0	0	0	2,552
01 April 2010	0	420	0	96	0	516
31 March 2010	0	260	0	0	0	260
01 April 2009	0	2	0	2	0	4
<b>Total Cost or Valuation</b>	<b>198,200</b>	<b>36,026</b>	<b>5,777</b>	<b>5,105</b>	<b>5,331</b>	<b>250,439</b>

**13 HERITAGE ASSETS**

	<b>Ceramics Jewellery Regalia and Statues £'000</b>	<b>Art Collection and Samplers £'000</b>	<b>Machinery Equipment Furniture £'000</b>	<b>Memorials and Historic Sites £'000</b>	<b>Total Assets £'000</b>
<b>Cost or Valuation</b>					
1 April 2012	115	149	30	20	<b>314</b>
Additions, Disposals, Revaluations, Impairment Losses/reversals(-)	0	0	0	0	<b>0</b>
<b>31 March 2013</b>	<b>115</b>	<b>149</b>	<b>30</b>	<b>20</b>	<b>314</b>
<b>Cost or Valuation</b>					
1 April 2013	115	149	30	20	<b>314</b>
Additions, Disposals, Revaluations, Impairment Losses/reversals(-)					<b>0</b>
<b>31 March 2014</b>	<b>115</b>	<b>149</b>	<b>30</b>	<b>20</b>	<b>314</b>

The Bassetlaw Museum, Grove Street, Retford, has a vast number of exhibits which would meet the definition of heritage assets.

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

A valuation was undertaken in 2001 of all exhibits worth over £500, and this valuation has been the basis of the insurance valuation. These assets and subsequent purchases of exhibits of £0.010m and above have subsequently been included. The total carrying amount of these assets are reflected in the balance as £0.314m (£0.314m 2012/13).

Ceramics, Jewellery, Regalia and Statues

The Council's collection is reported in the Balance Sheet at insurance valuation which is based on market valuation. There is a chandelier on show at Retford Town Hall, that is not included within the Balance Sheet. This has not been valued to date. The value is not deemed to be material.

Art Collection and Samplers

The Museum includes an art collection of 57 paintings valued at £0.149m for insurance purposes.

Machinery, Equipment and Furniture

The Bassetlaw Museum holds 24 exhibits depicting the local farming and industrial history of the area. These exhibits are held at £0.030m, which is the insurance valuation.

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

Memorial and Historical Sites

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

There is a requirement to disclose a five year summary of movement on heritage assets. However, the value of heritage assets was not deemed material and no heritage assets were recognised, as a result, until 2011/12. All values for heritage assets prior to 1 April 2011 are therefore deemed to be nil and no separate note is required.

**14 INVESTMENT PROPERTIES**

There are currently no investment properties.

**15 INTANGIBLE ASSETS**

The intangible assets shown in the Balance Sheet relate to software and software licences purchased since 2009. Purchases of these totalled £0.118m in 2013/14 (£0m in 2012/13). They are amortised over 3 to 5 years and the total amortisation charged in 2013/14 was £0.101m (£0.135m in 2012/13).

There are no internally generated assets.

The carrying amount of intangible assets is amortised on a straight-line basis. The amortisation of £0.101m charged to revenue in 2013/14 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 Cost of Services. It is not possible to quantify exactly how much of the amortisation is attributable to each service heading.

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

<b>2012/13 £'000</b>		<b>2013/14 £'000</b>
972	Balance at start of year:	819
-700	Gross carrying amounts	-682
<b>272</b>	Accumulated amortisation	<b>137</b>
	<b>Net carrying amount at start of year</b>	
	Movements:	
0	Purchases	118
0	Other disposals	
-135	Amortisation for the period	-101
0	Transfer out of category	
<b>137</b>	<b>Net carrying amount at end of year</b>	<b>154</b>
	Comprising:	
819	Gross carrying amounts	937
-682	Accumulated amortisation	-783
<b>137</b>		<b>154</b>

**16 FINANCIAL INSTRUMENTS**

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

	Long Term		Current	
	31 March 2014 £'000	31 March 2013 £'000	31 March 2014 £'000	31 March 2013 £'000
<b><i>Financial Liabilities Classified as Amortised Cost:</i></b>				
Borrowings	110,382	113,876	7,516	6,566
Bank Current Accounts (Overdrawn)	0	0	1,015	1,401
Operational Creditors	0	0	1,961	1,464
Provisions	0	0	1,102	648
<b>Total Financial Liabilities Classified as Amortised Cost</b>	<b>110,382</b>	<b>113,876</b>	<b>11,594</b>	<b>10,079</b>
<b><i>Financial Assets Classified as Loans and Receivables:</i></b>				
Investments	30	1,177	1,439	1,390
Short-term Deposits with Money Market Funds	0	0	1,419	706
Operational Debtors	0	0	4,199	2,719
<b>Total Financial Assets Classified as Loans and Receivables</b>	<b>30</b>	<b>1,177</b>	<b>7,057</b>	<b>4,815</b>

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

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

Fair value has been measured by:

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

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

## **Material Soft Loans Made by the Council**

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

## **Employee Car Loans**

The Council has a scheme to provide loans for the purpose of a car purchase to employees who are in posts that require them to drive regularly on the Council's business. The total amount outstanding on 2 such loans is £0.011m.

## **Valuation Assumptions**

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

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

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

## **Unusual Movements**

An impairment of £0.085m was charged to the Comprehensive Income and Expenditure Statement during 2013/14 based on an estimated recoverable amount. The Icelandic Courts confirmed that preferential creditor status has been given to Local Authorities. This in turn has improved the estimated recoverable amount, and therefore a reversal (based on a prudent calculation of estimated recoverable amounts) of the previous impairment has been credited to the Comprehensive Income and Expenditure Account.

## **Collateral**

The Council has a legal charge on a property where the land was transferred to a Housing Association but has a legal charge upon any future sale. However, due to the agreement of a "deed of postponement" the Council now have third priority upon any future sale and therefore cannot verify any future potential receipts.

The Council also has a legal charge on the land occupied by Retford United Football Club. The collateral charge as at 31 March 2014 is £0.032m.

## Income, Expense, Gains and Losses

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

	2013/14			2012/13		
	Financial Liabilities measured at amortised cost £'000	Financial Assets: Loans and receivables £'000	Total £'000	Financial Liabilities measured at amortised cost £'000	Financial Assets: Loans and receivables £'000	Total £'000
Interest expense	4,564	0	4,564	4,602	0	4,602
Finance lease Interest	0	0	0	0	0	0
Fee expense	0	0	0	3	0	3
<b>Total expense in Surplus(-) or Deficit on the Provision of Services</b>	<b>4,564</b>	<b>0</b>	<b>4,564</b>	<b>4,605</b>	<b>0</b>	<b>4,605</b>
Interest income	0	-46	-46	0	-47	-47
Interest income accrued on impaired financial assets	0	-74	-74	0	-123	-123
Impairment gain	0	-85	-85	0	-25	-25
<b>Total income in Surplus(-) or Deficit on the Provision of Services</b>	<b>0</b>	<b>-205</b>	<b>-205</b>	<b>0</b>	<b>-195</b>	<b>-195</b>
Gains on revaluation	0	0	0	0	-30	-30
Losses on revaluation	0	36	36	0	0	0
<b>Total surplus(-)/deficit arising on revaluation of financial assets in Other CIES</b>	<b>0</b>	<b>36</b>	<b>36</b>	<b>0</b>	<b>-30</b>	<b>-30</b>
<b>Net gain(-)/loss for the year</b>	<b>4,564</b>	<b>-169</b>	<b>4,395</b>	<b>4,605</b>	<b>-225</b>	<b>4,380</b>

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

The net loss of £4.359m (£4.410m in 2012/13) is due to borrowing interest, net of investment interest income and the increased recoverable amount showed as an impairment gain in relation to Icelandic Banks the loss on revaluation relates to the difference in exchange rates of investments held in Icelandic Kroner (ISK).

## Financial Instruments Gains/Losses

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

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

The fair values calculated are as follows:

	2013/14		2012/13	
	Carrying amount £'000	Fair value £'000	Carrying amount £'000	Fair value £'000
PWLB debt	77,863	80,682	81,863	97,308
Non-PWLB debt	32,519	33,463	32,013	61,560
Short term borrowing	7,516	7,516	6,566	6,566
Short term operational creditors	1,961	1,961	1,464	1,464
Short term provisions	1,102	1,102	648	648
Bank Current Accounts	1,015	1,015	1,401	1,401
<b>Total Liabilities</b>	<b>121,976</b>	<b>125,739</b>	<b>123,955</b>	<b>168,947</b>

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

Money market loans < 1 year	1,419	1,419	706	706
Short term investments	1,439	1,439	1,390	1,390
Long term investments	30	30	1,177	1,177
Short term operational debtors	4,199	4,199	2,719	2,719
<b>Total Assets</b>	<b>7,087</b>	<b>7,087</b>	<b>5,992</b>	<b>5,992</b>

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

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

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

**17 INVENTORIES**

The Council holds stocks of consumable items for resale totalling £0.051m. (£0.062m in 2012/13).

	Consumable Stores		Maintenance Materials		Total	
	2013/14 £'000	2012/13 £'000	2013/14 £'000	2012/13 £'000	2013/14 £'000	2012/13 £'000
<b>Balance outstanding at start of year</b>	<b>40</b>	<b>42</b>	<b>22</b>	<b>26</b>	<b>62</b>	<b>68</b>
Purchases	525	527	14	19	539	546
Recognised as an expense in year	-520	-529	-16	-23	-536	-552
Written off balances	-11	0	-3	0	-14	0
<b>Balance outstanding at year end</b>	<b>34</b>	<b>40</b>	<b>17</b>	<b>22</b>	<b>51</b>	<b>62</b>

**18 ANALYSIS OF DEBTORS**

2012/13 £'000		2013/14 £'000
4,095	Central Government Bodies	3,627
700	Other Local Authorities	1,116
3,630	Other Entities and Individuals	5,426
<b>8,425</b>	<b>Short Term Debtors</b>	<b>10,169</b>
95	Other Entities and Individuals	3,669
<b>95</b>	<b>Long Term Debtors</b>	<b>3,669</b>
<b>8,520</b>	<b>Total</b>	<b>13,838</b>

**19 CASH AND CASH EQUIVALENTS/BANK OVERDRAFT**

2012/13 £'000		2013/14 £'000
1	Cash held by the Council	1
706	Short-term deposits with Money Market Funds	1,419
<b>707</b>	<b>Current Assets</b>	<b>1,420</b>
-1,401	Bank current accounts (overdraft)	-1,015
95	Cash in transit	302
<b>-1,306</b>	<b>Current Liabilities</b>	<b>-713</b>
<b>-599</b>	<b>Total Cash and Cash Equivalents</b>	<b>707</b>



**20 ASSETS HELD FOR SALE**

2012/13 £'000		2013/14 £'000
1,494	<b>Balance outstanding at start of year</b>	7,783
8,009	Assets newly classified as held for sale: Property, Plant and Equipment	1,200
-1,720	Assets sold	-7,633
<b>7,783</b>	<b>Balance outstanding at year-end</b>	<b>1,350</b>

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

Significant assets held for sale include:

- Land at Keats Crescent
- Public convenience Land at Newgate Street, Worksop
- Land at Scrooby Road

These assets are held for sale as key regeneration sites and it is anticipated that their sales will be finalised during 2014/15.

**21 ANALYSIS OF CREDITORS**

2012/13 £'000		2013/14 £'000
98	Central Government Bodies	142
442	Other Local Authorities	23
1,756	Other Entities and Individuals	2,736
<b>2,296</b>	<b>Short Term Creditors</b>	<b>2,901</b>
1,010	Other Entities and Individuals	1,086
<b>1,010</b>	<b>Long Term Creditors</b>	<b>1,086</b>
<b>3,306</b>	<b>Total</b>	<b>3,987</b>

## 22 PROVISIONS

	Insurance Compensation Claims £'000	Workshop Leisure Centre - Gas £'000	Local Land Charges £'000	Business Rates £'000	Other Provisions £'000	Total £'000
<b>Short Term Balance at 1 April 2013</b>	206	274	112	0	56	648
Additional provisions made in year	311	0	14	370	43	738
Amounts used in year	-51	-27	0	0	0	-78
Unused amounts reserved in year	-206	0	0	0	0	-206
<b>Short Term Balance at 31 March 2014</b>	<b>260</b>	<b>247</b>	<b>126</b>	<b>370</b>	<b>99</b>	<b>1,102</b>
<b>Long Term Balance at 1 April 2013</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Additional provisions made in year	0	0	0	528	0	528
Amounts used in year	0	0	0	0	0	0
Unused amounts reserved in year	0	0	0	0	0	0
<b>Long Term Balance at 31 March 2014</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>528</b>	<b>0</b>	<b>528</b>

**Insurance Claims**

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

**Workshop Leisure Centre - Gas**

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

**Local Land Charges**

Bassetlaw District Council is a defendant in proceedings brought by a group of Property Search Companies for refunds of fees paid to the Council to access land charges data. In the current litigation the Council faces a claim of £45,000 plus interest and costs. A second group of Property Search Companies are also seeking to claim refunds although no proceedings have yet been issued. The Council has been informed that the value of those claims as present is £21,000 plus interest and costs. The second group of Property Search Companies have also intimated that they may bring a claim against all English and Welsh local authorities for alleged anti-competitive behaviour. It is not clear what the value of any such claim would be against the Council. It is possible that additional claimants may come forward to submit claims for refunds, but none have been intimated at present.

**Business Rates**

This provision sets aside sums for the Councils element of anticipated appeals that may arise in respect of Business Rates. The full liability is expected to be circa £2.244m, but the difference is to be met by the Central Government, Notts County Council and Fire Authority. The Council has split this into short and long term provisions based on a methodology that has been approved by all the Local Authorities that are within the Pooling arrangement.

**Other Provisions**

All other provisions are individually insignificant.

**23 USABLE RESERVES**

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

**24 UNUSABLE RESERVES**

<b>2012/13 £'000</b>		<b>2013/14 £'000</b>
26,762	Revaluation Reserve	23,427
99,262	Capital Adjustment Account	105,350
-554	Financial Instruments Adjustment Account	-492
-42,517	Pensions Reserve	-44,932
133	Deferred Capital Receipts Reserve	4,354
31	Collection Fund Adjustment Account	-2,910
-11	Accumulated Absences Account	-10
<b>83,106</b>	<b>Total Unusable Reserves</b>	<b>84,787</b>

**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.

<b>2012/13 £'000</b>		<b>2013/14 £'000</b>
<b>25,699</b>	<b>Balance at 1 April</b>	<b>26,762</b>
4,117	Upward revaluations of assets	728
-2,520	Downward revaluation of assets and impairment losses not charged to the Surplus/Deficit on the Provision of Services	-402
1,597	Surplus or deficit(-) on revaluation of non-current assets not posted to the Surplus or Deficit on the Provision of Services	326
-123	Difference between fair value depreciation and historical cost depreciation	-115
-411	Accumulated gains on assets sold or scrapped	-3,546
-534	Amount written off to the Capital Adjustment Account	-3,661
<b>26,762</b>	<b>Balance at 31 March</b>	<b>23,427</b>

**Capital Adjustment Account**

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

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

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

2012/13 £'000		2013/14 £'000
96,111	<b>Balance at 1 April</b>	99,262
	<b>Reversal of items relating to capital expenditure debited or credited to the CIES</b>	
-6,382	Charges for depreciation and impairment of non-current assets	-6,668
-1,779	Revaluation losses on Property, Plant and Equipment	2,724
-135	Amortisation of intangible assets	-101
0	Donated Assets	234
-1,030	Revenue expenditure funded from capital under statute	-1,227
-2,871	Amounts of non-current assets written off on disposal or sale as part of the gain(-)/loss on disposal to the CIES	-8,862
-27	Costs of disposal deferred	4
-12,224		-13,896
411	Adjusting amounts written out of the Revaluation Reserve	3,546
-11,813	<b>Net written out amount of the cost of non-current assets consumed in the year</b>	-10,350
	<b>Capital financing applied in the year:</b>	
2,381	Use of Capital Receipts Reserve to finance new capital expenditure	3,500
9,258	Use of Major Repairs Reserve to finance new capital expenditure	8,931
1,930	Capital grants and contributions credited to the CIES that have been applied to capital financing	1,060
144	Applications of grants to capital financing from the Capital Grant Unapplied Account	18
1,127	Statutory provision for the financing of capital investment charged against the General Fund and HRA balances	2,814
0	Capital expenditure charged against the General Fund and HRA balances	0
14,840		16,323
124	Adjustment between Capital Adjustment Account and Revaluation Reserve for depreciation that relates to the revaluation balance rather than historic cost	115
<b>99,262</b>	<b>Balance at 31 March</b>	<b>105,350</b>

**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.

2012/13 £'000		2013/14 £'000
-619	<b>Balance at 1 April</b>	-554
65	Differences between statutory debits/credits and amounts recognised as income and expenditure in relation to financial instruments	62
-554	<b>Balance at 31 March</b>	-492

