

Unaudited Statement of Accounts & Annual Governance Statement

2014/15



Bassetlaw
DISTRICT COUNCIL
— North Nottinghamshire —

**BASSETLAW DISTRICT COUNCIL
STATEMENT OF ACCOUNTS 2014/15
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EXPLANATORY FOREWORD

During 2014/15, 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 which is available on our website www.bassetlaw.gov.uk.

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

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

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

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

The following pages summarise the financial activities of Bassetlaw District Council in 2014/15 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 2014.

The Council's accounts for the year 2014/15 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 reserves' (ie those that can be applied to fund expenditure or reduce local taxation) and other reserves. The Surplus or (Deficit) on the Provision of Services line shows the true economic cost of providing the Council's services, more details of which are shown in the Comprehensive Income and Expenditure Statement. This is different from the statutory amounts required to be charged to the General Fund Balance and the Housing Revenue Account for council tax setting and dwellings rent setting purposes. The Net Increase/Decrease before Transfers to Earmarked Reserves line shows the statutory General Fund Balance and Housing Revenue Account Balance before any discretionary transfers to or from earmarked reserves undertaken by the council.
- **Comprehensive Income and Expenditure Statement.** This statement shows the accounting cost in the year of providing services in accordance with generally accepted accounting practices, rather than the amount to be funded from taxation. 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 2015) of the assets and liabilities recognised by the Council. The net assets of the Council (assets less

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

- **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 authority are funded by way of taxation and grant income or from the recipients of services provided by the Council. Investing activities represent the extent to which cash outflows have been made for resources which are intended to contribute to the Council's future service delivery. Cash flows arising from financing activities are useful in predicting claims on future cash flows by providers of capital (ie 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.
- **Glossary of Terms.** Terms used throughout this document are explained further within these pages.

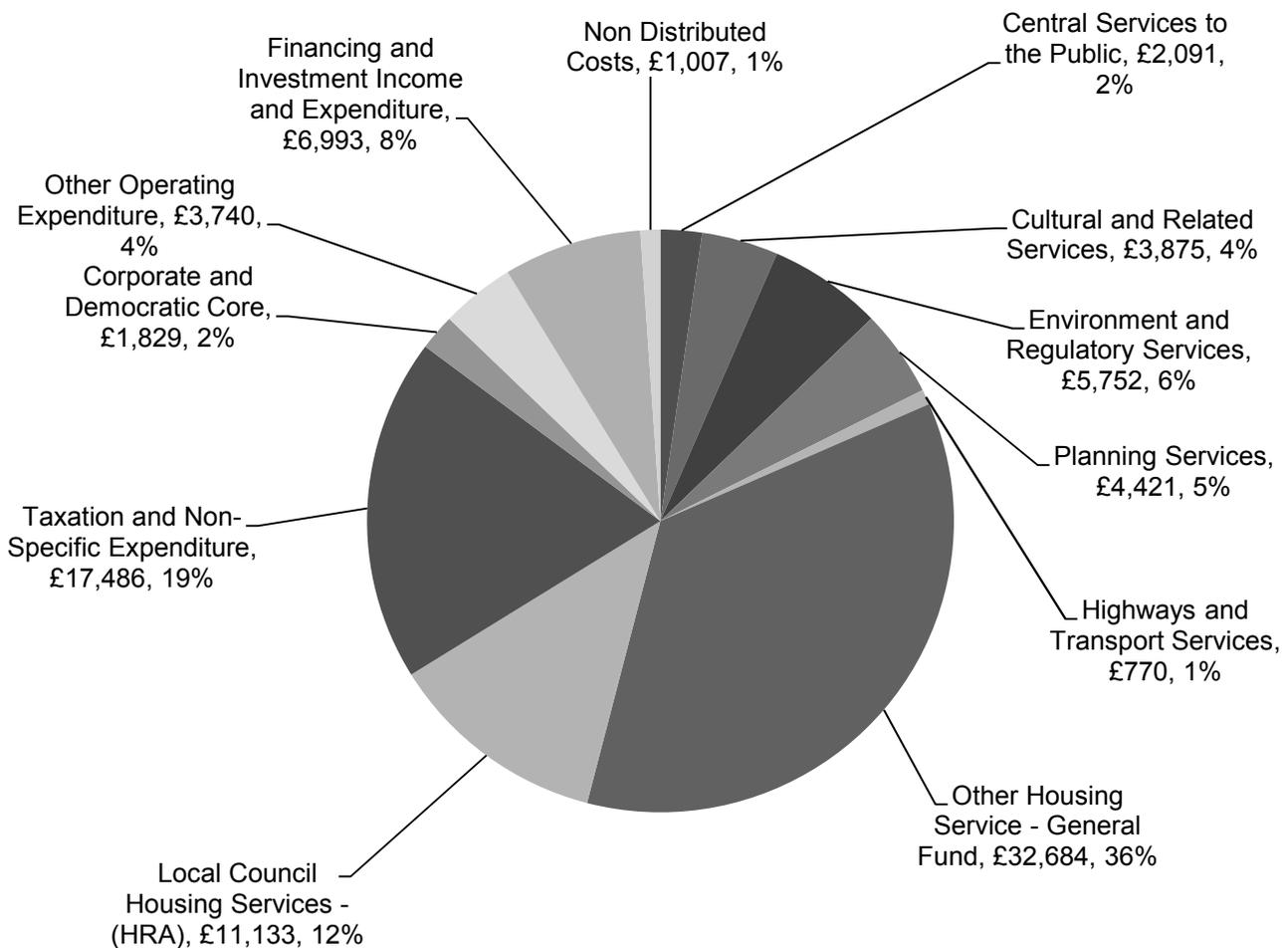
FINANCIAL SUMMARY

STATEMENT OF ACCOUNTS 2014/15

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 2014/15 and where the money came from.

Gross revenue spending on services in the year was £91.781m (£106.686m in 2013/14). The following charts show the services on which the money was spent:

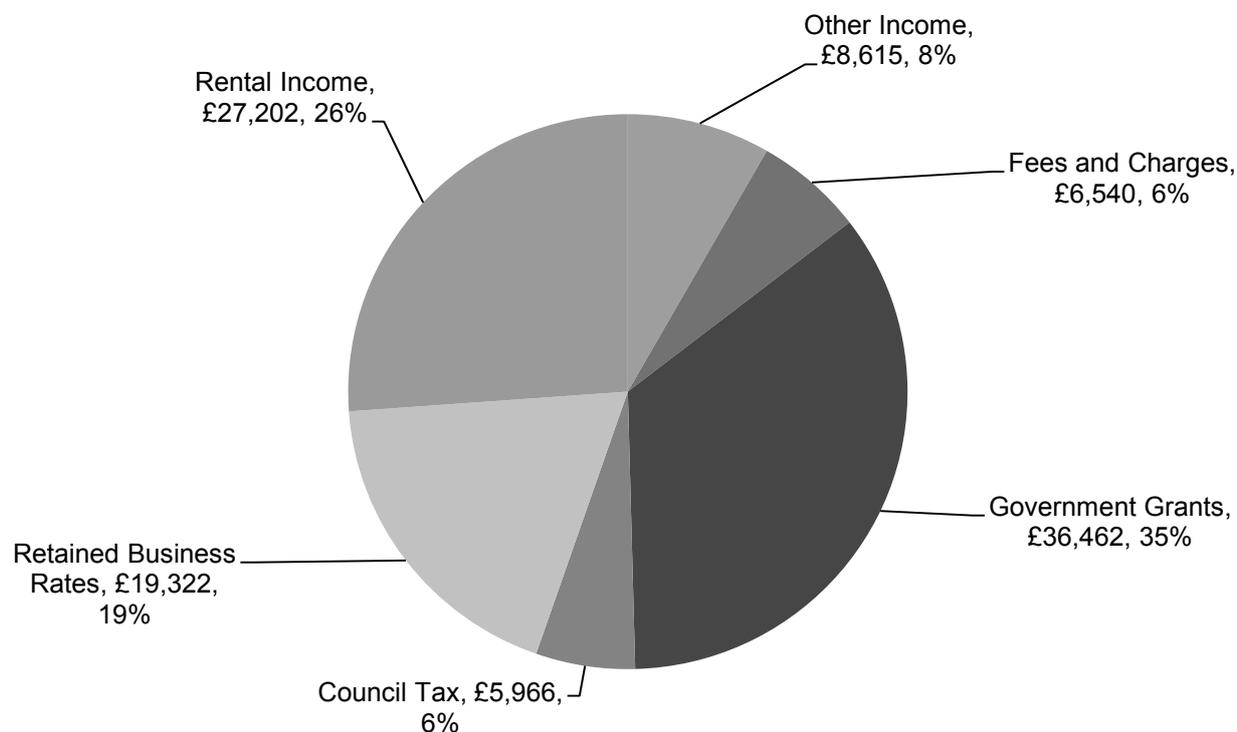
GROSS COST OF SERVICES (£'000)



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 Note 27.

Gross revenue income generated by services during the year was £104.107m (£112.353m in 2013/14). The following charts show the services where the money came from:

GROSS INCOME OF SERVICES (£'000)



General Fund Spending in 2014/15

The original budget of £14.998m was adjusted throughout the year to reflect decisions made by the Council. Budgets were subsequently monitored against the revised budget of £18.592m.

	Original Budget £m	Revised Budget £m	Outturn £m	Variance £m
Chief Executive Department	0.205	0.236	0.210	-0.026
Corporate Management	0.675	0.656	0.637	-0.019
Corporate Services	1.397	1.367	1.449	0.082
Economic Regeneration	1.211	1.270	1.432	0.162
Finance & Property	0.384	0.324	0.157	-0.167
Housing General Fund	1.082	0.606	0.617	0.011
Neighbourhoods	7.139	7.517	7.243	-0.274
Planning & Building Control	1.117	1.138	0.675	-0.463
Revenue Services	0.839	1.021	0.981	-0.040
Net Cost of Services	14.049	14.135	13.401	-0.734
Other Budgets	1.103	8.973	8.849	-0.124
Net Cost of Council Expenditure	15.152	23.108	22.250	-0.858
Transfer to/(from) Usable Reserves	-0.133	-2.783	-2.151	0.632
Transfer to/(from) Unusable Reserves	-0.021	-1.768	-1.779	-0.011
Transfer to/(from) General Reserve	0	0.035	0.272	0.237
Total General Fund	14.998	18.592	18.592	0

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 budgets of -£0.734m mainly relates to an under spend on employee costs of -£0.260m, repudiated insurances claims of -£0.023m, overachieved fees & charges income of -£0.370m, VAT refund in respect of Building Control & Trade Waste of -£0.166m, written back provision for Worksop Leisure Centre gas of -£0.081m, voluntary redundancy and colutanry early retirement costs of £0.179m, plus various minor variances of -£0.013m.

The variance on other budgets of -£0.124m m relates in full to savings on contingency budgets.

Outturn

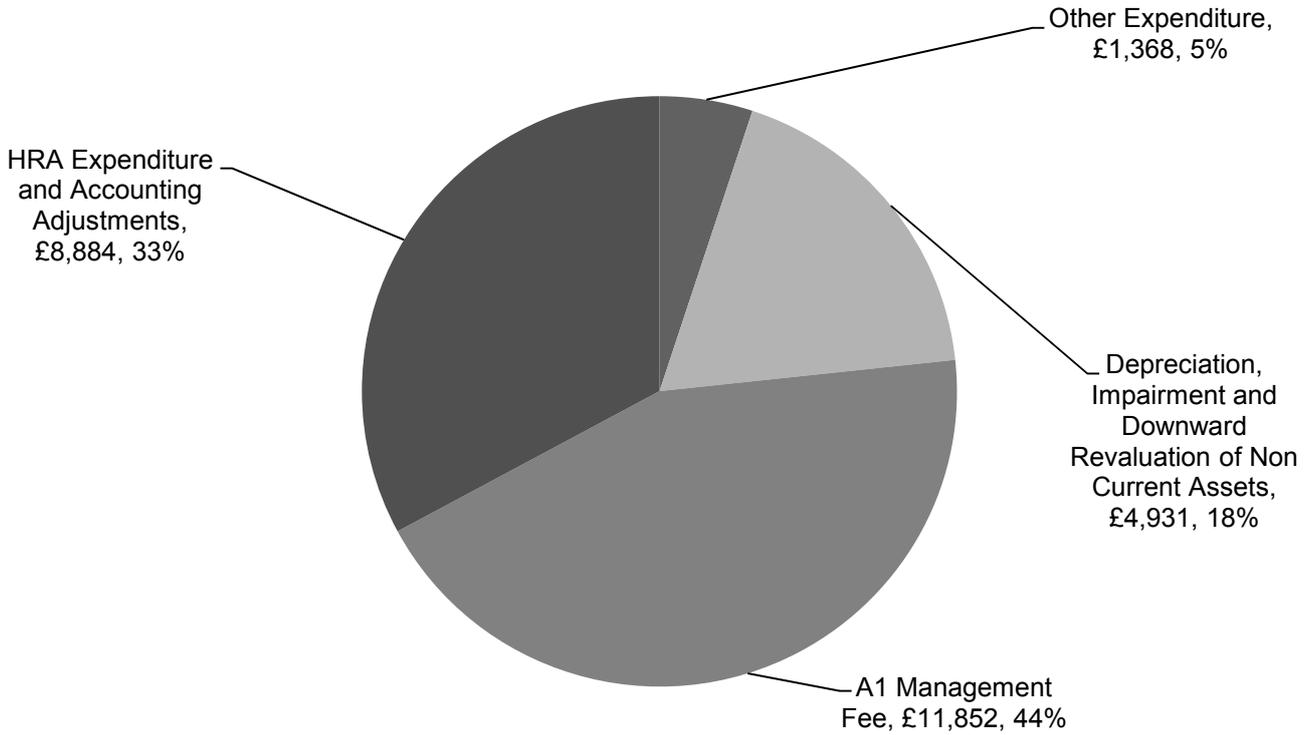
An amount of £0.272m has been contributed to the General Fund Balances. The resultant impact on the Council Taxpayer funds is demonstrated in the Statement of Movement on General Fund Balance. This shows that the overall General Fund Balance at 31 March 2015 was £1.354m (31 March 2014 was £1.082m).

