

# Audited Statement of Accounts & Annual Governance Statement

2015/16



**Bassetlaw**  
DISTRICT COUNCIL  
— North Nottinghamshire —

**BASSETLAW DISTRICT COUNCIL  
STATEMENT OF ACCOUNTS 2015/16  
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## NARRATIVE REPORT TO THE FINANCIAL STATEMENTS

During 2015/16, 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](http://www.bassetlaw.gov.uk).

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

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

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

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

The following pages summarise the financial activities of Bassetlaw District Council in 2015/16 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 2015.

The Council's accounts for the year 2015/16 comprise:

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

- **Movement in Reserves Statement.** This statement shows the movement in the year on the different reserves held by the authority, analysed into 'usable reserves' (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 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 Council are funded by way of taxation and grant income or from the recipients of services provided by the Council. Investing activities represent the extent to which cash outflows have been made for resources which are intended to contribute to the Council's future service delivery. Cash flows arising from financing activities are useful in predicting claims on future cash flows by providers of capital (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 9(1) of The Accounts and Audit (England) Regulations 2015 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:***

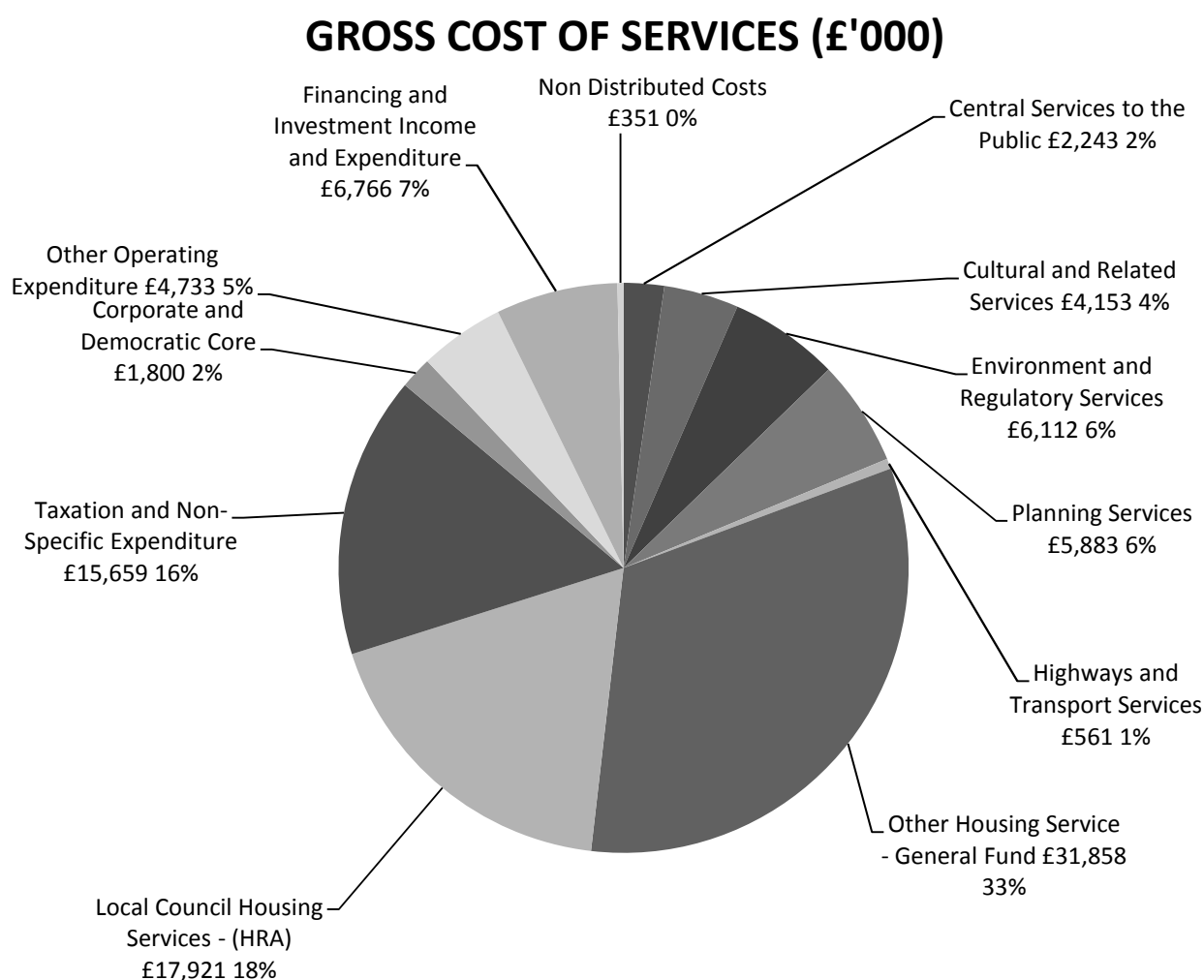
- **Housing Revenue Account (HRA).** This shows separately the revenue expenditure incurred in providing Council houses and demonstrates how this has been met by rents, subsidy and other income. The format of the account includes an Income and Expenditure Account and Statement of Movement on the HRA 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 2015/16

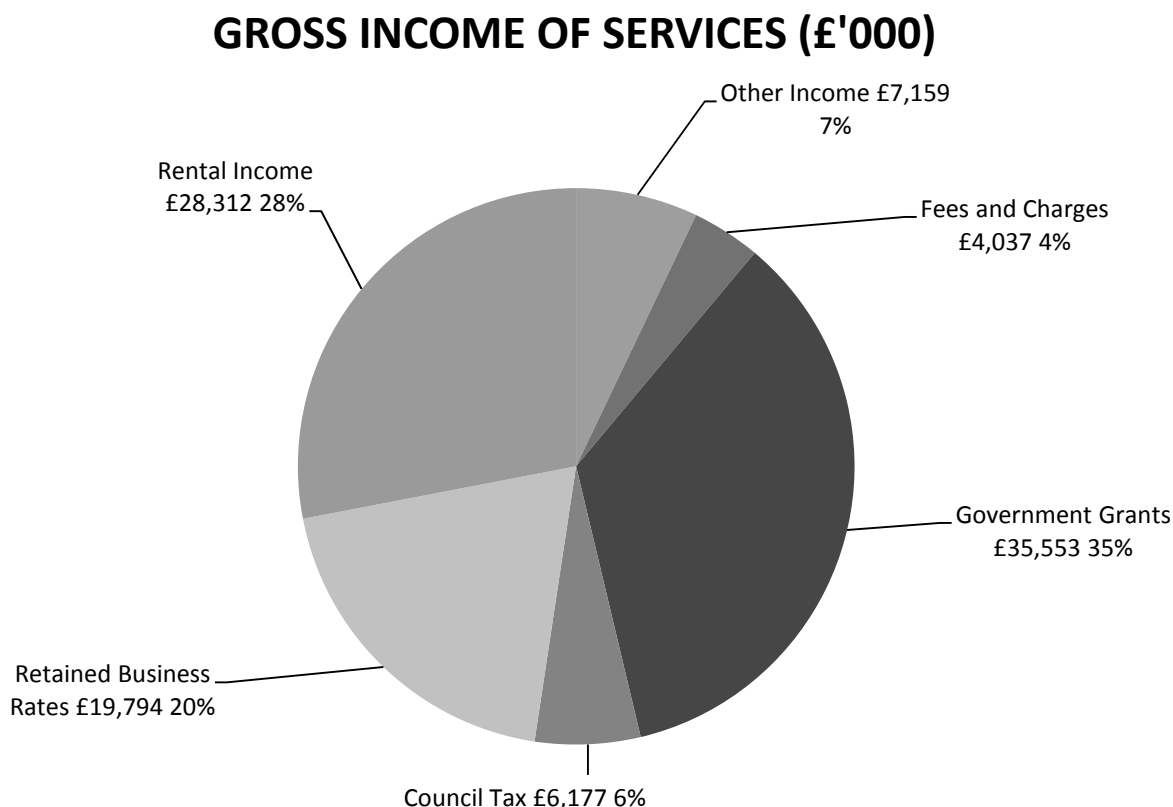
Revenue spending is generally on items that are consumed within a year, and is financed from government grants, Council Tax, and other income (largely charges to service users). The Comprehensive Income and Expenditure Statement sets out how much was spent during 2015/16 and where the money came from.

Gross revenue spending on services in the year was £98.040m (£91.781m in 2014/15). The following charts show the services on which the money was spent:



The accounts follow the prescribed Chartered Institute of Public Finance & Accountancy (CIPFA) format. As a result, the Comprehensive Income and Expenditure Statement and the Statement of Movement on the General Fund and HRA Balance cannot be easily related to the Council's operational management structure, and the management accounts used for in-year budgetary control. This management information in the format of segmental reporting can be found within Note 27.

Gross revenue income generated by services during the year was £101.032m (£104.107m in 2014/15). The following charts show the services where the money came from:



### General Fund Spending in 2015/16

The original net budget of £16.591m was adjusted throughout the year to reflect decisions made by the Council. Budgets were subsequently monitored against the revised net budget of £16.132m.

|  | Original<br>Net Budget<br>£m | Revised<br>Net Budget<br>£m | Outturn<br>£m | Variance<br>£m |
|--|------------------------------|-----------------------------|---------------|----------------|
| Human Resources                        | 0                            | -0.001                      | 0             | 0.001          |
| Chief Executive                        | 0.184                        | 0.195                       | 0.178         | -0.017         |
| Corporate Services                     | 1.314                        | 1.621                       | 1.454         | -0.167         |
| Neighbourhoods                         | 6.783                        | 7.192                       | 6.926         | -0.266         |
| Regeneration                           | 3.461                        | 4.638                       | 4.378         | -0.260         |
| Finance Property & Revenues            | 2.178                        | 3.187                       | 3.174         | -0.013         |
| <b>Net Cost of Services</b>            | <b>13.920</b>                | <b>16.832</b>               | <b>16.110</b> | <b>-0.722</b>  |
| Other Budgets                          | 3.894                        | 2.818                       | 2.574         | -0.244         |
| Financing                              | 0                            | 0                           | -0.037        | -0.037         |
| <b>Net Cost of Council Expenditure</b> | <b>17.814</b>                | <b>19.650</b>               | <b>18.647</b> | <b>-1.003</b>  |
| Transfer to/(from) Usable Reserves     | 2.142                        | 0.876                       | 2.295         | 1.419          |
| Transfer to/(from) Unusable Reserves   | -3.291                       | -4.321                      | -4.321        | 0              |
| Transfer to/(from) General Reserve     | -0.074                       | -0.073                      | -0.489        | -0.416         |
| <b>Total General Fund</b>              | <b>16.591</b>                | <b>16.132</b>               | <b>16.132</b> | <b>0</b>       |

### Budget

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

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

### Variances

The net variance on service budgets of -£0.722m mainly relates to an under spend on employee costs of -£0.233m, overachieved fees & charges income of -£0.279m, savings on fuel of -£0.064m, external audit fees savings of -£0.019m, savings on printing costs -£0.021m, and various other minor savings across the Council of -£0.106m.

The variance on other budgets of -£0.281m relates mainly to recovered legal fees -£0.221m, and other minor variances of -£0.060m.

### Outturn

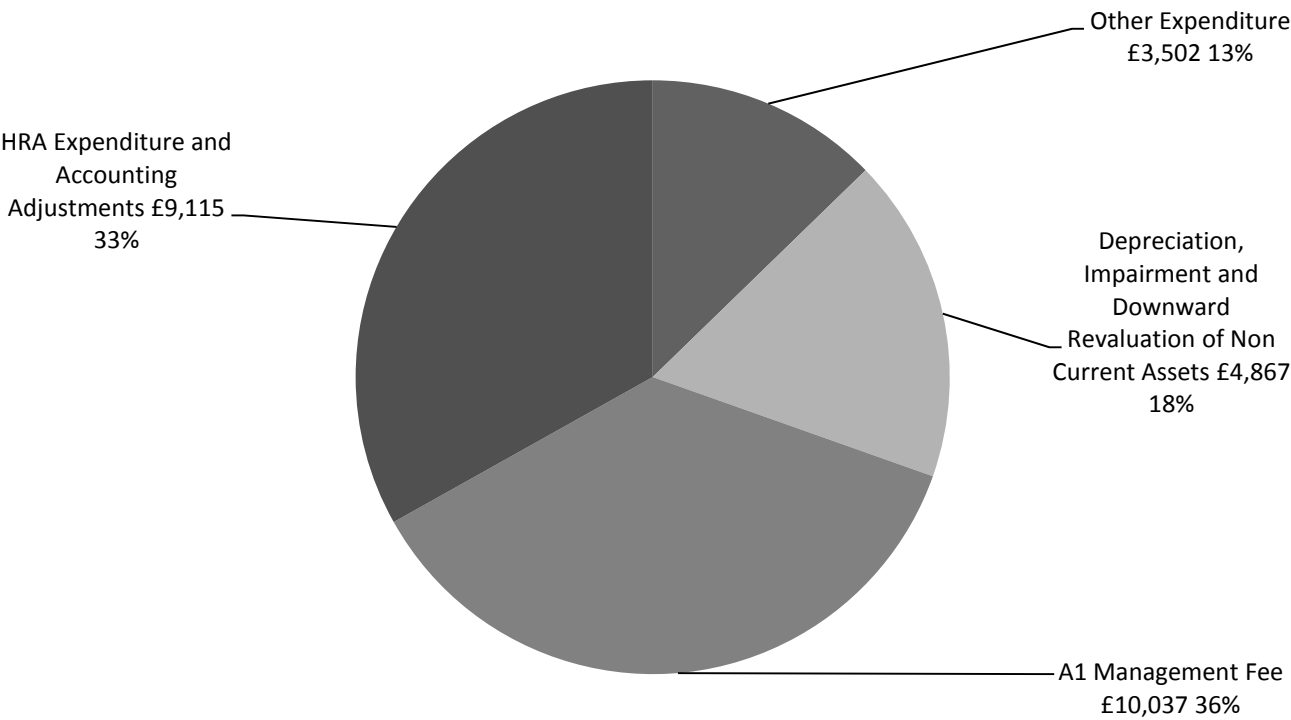
An amount of £0.276m has been contributed to the General Fund Balances. The resultant impact on the Council Taxpayer funds is demonstrated in the Statement of Movement on General Fund Balance. This shows that the overall General Fund Balance at 31 March 2016 was £1.630m (31 March 2015 was £1.354m).

## **Housing Revenue Account Spending in 2015/16**

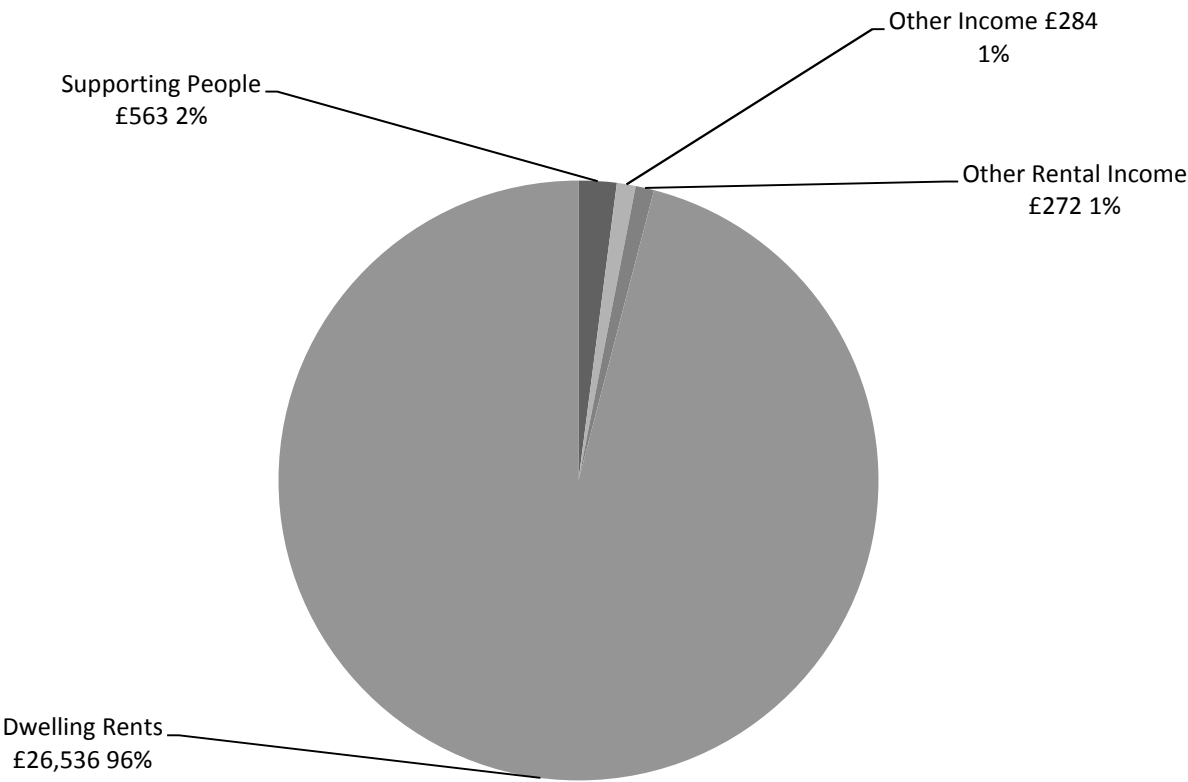
The Housing Revenue Account summarises the transactions relating to the provision, maintenance and management of the Council's housing stock. The account has to be self-financing and cannot be subsidised by the General Fund.

Gross revenue spending in the year was £27.521m (£27.035m 2014/15). Gross revenue income was £27.655m (£27.173m in 2014/15). The following charts show the services on which the money was spent and where the money came from:

**HRA GROSS EXPENDITURE 2015/16 (£'000)**



**HRA GROSS INCOME 2015/16 (£'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 2016 was £1.618m (31 March 2015 £1.484m).

### Capital Spending in 2015/16

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

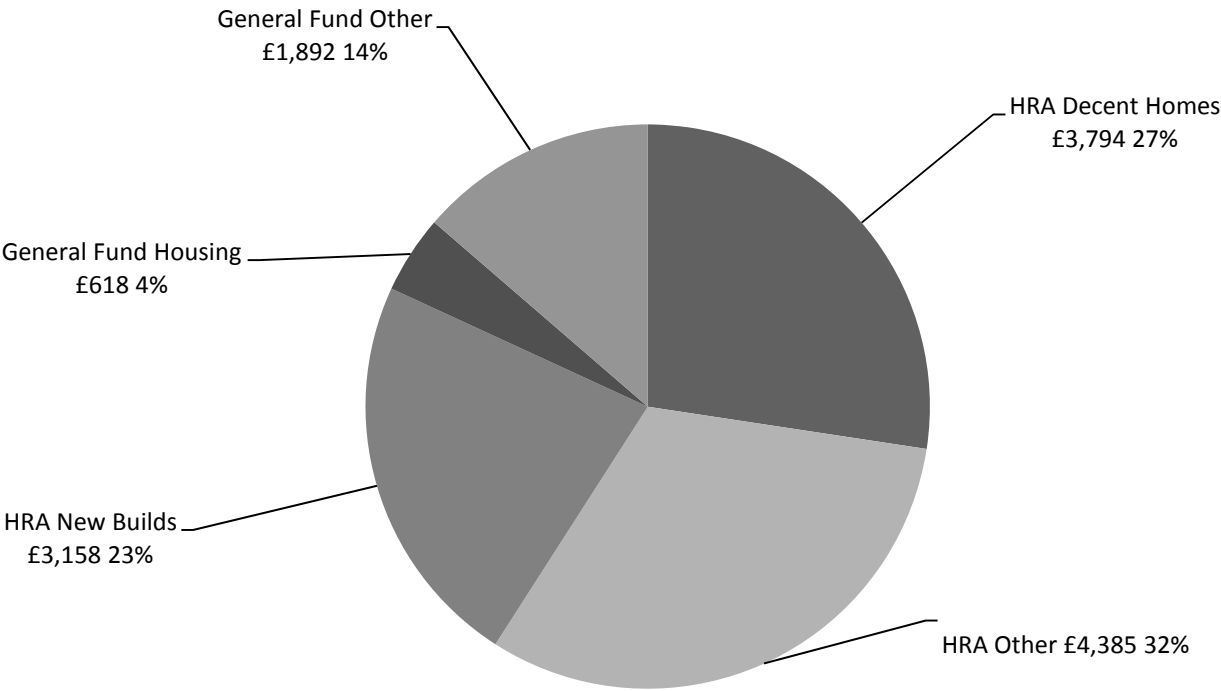
Capital spending in the year totalled £13.847m (a increase of £0.429m over 2014/15). This represents a lower than estimated level of spend of £2.778m against the final programme approved at quarter four of £16.625m. Delays in projects have meant that £2.703m of this spend has had to be deferred into the 2016/17 financial year as approved at Cabinet on 21 June 2016.