**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.

Restated 2012/13 £'000		2013/14 £'000
-41,510	<b>Balance at 1 April</b>	-42,517
-133	Remeasurements of the net defined benefit liability/(asset)	-1,422
-3,889	Reversal of items relating to retirement benefits debited or credited to the Surplus or Deficit on the Provision of Services in the CIES	-4,185
3,015	Employers pensions contributions and direct payments to pensioners payable in the year	3,192
-42,517	<b>Balance at 31 March</b>	-44,932

**Deferred Capital Receipts Reserve**

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

2012/13 £'000		2013/14 £'000
61	<b>Balance at 1 April</b>	133
80	Transfer of deferred capital grant repayable credited as part of the gain/loss(-) on disposal to the CIES	4,265
-8	Transfer to Capital Receipts Reserve	-44
<b>133</b>	<b>Balance at 31 March</b>	<b>4,354</b>

**Collection Fund Adjustment Account**

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

2012/13 £'000		2013/14 £'000
58	<b>Balance at 1 April</b>	31
-27	Amount by which council tax and non-domestic rating income credited to the CIES is different from council tax and non-domestic rating income calculated for the year in accordance with statutory requirements	-2,941
<b>31</b>	<b>Balance at 31 March</b>	<b>-2,910</b>

**Short Term Compensated Absences Adjustment Account**

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

2012/13 £'000		2013/14 £'000
-19	<b>Balance at 1 April</b>	-11
19	Settlement or cancellation of accrual made at the end of the preceding year	10
-11	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	-9
<b>-11</b>	<b>Balance at 31 March</b>	<b>-10</b>

## 25 CASH FLOW STATEMENTS

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

Restated 2012/13 £'000		2013/14 £'000
2,023	<b>Net Surplus or Deficit(-) on the Provision of Services</b>	<b>5,667</b>
	<b><u>Adjust net surplus or deficit on the provision of services for non-cash movements</u></b>	
6,382	Depreciation of Property, Plant and Equipment	6,668
2,078	Impairment and downward valuations	-2,724
135	Amortisation of Intangible Assets	101
-25	Material impairment losses on Investments debited to surplus or deficit on the provision of services in year	0
12	Adjustments for effective interest rates	11
0	Increase/Decrease(-) in interest Creditors	-987
-179	Increase/Decrease(-) in Creditors	-323
-151	Increase(-)/Decrease in interest and dividend Debtors	-15
1,038	Increase(-)/Decrease in Debtors	-417
6	Increase(-)/Decrease in Inventories	11
873	Pension Liability	993
96	Increase/Decrease(-) in Provisions	982
2,871	Carrying amount of non-current assets and non-current Assets Held For Sale, sold or derecognised	8,862
<b>13,136</b>	<b><u>Adjust for items included in the net surplus or deficit on the provision of services that are investing or financing activities</u></b>	<b>13,162</b>
-1,968	Capital Grants credited to surplus or deficit on the Provision of Services	-4,639
-1,788	Proceeds from the sale of Property Plant and Equipment, Investment Property and Intangible Assets	-6,515
<b>-3,756</b>		<b>-11,154</b>
<b>11,403</b>	<b>Net Cash Flows from Operating Activities</b>	<b>7,675</b>

## B CASH FLOW STATEMENT - OPERATING ACTIVITIES

The cash flows for operating activities include the following items:

2012/13 £'000		2013/14 £'000
170	Interest received	129
-4,575	Interest paid	-5,532
<b>-4,405</b>		<b>-5,403</b>



**C CASH FLOW STATEMENT - INVESTING ACTIVITIES**

<b>2012/13</b>		<b>2013/14</b>
<b>£'000</b>		<b>£'000</b>
-15,492	Purchase of Property, Plant and Equipment, Investment Property and Intangible Assets	-12,655
-2,000	Purchase of short-term and long-term Investments	-1,000
-84	Other payments for investing activities	-1,000
1,704	Proceeds from the sale of Property, Plant and Equipment, Investment Property and Intangible Assets	2,296
2,397	Proceeds from short-term and long-term Investments	2,097
415	Other receipts from investing activities	4,640
<b>-13,060</b>	<b>Net cash flows from investing activities</b>	<b>-5,622</b>

**D FINANCING ACTIVITIES**

<b>2012/13</b>		<b>2013/14</b>
<b>£'000</b>		<b>£'000</b>
8,383	Cash receipts for short and long-term Borrowing	3,507
0	Other receipts from financing activities	820
-80	Cash payments for the reduction of the outstanding liabilities relating to Finance Leases	0
-9,567	Repayments of short and long-term Borrowing	-5,074
-1,061	Other payments for financing activities	0
<b>-2,325</b>	<b>Net cash flows from financing activities</b>	<b>-747</b>

**26 ACQUIRED AND DISCONTINUED OPERATIONS**

There were no acquired or discontinued operations during the year.

## 27 TRADING OPERATIONS

The Council has established 13 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 the units trading operations in 2013/14 are as follows:

2012/13 £'000	Trading Operations		2013/14 £'000
	<b>Markets</b>		
-355	Bassetlaw has 2 town centre market sites. The objective is to maximise income.	Turnover	-335
527		Expenditure	544
<b>172</b>		<b>Surplus(-)/Deficit</b>	<b>209</b>
	<b>Industrial Estates</b>		
-202	Bassetlaw has 7 industrial estates, one is an estate of starter units to support small businesses. There has been a reduction in costs in 2013/14 from 2012/13, as the refurbishment has been completed.	Turnover	-208
1,153		Expenditure	298
<b>951</b>		<b>Surplus(-)/Deficit</b>	<b>90</b>
	<b>Trade Refuse</b>		
-85	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	-97
133		Expenditure	133
<b>48</b>		<b>Surplus(-)/Deficit</b>	<b>36</b>
	<b>Pest Control</b>		
-16	Bassetlaw provides a rodent and pest control service to prevent nuisance or health risk. This ceased June 2013.	Turnover	-1
113		Expenditure	40
<b>97</b>		<b>Surplus(-)/Deficit</b>	<b>39</b>
	<b>Grounds Maintenance</b>		
-1,053	Bassetlaw provides a full grounds maintenance service to other services including grass cutting, flower beds, tree pruning.	Turnover	-1,118
1,064		Expenditure	1,118
<b>11</b>		<b>Surplus(-)/Deficit</b>	<b>0</b>
	<b>Street Cleaning</b>		
-196	The street sweeping service ensures public sites owned by other services are kept clean.	Turnover	-151
196		Expenditure	159
<b>0</b>		<b>Surplus(-)/Deficit</b>	<b>8</b>
	<b>Consolidated results of all other trading operations</b>		
-333	Printing, Refuse, Strategic Cleaning and Procurement (new for 2013/14).	Turnover	-392
391		Expenditure	475
<b>58</b>		<b>Surplus(-)/Deficit</b>	<b>83</b>
<b>1,337</b>	<b>Net surplus(-)/deficit on trading operations</b>		<b>465</b>

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

2012/13 £'000		2013/14 £'000
1,337	<b>Net surplus(-)/deficit on trading operations:</b>	465
-1,268	Services to the public included in Expenditure of Continuing Operations	-374
69	<b>Net surplus(-)/deficit credited to Financing and Investment Income and Expenditure</b>	91

## 28 AGENCY SERVICES

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

## 29 POOLED BUDGETS

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There are no pooled budgets.

## 30 EXPENDITURE ON MEMBERS' ALLOWANCES

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2012/13 £'000		2013/14 £'000
222	Basic Allowance	222
91	Special Responsibility	91
15	Travelling Allowance	13
8	Subsistence Allowance	7
<b>336</b>	<b>Total</b>	<b>333</b>

**31 OFFICERS' REMUNERATION**

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

**2013/14 Post holder information**

<b>Post title</b>	<b>Notes</b>	<b>Salary (including fees &amp; allowances) £</b>	<b>Compensation for loss of office £</b>	<b>Benefits in kind (car allowance) £</b>	<b>2013/14 Total remuneration excluding pension contributions £</b>	<b>Pension contri- butions £</b>	<b>2013/14 Total remuneration including pension contributions £</b>
<b>CHIEF EXECUTIVE</b>	1 & 3	105,514	0	0	<b>105,514</b>	22,539	<b>128,053</b>
<b>DIRECTOR OF RESOURCES</b>	2	0	0	0	<b>0</b>	0	<b>0</b>
<b>DIRECTOR OF CORPORATE SERVICES</b>		85,503	0	0	<b>85,503</b>	17,866	<b>103,369</b>
<b>DIRECTOR OF COMMUNITY SERVICES</b>		85,060	0	0	<b>85,060</b>	17,866	<b>102,926</b>
<b>HEAD OF FINANCE &amp; PROPERTY</b>		68,208	0	0	<b>68,208</b>	14,617	<b>82,825</b>
<b>HEAD OF REVENUES &amp; CUSTOMER SERVICES</b>	4	32,870	32,669	1,871	<b>67,410</b>	104,955	<b>172,365</b>
<b>HEAD OF COMMUNITY PROSPERITY</b>		64,313	0	0	<b>64,313</b>	13,690	<b>78,003</b>
<b>HEAD OF HUMAN RESOURCES</b>		63,283	0	0	<b>63,283</b>	13,690	<b>76,973</b>
		<b>504,751</b>	<b>32,669</b>	<b>1,871</b>	<b>539,291</b>	<b>205,223</b>	<b>744,514</b>

Note 1 - The Chief Executive includes interim cover by the Director of Resources who was appointed permanently on 13 December 2013.

Note 2 - The Director of Resources was held vacant during 2013/14, as he was acting as the Interim Chief Executive.

Note 3 - In addition to the above, the interim Chief Executive received an amount of £2,799 in relation to his role as Returning Officer in the Notts County Council elections.

Note 4 - The Head of Revenues and Customer Services left the Council on 11 October 2013. The car allowance is currently an estimated figure due to the timing of P11D.

## 2012/13 Post holder information

Post title	Notes	Salary (including fees & allowances) £	Compensation for loss of office £	Benefits in kind (car allowance) £	2012/13 Total remuneration excluding pension contributions £	Pension contri- butions £	2012/13 Total remuneration including pension contributions £
CHIEF EXECUTIVE	1 & 3	52,921	38,544	0	91,465	69,652	161,117
DIRECTOR OF RESOURCES	2 & 4	98,801	0	0	98,801	20,804	119,605
DIRECTOR OF CORPORATE SERVICES		85,503	0	0	85,503	17,866	103,369
DIRECTOR OF COMMUNITY SERVICES		85,503	0	0	85,503	17,866	103,369
HEAD OF FINANCE & PROPERTY		67,991	0	0	67,991	14,617	82,608
HEAD OF REVENUES & CUSTOMER SERVICES		62,070	0	3,742	65,812	13,690	79,502
HEAD OF COMMUNITY PROSPERITY		64,098	0	0	64,098	13,690	77,788
HEAD OF HUMAN RESOURCES		63,453	0	0	63,453	13,690	77,143
		<b>580,340</b>	<b>38,544</b>	<b>3,742</b>	<b>622,626</b>	<b>181,875</b>	<b>804,501</b>

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

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

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

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

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

This includes those staff detailed in the preceding tables.

Remuneration band	2012/13	2013/14
	Number of employees	Number of employees
£50,000-£54,999	0	0
£55,000-£59,999	0	0
£60,000-£64,999	2	2
£65,000-£69,999	2	2
£70,000-£74,999	0	0
£75,000-£79,999	0	0
£80,000-£84,999	0	0
£85,000-£89,999	2	2
£90,000-£94,999	1	0
£95,000-£99,999	1	0
£100,000-£104,999	0	0
£105,000-£109,999	0	1
£110,000-£114,999	0	0
£115,000-£119,999	0	0
<b>Total</b>	<b>8</b>	<b>7</b>

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

(a) Exit package cost band (including special payments)	(b) Number of compulsory redundancies		(c) Number of other departures agreed		(d) Total number of exit packages by cost band [(b)+(c)]		(e) Total cost of exit packages in each band	
	2012/13	2013/14	2012/13	2013/14	2012/13	2013/14	2012/13	2013/14
	£1-£20,000	2	2	1	11	3	13	£1,946
£20,001 - £40,000	0	0	0	1	0	1	£0	£36,215
£40,001 - £60,000	0	0	1	0	1	0	£32,745	£0
£60,001 - £80,000	0	0	0	0	0	0	£0	£0
£80,001 - £100,000	0	0	0	0	0	0	£0	£0
£100,001 - £150,000	0	0	1	1	1	1	£100,308	£130,375
<b>Total</b>	<b>2</b>	<b>2</b>	<b>3</b>	<b>13</b>	<b>5</b>	<b>15</b>	<b>£134,999</b>	<b>£271,185</b>

**32 EXTERNAL AUDIT COSTS**

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

2012/13 £'000		2013/14 £'000
3	Fees payable in respect of external audit services - Audit Commission - 11/12	0
75	Fees payable in respect of external audit services - KPMG	77
20	Fees payable in respect of grant claims and returns - Audit Commission - 11/12	0
9	Fees payable in respect of grant claims and returns - KPMG	8
<b>107</b>	<b>Total</b>	<b>85</b>

**33 GRANT INCOME**

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

In accordance with correct accounting practice a number of revenue and capital grants, contributions & donations that have yet to be applied (and there are no conditions attached) have been transferred to Earmarked Reserves in year for revenue £0.085m and capital £0.075m (revenue £0.178m capital £0.039m in 2012/13).

2012/13 £'000		2013/14 £'000
	<b>Credited to Taxation and Non Specific Grant Income:</b>	
-8,173	NNDR Entitlement Grant	0
0	Business Rates - Small Business Rate Relief	-440
0	Business Rates - Safety Net	-1,278
-158	Revenue Support Grant	-5,354
-129	Local Services Support Grant	0
-503	New Homes Bonus Grant	-921
-139	Council Tax Freeze Grant	-56
-26	Developers Grants & Contributions	0
-100	Local High Street Renovation Grant	0
0	Other Revenue Grants/Contributions	-94
0	Donated Assets	-234
-108	New Burdens - Welfare Reform	-96
-409	Energy Saving Trust – A1 Housing Air Source Heating Grant	-35
-643	European Regional Development Fund – Worksop Creative Village	0
-20	Academy School contributions	0
-18	Other capital grants and contributions	-42
-80	HRA capital grants	-95
0	Developers capital contributions (Section 106)	-211
-3,500	Decent Homes Backlog Grant	-3,500
-175	NCC Contributions to Bridge Street works and Langold bandstand	-61
0	Community Infrastructure Levy	-5
<b>-14,181</b>	<b>Total</b>	<b>-12,422</b>

2012/13 £'000		2013/14 £'000
	<b>Credited to Services, Revenue Related:</b>	
-38,926	Housing Benefits and Council Tax Subsidy Grant	-30,051
-165	NNDR Cost Of Collection Grant	-167
-46	LEADER Grant Scheme	-42
0	Homelessness Grant	0
-226	Other revenue grants and contributions	-242
-538	Supporting People Grant	-533
-32	Developers contributions (Section 106)	-13
0	Academy School Contributions	-51
0	Barnsley Premier League Contributions	-316
	<b>Capital Related:</b>	
-527	Disabled Facilities Grant	-416
-155	Other Capital Grants and Contributions	-335
0	Academy School Contributions	-20
<b>-40,615</b>	<b>Total</b>	<b>-32,186</b>

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.

2012/13 £'000		2013/14 £'000
	<b>Revenue grants receipts in advance:</b>	
-18	Tackling Alcohol	-18
<b>-18</b>	<b>Total revenue grants receipts in advance</b>	<b>-18</b>
	<b>Developer contributions receipts in advance:</b>	
-142	Short-Term Creditor	-347
-1,010	Long-Term Creditor	-1,086
<b>-1,170</b>	<b>Total receipts in advance</b>	<b>-1,451</b>

### 34 RELATED PARTIES

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

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



## **UK Central Government**

UK Central Government has significant influence over the general operations of the Council – it is responsible for providing the statutory framework, within which the Council operates, provides the majority of its funding in the form of grants and prescribes the terms of many of the transactions that the Council has with other parties (e.g. Council Tax Bills and Housing Benefits). Grants received from government departments are set out in the subjective analysis in Group Note 14 on reporting amounts for resources allocation decisions. Grant receipts outstanding at 31 March 2014 are shown in Note 33.