Housing Revenue Account Spending in 2014/15

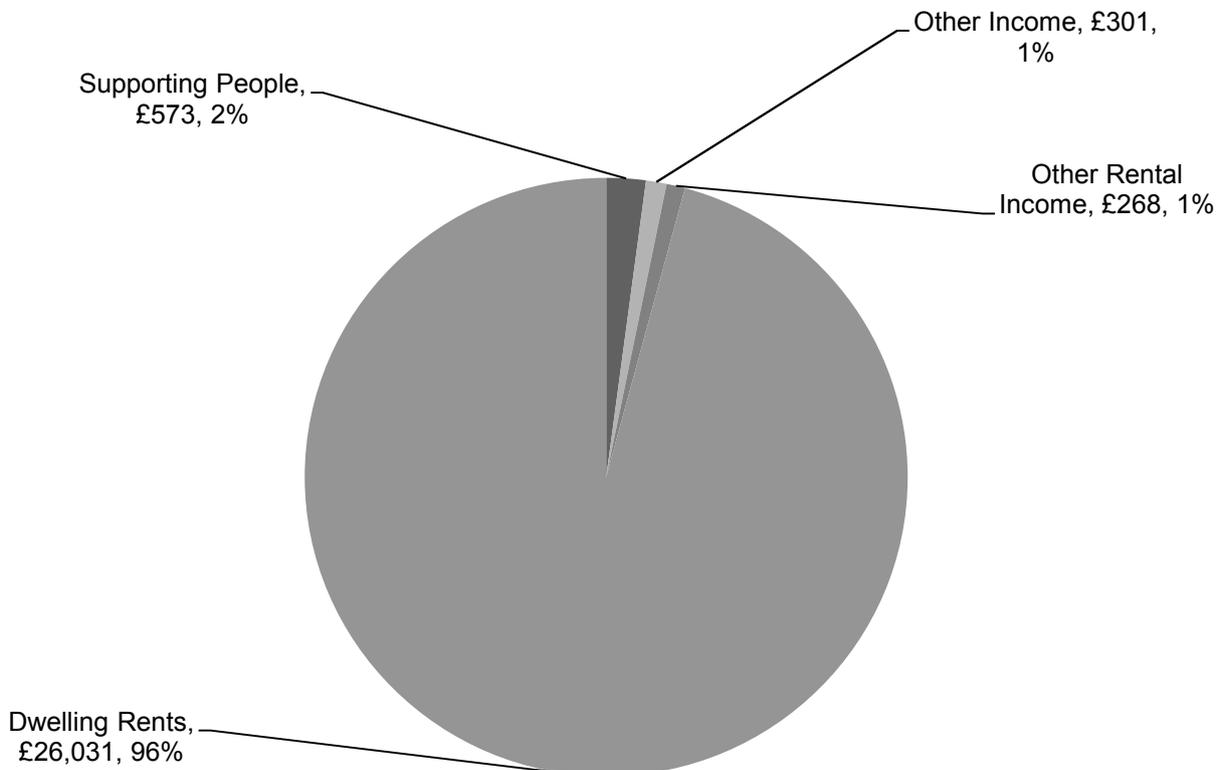
The Housing Revenue Account summarises the transactions relating to the provision, maintenance and management of the Council's housing stock. The account has to be self-financing and cannot be subsidised by the General Fund.

Gross revenue spending in the year was £27.035m (£27.337m 2013/14). Gross revenue income was £27.173m (£27.217m in 2013/14). The following charts show the services on which the money was spent and where the money came from:

HRA GROSS EXPENDITURE 2014/15 (£'000)



HRA GROSS INCOME 2014/15 (£'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 2015 was £1.484m (31 March 2014 £1.346m).

Capital Spending in 2014/15

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

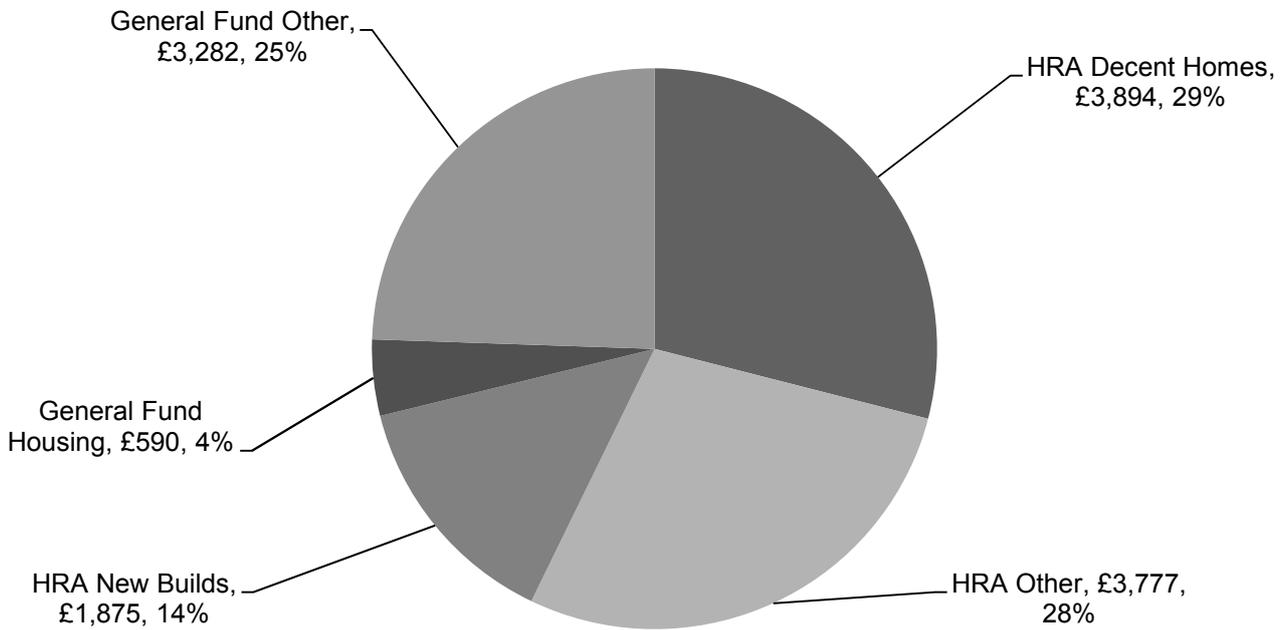
Capital spending in the year totalled £13.418m (a decrease of £1.847m over 2013/14). This represents a lower than estimated level of spend of £2.247m against the final programme approved at quarter four of £15.665m. To put this into context, the Council has an approved five-year capital programme, and the lower than estimated level of spend merely represents reprofiling within that programme.

The significant schemes were:

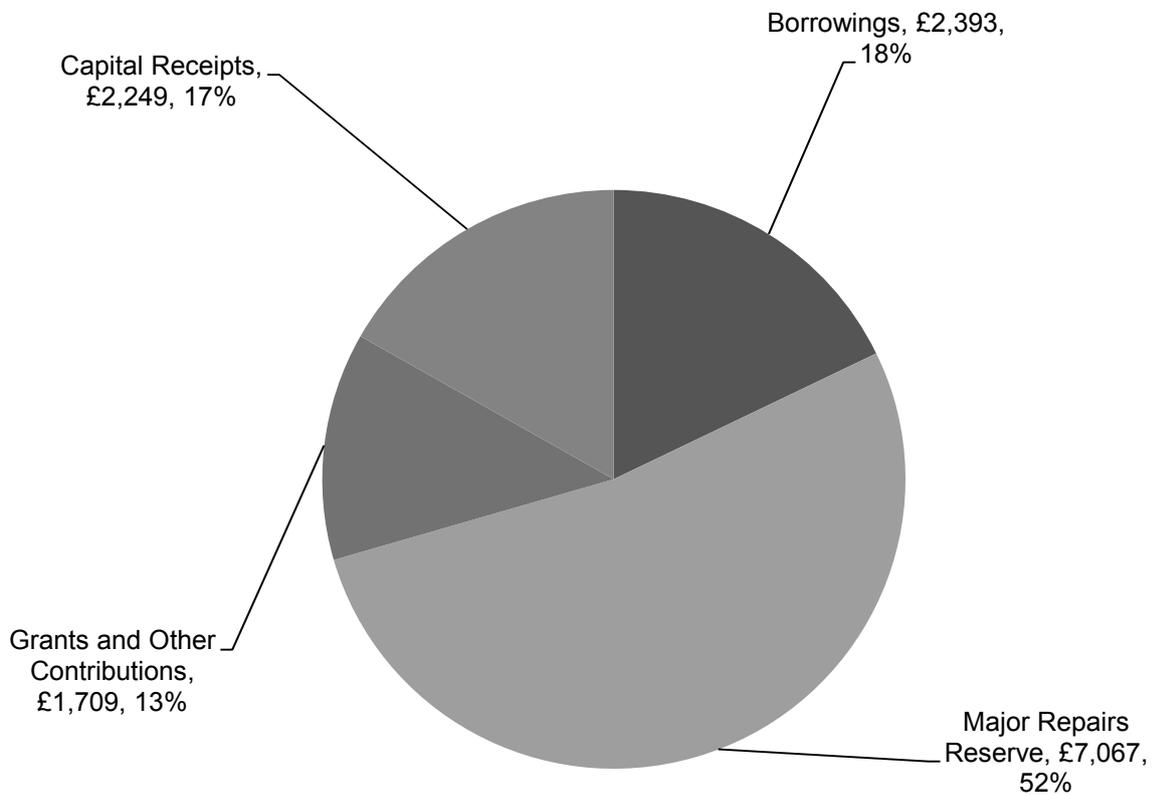
	£m
Decent Homes Work	3.894
New Builds at Harworth	1.875
Other HRA Improvements	3.777
Private Sector Housing and Disabled Facilities Grants	0.496
ICT Updates and Development	0.311
Vehicle Fleet	0.336
Langold Country Park - Water Splash Pool	0.291
Strategic Intervention Fund	0.403
New Mezzanine Floor at Leisure Centres	0.359
Other Projects	1.676
Capital Programme	13.418

The following charts show where the capital money was spent and how it was financed during 2014/15.

AREAS OF CAPITAL EXPENDITURE 2014/15 (£'000)



METHOD OF FINANCING 2014/15 (£'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 2015. 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 £1.082m to £1.354m.
- The increase in the Housing Revenue Account balance from £1.346m to £1.484m.
- The surplus in Business Rates of £6.643m (Deficit of £6.281m as at 31 March 2014) which will be carried forward into the 2015/16 financial year to be recovered from central government and the major preceptors.
- The Council's Pensions Liability as assessed by the Actuary showed a worsened position during the year, increasing from £44.932m to £56.992m. 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 2014/15. 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 2015/16, and measures are already in place to deliver a balanced budget for 2016/17. 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 2015/16 to 2019/20 includes a total of £13.948m for General Fund schemes and £50.000m 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 £5.772m, capital receipts of £6.481m, Major Repairs Reserve of £43.275m, and Prudential borrowing of £8.420m will finance the future capital programme.

Further Information

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

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

The Council is required to:

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

The Statement of Accounts for the year 1 April 2014 to 31 March 2015 has been prepared and I confirm that these accounts were approved by Bassetlaw District Council at the meeting held on 24 September 2015.

Signed:

**Not required to sign the draft
accounts in June 2015**

Councillor Gwynneth Jones

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 2014/15 (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 2014/15 presents a true and fair view of the financial position of Bassetlaw District Council at 31 March 2015 and its income and expenditure for the year ended 31 March 2015.

Signed: MIKE HILL

Michael Hill, CPFA

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

Date: 25 June 2015

MOVEMENT IN RESERVES STATEMENT

Restated 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
Balance at 31 March 2013 carried forward	1,047	3,129	1,466	42	5,470	949	77	12,180	83,106	95,286
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
Total Comprehensive Income and Expenditure	-2,724	0	8,391	0	0	0	0	5,667	-1,096	4,571
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
Net Increase/Decrease (-) before Transfers to Earmarked Reserves	1,677	0	-128	0	-1,734	3,013	62	2,890	1,681	4,571
Transfers to/from(-) Earmarked Reserves (Note 8)	-1,642	1,642	8	-8	0	0	0	0	0	0
Increase/Decrease(-) in 2013/14	35	1,642	-120	-8	-1,734	3,013	62	2,890	1,681	4,571
Balance at 31 March 2014 carried forward	1,082	4,771	1,346	34	3,736	3,962	139	15,070	84,787	99,857

Movement in Reserves during 2014/15

	General Fund Balance £'000	Earmarked General Fund Reserves £'000	Housing Revenue Account £'000	Earmarked HRA Reserves £'000	Capital Receipts Reserve £'000	Major Repairs Reserve £'000	Capital Grants Unapplied £'000	Total Usable Reserves £'000	Unusable Reserves £'000	Total Council Reserves £'000
Balance at 31 March 2014 carried forward	1,082	4,771	1,346	34	3,736	3,962	139	15,070	84,787	99,857
Surplus or deficit(-) on the provision of Services	804	0	11,522	0	0	0	0	12,326	0	12,326
Other Comprehensive Income and Expenditure	0	0	0	0	0	0	0	0	-23,024	-23,024
Total Comprehensive Income and Expenditure	804	0	11,522	0	0	0	0	12,326	-23,024	-10,698
Adjustment between accounting basis & funding basis under regulations (Note 7)	-2,683	0	-11,418	0	-1,584	-1,494	215	-16,964	16,964	0
Net Increase/Decrease(-) before Transfers to Earmarked Reserves	-1,879	0	104	0	-1,584	-1,494	215	-4,638	-6,060	-10,698
Transfers to/from(-) Earmarked Reserves (Note 8)	2,151	-2,151	34	-34	0	0	0	0	0	0
Increase/Decrease(-) in 2014/15	272	-2,151	138	-34	-1,584	-1,494	215	-4,638	-6,060	-10,698
Balance at 31 March 2015 carried forward	1,354	2,620	1,484	0	2,152	2,468	354	10,432	78,727	89,159

WHOLE COUNCIL COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT

2013/14				2014/15		
Gross Expend- iture £'000	Gross Income £'000	Net Expend- iture £'000		Gross Expend- iture £'000	Gross Income £'000	Net Expend- iture £'000
2,428	-915	1,513	Central Services to the Public	2,091	-734	1,357
0	0	0	Children and Education Services	0	0	0
4,177	-791	3,386	Cultural and Related Services	3,875	-541	3,334
5,958	-1,107	4,851	Environment and Regulatory Services	5,752	-1,064	4,688
4,165	-2,059	2,106	Planning Services	4,421	-2,757	1,664
771	-1,054	-283	Highways and Transport Services	770	-1,103	-333
33,197	-32,400	797	Other Housing Service - General Fund	32,684	-31,740	944
15,366	-27,217	-11,851	Local Council Housing Services - (Housing Revenue Account)	11,133	-27,173	-16,040
1,967	-275	1,692	Corporate and Democratic Core	1,829	-265	1,564
1,343	-506	837	Non Distributed Costs	1,007	-444	563
69,372	-66,324	3,048	Cost of Services	63,562	-65,821	-2,259
11,962	-7,769	4,193	Other Operating Expenditure (Note 9)	3,740	-1,062	2,678
8,129	-1,797	6,332	Financing and Investment Income and Expenditure (Note 10)	6,862	-613	6,249
0	-85	-85	Exceptional Items Gains(-) /Losses on Investments (Note 10)	131	0	131
17,223	-36,378	-19,155	Taxation and Non-Specific Grant Income And Expenditure (Note 11)	17,486	-36,611	-19,125
106,686	-112,353	-5,667	Surplus (-) or Deficit on Provision of Services	91,781	-104,107	-12,326
			Items that will not be reclassified to the Surplus (-) or Deficit on the Provision of Services			
		-326	Surplus(-) or Deficit on Revaluation of Non Current Assets (Note 12)			11,674
		0	Impairment Losses on Non-Current Assets Charged to Revaluation Reserve (Note 12)			0
		1,422	Remeasurements of the Net Defined Benefit Liability (Asset) (Note 39)			11,350
		0	Any Other Gains(-)/Losses Required to be Included in the Statement			0
		1,096	Other Comprehensive Income and Expenditure			23,024
		-4,571	Total Comprehensive Income and Expenditure			10,698