The significant schemes were:

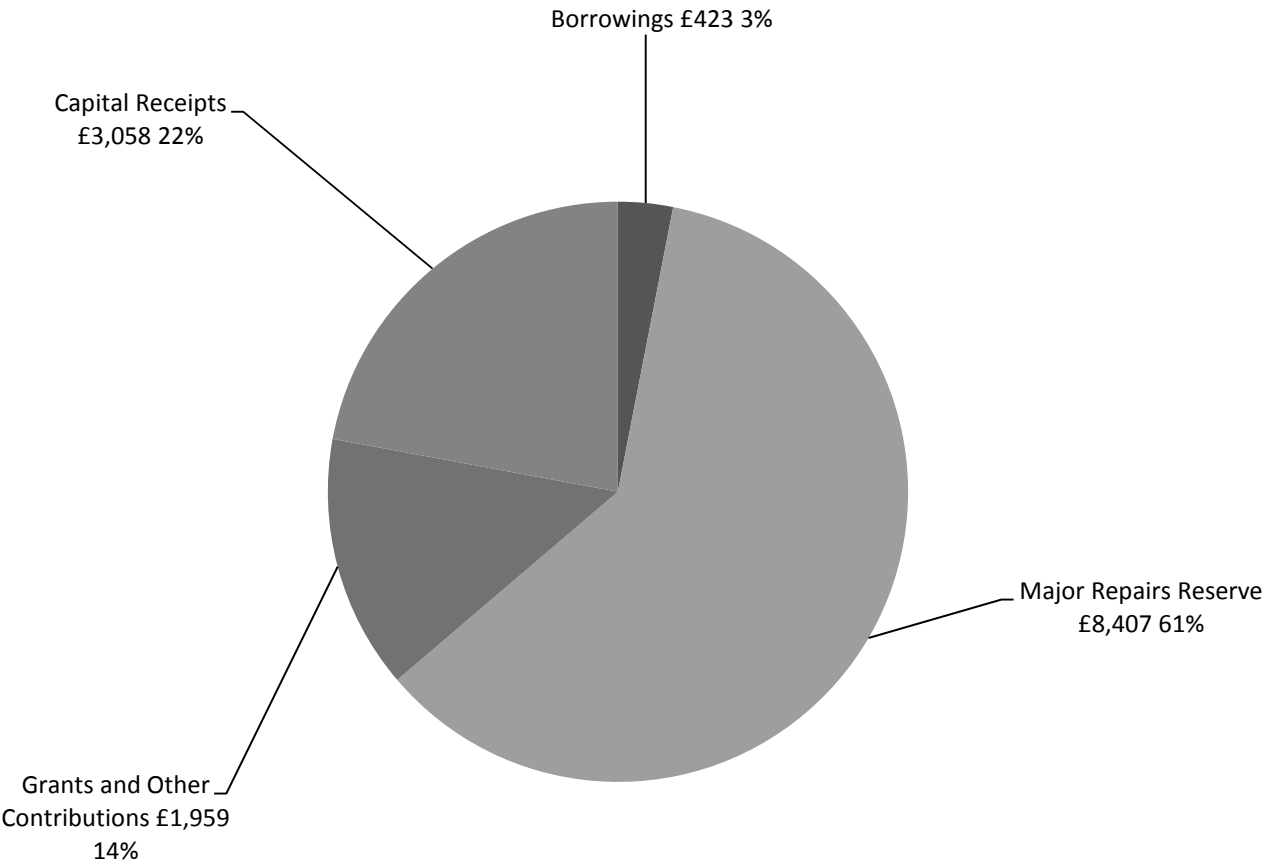
|   | £m            |
|---|---------------|
| Decent Homes Work                                     | 3.794         |
| New Builds at Harworth                                | 3.158         |
| Other HRA Improvements                                | 4.170         |
| Private Sector Housing and Disabled Facilities Grants | 0.618         |
| ICT Updates and Development                           | 0.124         |
| Vehicle Fleet   | 0.355         |
| Redevelopment of Goosemoor Lane                       | 0.104         |
| Strategic Intervention Fund                           | 0.269         |
| Other Projects  | 1.255         |
| <b>Capital Programme</b>                              | <b>13.847</b> |

The following charts show where the capital money was spent and how it was financed during 2015/16.

**AREAS OF CAPITAL EXPENDITURE 2015/16 (£'000)**



**METHOD OF FINANCING 2015/16 (£'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 2016. 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 £1.354m to £1.630m.
- The increase in the Housing Revenue Account balance from £1.484m to £1.618m.
- The cumulative surplus in Business Rates of £3.392m (Surplus of £6.643m as at 31 March 2015) which will be carried forward into the 2016/17 financial year to be recovered from central government and the major preceptors. This has reduced due to the in year deficit of £3.251m.
- The Council's Pensions Liability as assessed by the Actuary showed a better position during the year, decreasing from £56.992m to £50.029m. 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 2015/16. 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 2016/17, and measures are already in place to deliver a balanced budget for 2017/18. 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 2016/17 to 2020/21 includes a total of £12.007m for General Fund schemes and £54.630m 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 £8.722m, capital receipts of £5.645m, Major Repairs Reserve of £38.125m, and Prudential borrowing of £14.145m will finance the future capital programme.

## Cash Flow

Operating activities show a cash flow variance of £4.275m which is mainly due to changes in creditors, debtors, Capital grants that have had conditions met during the year, and an increase in proceeds from sale of assets. The decrease in surplus made for the year is due to the adjustment made during 2014/15 relating to prior period errors.

Investing activities show a cash flow show a £4.233m change which is mainly due to increased investments made in the Governments Debt Management Office. This also reflects the substantial increase in purchasing short and long term investments, and the proceeds from those short and long term investments. Financing activities have stayed fairly static between years.

Interest payable and receivable were generally unchanged from 2014/15.

Further reductions in the Council's Revenue Support Grant (RSG) over the medium term were confirmed by the Government in December 2015, confirming that the Council will receive no RSG in 2020-21. Council Tax income will increase by 1.90% as agreed at Council on 7th March 2016.

Given the significant cuts to public expenditure and in particular to local government funding, the Council's borrowing strategy continues to address the key issue of affordability without compromising the longer-term stability of the debt portfolio. With short-term interest rates currently much lower than long-term rates, it is likely to be more cost effective in the short-term to either use internal resources, or to borrow short-term loans instead. By doing so, the Council is able to reduce net borrowing costs and reduce overall treasury risk. The benefits of internal borrowing will be monitored regularly against the potential for incurring additional costs by deferring borrowing into future years when long-term borrowing rates are forecast to rise.

In addition, the Council may borrow short-term loans (normally for up to 35 days) to cover unexpected cash flow shortages.

## Economy, Efficiency and Effectiveness

Service pressures, such as demographic growth, contribute to create demand in excess of Government grant support, which since 2010 has been cut significantly. The Council adopts a proactive approach in response to these funding cuts by identifying future pressures and associated risks, developing and implementing plans to address them. This includes the development of a programme of budget cuts over the medium term in order to achieve a balanced budget.

Successive Financial Plans have identified the need to make significant budget reductions. Since 2007/08 the Council has already delivered savings of £9.3m and forecasts a budget shortfall of £2.5m over the next 5 years as follows:

| Financial Year | Budget Shortfall £ |
|----------------|--------------------|
| 2016/17        | 0                  |
| 2017/18        | 719                |
| 2018/19        | 2,673              |
| 2019/20        | 3,683              |
| 2020/21        | 4,157              |

Details of the Council's key achievements during 2015-16 which enable the Council to demonstrate how services contribute to better outcomes for local people are set out in the performance section further below.

## Devolution

Devolution is the passing of powers and responsibilities that are currently held by national Government in London, to regions elsewhere in the country.

Devolution means that we can have more control over things that we want for our towns and cities, and we can decide at a local level what matters to us and our future. These powers are in addition to those already held by local Councils.

The Government has agreed a devolution deal with the Sheffield City Region Combined Authority, where the Government powers would be managed by locally elected Council leaders and a directly elected mayor.

Bassetlaw District Council has applied to become a full (constituent) member of the authority and if this application is accepted we will have an equal seat at the table where decisions are made on how £1.3 billion of funding is handed out over the next 30 years.

This is the only devolution deal on offer for Bassetlaw. The decision to apply for full membership of the Sheffield City Region will not change the fact that Bassetlaw is a Nottinghamshire District and we will still keep control of all our council's powers.

Although the Council would be part of the combined authority, it would still be an independent organisation and make its own decisions; the Mayoral Combined authority would only make decisions affecting the Sheffield City Region devolution deal.

The Sheffield City Region area must also have a directly elected mayor. The mayor will cover the Local Authority areas of the full members of the Sheffield City Region. (Barnsley, Bassetlaw, Chesterfield, Doncaster, Rotherham and Sheffield) The mayor will only have responsibility for areas that are specifically part of the devolution deal (such as transport policy and major developments).

Barnsley, Bassetlaw, Chesterfield, Doncaster, Rotherham and Sheffield make up 66% of the geographical area of the Sheffield City Region, but account for 87% of the region's economy, 86% of its population and 85% of its business base. If Bassetlaw and Chesterfield were not included in the Sheffield City Region then these figures would be reduced by 18-20%.

Due to its geographical position large areas of Bassetlaw do most of their trade with the adjoining South Yorkshire areas forming the proposed Mayoral Combined Authority area in that:

- Bassetlaw's specialist industry sectors match those of the Sheffield City Region. There are important links in the Healthcare, Healthcare Technology, Manufacture of Fabricated Metal and Manufacture of Machinery sectors, with the supply of goods and services going both ways.

- Around 7,000 commuters travel to Sheffield, Rotherham and Doncaster from Bassetlaw every day for work. This is compared to 464 for Nottingham. Over 4,500 people commute daily from Rotherham and Doncaster to Bassetlaw.

- Invest in Sheffield City generated 130 inward investment enquiries for Bassetlaw compared to one enquiry from other sources.

- There are 40 trains per day between Worksop and Sheffield and 38 from Retford to Sheffield compared to 36 between Worksop and Nottingham. There is no direct service from Retford to Nottingham.

- 40% of all non-food spend by Bassetlaw's residents takes place in Sheffield city centre and Meadowhall.

## Our Corporate Plan

The Corporate Plan is our key strategic document which sets our objectives over the medium term. It is designed to meet the varied needs of the district.

Following the elections in May 2015 which were the first all-out elections for the District, whilst we remained Labour controlled we have worked with a new administration. Consequently during 2015/16 we updated the existing plan to reflect the additional priorities of the new Cabinet and to refresh the Corporate Plan following completion of a number of projects. We now have a smaller number of priority actions and performance indicators, giving a clearer focus to our performance management by Cabinet and senior management. The Cabinet monitors performance on a quarterly basis. Further work will also take place during PI target setting for 2016/17; to develop additional measures identified which we do not currently monitor formally.

Our four Ambitions and priority areas are:

|   |   |
|---|---|
| Ambition 1: A Viable Co-operative Council             | Priority 1: A Resilient Local Authority                             |
|   | Priority 2: Working Towards A Co-operative Council                  |
|   | Priority 3: Increasing Pride In The District                        |
| Ambition 2: Local Growth                              | Priority 1: A District That Maximises Its Potential                 |
|   | Priority 2: Driving The Local Economy                               |
|   | Priority 3: Bassetlaw As A Destination                              |
| Ambition 3: Quality Housing and Decent Neighbourhoods | Priority 1: Quality Housing In The District                         |
|   | Priority 2: Maximum Benefit For Tenants And Local Communities       |
|   | Priority 3: Local Neighbourhoods That Are Clean, Safe and Welcoming |
| Ambition 4: Local Living Standards                    | Priority 1: Meeting The Challenge of Welfare Reform                 |
|   | Priority 2: Standing Up For Local People                            |

Bassetlaw is committed to developing a positive future despite the year on year deteriorating financial situation; one where citizens, partners and staff work together to improve the District and create a confident and ambitious place. We want all members of the community to be able to play an active part in building this future. Put simply, this is about everybody doing their bit and everybody benefitting.

## Our Achievements 2015/16

### Ambition 1

- During 2015/16 we raised Council Tax debts totalling £56.167m; we collected £54.424m leaving £1.743m unpaid. This gives us a collection rate of 96.90%.

- In the past year we raised £1.8m in Council Tax to benefit claimants; £1.4m of this has been collected. This gives us a collection rate of 77% against this category of individual.
- We have raised £53.990m in Business Rates. At year end all but £315k had been collected. Collection at 99.42% is the highest collection figure achieved at Bassetlaw during the last 10 years.
- The savings targets to enable a balanced budget for 2016/17 have been achieved. The budget adopted by Council on 7 March 2016 details an ongoing savings target of £2.673m to be identified by 31 March 2018.
- The Council has embarked on its local authority trading company N3 which is looking to provide broadband facilities to the community and generate income. Work is also progressing on the Council's CCTV provision and marketing thereof, and also investigating the possibility of a crematorium.
- Work is currently being undertaken on the next ICT Strategy which will include Phase 2 of the Digital By Default project. This Strategy will run from 2017-2020.

## Ambition 2

- During 2015/16 we dealt with 337 Planning Pre-application enquiries.
- As of 31 March 2016, there were 355 sites with extant planning permission for housing totalling 4,411 houses across these sites. Of these, 84 sites had permission for 5 or more dwellings. The number of houses on these larger sites totalled 3,782. Therefore the remaining 271 smaller sites had a total permission for 629 houses. This shows that the majority of the houses with extant permission are on a smaller proportion of the total sites we have granted.
- During 2015/16 842 planning applications were determined, with 721 permissions granted and 121 permissions refused.
- Processing of Major applications at the end of 2015/16 was at 86%. 43 out of 50 applications were decided within 13 weeks (the National target) or within agreed extension of time.
- Processing of Minor applications at the end of 2015/16 was at 90.18%. 257 out of 285 applications were decided within 8 weeks or within agreed extension of time.
- We secured £2,438k Local Enterprise Partnership funding as part of Growth Deal 1 to deliver the St Anne's roundabout improvement – £1.83m from D2N2 (LEP); £0.5m from Sheffield City Region (LEP); £0.108m from Notts County Council.
- We have secured £194k to support development of Neighbourhood Plans.
- During 2015/16 14 businesses were supported with funding and guidance via Bassetlaw Enterprise Grant, resulting in 31 jobs.
- 107 businesses received direct advice from the Economic Development team and there were 16 new 'start-ups' as a result of BDC support.

- Apprenticeships

BDC encourages the learning and skills development of young people and we are increasing the number of young people engaged in training opportunities with the authority. In the past two years we have supported 3 apprenticeships; 5 internships and 7 work experience placements.

A1 Housing has its own Training and Development Centre and works with local schools to help students gain qualifications that allow them to take up long term work placements and apprenticeships. In the last two years they have supported 14 apprenticeships including Bricklayers; Joiners; Electricians; Caretakers and Gas Fitters.

- In 2015/16 we had a Capital Programme of £3.954 million with highlights such as Disabled Facilities Grants, cemetery improvements, Kings' Park Splashpool, Walkeringham Flood Schemes, Goosemore Lane Improvements.

- The Growth Team have spent up to £80k to bring forward major development sites to boost employment and opportunity.

- We currently have 84 North Notts Envoys, with attendance at meetings averaging 89%.

- The Planning Policy Team is currently gathering the evidence base for production of the new Local Plan consultation paper to be launched mid-June 2016. Current activity includes:

- Finalising the housing growth target - approximately 6,500
- Identifying specific economic growth needs e.g. leisure, retail.
- Identifying land available for development, both Council and private - including analysis of the sites environmental suitability.
- Completing a Town Centre/Retail Needs Assessment.
- Completing an Assessment of Rural Settlements - including analysis of the roles of each settlement.
- Completion of the Sustainability Appraisal Scoping Report - currently out to consultation.
- Consultation on the Statement of Community Involvement from the 14th March - how BDC intends to engage/mechanisms for gathering local opinion.

- Work is progressing well on the development of two Town Centre Strategies for Worksop and Retford.

### Ambition 3

- For 2015/16, the original spending profile for A1 Housing's Major Improvement Programme was reviewed and the internal target was increased from the planned 220 to 350 properties. This in itself has been exceeded by 26 properties. The Major Improvements Programme included an additional £1m investment in window and door replacements and re-roofing.

- 99.74% of emergency repairs were completed in timescale. A1 Housing recognises that emergency repairs are a key influencing factor in tenant satisfaction, and have worked hard to maintain a high level of satisfaction at 94.3%. The performance relates to a total of 2,327 repairs completed, of which 6 were not completed within time.

- Average time taken by A1 Housing to re-let Standard Voids is 17.78 days. This is a significant improvement on 14/15 as a result of improved processes.



- 99.29% of rent collected (excluding brought forward arrears). A1 report that current arrears now represent 0.92% of the annual debit, compared to 1.92% in April 2006.
- The Council's Anti Social Behaviour (ASB) team tend to deal with the medium to high end ASB cases across the community, which require protracted engagement by agencies. We have an annual average of 110 ASB cases across 2 FTE members of staff, which is set against a back drop of the recorded level of ASB dropping year on year. ASB up to the end of March is down 4%.
- The number of ASB cases dealt with over the past 5 years is as follows:
  - 2011/12 – 140
  - 2012/13 – 125
  - 2013/14 – 96
  - 2014/15 – 87
  - 2015/16 – 115
- During 2015/16 we secured 38 ASB sanctions covering a variety of different types of sanction including 5 ASB Injunctions; 1 Public Space Protection Order; commencing consultation on a Public Space Protection Order; 6 notices seeking possession; and 3 court undertakings.
- 81 Fixed Penalties have been issued for Environmental Crime.
- The Housing Standards Team continues to inspect and resolve complaints received from tenants in the private rented sector. This work is mainly undertaken and completed using an informal procedure but we do use the formal procedure if it is necessary. A strategic neighbourhoods group has also been set up to enable different teams to work together to improve Bassetlaw.
- A regular Private Landlord Forum will have its first meeting May/June 2016. Establishing a regular forum has been positively received by the sector, and will focus on key issues for landlords as they arise, such as Universal Credit and working with Benefits, and responding to the Housing and Planning Bill.

#### Ambition 4

- Barnsley Premier Leisure (BPL) is the Council's leisure service provider. During 2015/16, a total of 1,029,882 service users across our 4 leisure sites managed by BPL: 421,913 at Worksop; 397,263 at Retford; 176,841 at Bircotes and 33,865 at Kilton Forest Golf Course.
- Over the course of the year 1,879 disabled service users accessed leisure sites.
- £54,000 has been approved to part fund the extension to Harworth & Bircotes leisure centre. Plans and equipment layouts have been drawn up and agreement reached with NCC regarding use of the existing youth wing. The procurement will be done as a collaboration between BDC and BPL to ensure that the most VAT efficient method is used.
- We are currently experiencing a decreasing benefits caseload.
- For 2015/16 the average number of days to complete and process new Housing Benefit/Council Tax Reduction claims is 19.91 days. We processed 4408 new claims in total – 2215 Council Tax Reduction, 1496 Rent Allowance (private tenants), and 691 Rent Rebates (A1 tenants). This is exceeding targets as a result of increased resourcing and efficiencies in processes.