## **Members**

Members of the Council and potentially the closest members of their families have direct control over the Council's financial and operating policies. The total members' allowance paid in 2013/14 is shown in Note 30. The Council, in accordance with the Members Code of Conduct, maintains a register of pecuniary and non-pecuniary interests disclosed by members which is open to public inspection and is accessible via the Council's website. All members have been required to complete a related party declaration identifying the organisations with which the Council has a related party interest irrespective of whether there have been any transactions with the related party. The following table details these organisations and the relevant transactions with the Council:

Organisation	Member	Relationship	Expenditure £'000	Income £'000	Creditor £'000	Debtor £'000
Bassetlaw Community and Voluntary Service	Cllr W Barker	Board Member	12	1	0	0
	Cllr J White	Board Member				
Bassetlaw Town Centres & Partnership Trust	Cllr J Leigh	Board Member	0	0	0	30
	Cllr D Pressley	Board Member				
	Cllr W Quigley	Board Member				
	Cllr GJ Wynne	Board Member				
Bassetlaw, Newark & Sherwood Community Safety Partnership	Cllr SA Greaves	Board Member	0	0	0	0
	Cllr GJ Wynne	Board Member				
Bassetlaw Twinning Association Executive committee	Cllr D Challinor	Board Member	0	0	0	0
	Cllr S Isard (Mrs)	Board Member				
	Cllr JC Shephard	Board Member				
Bassetlaw Action Centre	Cllr C Entwistle	Board Member	22	1	0	0
District Councils Network Assembly	Cllr SA Greaves	Board Member	0	0	0	0
Doncaster & Bassetlaw Hospitals Trust	Cllr A Mumby	Board Member	0	9	0	0
East Midlands Museums Service	Cllr J White	Board Member	0	0	0	0
East Midlands Councils	Cllr SA Greaves	Board Member	0	0	0	
	Cllr GJ Wynne	Board Member				
Goodwin Hall Management Committee	Cllr IJ Campbell	Board Member	0	0	0	0
	Cllr DG Pidwell	Board Member				
	Cllr W Quigley	Board Member				
Internal Drainage Boards	Cllr H Brand	Board Member	0	0	0	0
	Cllr JB Rickells	Board Member				
	Cllr JM Sanger	Board Member				
Local Strategic Partnership	Cllr H Brand	Board Member	0	0	0	0
	Cllr SA Greaves	Board Member				
	Cllr JA Leigh	Board Member				
	Cllr GJ Wynne	Board Member				
NHS Bassetlaw Patient & Public Engagement	Cllr M Gregory	Board Member	0	0	0	0
Nottinghamshire Rural Community Action	Cllr H Brand	Board Member	15	0	0	0
Retford Little Theatre	Cllr IJ Campbell	Board Member	0	19	0	0
	Cllr C Palmer	Board Member				
Robin Hood Airport consultative Committee	Cllr W Barker	Board Member	0	0	0	0
	Cllr G Freeman	Board Member				
Royal Town Planning Institute	Cllr W Barker	Board Member	0	0	0	0
	Cllr G Freeman	Board Member				
Sloswicke's Almshouses Charity	Cllr IJ Campbell	Board Member	0	0	0	0

<b>Stuart Goodwin Charities</b>	Cllr A Battey	Board Member	0	6	0	0
	Cllr H Brand	Board Member				
	Cllr H Burton	Board Member				
	Cllr PC Douglas	Board Member				
	Cllr JB Rickells	Board Member				
	Cllr C Troop (Mrs)	Board Member				
<b>Sure Start Partnership Board</b>	Cllr G Freeman	Board Member	0	1	0	0
<b>Workshop Charities</b>	Cllr W Barker	Board Member	0	0	0	0
	Cllr DR Pressley	Board Member				
<b>The Crossing Social Enterprise Coalition</b>	Cllr A Rhodes	Board Member	0	0	0	0
	Cllr GJ Wynne	Board Member				
<b>The Crossing Café Company</b>	Cllr GJ Wynne	Board Member	0	0	0	0
<b>Creswell Groundwork Trust</b>	Cllr GJ Wynne	Board Member	0	0	0	0
<b>Nottinghamshire County Council</b>	Cllr A Rhodes	Leader of the Council	859	176	-227	0
<b>King Edward Trust</b>	Cllr MW Quigley (Spouse)	Chair of Trustees	0	0	0	0
<b>Focus on Young People Bassetlaw</b>	Cllr R Leigh	Board Member	3	0	0	0
<b>Bassetlaw Play Forum</b>	Cllr G Freeman	Board Member	0	11	0	0
	Cllr JA Leigh	Board Member				
<b>Bassetlaw Citizens Advice Bureau</b>	Cllr D Potts	Trustee	53	5	0	0
	Cllr J Potts	Board Member				
<b>North Notts College</b>	Cllr DR Pressley	Governor	2	11	0	0
<b>Bassetlaw Food Bank</b>	Cllr S May	Trustee	1	0	0	0
<b>Workshop Civic Society</b>	Cllr W Barker	Chairman	0	0	0	0
<b>Bassetlaw Hospice of the Good Shepherd</b>	Cllr MW Quigley (Spouse)	Chair of Trustees	1	1	0	0
<b>Haggonfields Primary School</b>	Cllr DR Pressley	Governor	0	2	0	0
<b>Nott CC Health Scrutiny Committee</b>	Cllr GJ Wynne	Board Member	0	0	0	0
<b>Workshop Charter Trustees</b>	Cllr W Barker	Board Member	0	0	0	0
	Cllr DR Pressley	Board Member				
<b>Carlton in Lindrick Centre &amp; Village Hall</b>	Cllr BA Bowles	Trustee	0	2	0	0
<b>St Augustines Junior School</b>	Cllr BA Bowles	Governor	0	1	0	0
<b>Pilgrim Fathers UK origins Association</b>	Cllr BA Bowles	Founder & Vice Chairman	0	0	0	0
<b>Nottinghamshire Health Watch</b>	Cllr V Cookson	Board Member	0	0	0	0
<b>Fairtrade for Bassetlaw</b>	Cllr V Cookson	Board Member	0	0	0	0
<b>Misterton Swimming Pool Advisory Committee</b>	Cllr J Leigh	Board Member	0	0	0	0
	Cllr H Brand	Board Member				
<b>Mattersey Primary School</b>	Cllr MT Gray	Board Member	0	1	0	0
<b>Friends of St Swithuns</b>	Cllr W Quigley	Board Member	0	0	0	0
<b>Impressions Embroidery</b>	Cllr C Troop (Child)	Owner	0	0	0	0

In addition, the following members of the Council were on its Board of A1 Housing (Bassetlaw) Ltd, an arm's length housing management company wholly owned by the Council, Cllr H. Brand, Cllr J. Potts, Cllr A. Battey, Cllr A. Simpson, Cllr A Chambers. The transactions are disclosed in the Group Accounts.

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

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

### **Senior Officers**

All senior officers of the Council and the closest members of their families have the potential to significantly influence the policies of the Council although this is limited by the Council's scheme of delegation. They have been required to complete a related party declaration identifying the organisations with which the Council has a related party interest irrespective of whether there have been any transactions. The returns have shown that the Council's Solicitor together with a close family member are directors of an events company. There were no transactions with this company. In addition the Building Control Manager is a member of the Property Committee of St Mary and St Josephs Church. There were no transactions with this organisation. The Policy and Scrutiny Officer is a panel member of Nottinghamshire Health Watch and Vice Chair of Fairtrade for Bassetlaw. There were no transactions with either organisation. The Council's Museum Curator is a Board Member of the East Midlands Museum Service. There were no transactions with this organisation.

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

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

#### **A Nottinghamshire County Council**

Pension Fund as disclosed in Note 39.

Preceptor as disclosed in the Collection Fund Note A.

Nottinghamshire Parking Partnership – management, on behalf of the Nottinghamshire District Councils, for off and on street parking enforcement. Debtor £0.002m not disclosed elsewhere.

#### **B Nottinghamshire Police and Crime Commissioner and Nottinghamshire Fire and Rescue Authority – preceptors as disclosed in the Collection Fund Note A.**

**C Parish Councils –** precepts £0.797m as disclosed in Note 9  
Grants £0.204m not disclosed elsewhere

**D Internal Drainage Boards -** £0.445m as disclosed in Note 9

**35 CAPITAL EXPENDITURE AND FINANCING**

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

<b>2012/13</b>		<b>2013/14</b>
<b>£'000</b>		<b>£'000</b>
<b>125,105</b>	<b>Opening Capital Financing Requirement</b>	<b>125,775</b>
	Capital Investment	
14,568	Property, Plant and Equipment	12,920
0	Intangible Assets	118
1,030	Revenue Expenditure Funded from Capital Under Statute	1,227
-300	Downward revaluation of HRA Non-Dwelling Assets, which has no revaluation reserve	-101
	<b>Sources of Finance</b>	
-2,381	Capital Receipts	-3,500
-11,332	Government Grants and Contributions	-9,509
-915	Sums set aside from Revenue (inc MRP)	-2,821
<b>125,775</b>	<b>Closing Capital Financing Requirements</b>	<b>124,109</b>
	<b>Explanation of Movements in Year</b>	
0	Increase in underlying need to borrow (supported by Government financial assistance)	0
1,887	Increase in underlying need to borrow (unsupported by Government financial assistance)	1,256
-1,217	Other Movements (MRP including finance leases)	-2,922
<b>670</b>	<b>Increase in Capital Financing Requirement</b>	<b>-1,666</b>

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

The Council has previously acquired a number of vehicles under finance leases. As at 31 March 2014 there were no finance leases (£0m in 2012/13).

Operating Leases

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

2012/13 £'000		2013/14 £'000
	<b>Category of payments</b>	
112	Vehicles/Extension of Contract Terms	11
4	Employer's leased cars	0
16	Computer and other equipment	7
<b>132</b>	<b>Total outstanding commitment</b>	<b>18</b>
	<b>Summarised as:</b>	
132	Lease expiring within one year	13
0	Lease expiring between two to five years	5
0	Later than five years	0
<b>132</b>		<b>18</b>

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

2012/13 £'000		2013/14 £'000
	<b>Category of payments</b>	
128	Operating leases	18
4	Contract hire	0
<b>132</b>	<b>Total payments</b>	<b>18</b>

**BASSETLAW DISTRICT COUNCIL AS A LESSOR**Finance Leases

There are no leases classified as finance leases.

Operating Leases

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

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

The Council generated income of £0.477m (£0.441m in 2012/13) from such leases. Included in the 'not later than one year' category are a number of annually rolling leases where income totals £0.035m. The future minimum lease payments receivable in future years are:

<b>2012/13 £000</b>		<b>2013/14 £000</b>
606	Not later than one year	749
333	Later than one year and not later than five years	311
1,069	Later than five years	1,016
<b>2,008</b>	<b>Total future minimum lease payments receivable</b>	<b>2,076</b>

### 37 IMPAIRMENT LOSSES

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There has been no impairment losses during this financial year 2013/14.

### 38 TERMINATION BENEFITS

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The Council terminated the contracts of a number of employees in 2013/14, incurring liabilities of £0.271m (£0.135m in 2012/13) see Note 31 for the number of exit packages and total costs per band. Of this total, £0.033m (£0.039m in 2012/13) was payable as compensation for loss of office and the total of enhanced pension benefits for the year were £0.125m (£0.077m in 2012/13) as disclosed in note 31.

### 39 DEFINED BENEFIT PENSION SCHEME

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#### Participation in Pension Scheme:

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

The Council participates in the Local Government Pension Scheme, administered locally by Nottinghamshire County Council - this is a funded defined benefit 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.

The Actuary, Barnett Waddingham have prepared their figures in accordance with their understanding of the International Accounting Standard IAS 19 (2011). Previous years 2012/13 figures have been restated to reflect the revised standard.

Further information can be found in the Annual Report of the County Council Pension Fund, which is available upon request from Nottinghamshire County Council, County Hall, West Bridgford Nottingham, NG2 7QP.

#### The principal risks to the Council of the scheme are:

- Investment risk. The Fund holds investment in asset classes, such as equities, which have volatile market values and while these assets are expected to provide real returns over the long-term, the short-term volatility can cause additional funding to be required if a deficit emerges.
- Interest rate risk. The Fund's liabilities are assessed using market yields on high quality corporate bonds to discount the liabilities. As the Fund holds assets such as equities the value of the assets and liabilities may not move in the same way.
- Inflation risk. All of the benefits under the Fund are linked to inflation and so deficits may emerge to the extent that the assets are not linked to inflation.
- Longevity risk. In the event that the members live longer than assumed a deficit will emerge in the Fund. There are also other demographic risks.
- Statutory changes to the scheme.
- Structural changes to the scheme (ie large-scale withdrawals from the scheme).
- In addition, as many unrelated employers participate in the Nottinghamshire County Council Pension Fund, there is an orphan liability risk where employers leave the Fund but with insufficient assets to cover their pension obligations so that the difference may fall on the remaining employers.

These are mitigated to a certain extent by the statutory requirements to charge to the General Fund and Housing Revenue Account the amounts required by statute as described in the Accounting Policies note H.



**Transactions Relating to Post-employment Benefits:**

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

<b>Restated 2012/13 £'000</b>	<b>LOCAL GOVERNMENT PENSION SCHEME</b>	<b>2013/14 £'000</b>
	<b><i>Comprehensive Income and Expenditure Statement</i></b>	
	<b>Cost of Services:</b>	
1,941	Current Service Cost	2,207
100	Past Service Cost	213
6	Administration Expenses	4
	<b>Financing and Investment Income and Expenditure</b>	
1,842	Net Interest Expense	1,761
<b>3,889</b>	<b>Total Post-employment Benefits charged to the Surplus or Deficit(-) on the Provision of Services</b>	<b>4,185</b>
	<b>Other Post-employment Benefits charged to the Comprehensive Income and Expenditure Statement</b>	
	<b>Remeasurement of the net defined benefit liability comprising:</b>	
-5,893	Return on plan assets (excluding the amount included in the net interest expense)	-1,094
0	Actuarial Gains(-)/Losses arising on changes in demographic assumptions	5,676
6,026	Actuarial Gains(-)/Losses arising on changes in financial assumptions	130
0	Other actuarial Gains(-)Losses on assets	4,611
0	Experience Gains(-)/Losses on defined benefit obligation	-7,901
<b>4,022</b>	<b>Total Post-employment Benefit Charged to the Comprehensive Income and Expenditure Statement</b>	<b>5,607</b>
	<b>Movement in Reserves Statement</b>	
-3,889	Reversal of net charges made to the Surplus or Deficit for the Provision of Services for post-employment benefits in accordance with the Code	-4,185
	<b>Actual amount charged against the General Fund Balance for pensions in the year:</b>	
1,917	Employers' contributions payable to the scheme	2,056
	<b>Actual amount charged against the HRA for pensions in the year:</b>	
1,098	Employers' contributions payable to the scheme	1,136

Employer's contributions of £1.136m (£1.098m in 2012/13) were charged to the Housing Revenue Account Balance reducing the outstanding liability for Housing Revenue Account relating to staff transferred to A1 Housing (Bassetlaw) Ltd. with the benefit of a fully funded pension scheme.

The cumulative statement amount of actuarial gains and losses recognised in the Other Comprehensive Income and Expenditure relating to 'remeasurement of the net defined benefit liability' line was at 31 March 2014 a loss of £9.111m and at 31 March 2013 was a restated loss of £7.689m.

**Pension Assets and Liabilities Recognised in the Balance Sheet, as per Actuary Report**

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

<b>Restated 2012/13 £'000</b>		<b>2013/14 £'000</b>
-101,399	Present value of the defined benefit obligation	-101,973
62,300	Fair value of plan assets	60,672
<b>-39,099</b>	<b>Sub-total</b>	<b>-41,301</b>
-3,387	Other movements in the liability (asset)	-3,600
<b>-42,486</b>	<b>Net liability arising from the defined benefit obligation</b>	<b>-44,901</b>

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

<b>Restated 2012/13 £'000</b>		<b>2013/14 £'000</b>
<b>54,292</b>	<b>Opening fair value of scheme assets</b>	<b>62,300</b>
2,489	Interest income	2,663
	<b>Remeasurement Gains/Losses(-)</b>	
5,893	The return on plan assets, excluding the amount included in the net interest expense	1,094
0	Other Actuarial Gains/Losses(-)	-4,611
3,021	Contributions from employer	3,192
468	Contributions from employees into the scheme	477
-3,857	Benefits paid	-4,439
-6	Administration expenses	-4
<b>62,300</b>	<b>Closing fair value of scheme assets</b>	<b>60,672</b>

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 £3.757m (£8.382m in 2012/13 restated).

**Reconciliation of present value of the scheme liabilities (defined benefit obligation)**

<b>Restated 2012/13 £'000</b>		<b>2013/14 £'000</b>
<b>-95,777</b>	<b>Opening balance at 1 April</b>	<b>-104,786</b>
-1,941	Current service cost	-2,207
-4,331	Interest cost	-4,424
-468	Contribution by scheme participants	-477
	<b>Remeasurement Gains/Losses(-)</b>	
0	Actuarial Gains/Losses(-) arising from changes in demographic assumptions	-5,675
-6,026	Actuarial Gains/Losses(-) arising from changes in financial assumptions	-130
0	Experience Gains/Losses(-) on defined benefit obligation	7,900
-100	Gains/Losses(-) on curtailments	-213
3,603	Benefits paid	4,195
254	Unfunded pension payments	244
<b>-104,786</b>	<b>Closing balance at 31 March</b>	<b>-105,573</b>

The Council's share of Nottinghamshire 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 £44.932m (£42.517m in 2012/13), the difference being actual amounts paid to the Pension Fund by the employer.