BALANCE SHEET

31 March 2014 £'000		Notes	31 March 2015 £'000
250,439	Property, Plant & Equipment	12	248,295
314	Heritage Assets	13	314
0	Investment Properties	14	0
154	Intangible Assets	15	595
0	Assets Held For Sale	20	0
30	Long Term Investments	16	0
3,669	Long Term Debtors	18	1,051
254,606	TOTAL LONG TERM ASSETS		250,255
1,439	Short Term Investments	16	1,006
1,350	Assets Held For Sale	20	1,661
51	Inventories	17	48
10,974	Short Term Debtors	18	11,010
707	Cash and Cash Equivalents	19	10,121
14,521	TOTAL CURRENT ASSETS		23,846
0	Cash and Cash Equivalents (Bank Overdraft)	19	0
-7,516	Short Term Borrowings	16	-503
-3,706	Short Term Creditors	21	-13,773
-1,102	Provisions Short Term	22	-1,237
0	Short Term Finance Lease Liability	37	0
-18	Grants Receipts in Advance - Revenue	34	-27
-12,342	TOTAL CURRENT LIABILITIES		-15,540
-1,086	Long Term Creditors	21	-1,050
-528	Provisions Long Term	22	-974
0	Long Term Finance Lease Liability	37	0
-110,382	Long Term Borrowing	16	-110,386
-44,932	Pensions Liability	40	-56,992
-156,928	TOTAL LONG TERM LIABILITIES		-169,402
99,857	TOTAL NET ASSETS		89,159
15,070	Usable Reserves	7	10,432
84,787	Unusable Reserves	24	78,727
99,857	TOTAL RESERVES		89,159

CASH FLOW STATEMENT

2013/14 £'000		Note	2014/15 £'000
5,667	Net Surplus/Deficit(-) on the Provision of Services		12,326
13,162	Adjustment to Surplus or Deficit on the Provision of Services for Non-Cash Movements	25A	6,346
-11,154	Adjust for Item Included in the Net Surplus or Deficit on the Provision of Services that are Investing and Financing Activities	25A	-3,073
7,675	Net Cash Flows from Operating Activities	25A	15,599
-5,622	Investing Activities	25C	-8,809
-747	Financing Activities	25D	2,624
1,306	Net Increase or Decrease(-) in Cash and Cash Equivalents		9,414
-599	Cash and Cash Equivalents at the Beginning of the Reporting Period	19	707
707	Cash and Cash Equivalents at the End of the Reporting Period	19	10,121

PRIOR PERIOD ERROR

The Council recognised that during 2008/09, when it disposed of a piece of land for £12m, the disposal within the revaluation reserve had been assigned to Council Dwellings instead of Land, meaning the overall balance was correct on the revaluation reserve, but the carried forward value against both Land and Council Dwellings was incorrect on the memorandum account the Council holds.

During 2010/11 the Council revalued its Council Dwellings figure within the Balance Sheet, this produced a large impairment. When writing out of the revaluation reserve, the balance of the revalued amount of Council Dwellings, this was understated by £12m.

This then had the effect of a £12m charge to the Surplus/Deficit on Revaluation of PPE Assets line within the Comprehensive Income and Expenditure Statement, and then an associated £12m additional reversal to the Revaluation losses (chargeable to revaluation reserve) line within the Movement in Reserves Statement. This error has meant that the brought forward balance on the capital adjustment account and the revaluation reserve are incorrect. There is an adjustment in the notes to these accounts to correct these.

	Actual Journal £m	Corrected Journal £m	Correction done during financial year £m
Council Dwellings	-143.356	-143.356	0
Revaluation Reserve	44.744	56.772	12.028
Comprehensive Income and Expenditure	98.611	86.583	-12.028
Movement in Reserves	-98.611	-86.583	12.028
Capital Adjustment Account	98.611	86.583	-12.028

NOTES TO THE CORE FINANCIAL STATEMENTS

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

The Statement of Accounts summarises the Council's transactions for the 2014/15 financial year and its position at the year-end of 31 March 2015. 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 2014/15 and the Service Reporting Code of Practice 2014/15, 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 0.1% real rate (actual 3.2%) based on the indicative rate of return on the high quality corporate bond (iBoxx AA rated over 17 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) may be capitalised when it is expected that future economic benefits or service potential will flow from the intangible asset to the Council.

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

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

Amortisation is charged to the Comprehensive Income and Expenditure Statement on a straight-line basis over the estimated useful lives of intangible assets unless such lives are indefinite. Intangible assets with 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 2014/15 (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 VRP payments each year, where it is prudent to do so, and will enhance the long term viability of the Council.

S. Property, Plant and Equipment

Assets that have physical substance and are held for use in the production or supply of goods or 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 introduction of standard IFRS 13 - Fair Value Measurement. The introduction of this standard requires local authorities to measure their assets and liabilities at fair value where appropriate. The Code of Practice has allowed an adaptation of the IAS 16 standard for 2015/16, effectively allowing the use of current value where fair value is not appropriate i.e. for operational buildings. Where assets are surplus to requirements and held as surplus assets, these are currently measured at existing use valuation, based on their use as an operational asset. However, the 2015/16 Code requires that such assets must now be measured at fair value in accordance with IFRS 13.

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.

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 2015 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 £0.153m has been set aside to meet these claims.
Land Charges	The Environmental Information Regulations 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 £0.067m has been set aside to meet this liability if all of the fees are challenged by the 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 a increase in the pension liability of £2.095m and a 1 year reduction in mortality would result in a increase of £4.479m. However, the assumptions interact in complex ways. During 2014/15, the Council's Actuary advised that the net pensions liability had increased by £12.060m. For the 2014/15 Statement of Accounts, the actuary has advised that a rate of 0.1% real (3.2% actual) is appropriate. Application of this rate has resulted in an increase in liabilities measured at today's prices of £11.350m, adjusted for by an increase in actuarial losses recognised for the year in the Comprehensive Income and Expenditure Statement in the other comprehensive income and expenditure part of the statement.
Arrears	At 31 March 2015, the Council had a balance of sundry debtors of £0.588m. A review of significant balances suggested that an impairment of doubtful debts of 15% (£0.089m) 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 £0.089m to set aside as an allowance.

Item	Uncertainties	Effect if Actual Results Differ from Assumptions
NNDR Backdated Appeals	Estimation of backdated appeals was provided by Analyse Local. This assumes that various amounts of appeals are received, and then subsequently agreed.	Decrease in collection amount of NNDR, leaving the Council with a reduced amount of funding for Services. 40% of any reduction would impact upon the Council.

5. MATERIAL ITEMS OF INCOME AND EXPENDITURE

There have been no material items of income and expenditure during 2014/15.

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 24 September 2015. 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 2015, the figures in the financial statements and notes have been adjusted in all material respects to reflect the impact of this information.

7. ADJUSTMENTS BETWEEN ACCOUNTING BASIS AND FUNDING BASIS UNDER REGULATIONS

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

General Fund Balance

The General Fund is the statutory fund into which all the receipts of a Council are required to be paid 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 authorities however, the balance is not available to be applied to funding HRA services.

Housing Revenue Account Balance

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

Major Repairs Reserve

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

Capital Receipts Reserve

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

Capital Grants Unapplied

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

2013/14 Adjustment between accounting basis & funding basis under regulations	General Fund Balance £'000	Housing Revenue Account £'000	Major Repair Reserve £'000	Capital Receipts Reserve £'000	Capital Grants Unapplied Account £'000	Movement in Unusable Reserves £'000
Adjustments primarily involving the Capital Adjustment Account:						
Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement:						
Charges for depreciation and impairment of non-current assets (excl HRA dwellings)	-1,758	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
Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement:						
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
Adjustments primarily involving the Capital Grant Unapplied Accounts:						
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
Adjustments primarily involving the Capital Receipts Reserve:						
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
Adjustments primarily involving the Deferred Capital Receipts Reserve:						
Transfer of deferred sale proceeds credited as part of the gain(-)/loss on disposal to the CIES	0	0	0	0	0	0
Adjustments primarily involving the Major Repairs Reserve:						
Reversal of Major Repair Allowance credited to the HRA	0	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
Adjustments primarily involving the Financial Instruments Adjustment Account:						
Amount by which finance costs charged to the CIES are different from finance costs chargeable in the year in accordance with statutory requirements	-11	73	0	0	0	-62
Adjustments primarily involving the Pension Reserve:						
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
Adjustments primarily involving the Collection Fund Adjustment Account:						
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
Adjustments primarily involving the Accumulated Absences Account:						
Amount by which officer remuneration charged to CIES on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirement	1	0	0	0	0	-1
Total Adjustments	-4,401	8,519	-3,013	1,734	-62	-2,777

2014/15 Adjustment between accounting basis & funding basis under regulations	General Fund Balance	Housing Revenue Account	Major Repair Reserve	Capital Receipts Reserve	Capital Grants Unapplied Account	Movement in Unusable Reserves
	£'000	£'000	£'000	£'000	£'000	£'000
Adjustments primarily involving the Capital Adjustment Account:						
Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement:						
Charges for depreciation and impairment of non-current assets (excl HRA dwellings)	-1,889	0	0	0	0	1,889
HRA depreciation/amortisation	0	-4,931	0	0	0	4,931
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	-76	6,633	0	0	0	-6,557
Amortisation of intangible assets	-53	0	0	0	0	53
Capital grants and contributions applied	1,070	533	0	0	0	-1,603
Income in relation to donated assets	0	0	0	0	0	0
Revenue expenditure funded from capital under statute	-939	0	0	0	0	939
Amounts of non-current assets written off on disposal or sale as part of the gain(-)/loss on disposal to the CIES	-65	-1,802	0	0	0	1,867
Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement:						
Statutory provision for the financing of capital investment	1,183	0	3,273	0	0	-4,456
Capital expenditure charged against the General Fund and HRA Balances	36	0	0	0	0	-36
Adjustments primarily involving the Capital Grant Unapplied Accounts:						
Capital grants and contributions unapplied credited to the CIES	80	0	0	0	-80	0
Application of grants to capital financing transferred to the Capital Adjustment Account	0	0	0	0	71	-71
Community Infrastructure Levy Receipts Unapplied credited to the CIES	206	0	0	0	-206	0
Adjustments primarily involving the Capital Receipts Reserve:						
Transfer of cash sale proceeds credited as part of the gain(-)/loss on disposal to the CIES	71	1,004	0	-1,234	0	159
Use of Capital Receipts Reserve to finance new capital expenditure	0	0	0	2,375	0	-2,375
Contribution from the Capital Receipts Reserve towards administrative costs of non-current assets disposals.	0	-34	0	34	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	-41	0	41
Adjustments primarily involving the Deferred Capital Receipts Reserve:						
Transfer of deferred sale proceeds credited as part of the gain(-)/loss on disposal to the CIES	0	0	0	0	0	0
Adjustments primarily involving the Major Repairs Reserve:						
Reversal of Major Repair Allowance credited to the HRA	0	8,846	-8,846	0	0	0
Use of Major Repairs Reserve to finance new capital expenditure	0	0	7,067	0	0	-7,067
Adjustments primarily involving the Financial Instruments Adjustment Account:						
Amount by which finance costs charged to the CIES are different from finance costs chargeable in the year in accordance with statutory requirements	-11	0	0	0	0	11
Adjustments primarily involving the Pension Reserve:						
Reversal of items relating to retirement benefits debited or credited to the CIES	-4,066	-1	0	0	0	4,067
Employers pension contributions and direct payments to pensioners payable in the year	2,187	1,170	0	0	0	-3,357
Adjustments primarily involving the Collection Fund Adjustment Account:						
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	5,457	0	0	0	0	-5,457
Adjustments primarily involving the Accumulated Absences Account:						
Amount by which officer remuneration charged to CIES on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirement	-58	0	0	0	0	58
Total Adjustments	2,683	11,418	1,494	1,584	-215	-16,964

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 2014/15.

	Balance at 31 March 2013 £'000	Transfer out 2013/14 £'000	Transfer in 2013/14 £'000	Balance at 31 March 2014 £'000	Transfer out 2014/15 £'000	Transfer in 2014/15 £'000	Balance at 31 March 2015 £'000
General Fund Reserves							
Developers Revenue Contributions Unapplied	-231	8	0	-223	35	-3	-191
Internal Insurance Reserve	0	0	-300	-300	0	0	-300
Job Evaluation	-735	0	0	-735	0	0	-735
Treasury Management	-1,956	1,527	0	-429	51	0	-378
Revenue Grants & Contributions Unapplied	-58	21	-64	-101	82	-163	-182
Donations	-45	13	-8	-40	4	0	-36
Pension	-41	21	0	-20	20	-200	-200
Strain/Redundancy							
High Street Innovation	-63	18	0	-45	0	0	-45
LAMS Default Reserve	0	0	-8	-8	0	-15	-23
Retained Business Rates Reserve	0	0	-2,512	-2,512	3,467	0	955
General Fund Earmarked Reserves	0	0	-352	-352	67	-187	-472
Business Rate Volatility Reserve	0	0	0	0	0	-200	-200
Business Rates Pooling Reserve	0	0	-6	-6	0	-807	-813
Total General Fund	-3,129	1,608	-3,250	-4,771	3,726	-1,575	-2,620
Housing Revenue Account Reserves							
HRA Grants Unapplied	-42	42	-34	-34	34	0	0
Total Housing Revenue Account	-42	42	-34	-34	34	0	0
Total	-3,171	1,650	-3,284	-4,805	3,760	-1,575	-2,620

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 were 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.

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, Sports Development and towards the Bassetlaw Games. Some of the monies are used in year to support the service area for which they have been donated, the rest has been set aside for future use.

Pension Strain/Redundancy Reserve

Funds were set aside in previous years to fund Pension strain costs which have been spread over a 3 year period. These funds were fully expended in 2014/15. Additional monies have been set aside to fund the anticipated redundancy and pension strain costs expected in 2015/16.

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.

Bassetlaw is part of a Nottinghamshire wide Business Rates Pool. Business rate collections during 2014/15 were significantly higher than government expectations, resulting in a surplus position. This surplus has resulted in a levy which is paid into the Nottinghamshire Pool. In order to account for the cashflow implications affecting 2014/15 the full reserve was utilised in 2014/15, and a negative reserve set up to be cleared in future years.

General Fund Earmarked Reserve

A number of new reserves were set up in 2013/14 to fund specific projects in 2014/15. Some of these have been expended in full, with others part expended with the balances remaining in reserves. During 2014/15 a number of new reserves have been created. These include: Regeneration feasibility, System development, Visitor Economy, and other projects.

Business Rates Volatility Reserve

The amount of Business Rates income retained by the Council is determined by a number of factors. Statute prescribes the transfer from the Collection Fund to General Fund which is based on estimates as at the 31 January. The surplus or deficit is based on the outturn position and is subject to a safety net or levy which is paid/received direct into/out of General Fund. A number of S31 Grants are also receivable to off-set reliefs given. Due to the complexity of the estimates a Volatility Reserve has been set up in 2014/15 to mitigate any variances in the future.

Business Rates Pooling Reserve

Bassetlaw is a member of the Nottinghamshire Pool for retained Business Rates. This reserve has been created to recognise the Council's share of redistributed growth generated from not paying over the individual Council levies to Central Government as a result of the pooling arrangements. A decision is pending as to whether these levies are to be spent within the County for Economic Development purposes, or to be returned to the individual Authorities.

Housing Revenue Account Grants Unapplied Reserve

This amount relates to the Supporting People Grant which was transferred to the HRA to be used during 2014/15.