- For 2015/16 the average number of days taken to complete and process Housing Benefit/Council Tax Reduction changes in circumstances claims is 7.46 days. We processed 60,689 'change in circumstance' claims.
- In 2015/16, we completed 679 Discretionary Housing Payments.
- In 2015/16 we completed 175 Hardship Payments from the Council Tax Support Fund.
- The Claims Advisor pilot, which started in January 2016 to provide support in Queens Buildings and Retford for vulnerable claimants, is going well and has consequently been extended by management. This service assists claimants with creating claims online, budgeting support and Council Tax registration where required. This will now run until end July 2016 to give more information to feed into the service review report planned for later this year. The Council has signed a further 1 year agreement with the DWP to provide face to face support and digital access to vulnerable claimants of Universal Credit. Roll out plans to expand the UC digital service for all family types do not include Bassetlaw for 2016, so this gives us more time to plan the support and signposting to advice services. Reports from DWP indicate that further roll out of UC will not take place in Bassetlaw before January 2017.
- From March 2015 to February 2016 we received a total of 368 notifications of new UC claims from DWP from single residents who were eligible. Most were non-householders and therefore only 26 HB claims were cancelled or adjusted as a result. The Claims advisors have assisted 160 claimants between January 2016 and March 2016 at Worksop and Retford Offices. These were all claimant types not just UC ones. Of those seen 23 required assistance accessing digital services, 90 completed forms, 55 were given Welfare Advice or signposted and 4 were given Budgeting support. These figures indicate that there is a need for face to face support for help accessing benefits and digital services. We anticipate an increase in demand for this service once further Welfare Reforms roll out in the Autumn of 2016 (Benefit Cap) and from 2017 onwards (potential full UC rollout).
- In the last 12 months we have recorded 652 DWP customers via our customer service desk, who have benefitted from immediate referral to a DWP officer now they are on site in Queen's Buildings.
- 138 homelessness preventions achieved through casework.
- 97.04% of food establishments in the area are broadly compliant with food hygiene law.

## Council Performance 2015/16

Bassetlaw prides itself on its team culture. Our LGA Peer Review concluded:

*“You have a sound financial base and this seems to have been achieved as a result of your work around delivering efficiencies and savings over the last 6-7 years. You have some exciting and impressive plans to transform the organisation and do business differently in order to help you become financially self-sufficient by 2020. We found Bassetlaw District Council to be a ‘happy council’ with higher than expected staff morale and commitment. We were very impressed with the ‘one team’ ethos which came out time and time again as we spoke to people within the organisation.”*

### Corporate Health

We currently monitor performance at both a Corporate and Service level. At a Corporate level we monitor performance against the Corporate Plan at Cabinet and Corporate Management Team. The set of measures monitored here is taken from the large suite monitored across the Council, and they are deemed to be of greatest priority in securing effective delivery of the corporate Ambitions. This is discussed subsequently under ‘Corporate Plan Pls 2015/16’.

Each service within the Council also has its own specific measures set and performance is monitored on a quarterly basis by Directorate Management Team. When considering measures that give an overview of the organisations Corporate Health, the following indicators, mapped against our balanced scorecard perspectives monitored at Service level, are listed below. We feel that this suite of Performance Indicators (PIs) have the most significant impact on our communities (our customers), on our people (who help us to achieve and deliver the Council’s Ambitions), on our financial health and the robustness of our key processes.

| Corporate Health Performance 2015/16  |           |
|---|-----------|
| Perspective: Customer   | Outturn   |
| % of complaints with full response in 15 days   | 91.03%    |
| % of staff who feel the Council is a good employer  | 81.40%    |
| Perspective: Financial  | Outturn   |
| Forecast Capital outturn as a % of original Capital budget  | -33.46%   |
| Forecast Revenue outturn as a % of original Revenue budget  | -0.60%    |
| Perspective: Process  | Outturn   |
| Number of self-service transactions completed online  | 84,754    |
| The total number of accidents reported in a year  | 40        |
| The number of working days lost as a result of the number of accidents occurring in the workplace | 194 days  |
| Perspective: People   | Outturn   |
| Availability of the ICT service to users during core working hours                                | 96.30%    |
| Percentage of telephone calls to direct dial extensions answered within 15 seconds                | 94.50%    |
| Working Days Lost Due to Sickness Absence   | 9.79 days |
| % of staff earning or exceeding the living wage   | 100%      |

Staffing

Both the Council and A1 Housing carry out regular monitoring of their employees to ensure that there is a comprehensive understanding of the diversity of the workforce, whether it is representative of the local area, and to identify gaps in representation/workforce pressures i.e. an ageing workforce.

## Employee Gender Breakdown

|                           | <b>Male</b> | <b>Female</b> |
|---------------------------|-------------|---------------|
| All employees at 31.03.16 | 54.53%      | 45.47%        |
| All employees at 31.03.15 | 51.87%      | 48.13%        |
| All employees at 31.03.14 | 49.76%      | 50.24%        |
| All employees at 31.03.13 | 49.76%      | 50.24%        |
| All employees at 31.03.12 | 50.78%      | 49.22%        |
| All employees at 31.03.11 | 51.04%      | 48.96%        |
| All employees at 31.03.10 | 46.57%      | 53.43%        |

## Age Profile of Employees at 31 March each year

|            | <b>% of Staff in age range at:</b> |             |             |             |             |             |
|------------|------------------------------------|-------------|-------------|-------------|-------------|-------------|
| <b>Age</b> | <b>2015</b>                        | <b>2014</b> | <b>2013</b> | <b>2012</b> | <b>2011</b> | <b>2010</b> |
| 16-17      | 0.00%                              | 0.00%       | 0.00%       | 0.00%       | 0.00%       | 1.72%       |
| 18-24      | 1.75%                              | 1.70%       | 1.67%       | 1.34%       | 2.72%       | 11.93%      |
| 25-34      | 10.47%                             | 12.62%      | 13.88%      | 14.54%      | 14.01%      | 12.72%      |
| 35-44      | 22.44%                             | 22.82%      | 23.92%      | 26.85%      | 26.36%      | 23.39%      |
| 45-54      | 39.15%                             | 35.68%      | 34.93%      | 33.11%      | 29.08%      | 25.91%      |
| 55-64      | 24.44%                             | 24.76%      | 23.92%      | 23.49%      | 25.52%      | 22.13%      |
| 65+        | 1.75%                              | 2.43%       | 1.67%       | 0.67%       | 2.31%       | 2.20%       |

As the organisation continues to downsize as a result of changes to local government finance and governance, and changing demand on services through the digital agenda, succession planning is essential. This will be particularly important in statutory services where the staff profile includes older, long-serving employees in key roles.

**Further Information**

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

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|--|
| <b>STATEMENT OF RESPONSIBILITIES FOR THE STATEMENT OF ACCOUNTS</b> |
|--|

## **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 2015 to 31 March 2016 has been prepared and I confirm that these accounts were approved by Bassetlaw District Council at the meeting held on 29 September 2016.

**Signed: COUNCILLOR JIM ANDERSON**

**Councillor Jim Anderson**  
**Bassetlaw District Council**  
**Council Chairman approving the accounts**

**Date: 29 September 2016**

## **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 2015/16 (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 2015/16 presents a true and fair view of the financial position of Bassetlaw District Council at 31 March 2016 and its income and expenditure for the year ended 31 March 2016.

**Signed: DAVID HILL**

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

**Date: 29 September 2016**

|                                       |
|---------------------------------------|
| <b>MOVEMENT IN RESERVES STATEMENT</b> |
|---------------------------------------|

**Movement in Reserves during 2014/15**

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

**Movement in Reserves during 2015/16**

|  | General Fund<br>Balance<br>£'000 | Earmarked<br>General Fund<br>Reserves<br>£'000 | Housing<br>Revenue<br>Account<br>£'000 | Earmarked HRA<br>Reserves<br>£'000 | Capital<br>Receipts<br>Reserve<br>£'000 | Major Repairs<br>Reserve<br>£'000 | Capital Grants<br>Unapplied<br>£'000 | Total Usable<br>Reserves<br>£'000 | Unusable<br>Reserves<br>£'000 | Total Council<br>Reserves<br>£'000 |
|--|----------------------------------|--|--|------------------------------------|---|-----------------------------------|--------------------------------------|-----------------------------------|-------------------------------|------------------------------------|
| <b>Balance at 31 March 2015<br/>carried forward</b>                                  | <b>1,354</b>                     | <b>2,620</b>                                   | <b>1,484</b>                           | <b>0</b>                           | <b>2,152</b>                            | <b>2,468</b>                      | <b>354</b>                           | <b>10,432</b>                     | <b>78,727</b>                 | <b>89,159</b>                      |
| Surplus or deficit(-) on the<br>provision of Services                                | -2,495                           | 0  | 5,487                                  | 0                                  | 0                                       | 0                                 | 0                                    | 2,992                             | 0                             | 2,992                              |
| Other Comprehensive Income<br>and Expenditure  | 0                                | 0  | 0                                      | 0                                  | 0                                       | 0                                 | 0                                    | 0                                 | 15,693                        | 15,693                             |
| <b>Total Comprehensive Income<br/>and Expenditure</b>                                | <b>-2,495</b>                    | <b>0</b>                                       | <b>5,487</b>                           | <b>0</b>                           | <b>0</b>                                | <b>0</b>                          | <b>0</b>                             | <b>2,992</b>                      | <b>15,693</b>                 | <b>18,685</b>                      |
| Adjustment between accounting<br>basis & funding basis under<br>regulations (Note 7) | 4,321                            | 0  | -5,353                                 | 0                                  | 32                                      | 590                               | 826                                  | 416                               | -416                          | 0                                  |
| <b>Net Increase/Decrease(-) before<br/>Transfers to Earmarked<br/>Reserves</b>       | <b>1,826</b>                     | <b>0</b>                                       | <b>134</b>                             | <b>0</b>                           | <b>32</b>                               | <b>590</b>                        | <b>826</b>                           | <b>3,408</b>                      | <b>15,277</b>                 | <b>18,685</b>                      |
| Transfers to/from(-) Earmarked<br>Reserves (Note 8)                                  | -1,550                           | 1,550  | 0                                      | 0                                  | 0                                       | 0                                 | 0                                    | 0                                 | 0                             | 0                                  |
| <b>Increase/Decrease(-) in 2015/16</b>   | <b>276</b>                       | <b>1,550</b>                                   | <b>134</b>                             | <b>0</b>                           | <b>32</b>                               | <b>590</b>                        | <b>826</b>                           | <b>3,408</b>                      | <b>15,277</b>                 | <b>18,685</b>                      |
| <b>Balance at 31 March 2016<br/>carried forward</b>                                  | <b>1,630</b>                     | <b>4,170</b>                                   | <b>1,618</b>                           | <b>0</b>                           | <b>2,184</b>                            | <b>3,058</b>                      | <b>1,180</b>                         | <b>13,840</b>                     | <b>94,004</b>                 | <b>107,844</b>                     |

|   |
|---|
| <b>COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT</b> |
|---|

| 2014/15                    |                       |                          |   | 2015/16                    |                       |                          |
|----------------------------|-----------------------|--------------------------|---|----------------------------|-----------------------|--------------------------|
| Gross Expenditure<br>£'000 | Gross Income<br>£'000 | Net Expenditure<br>£'000 |   | Gross Expenditure<br>£'000 | Gross Income<br>£'000 | Net Expenditure<br>£'000 |
| 2,091                      | -734                  | 1,357                    | Central Services to the Public  | 2,243                      | -726                  | 1,517                    |
| 3,875                      | -541                  | 3,334                    | Cultural and Related Services   | 4,153                      | -1,173                | 2,980                    |
| 5,752                      | -1,064                | 4,688                    | Environment and Regulatory Services   | 6,112                      | -1,680                | 4,432                    |
| 4,421                      | -2,757                | 1,664                    | Planning Services   | 5,883                      | -1,919                | 3,964                    |
| 770                        | -1,103                | -333                     | Highways and Transport Services   | 561                        | -1,177                | -616                     |
| 32,684                     | -31,740               | 944                      | Other Housing Service - General Fund  | 31,858                     | -31,131               | 727                      |
| 11,133                     | -27,173               | -16,040                  | Local Council Housing Services - (Housing Revenue Account)  | 17,921                     | -27,655               | -9,734                   |
| 1,829                      | -265                  | 1,564                    | Corporate and Democratic Core   | 1,800                      | -260                  | 1,540                    |
| 1,007                      | -444                  | 563                      | Non Distributed Costs   | 351                        | 0                     | 351                      |
| <b>63,562</b>              | <b>-65,821</b>        | <b>-2,259</b>            | <b>Cost of Services</b>   | <b>70,882</b>              | <b>-65,721</b>        | <b>5,161</b>             |
| 3,740                      | -1,062                | 2,678                    | Other Operating Expenditure (Note 9)  | 4,733                      | -1,697                | 3,036                    |
| 6,862                      | -613                  | 6,249                    | Financing and Investment Income and Expenditure (Note 10)   | 6,766                      | -736                  | 6,030                    |
| 131                        | 0                     | 131                      | Exceptional Items Gains(-) /Losses on Investments (Note 10)   | 0                          | 0                     | 0                        |
| 17,486                     | -36,611               | -19,125                  | Taxation and Non-Specific Grant Income And Expenditure (Note 11)                                      | 15,659                     | -32,878               | -17,219                  |
| <b>91,781</b>              | <b>-104,107</b>       | <b>-12,326</b>           | <b>Surplus (-) or Deficit on Provision of Services</b>  | <b>98,040</b>              | <b>-101,032</b>       | <b>-2,992</b>            |
|                            |                       |                          | <b>Items that will not be reclassified to the Surplus (-) or Deficit on the Provision of Services</b> |                            |                       |                          |
|                            |                       | 11,674                   | Surplus(-) or Deficit on Revaluation of Non Current Assets (Note 12)                                  |                            |                       | -7,845                   |
|                            |                       | 0                        | Impairment Losses on Non-Current Assets Charged to Revaluation Reserve (Note 12)                      |                            |                       | 0                        |
|                            |                       | 11,350                   | Remeasurements of the Net Defined Benefit Liability (Asset) (Note 39)                                 |                            |                       | -7,848                   |
|                            |                       | 0                        | Any Other Gains(-)/Losses Required to be Included in the Statement                                    |                            |                       | 0                        |
|                            |                       | <b>23,024</b>            | <b>Other Comprehensive Income and Expenditure</b>   |                            |                       | <b>-15,693</b>           |
|                            |                       | <b>10,698</b>            | <b>Total Comprehensive Income and Expenditure</b>   |                            |                       | <b>-18,685</b>           |



|                      |
|----------------------|
| <b>BALANCE SHEET</b> |
|----------------------|

| <b>31 March<br/>2015<br/>£'000</b> |  | <b>Notes</b> | <b>31 March<br/>2016<br/>£'000</b> |
|------------------------------------|--|--------------|------------------------------------|
| 248,295                            | Property, Plant & Equipment                | 12           | 258,518                            |
| 314                                | Heritage Assets                            | 13           | 314                                |
| 0                                  | Investment Properties                      | 14           | 0                                  |
| 595                                | Intangible Assets                          | 15           | 467                                |
| 0                                  | Long Term Investments                      | 16           | 0                                  |
| 1,051                              | Long Term Debtors                          | 18           | 1,045                              |
| <b>250,255</b>                     | <b>TOTAL LONG TERM ASSETS</b>              |              | <b>260,344</b>                     |
| 1,006                              | Short Term Investments                     | 16           | 7,002                              |
| 1,661                              | Assets Held For Sale                       | 20           | 1,416                              |
| 48                                 | Inventories                                | 17           | 36                                 |
| 11,010                             | Short Term Debtors                         | 18           | 8,441                              |
| 10,121                             | Cash and Cash Equivalents                  | 19           | 9,558                              |
| <b>23,846</b>                      | <b>TOTAL CURRENT ASSETS</b>                |              | <b>26,453</b>                      |
| 0                                  | Cash and Cash Equivalents (Bank Overdraft) | 19           | 0                                  |
| -503                               | Short Term Borrowings                      | 16           | -502                               |
| -13,773                            | Short Term Creditors                       | 21           | -11,775                            |
| -1,237                             | Provisions Short Term                      | 22           | -1,281                             |
| 0                                  | Short Term Finance Lease Liability         | 37           | 0                                  |
| -27                                | Grants Receipts in Advance - Revenue       | 34           | -22                                |
| <b>-15,540</b>                     | <b>TOTAL CURRENT LIABILITIES</b>           |              | <b>-13,580</b>                     |
| -1,050                             | Long Term Creditors                        | 21           | -1,979                             |
| -974                               | Provisions Long Term                       | 22           | -2,971                             |
| 0                                  | Long Term Finance Lease Liability          | 37           | 0                                  |
| -110,386                           | Long Term Borrowing                        | 16           | -110,394                           |
| -56,992                            | Pensions Liability                         | 40           | -50,029                            |
| <b>-169,402</b>                    | <b>TOTAL LONG TERM LIABILITIES</b>         |              | <b>-165,373</b>                    |
| <b>89,159</b>                      | <b>TOTAL NET ASSETS</b>                    |              | <b>107,844</b>                     |
| 10,432                             | Usable Reserves                            | 7            | 13,840                             |
| 78,727                             | Unusable Reserves                          | 24           | 94,004                             |
| <b>89,159</b>                      | <b>TOTAL RESERVES</b>                      |              | <b>107,844</b>                     |

These financial statements replace the unaudited financial statements approved at the meeting of the Council on 21 June 2016.

Signed: COUNCILLOR JIM ANDERSON

Councillor Jim Anderson  
Chairman of Bassetlaw District Council  
Date: 29 September 2016

Signed: DAVID HILL

David Hill  
Head of Finance & Property &  
Council Section 151 Officer  
Date: 29 September 2016

|                            |
|----------------------------|
| <b>CASH FLOW STATEMENT</b> |
|----------------------------|

| 2014/15<br>£'000 |   | Note | 2015/16<br>£'000 |
|------------------|---|------|------------------|
| 12,326           | Net Surplus/Deficit(-) on the Provision of Services   |      | 2,992            |
| 6,346            | Adjustment to Surplus or Deficit on the Provision of Services for Non-Cash Movements  | 25A  | 12,905           |
| -3,073           | Adjust for Item Included in the Net Surplus or Deficit on the Provision of Services that are Investing and Financing Activities | 25A  | -4,573           |
| 15,599           | Net Cash Flows from Operating Activities  | 25A  | 11,324           |
| -8,809           | Investing Activities  | 25C  | -13,042          |
| 2,624            | Financing Activities  | 25D  | 1,155            |
| 9,414            | Net Increase or Decrease(-) in Cash and Cash Equivalents  |      | -563             |
| 707              | Cash and Cash Equivalents at the Beginning of the Reporting Period  | 19   | 10,121           |
| <b>10,121</b>    | <b>Cash and Cash Equivalents at the End of the Reporting Period</b>   | 19   | <b>9,558</b>     |

|   |
|---|
| <b>NOTES TO THE CORE FINANCIAL STATEMENTS</b> |
|---|

The values held within the proceeding Notes to the Accounts may vary slightly when compared to the main Statements or other Notes. This is due to amounts being rounded. It is not expected that a difference would be in excess of £2,00 in any single case.

## **1. ACCOUNTING POLICIES**

### **A. General Principles**

The Statement of Accounts summarises the Council's transactions for the 2015/16 financial year and its position at the year-end of 31 March 2016. The Council is required to prepare an annual Statement of Accounts by the Accounts and Audit (England) Regulations 2015 which those Regulations require to be prepared in accordance with proper accounting practices. These practices primarily comprise the Code of Practice on Local Authority Accounting in the United Kingdom 2015/16 and the Service Reporting Code of Practice 2015/16, 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. Materiality is taken into account when applying this policy.