**Assets and Liabilities in Relation to Retirement Benefits**

<b>2012/13</b> <b>£'000</b>		<b>2013/14</b> <b>£'000</b>
62,300	Estimated share of assets in the County Council Fund	60,672
-104,786	Estimated share of liabilities in the County Council Fund	-105,573
<b>-42,486</b>	<b>Net asset/liability (-) based on Actuary's report</b>	<b>-44,901</b>
-25	Opening balance adjustments of actual amounts paid	-31
-6	In year adjustment for actual amounts paid	0
<b>-42,517</b>	<b>Adjustment for actual amounts paid</b>	<b>-44,932</b>

The return on the Fund (on a bid value to bid value basis) for the year to 31 March 2014 is estimated to be 6%. 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:

**Local Government Pension Scheme assets comprised:**

<b>Restated</b> <b>2012/13</b> <b>£'000</b>		<b>2013/14</b> <b>£'000</b>
<b>1,246</b>	<b>Cash and cash equivalents</b>	<b>1,820</b>
	<b>Equity instruments:</b>	
	By Geography:	
20,724	UK Investments	20,183
20,302	Overseas Investments	19,772
1,269	Private Equity Unspecified	1,235
<b>42,295</b>	<b>Sub-total equity investments from active markets</b>	<b>41,190</b>
3,184	Investments not from quoted active markets	3,100
<b>45,479</b>	<b>Sub-total Equity</b>	<b>44,290</b>
	<b>Gilts:</b>	
	By Geography:	
2,617	UK Fixed Interest	2,912
1,090	UK Inflation-Linked	728
654	Overseas Fixed Interest	1,214
<b>4,361</b>	<b>Sub-total Gilts</b>	<b>4,854</b>
	<b>Other Bonds:</b>	
	By Geography:	
2,206	UK Corporates	1,790
336	Overseas Corporates	273
1,196	Inflation-Linked	971
<b>3,738</b>	<b>Sub-total Other Bonds</b>	<b>3,034</b>
<b>7,476</b>	<b>Property:</b>	<b>6,674</b>
<b>62,300</b>	<b>Total Assets</b>	<b>60,672</b>

The liabilities show the underlying commitments that the Council has in the long run to pay for post-employment (retirement) benefits. The total liability of £105.573m (£104.786m in 2012/13) has a substantial impact on the net worth of the Council as recorded in the Balance Sheet, resulting in a negative overall balance of £44.932m (£42.517m in 2012/13).

However, statutory arrangements for funding the deficit mean that the financial position of the Council remains healthy.

### Basis for Estimating Assets and Liabilities

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

Both the Local Government Pension Scheme and discretionary benefits liabilities have been estimated by Barnett Waddingham, an independent firm of actuaries, estimates for the County Council Fund being based on the latest full valuation of the scheme as at 1 April 2013.

The significant assumptions used by the actuary have been:

<b>Restated 2012/13 %</b>	<b>Long Term Expected Rate of Return on Assets in the Scheme</b>	<b>2013/14 %</b>
73%	Equity Investments	73%
7%	Gilts	8%
6%	Other Bonds	5%
12%	Property	11%
2%	Cash	3%
<b>Years</b>	<b>Mortality Assumptions</b>	<b>Years</b>
	<b>Longevity at 65 for current pensioners:</b>	
18.70	Male	22.00
22.80	Female	25.10
	<b>Longevity at 65 for future pensioners:</b>	
20.70	Male	24.10
24.60	Female	27.40
<b>%</b>	<b>Financial Assumptions</b>	<b>%</b>
3.30	Rate of inflation	3.50
4.70	Rate of increase in salaries	4.50
2.50	Rate of increase in pensions	2.70
4.30	Rate for discounting scheme liabilities	4.40

### Additional Assumptions

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

Members will retire at one retirement age for all tranches of benefit, which will be the pension weighted average tranche retirement age.

10% of active members will take up the option under the new LGPS to pay 50% of contributions for 50% of benefits, which will come into effect during the 2014/15 financial year.

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

### Impact on the Defined Benefit Obligation in the Scheme

	Increase in Assumption £'000	Decrease in Assumption £'000
Longevity (increase or decrease in 1 year)	101,780	109,404
Rate of increase in salaries (increase or decrease by 0.1%)	105,833	105,317
Rate of increase in pensions (increase or decrease by 0.1%)	107,104	104,070
Rate for discounting scheme liabilities (increase or decrease by 0.1%)	103,843	107,336

### Impact on the Council's Cash Flows

The objectives of the scheme are to keep employers' contributions at as constant a rate as possible. The County Council has agreed a strategy with the scheme's actuary to achieve a funding level of 100% over the next 3 years. Funding levels are monitored on an annual basis. The next triennial valuation is due to be completed on 31 March 2016.

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

The deficit on the Local Government Scheme will be made good by increased contributions over the remaining working life of employees, as assessed by the scheme Actuary. Finance is only required to be raised to cover discretionary benefits when the pensions are actually paid. The total contributions expected to be made to the Local Government Pension Scheme by the Council in the year to 31 March 2015 is £2.928m.

The weighted average duration of the defined benefit obligation for scheme members is 17 years, 2013/14 (19 years 2012/2013).

**Projected Pension Expense for the Year to 31 March 2015**

<b>Projection for Year to 31 March 2015</b>	<b>£'000</b>
Service cost	1,836
Net Interest on the defined liability (asset)	1,912
Administration expenses	4
<b>Total</b>	<b>3,752</b>
Employer contributions	2,928

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

These projections are based on the assumptions as at 31 March 2014, as described in the Barnett Waddingham actuary report.

## 40 CONTINGENT LIABILITIES

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The Council is committed to an equal pay review, which is subject to agreement with the Trade Unions. The total cost is unknown at this stage, however a reserve of £0.735m has been earmarked for this purpose.

A provision of £0.126m has been included in the accounts in relation to the refund of personal search fees for Land Charges, this is due to the amendment of regulations affecting charges. However, a contingent liability of £0.057m is required due to further discussions in the reconciliation of transactions with Search Agents.

In 1992, Municipal Mutual Insurances Ltd (MMI) fell below the minimum regulatory solvency requirement and went into run off. The company's creditors entered into a Scheme of Arrangement whereby the company would continue to meet claims whilst ever it had sufficient funds to do so. However, if at any time the company were unable to meet claims, creditors would be liable for payment of 28% of total claims to date over a £0.050m threshold.

As at 31 March 2014 the Council's maximum exposure, should MMI no longer be able to achieve solvent run off, is £0.272m, as during 2013/14 the Council paid a levy of £0.048m to MMI for 15% of its liability. A provision of 13% (£0.045m) is set, and hence a contingent liability for £0.232m is needed.

An application for planning permission that had been agreed by officers, was subsequently overturned by Members of the Planning Committee. Consequently, the applicants appealed against the decision to refuse. As the application had a very specialist nature, the Planning Inspectorate agreed with the applicants' submission that a Public Inquiry was necessary. There is therefore some significant risk to the Council surrounding not only the costs it has incurred in defending the position at the inquiry, but also in subsequent cost claims which may be submitted following the decision of the Secretary of State. The decision is not expected until July 2014, but the cost is estimated at £0.200m.

## 41 CONTINGENT ASSETS

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Part of the Council's offices at Queens Building, Worksop are owned by Nottinghamshire County Council. It is expected that this ownership will be legally transferred to the Council during 2014/15 at fair value.

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

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

At 31 March 2014, the Council had contingent assets relating to the following VAT claims, none of which are individually material to the Council:

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

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



## 42 NATURE AND EXTENT OF RISKS ARISING FROM FINANCIAL INSTRUMENTS

### Disclosure of nature and extent of risk arising from Financial Instruments

#### Key risks

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

- **Credit risk** the possibility that other parties might fail to pay amounts due to the Council;
- **Liquidity risk** the possibility that the Council might not have funds available to meet its commitments to make payments;
- **Re-financing risk** the possibility that the Council might be requiring to renew a financial instrument on maturity at disadvantageous interest rates or terms;
- **Market risk** the possibility that financial loss might arise for the Council as a result of changes in such measures as interest rates movements.

#### Overall procedures for managing risk

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

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

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

The annual Treasury Management Strategy which incorporates the prudential indicators was approved by Council on 4 March 2013 and is available on the Council website. The key issues within the Strategy were:

- The Authorised Limit for 2013/14 was set at £134.0m. This is the maximum limit of external borrowings or other long term liabilities.

- The Operational Boundary was expected to be £129.0m. 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.

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

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

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

The full Investment Strategy for 2013/14 was approved by Full Council on 4 March 2013 and is available on the Council's website.

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

The Council's maximum exposure to credit risk in relation to its investments in banks of £1m cannot be assessed generally, as the risk of any institution failing to make interest payments or repay the principal sum will be specific to each individual institution. Recent experience has shown that it is rare for such entities to be unable to meet their commitments. A risk of irrecoverability applies to all of the Council's deposits, but there was no evidence at 31 March 2014 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 £0.416m of the £0.465m balance is past its due date for payment at 31 March 2014 (£0.364m at 31 March 2013). The current outstanding amounts owed by customers can be analysed by age as follows:

<b>31 March 2013</b> <b>£'000</b>		<b>31 March 2014</b> <b>£'000</b>
169	Less than three months	49
37	Three to six months	100
12	Six months to one year	91
146	More than one year	225
<b>364</b>	<b>Total</b>	<b>465</b>

The Historic experience of default is 31.7% and the maximum exposure to default is £0.147m.

### 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:

<b>31 March 2013</b> <b>£'000</b>		<b>31 March 2014</b> <b>£'000</b>
2,096	Less than 1 year	2,858
0	Between 1 and 2 years	0
0	Between 2 and 3 years	0
1,177	More than 3 years	30
<b>3,273</b>	<b>Total</b>	<b>2,888</b>

### Refinancing and Maturity risk

The Council maintains a significant debt and investment portfolio. Whilst the cash flow procedures above are considered against the refinancing risk procedures, longer-term risk to the Council relates to managing the exposure to replacing financial instruments as they mature. This risk relates to both the maturing of longer term financial liabilities and longer term financial assets.

The approved treasury indicator limits for the maturity structure of debt and the limits placed on investments placed for greater than one year in duration are the key parameters used to address this risk. The Council approved treasury and investment strategies address the main risks and the central treasury team address the operational risks within the approved parameters. This includes:

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

The maturity analysis of financial liabilities is as follows, with the maximum and minimum limits for fixed interest rates maturing in each period (approved by Council as part of the Treasury Management Strategy).

<b>Actual 31 March 2013 £'000</b>		<b>Approved minimum limits</b>	<b>Approved maximum Limits £'000</b>	<b>Actual 31 March 2014 £'000</b>
15,062	Less than 1 year	0%	25% £29,091	13,000
4,000	Between 1 and 2 years	0%	50% £58,182	4,000
18,700	Between 2 and 5 years	0%	50% £58,182	18,700
9,000	Between 5 and 10 years	0%	50% £58,182	9,000
71,663	More than 10 years	0%	100% £116,363	71,663
<b>118,425</b>	<b>Total</b>			<b>116,363</b>

**Interest rate risk** - The Council is exposed to interest rate movements on its borrowings and investments. Movements in interest rates have a complex impact on the Council, depending on how variable and fixed interest rates move across differing financial instrument periods. For instance, a rise in variable and fixed interest rates would have the following effects:

- Borrowings at variable rates – the interest expense charged to the Comprehensive Income and Expenditure Statement will rise;
- Borrowings at fixed rates – the fair value of the borrowing will fall (no impact on revenue balances);
- Investments at variable rates – the interest income credited to the Comprehensive Income and Expenditure Statement will rise; and
- Investments at fixed rates – the fair value of the assets will fall (no impact on revenue balances).

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

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

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

	<b>£'000</b>
Increase in interest receivable on variable rate investments	-66
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
<b>Impact on Other Comprehensive Income and Expenditure</b>	<b>-66</b>
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)	14,474

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

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

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

#### **Icelandic Bank Defaults**

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

	<b>Date Invested</b>	<b>Maturity Date</b>	<b>Amount Invested £'000</b>	<b>Interest Rate %</b>	<b>Carrying Amount £'000</b>	<b>Impairment Adjustment £'000</b>
Landsbanki	09-Jan-08	07-Jan-09	3,000	5.56	0	0
Heritable	09-Jul-08	09-Jan-09	2,000	6.12	0	121
Glitnir	09-Jan-08	07-Jan-09	2,000	5.55	0	0
KSF	09-Jan-08	07-Jan-09	1,000	5.55	37	0
Landsbanki ISK			0	3.35	0	0
Glitnir ISK			0	3.35	431	0
<b>Total</b>			<b>8,000</b>		<b>468</b>	<b>121</b>

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 authority considers that it is appropriate to consider an impairment adjustment for the deposits, and has taken the action outlined below.

The Council continues to adopt a prudent approach and as the available information from administrators/receivers is not definitive as to the amounts and timings of future payments, and are based on estimates, further adjustments will be made in 2014/15 if required, once more detail has been made available on the final recovery amounts.

#### **Heritable Bank**

Heritable Bank is a UK registered bank under Scottish law. The company was placed in administration on 7 October 2008. The Council has received 94% of the claim amount and no further dividends are expected.

#### **Kaupthing Singer and Friedlander Ltd**

The current position on actual payments received and estimated future payouts is as shown in the table. The Council has decided to recognise an impairment based on it recovering 85.75p in the £. This reflects an improvement from the position reported as at 31 March 2013 of 85.25p in the £.

<b>Date</b>	<b>Repayment</b>
Received to date	81.50%
June 2014	2.25%
June 2015	2.00%

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

#### **Landsbanki**

In February 2014 the Council sold its Landsbanki claim for 92.0% of the claim amount.

#### **Glitnir Bank hf**

The Council has received 100% of its claim in full settlement for Glitnir Bank hf. However, an element of the distribution is in Icelandic Kroner which has been placed in an escrow account in Iceland and is earning interest of 4.2% as at 31 March 2014. This element of the distribution has been retained in Iceland due to currency controls currently operating in Iceland and as a result is subject to exchange rate risk, over which the Council has no control.

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

<b>SUPPLEMENTARY STATEMENTS</b>
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<b>HOUSING REVENUE ACCOUNT</b>
--------------------------------

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.

Restated 2012/13 £'000	Housing Revenue Account Income and Expenditure Statement	2013/14 £'000
	<b>Expenditure</b>	
6,184	Repairs and maintenance	6,123
6,585	Supervision and management	6,337
92	Rents, rates, taxes and other charges	143
-19	Negative HRA Subsidy payable	0
5,821	Depreciation and impairment of non-current assets	2,483
0	REFCUS Expenditure	22
90	Debt management costs	127
122	Movement in the allowance for bad debts	131
<b>18,875</b>	<b>Total Expenditure</b>	<b>15,366</b>
	<b>Income</b>	
-24,843	Dwelling rents	-25,849
-251	Non dwelling rents	-265
-539	Charges for services and facilities	-531
-582	Contributions towards expenditure	-572
<b>-26,215</b>	<b>Total Income</b>	<b>-27,217</b>
<b>-7,340</b>	<b>Net Cost of HRA Services as included in the Comprehensive Income and Expenditure Account</b>	<b>-11,851</b>
257	HRA Services share of Corporate and Democratic Core	264
765	HRA share of other amounts included in whole authority Cost of services but not allocated to specific services	554
<b>-6,318</b>	<b>Net Operations Cost of HRA Services</b>	<b>-11,033</b>
	<b>HRA share of the operating income and expenditure included in the Comprehensive Income and Expenditure Statement:</b>	
831	Gain or loss(-) on sale of HRA non-current assets	2,401
3,856	Interest payable and similar charges	3,876
-10	Interest and Investment Income	-8
4	Pensions interest cost and expected return on pensions assets	3
-3,989	Capital grants and contributions receivable	-3,630
<b>-5,626</b>	<b>Surplus (-) or deficit for the year on HRA services</b>	<b>-8,391</b>

Restated 2012/13 £'000	Movement on the HRA Statement	2013/14 £'000
-1,392	<b>Balance on the HRA at the end of the previous year</b>	<b>-1,466</b>
-5,626	Surplus (-) or deficit for the year on the HRA Income and Expenditure Account	-8,391
5,553	Adjustments between accounting basis and funding	8,519
<b>-73</b>	<b>Net increase(-) or decrease before transfer to/from Earmarked Reserves</b>	<b>128</b>
-1	Transfers to/from earmarked reserves	-8
-74	Net increase(-) or decrease in HRA Balances	120
<b>-1,466</b>	<b>Balance on the HRA at the end of the current year</b>	<b>-1,346</b>

Restated 2012/13 £'000	Note to Statement of Movement on HRA Balance	2013/14 £'000
	<u>Reversal of Items debited or credited to the Comprehensive Income and Expenditure Statement:</u>	
-5,522	Charges for depreciation and impairment of non-current assets	-2,382
485	Capital grant and contributions applied	130
0	Revenue Expenditure Funded from Capital under Statute	-22
-803	Gain(-)/Loss on Sale of HRA Non Current Assets	-2,366
	<u>Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement:</u>	
76	Amortisation of Premiums and Discounts	73
-29	Capital expenditure charged against the HRA	-35
-10	Reversal of items relating to retirement benefits debited or credited to the CIES	-10
1,098	Employers contribution payable to NCC pension fund and retirement benefits payable direct to pensioners	1,136
10,258	Transfer to Major Repairs Reserve	11,995
<b>5,553</b>	<b>Net additional amount required by statute</b>	<b>8,519</b>