9 OTHER OPERATING EXPENDITURE

2013/14 £'000		2014/15 £'000
797	Parish Council Precepts	906
445	Levies	453
450	Payments to the Government Housing Capital Receipts Pool	450
2,501	Gains/Losses(-) on the disposal of non-current assets	869
4,193	Total	2,678

10 FINANCING AND INVESTMENT INCOME AND EXPENDITURE

2013/14 £'000		2014/15 £'000
4,600	Interest payable and similar charges	4,458
1,761	Net interest on the net defined benefit liability (asset)	1,906
-120	Interest receivable and similar income	-213
-85	Exceptional item : Gains(-)/Losses on investments	131
91	Deficit on trading activities	98
6,247	Total	6,380

11 TAXATION AND NON-SPECIFIC GRANT INCOME AND EXPENDITURE

2013/14 £'000		2014/15 £'000
-5,696	Council tax income	-5,966
-2,755	Non-Domestic Rates income and expenditure	-6,089
-6,755	Non ring-fenced Government grants	-5,749
-211	Developers grants & contributions	-410
-3,738	Capital grants and contributions	-911
-19,155	Total	-19,125

12 PROPERTY PLANT AND EQUIPMENT

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

Movements in 2014/15	Council Dwellings £'000	Other Land and Buildings £'000	Vehicles, Plant, Furniture & Equipment £'000	Infrastructure Assets £'000	Community Assets £'000	Surplus Assets £'000	Assets Under Construction £'000	Total Property, Plant & Equipment £'000
Cost or Valuation								
At April 2014	206,749	37,601	14,953	6,384	281	5,129	181	271,278
Additions	7,178	834	1,173	288	0	405	2,109	11,987
Donations	0	0	0	0	0	0	0	0
Revaluation increases/decreases(-) recognised in the Revaluation Reserve	0	264	0	0	0	20	0	284
Revaluation increases/decreases(-) recognised in the Surplus/Deficit on the Provision of Services	-7,750	76	0	0	0	-13	0	-7,687
Derecognition - Disposals	0	0	0	0	0	0	0	0
Derecognition - Other	-793	-64	-1,276	0	0	0	0	-2,133
Assets reclassified to(-)/from Held for Sale	-993	-566	0	0	0	-92	0	-1,651
Other movements in cost or valuation	-135	-117	14	2	10	319	-93	0
At 31 March 2015	204,256	38,028	14,864	6,674	291	5,768	2,197	272,078
Accumulated Depreciation & Impairment								
At April 2014	8,549	1,575	9,176	1,515	0	24	0	20,839
Depreciation charge	4,546	746	1,301	204	0	23	0	6,820
Depreciation written out to the Revaluation Reserve	0	-62	0	0	0	0	0	-62
Depreciation written out to the Surplus/Deficit on the Provision of Services	-2,160	-48	0	0	0	0	0	-2,208
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	-331	0	-1,275	0	0	0	0	-1,606
Other movements in depreciation & impairment	0	-8	0	0	0	8	0	0
At 31 March 2015	10,604	2,203	9,202	1,719	0	55	0	23,783
Net Book Value								
at 31 March 2015	193,652	35,825	5,662	4,955	291	5,713	2,197	248,295
at 31 March 2014	198,200	36,026	5,777	4,869	281	5,105	181	250,439

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 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 Robert Woodhead with the Council budgeting to spend a further £2.4m, £4.4m and £2.1m 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 2014/15 that would have a material effect.

Revaluations

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

	Council Dwellings £'000	Other Land & Buildings £'000	Vehicles, Plant, Equipment £'000	Surplus Assets £'000	Other PPE Assets £'000	Total £'000
Carried at Historical cost	0	0	5,662	0	7,443	13,105
Valued at Fair Value as at:						
31 March 2015	193,652	2,962	0	821	0	197,435
31 March 2014		2,729	0	548	0	3,277
31 March 2013		4,313	0	3,687	0	8,000
31 March 2012		18,384	0	657	0	19,041
01 April 2011		4,523	0	0	0	4,523
31 March 2011		2,914	0	0	0	2,914
Total Cost or Valuation	193,652	35,825	5,662	5,713	7,443	248,295

13 HERITAGE ASSETS

	Ceramics Jewellery Regalia and Statues £'000	Art Collection and Samplers £'000	Machinery Equipment Furniture £'000	Memorials and Historic Sites £'000	Total Assets £'000
Cost or Valuation					
1 April 2013	115	149	30	20	314
Additions, Disposals, Revaluations, Impairment Losses/reversals(-)	0	0	0	0	0
31 March 2014	115	149	30	20	314
Cost or Valuation					
1 April 2014	115	149	30	20	314
Additions, Disposals, Revaluations, Impairment Losses/reversals(-)	0	0	0	0	0
31 March 2015	115	149	30	20	314

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

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

A valuation was undertaken in 2001 of all exhibits worth over £500, and this valuation has been the basis of the insurance valuation. These assets and subsequent purchases of exhibits of £0.010m and above have subsequently been included. The total carrying amount of these assets are reflected in the balance as £0.314m (£0.314m 2013/14).

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 purchased 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 £0.493m in 2014/15 (£0.118m in 2013/14). They are amortised over 3 to 5 years and the total amortisation charged in 2014/15 was £0.052m (£0.101m in 2013/14).

There are no internally generated assets.

The carrying amount of intangible assets is amortised on a straight-line basis. The amortisation of £0.052m charged to revenue in 2014/15 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.

2013/14 £'000		2014/15 £'000
819	Balance at start of year:	
	Gross carrying amounts	937
-682	Accumulated amortisation	-783
137	Net carrying amount at start of year	154
	Movements:	
118	Purchases	493
	Other disposals	
-101	Amortisation for the period	-52
	Transfer out of category	
154	Net carrying amount at end of year	595
	Comprising:	
937	Gross carrying amounts	1,430
-783	Accumulated amortisation	-835
154		595

16 FINANCIAL INSTRUMENTS

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

	Long Term		Current	
	31 March 2015 £'000	31 March 2014 £'000	31 March 2015 £'000	31 March 2014 £'000
<i>Financial Liabilities Classified as Amortised Cost:</i>				
Borrowings	110,386	110,382	503	7,516
Bank Current Accounts (Overdrawn)	0	0	664	1,015
Operational Creditors	0	0	3,032	1,961
Provisions	0	0	1,237	1,102
Total Financial Liabilities Classified as Amortised Cost	110,386	110,382	5,436	11,594
<i>Financial Assets Classified as Loans and Receivables:</i>				
Investments	0	30	1,006	1,439
Short-term Deposits with Money Market Funds	0	0	10,269	1,419
Operational Debtors	0	0	6,252	4,199
Total Financial Assets Classified as Loans and Receivables	0	30	17,527	7,057

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

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 have 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 1 such loan 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

A loss of £0.131m was charged to the Comprehensive Income and Expenditure Statement during 2014/15. This amount relates to the principal elements only on the writing out of the accounts of Glitnir (£0.105m) and Kaupthing Singer and Friedlander (£0.026m) investments. A further Icelandic Bank breakdown is supplied on page 96.

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 2015 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:

	2014/15			2013/14		
	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	4,495	0	4,495	4,564	0	4,564
Finance lease Interest	0	0	0	0	0	0
Impairment losses	0	131	131	0	0	0
Fee expense	0	0	0	0	0	0
Total expense in Surplus(-) or Deficit on the Provision of Services	4,495	131	4,626	4,564	0	4,564
Interest income	0	-213	-213	0	-46	-46
Interest income accrued on impaired financial assets	0	0	0	0	-74	-74
Impairment gain	0	0	0	0	-85	-85
Total income in Surplus(-) or Deficit on the Provision of Services	0	-213	-213	0	-205	-205
Gains on revaluation	0	-36	-36	0	0	0
Losses on revaluation	0	0	0	0	36	36
Total surplus(-)/deficit arising on revaluation of financial assets in Other CIES	0	-36	-36	0	36	36
Net gain(-)/loss for the year	4,495	-118	4,377	4,564	-169	4,395

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

Of the net loss, £4.413m (£4.359m in 2013/14) is due to borrowing interest, net of investment interest income and the decreased recoverable amount showed as an impairment loss in relation to Icelandic Banks. The gain on revaluation of £0.036m (loss of £0.036m in 2013/14) 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:

	2014/15		2013/14	
	Carrying amount £'000	Fair value £'000	Carrying amount £'000	Fair value £'000
PWLB debt	77,863	101,674	77,863	80,682
Non-PWLB debt	32,523	42,659	32,519	33,463
Short term borrowing	503	503	7,516	7,516
Short term operational creditors	3,032	3,032	1,961	1,961
Short term provisions	1,237	1,237	1,102	1,102
Bank Current Accounts	664	664	1,015	1,015
Total Liabilities	115,822	149,769	121,976	125,739

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	10,269	10,269	1,419	1,419
Short term investments	1,006	1,006	1,439	1,439
Long term investments	0	0	30	30
Short term operational debtors	6,252	6,252	4,199	4,199
Total Assets	17,527	17,527	7,087	7,087

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 £0.048m. (£0.051m in 2013/14).

	Consumable Stores		Maintenance Materials		Total	
	2014/15 £'000	2013/14 £'000	2014/15 £'000	2013/14 £'000	2014/15 £'000	2013/14 £'000
Balance outstanding at start of year	34	40	17	22	51	62
Purchases	472	525	18	14	490	539
Recognised as an expense in year	-477	-520	-16	-16	-493	-536
Written off balances	0	-11	0	-3	0	-14
Balance outstanding at year end	29	34	19	17	48	51

18 ANALYSIS OF DEBTORS

2013/14 £'000		2014/15 £'000
3,807	Central Government Bodies	2,540
1,741	Other Local Authorities	876
5,426	Other Entities and Individuals	7,594
10,974	Short Term Debtors	11,010
3,669	Other Entities and Individuals	1,051
3,669	Long Term Debtors	1,051
14,643	Total	12,061

19 CASH AND CASH EQUIVALENTS/BANK OVERDRAFT

2013/14 £'000		2014/15 £'000
1	Cash held by the Council	1
302	Cash in transit	515
-1,015	Bank current accounts	-664
1,419	Short-term deposits with Money Market Funds	10,269
707	Current Assets	10,121
0	Cash in transit	0
0	Bank current accounts (overdraft)	0
0	Current Liabilities	0
707	Total Cash and Cash Equivalents	10,121

20 ASSETS HELD FOR SALE

2013/14 £'000		2014/15 £'000
7,783	Balance outstanding at start of year	1,350
1,200	Assets newly classified as held for sale: Property, Plant and Equipment	1,651
-7,633	Assets sold	-1,340
1,350	Balance outstanding at year-end	1,661

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:

West Retford Hall

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 2015/16.

21 ANALYSIS OF CREDITORS

2013/14 £'000		2014/15 £'000
323	Central Government Bodies	6,109
647	Other Local Authorities	3,915
0	NHS Bodies	
2,736	Other Entities and Individuals	3,749
3,706	Short Term Creditors	13,773
1,086	Other Entities and Individuals	1,050
1,086	Long Term Creditors	1,050
4,792	Total	14,823

22 PROVISIONS

	Insurance Compensation Claims £'000	Workshop Leisure Centre - Gas £'000	Local Land Charges £'000	Business Rates £'000	Other Provisions £'000	Total £'000
Short Term Balance at 1 April 2014	260	247	126	370	99	1,102
Additional provisions made in year	166	0	0	731	67	964
Amounts used in year	-90	0	-59	0	-23	-172
Transfer from Long Term	0	0	0	-370	0	-370
Unused amounts reversed in year	-183	-81	0	0	-23	-287
Short Term Balance at 31 March 2015	153	166	67	731	120	1,237
Long Term Balance at 1 April 2014	0	0	0	528	0	528
Additional provisions made in year	0	0	0	555	0	555
Amounts used in year	0	0	0	-479	0	-479
Transfer to Short Term	0	0	0	370	0	370
Unused amounts reserved in year	0	0	0	0	0	0
Long Term Balance at 31 March 2015	0	0	0	974	0	974

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 £25,000 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 £0.039m plus additional costs of approximately £0.028m in associated interest, solicitors fees and litigation fees. 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 £4.261m, but the difference is to be met by the Central Government (50%), Notts County Council (9%) and Fire Authority (1%). The Council has split this into short and long term provisions based on information provided by Analyse Local.

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

2013/14 £'000		2014/15 £'000
23,427	Revaluation Reserve	11,366
105,350	Capital Adjustment Account	118,095
-492	Financial Instruments Adjustment Account	-503
-44,932	Pensions Reserve	-56,992
4,354	Deferred Capital Receipts Reserve	4,281
-2,910	Collection Fund Adjustment Account	2,547
-10	Accumulated Absences Account	-67
84,787	Total Unusable Reserves	78,727

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.

2013/14 £'000		2014/15 £'000
26,762	Balance at 1 April	23,427
728	Upward revaluations of assets	507
-402	Downward revaluation of assets and impairment losses not charged to the Surplus/Deficit on the Provision of Services	-12,182
326	Surplus or deficit(-) on revaluation of non-current assets not posted to the Surplus or Deficit on the Provision of Services	-11,675
-115	Difference between fair value depreciation and historical cost depreciation	-325
-3,546	Accumulated gains on assets sold or scrapped	-61
-3,661	Amount written off to the Capital Adjustment Account	-386
23,427	Balance at 31 March	11,366

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.

2013/14 £'000		2014/15 £'000
99,262	Balance at 1 April	105,350
	Reversal of items relating to capital expenditure debited or credited to the CIES	
-6,668	Charges for depreciation and impairment of non-current assets	-6,820
2,724	Revaluation losses on Property, Plant and Equipment	6,557
-101	Amortisation of intangible assets	-53
234	Donated Assets	0
-1,227	Revenue expenditure funded from capital under statute	-939
-8,862	Amounts of non-current assets written off on disposal or sale as part of the gain(-)/loss on disposal to the CIES	-1,867
4	Costs of disposal deferred	0
-13,896		-3,122
3,546	Adjusting amounts written out of the Revaluation Reserve	61
-10,350	Net written out amount of the cost of non-current assets consumed in the year	-3,061
	Capital financing applied in the year:	
3,500	Use of Capital Receipts Reserve to finance new capital expenditure	2,249
8,931	Use of Major Repairs Reserve to finance new capital expenditure	7,067
1,060	Capital grants and contributions credited to the CIES that have been applied to capital financing	1,603
18	Applications of grants to capital financing from the Capital Grant Unapplied Account	71
2,814	Statutory provision for the financing of capital investment charged against the General Fund and HRA balances	4,455
0	Capital expenditure charged against the General Fund and HRA balances	36
16,323		15,481
115	Adjustment between Capital Adjustment Account and Revaluation Reserve for depreciation that relates to the revaluation balance rather than historic cost	325
105,350	Balance at 31 March	118,095

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.

2013/14 £'000		2014/15 £'000
-554	Balance at 1 April	-492
62	Differences between statutory debits/credits and amounts recognised as income and expenditure in relation to financial instruments	-11
-492	Balance at 31 March	-503

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 2013/14 £'000		2014/15 £'000
-42,517	Balance at 1 April	-44,932
-1,422	Remeasurements of the net defined benefit liability/(asset)	-11,350
-4,185	Reversal of items relating to retirement benefits debited or credited to the Surplus or Deficit on the Provision of Services in the CIES	-4,067
3,192	Employers pensions contributions and direct payments to pensioners payable in the year	3,357
-44,932	Balance at 31 March	-56,992

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.