**i) Subsidiaries**

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

**ii) Associates**

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

**iii) Joint Ventures**

Joint ventures are those entities over whose activities the Council has joint control, established by contractual agreement. The consolidated financial statements include the Group's proportionate share of the entities' assets, liabilities, revenues and expenses with items of 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 an appropriate discount rate based on the indicative rate of return on the high quality corporate bond .

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

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

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

- current service costs – the increase in liabilities as a result of years of service earned this year – allocated in the Comprehensive Income and Expenditure Statement to the services for which the employees worked.
- past service cost – the increase in liabilities arising from current year decisions whose effect relates to years of service earned in earlier years – debited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement as part of 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 2015/16 (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).
- Other Land and Buildings - current value, determined as the amount that would be paid for the asset in its existing use (existing use value EUV).
- Surplus Assets - fair value, determined by the highest and best use of the asset.

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

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

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

Under the Code of Practice on Local Authority Accounting in the United Kingdom 2015/16 (the Code), the Council is required to disclose information setting out the impact of an accounting change required by a new accounting standard that has been issued but not yet been adopted by the Code. The CIPFA Code of Practice on Transport Infrastructure Assets (the Infrastructure Code) takes effect from 1 April 2016. Under the Infrastructure Code transport infrastructure assets will be recognised as a separate class of Property, Plant and Equipment and measured at depreciated replacement cost. This will consist of seven components: carriageways, footways and cycle tracks, structures, street lighting, street furniture, traffic management systems and land. As this authority is not a Highways authority, the adoption of the Infrastructure Code will not have an impact on the accounts. In addition there are a number of minor amendments to International Financial Reporting Standards, but these are not expected to have any material impact on the accounts.

## **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 2016 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 £0.099m has been set aside to meet these claims.   |
| 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 £1.966m and a 1 year reduction in mortality would result in a increase of £3.529m. However, the assumptions interact in complex ways. During 2015/16, the Council's Actuary advised that the net pensions liability had decreased by £6.963m. For the 2015/16 Statement of Accounts, the actuary has advised that a rate of 0.3% real (3.5% actual) is appropriate. Application of this rate has resulted in a decrease in liabilities measured at today's prices of £7.848m, 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 2016, the Council had a balance of sundry debtors of £1.198m. A review of significant balances suggested that an impairment of doubtful debts of 12.4% (£0.149m) 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 £0.149m to set aside as an allowance.   |
| 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.   |

| Item                   | Uncertainties   | Effect if Actual Results Differ from Assumptions   |
|------------------------|---|--|
| Fair Value Estimations | <p>When the fair values of Investment Properties, Surplus Assets and Assets Held for Sale cannot be measured based on quoted prices in active markets (ie Level 1 inputs), their fair value is measured using the following valuation techniques:</p> <p>1. For Level 2 inputs, quoted prices for similar assets or liabilities in active markets at the balance sheet date;<br/> 2. For level 3 inputs, valuations based on; - Most recent valuations adjusted to current valuation by the use of indexation and impairment review.</p> <p>Where possible, the inputs to these valuation techniques are based on observable data, but where this is not possible, judgment is required in establishing fair values. These judgments typically include considerations such as uncertainty and risk. Changes in assumptions used could affect the fair value of The Council's assets and liabilities. Where Level 1 inputs are not available, the authority employs RICS qualified valuers (Lambert Smith Hampton) to identify the most appropriate valuation techniques to determine fair value.</p> <p>All valuations are carried out in accordance with the methodologies and bases for estimation set out in the professional standards of the Royal Institution of Chartered Surveyors. The Council's valuation experts work closely with finance officers reporting directly to the chief financial officer on a regular basis regarding all valuation matters.</p> <p>Information about the valuation techniques and inputs used in determining the fair value of these assets is set out in Notes 12 and</p> | <p>The Council uses combination of indexation techniques, beacon valuations and discounted cash flow (DCF) models to measure the fair value of its Investment Properties, Surplus Assets and Assets Held for Sale under IFRS13 depending on which technique it considers most appropriate.</p> <p>The significant unobservable inputs used in the fair value measurement include management assumptions regarding rent growth, occupancy levels, floor area repairs backlogs, beacon classifications and others.</p> <p>Significant changes in any of the unobservable inputs would result in a significantly lower or higher fair value measurement for these assets.</p> |

## 5. MATERIAL ITEMS OF INCOME AND EXPENDITURE

There have been no material items of income and expenditure during 2015/16.

## 6. EVENTS AFTER THE BALANCE SHEET DATE

On 23 June, the EU referendum took place and the people of the United Kingdom voted to leave the European Union. Until exit negotiations are concluded, the UK remains a full member of the European Union and all the rights and obligations of EU membership remain in force. During this period the Government will continue to negotiate, implement and apply EU legislation. It will be for the Government, under the new Prime Minister to begin negotiations to exit the EU. The outcome of these negotiations will determine what arrangements apply in relation to EU legislation and funding in future once the UK has left the EU. This is therefore a non-adjusting event for which no estimate of its financial effect on the reporting entity can be made.

The final Audited Statement of Accounts will be authorised for issue by the Head of Finance & Property on 29 September 2016. 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 2016, 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 REGULATION**

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

### **General Fund Balance**

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

### **Housing Revenue Account Balance**

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

### **Major Repairs Reserve**

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

### **Capital Receipts Reserve**

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

### **Capital Grants Unapplied**

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

| 2014/2015 Usable Reserves   | General<br>Fund<br>Balance<br>£'000 | Housing<br>Revenue<br>Account<br>£'000 | Capital<br>Receipts<br>Reserve<br>£'000 | Major<br>Repairs<br>Reserve<br>£'000 | Capital<br>Grants<br>Unapplied<br>£'000 | Movement<br>in Unusable<br>Reserves<br>£'000 |
|---|-------------------------------------|--|---|--------------------------------------|---|--|
| <b>Adjustments to the Revenue Resources</b>   |                                     |  |   |                                      |   |  |
| <b>Amounts by which income and expenditure included in the Comprehensive Income and Expenditure Statement are different from revenue for the year calculated in accordance with statutory requirements:</b> |                                     |  |   |                                      |   |  |
| Pensions costs (transferred to (or from) the Pensions Reserve)  | -1,879                              | 1,169                                  | 0                                       | 0                                    | 0                                       | 710  |
| Financial instruments (transferred to the Financial Instruments Adjustments)  | -11                                 | 0                                      | 0                                       | 0                                    | 0                                       | 11   |
| Council tax and NDR (transfers to or from Collection Fund)  | 5,457                               | 0                                      | 0                                       | 0                                    | 0                                       | -5,457                                       |
| Holiday pay (transferred to the Accumulated Absences Reserve)   | -58                                 | 0                                      | 0                                       | 0                                    | 0                                       | 58   |
| Reversal of entries included in the Surplus or Deficit on the Provision of Services in relation to capital expenditure (these items are charged to the Capital Adjustment Account):                         | -1,666                              | 433                                    | 0                                       | 0                                    | -286                                    | 1,519  |
| <b>Total Adjustments to Revenue Resources</b>   | <b>1,843</b>                        | <b>1,602</b>                           | <b>0</b>                                | <b>0</b>                             | <b>-286</b>                             | <b>-3,159</b>                                |
| <b>Adjustments between Revenue and Capital Resources</b>  |                                     |  |   |                                      |   |  |
| Transfer of non-current asset sale proceeds from revenue to the Capital Receipts  | 71                                  | 1,004                                  | -1,234                                  | 0                                    | 0                                       | 159  |
| Administrative costs of non-current asset disposals (funded by a contribution from the Capital Receipts Reserve)  | 0                                   | -34                                    | 34                                      | 0                                    | 0                                       | 0  |
| Payments to the government housing receipts pool (funded by a transfer from the Capital Receipts Reserve)   | -450                                | 0                                      | 450                                     | 0                                    | 0                                       | 0  |
| Posting of HRA resources from revenue to the Major Repairs Reserve  | 0                                   | 8,846                                  | 0                                       | -8,846                               | 0                                       | 0  |
| Statutory provision for the repayment of debt (transfer from the Capital Adjustment Account)  | 1,183                               | 0                                      | 0                                       | 3,273                                | 0                                       | -4,456                                       |
| Capital expenditure financed from revenue balances (transfer to the Capital Adjustment Account)   | 36                                  | 0                                      | 0                                       | 0                                    | 0                                       | -36  |
| <b>Total Adjustments between Revenue and Capital Resources</b>  | <b>840</b>                          | <b>9,816</b>                           | <b>-750</b>                             | <b>-5,573</b>                        | <b>0</b>                                | <b>-4,333</b>                                |
| <b>Adjustments to Capital Resources</b>   |                                     |  |   |                                      |   |  |
| Use of the Capital Receipts Reserve to finance capital expenditure  | 0                                   | 0                                      | 2,375                                   | 0                                    | 0                                       | -2,375                                       |
| Use of the Major Repairs Reserve to finance capital expenditure   | 0                                   | 0                                      | 0                                       | 7,067                                | 0                                       | -7,067                                       |
| Application of capital grants to finance capital expenditure  | 0                                   | 0                                      | 0                                       | 0                                    | 71                                      | -71  |
| Cash payments in relation to deferred capital receipts  | 0                                   | 0                                      | -41                                     | 0                                    | 0                                       | 41   |
| <b>Total Adjustments to Capital Resources</b>   | <b>0</b>                            | <b>0</b>                               | <b>2,334</b>                            | <b>7,067</b>                         | <b>71</b>                               | <b>-9,472</b>                                |
| <b>Total Adjustments</b>  | <b>2,683</b>                        | <b>11,418</b>                          | <b>1,584</b>                            | <b>1,494</b>                         | <b>-215</b>                             | <b>-16,964</b>                               |

| 2015/2016 Usable Reserves   | General<br>Fund<br>Balance<br>£'000 | Housing<br>Revenue<br>Account<br>£'000 | Capital<br>Receipts<br>Reserve<br>£'000 | Major<br>Repairs<br>Reserve<br>£'000 | Capital<br>Grants<br>Unapplied<br>£'000 | Movement<br>in Unusable<br>Reserves<br>£'000 |
|---|-------------------------------------|--|---|--------------------------------------|---|--|
| <b>Adjustments to the Revenue Resources</b>   |                                     |  |   |                                      |   |  |
| <b>Amounts by which income and expenditure included in the Comprehensive Income and Expenditure Statement are different from revenue for the year calculated in accordance with statutory requirements:</b> |                                     |  |   |                                      |   |  |
| Pensions costs (transferred to (or from) the Pensions Reserve)  | -2,119                              | 1,234                                  | 0                                       | 0                                    | 0                                       | 885  |
| Financial instruments (transferred to the Financial Instruments Adjustments)  | -10                                 | 0                                      | 0                                       | 0                                    | 0                                       | 10   |
| Council tax and NDR (transfers to or from Collection Fund)  | -873                                | 0                                      | 0                                       | 0                                    | 0                                       | 873  |
| Holiday pay (transferred to the Accumulated Absences Reserve)   | -6                                  | 0                                      | 0                                       | 0                                    | 0                                       | 6  |
| Reversal of entries included in the Surplus or Deficit on the Provision of Services in relation to capital expenditure (these items are charged to the Capital Adjustment Account):                         | -2,449                              | -6,510                                 | 0                                       | 0                                    | -903                                    | 9,862  |
| <b>Total Adjustments to Revenue Resources</b>   | <b>-5,457</b>                       | <b>-5,276</b>                          | <b>0</b>                                | <b>0</b>                             | <b>-903</b>                             | <b>11,636</b>                                |
| <b>Adjustments between Revenue and Capital Resources</b>  |                                     |  |   |                                      |   |  |
| Transfer of non-current asset sale proceeds from revenue to the Capital Receipts  | 22                                  | 1,675                                  | -1,833                                  | 0                                    | 0                                       | 136  |
| Administrative costs of non-current asset disposals (funded by a contribution from the Capital Receipts Reserve)  | 0                                   | -43                                    | 43                                      | 0                                    | 0                                       | 0  |
| Payments to the government housing receipts pool (funded by a transfer from the Capital Receipts Reserve)   | -636                                | 0                                      | 636                                     | 0                                    | 0                                       | 0  |
| Posting of HRA resources from revenue to the Major Repairs Reserve  | 0                                   | 8,997                                  | 0                                       | -8,997                               | 0                                       | 0  |
| Statutory provision for the repayment of debt (transfer from the Capital Adjustment Account)  | 1,710                               | 0                                      | 0                                       | 0                                    | 0                                       | -1,710                                       |
| Capital expenditure financed from revenue balances (transfer to the Capital Adjustment Account)   | 40                                  | 0                                      | 0                                       | 0                                    | 0                                       | -40  |
| <b>Total Adjustments between Revenue and Capital Resources</b>  | <b>1,136</b>                        | <b>10,629</b>                          | <b>-1,154</b>                           | <b>-8,997</b>                        | <b>0</b>                                | <b>-1,614</b>                                |
| <b>Adjustments to Capital Resources</b>   |                                     |  |   |                                      |   |  |
| Use of the Capital Receipts Reserve to finance capital expenditure  | 0                                   | 0                                      | 3,058                                   | 0                                    | 0                                       | -3,058                                       |
| Use of the Major Repairs Reserve to finance capital expenditure   | 0                                   | 0                                      | 0                                       | 8,407                                | 0                                       | -8,407                                       |
| Application of capital grants to finance capital expenditure  | 0                                   | 0                                      | 0                                       | 0                                    | 77                                      | -77  |
| Cash payments in relation to deferred capital receipts  | 0                                   | 0                                      | -1,936                                  | 0                                    | 0                                       | 1,936  |
| <b>Total Adjustments to Capital Resources</b>   | <b>0</b>                            | <b>0</b>                               | <b>1,122</b>                            | <b>8,407</b>                         | <b>77</b>                               | <b>-9,606</b>                                |
| <b>Total Adjustments</b>  | <b>-4,321</b>                       | <b>5,353</b>                           | <b>-32</b>                              | <b>-590</b>                          | <b>-826</b>                             | <b>416</b>                                   |

**8 TRANSFERS TO/FROM EARMARKED RESERVES**

This note sets out the amounts set aside from the General Fund and HRA balances in earmarked reserves to provide financing for future expenditure plans and the amounts posted back from earmarked reserves to meet General Fund and HRA expenditure in 2015/16.

|  | Balance at<br>31 March<br>2014<br>£'000 | Transfer<br>out<br>2014/15<br>£'000 | Transfer<br>in<br>2014/15<br>£'000 | Balance at<br>31 March<br>2015<br>£'000 | Transfer<br>out<br>2015/16<br>£'000 | Transfer<br>in<br>2015/16<br>£'000 | Balance at<br>31 March<br>2016<br>£'000 |
|--|---|-------------------------------------|------------------------------------|---|-------------------------------------|------------------------------------|---|
| <b>General Fund Reserves</b>               |   |                                     |                                    |   |                                     |                                    |   |
| Developers Revenue Contributions Unapplied | -223                                    | 35                                  | -3                                 | -191                                    | 87                                  | 0                                  | -104                                    |
| Internal Insurance Reserve                 | -300                                    | 0                                   | 0                                  | -300                                    | 169                                 | -169                               | -300                                    |
| Job Evaluation                             | -735                                    | 0                                   | 0                                  | -735                                    | 46                                  | -11                                | -700                                    |
| Treasury Management                        | -429                                    | 51                                  | 0                                  | -378                                    | 378                                 | 0                                  | 0                                       |
| Revenue Grants & Contributions Unapplied   | -101                                    | 82                                  | -163                               | -182                                    | 78                                  | -118                               | -222                                    |
| Donations                                  | -40                                     | 4                                   | 0                                  | -36                                     | 0                                   | -1                                 | -37                                     |
| Pension                                    | -20                                     | 20                                  | -200                               | -200                                    | 200                                 | 0                                  | 0                                       |
| Strain/Redundancy                          |   |                                     |                                    |   |                                     |                                    |   |
| High Street Innovation                     | -45                                     | 0                                   | 0                                  | -45                                     | 30                                  | 0                                  | -15                                     |
| LAMS Default Reserve                       | -8                                      | 0                                   | -15                                | -23                                     | 0                                   | -14                                | -37                                     |
| Retained Business Rates Reserve            | -2,512                                  | 3,467                               | 0                                  | 955                                     | 0                                   | -1,212                             | -257                                    |
| General Fund Earmarked Reserves            | -352                                    | 67                                  | -187                               | -472                                    | 302                                 | -727                               | -897                                    |
| Business Rate Volatility Reserve           | 0                                       | 0                                   | -200                               | -200                                    | 0                                   | 0                                  | -200                                    |
| Business Rates Pooling Reserve             | -6                                      | 0                                   | -807                               | -813                                    | 403                                 | -43                                | -453                                    |
| Local Plan                                 | 0                                       | 0                                   | 0                                  | 0                                       | 0                                   | -145                               | -145                                    |
| New Homes Bonus                            | 0                                       | 0                                   | 0                                  | 0                                       | 0                                   | -590                               | -590                                    |
| Management Team                            | 0                                       | 0                                   | 0                                  | 0                                       | 0                                   | -213                               | -213                                    |
| <b>Total General Fund</b>                  | <b>-4,771</b>                           | <b>3,726</b>                        | <b>-1,575</b>                      | <b>-2,620</b>                           | <b>1,693</b>                        | <b>-3,243</b>                      | <b>-4,170</b>                           |
| <b>Housing Revenue Account Reserves</b>    |   |                                     |                                    |   |                                     |                                    |   |
| HRA Grants Unapplied                       | -34                                     | 34                                  | 0                                  | 0                                       | 0                                   | 0                                  | 0                                       |
| <b>Total Housing Revenue Account</b>       | <b>-34</b>                              | <b>34</b>                           | <b>0</b>                           | <b>0</b>                                | <b>0</b>                            | <b>0</b>                           | <b>0</b>                                |
| <b>Total</b>                               | <b>-4,805</b>                           | <b>3,760</b>                        | <b>-1,575</b>                      | <b>-2,620</b>                           | <b>1,693</b>                        | <b>-3,243</b>                      | <b>-4,170</b>                           |

Developers Revenue Contributions Unapplied Reserve

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



#### Internal Insurance Reserve

This is a self-insurance reserve. The reserve was replenished during 2015/16 in order to maintain the level of 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 Council took the decision during 2015/16 to pay off the Icelandic Bank residual balances. Hence this reserve has been fully utilised.

#### 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. Monies are available for use to support the service area for which they have been donated during the year if required, the rest has been set aside for future use.

#### Pension Strain/Redundancy Reserve

Funds were set aside in 2014/15 to fund the anticipated redundancy and pension strain costs associated with the Corporate Voluntary Redundancy and Early Retirement process. These funds were fully expended 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. The overall surplus in 2015/16 has allowed for the negative reserve to be cleared and the remaining has contributed to the reserve going forward.

#### General Fund Earmarked Reserve

During 2014/15 a number of new reserves were set up to fund specific projects. Some of these have been expended in full, with others part expended with the balances remaining in reserves. During 2015/16 a number of further new reserves have been created. These include: IT and Neighbourhood Staffing, Income Volatility, Green Waste Bins, 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 was set up in 2014/15 to mitigate any variances in the future.

#### Business Rates Pooling Reserve

Bassetlaw is a member of the Nottinghamshire Pool for retained Business Rates. This reserve has been created to recognise the Council's share of redistributed growth generated from not paying over the individual Council levies to Central Government as a result of the pooling arrangements. A decision was made that only 50% of the pool growth generated in 2014/15 would be kept by individual Authorities, the remaining 50% was kept by the Pool to be spent within the County for Economic Development purposes. A similar decision relating to the growth generated in 2015/16 is pending. Currently, the amount added to the reserve during 2015/16 represents the full 100%.

#### Housing Revenue Account Grants Unapplied Reserve

This amount in 2014/15 related to the Supporting People Grant which was transferred to the HRA and has been fully expended during 2014/15.

#### Local Plan

A reserve has been set aside from the underspend of updating the Local Plan in 2015/16, to be used to fund the costs of producing the Local Plan in the future.