<b>NOTES TO THE HOUSING REVENUE ACCOUNT</b>
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**(A) HOUSING STOCK**

Total 2012/13 No		Pre 1945 No	1945- 1964 No	1965- 1974 No	1975- 2013 No	After 2013 No	Total 2013/14 No
	<u>Traditional Houses and Bungalows</u>						
2,997	1 - 2 Bedrooms	251	1,008	508	1,229	4	<b>3,000</b>
1,719	3+ Bedrooms	653	725	152	168	1	<b>1,699</b>
	<u>Non Traditional Houses</u>						
617	Houses and Bungalows	0	269	343	0	0	<b>612</b>
	<u>Flats</u>						
1,022	Low Rise (1-2 storeys)	20	405	232	343	0	<b>1,000</b>
562	Medium Rise (3-5 storeys)	0	27	377	184	0	<b>588</b>
<b>6,917</b>	<b>Total</b>	<b>924</b>	<b>2,434</b>	<b>1,612</b>	<b>1,924</b>	<b>5</b>	<b>6,899</b>



<b>Movements in 2013/14</b>	<b>Council Dwellings</b>	<b>Other Land and Buildings</b>	<b>Vehicles, Plant, Furniture &amp; Equipment</b>	<b>Infrastructure Assets</b>	<b>Community Assets</b>	<b>Surplus Assets</b>	<b>Assets Under Construction</b>	<b>Total Property, Plant &amp; Equipment</b>	<b>Assets Held for Sale</b>	<b>Total</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>At 1 April 2013</b>	198,970	7,102	2,272	1,469	20	1,515	200	211,548	6,427	217,975
Additions	9,945	78	41	142	0	0	120	10,326	0	10,326
Donations	0	0	0	0	0	0	0	0	0	0
Revaluation increases/decreases(-) recognised in the Revaluation Reserve	0	-97	0	0	0	88	0	-9	0	-9
Revaluation increases/decreases(-) recognised in the Surplus/Deficit on the Provision of Services	495	-86	0	0	0	-13	0	396	0	396
Derecognition - Disposals	0	0	0	0	0	0	0	0	-6,758	-6,758
Derecognition - Other	-1,527	-71	0	0	0	0	0	-1,598	0	-1,598
Assets reclassified to(-)/from Held for Sale	-1,318	-40	0	0	0	78	0	-1,280	1,280	0
Other movements in cost or valuation	184	-15	36	16	0	-1	-200	20	0	20
<b>At 31 March 2014</b>	<b>206,749</b>	<b>6,871</b>	<b>2,349</b>	<b>1,627</b>	<b>20</b>	<b>1,667</b>	<b>120</b>	<b>219,403</b>	<b>949</b>	<b>220,352</b>
<b>Accumulated Depreciation &amp; Impairment</b>										
<b>At 1 April 2013</b>	6,534	647	1,059	934	0	0	0	9,174	0	9,174
Depreciation charge	4,470	155	263	22	0	0	0	4,910	0	4,910
Depreciation written out to the Revaluation Reserve	0	-307	0	0	0	0	0	-307	0	-307
Depreciation written out to the Surplus/Deficit on the Provision of Services	-1,992	-39	0	0	0	0	0	-2,031	0	-2,031
Impairment losses/reversals(-) recognised in the Revaluation Reserve	0	0	0	0	0	0	0	0	0	0
Impairment losses/reversals(-) recognised in the Surplus/Deficit on the Provision of Services	0	0	0	0	0	0	0	0	0	0
Derecognition - Disposals	0	0	0	0	0	0	0	0	0	0
Derecognition - Other	-464	-5	0	0	0	0	0	-469	0	-469
Other movements in depreciation & impairment	1	-1	8	0	0	0	0	8	0	8
<b>At 31 March 2014</b>	<b>8,549</b>	<b>450</b>	<b>1,330</b>	<b>956</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>11,285</b>	<b>0</b>	<b>11,285</b>
<b>Net Book Value</b>										
<b>at 31 March 2014</b>	<b>198,200</b>	<b>6,421</b>	<b>1,019</b>	<b>671</b>	<b>20</b>	<b>1,667</b>	<b>120</b>	<b>208,118</b>	<b>949</b>	<b>209,067</b>
<b>at 31 March 2013</b>	<b>192,436</b>	<b>6,455</b>	<b>1,213</b>	<b>535</b>	<b>20</b>	<b>1,515</b>	<b>200</b>	<b>202,374</b>	<b>6,427</b>	<b>208,801</b>

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

**(B) VACANT POSSESSION VALUE**

The vacant possession value (Open Market Value) of Council dwellings as at 31 March 2014 is £584.124m (31 March 2013 was £566.525m). This does not compare to the Balance Sheet, which shows the Existing Use Value, the difference being an indication of the economic and social costs of providing Council housing at less than market rent.

**(C) MAJOR REPAIRS RESERVE (MRR)**

This reserve is credited with the depreciation charged to the Housing Revenue Account as well as the Decent Homes backlog grant and any revenue contributions from the Housing Revenue Account. The Reserve is only available for funding major repairs to the housing stock or the repayment of HRA Debt. Any sums unspent are carried forward for use in future years.

2012/13 £'000		2013/14 £'000
0	<b>Balance as at 1 April 2013</b>	<b>949</b>
4,690	Depreciation on HRA Assets	4,910
0	Reversal of Non-Dwelling Depreciation	0
2,068	Revenue Contributions to MRR	3,585
3,500	Decent Homes backlog grant	3,500
0	Excess of Depreciation above MRA	0
-51	Repayment of HRA Debt	-51
-9,258	Funding of HRA expenditure	-8,931
<b>949</b>	<b>Balance as at 31 March 2014</b>	<b>3,962</b>

**(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**

2012/13 £'000		2013/14 £'000
	<b>HRA Capital Expenditure Financed by :</b>	
1,500	Borrowing	0
485	Grants and Contributions	130
57	Usable Capital Receipts	1,286
0	Revenue Contributions	0
9,258	Major Repairs Reserve	8,931
<b>11,300</b>	<b>Total</b>	<b>10,347</b>

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

<b>2012/13 £'000</b>		<b>2013/14 £'000</b>
287	Land	5,762
918	Houses	1,043
104	Other	90
<b>1,309</b>	<b>Total</b>	<b>6,895</b>

**(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.

<b>2012/13 £'000</b>		<b>2013/14 £'000</b>
4,425	Depreciation on Housing Revenue Account Dwellings	4,470
265	Depreciation on Housing Revenue Account other land and property	440
<b>4,690</b>	<b>Total</b>	<b>4,910</b>

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

<b>2012/13 £'000</b>		<b>2013/14 £'000</b>
-3,856	Cost of Capital Accounting Adjustment	-3,876
0	Transfer to Major Repairs Reserve	0
<b>-3,856</b>	<b>Total HRA Debt Financing Costs</b>	<b>-3,876</b>

**(H) IMPAIRMENT CHARGES**

There were no impairments in the financial year 2013/14.

**(I) REVENUE EXPENDITURE FUNDED FROM CAPITAL UNDER STATUTE**

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

The total amount of Revenue Expenditure Funded from Capital under Statute totals £0.22m for 2013/14 (£0m in 2012/13).

**(J) HOUSING SUBSIDY**

Due to the self financing arrangements Housing Subsidy is no longer payable to the Government, however following an audit of the 2011/12 Housing Subsidy it was clarified that the Council was owed £0.019m in 2012/13. As shown in the table below:

2012/13 £'000		2013/14 £'000
0	Management and Maintenance	0
0	Charges for Capital	0
0	Admissible Allowance	0
0	Notional Rent	0
0	Interest on Receipts	0
0	Major Repairs Allowance	0
0	Interest on Self-Financing Settlement	0
0	Housing Defects Subsidy	0
19	Adjustment to Previous Year Subsidy by Audit	0
<b>19</b>	<b>Total</b>	<b>0</b>

**(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 £1.130m (£1.091m in 2012/13) 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 £71.02 in 2013/14 compared to £69.26 in 2012/13 with arrears totalling 2.54% of gross debit in 2013/14 compared to the 2012/13 figure of 2.34%.

2012/13 £'000		2013/14 £'000
594	Total Rent Arrears (includes amounts collectable on behalf of other agencies)	534
0	Total Court Cost Arrears	45
33	Total Non Rent Arrears	45
<b>627</b>	<b>Total HRA Arrears</b>	<b>624</b>

The debtor impairment allowance at the 31 March 2014 for all debts was £0.389m.

**(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**

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There were no prior year adjustments in 2013/14.

There were no exceptional items in 2013/14.

**(O) HRA EARMARKED RESERVE**

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A HRA Earmarked reserve has been created relating to an unapplied grant, totalling £0.034m (£0.042m in 2012/13). This is included in the overall HRA Balance at 31 March 2014.

<b>COLLECTION FUND ACCOUNT</b>
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The Collection Fund is an agent's statement that reflects the statutory obligation for billing authorities to maintain a separate Collection Fund. The statement shows the transactions of the billing authority in relation to the collection from taxpayers and distributions to local authorities and the Government of council tax and non-domestic rates.

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).

Restated 2012/13			Income/Expenditure	Note	2013/14		
Non-Domestic Rates £'000	Council Tax £'000	Total £'000			Non-Domestic Rates £'000	Council Tax £'000	Total £'000
			<b>Income</b>				
0	-49,246	<b>-49,246</b>	Council Tax Receivable		0	-51,010	<b>-51,010</b>
			<b>Transfers from General Fund</b>				
0	-8,842	<b>-8,842</b>	Council Tax Benefit		0	0	<b>0</b>
-37,974	0	<b>-37,974</b>	Business Rate Receivable	A	-40,680	0	<b>-40,680</b>
0	0	<b>0</b>	Transitional Protection Payment - Central Government	A	-1,608	0	<b>-1,608</b>
<b>-37,974</b>	<b>-58,088</b>	<b>-96,062</b>	<b>Total Income</b>		<b>-42,288</b>	<b>-51,010</b>	<b>-93,298</b>
			<b>Expenditure</b>				
			<b>Apportionment of Previous Year Surplus</b>				
0	44	<b>44</b>	Bassetlaw District Council	B	0	0	<b>0</b>
0	299	<b>299</b>	Nottinghamshire County Council	B	0	0	<b>0</b>
0	17	<b>17</b>	Nottinghamshire Fire Authority	B	0	0	<b>0</b>
0	40	<b>40</b>	Nottinghamshire Police Authority/ Police and Crime Commissioner	B	0	0	<b>0</b>
			<b>Precepts, Demands and Shares</b>				
37,267	0	<b>37,267</b>	Central Government	B	22,818	0	<b>22,818</b>
0	5,567	<b>5,567</b>	Bassetlaw District Council	B	18,255	4,800	<b>23,055</b>
0	43,464	<b>43,464</b>	Nottinghamshire County Council	B	4,107	37,477	<b>41,584</b>
0	2,539	<b>2,539</b>	Nottinghamshire Fire Authority	B	456	2,189	<b>2,645</b>
0	6,062	<b>6,062</b>	Nottinghamshire Police Authority/ Police and Crime Commissioner	B	0	5,329	<b>5,329</b>
			<b>Charges to the Collection Fund</b>				
752	124	<b>876</b>	Write offs of uncollectable amounts		121	310	<b>431</b>
-218	180	<b>-38</b>	Increase (-)/Decrease in Bad Debt Provision		401	22	<b>423</b>
0	0	<b>0</b>	Increase (-)/Decrease in Provision for Appeals		2,244	0	<b>2,244</b>
165	0	<b>165</b>	Cost of Collection		167	0	<b>167</b>
8	0	<b>8</b>	Interest on Non Domestic Refunds		0	0	<b>0</b>
<b>37,974</b>	<b>58,336</b>	<b>96,310</b>	<b>Total Expenditure</b>		<b>48,569</b>	<b>50,127</b>	<b>98,696</b>
<b>0</b>	<b>-248</b>	<b>-248</b>	<b>Surplus/Deficit (-) arising during the year</b>		<b>-6,281</b>	<b>883</b>	<b>-5,398</b>
<b>0</b>	<b>528</b>	<b>528</b>	<b>Surplus/Deficit (-) b/fwd 1st April</b>		<b>0</b>	<b>280</b>	<b>280</b>
<b>0</b>	<b>280</b>	<b>280</b>	<b>Surplus/Deficit (-) c/fwd 31st March</b>		<b>-6,281</b>	<b>1,163</b>	<b>-5,118</b>

<b>NOTES TO THE COLLECTION FUND ACCOUNT</b>
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**(A) NATIONAL NON-DOMESTIC RATES (NNDR)**

Non-Domestic Rates are organised on a national basis. The Government specifies an amount, 47.1p in 2013/14 (45.8p in 2012/13) and subject to the effects of transitional arrangements, local businesses pay rates calculated by multiplying their rateable value by that amount. The Council is responsible for collecting rates due from the ratepayers in its area but pays the proceeds into a National Non-Domestic Rates Pool administered by the Government. The total Non-Domestic rateable value for Bassetlaw at 31 March 2014 was £111,526,029 (31 March 2013 £111,491,891).

April 2013 saw the introduction of the new Business Rates Retention scheme. The Council acts as an agent collecting non-domestic rates on behalf of major preceptors and Central Government, as principals collecting rates for themselves.

Under the new scheme the Council shares a proportion (40%) of the risks and rewards of the amount of non-domestic rates collected which could be less or more than predicted.

The new scheme also allowed local authorities to voluntarily come together to pool their business rates income. The Council has entered into a pooling arrangement with other Nottinghamshire Authorities.

The net amount collected by the Council is analysed in the table below:-

<b>Restated 2012/13 £'000</b>	<b>National Non-Domestic Rate Income</b>	<b>2013/14 £'000</b>
44,927	Gross Amount Due	50,130
-3,033	Charitable Relief etc.	-3,227
713	Transitional Relief	-1,608
-1,366	Small Business Rate Relief	-1,358
-3,267	Empty and Part Occupation Relief	-3,257
<b>37,974</b>	<b>Net Amount Collectable</b>	<b>40,680</b>

The year-end surplus or deficit on the Collection Fund non-domestic rates 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 31 January each year. For 2013/14 a deficit of £3.059m was declared.

The balance at the 31 March 2014 is a deficit of £6.281m and this has been disaggregated for the purposes of these Accounts to attribute relevant amounts to the precepting authorities debtor account and the billing authority as follows:

<b>Cumulative Surplus/ Deficit (-) 31.3.13 £'000</b>		<b>In Year Surplus/ Deficit (-) 2013/14 £'000</b>	<b>Cumulative Surplus/ Deficit (-) 31.3.14 £'000</b>
0	Bassetlaw District Council	-2,512	-2,512
0	Central Government	-3,141	-3,141
0	Nottinghamshire County Council	-565	-565
0	Nottinghamshire Fire Authority	-63	-63
<b>0</b>	<b>Balance at 31 March</b>	<b>-6,281</b>	<b>-6,281</b>



**(B) COUNCIL TAX BASE**

Council Tax income derives from charges raised according to the value of residential properties that have been classified into 8 bands, based on valuations as at 1 April 1991. Individual charges are calculated by estimating the amount of income required from the Collection Fund by Nottinghamshire County Council, Nottinghamshire Police Authority/Police and Crime Commissioner, Nottinghamshire Fire and Rescue Authority and this Council, and dividing this total figure by the Council Tax Base. The Council Tax base for the year was calculated as follows:

Valuation Band	Proportion of Band D Charge (ninths)	No of Dwellings in Valuation List		Number of Band D Equivalent Dwellings	
		2012/13	2013/14	2012/13	2013/14
Band A-	5	0	0	75	78
Band A	6	26,103	26,176	15,026	15,090
Band B	7	7,344	7,443	5,143	5,230
Band C	8	6,006	6,042	4,854	4,879
Band D	9	5,777	5,821	5,363	5,386
Band E	11	2,905	2,940	3,343	3,376
Band F	13	1,352	1,361	1,829	1,836
Band G	15	677	681	1,038	1,043
Band H	18	56	56	81	84
<b>Total</b>		<b>50,220</b>	<b>50,520</b>	<b>36,752</b>	<b>37,002</b>
Deduction for non-collection, new build, demolition and other adjustments				-325	-382
Additional properties and adjustments during the year*				0	-5,210
Council Tax Base (Band D equivalent)				<b>36,427</b>	<b>31,410</b>

\*Note: The reduction in 2013/14 relates to an adjustment to the tax base following the introduction of the Local Council Tax Reduction Scheme.

The Council set a Council Tax (excluding local precepts) at Band D of £1,616.06 in 2013/14 compared to £1,582.10 in 2012/13. This is analysed as follows:

2012/13 £	Band D Council Tax	2013/14 £
152.82	Bassetlaw District Council	155.11
1,193.18	Nottinghamshire County Council	1,216.92
166.41	Nottinghamshire Police Authority/Police and Crime Commissioner	172.98
69.69	Nottinghamshire Fire and Rescue Authority	71.05
<b>1,582.10</b>	<b>Total Council Tax Income</b>	<b>1,616.06</b>

The year-end surplus or deficit on the Collection Fund Council Tax 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 2013/14 a surplus of £0.550m was declared.