2013/14 £'000		2014/15 £'000
133	Balance at 1 April	4,354
4,265	Transfer of deferred capital receipt repayable credited as part of the gain/loss(-) on disposal to the CIES	-32
-44	Transfer to Capital Receipts Reserve	-41
4,354	Balance at 31 March	4,281

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.

2013/14 £'000		2014/15 £'000
31	Balance at 1 April	-2,910
-2,941	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	5,457
-2,910	Balance at 31 March	2,547

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.

2013/14 £'000		2014/15 £'000
-11	Balance at 1 April	-10
10	Settlement or cancellation of accrual made at the end of the preceding year	10
-9	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	-67
-10	Balance at 31 March	-67

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

2013/14 £'000		2014/15 £'000
5,667	Net Surplus or Deficit(-) on the Provision of Services	12,326
	<u>Adjust net surplus or deficit on the provision of services for non-cash movements</u>	
6,668	Depreciation of Property, Plant and Equipment	6,820
-2,724	Impairment and downward valuations	-6,543
101	Amortisation of Intangible Assets	53
0	Material impairment losses on Investments debited to surplus or deficit on the provision of services in year	145
11	Adjustments for effective interest rates	11
-987	Increase/Decrease(-) in interest Creditors	-13
482	Increase/Decrease(-) in Creditors	1,628
-15	Increase(-)/Decrease in interest and dividend Debtors	8
-1,222	Increase(-)/Decrease in Debtors	1,076
11	Increase(-)/Decrease in Inventories	3
993	Pension Liability	710
982	Increase/Decrease(-) in Provisions	581
8,862	Carrying amount of non-current assets and non-current Assets Held For Sale, sold or derecognised	1,867
13,162	<u>Adjust for items included in the net surplus or deficit on the provision of services that are investing or financing activities</u>	6,346
-4,639	Capital Grants credited to surplus or deficit on the Provision of Services	-1,861
-6,515	Proceeds from the sale of Property Plant and Equipment, Investment Property and Intangible Assets	-1,212
-11,154		-3,073
7,675	Net Cash Flows from Operating Activities	15,599

B CASH FLOW STATEMENT - OPERATING ACTIVITIES

The cash flows for operating activities include the following items:

2013/14 £'000		2014/15 £'000
129	Interest received	221
-5,532	Interest paid	-4,315
-5,403		-4,094

C CASH FLOW STATEMENT - INVESTING ACTIVITIES

2013/14 £'000		2014/15 £'000
-12,655	Purchase of Property, Plant and Equipment, Investment Property and Intangible Assets	-12,250
-1,000	Purchase of short-term and long-term Investments	-8,000
-1,000	Other payments for investing activities	0
2,296	Proceeds from the sale of Property, Plant and Equipment, Investment Property and Intangible Assets	1,253
2,097	Proceeds from short-term and long-term Investments	8,325
4,640	Other receipts from investing activities	1,863
-5,622	Net cash flows from investing activities	-8,809

D FINANCING ACTIVITIES

2013/14 £'000		2014/15 £'000
3,507	Cash receipts for short and long-term Borrowing	1,003
820	Other receipts from financing activities	0
0	Cash payments for the reduction of the outstanding liabilities relating to Finance Leases	0
-5,074	Repayments of short and long-term Borrowing	-8,011
0	Other payments for financing activities	9,632
-747	Net cash flows from financing activities	2,624

26 ACQUIRED AND DISCONTINUED OPERATIONS

There were no acquired or discontinued operations during the year.

27 COMMITTEE ANALYSIS 2014/15

2014/15	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	Total
Committee Income & Expenditure	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Fees, charges & other service income	-802	-324	-3,526	0	-5,318	-3,264	-3,296	-2,099	0	-728	-875	-981	-27,173	-48,386
Government grants	0	-437	-2	0	-72	0	-29,519	-7	0	0	0	0	0	-30,037
Total Income	-802	-761	-3,528	0	-5,390	-3,264	-32,815	-2,106	0	-728	-875	-981	-27,173	-78,423
Employee expenses	813	313	3,890	0	1,431	2,143	1,029	1,474	0	599	0	716	64	12,472
Other service expenses	1,156	860	5,027	0	2,827	1,478	30,883	369	0	316	9,724	281	10,716	63,637
Support service recharges	266	205	1,854	0	1,288	1,092	1,885	938	0	450	0	194	353	8,525
Total Expenditure	2,235	1,378	10,771	0	5,546	4,713	33,797	2,781	0	1,365	9,724	1,191	11,133	84,634
Net Expenditure	1,433	617	7,243	0	156	1,449	982	675	0	637	8,849	210	-16,040	6,211

COMMITTEE ANALYSIS 2013/14

Restated 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	Total
Committee Income & Expenditure	£'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	-55,867
Government grants	0	-511	-57	0	-82	0	-30,218	-21	0	0	0	0	0	-30,889
Total Income	-712	-933	-3,649	-618	-5,259	-2,692	-33,747	-1,751	-506	-797	-7,792	-1,083	-27,217	-86,756
Employee expenses	915	330	3,471	383	1,466	1,373	1,141	1,365	640	607	0	800	46	12,537
Other service expenses	1,191	862	3,147	2,807	3,037	865	31,515	568	534	244	10,326	284	14,925	70,305
Support service recharges	234	242	1,365	282	1,176	635	2,101	915	500	496	0	226	395	8,567
Total Expenditure	2,340	1,434	7,983	3,472	5,679	2,873	34,757	2,848	1,674	1,347	10,326	1,310	15,366	91,409
Net Expenditure	1,628	501	4,334	2,854	420	181	1,010	1,097	1,168	550	2,534	227	-11,851	4,653

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.

2013/14 £'000		2014/15 £'000
4,653	Net expenditure in the Committee Analysis	6,211
0	Net expenditure of services and support services not included in the Analysis	0
1,905	Amounts in the Comprehensive Income and Expenditure Statement not reported to management in the Analysis	-4,063
-4,168	Amounts included in the Analysis not included in the Comprehensive Income and Expenditure Statement	-4,407
3,346	Cost of Services in the Comprehensive Income and Expenditure Statement	-2,259

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.

2014/15	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	-48,386	960	1,775	10,823	-34,828	-2,966	-37,794
Interest & investment income	0	0	0	0	0	-237	-237
Proceeds from sale of Non-Current Assets	0	0	0	0	0	-1,062	-1,062
Income from Non Domestic Rates	0	0	0	0	0	-23,262	-23,262
Income from council tax	0	0	0	0	0	-5,966	-5,966
Government grants and contributions	-30,037	0	0	0	-30,037	-5,749	-35,786
Total Income	-78,423	960	1,775	10,823	-64,865	-39,242	-104,107
Employee expenses	12,472	0	-926	-5,287	6,259	926	7,185
Other service expenses	56,764	-5,023	-4,942	-2,908	43,891	503	44,394
Support Service recharges	8,525	0	-314	-2,628	5,583	314	5,897
Depreciation, amortisation and impairment	6,873	0	0	0	6,873	0	6,873
Interest Payments	0	0	0	0	0	4,614	4,614
Non Domestic Rates	0	0	0	0	0	17,173	17,173
Tariff & Deficit	0	0	0	0	0	1,359	1,359
Precepts & Levies	0	0	0	0	0	450	450
Payments to Housing Capital Receipts Pool	0	0	0	0	0	1,931	1,931
Net Book Value of Non-current Asset Disposals	0	0	0	0	0	1,905	1,905
Interest Cost of Pensions	0	0	0	0	0	1,905	1,905
Total expenditure	84,634	-5,023	-6,182	-10,823	62,606	29,175	91,781
Surplus(-)/deficit on the provision of services	6,211	-4,063	-4,407	0	-2,259	-10,067	-12,326

Restated 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
Total Income	-101,122	20,066	2,748	10,978	-67,330	-45,673	-113,003
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 Tariff & Deficit	0	0	0	0	0	17,223	17,223
Precepts & Levies	0	0	0	0	0	1,242	1,242
Payments to Housing Capital Receipts Pool	0	0	0	0	0	450	450
Net Book Value of Non-current Asset Disposals	0	0	0	0	0	10,270	10,270
Interest Cost of Pensions	0	0	0	0	0	2,133	2,133
Total expenditure	106,731	-18,161	-6,916	-10,978	70,676	37,616	108,292
Surplus(-)/deficit on the provision of services	5,609	1,905	-4,168	0	3,346	-8,057	-4,711

28 TRADING OPERATIONS

The Council has established 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 2014/15 are as follows:

2013/14				2014/15		
Gross Expenditure £'000	Gross Income £'000	Net Expenditure £'000	Trading Operations	Gross Expenditure £'000	Gross Income £'000	Net Expenditure £'000
544	-335	209	Markets	525	-330	195
298	-208	90	Industrial Estates	195	-89	106
133	-97	36	Trade Refuse	157	-137	20
40	-1	39	Pest Control	0	0	0
1,015	-641	374	Net Surplus(-)/Deficit applicable to Net Cost of Service	877	-556	321
1,118	-1,118	0	Grounds Maintenance	1,104	-1,067	37
159	-151	8	Street Cleaning	156	-150	6
193	-119	74	Printing	153	-100	53
100	-79	21	Refuse Collection	106	-81	25
66	-74	-8	Strategic Cleaning	53	-90	-37
116	-120	-4	Procurement	171	-157	14
1,752	-1,661	91	Net surplus(-)/deficit credited to Financing and Investment Income and Expenditure	1,743	-1,645	98

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).

29 AGENCY SERVICES

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

30 POOLED BUDGETS

There are no pooled budgets.

31 EXPENDITURE ON MEMBERS' ALLOWANCES

2013/14 £'000		2014/15 £'000
222	Basic Allowance	221
91	Special Responsibility	91
13	Travelling Allowance	9
7	Subsistence Allowance	7
333	Total	328

32 OFFICERS' REMUNERATION

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

2014/15 Post holder information

Post title	Notes	Salary (including fees & allowances) £	Compensation for loss of office £	Benefits in kind (car allowance) £	2014/15 Total remuneration excluding pension contributions £	Pension contri- butions £	2014/15 Total remuneration including pension contributions £
CHIEF EXECUTIVE	2	103,576	0	0	103,576	13,485	117,061
DIRECTOR OF CORPORATE SERVICES		86,224	0	0	86,224	10,968	97,192
DIRECTOR OF REGENERATION AND NEIGHBOURHOODS	1 & 3	77,618	0	0	77,618	9,842	87,460
HEAD OF REGENERATION	3	66,148	0	0	66,148	8,581	74,729
HEAD OF FINANCE & PROPERTY		70,422	0	0	70,422	9,245	79,667
HEAD OF HUMAN RESOURCES		63,763	0	0	63,763	8,404	72,167
HEAD OF NEIGHBOURHOODS		54,190	0	0	54,190	7,043	61,233
HEAD OF CORPORATE SERVICES	4	55,348	0	0	55,348	7,286	62,634
PARKS & OPEN SPACES MANAGER		48,737	0	0	48,737	3,933	52,670
SENIOR REVENUES & BENEFITS MANAGER		46,705	0	0	46,705	6,303	53,008
CORPORATE DEVELOPMENT & POLICY MANAGER		67,211	0	0	67,211	5,732	72,943
PLANNER		50,246	0	0	50,246	5,924	56,170
SENIOR SOLICITOR		45,922	0	0	45,922	6,152	52,074
		836,110	0	0	836,110	102,899	939,009

Note 1 - The Director of Regeneration and Neighbourhoods left the Council at the end of February 2015.

Note 2 - In addition to the basic salary, the Chief Executive received additional amounts relating to the role of Returning Officer: £307 relating to the Misterton By-Election, £4,529 relating to the European Elections, £3,803 relating to the District Elections and £322 relating to Parish Elections.

Note 3 - The Head of Regeneration includes interim cover for the Director of Regeneration and Neighbourhoods from March 2015.

Note 4 - In addition to basic salary, the Head of Corporate Services received £1,398 relating to the role of Deputy Returning Officer.

2013/14 Post holder information

Post title	Notes	Salary (including fees & allowances) £	Compensation for loss of office £	Benefits in kind (car allowance) £	2013/14 Total remuneration excluding pension contributions £	Pension contri- butions £	2013/14 Total remuneration including pension contributions £
CHIEF EXECUTIVE	1 & 3	106,229	0	0	106,229	13,666	119,895
DIRECTOR OF RESOURCES	1 & 2	0	0	0	0	0	0
DIRECTOR OF CORPORATE SERVICES		85,756	0	0	85,756	10,833	96,589
DIRECTOR OF COMMUNITY SERVICES		86,026	0	0	86,026	10,833	96,859
HEAD OF FINANCE & PROPERTY		68,218	0	0	68,218	8,863	77,081
HEAD OF REVENUES & CUSTOMER SERVICES	4	33,145	32,669	1,871	67,685	102,101	169,786
HEAD OF COMMUNITY PROSPERITY		64,610	0	0	64,610	8,300	72,910
HEAD OF HUMAN RESOURCES		63,820	0	0	63,820	8,300	72,121
HEAD OF SUPPORT SERVICES		48,518	0	0	48,518	6,225	54,743
		556,323	32,669	1,871	590,863	169,122	759,985

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 Nottinghamshire County Council elections.

Note 4 - The Head of Revenues and Customer Services left the Council on 11 October 2013.

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	2013/14	2014/15
	Number of employees	Number of employees
£50,000-£54,999	0	2
£55,000-£59,999	0	1
£60,000-£64,999	2	1
£65,000-£69,999	2	2
£70,000-£74,999	0	1
£75,000-£79,999	0	1
£80,000-£84,999	0	0
£85,000-£89,999	2	1
£90,000-£94,999	0	0
£95,000-£99,999	0	0
£100,000-£104,999	0	1
£105,000-£109,999	1	0
£110,000-£114,999	0	0
£115,000-£119,999	0	0
Total	7	10

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	
	2013/14	2014/15	2013/14	2014/15	2013/14	2014/15	2013/14	2014/15
	£1-£20,000	2	3	11	5	13	8	£104,595
£20,001 - £40,000	0	0	1	2	1	2	£36,215	£41,661
£40,001 - £60,000	0	0	0	0	0	0	£0	£0
£60,001 - £80,000	0	0	0	2	0	2	£0	£137,470
£80,001 - £100,000	0	0	0	0	0	0	£0	£0
£100,001 - £150,000	0	0	1	0	1	0	£130,375	£0
Total	2	3	13	9	15	12	£271,185	£249,831

33 EXTERNAL AUDIT COSTS

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

2013/14 £'000		2014/15 £'000
77	Fees payable with regard to external audit services carried out by the appointed auditor for the year	76
0	Fees payable in respect Statutory Inspection	0
8	Fees payable for the certification of grant claims and returns for the year	6
0	Fees payable in respect of other services provided during the year	30
85	Total	112

34 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 £0.128m and capital £0.259m (revenue £0.085m capital £0.075m in 2013/14).