#### New Homes Bonus

The New Homes Bonus was first introduced in 2011/12, and was top-sliced from the Revenue Support Grant. It is paid as a separate specific grant and is linked to authorities delivery of new housing. Previously, the Council has fully relied on this money as part of it's mainstream funding. Cabinet agreed to reduce this reliance to nil by 2019/20. During 2015/16 budget setting it was agreed that only £1.0m of the £1.59m allocation would be used for funding General Fund revenue budgets. The remaining £0.59m has been put into an earmarked reserve and allocated towards the 2017/18 savings target.

#### Management Team

A number of new reserves have been set up in 2015/16 which have been agreed by Management Team to be spent during 2016/17. They are to fund various Service specific one-off projects.

**9 OTHER OPERATING EXPENDITURE**

| <b>2014/15<br/>£'000</b> |  | <b>2015/16<br/>£'000</b> |
|--------------------------|--|--------------------------|
| 906                      | Parish Council Precepts                                  | 936                      |
| 453                      | Levies   | 459                      |
| 450                      | Payments to the Government Housing Capital Receipts Pool | 636                      |
| 869                      | Gains/Losses(-) on the disposal of non-current assets    | 1,005                    |
| <b>2,678</b>             | <b>Total</b>   | <b>3,036</b>             |

**10 FINANCING AND INVESTMENT INCOME AND EXPENDITURE**

| <b>2014/15<br/>£'000</b> |   | <b>2015/16<br/>£'000</b> |
|--------------------------|---|--------------------------|
| 4,458                    | Interest payable and similar charges                      | 4,445                    |
| 1,906                    | Net interest on the net defined benefit liability (asset) | 1,773                    |
| -213                     | Interest receivable and similar income                    | -187                     |
| 131                      | Exceptional item : Gains(-)/Losses on investments         | 0                        |
| 98                       | Deficit on trading activities                             | -1                       |
| <b>6,380</b>             | <b>Total</b>  | <b>6,030</b>             |

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

| <b>2014/15<br/>£'000</b> |   | <b>2015/16<br/>£'000</b> |
|--------------------------|---|--------------------------|
| -5,966                   | Council tax income                        | -6,177                   |
| -6,089                   | Non-Domestic Rates income and expenditure | -4,149                   |
| -5,749                   | Non ring-fenced Government grants         | -4,887                   |
| -410                     | Developers grants & contributions         | -631                     |
| -911                     | Capital grants and contributions          | -1,375                   |
| <b>-19,125</b>           | <b>Total</b>                              | <b>-17,219</b>           |

## 12 PROPERTY PLANT AND EQUIPMENT

| <b>Comparative Movements in 2014/15:</b>  | <b>Council Dwellings<br/>£'000</b> | <b>Other Land and Buildings<br/>£'000</b> | <b>Vehicles, Plant, Furniture<br/>&amp; Equipment<br/>£'000</b> | <b>Infrastructure Assets<br/>£'000</b> | <b>Community Assets<br/>£'000</b> | <b>Surplus Assets<br/>£'000</b> | <b>Assets Under<br/>Construction<br/>£'000</b> | <b>Total Property, Plant &amp;<br/>Equipment<br/>£'000</b> |
|---|------------------------------------|---|---|--|-----------------------------------|---------------------------------|--|--|
| <b>Cost or Valuation</b>  |                                    |   |   |  |                                   |                                 |  |  |
| <b>At April 2014</b>  | 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(-)<br>recognised in the Revaluation<br>Reserve                          | 0                                  | 264                                       | 0   | 0                                      | 0                                 | 20                              | 0  | 284  |
| Revaluation increases/decreases(-)<br>recognised in the Surplus/Deficit on<br>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<br>for Sale   | -993                               | -566                                      | 0   | 0                                      | 0                                 | -92                             | 0  | -1,651   |
| Other movements in cost or<br>valuation   | -135                               | -117                                      | 14  | 2                                      | 10                                | 319                             | -93  | 0  |
| <b>At 31 March 2015</b>   | <b>204,256</b>                     | <b>38,028</b>                             | <b>14,864</b>   | <b>6,674</b>                           | <b>291</b>                        | <b>5,768</b>                    | <b>2,197</b>                                   | <b>272,078</b>   |
| <b>Accumulated Depreciation &amp;<br/>Impairment</b>  |                                    |   |   |  |                                   |                                 |  |  |
| <b>At April 2014</b>  | 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<br>Revaluation Reserve  | 0                                  | -62                                       | 0   | 0                                      | 0                                 | 0                               | 0  | -62  |
| Depreciation written out to the<br>Surplus/Deficit on the Provision of<br>Services                      | -2,160                             | -48                                       | 0   | 0                                      | 0                                 | 0                               | 0  | -2,208   |
| Impairment losses/reversals(-)<br>recognised in the Revaluation<br>Reserve                              | 0                                  | 0   | 0   | 0                                      | 0                                 | 0                               | 0  | 0  |
| Impairment losses/reversals(-)<br>recognised in the Surplus/Deficit on<br>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 &<br>impairment   | 0                                  | -8  | 0   | 0                                      | 0                                 | 8                               | 0  | 0  |
| <b>At 31 March 2015</b>   | <b>10,604</b>                      | <b>2,203</b>                              | <b>9,202</b>  | <b>1,719</b>                           | <b>0</b>                          | <b>55</b>                       | <b>0</b>                                       | <b>23,783</b>  |
| <b>Net Book Value</b>   |                                    |   |   |  |                                   |                                 |  |  |
| <b>at 31 March 2015</b>   | <b>193,652</b>                     | <b>35,825</b>                             | <b>5,662</b>  | <b>4,955</b>                           | <b>291</b>                        | <b>5,713</b>                    | <b>2,197</b>                                   | <b>248,295</b>   |
| <b>at 31 March 2014</b>   | <b>198,200</b>                     | <b>36,026</b>                             | <b>5,777</b>  | <b>4,869</b>                           | <b>281</b>                        | <b>5,105</b>                    | <b>181</b>                                     | <b>250,439</b>   |

| <b>Movements in 2015/16</b>   | <b>Council Dwellings<br/>£'000</b> | <b>Other Land and Buildings<br/>£'000</b> | <b>Vehicles, Plant, Furniture<br/>&amp; Equipment<br/>£'000</b> | <b>Infrastructure Assets<br/>£'000</b> | <b>Community Assets<br/>£'000</b> | <b>Surplus Assets<br/>£'000</b> | <b>Assets Under<br/>Construction<br/>£'000</b> | <b>Total Property, Plant &amp;<br/>Equipment<br/>£'000</b> |
|---|------------------------------------|---|---|--|-----------------------------------|---------------------------------|--|--|
| <b>Cost or Valuation</b>  |                                    |   |   |  |                                   |                                 |  |  |
| <b>At April 2015</b>  | 204,256                            | 38,028                                    | 14,864  | 6,674                                  | 291                               | 5,768                           | 2,197  | <b>272,078</b>   |
| Additions   | 7,640                              | 666                                       | 828   | 410                                    | 0                                 | 0                               | 3,302  | <b>12,846</b>  |
| Donations   | 0                                  | 0   | 40  | 0                                      | 0                                 | 0                               | 0  | <b>40</b>  |
| Revaluation increases/decreases(-)<br>recognised in the Revaluation<br>Reserve                          | 1,853                              | 1,940                                     | 0   | 0                                      | 0                                 | 1,388                           | 0  | <b>5,181</b>   |
| Revaluation increases/decreases(-)<br>recognised in the Surplus/Deficit on<br>the Provision of Services | 0                                  | -1,315                                    | 0   | 0                                      | 0                                 | -436                            | 0  | <b>-1,751</b>  |
| Derecognition - Disposals   | 0                                  | 0   | 0   | 0                                      | 0                                 | 0                               | 0  | <b>0</b>   |
| Derecognition - Other   | -1,254                             | -20                                       | -782  | 0                                      | 0                                 | -309                            | 0  | <b>-2,365</b>  |
| Assets reclassified to(-)/from Held<br>for Sale   | -1,395                             | 0   | 0   | 0                                      | 0                                 | 122                             | 0  | <b>-1,273</b>  |
| Other movements in cost or<br>valuation   | 1,369                              | 578                                       | 0   | 27                                     | 0                                 | 87                              | -2,061   | <b>0</b>   |
| <b>At 31 March 2016</b>   | <b>212,469</b>                     | <b>39,877</b>                             | <b>14,950</b>   | <b>7,111</b>                           | <b>291</b>                        | <b>6,620</b>                    | <b>3,438</b>                                   | <b>284,756</b>   |
| <b>Accumulated Depreciation &amp;<br/>Impairment</b>  |                                    |   |   |  |                                   |                                 |  |  |
| <b>At April 2015</b>  | 10,604                             | 2,203                                     | 9,202   | 1,719                                  | 0                                 | 55                              | 0  | <b>23,783</b>  |
| Depreciation charge   | 4,478                              | 820                                       | 1,196   | 211                                    | 0                                 | 31                              | 0  | <b>6,736</b>   |
| Depreciation written out to the<br>Revaluation Reserve  | -2,168                             | -490                                      | 0   | 0                                      | 0                                 | -6                              | 0  | <b>-2,664</b>  |
| Depreciation written out to the<br>Surplus/Deficit on the Provision of<br>Services                      | 0                                  | -312                                      | 0   | 0                                      | 0                                 | -43                             | 0  | <b>-355</b>  |
| Impairment losses/reversals(-)<br>recognised in the Revaluation<br>Reserve                              | 0                                  | 0   | 0   | 0                                      | 0                                 | 0                               | 0  | <b>0</b>   |
| Impairment losses/reversals(-)<br>recognised in the Surplus/Deficit on<br>the Provision of Services     | 0                                  | 0   | 0   | 0                                      | 0                                 | 0                               | 0  | <b>0</b>   |
| Derecognition - Disposals   | 0                                  | 0   | 0   | 0                                      | 0                                 | 0                               | 0  | <b>0</b>   |
| Derecognition - Other   | -466                               | 0   | -782  | 0                                      | 0                                 | -14                             | 0  | <b>-1,262</b>  |
| Other movements in depreciation &<br>impairment   | -21                                | 16  | 0   | 0                                      | 0                                 | 5                               | 0  | <b>0</b>   |
| <b>At 31 March 2016</b>   | <b>12,427</b>                      | <b>2,237</b>                              | <b>9,616</b>  | <b>1,930</b>                           | <b>0</b>                          | <b>28</b>                       | <b>0</b>                                       | <b>26,238</b>  |
| <b>Net Book Value</b>   |                                    |   |   |  |                                   |                                 |  |  |
| <b>at 31 March 2016</b>   | <b>200,042</b>                     | <b>37,640</b>                             | <b>5,334</b>  | <b>5,181</b>                           | <b>291</b>                        | <b>6,592</b>                    | <b>3,438</b>                                   | <b>258,518</b>   |
| <b>at 31 March 2015</b>   | <b>193,652</b>                     | <b>35,825</b>                             | <b>5,662</b>  | <b>4,955</b>                           | <b>291</b>                        | <b>5,713</b>                    | <b>2,197</b>                                   | <b>248,295</b>   |

Please note the closing balance on depreciation for Council Dwellings relates to the Council's componentisation policy which states that itemised components such as the kitchen and bathroom will continue to be depreciated until the end of their economic useful life and not be revalued in year.

## 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 £3m, £4.4m and £3.5m respectively until the end of the various contract period. Further committed contracts will also be outstanding for any projects that were still in progress at 31 March 2016.

## 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 2015/16 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 revalued at least every five years. All valuations were carried out in-house. Valuations of land and buildings were carried out in accordance with the methodologies and basis for estimation set out in the professional standards of the Royal Institute of Chartered Surveyors (RICS). The Valuation basis i.e. Depreciated Replacement Cost is based on a depreciated modern equivalent asset (excluding borrowing costs), market value and fair value is based on estimated price agreed between willing parties and based on local comparable information.

|                                | <b>Council<br/>Dwellings<br/>£'000</b> | <b>Other<br/>Land &amp;<br/>Buildings<br/>£'000</b> | <b>Vehicles,<br/>Plant,<br/>Equipment<br/>£'000</b> | <b>Surplus<br/>Assets<br/>£'000</b> | <b>Other<br/>PPE<br/>Assets<br/>£'000</b> | <b>Total<br/>£'000</b> |
|--------------------------------|--|---|---|-------------------------------------|---|------------------------|
| Carried at Historical cost     | 0                                      | 0   | 5,334   | 0                                   | 8,910                                     | 14,244                 |
| Valued as at:                  |  |   |   |                                     |   |                        |
| 31 March 2016                  | 200,042                                | 10,924  | 0   | 4,552                               | 0   | 215,518                |
| 31 March 2015                  | 0                                      | 2,036   | 0   | 153                                 | 0   | 2,189                  |
| 31 March 2014                  | 0                                      | 2,470   | 0   | 330                                 | 0   | 2,800                  |
| 31 March 2013                  | 0                                      | 4,297   | 0   | 1,557                               | 0   | 5,854                  |
| 31 March 2012                  | 0                                      | 13,416  | 0   | 0                                   | 0   | 13,416                 |
| 01 April 2011                  | 0                                      | 4,497   | 0   | 0                                   | 0   | 4,497                  |
| <b>Total Cost or Valuation</b> | <b>200,042</b>                         | <b>37,640</b>                                       | <b>5,334</b>  | <b>6,592</b>                        | <b>8,910</b>                              | <b>258,518</b>         |

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

### Significant Observable Inputs – Level 2

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

### Significant Unobservable Inputs – Level 3

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

## Valuation techniques

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

## Fair Value Hierarchy

Details of the Council's surplus assets and information about the fair value hierarchy as at 31 March 2016 is as follows:

|   | <b>Quoted Prices in<br/>active markets for<br/>identical assets<br/>(Level 1)<br/>£'000</b> | <b>Other significant<br/>observable<br/>inputs (Level 2)<br/>£'000</b> | <b>Significant<br/>unobservable<br/>inputs (Level 3)<br/>£'000</b> | <b>Fair Value at 31<br/>March 2016<br/>£'000</b> |
|---|---|--|--|--|
| Residential<br>Properties and<br>Developable Land | 0   | 6,349  | 0  | 6,349  |
| Ground/Long Leases                                | 0   | 0  | 27   | 27   |
| Other   | 0   | 0  | 216  | 216  |
| <b>Total</b>                                      | <b>0</b>  | <b>6,349</b>   | <b>243</b>   | <b>6,592</b>                                     |

## Transfers between Levels of the Fair Value Hierarchy

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

**Quantitative Information about Fair Value Measurement of Investment Properties using Significant Unobservable Inputs - Level 3**

|                    | <b>As at<br/>31/3/2016<br/>£'000</b> | <b>Valuation<br/>technique used<br/>to measure fair<br/>value</b>                                     | <b>Unobser-<br/>vable<br/>inputs</b>   | <b>Range (weighted<br/>average used)</b> | <b>Sensitivity</b>  |
|--------------------|--------------------------------------|---|--|--|---|
| Ground/Long Leases | 27                                   | Income approach using a term and reversion technique  | Rental growth<br><br>Investment yields | 9% - 23.2% (13.85%)                      | Due to the length of leases there is little to no rental increase for a significant period of time.<br><br>Investment/return yields are market let dependant on the financial climate |
| Other              | 216                                  | Market approach using relative comparable information and making professional adjustments accordingly | Level of market activity               |  | Due to the nature of and lack of direct comparable judgement must be used to find similarities and adjust these accordingly.  |

**Valuation Process for Surplus Assets**

The fair value of the Council's surplus assets is measured annually at each reporting date. All valuations are carried out internally, in accordance with the methodologies and bases for estimation set out in the Royal Institution of Chartered Surveyors. The Council's valuation experts work closely with finance officers reporting directly to the Head of Finance and Property on a regular basis regarding all valuation matters.



**13 HERITAGE ASSETS**

|   | <b>Ceramics<br/>Jewellery<br/>Regalia<br/>and<br/>Statues<br/>£'000</b> | <b>Art<br/>Collection<br/>and<br/>Samplers<br/>£'000</b> | <b>Machinery<br/>Equipment<br/>Furniture<br/>£'000</b> | <b>Memorials<br/>and<br/>Historic<br/>Sites<br/>£'000</b> | <b>Total<br/>Assets<br/>£'000</b> |
|---|---|--|--|---|-----------------------------------|
| <b>Cost or Valuation</b>  |   |  |  |   |                                   |
| 1 April 2014  | 115   | 149  | 30   | 20  | <b>314</b>                        |
| Additions, Disposals, Revaluations,<br>Impairment Losses/reversals(-) | 0   | 0  | 0  | 0   | <b>0</b>                          |
| <b>31 March 2015</b>  | <b>115</b>  | <b>149</b>   | <b>30</b>  | <b>20</b>   | <b>314</b>                        |
| <b>Cost or Valuation</b>  |   |  |  |   |                                   |
| 1 April 2015  | 115   | 149  | 30   | 20  | <b>314</b>                        |
| Additions, Disposals, Revaluations,<br>Impairment Losses/reversals(-) | 0   | 0  | 0  | 0   | <b>0</b>                          |
| <b>31 March 2016</b>  | <b>115</b>  | <b>149</b>   | <b>30</b>  | <b>20</b>   | <b>314</b>                        |

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

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

A valuation was undertaken in 2001 of all exhibits worth over £500, and this valuation has been the basis of the insurance valuation. These assets and subsequent purchases of exhibits of £0.010m and above have subsequently been included. The total carrying amount of these assets are reflected in the balance as £0.314m (£0.314m 2014/15).

**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 £0.084m in 2015/16 (£0.493m in 2014/15). They are amortised over 3 to 5 years and the total amortisation charged in 2015/16 was £0.205m (£0.052m in 2014/15).

There are no internally generated assets.

The carrying amount of intangible assets is amortised on a straight-line basis. The amortisation of £0.205m charged to revenue in 2015/16 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.

| 2014/15<br>£'000 |   | 2015/16<br>£'000 |
|------------------|---|------------------|
|                  | Balance at start of year:                   |                  |
| 937              | Gross carrying amounts                      | 1,430            |
| -783             | Accumulated amortisation                    | -835             |
| <b>154</b>       | <b>Net carrying amount at start of year</b> | <b>595</b>       |
|                  | Movements:                                  |                  |
| 493              | Purchases                                   | 84               |
|                  | Other disposals                             | -7               |
| -52              | Amortisation for the period                 | -205             |
|                  | Transfer out of category                    |                  |
| <b>595</b>       | <b>Net carrying amount at end of year</b>   | <b>467</b>       |
|                  | Comprising:                                 |                  |
| 1,430            | Gross carrying amounts                      | 1,075            |
| -835             | Accumulated amortisation                    | -608             |
| <b>595</b>       |   | <b>467</b>       |

## 16 FINANCIAL INSTRUMENTS

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

|   | Long Term                 |                           | Current                   |                           |
|---|---------------------------|---------------------------|---------------------------|---------------------------|
|   | 31 March<br>2016<br>£'000 | 31 March<br>2015<br>£'000 | 31 March<br>2016<br>£'000 | 31 March<br>2015<br>£'000 |
| <b><i>Financial Liabilities Classified as Amortised Cost:</i></b>   |                           |                           |                           |                           |
| Borrowings  | 110,394                   | 110,386                   | 502                       | 503                       |
| Bank Current Accounts (Overdrawn)                                   | 0                         | 0                         | 948                       | 664                       |
| Operational Creditors   | 0                         | 0                         | 1,584                     | 3,032                     |
| Provisions  | 0                         | 0                         | 1,281                     | 1,237                     |
| <b>Total Financial Liabilities Classified as Amortised Cost</b>     | <b>110,394</b>            | <b>110,386</b>            | <b>4,315</b>              | <b>5,436</b>              |
| <b><i>Financial Assets Classified as Loans and Receivables:</i></b> |                           |                           |                           |                           |
| Investments   | 0                         | 0                         | 7,002                     | 1,006                     |
| Short-term Deposits with Money Market Funds                         | 0                         | 0                         | 10,130                    | 10,269                    |
| Operational Debtors   | 0                         | 0                         | 5,916                     | 6,252                     |
| <b>Total Financial Assets Classified as Loans and Receivables</b>   | <b>0</b>                  | <b>0</b>                  | <b>23,048</b>             | <b>17,527</b>             |

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. There are currently no employee car loans.