The balance at the 31 March 2014 is a surplus of £1.163m and this 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:

<b>Cumulative Surplus/ Deficit (-) 31.3.13 £'000</b>		<b>In Year Surplus/ Deficit 2013/14 £'000</b>	<b>Cumulative Surplus/ Deficit (-) 31.3.14 £'000</b>
-31	Bassetlaw District Council	-98	-129
-207	Nottinghamshire County Council	-654	-861
-30	Nottinghamshire Police Authority/Police and Crime Commissioner	-93	-123
-12	Nottinghamshire Fire and Rescue Authority	-38	-50
<b>-280</b>	<b>Balance at 31 March</b>	<b>-883</b>	<b>-1,163</b>

<b>GROUP ACCOUNTS</b>
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**Introduction to the Group Accounts**

The Council's Statement of Accounts includes the accounts of a company where the Council is the sole shareholder. A1 Housing (Bassetlaw) Ltd was incorporated on 16 September 2004 and commenced trading on 4 October 2004. The company's principal activity during the year was the management and maintenance of the housing stock owned by the Council, which numbered 6,899 dwellings as at 31 March 2014 (6,917 as at 31 March 2013). The company is responsible for the day to day management of the housing services which includes housing management, warden services, housing repairs, capital works and technical and design services.

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

The Council has maintained a bank account solely for A1 Housing (Bassetlaw) Ltd transactions on a Service Level Agreement basis. This is not shown within the Council's accounts. Adjustments to the A1 Housing (Bassetlaw) Ltd accounts to reflect this Bank balance of £1.145m are Debtors of £1.145m 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.

<b>GROUP MOVEMENT IN RESERVES STATEMENT</b>
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**Restated Group Movement in Reserves during 2012/13**

	Council							A1	Group	Council	A1	Group
	General Fund Balance £'000	Earmarked General Fund Reserves £'000	Housing Revenue Account £'000	Earmarked HRA Reserves £'000	Capital Receipts Reserve £'000	Major Repairs Reserve £'000	Capital Grants Unapplied £'000	A1 Usable Reserves £'000	Total Usable Reserves £'000	Unusable Reserves £'000	A1 Unusable Reserves £'000	Total Council Reserves £'000
<b>Balance at 31 March 2012 carried forward</b>	1,007	2,895	1,392	43	6,502	0	183	485	12,507	79,781	-9,494	82,794
Surplus or deficit(-) on the provision of Services	-3,603	0	5,626	0	0	0	0	516	2,539	0	-1,104	1,435
Other Comprehensive Income and Expenditure	0	0	0	0	0	0	0	0	0	1,460	1,838	3,298
<b>Total Comprehensive Income and Expenditure</b>	<b>-3,603</b>	<b>0</b>	<b>5,626</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>516</b>	<b>2,539</b>	<b>1,460</b>	<b>734</b>	<b>4,733</b>
Adjustment between accounting basis & funding basis under regulations	3,877	0	-5,553	0	-1,032	949	-106	-552	-2,417	1,865	552	0
<b>Net Increase/Decrease(-) before Transfers to Earmarked Reserves</b>	<b>274</b>	<b>0</b>	<b>73</b>	<b>0</b>	<b>-1,032</b>	<b>949</b>	<b>-106</b>	<b>-36</b>	<b>122</b>	<b>3,325</b>	<b>1,286</b>	<b>4,733</b>
Transfers to/from(-) Earmarked Reserves	-234	234	1	-1	0	0	0	0	0	0	0	0
<b>Increase/Decrease(-) in 2012/13</b>	<b>40</b>	<b>234</b>	<b>74</b>	<b>-1</b>	<b>-1,032</b>	<b>949</b>	<b>-106</b>	<b>-36</b>	<b>122</b>	<b>3,325</b>	<b>1,286</b>	<b>4,733</b>
<b>Balance at 31 March 2013 carried forward</b>	<b>1,047</b>	<b>3,129</b>	<b>1,466</b>	<b>42</b>	<b>5,470</b>	<b>949</b>	<b>77</b>	<b>449</b>	<b>12,629</b>	<b>83,106</b>	<b>-8,208</b>	<b>87,527</b>

**Group Movement in Reserves during 2013/14**

	Council							A1	Group	Council	A1	Group
	General Fund Balance £'000	Earmarked General Fund Reserves £'000	Housing Revenue Account £'000	Earmarked HRA Reserves £'000	Capital Receipts Reserve £'000	Major Repairs Reserve £'000	Capital Grants Unapplied £'000	A1 Usable Reserves £'000	Total Usable Reserves £'000	Unusable Reserves £'000	A1 Unusable Reserves £'000	Total Council Reserves £'000
<b>Balance at 31 March 2013 carried forward</b>	1,047	3,129	1,466	42	5,470	949	77	449	12,629	83,106	-8,208	87,527
Surplus or deficit(-) on the provision of Services	-2,724	0	8,391	0	0	0	0	626	6,293	0	-1,582	4,711
Other Comprehensive Income and Expenditure	0	0	0	0	0	0	0	0	0	-1,096	-2,029	-3,125
<b>Total Comprehensive Income and Expenditure</b>	<b>-2,724</b>	<b>0</b>	<b>8,391</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>626</b>	<b>6,293</b>	<b>-1,096</b>	<b>-3,611</b>	<b>1,586</b>
Adjustment between accounting basis & funding basis under regulations	4,401	0	-8,519	0	-1,734	3,013	62	-791	-3,568	2,777	791	0
<b>Net Increase/Decrease(-) before Transfers to Earmarked Reserves</b>	<b>1,677</b>	<b>0</b>	<b>-128</b>	<b>0</b>	<b>-1,734</b>	<b>3,013</b>	<b>62</b>	<b>-165</b>	<b>2,725</b>	<b>1,681</b>	<b>-2,820</b>	<b>1,586</b>
Transfers to/from(-) Earmarked Reserves	-1,642	1,642	8	-8	0	0	0	0	0	0	0	0
<b>Increase/Decrease(-) in 2013/14</b>	<b>35</b>	<b>1,642</b>	<b>-120</b>	<b>-8</b>	<b>-1,734</b>	<b>3,013</b>	<b>62</b>	<b>-165</b>	<b>2,725</b>	<b>1,681</b>	<b>-2,820</b>	<b>1,586</b>
<b>Balance at 31 March 2014 carried forward</b>	<b>1,082</b>	<b>4,771</b>	<b>1,346</b>	<b>34</b>	<b>3,736</b>	<b>3,962</b>	<b>139</b>	<b>284</b>	<b>15,354</b>	<b>84,787</b>	<b>-11,028</b>	<b>89,113</b>

<b>GROUP COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT</b>
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Restated 2012/13		2013/14		
Group Net Total £'000		Group Expenditure £'000	Group Income £'000	Group Net Total £'000
1,766	Central Services to the Public	2,423	-915	1,508
0	Children and Education Services	0	0	0
4,748	Cultural and Related Services	4,174	-358	3,816
5,400	Environment and Regulatory Services	5,945	-749	5,196
2,840	Planning Services	4,161	-1,518	2,643
-140	Highways and Transport Services	771	-1,054	-283
588	Other Housing Service - General Fund	33,191	-32,366	825
-8,714	Local Council Housing Services - (Housing Revenue Account)	16,702	-29,589	-12,887
1,812	Corporate and Democratic Core	1,966	-275	1,691
1,282	Non Distributed Costs - other	1,343	-506	837
<b>9,582</b>	<b>Cost of Service</b>	<b>70,676</b>	<b>-67,330</b>	<b>3,346</b>
3,083	Other Operating Expenditure	11,962	-7,769	4,193
6,525	Financing and Investment Income and Expenditure	8,431	-1,466	6,965
-25	Exceptional Items Gains(-) /Losses on Investments	0	-85	-85
-20,600	Taxation and Non-Specific Grant Income	17,223	-36,353	-19,130
<b>-1,435</b>	<b>Surplus (-) or Deficit on Provision of Services</b>	<b>108,292</b>	<b>-113,003</b>	<b>-4,711</b>
	<b>Items that will not be reclassified to the Surplus (-) or Deficit on the Provision of Services</b>			
-1,597	Surplus(-) or Deficit on Revaluation of Property, Land and Equipment Assets			-326
0	Impairment Losses on Non-Current Assets Charged to Revaluation Reserve			0
-1,705	Remeasurements of the Net Defined Benefit Liability (Asset)			3,451
4	Any Other Gains(-)/Losses Required to be Included in the Statement			0
<b>-3,298</b>	<b>Other Comprehensive Income and Expenditure</b>			<b>3,125</b>
<b>-4,733</b>	<b>Total Group Comprehensive Income and Expenditure</b>			<b>-1,586</b>

<b>GROUP BALANCE SHEET</b>
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2012/13		2013/14			
31 March 2013 £'000		Bassetlaw District Council £'000	A1 Housing £'000	Adjust- ments £'000	31 March 2014 £'000
243,433	Property, Plant & Equipment	250,439	0	0	250,439
314	Heritage Assets	314	0	0	314
137	Intangible Assets	154	0	0	154
1,177	Long Term Investments	30	0	0	30
95	Long Term Debtors	3,669	0	0	3,669
<b>245,156</b>	<b>TOTAL LONG TERM ASSETS</b>	<b>254,606</b>	<b>0</b>	<b>0</b>	<b>254,606</b>
1,390	Short Term Investments	1,439	0	0	1,439
7,783	Assets Held For Sale	1,350	0	0	1,350
205	Inventories	51	103	0	154
8,514	Short Term Debtors	10,169	335	-125	10,379
2,286	Cash and Cash Equivalents	1,420	1,145	0	2,565
<b>20,178</b>	<b>TOTAL CURRENT ASSETS</b>	<b>14,429</b>	<b>1,583</b>	<b>-125</b>	<b>15,887</b>
-1,306	Cash and Cash Equivalents	-713	0	0	-713
-6,566	Short Term Borrowings	-7,516	0	0	-7,516
-3,658	Short Term Creditors	-2,901	-1,199	125	-3,975
-648	Provisions	-1,102	0	0	-1,102
0	Short Term Finance Lease Liability	0	0	0	0
-18	Grants Receipts in Advance - Revenue	-18	0	0	-18
<b>-12,196</b>	<b>TOTAL CURRENT LIABILITIES</b>	<b>-12,250</b>	<b>-1,199</b>	<b>125</b>	<b>-13,324</b>
-1,010	Long Term Creditors	-1,086	0	0	-1,086
0	Provisions	-528	-100	0	-628
0	Long Term Finance Lease Liability	0	0	0	0
-113,876	Long Term Borrowing	-110,382	0	0	-110,382
-50,725	Pensions Liability	-44,932	-11,028	0	-55,960
<b>-165,611</b>	<b>TOTAL LONG TERM LIABILITIES</b>	<b>-156,928</b>	<b>-11,128</b>	<b>0</b>	<b>-168,056</b>
<b>87,527</b>	<b>TOTAL NET ASSETS</b>	<b>99,857</b>	<b>-10,744</b>	<b>0</b>	<b>89,113</b>
12,629	Usable Reserves	15,070	284	0	15,354
74,898	Unusable Reserves	84,787	-11,028	0	73,759
<b>87,527</b>	<b>TOTAL RESERVES</b>	<b>99,857</b>	<b>-10,744</b>	<b>0</b>	<b>89,113</b>

<b>GROUP CASH FLOW STATEMENT</b>
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Restated 2012/13 £'000		2013/14		
		BDC - Adjusted £'000	A1 - Adjusted £'000	Group Cashflow £'000
1,435	Net Surplus/Deficit(-) on the provision of services	17,633	-12,922	4,711
13,980	Adjustment to Surplus or deficit on the provision of services for non-cash movements	12,921	391	13,312
-3,547	Adjust for item included in the net surplus or deficit on the provision of services that are investing and financing activities	-11,154	372	-10,782
11,868	Net Cash Flows from Operating Activities	19,400	-12,159	7,241
-13,060	Net Cash Flows from Investing Activities	-5,622	0	-5,622
-2,325	Net Cash Flow from Financing Activities	-747	0	-747
-3,517	Net Increase or Decrease(-) in Cash and Cash Equivalents	13,031	-12,159	872
4,497	Cash and Cash Equivalents at the Beginning of the Reporting Period	-599	1,579	980
<b>980</b>	<b>Cash and Cash Equivalents at the End of the Reporting Period</b>	<b>12,432</b>	<b>-10,580</b>	<b>1,852</b>



<b>NOTES TO THE GROUP ACCOUNTS</b>
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## 1 ACCOUNTING POLICIES

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

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

### Basis of Consolidation

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

The accounts of A1 Housing have the same reporting date as that of the Council, i.e. 31 March. The draft accounts of A1 Housing for the year ended 31 March 2014 have therefore been used in preparing the group financial statements.

## 2 GROUP COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT

Restated 2012/13 £'000		2013/14		
		Bassetlaw District Council £'000	A1 Housing £'000	Group Total £'000
9,868	Operating loss / profit (-)	3,048	584	3,632
-11,303	Interest payable and similar charges	-8,715	372	-8,343
<b>-1,435</b>	<b>Surplus (-) or deficit before tax</b>	<b>-5,667</b>	<b>956</b>	<b>-4,711</b>
0	Corporation tax	0	0	0
<b>-1,435</b>	<b>Surplus (-) or deficit after tax</b>	<b>-5,667</b>	<b>956</b>	<b>-4,711</b>
0	Derecognition of net trading liabilities included within the Council's single entity accounts	-10,270	10,270	0
<b>-1,435</b>	<b>Surplus (-) or deficit on provision of services</b>	<b>-15,937</b>	<b>11,226</b>	<b>-4,711</b>

## 3 ADJUSTMENTS BETWEEN ACCOUNTING BASIS AND FUNDING BASIS

Restated 2012/13 £'000		2013/14		
		Bassetlaw District Council £'000	A1 Housing £'000	Group Total £'000
-5,118	IAS 19 pension costs charged / credited(-) to the surplus or deficit on the provision of services	-4,185	-1,471	-5,656
3,692	Employer pension contributions	3,192	680	3,872
<b>-1,426</b>	<b>Contribution from / to(-) pensions reserve</b>	<b>-993</b>	<b>-791</b>	<b>-1,784</b>

#### 4 STAFF REMUNERATION

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

Remuneration Band	2012/13	2013/14
	Number of employees	Number of employees
£50,000-£54,999	0	0
£55,000-£59,999	0	0
£60,000-£64,999	3	3
£65,000-£69,999	3	3
£70,000-£74,999	1	1
£75,000-£79,999	0	0
£80,000-£84,999	0	0
£85,000-£89,999	3	3
£90,000-£94,999	1	0
£95,000-£99,999	1	0
£100,000-£104,999	0	0
£105,000-£109,999	0	1
£110,000-£114,999	0	0
<b>Total</b>	<b>12</b>	<b>11</b>

#### 5 PENSIONS

Restated 2012/13 £'000		2013/14		
		Bassetlaw District Council £'000	A1 Housing £'000	Group Total £'000
<b>-51,004</b>	<b>Deficit at 1 April</b>	<b>-42,517</b>	<b>-8,208</b>	<b>-50,725</b>
	<b>Pension costs charged(-) / credited to the Comprehensive Income and Expenditure Statement Cost of Services:</b>			
-2,953	Current service cost	-2,207	-1,060	<b>-3,267</b>
-108	Past service cost	-213	-37	<b>-250</b>
-6	Administration Expenses	-4	-2	<b>-6</b>
<b>-3,067</b>	<b>Amount charged(-)/credited to the operating surplus or loss(-) Financing and Investment Income and Expenditure</b>	<b>-2,424</b>	<b>-1,099</b>	<b>-3,523</b>
-2,051	Net Interest Expense	-1,761	-372	<b>-2,133</b>
<b>-5,118</b>	<b>Total Post-employment Benefits charged to the Surplus or Deficit(-) on the Provision of Services</b>	<b>-4,185</b>	<b>-1,471</b>	<b>-5,656</b>
1,705	Remeasurements of the net defined benefit liability/asset(-)	-1,422	-2,029	<b>-3,451</b>
3,692	Employer contributions	3,192	680	<b>3,872</b>
<b>-50,725</b>	<b>Deficit at 31 March</b>	<b>-44,932</b>	<b>-11,028</b>	<b>-55,960</b>

## 6 DEBTORS

2012/13 £'000		2013/14			
		Bassetlaw District Council £'000	A1 Housing £'000	Adjust- ments £'000	Group Total £'000
4,095	Central Government Bodies	3,627	0	0	3,627
700	Other Local Authorities	1,116	0	0	1,116
0	Inter Company Transactions	18	107	-125	0
3,719	Other Entities and Individuals	5,408	228	0	5,636
<b>8,514</b>	<b>Short Term Debtors</b>	<b>10,169</b>	<b>335</b>	<b>-125</b>	<b>10,379</b>
95	Other Entities and Individuals	3,669	0	0	3,669
<b>95</b>	<b>Long Term Debtors</b>	<b>3,669</b>	<b>0</b>	<b>0</b>	<b>3,669</b>
<b>8,609</b>	<b>Total Group Debtors</b>	<b>13,838</b>	<b>335</b>	<b>-125</b>	<b>14,048</b>