2013/14 £'000		2014/15 £'000
	Credited to Taxation and Non Specific Grant Income:	
-440	Business Rates - Small Business Rate Relief	-703
-1,278	Business Rates - Safety Net	0
0	Business Rates - Tarriff Multiplier adjustment Grant	-159
-5,354	Revenue Support Grant	-4,094
-921	New Homes Bonus Grant	-1,258
-56	Council Tax Freeze Grant	0
0	Housing Benefits And Council Tax Subsidy Grant	-148
-94	Other Revenue Grants/Contributions	-162
-234	Donated Assets	0
-96	New Burdens - Welfare Reform	-86
-35	Energy Saving Trust – A1 Housing Air Source Heating Grant	-157
-42	Other capital grants and contributions	-171
-95	HRA capital grants	-29
-211	Developers capital contributions (Section 106)	-410
-3,500	Decent Homes Backlog Grant	0
0	HCA Housing Capital Grant	-347
-61	NCC Contributions to Bridge Street works and Langold bandstand	0
-5	Community Infrastructure Levy	-206
-12,422	Total	-7,930

2013/14 £'000		2014/15 £'000
	Credited to Services, Revenue Related:	
-30,051	Housing Benefits and Council Tax Subsidy Grant	-29,344
-167	NNDR Cost Of Collection Grant	-166
-42	LEADER Grant Scheme	-33
-242	Other revenue grants and contributions	-323
-533	Supporting People Grant	-265
-13	Developers contributions (Section 106)	0
-51	Academy School Contributions	-51
-316	Barnsley Premier Leisure Contributions	-316
	Capital Related:	
-416	Disabled Facilities Grant	-430
-335	Other Capital Grants and Contributions	-88
-20	Academy School Contributions	-20
-32,186	Total	-31,036

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.

2013/14 £'000		2014/15 £'000
	Revenue grants receipts in advance:	
-18	Tackling Alcohol	-27
-18	Total revenue grants receipts in advance	-27
	Developer contributions receipts in advance:	
-347	Short-Term Creditor	-254
-1,086	Long-Term Creditor	-1,051
-1,451	Total receipts in advance	-1,332

35 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 Note 27 on reporting amounts for resources allocation decisions. Grant receipts outstanding at 31 March 2015 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 2014/15 is shown in Note 31. 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
B.C.V.S	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	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				
R.T.P.I	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

Stuart Goodwin charities	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				
Sure Start Partnership Board	Cllr G Freeman	Board Member	0	-1	0	0
Workshop charities	Cllr W Barker	Board Member	0	0	0	0
	Cllr DR Pressley	Board Member				
The Crossing SEC	Cllr A Rhodes	Board Member	0	0	0	0
	Cllr GJ Wynne	Board Member				
The Crossing Café Company	Cllr GJ Wynne	Board Member	0	0	0	0
Creswell Groundwork Trust	Cllr GJ Wynne	Board Member	0	0	0	0
Nottinghamshire County Council	Cllr A Rhodes	Leader of the Council	859	-176	-227	0
King Edward Trust	Cllr MW Quigley (Spouse)	Chair of Trustees	0	0	0	0
F.O.Y.P Bassetlaw	Cllr R Leigh	Board Member	3	0	0	0
Bassetlaw Play forum	Cllr G Freeman	Board Member	0	-11	0	0
	Cllr JA Leigh	Board Member				
Bassetlaw Citizens Advice Bureau	Cllr D Potts	Trustee	53	-5	0	0
	Cllr J Potts	Board Member				
North Notts College	Cllr DR Pressley	Governor	2	-11	0	0
Bassetlaw Food Bank	Cllr S May	Trustee	1	0	0	0
Workshop Civic Society	Cllr W Barker	Chairman	0	0	0	0
Bassetlaw Hospice of the Good Shepherd	Cllr MW Quigley (Spouse)	Chair of Trustees	1	-1	0	0
Haggonfields Primary School	Cllr DR Pressley	Governor	0	-2	0	0
Notts CC Health Scrutiny committee	Cllr GJ Wynne	Board Member	0	0	0	0
Workshop Charter Trustees	Cllr W Barker	Board Member	0	0	0	0
	Cllr DR Pressley	Board Member				
Carlton in Lindrick Centre & Village Hall	Cllr BA Bowles	Trustee	0	-2	0	0
St Augustines Junior School	Cllr BA Bowles	Governor	0	-1	0	0
Pilgrim Fathers UK origins Association	Cllr BA Bowles	Founder & Vice Chairman	0	0	0	0
Nottinghamshire health Watch	Cllr V Cookson	Board Member	0	0	0	0
Fairtrade for Bassetlaw	Cllr V Cookson	Board Member	0	0	0	0
Misterton Swimming Pool Advisory Committee	Cllr J Leigh	Board Member	0	0	0	0
	Cllr H Brand	Board Member				
Mattersey Primary School	Cllr MT Gray	Board Member	0	-1	0	0
Friends of St Swithuns	Cllr W Quigley	Board Member	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 A Battey, Cllr H Brand, Cllr A Chambers, Cllr J Potts and Cllr A Simpson.

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 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 40.

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 £0.906m as disclosed in Note 9
Grants £0.082m not disclosed elsewhere

D Internal Drainage Boards - £0.453m as disclosed in Note 9

36 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.

2013/14		2014/15
£'000		£'000
125,775	Opening Capital Financing Requirement	124,109
	Capital Investment:	
12,920	Property, Plant and Equipment	11,987
118	Intangible Assets	493
1,227	Revenue Expenditure Funded from Capital Under Statute	939
-101	Downward revaluation of HRA Non-Dwelling Assets, which has no revaluation reserve	-14
	Sources of Finance	
-3,500	Capital Receipts	-2,249
-9,509	Government Grants and Contributions	-8,741
-2,821	Sums set aside from Revenue (inc MRP)	-4,574
124,109	Closing Capital Financing Requirements	121,950
	Explanation of Movements in Year	
1,256	Increase in underlying need to borrow (unsupported by Government financial assistance)	2,393
-2,922	Other Movements (MRP including finance leases)	-4,552
-1,666	Increase in Capital Financing Requirement	-2,159
	Split on Capital Financing Requirement between General Fund and Housing Revenue Account	
26,596	General Fund	26,807
97,513	Housing Revenue Account	95,143
124,109		121,950

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

The Council has previously acquired a number of vehicles under finance leases. As at 31 March 2015 there were no finance leases (£0m in 2013/14).

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:

2013/14 £'000		2014/15 £'000
	Category of payments	
11	Vehicles/Extension of Contract Terms	7
0	Employer's leased cars	0
7	Computer and other equipment	0
18	Total outstanding commitment	7
	Summarised as:	
13	Lease expiring within one year	7
5	Lease expiring between two to five years	0
0	Later than five years	0
18		7

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

2013/14 £'000		2014/15 £'000
	Category of payments	
18	Operating leases	7
0	Contract hire	0
18	Total payments	7

BASSETLAW DISTRICT COUNCIL AS A LESSORFinance Leases

There are no leases classified as finance leases.

Operating Leases

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

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

The Council generated income of £0.515m (£0.477m in 2013/14) from such leases. Included in the 'not later than one year' category are a number of annually rolling leases where income totals £0.097m. The future minimum lease payments receivable in future years are:

2013/14 £'000		2014/15 £'000
749	Not later than one year	839
311	Later than one year and not later than five years	387
1,016	Later than five years	1,154
2,076	Total future minimum lease payments receivable	2,380

38 IMPAIRMENT LOSSES

There have been no impairment losses during this financial year 2014/15.

39 TERMINATION BENEFITS

The Council terminated the contracts of a number of employees in 2014/15, incurring liabilities of £0.250m (£0.271m in 2013/14) see Note 32 for the number of exit packages and total costs per band. Of this total, £0m (£0.033m in 2013/14) was payable as compensation for loss of office and the total of enhanced pension benefits for the year were £0.250m (£0.125m in 2013/14) as disclosed in note 32.

40 DEFINED BENEFIT PENSION SCHEME

Participation in Pension Scheme:

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

The Council participates in the Local Government Pension Scheme, administered locally by Nottinghamshire County Council - this is a funded defined benefit statutory scheme and currently provides benefits based on career average revalued salary and length of service on retirement (2013/14 was a final salary scheme). This means 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).

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.

2013/14 £'000	LOCAL GOVERNMENT PENSION SCHEME	2014/15 £'000
	<i>Comprehensive Income and Expenditure Statement</i>	
	Cost of Services:	
2,207	Current Service Cost	1,938
213	Past Service Cost	213
4	Administration Expenses	11
	Financing and Investment Income and Expenditure	
1,761	Net Interest Expense	1,905
4,185	Total Post-employment Benefits charged to the Surplus or Deficit(-) on the Provision of Services	4,067
	Other Post-employment Benefits charged to the Comprehensive Income and Expenditure Statement	
	Remeasurement of the net defined benefit liability comprising:	
-1,094	Return on plan assets (excluding the amount included in the net interest expense)	-4,069
5,676	Actuarial Gains(-)/Losses arising on changes in demographic assumptions	0
130	Actuarial Gains(-)/Losses arising on changes in financial assumptions	15,419
4,611	Other Actuarial Gains(-)Losses on assets	0
-7,901	Experience Gains(-)/Losses on defined benefit obligation	0
5,607	Total Post-employment Benefit Charged to the Comprehensive Income and Expenditure Statement	15,417
	Movement in Reserves Statement	
-4,185	Reversal of net charges made to the Surplus or Deficit for the Provision of Services for post-employment benefits in accordance with the Code	-4,067
	Actual amount charged against the General Fund Balance for pensions in the year:	
2,056	Employers' contributions payable to the scheme	2,187
	Actual amount charged against the HRA for pensions in the year:	
1,136	Employers' contributions payable to the scheme	1,170

Employer's contributions of £1.170m (£1.136m in 2013/14) were charged to the Housing Revenue Account Balance reducing the outstanding liability for Housing Revenue Account relating to staff transferred to A1 Housing (Bassetlaw) Ltd with the benefit of a fully funded pension scheme.

The cumulative amount of actuarial gains and losses recognised in Other Comprehensive Income and Expenditure relating to 'remeasurement of the net defined liability' line was at 31 March 2015 a loss of £20.461m and at 31 March 2014 was a loss of £9.111m.

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:

2013/14 £'000		2014/15 £'000
-101,973	Present value of the defined benefit obligation	-120,260
60,672	Fair value of plan assets	67,056
-41,301	Sub-total	-53,204
-3,600	Other movements in the liability (asset)	-3,770
-44,901	Net liability arising from the defined benefit obligation	-56,974

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

2013/14 £'000		2014/15 £'000
62,300	Opening fair value of scheme assets	60,672
2,663	Interest income	2,662
	Remeasurement Gains/Losses(-)	
1,094	The return on plan assets, excluding the amount included in the net interest expense	4,069
-4,611	Other Actuarial Gains/Losses(-)	0
3,192	Contributions from employer	3,345
477	Contributions from employees into the scheme	508
-4,439	Benefits paid	-4,189
-4	Administration expenses	-11
60,672	Closing fair value of scheme assets	67,056

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.

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

2013/14 £'000		2014/15 £'000
-104,786	Opening balance at 1 April	-105,573
-2,207	Current service cost	-1,938
-4,424	Interest cost	-4,567
-477	Contribution by scheme participants	-508
	Remeasurement Gains/Losses(-)	
-5,675	Actuarial Gains/Losses(-) arising from changes in demographic assumptions	0
-130	Actuarial Gains/Losses(-) arising from changes in financial assumptions	-15,419
7,900	Experience Gains/Losses(-) on defined benefit obligation	0
-213	Gains/Losses(-) on curtailments	-213
4,195	Benefits paid	3,953
244	Unfunded pension payments	236
-105,573	Closing balance at 31 March	-124,029

The Council's share of the 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 £56.992m (£44.932m in 2013/14), the difference being actual amounts paid to the Pension Fund by the employer.

Assets and Liabilities in Relation to Retirement Benefits

2013/14 £'000		2014/15 £'000
60,672	Estimated share of assets in the County Council Fund	67,056
-105,573	Estimated share of liabilities in the County Council Fund	-124,029
-44,901	Net asset/liability (-) based on Actuary's report	-56,973
-31	Opening balance adjustments of actual amounts paid	-31
0	In year adjustment for actual amounts paid	12
-44,932	Adjustment for actual amounts paid	-56,992

The return on the Fund (on a bid value to bid value basis) for the year to 31 March 2015 is estimated to be 11% (31 March 2014 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:

2013/14 £'000		2014/15 £'000
1,820	Cash and cash equivalents	3,261
	Equity instruments:	
	By Geography:	
20,183	UK Investments	21,893
19,772	Overseas Investments	24,101
1,235	Private Equity Unspecified	1,209
41,190	Sub-total equity investments from active markets	47,203
3,100	Investments not from quoted active markets	68
44,290	Sub-total Equity	47,271
	Gilts:	
	By Geography:	
2,912	UK Fixed Interest	2,095
728	UK Inflation-Linked	0
1,214	Overseas Fixed Interest	0
4,854	Sub-total Gilts	2,095
	Other Bonds:	
	By Geography:	
1,790	UK Corporates	4,530
273	Overseas Corporates	203
971	Inflation-Linked	1,870
3,034	Sub-total Other Bonds	6,603
6,674	Property:	7,826
60,672	Total Assets	67,056

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 £124.029m (£105.573m in 2013/14) has a substantial impact on the net worth of the Council as recorded in the Balance Sheet, resulting in a negative overall balance of £56.992m (£44.932m in 2013/14).

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:

2013/14 %	Long Term Expected Rate of Return on Assets in the Scheme	2014/15 %
73%	Equity Investments	70%
8%	Gilts	3%
5%	Other Bonds	7%
11%	Property	12%
3%	Cash	5%
n/a	Inflation-linked pooled fund (2013/14 included in Equities)	3%
Years	Mortality Assumptions	Years
	Longevity at 65 for current pensioners:	
22.00	Male	22.10
25.10	Female	25.20
	Longevity at 65 for future pensioners:	
24.10	Male	24.20
27.40	Female	27.60
%	Financial Assumptions	%
3.50	Rate of inflation	3.10
4.50	Rate of increase in salaries	4.10
2.70	Rate of increase in pensions	2.30
4.40	Rate for discounting scheme liabilities	3.20

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 came 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)	119,593	128,508
Rate of increase in salaries (increase or decrease by 0.1%)	124,330	123,731
Rate of increase in pensions (increase or decrease by 0.1%)	125,840	122,251
Rate for discounting scheme liabilities (increase or decrease by 0.1%)	121,972	126,124

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 2015. 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 2016 is £3.119m.

The weighted average duration of the defined benefit obligation for scheme members is 17 years, 2014/15 (17 years 2013/14).

Projected Pension Expense for the Year to 31 March 2016

Projection for Year to 31 March 2016	£'000
Service cost	2,405
Net Interest on the defined liability (asset)	1,773
Administration expenses	12
Total	4,190
Employer contributions	3,119

Note: These figures exclude the capitalised cost of any early retirements or augmentations which may occur after 31 March 2015.

These projections are based on the assumptions as at 31 March 2015, as described in the Barnett Waddingham Actuary report.

41 CONTINGENT LIABILITIES

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

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 2015 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.

The Council is the parent company and sole owner of A1 Housing (Bassetlaw) Ltd. In the event of the Management Agreement between the Council and A1 Housing ending, all assets and liabilities of A1 would transfer to the Council. This includes all liabilities relating to pension obligations. The Council has specifically indemnified A1 in respect of these. It is expected that any pension fund deficit will be reduced by continued additional employers contributions. The Actuarial valuation of the pension fund deficit for A1 as at 31 March 2015 was £15.994m (£11.028m as at 31 March 2014).