## **Valuation Assumptions**

The interest rate at which the fair values of soft loans that 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**

There have been no unusual movements in year.

## **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 2016 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:

|  | 2015/16   |   |                | 2014/15   |   |                |
|--|---|---|----------------|---|---|----------------|
|  | Financial Liabilities<br>measured at<br>amortised cost<br>£'000 | Financial Assets:<br>Loans and receivables<br>£'000 | Total<br>£'000 | Financial Liabilities<br>measured at<br>amortised cost<br>£'000 | Financial Assets:<br>Loans and receivables<br>£'000 | Total<br>£'000 |
| Interest expense   | 4,430   | 0   | 4,430          | 4,495   | 0   | 4,495          |
| Finance lease Interest   | 0   | 0   | 0              | 0   | 0   | 0              |
| Impairment losses  | 0   | 0   | 0              | 0   | 131   | 131            |
| Fee expense  | 0   | 0   | 0              | 0   | 0   | 0              |
| <b>Total expense in Surplus(-) or Deficit on the Provision of Services</b>               | <b>4,430</b>  | <b>0</b>  | <b>4,430</b>   | <b>4,495</b>  | <b>131</b>  | <b>4,626</b>   |
| Interest income  | 0   | -195  | -195           | 0   | -213  | -213           |
| Interest income accrued on impaired financial assets                                     | 0   | 0   | 0              | 0   | 0   | 0              |
| Impairment gain  | 0   | 0   | 0              | 0   | 0   | 0              |
| <b>Total income in Surplus(-) or Deficit on the Provision of Services</b>                | <b>0</b>  | <b>-195</b>   | <b>-195</b>    | <b>0</b>  | <b>-213</b>   | <b>-213</b>    |
| Gains on revaluation   | 0   | 0   | 0              | 0   | -36   | -36            |
| Losses on revaluation  | 0   | 0   | 0              | 0   | 0   | 0              |
| <b>Total surplus(-)/deficit arising on revaluation of financial assets in Other CIES</b> | <b>0</b>  | <b>0</b>  | <b>0</b>       | <b>0</b>  | <b>-36</b>  | <b>-36</b>     |
| <b>Net gain(-)/loss for the year</b>   | <b>4,430</b>  | <b>-195</b>   | <b>4,235</b>   | <b>4,495</b>  | <b>-118</b>   | <b>4,377</b>   |

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, £4.235m (£4.413m in 2014/15) 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. There was no gain or loss (gain of £0.036m in 2014/15) regarding the difference in exchange rates in Icelandic Kroner (ISK).

## Financial Instruments Gains/Losses and Fair Value

There are material changes to the Fair Value notes, some based on the category of their initial valuation:

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

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 (Level 2), using the following assumptions:

- For loans from the PWLB payable, new borrowing rates from the PWLB have been applied to provide the fair value under PWLB debt redemption procedures. As the Debt Management Office provides a transparent approach allowing the exit cost to be calculated without undertaking a repayment or transfer it is appropriate to disclose the exit price.
- For non-PWLB loans payable, PWLB new borrowing rates have been applied to provide the fair value under PWLB debt redemption procedures;
- No early repayment or impairment is recognised;
- Where an instrument has a maturity of less than 12 months or is a trade or other receivable the fair value is taken to be the carrying amount or the billed amount; and
- The fair value of trade and other receivables is taken to be the invoiced or billed amount.

### Mark to Model Valuation for Financial Instruments

As at 31 March 2016 the Council held £17.132m financial assets and £110.896m financial liabilities for which Level 2 valuations will apply. All the financial assets are classed as Loans and Receivables and held with Money Market Funds and Notice Accounts. The financial liabilities are held with PWLB and Market lenders. All of these investments and borrowings were not quoted on an active market and a Level 1 valuation is not available. To provide a fair value which provides a comparison to the carrying amount, we have used a financial model valuation provided by Capita Asset Services. This valuation applies the Net Present Value approach, which provides an estimate of the value of payments in the future in today's terms as at the balance sheet date. This is a widely accepted valuation technique commonly used by the private sector. Our accounting policy uses New Borrowing Rates to discount the future cash flows.

The fair values calculated are as follows:

|  | 2015/16                  |                     | 2014/15                  |                     |
|--|--------------------------|---------------------|--------------------------|---------------------|
|  | Carrying amount<br>£'000 | Fair value<br>£'000 | Carrying amount<br>£'000 | Fair value<br>£'000 |
| PWLB debt  | 77,863                   | 89,976              | 77,863                   | 101,674             |
| Non-PWLB debt  | 32,531                   | 44,030              | 32,523                   | 42,659              |
| Short term borrowing   | 502                      | 502                 | 503                      | 503                 |
| Short term creditors   | 1,584                    | 1,584               | 3,032                    | 3,032               |
| Short term provisions  | 1,281                    | 1,281               | 1,237                    | 1,237               |
| Bank Current Accounts  | 948                      | 948                 | 664                      | 664                 |
| <b>Total Liabilities</b>   | <b>114,709</b>           | <b>138,321</b>      | <b>115,822</b>           | <b>149,769</b>      |
| The fair value of the liabilities is higher than the carrying amount because the Council's long term debt fair value includes a premium which would be payable if the loan was repaid before the contractual date.   |                          |                     |                          |                     |
| Money market loans < 1 year  | 10,130                   | 10,130              | 10,269                   | 10,269              |
| Short term investments   | 7,002                    | 7,004               | 1,006                    | 1,006               |
| Long term investments  | 0                        | 0                   | 0                        | 0                   |
| Short term debtors   | 5,916                    | 5,916               | 6,252                    | 6,252               |
| <b>Total Assets</b>  | <b>23,048</b>            | <b>23,050</b>       | <b>17,527</b>            | <b>17,527</b>       |
| The fair values for loans and receivables have been determined by reference to similar practices, as above, which provide a reasonable approximation for the fair value of a financial instrument, and includes accrued interest. The comparator market rates prevailing have been taken from indicative investment rates at each balance sheet date. In practice rates will be determined by the size of the transaction and the counterparty, but it is impractical to use these figures, and the difference is likely to be immaterial.<br>Short-term debtors and creditors are carried at cost as this is a fair approximation of their value. |                          |                     |                          |                     |

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 £0.036m. (£0.048m in 2014/15).

|   | Consumable Stores |                  | Maintenance Materials |                  | Total            |                  |
|---|-------------------|------------------|-----------------------|------------------|------------------|------------------|
|   | 2015/16<br>£'000  | 2014/15<br>£'000 | 2015/16<br>£'000      | 2014/15<br>£'000 | 2015/16<br>£'000 | 2014/15<br>£'000 |
| <b>Balance outstanding at start of year</b> | <b>29</b>         | <b>34</b>        | <b>19</b>             | <b>17</b>        | <b>48</b>        | <b>51</b>        |
| Purchases                                   | 381               | 472              | 23                    | 18               | 404              | 490              |
| Recognised as an expense in year            | -391              | -477             | -24                   | -16              | -415             | -493             |
| Written off balances                        | -1                | 0                | 0                     | 0                | -1               | 0                |
| <b>Balance outstanding at year end</b>      | <b>18</b>         | <b>29</b>        | <b>18</b>             | <b>19</b>        | <b>36</b>        | <b>48</b>        |

**18 ANALYSIS OF DEBTORS**

| 2014/15<br>£'000 |                                | 2015/16<br>£'000 |
|------------------|--------------------------------|------------------|
| 2,540            | Central Government Bodies      | 1,075            |
| 876              | Other Local Authorities        | 49               |
| 7,594            | Other Entities and Individuals | 7,317            |
| <b>11,010</b>    | <b>Short Term Debtors</b>      | <b>8,441</b>     |
| 1,051            | Other Entities and Individuals | 1,045            |
| <b>1,051</b>     | <b>Long Term Debtors</b>       | <b>1,045</b>     |
| <b>12,061</b>    | <b>Total</b>                   | <b>9,486</b>     |

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

| 2014/15<br>£'000 |   | 2015/16<br>£'000 |
|------------------|---|------------------|
| 1                | Cash held by the Council                    | 1                |
| 515              | Cash in transit                             | 375              |
| -664             | Bank current accounts                       | -948             |
| 10,269           | Short-term deposits with Money Market Funds | 10,130           |
| <b>10,121</b>    | <b>Current Assets</b>                       | <b>9,558</b>     |
| 0                | Cash in transit                             | 0                |
| 0                | Bank current accounts (overdraft)           | 0                |
| <b>0</b>         | <b>Current Liabilities</b>                  | <b>0</b>         |
| <b>10,121</b>    | <b>Total Cash and Cash Equivalents</b>      | <b>9,558</b>     |



**20 ASSETS HELD FOR SALE**

| <b>2014/15<br/>£'000</b> |  | <b>2015/16<br/>£'000</b> |
|--------------------------|--|--------------------------|
| <b>1,350</b>             | <b>Balance outstanding at start of year</b>                                | <b>1,661</b>             |
| 1,651                    | Assets newly classified as held for sale:<br>Property, Plant and Equipment | 1,273                    |
| -1,340                   | Assets sold  | -1,518                   |
| <b>1,661</b>             | <b>Balance outstanding at year-end</b>                                     | <b>1,416</b>             |

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

Significant assets held for sale include:

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 2016/17.

**21 ANALYSIS OF CREDITORS**

| <b>2014/15<br/>£'000</b> |                                | <b>2015/16<br/>£'000</b> |
|--------------------------|--------------------------------|--------------------------|
| 6,109                    | Central Government Bodies      | 7,532                    |
| 3,915                    | Other Local Authorities        | 1,801                    |
| 0                        | NHS Bodies                     | 0                        |
| 3,749                    | Other Entities and Individuals | 2,442                    |
| <b>13,773</b>            | <b>Short Term Creditors</b>    | <b>11,775</b>            |
| 1,050                    | Other Entities and Individuals | 1,979                    |
| <b>1,050</b>             | <b>Long Term Creditors</b>     | <b>1,979</b>             |
| <b>14,823</b>            | <b>Total</b>                   | <b>13,754</b>            |

**22 PROVISIONS**

|  | <b>Insurance<br/>Compensation Claims<br/>£'000</b> | <b>Workshop<br/>Leisure<br/>Centre - Gas<br/>£'000</b> | <b>Local<br/>Land<br/>Charges<br/>£'000</b> | <b>Business<br/>Rates<br/>£'000</b> | <b>Other<br/>Provisions<br/>£'000</b> | <b>Total<br/>£'000</b> |
|--|--|--|---|-------------------------------------|---------------------------------------|------------------------|
| <b>Short Term Balance at 1 April 2015</b>  | <b>153</b>   | <b>166</b>   | <b>67</b>                                   | <b>731</b>                          | <b>120</b>                            | <b>1,237</b>           |
| Additional provisions made in year         | 93   | 0  | 0   | 0                                   | 73                                    | 166                    |
| Amounts used in year                       | -28  | 0  | -39   | 0                                   | 0                                     | -67                    |
| Transfer from Long Term                    | 0  | 0  | 0   | 248                                 | 0                                     | 248                    |
| Unused amounts reversed in year            | -119   | -82  | 0   | 0                                   | -102                                  | -303                   |
| <b>Short Term Balance at 31 March 2016</b> | <b>99</b>  | <b>84</b>  | <b>28</b>                                   | <b>979</b>                          | <b>91</b>                             | <b>1,281</b>           |
| <b>Long Term Balance at 1 April 2015</b>   | <b>0</b>   | <b>0</b>   | <b>0</b>                                    | <b>974</b>                          | <b>0</b>                              | <b>974</b>             |
| Additional provisions made in year         | 0  | 0  | 0   | 2,738                               | 0                                     | 2,738                  |
| Amounts used in year                       | 0  | 0  | 0   | -493                                | 0                                     | -493                   |
| Transfer to Short Term                     | 0  | 0  | 0   | -248                                | 0                                     | -248                   |
| Unused amounts reserved in year            | 0  | 0  | 0   | 0                                   | 0                                     | 0                      |
| <b>Long Term Balance at 31 March 2016</b>  | <b>0</b>   | <b>0</b>   | <b>0</b>                                    | <b>2,971</b>                        | <b>0</b>                              | <b>2,971</b>           |

**Insurance Claims**

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

The 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 for 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 Council's element of anticipated appeals that may arise in respect of Business Rates. The full liability is expected to be circa £9.873m, 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**

| <b>2014/15<br/>£'000</b> |  | <b>2015/16<br/>£'000</b> |
|--------------------------|--|--------------------------|
| 11,366                   | Revaluation Reserve                      | 18,739                   |
| 118,095                  | Capital Adjustment Account               | 121,861                  |
| -503                     | Financial Instruments Adjustment Account | -513                     |
| -56,992                  | Pensions Reserve                         | -50,029                  |
| 4,281                    | Deferred Capital Receipts Reserve        | 2,345                    |
| 2,547                    | Collection Fund Adjustment Account       | 1,674                    |
| -67                      | Accumulated Absences Account             | -73                      |
| <b>78,727</b>            | <b>Total Unusable Reserves</b>           | <b>94,004</b>            |

**Revaluation Reserve**

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

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

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

| <b>2014/15<br/>£'000</b> |  | <b>2015/16<br/>£'000</b> |
|--------------------------|--|--------------------------|
| <b>23,427</b>            | <b>Balance at 1 April</b>  | <b>11,366</b>            |
| 507                      | Upward revaluations of assets  | 9,196                    |
| -12,182                  | Downward revaluation of assets and impairment losses not charged to the Surplus/Deficit on the Provision of Services         | -1,351                   |
| -11,675                  | Surplus or deficit(-) on revaluation of non-current assets not posted to the Surplus or Deficit on the Provision of Services | 7,845                    |
| -325                     | Difference between fair value depreciation and historical cost depreciation  | -337                     |
| -61                      | Accumulated gains on assets sold or scrapped   | -135                     |
| -386                     | Amount written off to the Capital Adjustment Account   | -472                     |
| <b>11,366</b>            | <b>Balance at 31 March</b>   | <b>18,739</b>            |

**Capital Adjustment Account**

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

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

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

| <b>2014/15</b><br><b>£'000</b> |  | <b>2015/16</b><br><b>£'000</b> |
|--------------------------------|--|--------------------------------|
| <b>105,350</b>                 | <b>Balance at 1 April</b>  | <b>118,095</b>                 |
|                                | <b>Reversal of items relating to capital expenditure debited or credited to the CIES</b>   |                                |
| -6,820                         | Charges for depreciation and impairment of non-current assets  | -6,736                         |
| 6,557                          | Revaluation losses on Property, Plant and Equipment  | -1,396                         |
| -53                            | Amortisation of intangible assets  | -205                           |
| 0                              | Donated Assets   | 40                             |
| -939                           | Revenue expenditure funded from capital under statute  | -917                           |
| -1,867                         | Amounts of non-current assets written off on disposal or sale as part of the gain(-)/loss on disposal to the CIES  | -2,627                         |
| -3,122                         |  | -11,841                        |
| 61                             | Adjusting amounts written out of the Revaluation Reserve   | 135                            |
| -3,061                         | <b>Net written out amount of the cost of non-current assets consumed in the year</b>   | <b>-11,706</b>                 |
|                                | <b>Capital financing applied in the year:</b>  |                                |
| 2,249                          | Use of Capital Receipts Reserve to finance new capital expenditure   | 2,922                          |
| 7,067                          | Use of Major Repairs Reserve to finance new capital expenditure  | 8,407                          |
| 1,603                          | Capital grants and contributions credited to the CIES that have been applied to capital financing  | 1,979                          |
| 71                             | Applications of grants to capital financing from the Capital Grant Unapplied Account   | 77                             |
| 4,455                          | Statutory provision for the financing of capital investment charged against the General Fund and HRA balances  | 1,710                          |
| 36                             | Capital expenditure charged against the General Fund and HRA balances  | 40                             |
| 15,481                         |  | 15,135                         |
| 325                            | Adjustment between Capital Adjustment Account and Revaluation Reserve for depreciation that relates to the revaluation balance rather than historic cost | 337                            |
| <b>118,095</b>                 | <b>Balance at 31 March</b>   | <b>121,861</b>                 |

**Financial Instruments Adjustment Account**

The Financial Instruments Adjustment Account absorbs the timing differences arising from the different arrangements for accounting for income and expenses relating to certain financial instruments and for bearing losses or benefiting from gains per statutory provisions. (The Council uses the account to manage premiums paid on the early redemption of loans).

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

| <b>2014/15<br/>£'000</b> |  | <b>2015/16<br/>£'000</b> |
|--------------------------|--|--------------------------|
| <b>-492</b>              | <b>Balance at 1 April</b>  | <b>-503</b>              |
| -11                      | Differences between statutory debits/credits and amounts recognised as income and expenditure in relation to financial instruments | -10                      |
| <b>-503</b>              | <b>Balance at 31 March</b>   | <b>-513</b>              |

**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.

| <b>2014/15<br/>£'000</b> |  | <b>2015/16<br/>£'000</b> |
|--------------------------|--|--------------------------|
| <b>-44,932</b>           | <b>Balance at 1 April</b>  | <b>-56,992</b>           |
| -11,350                  | Remeasurements of the net defined benefit liability/(asset)  | 7,848                    |
| -4,067                   | Reversal of items relating to retirement benefits debited or credited to the Surplus or Deficit on the Provision of Services in the CIES | -4,287                   |
| 3,357                    | Employers pensions contributions and direct payments to pensioners payable in the year   | 3,402                    |
| <b>-56,992</b>           | <b>Balance at 31 March</b>   | <b>-50,029</b>           |

**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.

| <b>2014/15<br/>£'000</b> |   | <b>2015/16<br/>£'000</b> |
|--------------------------|---|--------------------------|
| <b>4,354</b>             | <b>Balance at 1 April</b>   | <b>4,281</b>             |
| -32                      | Transfer of deferred capital receipt repayable credited as part of the gain/loss(-) on disposal to the CIES | 0                        |
| -41                      | Transfer to Capital Receipts Reserve  | -1,936                   |
| <b>4,281</b>             | <b>Balance at 31 March</b>  | <b>2,345</b>             |

**Collection Fund Adjustment Account**

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

| <b>2014/15<br/>£'000</b> |  | <b>2015/16<br/>£'000</b> |
|--------------------------|--|--------------------------|
| <b>-2,910</b>            | <b>Balance at 1 April</b>  | <b>2,547</b>             |
| 5,457                    | 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 | -873                     |
| <b>2,547</b>             | <b>Balance at 31 March</b>   | <b>1,674</b>             |

**Short Term Compensated Absences Adjustment Account**

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

| <b>2014/15<br/>£'000</b> |   | <b>2015/16<br/>£'000</b> |
|--------------------------|---|--------------------------|
| <b>-10</b>               | <b>Balance at 1 April</b>   | <b>-67</b>               |
| 10                       | Settlement or cancellation of accrual made at the end of the preceding year   | 67                       |
| -67                      | 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 | -73                      |
| <b>-67</b>               | <b>Balance at 31 March</b>  | <b>-73</b>               |