## 7 CREDITORS

2012/13 £'000		2013/14			
		Bassetlaw District Council £'000	A1 Housing £'000	Adjust- ments £'000	Group Total £'000
98	Central Government Bodies	142	0	0	142
442	Other Local Authorities	23	77	0	100
0	NHS Bodies	0	0	0	0
0	Inter Company Transactions	111	14	-125	0
3,118	Other Entities and Individuals	2,625	1,108	0	3,733
<b>3,658</b>	<b>Short Term Creditors</b>	<b>2,901</b>	<b>1,199</b>	<b>-125</b>	<b>3,975</b>
1,010	Other Entities and Individuals	1,086	0	0	1,086
<b>1,010</b>	<b>Long Term Creditors</b>	<b>1,086</b>	<b>0</b>	<b>0</b>	<b>1,086</b>
<b>4,668</b>	<b>Total Group Creditors</b>	<b>3,987</b>	<b>1,199</b>	<b>-125</b>	<b>5,061</b>

## 8 INVENTORIES

2012/13 £'000		2013/14		
		Bassetlaw District Council £'000	A1 Housing £'000	Group Total £'000
40	Consumable Stores	34	0	34
143	Raw Materials and Consumables	0	103	103
22	Maintenance Materials	17	0	17
<b>205</b>	<b>Total Group Inventories</b>	<b>51</b>	<b>103</b>	<b>154</b>

**9 CASH AND CASH EQUIVALENTS**

2012/13 £'000		2013/14		
		Bassetlaw District Council £'000	A1 Housing £'000	Group Total £'000
1,580	Cash Held by the Council	1	1,145	1,146
706	Short-Term Deposits with Money Market	1,419	0	1,419
<b>2,286</b>	<b>Current Assets</b>	<b>1,420</b>	<b>1,145</b>	<b>2,565</b>
-1,401	Bank Current Accounts (overdraft)	-1,015	0	-1,015
95	Cash in Transit	302	0	302
<b>-1,306</b>	<b>Current Liabilities</b>	<b>-713</b>	<b>0</b>	<b>-713</b>
<b>980</b>	<b>Total Group Cash and Cash Equivalents</b>	<b>707</b>	<b>1,145</b>	<b>1,852</b>

**10 GROUP RESERVES INCLUDING A1 ANALYSIS**

2012/13 £'000		2013/14 £'000
12,180	<b>Bassetlaw District Council Usable Reserves</b>	<b>15,070</b>
83,106	<b>Bassetlaw District Council Unusable Reserves</b>	<b>84,787</b>
485	<b>A1 Housing Usable Reserves Opening Balance</b>	<b>449</b>
-9,494	<b>A1 Housing Unusable Reserves Opening Balance</b>	<b>-8,208</b>
-588	A1 Housing Profit/Loss(-) for the year	-956
	<i>Other comprehensive income, net of tax:</i>	
1,838	Actuarial gains/losses(-) on defined benefit obligations	-2,029
<b>1,250</b>	<b>A1 Housing Comprehensive Income for the year</b>	<b>-2,985</b>
449	<b>A1 Housing Usable Reserve Closing Balance</b>	<b>284</b>
-8,208	<b>A1 Housing Unusable Reserves Closing Balance</b>	<b>-11,028</b>
<b>87,527</b>	<b>Group Closing Balance</b>	<b>89,113</b>

**11 AMOUNTS REPORTED TO RESOURCE ALLOCATION DECISIONS**

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

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

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

## 12 COMMITTEE ANALYSIS 2013/14

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2013/14	Economic Regeneration	Housing	Environment	Leisure	Finance & Property	Support Services	Revenues & Customer Services	Planning and Building Control	Community Engagement & Performance	Corporate Management	Other Non Service Specific Budgets	Chief Executive Department	Housing Revenue Account	A1 Housing	Total
Committee Income & Expenditure	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Fees, charges & other service income	-712	-422	-3,592	-618	-5,177	-2,692	-3,529	-1,730	-506	-797	-7,792	-1,083	-27,217	-14,366	-70,233
Government grants	0	-511	-57	0	-82	0	-30,218	-21	0	0	0	0	0	0	-30,889
<b>Total Income</b>	<b>-712</b>	<b>-933</b>	<b>-3,649</b>	<b>-618</b>	<b>-5,259</b>	<b>-2,692</b>	<b>-33,747</b>	<b>-1,751</b>	<b>-506</b>	<b>-797</b>	<b>-7,792</b>	<b>-1,083</b>	<b>-27,217</b>	<b>-14,366</b>	<b>-101,122</b>
Employee expenses	915	330	3,471	383	1,466	1,373	1,141	1,365	640	607	0	800	46	6,314	18,851
Other service expenses	1,191	862	3,147	2,807	3,037	865	31,515	568	534	244	10,326	284	14,925	9,008	79,313
Support service recharges	234	242	1,365	282	1,176	635	2,101	915	500	496	0	226	395	0	8,567
<b>Total Expenditure</b>	<b>2,340</b>	<b>1,434</b>	<b>7,983</b>	<b>3,472</b>	<b>5,679</b>	<b>2,873</b>	<b>34,757</b>	<b>2,848</b>	<b>1,674</b>	<b>1,347</b>	<b>10,326</b>	<b>1,310</b>	<b>15,366</b>	<b>15,322</b>	<b>106,731</b>
<b>Net Expenditure</b>	<b>1,628</b>	<b>501</b>	<b>4,334</b>	<b>2,854</b>	<b>420</b>	<b>181</b>	<b>1,010</b>	<b>1,097</b>	<b>1,168</b>	<b>550</b>	<b>2,534</b>	<b>227</b>	<b>-11,851</b>	<b>956</b>	<b>5,609</b>
Comprising: <b>Bassetlaw District Council A1 Housing</b>															<b>4,653 956</b>

## COMMITTEE ANALYSIS 2012/13

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

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

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

2012/13 £'000		2013/14 £'000
9,930	Net expenditure in the Committee Analysis	5,609
0	Net expenditure of services and support services not included in the Analysis	0
7,738	Amounts in the Comprehensive Income and Expenditure Statement not reported to management in the Analysis	1,905
-8,092	Amounts included in the Analysis not included in the Comprehensive Income and Expenditure Statement	-4,168
<b>9,576</b>	<b>Cost of Services in the Comprehensive Income and Expenditure Statement</b>	<b>3,346</b>

### 14 PROVISIONS

	Bassetlaw District Council £'000	A1 Housing £'000	Group Total £'000
<b>Short Term Balance at 1 April 2013</b>	<b>648</b>	<b>0</b>	<b>648</b>
Additional provisions made in year	738	0	738
Amounts used in year	-78	0	-78
Unused amounts reserved in year	-206	0	-206
<b>Short Term Balance at 31 March 2014</b>	<b>1,102</b>	<b>0</b>	<b>1,102</b>
<b>Long Term Balance at 1 April 2013</b>	<b>0</b>	<b>0</b>	<b>0</b>
Additional provisions made in year	528	100	628
Amounts used in year	0	0	0
Unused amounts reserved in year	0	0	0
<b>Long Term Balance at 31 March 2014</b>	<b>528</b>	<b>100</b>	<b>628</b>

The insurance provision consists of Public Liability claims, some of which relate as far back as 2008. Traditionally, liability claims can take up to six years to be finalised. This is as a result of the judicial process, the requirement for medical evidence and the recovery period of any claimant. The value of outstanding claims is the insurers estimate of the anticipated financial impact should the claim be successful. In most circumstances, the outstanding value reflects the "worse case" scenario.

### 15 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.

2013/14	Committee Analysis £'000	Amount not reported to management for decision making £'000	Amounts not included in I&E £'000	Allocation of Recharges £'000	Cost of Services £'000	Corporate Amounts £'000	Total £'000
Fees, charges & other service income	-70,233	20,066	2,748	10,978	-36,441	-5,254	-41,695
Interest & investment income	0	0	0	0	0	-220	-220
Proceeds from sale of Non-Current Assets	0	0	0	0	0	-7,769	-7,769
Income from Non Domestic Rates	0	0	0	0	0	-19,979	-19,979
Income from council tax	0	0	0	0	0	-5,696	-5,696
Government grants and contributions	-30,889	0	0	0	-30,889	-6,755	-37,644
<b>Total Income</b>	<b>-101,122</b>	<b>20,066</b>	<b>2,748</b>	<b>10,978</b>	<b>-67,330</b>	<b>-45,673</b>	<b>-113,003</b>
Employee expenses	18,851	0	-885	-5,365	12,601	885	13,486
Other service expenses	72,544	-18,161	-5,763	-2,967	45,653	529	46,182
Support Service recharges	8,567	0	-268	-2,646	5,653	268	5,921
Depreciation, amortisation and impairment	6,769	0	0	0	6,769	0	6,769
Interest Payments	0	0	0	0	0	4,616	4,616
Non Domestic Rates	0	0	0	0	0	17,223	17,223
Tariff & Deficit	0	0	0	0	0	1,242	1,242
Precepts & Levies	0	0	0	0	0	450	450
Payments to Housing Capital Receipts Pool	0	0	0	0	0	10,270	10,270
Net Book Value of Non-current Asset Disposals	0	0	0	0	0	2,133	2,133
Interest Cost of Pensions	0	0	0	0	0	2,133	2,133
<b>Total expenditure</b>	<b>106,731</b>	<b>-18,161</b>	<b>-6,916</b>	<b>-10,978</b>	<b>70,676</b>	<b>37,616</b>	<b>108,292</b>
<b>Surplus(-)/deficit on the provision of services</b>	<b>5,609</b>	<b>1,905</b>	<b>-4,168</b>	<b>0</b>	<b>3,346</b>	<b>-8,057</b>	<b>-4,711</b>
Comprising <b>Bassetlaw District Council</b> <b>A1 Housing (Bassetlaw) Ltd</b>							<b>-5,667</b> <b>956</b>



<b>Restated 2012/13</b>	<b>Committee Analysis £'000</b>	<b>Amount not reported to management for decision making £'000</b>	<b>Amounts not included in I&amp;E £'000</b>	<b>Allocation of Recharges £'000</b>	<b>Cost of Services £'000</b>	<b>Corporate Amounts £'000</b>	<b>Total £'000</b>
Fees, charges & other service income	-66,437	10,555	10,423	11,655	-33,804	-2,804	-36,608
Interest & investment income	0	0	0	0	0	-203	-203
Proceeds from sale of Non-Current Assets	0	0	0	0	0	-1,764	-1,764
Expected return on Pension Assets	0	0	0	0	0	-2,483	-2,483
Income from council tax	0	0	0	0	0	-6,421	-6,421
Government grants and contributions	-39,685	-3,501	3,500	1	-39,685	-13,692	-53,377
<b>Total Income</b>	<b>-106,122</b>	<b>7,054</b>	<b>13,923</b>	<b>11,656</b>	<b>-73,489</b>	<b>-27,367</b>	<b>-100,856</b>
Employee expenses	14,936	1,080	1,257	-5,500	11,773	748	12,521
Other service expenses	85,627	-836	-22,990	-2,787	59,014	1,860	60,874
Support Service recharges	9,170	440	-282	-2,897	6,431	282	6,713
Depreciation, amortisation and impairment	6,319	0	0	-472	5,847	0	5,847
Interest Payments	0	0	0	0	0	4,583	4,583
Precepts & Levies	0	0	0	0	0	1,273	1,273
Payments to Housing	0	0	0	0	0	390	390
Capital Receipts Pool	0	0	0	0	0	2,900	2,900
Net Book Value of Non-current Asset Disposals	0	0	0	0	0	4,320	4,320
Interest Cost of Pensions	0	0	0	0	0	4,320	4,320
<b>Total expenditure</b>	<b>116,052</b>	<b>684</b>	<b>-22,015</b>	<b>-11,656</b>	<b>83,065</b>	<b>16,356</b>	<b>99,421</b>
<b>Surplus(-)/deficit on the provision of services</b>	<b>9,930</b>	<b>7,738</b>	<b>-8,092</b>	<b>0</b>	<b>9,576</b>	<b>-11,011</b>	<b>-1,435</b>
Comprising <b>Bassetlaw District Council</b> <b>A1 Housing (Bassetlaw) Ltd</b>							<b>-2,023</b> <b>588</b>

<b>OTHER GROUP INFORMATION</b>
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**1. THE ENTITIES INCLUDED IN THE GROUP ACCOUNTS**

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

**2. INTER COMPANY TRANSACTIONS**

The Group Accounts exclude transactions between the two organisations. This ensures that expenditure and income is only reflected once within the account. These net adjustments total £10.270m in 2013/14 (£10.334m in 2012/13).

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

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

A1 Housing (Bassetlaw) Ltd has created a debtor of £1.145m (£1.579m in 2012/13) to reflect their bank balance position. This amount has been adjusted for in the A1 Housing (Bassetlaw) Ltd Balance Sheet as cash and bank on consolidation.

Bassetlaw District Council

Debtors increased by £5.493m to £13.820m (increased by £1.584m to £8.327m in 2012/13)

Creditors increased by £0.613m to £3.876m (reduced by £1.03m to £3.263m in 2012/13)

A1 Housing (Bassetlaw) Ltd.

Debtors reduced by £0.054m to £0.228m (reduced by £0.128m to £0.282m in 2012/13)

Creditors reduced by £0.297m to £1.108m (increased by £0.205m to £1.405m in 2012/13)

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

**3. STATUS OF A1 HOUSING (BASSETLAW) LTD**

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

**4. PENSION LIABILITY - A1 HOUSING (BASSETLAW) LTD**

The pension liability relating to A1 Housing has increased by £2.820m to £11.028m (decreased by £1.286m to £8.208m in 2012/13).

<b>GLOSSARY OF TERMS</b>
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**ACCOUNTING POLICIES**

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

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

Accounting policies do not include estimation techniques.

Accounting policies define the process whereby transactions and other events are reflected in financial statements. For example, an accounting policy for a particular type of expenditure may specify whether an asset or loss is to be recognised, the basis on which it is to be measured, and where in the revenue account or Balance Sheet it is to be presented.

**ACCRUALS**

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

**ADMINISTRATIVE BUILDINGS**

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

**AMORTISATION**

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

**ARMS LENGTH MANAGEMENT COMPANY**

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

**BALANCES**

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

**BALANCE SHEET**

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

**BILLING AUTHORITIES**

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

## **CAPITAL ADJUSTMENT ACCOUNT**

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

## **CAPITAL CHARGES**

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

## **CAPITAL EXPENDITURE**

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

## **CAPITAL PROGRAMME**

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

## **CAPITAL RECEIPTS**

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

## **CHARTERED INSTITUTE OF PUBLIC FINANCE AND ACCOUNTANCY (CIPFA)**

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

## **COLLECTION FUND**

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

## **COMMUNITY ASSETS**

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

## **CONTINGENT LIABILITIES**

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

## **COUNCIL TAX**

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

## **COUNCIL TAX BASE**

The council tax base of an area is equal to the number of band "D" equivalent properties. It is calculated by counting the number of properties in each of the eight Council Tax bands and then converting this into an equivalent number of band "D" properties (e.g. a band "H" property pays twice as much Council Tax as a band "D" property and therefore is equivalent to two band "D" properties). For the purpose of calculating Formula Grant, the Government assumes a 100% collection rate. For the purpose of calculations made by a local Council of the basic amount of Council Tax for its area for each financial year, the Council makes an estimate of its collection rate and reflects this in the tax base.

## **CURRENT EXPENDITURE**

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

## **DEFERRED CAPITAL RECEIPTS**

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

## **DEFERRED CREDITORS**

This is the term applied to deferred capital receipts. These transactions arise when fixed assets are sold and the amounts owed by the purchasers are repaid over a number of years, e.g. mortgages. The balance is reduced by the amount repayable in any financial year.

## **DEPRECIATION**

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

## **EARMARKED RESERVES**

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

## **EMOLUMENTS**

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

## **EXTERNAL AUDIT**

The independent examination of the activities and accounts of local authorities to ensure that the accounts have been prepared in accordance with legislative requirements and proper practices and to ensure that the Council has made proper arrangements to secure economy, efficiency and effectiveness in its use of resources.

## **FEES AND CHARGES**

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

## **FINANCE LEASE**

Arrangement whereby the lessee is treated as owner of the leased asset and is required to include such assets within fixed assets on the Balance Sheet.

## **FINANCIAL INSTRUMENT**

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

## **FINANCIAL INSTRUMENT ADJUSTMENT ACCOUNT**

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

## **FINANCIAL REPORTING STANDARD (FRS)**

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

## **FINANCIAL YEAR**

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

## **FIXED ASSET**

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

## **GAAP**

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

## **GENERAL FUND**

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

## **GROSS EXPENDITURE**

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

## **HERITAGE ASSETS**

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

## **HOUSING BENEFIT**

Financial help given to Council's or private tenants whose income is below prescribed amounts. The Government finances approximately 95% of the cost of benefits to non HRA tenants ("rent allowances") and the whole of the cost of benefits to HRA tenants (through the rent rebate element of housing subsidy).

## **HOUSING REVENUE ACCOUNT**

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

## **HOUSING SUBSIDY**

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

## **IMPAIRMENT**

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

## **INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS)**

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

## **INFRASTRUCTURE ASSETS**

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

## **INTERNAL AUDIT**

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

## **INVESTMENTS**

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

## **LONG TERM DEBTORS**

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

## **MINIMUM REVENUE PROVISION (MRP)**

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

### **NON-DOMESTIC RATE (NDR)**

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

### **NET EXPENDITURE**

Gross expenditure less gross income.