42 CONTINGENT ASSETS

Part of the Council's offices at Queens Building, Worksop are owned by Nottinghamshire County Council. It is expected that this ownership will be legally transferred to the Council during 2015/16 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 2015, the Council had contingent assets relating to the following VAT claims, none of which are individually material to the Council:

Nature and Value of Claim	Amount £'000
Leisure Services Fees (Fleming Claim)	405
Leisure Services Fees (Fleming Claim)	982
Total	1,387

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

43 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 programme focuses on the unpredictability of financial markets, and seeks to minimise potential adverse effects on the resources available to fund services. 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 6 March 2014 and is available on the Council website. The key issues within the Strategy were:

- The Authorised Limit for 2014/15 was set at £135.0m. This is the maximum limit of external borrowings or other long term liabilities.

- The Operational Boundary was set at £130.0m. 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.

Risk management is carried out by a central treasury team, under policies approved by the Council in the annual Treasury Management Strategy. The Council provides written principles for overall risk management, as well as written policies covering specific areas, such as interest rate risk, credit risk, and the investment of surplus cash.

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 & Poor's Credit Ratings Services. The Annual Investment Strategy also considers maximum amounts and time limits with a financial institution located in each category. The credit criteria in respect of financial assets held by the Council are detailed below:

	Fitch Long Term Rating (or Equivalent)	Money Limit	Time Limit
Banks 1 higher quality	F1+/A+	£1m	6 mths
Banks 2 - part nationalised	-	£1m	6 mths
Barclays Bank (own Bankers)	-	£1m	Overnight
DMADF	AAA	unlimited	6 mths
Local Authorities	-	£3m	6 mths
UK Government Bodies	AAA	£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 2014/15 was approved by Full Council on 6 March 2014 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 financial institutions of £1m cannot be assessed generally as the risk of any institution failing to make interest payments or repay the principal sum will be specific to each individual institution. Recent experience has shown that it is rare for such entities to be unable to meet their commitments. A risk of irrecoverability applies to all of the Council's deposits, but there was no evidence at the 31 March 2015 that this was likely to crystallise.

The Council does not generally allow credit for its customers, such that £0.462m of the £0.588m balance is past its due date for payment at 31 March 2015 (£0.465m at 31 March 2014). The current outstanding amounts owed by customers can be analysed by age as follows:

31 March 2014 £'000		31 March 2015 £'000
49	Less than three months	348
100	Three to six months	60
91	Six months to one year	54
225	More than one year	126
465	Total	588

The historic experience of default is 31.7% and the maximum exposure to default is £0.186m.

Liquidity risk

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

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

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

31 March 2014 £'000		31 March 2015 £'000
2,858	Less than 1 year	11,275
0	Between 1 and 2 years	0
0	Between 2 and 3 years	0
30	More than 3 years	0
2,888	Total	11,275

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).

Actual 31 March 2014 £'000		Approved minimum limits	Approved maximum Limits £'000	Actual 31 March 2015 £'000
13,000	Less than 1 year	0%	25% £27,341	0
4,000	Between 1 and 2 years	0%	50% £54,682	0
18,700	Between 2 and 5 years	0%	50% £54,682	18,700
9,000	Between 5 and 10 years	0%	50% £54,682	13,000
71,663	More than 10 years	0%	100% £109,363	77,663
116,363	Total			109,363

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

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

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

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

According to this assessment strategy, at 31 March 2015, if all interest rates had been 1% higher (with all other variables held constant) the financial effect would be:

	£'000
Increase in interest receivable on variable rate investments	-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
Impact on Other Comprehensive Income and Expenditure	-66
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)	21,281

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

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

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

Icelandic Bank Defaults

During the financial year the Council sold its investment in Glitnir Escrow account for £0.314m, with the remaining £0.126m being written out of the accounts. As part of the closedown process all the remaining amounts owed from the original £8.0m investments have been written out of the accounts as at 31st March 2015. Below is a table outlining the final settlement on each original investment;

Institution	Principal Investment & Interest Claimed	Total Dividends Received	Total Loss on Investment	Total % on investment received
Heritable	£2.030m	£1.909m	(£0.121m)	94.00%
Kaupthing, Singer and Friedlander	£1.041m	£0.859m	(£0.182m)	82.50%
Glitnir	£2.085m	£1.959m	(£0.126m)	94.00%
Landsbanki	£3.166m	£2.887m	(£0.279m)	91.20%

The Council has now sold its investments in Glitnir and Landsbanki. Any future dividends receivable for Kaupthing, Singer and Friedlander and Heritable will be accounted for as a contribution to the General Fund balances.

SUPPLEMENTARY STATEMENTS

HOUSING REVENUE ACCOUNT

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

	Housing Revenue Account Income and Expenditure Statement	2014/15 £'000
	Expenditure	
6,123	Repairs and maintenance	6,158
6,337	Supervision and management	6,327
143	Rents, rates, taxes and other charges	177
0	Negative HRA Subsidy payable	0
2,483	Depreciation and impairment of non-current assets	-1,687
22	REFCUS Expenditure	0
127	Debt management costs	61
131	Movement in the allowance for bad debts	97
15,366	Total Expenditure	11,133
	Income	
-25,849	Dwelling rents	-26,031
-265	Non dwelling rents	-268
-531	Charges for services and facilities	-573
-572	Contributions towards expenditure	-301
-27,217	Total Income	-27,173
-11,851	Net Cost of HRA Services as included in the Comprehensive Income and Expenditure Account	-16,040
264	HRA Services share of Corporate and Democratic Core	257
554	HRA share of other amounts included in whole authority Cost of services but not allocated to specific services	143
-11,033	Net Operations Cost of HRA Services	-15,640
	HRA share of the operating income and expenditure included in the Comprehensive Income and Expenditure Statement:	
2,401	Gain or loss(-) on sale of HRA non-current assets	832
3,876	Interest payable and similar charges	3,823
-8	Interest and Investment Income	-5
3	Pensions interest cost and expected return on pensions assets	1
-3,630	Capital grants and contributions receivable	-533
-8,391	Surplus (-) or deficit for the year on HRA services	-11,522

2013/14 £'000	Movement on the HRA Statement	2014/15 £'000
-1,466	Balance on the HRA at the end of the previous year	-1,346
-8,391	Surplus (-) or deficit for the year on the HRA Income and Expenditure Account	-11,522
8,519	Adjustments between accounting basis and funding	11,418
128	Net increase(-) or decrease before transfer to/from Earmarked Reserves	-104
-8	Transfers to/from earmarked reserves	-34
120	Net increase(-) or decrease in HRA Balances	-138
-1,346	Balance on the HRA at the end of the current year	-1,484

2013/14 £'000	Note to Statement of Movement on HRA Balance	2014/15 £'000
	<u>Reversal of Items debited or credited to the Comprehensive Income and Expenditure Statement:</u>	
-2,382	Charges for depreciation and impairment of non-current assets	1,702
130	Capital grant and contributions applied	533
-22	Revenue Expenditure Funded from Capital under Statute	0
-2,366	Gain(-)/Loss on Sale of HRA Non Current Assets	-798
	<u>Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement:</u>	
73	Amortisation of Premiums and Discounts	0
-35	Capital expenditure charged against the HRA	-34
-10	Reversal of items relating to retirement benefits debited or credited to the CIES	-1
1,136	Employers contribution payable to NCC pension fund and retirement benefits payable direct to pensioners	1,170
11,995	Transfer to Major Repairs Reserve	8,846
8,519	Net additional amount required by statute	11,418

GROUP ACCOUNTS

Introduction to the Group Accounts

The Council's Statement of Accounts includes the accounts of a company where the Council is the sole shareholder. A1 Housing (Bassetlaw) Ltd was incorporated on 16 September 2004 and commenced trading on 4 October 2004. The company's principal activity during the year was the management and maintenance of the housing stock owned by the Council, which numbered 6,867 dwellings as at 31 March 2015 (6,899 as at 31 March 2014). 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.

A1 Housing's Gross expenditure for the year to 31st March 2015 was £15.270m.

A1 Housing's Gross income for the year to 31st March 2015 was £14.337m.

A1 Housing's total usable reserves as at 31st March was £0.201m.

A1 Housing's total unusable reserves as at 31st March was -£15.994m.

The external auditors for A1 Housing (Bassetlaw) Ltd's accounts are KPMG.

NOTES TO THE HOUSING REVENUE ACCOUNT

(A) HOUSING STOCK

Total 2013/14 No		Pre 1945 No	1945- 1964 No	1965- 1974 No	1975- 2013 No	After 2013 No	Total 2014/15 No
3,000	<u>Traditional Houses and Bungalows</u>						
	1 - 2 Bedrooms	252	1,005	508	1,229	4	2,998
1,699	3+ Bedrooms	648	714	150	167	1	1,680
612	<u>Non Traditional Houses</u>						
	Houses and Bungalows	0	260	343	0	0	603
	<u>Flats</u>						
1,000	Low Rise (1-2 storeys)	20	404	232	343	0	999
588	Medium Rise (3-5 storeys)	0	27	376	184	0	587
6,899	Total	920	2,410	1,609	1,923	5	6,867

Comparative Movements in 2013/14	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	Assets Held for Sale £'000	Total £'000
At 1 April 2013	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
At 31 March 2014	206,749	6,871	2,349	1,627	20	1,667	120	219,403	949	220,352
Accumulated Depreciation & Impairment										
At 1 April 2013	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
At 31 March 2014	8,549	450	1,330	956	0	0	0	11,285	0	11,285
Net Book Value										
at 31 March 2014	198,200	6,421	1,019	671	20	1,667	120	208,118	949	209,067
at 31 March 2013	192,436	6,455	1,213	535	20	1,515	200	202,374	6,427	208,801

Movements in 2014/15	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	Intangible Assets £'000	Assets Held for Sale £'000	Total £'000
At 1 April 2014	206,749	6,871	2,349	1,627	20	1,667	120	219,403	0	949	220,352
Additions	7,178	125	22	141	0	0	1,938	9,404	142	0	9,546
Donations	0	0	0	0	0	0	0	0	0	0	0
Revaluation increases/decreases(-) recognised in the Revaluation Reserve	0	179	0	0	0	8	0	187	0	0	187
Revaluation increases/decreases(-) recognised in the Surplus/Deficit on the Provision of Services	-7,750	202	0	0	0	5	0	-7,543	0	0	-7,543
Derecognition - Disposals	0	0	0	0	0	0	0	0	0	-1,328	-1,328
Derecognition - Other	-793	0	0	0	0	0	0	-793	0	0	-793
Assets reclassified to(-)/from Held for Sale	-993	-127	0	0	0	-80	0	-1,200	0	1,200	0
Other movements in cost or valuation	-135	-130	0	0	0	320	-55	0	0	0	0
At 31 March 2015	204,256	7,120	2,371	1,768	20	1,920	2,003	219,458	142	821	220,421
Accumulated Depreciation & Impairment											
At 1 April 2014	8,549	450	1,330	956	0	0	0	11,285	0	11,285	11,285
Depreciation charge	4,546	126	231	28	0	0	0	4,931	0	0	4,931
Depreciation written out to the Revaluation Reserve	0	-62	0	0	0	0	0	-62	0	0	-62
Depreciation written out to the Surplus/Deficit on the Provision of Services	-2,160	0	0	0	0	0	0	-2,160	0	0	-2,160
Impairment losses/reversals(-) recognised in the Revaluation Reserve	0	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	0
Derecognition - Disposals	0	0	0	0	0	0	0	0	0	0	0
Derecognition - Other	-331	0	0	0	0	0	0	-331	0	0	-331
Other movements in depreciation & impairment	0	-8	0	0	0	8	0	0	0	0	0
At 31 March 2015	10,604	506	1,561	984	0	8	0	13,663	0	11,285	13,663
Net Book Value											
at 31 March 2015	193,652	6,614	810	784	20	1,912	2,003	205,795	142	-10,464	206,758
at 31 March 2014	198,200	6,421	1,019	671	20	1,667	120	208,118	0	-10,336	209,067

(B) VACANT POSSESSION VALUE

The vacant possession value (Open Market Value) of Council dwellings as at 31 March 2015 is £570.882m (31 March 2014 was £584.124m). 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.

2013/14 £'000		2014/15 £'000
949	Balance as at 1 April 2014	3,962
4,910	Depreciation on HRA Assets	4,931
0	Reversal of Non-Dwelling Depreciation	0
3,585	Revenue Contributions to MRR	3,915
3,500	Decent Homes backlog grant	0
0	Excess of Depreciation above MRA	0
-51	Repayment of HRA Debt	-3,273
-8,931	Funding of HRA expenditure	-7,067
3,962	Balance as at 31 March 2015	2,468

(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

2013/14 £'000		2014/15 £'000
	HRA Capital Expenditure Financed by :	
0	Borrowing	1,000
130	Grants and Contributions	533
1,286	Usable Capital Receipts	946
0	Revenue Contributions	0
8,931	Major Repairs Reserve	7,067
10,347	Total	9,546

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

2013/14 £'000		2014/15 £'000
5,762	Land	106
1,043	Houses	930
90	Other	0
6,895	Total	1,036

(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.

2013/14 £'000		2014/15 £'000
4,470	Depreciation on Housing Revenue Account Dwellings	4,546
440	Depreciation on Housing Revenue Account other land and property	385
4,910	Total	4,931

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.

2013/14 £'000		2014/15 £'000
-3,876	Cost of Capital Accounting Adjustment	-3,823
0	Transfer to Major Repairs Reserve	0
-3,876	Total HRA Debt Financing Costs	-3,823

(H) IMPAIRMENT CHARGES

There were no impairments in the financial year 2014/15

(I) REVENUE EXPENDITURE FUNDED FROM CAPITAL UNDER STATUTE

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

The total amount of Revenue Expenditure Funded from Capital under Statute totals £0m for 2014/15 (£0.22m in 2013/14).

(J) 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 £1.170m (£1.130m in 2013/14) 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.

(K) ARREARS

The average weekly (52 week basis) rent per dwelling was £73.26 in 2014/15 compared to £71.02 in 2013/14 with arrears totalling 2.01% of gross debit in 2014/15 compared to the 2013/14 figure of 2.54%.

2013/14 £'000		2014/15 £'000
534	Total Rent Arrears (includes amounts collectable on behalf of other agencies)	572
45	Total Court Cost Arrears	50
45	Total Non Rent Arrears	14
624	Total HRA Arrears	636

The debtor impairment allowance at the 31 March 2015 for all debts was £0.395m.

(L) 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.

(M) EXCEPTIONAL ITEMS OR PRIOR YEAR ADJUSTMENTS

There were no prior year adjustments in 2014/15.

There were no exceptional items in 2014/15.

(N) HRA EARMARKED RESERVE

A HRA Earmarked reserve was created in 2013/14 relating to an unapplied grant of £0.034m. This has been transferred back to revenue during 2014/15 leaving a balance at 31 March 2015 of £0m.

COLLECTION FUND ACCOUNT

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).