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

| <b>2014/15<br/>£'000</b> |   | <b>2015/16<br/>£'000</b> |
|--------------------------|---|--------------------------|
| <b>12,326</b>            | <b>Net Surplus or Deficit(-) on the Provision of Services</b>   | <b>2,992</b>             |
|                          | <b><u>Adjust net surplus or deficit on the provision of services for non-cash movements</u></b>   |                          |
| 6,820                    | Depreciation of Property, Plant and Equipment   | 6,736                    |
| -6,543                   | Impairment and downward valuations  | 1,396                    |
| 53                       | Amortisation of Intangible Assets   | 205                      |
| 145                      | Material impairment losses on Investments debited to surplus or deficit on the provision of services in year                                  | 0                        |
| 11                       | Adjustments for effective interest rates  | 10                       |
| -13                      | Increase/Decrease(-) in interest Creditors  | 4                        |
| 1,628                    | Increase/Decrease(-) in Creditors   | -529                     |
| 8                        | Increase(-)/Decrease in interest and dividend Debtors   | -3                       |
| 1,076                    | Increase(-)/Decrease in Debtors   | -479                     |
| 3                        | Increase(-)/Decrease in Inventories   | 12                       |
| 710                      | Pension Liability   | 885                      |
| 581                      | Increase/Decrease(-) in Provisions  | 2,041                    |
| 1,867                    | Carrying amount of non-current assets and non-current Assets Held For Sale, sold or derecognised  | 2,627                    |
| <b>6,346</b>             | <b><u>Adjust for items included in the net surplus or deficit on the provision of services that are investing or financing activities</u></b> | <b>12,905</b>            |
| -1,861                   | Capital Grants credited to surplus or deficit on the Provision of Services  | -2,845                   |
| -1,212                   | Proceeds from the sale of Property Plant and Equipment, Investment Property and Intangible Assets   | -1,728                   |
| <b>-3,073</b>            |   | <b>-4,573</b>            |
| <b>15,599</b>            | <b>Net Cash Flows from Operating Activities</b>   | <b>11,324</b>            |

**B CASH FLOW STATEMENT - OPERATING ACTIVITIES**

The cash flows for operating activities include the following items:

| <b>2014/15<br/>£'000</b> |                   | <b>2015/16<br/>£'000</b> |
|--------------------------|-------------------|--------------------------|
| 221                      | Interest received | 184                      |
| -4,315                   | Interest paid     | -4,432                   |
| <b>-4,094</b>            |                   | <b>-4,248</b>            |



**C CASH FLOW STATEMENT - INVESTING ACTIVITIES**

| <b>2014/15<br/>£'000</b> |  | <b>2015/16<br/>£'000</b> |
|--------------------------|--|--------------------------|
| -12,250                  | Purchase of Property, Plant and Equipment, Investment Property and Intangible Assets               | -13,539                  |
| -8,000                   | Purchase of short-term and long-term Investments   | -139,500                 |
| 0                        | Other payments for investing activities  | 0                        |
| 1,253                    | Proceeds from the sale of Property, Plant and Equipment, Investment Property and Intangible Assets | 3,664                    |
| 8,325                    | Proceeds from short-term and long-term Investments   | 133,507                  |
| 1,863                    | Other receipts from investing activities   | 2,826                    |
| <b>-8,809</b>            | <b>Net cash flows from investing activities</b>  | <b>-13,042</b>           |

**D FINANCING ACTIVITIES**

| <b>2014/15<br/>£'000</b> |   | <b>2015/16<br/>£'000</b> |
|--------------------------|---|--------------------------|
| 1,003                    | Cash receipts for short and long-term Borrowing   | 4                        |
| 0                        | Other receipts from financing activities  | 1,161                    |
| 0                        | Cash payments for the reduction of the outstanding liabilities relating to Finance Leases | 0                        |
| -8,011                   | Repayments of short and long-term Borrowing   | -10                      |
| 9,632                    | Other payments for financing activities   | 0                        |
| <b>2,624</b>             | <b>Net cash flows from financing activities</b>   | <b>1,155</b>             |

**26 ACQUIRED AND DISCONTINUED OPERATIONS**

There were no acquired or discontinued operations during the year.

## 27 COMMITTEE ANALYSIS

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

## COMMITTEE ANALYSIS 2015/16

| 2015/16                                 | Chief Executive<br>Department | Corporate<br>Services | Finance, Property<br>& Revenue<br>Services | Human<br>Resources | Neighbourhoods | Regeneration  | Other Non<br>Service Specific<br>Budgets | Housing Revenue<br>Account | Total          |
|---|-------------------------------|-----------------------|--|--------------------|----------------|---------------|--|----------------------------|----------------|
| Committee Income &<br>Expenditure       | £'000                         | £'000                 | £'000                                      | £'000              | £'000          | £'000         | £'000                                    | £'000                      | £'000          |
| Fees, charges & other<br>service income | -473                          | -3,436                | -9,629                                     | -571               | -3,854         | -2,791        | -199                                     | -27,655                    | -48,608        |
| Government grants                       | 0                             | -68                   | -29,056                                    | 0                  | 0              | -532          | 0  | 0                          | -29,656        |
| <b>Total Income</b>                     | <b>-473</b>                   | <b>-3,504</b>         | <b>-38,685</b>                             | <b>-571</b>        | <b>-3,854</b>  | <b>-3,323</b> | <b>-199</b>                              | <b>-27,655</b>             | <b>-78,264</b> |
| Employee expenses                       | 438                           | 2,036                 | 2,671                                      | 329                | 3,245          | 2,659         | 0  | 43                         | 11,421         |
| Other service expenses                  | 192                           | 1,768                 | 35,390                                     | 83                 | 5,215          | 3,550         | 2,772                                    | 17,476                     | 66,446         |
| Support service<br>recharges            | 22                            | 1,154                 | 3,799                                      | 159                | 2,320          | 1,491         | 0  | 402                        | 9,347          |
| <b>Total Expenditure</b>                | <b>652</b>                    | <b>4,958</b>          | <b>41,860</b>                              | <b>571</b>         | <b>10,780</b>  | <b>7,700</b>  | <b>2,772</b>                             | <b>17,921</b>              | <b>87,214</b>  |
| <b>Net Expenditure</b>                  | <b>179</b>                    | <b>1,454</b>          | <b>3,175</b>                               | <b>0</b>           | <b>6,926</b>   | <b>4,377</b>  | <b>2,573</b>                             | <b>-9,734</b>              | <b>8,950</b>   |
|   |                               |                       |  |                    |                |               |  |                            |                |

## 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.

| <b>2014/15<br/>£'000</b> |  | <b>2015/16<br/>£'000</b> |
|--------------------------|--|--------------------------|
| 6,211                    | Net expenditure in the Committee Analysis  | 8,950                    |
| 0                        | Net expenditure of services and support services not included in the Analysis                            | 0                        |
| -4,063                   | Amounts in the Comprehensive Income and Expenditure Statement not reported to management in the Analysis | -3,789                   |
| -4,407                   | Amounts included in the Analysis not included in the Comprehensive Income and Expenditure Statement      | 0                        |
| <b>-2,259</b>            | <b>Cost of Services in the Comprehensive Income and Expenditure Statement</b>                            | <b>5,161</b>             |

## 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.

| <b>2014/15</b>   | <b>Committee Analysis<br/>£'000</b> | <b>Amount not reported to<br/>management for decision<br/>making<br/>£'000</b> | <b>Amounts not included in I&amp;E<br/>£'000</b> | <b>Allocation of Recharges<br/>£'000</b> | <b>Cost of Services<br/>£'000</b> | <b>Corporate Amounts<br/>£'000</b> | <b>Total<br/>£'000</b> |
|--|-------------------------------------|--|--|--|-----------------------------------|------------------------------------|------------------------|
| 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                |
| <b>Total Income</b>                                    | <b>-78,423</b>                      | <b>960</b>   | <b>1,775</b>                                     | <b>10,823</b>                            | <b>-64,865</b>                    | <b>-39,242</b>                     | <b>-104,107</b>        |
| 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 Tariff & Deficit                    | 0                                   | 0  | 0  | 0  | 0                                 | 17,173                             | 17,173                 |
| Precepts & Levies                                      | 0                                   | 0  | 0  | 0  | 0                                 | 1,359                              | 1,359                  |
| 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                                 | 1,931                              | 1,931                  |
| Interest Cost of Pensions                              | 0                                   | 0  | 0  | 0  | 0                                 | 1,905                              | 1,905                  |
| <b>Total expenditure</b>                               | <b>84,634</b>                       | <b>-5,023</b>  | <b>-6,182</b>                                    | <b>-10,823</b>                           | <b>62,606</b>                     | <b>29,175</b>                      | <b>91,781</b>          |
| <b>Surplus(-)/deficit on the provision of services</b> | <b>6,211</b>                        | <b>-4,063</b>  | <b>-4,407</b>                                    | <b>0</b>                                 | <b>-2,259</b>                     | <b>-10,067</b>                     | <b>-12,326</b>         |
|  |                                     |  |  |  |                                   |                                    |                        |

| 2015/16  | Committee Analysis<br>£'000 | Amount not reported to<br>management for decision<br>making<br>£'000 | Amounts not included in I&E<br>£'000 | Allocation of Recharges<br>£'000 | Cost of Services<br>£'000 | Corporate Amounts<br>£'000 | Total<br>£'000  |
|--|-----------------------------|--|--------------------------------------|----------------------------------|---------------------------|----------------------------|-----------------|
| Fees, charges & other service income                   | -48,608                     | 877  | 0                                    | 12,738                           | -34,993                   | -3,628                     | -38,621         |
| Interest & investment income                           | 0                           | 0  | 0                                    | 0                                | 0                         | -200                       | -200            |
| Proceeds from sale of Non-Current Assets               | 0                           | 0  | 0                                    | 0                                | 0                         | -1,697                     | -1,697          |
| Expected return on Pension Assets                      | 0                           | 0  | 0                                    | 0                                | 0                         | 0                          | 0               |
| Income from Non Domestic Rates                         | 0                           | 0  | 0                                    | 0                                | 0                         | -19,794                    | -19,794         |
| Income from council tax                                | 0                           | 0  | 0                                    | 0                                | 0                         | -6,177                     | -6,177          |
| Government grants and contributions                    | -29,656                     | 0  | 0                                    | 0                                | -29,656                   | -4,887                     | -34,543         |
| <b>Total Income</b>                                    | <b>-78,264</b>              | <b>877</b>   | <b>0</b>                             | <b>12,738</b>                    | <b>-64,649</b>            | <b>-36,383</b>             | <b>-101,032</b> |
| Employee expenses                                      | 11,421                      | 0  | 0                                    | -5,468                           | 5,953                     | 906                        | 6,859           |
| Other service expenses                                 | 59,505                      | -4,666   | 0                                    | -4,176                           | 50,663                    | 493                        | 51,156          |
| Support Service recharges                              | 9,347                       | 0  | 0                                    | -3,094                           | 6,253                     | 215                        | 6,468           |
| Depreciation, amortisation and impairment              | 6,941                       | 0  | 0                                    | 0                                | 6,941                     | 0                          | 6,941           |
| Interest Payments                                      | 0                           | 0  | 0                                    | 0                                | 0                         | 4,465                      | 4,465           |
| Non Domestic Rates                                     | 0                           | 0  | 0                                    | 0                                | 0                         | 15,645                     | 15,645          |
| Tariff & Deficit                                       | 0                           | 0  | 0                                    | 0                                | 0                         | 1,395                      | 1,395           |
| Precepts & Levies                                      | 0                           | 0  | 0                                    | 0                                | 0                         | 636                        | 636             |
| Payments to Housing                                    | 0                           | 0  | 0                                    | 0                                | 0                         |                            |                 |
| Capital Receipts Pool                                  | 0                           | 0  | 0                                    | 0                                | 0                         | 2,702                      | 2,702           |
| Net Book Value of Non-current Asset Disposals          | 0                           | 0  | 0                                    | 0                                | 0                         | 1,773                      | 1,773           |
| Interest Cost of Pensions                              | 0                           | 0  | 0                                    | 0                                | 0                         |                            |                 |
| <b>Total expenditure</b>                               | <b>87,214</b>               | <b>-4,666</b>  | <b>0</b>                             | <b>-12,738</b>                   | <b>69,810</b>             | <b>28,230</b>              | <b>98,040</b>   |
| <b>Surplus(-)/deficit on the provision of services</b> | <b>8,950</b>                | <b>-3,789</b>  | <b>0</b>                             | <b>0</b>                         | <b>5,161</b>              | <b>-8,153</b>              | <b>-2,992</b>   |
|  |                             |  |                                      |                                  |                           |                            |                 |

## 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 2015/16 are as follows:

| 2014/15                    |                       |                          |   | 2015/16                    |                       |                          |
|----------------------------|-----------------------|--------------------------|---|----------------------------|-----------------------|--------------------------|
| Gross Expenditure<br>£'000 | Gross Income<br>£'000 | Net Expenditure<br>£'000 | Trading Operations  | Gross Expenditure<br>£'000 | Gross Income<br>£'000 | Net Expenditure<br>£'000 |
| 525                        | -330                  | 195                      | Markets   | 496                        | -314                  | 182                      |
| 195                        | -89                   | 106                      | Industrial Estates  | 194                        | -100                  | 94                       |
| 157                        | -137                  | 20                       | Trade Refuse  | 151                        | -114                  | 37                       |
| <b>877</b>                 | <b>-556</b>           | <b>321</b>               | <b>Net Surplus(-)/Deficit applicable to Net Cost of Service</b>                           | <b>841</b>                 | <b>-528</b>           | <b>313</b>               |
| 1,104                      | -1,067                | 37                       | Grounds Maintenance   | 1,147                      | -1,125                | 22                       |
| 156                        | -150                  | 6                        | Street Cleaning   | 114                        | -152                  | -38                      |
| 153                        | -100                  | 53                       | Printing  | 109                        | -109                  | 0                        |
| 106                        | -81                   | 25                       | Refuse Collection   | 114                        | -81                   | 33                       |
| 53                         | -90                   | -37                      | Strategic Cleaning  | 55                         | -73                   | -18                      |
| 171                        | -157                  | 14                       | Procurement   | 170                        | -170                  | 0                        |
| <b>1,743</b>               | <b>-1,645</b>         | <b>98</b>                | <b>Net surplus(-)/deficit credited to Financing and Investment Income and Expenditure</b> | <b>1,709</b>               | <b>-1,710</b>         | <b>-1</b>                |

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

## 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**

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| <b>2014/15</b><br><b>£'000</b> |                        | <b>2015/16</b><br><b>£'000</b> |
|--------------------------------|------------------------|--------------------------------|
| 221                            | Basic Allowance        | 222                            |
| 91                             | Special Responsibility | 94                             |
| 9                              | Travelling Allowance   | 12                             |
| 7                              | Subsistence Allowance  | 1                              |
| <b>328</b>                     | <b>Total</b>           | <b>329</b>                     |



**32 OFFICERS' REMUNERATION**

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

**2014/15 Post holder information**

| <b>Post title</b>                                      | <b>Notes</b> | <b>Salary<br/>(including<br/>fees &amp;<br/>allowances)<br/>£</b> | <b>Compensation<br/>for loss of<br/>office<br/>£</b> | <b>Benefits in<br/>kind (car<br/>allowance)<br/>£</b> | <b>2014/15 Total<br/>remuneration<br/>excluding<br/>pension<br/>contributions<br/>£</b> | <b>Pension<br/>contri-<br/>butions<br/>£</b> | <b>2014/15 Total<br/>remuneration<br/>including<br/>pension<br/>contributions<br/>£</b> |
|--|--------------|---|--|---|---|--|---|
| <b>CHIEF EXECUTIVE</b>                                 | 2            | 100,741   | 0  | 0   | <b>100,741</b>  | 13,485                                       | <b>114,226</b>  |
| <b>DIRECTOR OF CORPORATE SERVICES</b>                  |              | 85,907  | 0  | 0   | <b>85,907</b>   | 10,968                                       | <b>96,875</b>   |
| <b>DIRECTOR OF REGENERATION AND<br/>NEIGHBOURHOODS</b> | 1 & 3        | 77,091  | 0  | 0   | <b>77,091</b>   | 9,842  | <b>86,933</b>   |
| <b>HEAD OF REGENERATION</b>                            | 3            | 65,122  | 0  | 0   | <b>65,122</b>   | 8,581  | <b>73,703</b>   |
| <b>HEAD OF FINANCE &amp; PROPERTY</b>                  |              | 69,965  | 0  | 0   | <b>69,965</b>   | 9,245  | <b>79,210</b>   |
| <b>HEAD OF HUMAN RESOURCES</b>                         |              | 63,763  | 0  | 0   | <b>63,763</b>   | 8,404  | <b>72,167</b>   |
| <b>HEAD OF NEIGHBOURHOODS</b>                          |              | 52,703  | 0  | 0   | <b>52,703</b>   | 7,043  | <b>59,746</b>   |
| <b>HEAD OF CORPORATE SERVICES</b>                      | 4            | 54,534  | 0  | 0   | <b>54,534</b>   | 7,286  | <b>61,820</b>   |
| <b>PARKS &amp; OPEN SPACES MANAGER</b>                 |              | 47,693  | 0  | 0   | <b>47,693</b>   | 3,933  | <b>51,626</b>   |
| <b>SENIOR REVENUES &amp; BENEFITS<br/>MANAGER</b>      |              | 46,692  | 0  | 0   | <b>46,692</b>   | 6,303  | <b>52,995</b>   |
| <b>CORPORATE DEVELOPMENT &amp; POLICY<br/>MANAGER</b>  |              | 66,763  | 0  | 0   | <b>66,763</b>   | 5,732  | <b>72,495</b>   |
| <b>PLANNER</b>   |              | 46,434  | 0  | 0   | <b>46,434</b>   | 5,924  | <b>52,358</b>   |
| <b>SENIOR SOLICITOR</b>                                |              | 45,570  | 0  | 0   | <b>45,570</b>   | 6,152  | <b>51,722</b>   |
|  |              | <b>822,978</b>  | <b>0</b>   | <b>0</b>  | <b>822,978</b>  | <b>102,898</b>                               | <b>925,876</b>  |

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.

## 2015/16 Post holder information

| Post title                                     | Notes | Salary<br>(including<br>fees &<br>allowances)<br>£ | Compensation<br>for loss of<br>office<br>£ | Benefits in<br>kind (car<br>allowance)<br>£ | 2015/16 Total<br>remuneration<br>excluding<br>pension<br>contributions<br>£ | Pension<br>contri-<br>butions<br>£ | 2015/16 Total<br>remuneration<br>including<br>pension<br>contributions<br>£ |
|--|-------|--|--|---|---|------------------------------------|---|
| CHIEF EXECUTIVE                                | 1     | 114,727  | 0  | 0   | 114,727   | 13,822                             | 128,549   |
| DIRECTOR OF CORPORATE RESOURCES                | A     | 87,439   | 0  | 0   | 87,439  | 11,131                             | 98,570  |
| DIRECTOR OF REGENERATION AND<br>NEIGHBOURHOODS |       | 77,910   | 0  | 0   | 77,910  | 10,440                             | 88,350  |
| HEAD OF FINANCE & PROPERTY                     |       | 70,560   | 0  | 0   | 70,560  | 9,382                              | 79,942  |
| HEAD OF REGENERATION                           |       | 59,144   | 0  | 0   | 59,144  | 8,496                              | 67,640  |
| HEAD OF CORPORATE SERVICES                     | 2     | 62,618   | 0  | 0   | 62,618  | 7,951                              | 70,569  |
| HEAD OF NEIGHBOURHOODS                         |       | 59,337   | 0  | 0   | 59,337  | 7,951                              | 67,288  |
| HEAD OF HUMAN RESOURCES                        | 3     | 21,564   | 35,746                                     | 0   | 57,310  | 2,843                              | 60,153  |
| COUNCIL SOLICITOR                              | A     | 47,619   | 0  | 0   | 47,619  | 6,428                              | 54,047  |
| SENIOR REVENUES & BENEFITS<br>MANAGER          |       | 46,812   | 0  | 0   | 46,812  | 6,318                              | 53,130  |
| REGENERATION & INVESTMENT<br>OFFICER           | A     | 45,128   | 0  | 0   | 45,128  | 7,083                              | 52,211  |
| HR SERVICE MANAGER                             |       | 44,126   | 0  | 0   | 44,126  | 5,924                              | 50,050  |
|  |       | <b>736,984</b>                                     | <b>35,746</b>                              | <b>0</b>                                    | <b>772,730</b>  | <b>97,769</b>                      | <b>870,499</b>  |

Note A - Due to Service reviews carried out in year, post titles have been ammended. Post holders have remained constant.