### **NON-OPERATIONAL ASSET**

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

### **OPERATIONAL ASSET**

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

### **OPERATIONAL LEASE**

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

### **PENSION FUND**

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

### **PRECEPT**

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

### **PRECEPTING AUTHORITIES**

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

### **PROVISIONS**

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

### **PUBLIC WORK LOANS BOARD (PWLB)**

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



## **RELATED PARTIES**

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

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

Examples of related parties of an Council include:

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

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

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

## **REVALUATION RESERVE**

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

## **REVENUE EXPENDITURE FUNDED FROM CAPITAL UNDER STATUTE**

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

## **REVENUE SUPPORT GRANT (RSG)**

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

## **SOFT LOANS**

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

## **STATEMENT OF ACCOUNTS**

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

## **STATEMENT OF RECOMMENDED PRACTICE (CODE)**

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

## **TOTAL COST**

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

## **TRADING SERVICES**

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

## **USABLE CAPITAL RECEIPTS**

Amounts available to finance capital expenditure in future years.

## **USABLE RESERVES**

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

## **UNUSABLE RESERVES**

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

<b>FURTHER INFORMATION</b>
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**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** 与我们联系，说明您使用的语言和电话号码。

**Punjabi**

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

**Polish**

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

# **BASSETLAW DISTRICT COUNCIL**

## **ANNUAL GOVERNANCE STATEMENT - 2013/14**

### **1. Scope of Responsibility**

- 1.1 Bassetlaw District Council is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively. Bassetlaw District Council also has a duty under the Local Government Act 1999 to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.
- 1.2 In discharging this overall responsibility, Bassetlaw District Council is responsible for putting in place proper arrangements for the governance of its affairs, facilitating the effective exercise of its functions, and which includes arrangements for the management of risk.
- 1.3 Bassetlaw District Council has approved and adopted a code of corporate governance, which is consistent with the principles of the CIPFA/SOLACE Framework *Delivering Good Governance in Local Government*. A copy of the authority's code is on our website at [www.bassetlaw.gov.uk](http://www.bassetlaw.gov.uk) or can be obtained from the Director of Corporate Resources, Bassetlaw District Council, Queen's Buildings, Potter Street, Worksop. S80 2AH. This statement explains how Bassetlaw District Council has complied with the code and also meets the requirements of the Accounts and Audit (England) Regulations 2011, regulation 4(3), which requires all relevant bodies to prepare an annual governance statement.

### **2. The Purpose of the Governance Framework**

- 2.1 The governance framework comprises the systems and processes, culture and values by which the authority is directed and controlled and its activities through which it accounts to, engages with and leads its communities. It enables the authority to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate services and value for money.
- 2.2 The system of internal control is a significant part of that framework and is designed to manage risk to a reasonable level. It cannot eliminate all risk of failure to achieve policies, aims and objectives and can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of Bassetlaw District Council's policies, aims and objectives, to evaluate the likelihood and potential impact of those risks being realised, and to manage them efficiently, effectively and economically.
- 2.3 The governance framework has been in place at Bassetlaw District Council for the year ended 31<sup>st</sup> March 2014 and up to the date of approval of the statement of accounts.

### **3. The Governance Framework**

- 3.1 Bassetlaw District Council approved the "*Local Code of Corporate Governance 2013/14*" at its full Council meeting on 27<sup>th</sup> June 2013 which recognised that effective governance is achieved through

the six core principles and 18 supporting principles. Evidence that the Council complies is detailed below:

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

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

- The Council's ambitions are published in its Corporate Plan. This document provides a basis for corporate and service planning, and aligning strategic management responsibilities with the identified corporate objectives and priorities.
- The Council publishes reports on a timely basis to communicate its activities and achievements, its financial position and performance e.g. quarterly Performance Reports to Scrutiny, the Annual Statement of Accounts to Council, and the Equalities Annual Report.

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

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

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

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

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

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

- The Council has an approved Constitution which clearly sets out the respective roles and responsibilities of the Cabinet and other Committees within the Council. The Constitution is kept under constant review by the Monitoring Officer and amendments are made to reflect changes as and when they occur.
- The Council has put in place effective management arrangements at the top of the organisation with the Chief Executive, Directors and Heads of Service meeting on a regular basis. In addition, the effective operation of the organisation is monitored by way of quarterly performance reports, monthly financial management reports, and HR reports to Directorate Management Team meetings.

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

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

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

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

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

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

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

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

- The Council has put in place arrangements to ensure that procedures and operations are designed in conformity with appropriate ethical standards, and to monitor their continuing compliance in practice.
- The Council uses shared values to act as a guide for decision making and as a basis for developing positive and trusting relationships within the Council, and with key partners working through the newly established Bassetlaw Community Partnership.

- The Council when establishing partnership arrangements, agrees upon a set of values against which decision-making and actions can be judged. Such values must be demonstrated by partners' behaviour both individually and collectively e.g. equality and diversity arrangements.
- The values of the Council are included as part of the annual officer appraisal process.

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

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

- The Council operates an Overview & Scrutiny Committee, an Audit & Risk Scrutiny Committee, and a Health and Public Services Sub-Committee.
- The Council has a transparent Agenda and minutes system that documents the criteria, rationale and considerations on which decisions are based.
- The Council has systems in place that record all gifts and hospitality, and a register of interests.
- The Council has a Complaints Officer, and effective transparent and accessible arrangements for dealing with complaints are in place.

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

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

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

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

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

- The Council works within its own Constitutional framework which defines responsibilities and delegated authority as well as specific legislative requirements of general and administrative law.

- The Council when working in partnership has put in place protocols/Service Level Agreements for working together, to ensure that there are robust procedures for scrutinising decisions and behaviour, and that these decisions and behaviour are compliant with any existing Council or specific partnership Rules and Codes.
- The Council ensures that all committee papers are easily accessible and meetings are held in public unless there are good reasons for confidentiality.
- Internal Audit supports the Audit & Risk Scrutiny Committee by reviewing elements of the Council's system of internal control and reporting regularly thereon, thus helping the Council to satisfy itself as to compliance with regulation and best practice.
- The system of internal control is based on a coherent accounting and budgeting framework including contract, financial and procurement procedure rules.

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

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

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

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

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

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

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

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

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

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



- The Council conducts an annual evaluation of its scrutiny function and reports this to full Council, which forms part of the overall annual report.

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

- The Council holds meetings in public unless there are appropriate reasons for confidentiality.
- The Council coordinates activity with its diverse communities through a Community and Voluntary Sector Forum commissioned by the Council. This approach enables the Council to engage with all sections of the community effectively. This approach recognises the opportunities to work collaboratively with the sector in the new “mixed market place” of service delivery in which the Council now operates.
- The Council has established a clear policy on the types of issues they will meaningfully consult or engage with the public and service users on including a feedback mechanism for those consulted.
- The Council on an annual basis publishes reports giving information on the Council’s ambitions, strategy, plans and financial statements as well as information about its outcomes, achievements and the satisfaction of service users in the previous period.
- In accordance with new Government guidance, public meetings of the Council can now be filmed and reported via social media. At the start of each meeting these new rights are highlighted to encourage transparency and accountability for Council decisions.
- Also, in accordance with the Local Authorities (Standing Orders)(England)(Amendment) Regulations 2014, the Council now records in the minutes of the proceedings of a “budget decision meeting” the names of the Members who voted or abstained.

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

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

#### **4. Governance Arrangements**

- 4.1 There is a governance assurance framework through which the Council satisfies itself as to the effectiveness of its system of internal control. This takes as its starting point the Council’s principal statutory and organisational objectives as set out in the Council’s Corporate Plan. From this are identified the key risks to the achievement of the Council’s objectives as set out within the Council’s corporate strategic and directorate risk registers.
- 4.2 The framework identifies the main sources of assurance on the controls in place to manage those risks, and it is the evaluation of those assurances that is the basis of this Annual Governance Statement.
- 4.3 The following documents establish these policies, aims and objectives at a strategic level:
- The Corporate Plan;
  - The Community Safety Partnership Strategy;
  - The Local Development Framework;
  - The Annual Budget and Performance Management Framework;
  - The Capital Strategy and Asset Management Plan;
  - The Financial Strategy;

- The Treasury Management Strategy;
- The Internal Audit Strategy;
- The Risk Management Strategy;
- The Housing Strategy;
- The Human Resources Strategy;
- The Corporate Equalities Scheme.
- The Anti-Fraud & Anti-Corruption Strategy and Policy
- The Anti-Bribery Policy

- 4.4 These high level plans are further supported by Directorate and Service Improvement and Delivery Plans. The Constitution provides clear guidance on how the Council operates, how decisions are made and the procedures and protocols to ensure that decisions and activities are efficient, transparent and accountable to local citizens. Some of these processes are required by law, whilst others are determined by the Council for itself. All of these documents are available on the Council's website at [www.bassetlaw.gov.uk](http://www.bassetlaw.gov.uk) or can be inspected at the Council's offices.
- 4.5 Bassetlaw's Corporate Governance Framework defines the roles and responsibilities of the executive, non-executive, scrutiny and officer functions, and demonstrates how the Council meets defined standards of governance in relation to its policies, aims and objectives.
- 4.6 The Council acknowledges its responsibility to ensure that it operates an effective system of internal control to maintain and operate controls over its resources. This system of internal control can only provide reasonable (not absolute) assurance that assets are safeguarded, transactions authorised and properly recorded, and that material errors or irregularities are prevented or would be detected within a reasonable period. A key element of the Council's internal control system is the work of the Audit & Risk Scrutiny Committee, undertaking the core functions as identified in CIPFA guidance.
- 4.7 Governance training has been provided to all key officers and Members, including induction training, and arrangements are in place for the ongoing continuation of that training.
- 4.8 The Council undertakes an annual review of the effectiveness of its Corporate Governance Framework, including signed Assurance Statements from each of the Heads of Service and Directors.

## **5. Financial Management**

- 5.1 Ensuring that an effective system of internal financial control is maintained and operated is the responsibility of the Section 151 Officer. The systems of internal financial control provide reasonable, but not absolute assurance that assets are safeguarded, that transactions are authorised and properly recorded, and that material errors or irregularities are either prevented or would be detected within a timely period.
- 5.2 Internal financial control is based on a framework of management information that includes the Financial, Contract and Procurement Procedure Rules and administration procedures, adequate separation of duties, management supervision, and a system of delegation and accountability.
- 5.3 The Council has produced comprehensive procedure notes/manuals for all key financial systems on a phased basis, and these are regularly reviewed. The controls created by management are evaluated to ensure:
- Council objectives are being achieved;
  - The economic and efficient use of resources;
  - Compliance with policies, procedures, laws, rules and regulations;
  - The safeguarding of Council assets;

- The integrity and reliability of information and data.

5.4 CIPFA issued in 2010 a Statement on “*The Role of the Chief Financial Officer in Local Government*”, and this covered five key areas. The Council can demonstrate how it conforms to these governance requirements as follows:

- The Section 151 Officer is a member of the Extended Corporate Management Team and plays a key role in helping it to develop and implement strategy to resource and deliver the Council’s strategic objectives sustainably and in the public interest. This environment is enhanced by the Chief Executive also being a CIPFA qualified member.
- The Section 151 Officer is actively involved in, and able to bring influence to bear on, all material business decisions to ensure immediate and longer term implications, opportunities and risks are fully considered, and there is alignment with the Council’s overall financial strategy.
- The Section 151 Officer leads the promotion and delivery by the whole Council of good financial management so that public money is safeguarded at all times and used appropriately, economically, efficiently and effectively.
- The Section 151 Officer leads and directs the finance function, which is resourced to be fit for purpose.
- The Section 151 Officer is professionally qualified and suitably experienced.

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

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

## **6. Group Activities**

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

6.2 From an internal control perspective:

- A1 Housing utilise the Council’s corporate systems and are safeguarded by the controls therein.
- A1 Housing finance officers are included in some Council-wide finance working groups / meetings.
- There are regular monitoring meetings between officers of A1 Housing and officers of the Council at a senior level.
- A1 Housing has its own appointed external auditors.
- Equally, A1 Housing is subject to examination by its internal auditors, Baker Tilly, which are also the Council’s own Internal Auditors. Overall A1 Housing’s internal audit assurances for

2013/14 were given as 'green' for governance arrangements, 'green' for risk management arrangements, and 'green' for overall controls in place.

- A1 Housing has its own risk management arrangements, which the Audit Commission has found to be "robust and well embedded". A1's internal auditors noted a strong commitment towards Risk Management and key tasks had been assigned to key personnel.
- A1 has its own Financial Regulations and Contract Procedure Rules, which were approved by the Council in 2012.
- A1 has its own financial monitoring arrangements, with management accounts prepared on a monthly basis and reviewed by the A1 Board and/or A1's Finance and Organisational Health Champions Group.
- Service Level Agreements are in place that are regularly reviewed and monitored.

## **7. External Inspections and Work Programmes**

7.1 The Review of Effectiveness is set out below in section 8, and 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 for 2013/14, which concluded:
  - *"The CIPFA Code of Practice Self-Assessment Compliance Checklist was completed in May 2013 and reviewed in May 2014. 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 for 2013/14, which concluded:
  - *"We (Baker Tilly) 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 2014, based on the work we have undertaken, our opinion regarding the adequacy and effectiveness of Bassetlaw District Council's arrangements for governance, risk management and control is as follows:*
    - *Governance – We undertook a specific review of Corporate Governance during 2013/14, which focused primarily on the Council's high level decision making processes. A formal scheme of delegation is included within the Council's Constitution and incorporates details of those responsibilities and decision making powers which have been delegated to Officers of the Council. The Council's Constitution also includes details of those decisions which remain the responsibility of Members and the full Council. No significant recommendations were made as a result of the audit.*
    - *Risk Management – We undertook a full review of the Council's Risk Management arrangements in 2013/14. The Council has an established Risk Management Strategy in place, which is designed to reflect current best practice in Local Authority Risk Management. Further work is required to ensure that the Council's Scheme of Delegation including delegated duties and limits of authority is updated to reflect the re-structuring carried out to date. No significant recommendations were made as a result of the audit.*

- *Control - We undertook 46 internal audit reviews in 2013/14, and these included four follow-up reviews and one Advisory review. For the 41 reviews resulting in an assurance opinion, there were 22 reviews (54%) which resulted in a substantial assurance level being given; 12 (29%) where reasonable assurance was given; 6 (15%) where some assurance was given and 1 (2%) where no assurance was given."*

- The external auditor (KPMG)'s Annual Governance Report 2012/13 concluded:
  - *"On the basis of our work, having regard to the guidance on the specified criteria published by the Audit Commission in November 2012, we are 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 2013."*

7.2 It is important to recognise the results of the Internal Audit Annual Report where the Council has been issued with a green traffic light for Governance and Risk Management, and an amber traffic light for Control. This is a reduction over the assurance levels awarded in the previous year, where the Council received three green assurance levels. This is because the Council received one "red" and six 'Amber/Red' assurance opinions during 2013/14, and the single red report on Markets has impacted on the score. However, overall, only seven High recommendations were made in total throughout the year, and these have now been addressed by the Managers concerned.

7.3 It is also important to note that the Internal Audit Strategy is a three year programme, and where previous audits gave a "Green" or a "Green/Amber" assurance, then some of these are only repeated every three years. This will give rise to fluctuations in the overall assurance score for Control.

## **8. Review of Effectiveness**

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

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

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

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

## 9. Significant Governance Issues

9.1 During the 2013/14 financial year the following issues were identified via the Council's risk management, governance, internal audit and other internal control processes as being relevant to the preparation of the Annual Governance Statement. They are not highlighted as significant control or risk concerns, but included to highlight the Council's awareness of emerging issues through its proactive and holistic approach to governance:

- Constitution – The Corporate Governance Working Group undertook a full review of the Constitution during 2012/13, however it will continue to be the subject of constant review to ensure that it meets the current legislative requirements and reflects the ambitions of the Leadership. **Action: Corporate Governance Working Group – March 2015.**
- Constitutional Training – It is important that training is delivered to Members on these new arrangements. **Action: Corporate Governance Working Group – March 2015.**
- Prevention of Fraud and Compliance Training – A full training programme for officers was last conducted in 2012, and refresher training is required. **Action: Corporate Governance Working Group – March 2015.**
- Corporate Manslaughter – It is several years since officers last received Corporate Manslaughter training, and this needs to be refreshed in year. **Action: Corporate Governance Working Group – June 2014.**
- Risk Management – Work is ongoing on the capture and recording of service and directorate risks across the Council, and this process need to become embedded in routine activity. **Action: Directors – July 2014.**
- Document Retention Policy – There is a need under the Data Protection Act to ensure that all documents, both paper-based and electronic, are only retained in accordance with the agreed Policy. **Action: Senior Manager Support Services – June 2014.**
- Data Protection – Initial training was conducted in 2013, and the Data Protection Officer is continuing to review and update the Council's Data Protection policies and procedures. **Action: Senior Manager Support Services – March 2015.**

9.2 We propose over the coming year to take steps to address the above matters to further enhance our governance arrangements. We are satisfied that these steps will address the need for improvements that were identified in our review of effectiveness and will monitor their implementation and operation as part of our next annual review.

Neil Taylor  
Chief Executive

Date: 25<sup>th</sup> September 2014

Simon Greaves  
Council Leader

Date: 25<sup>th</sup> September 2014