2013/14			Income/Expenditure	Note	2014/15		
Non-Domestic Rates £'000	Council Tax £'000	Total £'000			Non-Domestic Rates £'000	Council Tax £'000	Total £'000
			Income				
0	-51,010	-51,010	Council Tax Receivable		0	-52,950	-52,950
			Council Tax Annexe Discount Grant Determination 2014/15		0	-9	-9
			Transfers from General Fund				
-40,680	0	-40,680	Business Rate Receivable	A	-55,015	0	-55,015
0	0	0	Deferrals		-76	0	-76
-1608	0	-1,608	Transitional Protection Payment - Apportionment of Previous Year Deficit		-1,229	0	-1,229
			Central Government		-1,529	0	-1,529
			Bassetlaw District Council		-1,224	0	-1,224
			Nottinghamshire County Council		-275	0	-275
			Nottinghamshire Fire Authority		-30	0	-30
			Nottinghamshire Police Authority/ Police and Crime Commissioner		0	0	0
-42,288	-51,010	-93,298	Total Income		-59,378	-52,959	-112,337
			Expenditure				
			Apportionment of Previous Year Surplus				
0	0	0	Bassetlaw District Council	B	0	61	61
0	0	0	Nottinghamshire County Council	B	0	407	407
0	0	0	Nottinghamshire Fire Authority	B	0	24	24
0	0	0	Nottinghamshire Police and Crime Commissioner	B	0	58	58
			Precepts, Demands and Shares				
22,818	0	22,818	Central Government	B	21,937	0	21,937
18,255	4,800	23,055	Bassetlaw District Council	B	17,549	4,947	22,496
4,107	37,477	41,584	Nottinghamshire County Council	B	3,948	38,812	42,760
456	2,189	2,645	Nottinghamshire Fire Authority	B	439	2,266	2,705
0	5,329	5,329	Nottinghamshire Police and Crime Commissioner	B	0	5,517	5,517
			Charges to the Collection Fund				
121	310	431	Write offs of uncollectable amounts		223	165	388
401	22	423	Increase (-)/Decrease in Bad Debt Provision		56	236	292

2013/14			Income/Expenditure	Note	2014/15		
Non-Domestic Rates £'000	Council Tax £'000	Total £'000			Non-Domestic Rates £'000	Council Tax £'000	Total £'000
2,244	0	2,244	Increase (-)/Decrease in Provision for Appeals		2,017	0	2,017
167	0	167	Cost of Collection		166	0	166
			Disregarded amounts		115	0	115
0	0	0	Interest on Non Domestic Refunds		4	0	4
48,569	50,127	98,696	Total Expenditure		46,454	52,493	98,947
-6,281	883	-5,398	Surplus/Deficit (-) arising during the year		12,924	466	13,390
0	280	280	Surplus/Deficit (-) b/fwd 1 April		-6,281	1,163	-5,118
-6,281	1,163	-5,118	Surplus/Deficit (-) c/fwd 31 March		6,643	1,629	8,272

NOTES TO THE COLLECTION FUND ACCOUNT

(A) NATIONAL NON-DOMESTIC RATES (NNDR)

Non-Domestic Rates are organised on a national basis. The Government specifies an amount, 48.2p in 2014/15 (47.1p in 2013/14) 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 2015 was £123,949,275 (31 March 2014 £111,526,029).

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:-

2013/14 £'000	National Non-Domestic Rate Income	2014/15 £'000
50,130	Gross Amount Due	62,954
-3,227	Charitable Relief etc.	-3,508
-1,608	Transitional Relief	-1,229
-1,358	Small Business Rate Relief	-1,206
-3,257	Empty and Part Occupation Relief	-1,996
40,680	Net Amount Collectable	55,015

The balance at 31 March 2015 is a surplus of £12.924m (31 March 2014 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:

Cumulative Surplus/ Deficit (-) 31.3.14 £'000		In Year Surplus/ Deficit (-) 2014/15 £'000	Cumulative Surplus/ Deficit (-) 31.3.15 £'000
-2,512	Bassetlaw District Council	5,169	2,657
-3,141	Central Government	6,462	3,321
-565	Nottinghamshire County Council	1,163	598
-63	Nottinghamshire Fire Authority	130	67
-6,281	Balance at 31 March	12,924	6,643

(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 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	
		2013/14	2014/15	2013/14	2014/15
Band A-	5	0	0	78	77
Band A	6	26,176	26,232	15,090	15,429
Band B	7	7,443	7,493	5,230	5,350
Band C	8	6,042	6,066	4,879	4,959
Band D	9	5,821	5,860	5,386	5,487
Band E	11	2,940	2,968	3,376	3,444
Band F	13	1,361	1,373	1,836	1,886
Band G	15	681	687	1,043	1,081
Band H	18	56	55	84	91
Total		50,520	50,734	37,002	37,804
Deduction for non-collection, new build, demolition and other adjustments				-382	-599
Additional properties and adjustments during the year				-5,210	-5,311
Council Tax Base (Band D equivalent)				31,410	31,894

The Council set a Council Tax (excluding local precepts) at Band D of £1,647.42 in 2014/15 compared to £1,616.06 in 2013/14. This is analysed as follows:

2013/14 £	Band D Council Tax	2014/15 £
155.11	Bassetlaw District Council	157.44
1,216.92	Nottinghamshire County Council	1,241.14
172.98	Nottinghamshire Police and Crime Commissioner	176.40
71.05	Nottinghamshire Fire and Rescue Authority	72.44
1,616.06	Total Council Tax Income	1,647.42

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 2014/15 a surplus of £1.000m was declared (2013/14 a surplus of £0.550m).

The balance at the 31 March 2015 is a surplus of £1.629m 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:

Cumulative Surplus/ Deficit (-) 31.3.14 £'000		In Year Surplus/ Deficit 2014/15 £'000	Cumulative Surplus/ Deficit (-) 31.3.15 £'000
-129	Bassetlaw District Council	-52	-181
-861	Nottinghamshire County Council	-345	-1,206
-123	Nottinghamshire Police and Crime Commissioner	-48	-171
-50	Nottinghamshire Fire and Rescue Authority	-21	-71
-1,163	Balance at 31 March	-466	-1,629

GROUP ACCOUNTS

Introduction to the Group Accounts

The Council's Statement of Accounts includes the accounts of a company where the Council is the sole shareholder. A1 Housing (Bassetlaw) Ltd was incorporated on 16 September 2004 and commenced trading on 4 October 2004. The company's principal activity during the year was the management and maintenance of the housing stock owned by the Council, which numbered 6,867 dwellings as at 31 March 2015 (6,899 as at 31 March 2014). 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.

A1 Housing's Gross expenditure for the year to 31st March 2015 was £15.270m.

A1 Housing's Gross income for the year to 31st March 2015 was £14.337m.

A1 Housing's total usable reserves as at 31st March was £0.201m.

A1 Housing's total unusable reserves as at 31st March was -£15.994m.

The external auditors for A1 Housing (Bassetlaw) Ltd's accounts are KPMG.

GLOSSARY OF TERMS

ACCOUNTING POLICIES

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

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

Accounting policies do not include estimation techniques.

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

ACCRUALS

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

ADMINISTRATIVE BUILDINGS

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

AMORTISATION

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

ARMS LENGTH MANAGEMENT COMPANY

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

BALANCES

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

BALANCE SHEET

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

BILLING AUTHORITIES

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

CAPITAL ADJUSTMENT ACCOUNT

This 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.

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 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.

FURTHER INFORMATION

Urdu

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

Mandarin

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

Polish

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Proszę się z nami skontaktować pod numerem telefonu – **01909 533733 / 01909 533186** - podając język rozmowy i numer telefonu.

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

BASSETLAW DISTRICT COUNCIL **ANNUAL GOVERNANCE STATEMENT 2014/15**

1. Scope of Responsibility

- 1.1 Bassetlaw District Council is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively. Bassetlaw District Council also has a duty under the Local Government Act 1999 to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.
- 1.2 In discharging this overall responsibility, Bassetlaw District Council is responsible for putting in place proper arrangements for the governance of its affairs, facilitating the effective exercise of its functions, and which includes arrangements for the management of risk.
- 1.3 Bassetlaw District Council has approved and adopted a code of corporate governance, which is consistent with the principles of the CIPFA/SOLACE Framework *Delivering Good Governance in Local Government*. A copy of the authority's code is on our website at www.bassetlaw.gov.uk or can be obtained from the Director of Corporate 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 31st March 2015 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 2014/15*" at its full Council meeting on 26th June 2014 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. These are reported on a quarterly or annual basis to the full Council, Cabinet, and/or Scrutiny Committees. Examples include the quarterly budget and performance reports, the Annual Statement of Accounts, 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 Partnerships Register. On an annual basis each key partnership is reviewed in terms of their stewardship and governance arrangements by its associated Council Partnership Officer and managed by the Corporate Governance Working Group.
- 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 and approved by Cabinet 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 e.g. A1 Housing and Citizens Advice Bureau, 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 Code of Conduct training is mandatory as approved by Members, and is delivered annually.
- The Council has put in place anti-fraud and anti-corruption arrangements (including whistle-blowing), 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 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, and an Audit & Risk Scrutiny 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 to the Audit & Risk Scrutiny Committee on a quarterly basis.
- 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 has recently introduced Member job descriptions to help better understand their roles and responsibilities.
- 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.

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 Overview & Scrutiny Committee and the Audit & Risk Scrutiny Committee both produce an annual evaluation report to full Council on the activity of the scrutiny function.

(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 Government guidance, public meetings of the Council can be filmed and reported via social media. At the start of each meeting these 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, directorate and service 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 CCTV Code of Practice;
- The Anti-Fraud & Anti-Corruption Strategy and Policy.

- 4.4 These high level plans are further supported by Service Delivery Plans. The Constitution provides clear guidance on how the Council operates, how decisions are made and the procedures and protocols to ensure that decisions and activities are efficient, transparent and accountable to local citizens. Some of these processes are required by law, whilst others are determined by the Council for itself. All of these documents are available on the Council's website at www.bassetlaw.gov.uk or can be inspected at the Council's offices.
- 4.5 Bassetlaw's corporate governance framework defines the roles and responsibilities of the full Council, Cabinet, 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, 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 for Bassetlaw 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, KPMG, which are also the Council's own 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 2014/15 were given as 'green' for governance arrangements, 'green' for risk management arrangements, and 'amber' for overall controls in place.
- A1 Housing has its own risk management arrangements. A1's internal auditors in 2014/15 found that the management of risk is given a high priority by management and detailed risk registers are in place which covers all areas of operations. These clearly identify the risks and their mitigating controls and monitoring arrangements.
- 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 Internal Audit for 2014/15, which concluded:

"The CIPFA Code of Practice Self-Assessment Compliance Checklist was completed in May 2013 and reviewed in May 2014 and May 2015. 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 internal audit, the required standards of the Code have been met."

- The Audit Manager's Internal Audit Annual Report for 2014/15, which concluded:

"For the 12 months ended 31 March 2015, based on the work we have undertaken, our opinion below details the adequacy and effectiveness of your Council's risk management, internal control, and governance arrangements:

- *Governance – Adequate and effective governance arrangements are in place.*
- *Risk Management and Assurance Framework – There remain areas where the Council needs to enhance its assurance framework.*
- *Internal Controls – There remain areas where the Council needs to enhance its internal controls.*
- ❖ *Governance – We undertook a specific review of Corporate Governance during 2014/15, which focused on the Members Code of Conduct. The Members Code of Conduct was last updated in June 2012, to ensure that it reflected the requirements of the Localism Act 2011. This was subject to formal review and approval by the full Council before being adopted and incorporated into the Council's Constitution. Documented procedures are in place for both making and dealing with complaints*

concerning members' behavior, and the Council has a Standards Sub-committee which can be convened to preside over serious breaches of the Code of Conduct. This review resulted in 'substantial' assurance with one low priority recommendation. We are also aware from our more general audit coverage, and from our attendance at Audit & Risk Scrutiny Committee meetings that the Council has satisfactory governance arrangements in place.

- ❖ *Risk Management – We undertook a full review of the Council's Risk Management arrangements in 2014/15. The Council has an established Risk Management Strategy and Framework in place, which is designed to reflect current best practice in Local Authority Risk Management. The risks identified are recorded at either; the corporate level, in a Corporate Risk Register, or at an operational level, in Service Risk Registers. This two tier approach ensures that the highest level strategic risks, those which present the greatest challenge to the Council; are identified, evaluated and closely monitored by the Audit & Risk Scrutiny Committee. Less significant risks, which are more operational than strategic in nature, are monitored by the Risk Management Group. Our review resulted in 'substantial' assurance with one medium priority recommendation. The medium recommendation related to the need to review service area risk registers at each meeting of the Risk Management Group. Management need to ensure that internal audit recommendations are fully implemented and it is noted that only adequate progress has been made to implement previous internal audit recommendations.*
- ❖ *Control - We undertook 37 internal audit reviews in 2014/15, which included three follow-up reviews. For the 34 reviews resulting in an assurance opinion, there were 20 reviews (59%), which resulted in substantial assurance level being given; 8 (23%), where reasonable assurance was given; 3 (9%), where some assurance was given and 3 (9%), where no assurance was given. The three reviews which resulted in no assurance related to Shopmobility, Dog Warden and Statutory Duties – Public Health Act. The recommendations made in these reviews have been accepted by management and it has been agreed with the Audit and Risk Scrutiny Committee and management that these areas are included in the 2015/16 Audit Plan. The previous internal audit on Markets resulted in no assurance being given. The Council undertook an interim follow-up of the recommendations that had been previously made by Internal Audit, the report for which was issued in September 2014 and presented to Audit and Risk Scrutiny Committee. In November 2014, we undertook a review of Markets as part of the 2014/15 plan. Our review resulted in 'some' assurance with four medium and five low priority recommendations being made. This review has shown that there have been some improvements made, however weaknesses still exist in the control environment.*

- The external auditor (KPMG)'s Annual Governance Report 2013/14 concluded:

“On the basis of our work, having regard to the guidance on the specified criteria published by the Audit Commission in October 2013, 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 2014.”

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 an amber traffic light for Risk Management and Control. This is a reduction over the assurance levels awarded in the previous year, where the Council received two green assurance levels. This is because the Council received three “red” and

three 'Amber/Red' assurance opinions during 2014/15, and the red reports on Shopmobility, Dog Warden and Statutory Duties – Public Health Act have impacted on the score. However, overall, only nine '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 2014/15 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:

- Officer Scheme of Delegation – The Council has had a number of changes within its Corporate Management Team, and the officer scheme of delegation needs reviewing to reflect those changes. **Action: Corporate Management Team – September 2015.**
- Contract Procedure Rules – The procurement regulations have recently changed and there is a need to update the Council's own contract procedure rules to reflect the new requirements. **Action: Head of Finance & Property – October 2015.**
- Prevention of Fraud and Compliance Training – A full training programme for officers was last conducted in 2012, and refresher training will be required following the approval of the revised

Anti-Fraud & Anti-Corruption Policy and Strategy during summer 2015. **Action: Corporate Governance Working Group – March 2016.**

- Member Training – There are a number of new Members following the change to all-out elections, and it is important that appropriate training is delivered to both the new and existing Members who will sit on the various committees and working groups of the Council. Training will also include declarations in the gifts and hospitality register. **Action: Corporate Governance Working Group – June 2015.**
- Health and Safety Risk Assessments – The Council's Corporate Risk Register holds a strategic risk concerning the training of service managers in all aspects of health and safety. This includes how to undertake a risk assessment and manage this process through the electronic SHE system. **Action: Interim Director of Regeneration and Neighbourhoods – September 2015.**
- Local Government Transparency Code – The new Code was published in February 2015 and there is a need to ensure that the Council is publishing all of the data that is required under the Code. **Action: Corporate Governance Working Group – June 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: 25th June 2015

Simon Greaves
Council Leader

Date: 25th June 2015

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Bassetlaw
DISTRICT COUNCIL
— North Nottinghamshire —