Note 1 - In addition to his basic salary, the Chief Executive received additional amounts relating to the role of Returning Officer: £10,292 relating to the Parliamentary, District and Parish elections, £299 in relation to the Elkesley Neighbourhood Plan referendum, £341 in relation to the Harworth Neighbourhood Plan referendum and £307 in relation to the Sturton Neighbourhood Plan referendum.

Note 2 - In addition to his basic salary, the Head of Corporate Services received £3,362 in relation to the role of Deputy Returning Officer.

Note 3 - The Head of Human Resources left their position during July 2015.

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 | 2014/15<br>Number of employees | 2015/16<br>Number of employees |
|-------------------|--------------------------------|--------------------------------|
| £50,000-£54,999   | 2                              | 0                              |
| £55,000-£59,999   | 0                              | 2                              |
| £60,000-£64,999   | 1                              | 1                              |
| £65,000-£69,999   | 3                              | 0                              |
| £70,000-£74,999   | 0                              | 1                              |
| £75,000-£79,999   | 1                              | 1                              |
| £80,000-£84,999   | 0                              | 0                              |
| £85,000-£89,999   | 1                              | 1                              |
| £90,000-£94,999   | 0                              | 0                              |
| £95,000-£99,999   | 0                              | 0                              |
| £100,000-£104,999 | 1                              | 0                              |
| £105,000-£109,999 | 0                              | 0                              |
| £110,000-£114,999 | 0                              | 1                              |
| £115,000-£119,999 | 0                              | 0                              |
| <b>Total</b>      | <b>9</b>                       | <b>7</b>                       |

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

| (a)<br>Exit package cost<br>band (including<br>special payments) | (b)<br>Number of<br>compulsory<br>redundancies |          | (c)<br>Number of other<br>departures<br>agreed |          | (d)<br>Total number of<br>exit packages by<br>cost band<br>[(b)+(c)] |          | (e)<br>Total cost of exit<br>packages in each<br>band |                 |
|--|--|----------|--|----------|--|----------|---|-----------------|
|  | 2014/15  | 2015/16  | 2014/15  | 2015/16  | 2014/15  | 2015/16  | 2014/15   | 2015/16         |
| £1-£20,000   | 3  | 1        | 5  | 3        | 8  | 5        | £70,699   | £31,807         |
| £20,001 - £40,000  | 0  | 1        | 2  | 0        | 2  | 1        | £41,661   | £72,934         |
| £40,001 - £60,000  | 0  | 0        | 0  | 0        | 0  | 0        | £0  | £0              |
| £60,001 - £80,000  | 0  | 0        | 2  | 0        | 2  | 0        | £137,470  | £0              |
| £80,001 - £100,000   | 0  | 0        | 0  | 1        | 0  | 0        | £0  | £85,384         |
| £100,001 - £150,000  | 0  | 0        | 0  | 0        | 0  | 0        | £0  | £0              |
| <b>Total</b>   | <b>3</b>                                       | <b>2</b> | <b>9</b>                                       | <b>4</b> | <b>12</b>  | <b>6</b> | <b>£249,830</b>                                       | <b>£190,125</b> |

**33 EXTERNAL AUDIT COSTS**

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

| <b>2014/15<br/>£'000</b> |   | <b>2015/16<br/>£'000</b> |
|--------------------------|---|--------------------------|
| 76                       | Fees payable with regard to external audit services carried out by the appointed auditor for the year | 57                       |
| 6                        | Fees payable for the certification of grant claims and returns for the year                           | 8                        |
| 30                       | Fees payable in respect of other services provided during the year                                    | 10                       |
| <b>112</b>               | <b>Total</b>  | <b>75</b>                |

**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 £0.709m and capital £0.293m (revenue £0.128m capital £0.259m in 2014/15).

| <b>2014/15<br/>£'000</b> |  | <b>2015/16<br/>£'000</b> |
|--------------------------|--|--------------------------|
|                          | <b>Credited to Taxation and Non Specific Grant Income:</b>     |                          |
| -703                     | Business Rates - Small Business Rate Relief                    | -822                     |
| 0                        | Business Rates - Safety Net                                    | 0                        |
| -159                     | Business Rates - Tarriff Multiplier adjustment Grant           | -223                     |
| -4,094                   | Revenue Support Grant  | -2,801                   |
| -1,258                   | New Homes Bonus Grant  | -1,590                   |
| 0                        | Council Tax Freeze Grant                                       | 0                        |
| -148                     | Housing Benefits And Council Tax Subsidy Grant                 | -134                     |
| -162                     | Other Revenue Grants/Contributions                             | -272                     |
| 0                        | Donated Assets   | -40                      |
| -86                      | New Burdens - Welfare Reform                                   | -50                      |
| -157                     | Energy Saving Trust – A1 Housing Air Source Heating Grant      | 0                        |
| -171                     | Other capital grants and contributions                         | -396                     |
| -29                      | HRA capital grants   | -979                     |
| -410                     | Developers capital contributions (Section 106)                 | -46                      |
| 0                        | Decent Homes Backlog Grant                                     | 0                        |
| -347                     | HCA Housing Capital Grant                                      | 0                        |
| 0                        | NCC Contributions to Bridge Street works and Langold bandstand | 0                        |
| -206                     | Community Infrastructure Levy                                  | -585                     |
| <b>-7,930</b>            | <b>Total</b>   | <b>-7,938</b>            |

| 2014/15<br>£'000 |  | 2015/16<br>£'000 |
|------------------|--|------------------|
|                  | <b>Credited to Services, Revenue Related:</b>  |                  |
| -29,344          | Housing Benefits and Council Tax Subsidy Grant | -28,576          |
| -166             | NNDR Cost Of Collection Grant                  | -172             |
| -33              | LEADER Grant Scheme                            | 0                |
| -323             | Other revenue grants and contributions         | -379             |
| -265             | Supporting People Grant                        | 0                |
| 0                | Developers contributions (Section 106)         | 0                |
| -51              | Academy School Contributions                   | -51              |
| -316             | Barnsley Premier Leisure Contributions         | 0                |
|                  | <b>Capital Related:</b>                        |                  |
| -430             | Disabled Facilities Grant                      | -532             |
| 0                | Walkeringham Flood Scheme                      | -293             |
| -88              | Other Capital Grants and Contributions         | 0                |
| -20              | Academy School Contributions                   | -20              |
| <b>-31,036</b>   | <b>Total</b>                                   | <b>-30,023</b>   |

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

| 2014/15<br>£'000 |   | 2015/16<br>£'000 |
|------------------|---|------------------|
|                  | <b>Revenue grants receipts in advance:</b>          |                  |
| -27              | Tackling Alcohol                                    | -22              |
| <b>-27</b>       | <b>Total revenue grants receipts in advance</b>     | <b>-22</b>       |
|                  | <b>Developer contributions receipts in advance:</b> |                  |
| -254             | Short-Term Creditor                                 | -228             |
| -1,051           | Long-Term Creditor                                  | -1,979           |
| <b>-1,332</b>    | <b>Total receipts in advance</b>                    | <b>-2,229</b>    |

### 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 2016 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 2015/16 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<br>£'000 | Income<br>£'000 | Creditor<br>£'000 | Debtor<br>£'000 |
|--|--------------------|--------------|----------------------|-----------------|-------------------|-----------------|
| <b>B.C.V.S</b>   | Cllr H Richards    | Board Member | 20                   | 0               | 0                 | 0               |
|  | Cllr J White       | Board Member |                      |                 |                   |                 |
| <b>HOPE</b>  | Cllr D Potts       | Board Member | 3                    | 19              | 0                 | 0               |
| <b>Sheffield City Region</b>   | Cllr SA Greaves    | Board Member | 13                   | 0               | 0                 | 0               |
|  | Cllr D Pidwell     | Board Member |                      |                 |                   |                 |
|  | Cllr J Shephard    | Board Member |                      |                 |                   |                 |
|  | Cllr J White       | Board Member |                      |                 |                   |                 |
| <b>Bassetlaw Town Centres &amp; Partnership Trust</b>                | Cllr J Leigh       | Board Member | 0                    | 0               | 0                 | 0               |
|  | Cllr D Pressley    | Board Member |                      |                 |                   |                 |
|  | Cllr M Quigley     | Board Member |                      |                 |                   |                 |
|  | Cllr J White       | Board Member |                      |                 |                   |                 |
| <b>A1 Housing</b>  | Cllr H Brand       | Board Member | 17,824               | 2,165           | 76                | 54              |
|  | Cllr J Potts       | Board Member |                      |                 |                   |                 |
|  | Cllr S Scotthorne  | Board Member |                      |                 |                   |                 |
| <b>Bassetlaw, Newark &amp; Sherwood Community Safety Partnership</b> | Cllr SA Greaves    | Board Member | 0                    | 1               | 0                 | 0               |
|  | Cllr J White       | Board Member |                      |                 |                   |                 |
| <b>Nottinghamshire Police &amp; Crime Panel</b>                      | Cllr D Challinor   | Board Member | 0                    | 0               | 0                 | 0               |
|  | Cllr M Richardson  | Board Member |                      |                 |                   |                 |
| <b>Bassetlaw Twinning Association Executive committee</b>            | Cllr D Brett       | Board Member | 0                    | 0               | 0                 | 0               |
|  | Cllr G Clarkson    | Board Member |                      |                 |                   |                 |
|  | Cllr S Isard       | Board Member |                      |                 |                   |                 |
| <b>Bassetlaw Action Centre</b>                                       | Cllr C Entwistle   | Board Member | 8                    | 8               | 0                 | 0               |
|  | Cllr A Tromans     | Board Member |                      |                 |                   |                 |
| <b>District Councils Network Assembly</b>                            | Cllr S Greaves     | Board Member | 0                    | 0               | 0                 | 0               |
|  | Cllr J White       | Board Member |                      |                 |                   |                 |
| <b>Doncaster &amp; Bassetlaw Hospitals Trust</b>                     | Cllr S Shaw        | Board Member | 0                    | 0               | 0                 | 0               |
| <b>East Midlands Museums Service</b>                                 | Cllr G Clarkson    | Board Member | 0                    | 0               | 0                 | 0               |
| <b>East Midlands councils</b>  | Cllr S Greaves     | Board Member | 3                    | 0               | 0                 | 0               |
|  | Cllr D Challinor   | Board Member |                      |                 |                   |                 |
|  | Cllr J White       | Board Member |                      |                 |                   |                 |
| <b>Goodwin Hall Management Committee</b>                             | Cllr A Chambers    | Board Member | 1                    | 0               | 0                 | 0               |
|  | Cllr M Quigley     | Board Member |                      |                 |                   |                 |
|  | Cllr C Troop (Mrs) | Board Member |                      |                 |                   |                 |
| <b>Internal Drainage Boards</b>                                      | Cllr H Brand       | Board Member | 0                    | 0               | 0                 | 0               |
|  | Cllr A Chambers    | Board Member |                      |                 |                   |                 |
|  | Cllr K Isard       | Board Member |                      |                 |                   |                 |

| Organisation                              | Member              | Relationship          | Expenditure<br>£'000 | Income<br>£'000 | Creditor<br>£'000 | Debtor<br>£'000 |
|---|---------------------|-----------------------|----------------------|-----------------|-------------------|-----------------|
| Internal Drainage Boards contd.           | Cllr J Sanger       | Board Member          |                      |                 |                   |                 |
|   | Cllr S Scotthorne   | Board Member          |                      |                 |                   |                 |
| NHS Bassetlaw Patient & Public Engagement | Cllr D Merryweather | Board Member          | 0                    | 0               | 0                 | 0               |
| Nottinghamshire Rural community Action    | Cllr H Brand        | Board Member          | 0                    | 0               | 0                 | 0               |
| Robin Hood Airport consultative Committee | Cllr H Richards     | Board Member          | 0                    | 0               | 0                 | 0               |
|   | Cllr J White        | Board Member          |                      |                 |                   |                 |
| R.T.P.I                                   | Cllr H Richards     | Board Member          | 2                    | 0               | 0                 | 0               |
|   | Cllr A Smith        | Board Member          |                      |                 |                   |                 |
| Stuart Goodwin charities                  | Cllr H Brand        | Board Member          | 0                    | 0               | 0                 | 0               |
|   | Cllr H Burton       | Board Member          |                      |                 |                   |                 |
|   | Cllr A Chambers     | Board Member          |                      |                 |                   |                 |
|   | Cllr G Clarkson     | Board Member          |                      |                 |                   |                 |
|   | Cllr M Critchley    | Board Member          |                      |                 |                   |                 |
|   | Cllr K Dukes        | Board Member          |                      |                 |                   |                 |
|   | Cllr G Jones        | Board Member          |                      |                 |                   |                 |
|   | Cllr C Troop (Mrs)  | Board Member          |                      |                 |                   |                 |
| Rotary Club of Workso                     | Cllr G Jones        | Board Member          | 0                    | 0               | 0                 | 0               |
| The Crossing SEC                          | Cllr A Rhodes       | Board Member          | 0                    | 0               | 0                 | 0               |
| Welbeck the Future                        | Cllr K Dukes        | Board Member          | 0                    | 0               | 0                 | 0               |
| Workso charities                          | Cllr D Pressley     | Board Member          | 0                    | 0               | 0                 | 0               |
|   | Cllr M Richardson   | Board Member          |                      |                 |                   |                 |
| Nottinghamshire County Council            | Cllr A Rhodes       | Leader of the Council |                      |                 |                   |                 |
|   | Cllr J Anderson     | Board Member          |                      |                 |                   |                 |
|   | Cllr S Greaves      | Board Member          |                      |                 |                   |                 |
|   | Cllr S Shaw         | Board Member          |                      |                 |                   |                 |
|   | Cllr J White        | Board Member          |                      |                 |                   |                 |
| F.O.Y.P Bassetlaw                         | Cllr S Shaw         | Board Member          | 0                    | 0               | 0                 | 0               |
| Bassetlaw Citizens advice bureau          | Cllr G Evans        | Board Member          | 48                   | 0               | 0                 | 0               |
| Bassetlaw Third Sector Partnership        | Cllr S Greaves      | Board Member          | 0                    | 0               | 0                 | 0               |
|   | Cllr J White        | Board Member          |                      |                 |                   |                 |
| Langold Parish Council                    | Cllr G Freeman      | Parish Councillor     | 0                    | 0               | 0                 | 0               |
| Bassetlaw Hospice of The Good Shephard    | Cllr MW Quigley     | Chairman              | 0                    | 0               | 0                 | 0               |
| Diverse Academies Trust                   | Cllr MW Quigley     | Director              | 0                    | 0               | 0                 | 0               |
| King Edward VI Foundation Trust           | Cllr MW Quigley     | Chairman              | 0                    | 0               | 0                 | 0               |
| Retford Oaks Academy                      | Cllr MW Quigley     | Chairman              | 0                    | 0               | 0                 | 0               |
| Hallcroft Infants School                  | Cllr G Oxby         | Governor              | 0                    | 0               | 0                 | 0               |



| Organisation                 | Member                | Relationship | Expenditure<br>£'000 | Income<br>£'000 | Creditor<br>£'000 | Debtor<br>£'000 |
|------------------------------|-----------------------|--------------|----------------------|-----------------|-------------------|-----------------|
| Bassetlaw Christian Heritage | Cllr H Brand (Spouse) | Chairman     | 0                    | 0               | 0                 | 0               |
| Mine of Information Tuxford  | Cllr K Isard          | Trustee      | 3                    | 1               | 0                 | 0               |
| Haggonfields School          | Cllr D Pressley       | Governor     | 0                    | 1               | 0                 | 0               |
| North Notts College          | Cllr D Pressley       | Governor     | 0                    | 3               | 0                 | 0               |
| Workshop Business Forum      | Cllr K Greaves        | Board Member | 0                    | 0               | 0                 | 0               |
| Workshop Civic Society       | Cllr K Greaves        | Board Member | 0                    | 0               | 0                 | 0               |
| Workshop charter Trustees    | Cllr D Pressley       | 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 H Brand, Cllr S Scothorne and Cllr J Potts.

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 and is a treasurer of the St Mary & St Martin Handbell Ringers, Blyth. There were no transactions with either of these organisations.

### **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 £0.006m 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 £0.936m as disclosed in Note 9 Grants £0.004m not disclosed elsewhere

#### **D Internal Drainage Boards -** £0.459m 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.

| <b>2014/15<br/>£'000</b> |  | <b>2015/16<br/>£'000</b> |
|--------------------------|--|--------------------------|
| <b>124,109</b>           | <b>Opening Capital Financing Requirement</b>   | <b>121,950</b>           |
|                          | Capital Investment:  |                          |
| 11,987                   | Property, Plant and Equipment  | 12,846                   |
| 493                      | Intangible Assets  | 84                       |
| 939                      | Revenue Expenditure Funded from Capital Under Statute  | 917                      |
| -14                      | Downward revaluation of HRA Non-Dwelling Assets, which has no revaluation reserve              | 0                        |
|                          | <b>Sources of Finance</b>  |                          |
| -2,249                   | Capital Receipts   | -2,922                   |
| -8,741                   | Government Grants and Contributions  | -10,463                  |
| -4,574                   | Sums set aside from Revenue (inc MRP)  | -1,750                   |
| <b>121,950</b>           | <b>Closing Capital Financing Requirements</b>  | <b>120,662</b>           |
|                          | <b>Explanation of Movements in Year</b>  |                          |
| 2,393                    | Increase in underlying need to borrow (unsupported by Government financial assistance)         | 423                      |
| -4,552                   | Other Movements (MRP including finance leases)   | -1,711                   |
| <b>-2,159</b>            | <b>Increase in Capital Financing Requirement</b>   | <b>-1,288</b>            |
|                          | <b>Split on Capital Financing Requirement between General Fund and Housing Revenue Account</b> |                          |
| 26,807                   | General Fund   | 25,519                   |
| 95,143                   | Housing Revenue Account  | 95,143                   |
| <b>121,950</b>           |  | <b>120,662</b>           |

**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 2016 there were no finance leases (£0m in 2014/15).

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:

| 2014/15<br>£'000 |  | 2015/16<br>£'000 |
|------------------|--|------------------|
|                  | <b>Category of payments</b>              |                  |
| 7                | Vehicles/Extension of Contract Terms     | 0                |
| 0                | Employer's leased cars                   | 0                |
| 0                | Computer and other equipment             | 0                |
| 7                | <b>Total outstanding commitment</b>      | <b>0</b>         |
|                  | <b>Summarised as:</b>                    |                  |
| 7                | Lease expiring within one year           | 0                |
| 0                | Lease expiring between two to five years | 0                |
| 0                | Later than five years                    | 0                |
| 7                |  | <b>0</b>         |

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

| 2014/15<br>£'000 |                             | 2015/16<br>£'000 |
|------------------|-----------------------------|------------------|
|                  | <b>Category of payments</b> |                  |
| 7                | Operating leases            | 0                |
| 0                | Contract hire               | 0                |
| 7                | <b>Total payments</b>       | <b>0</b>         |

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

There are no leases classified as finance leases.

Operating Leases

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

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

The Council generated income of £0.652m (£0.515m in 2014/15) from such leases. Included in the not later than one year category are a number of annually rolling leases whose income total £0.071m. The future minimum lease payments receivable in future years are:

| <b>2014/15<br/>£'000</b> |   | <b>2015/16<br/>£'000</b> |
|--------------------------|---|--------------------------|
| 839                      | Not later than one year                               | 830                      |
| 387                      | Later than one year and not later than five years     | 371                      |
| 1,154                    | Later than five years                                 | 1,085                    |
| <b>2,380</b>             | <b>Total future minimum lease payments receivable</b> | <b>2,286</b>             |

### 38 IMPAIRMENT LOSSES

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There have been no impairment losses during this financial year 2015/16.

### 39 TERMINATION BENEFITS

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The Council terminated the contracts of a number of employees in 2015/16, incurring liabilities of £0.095m (£0.250m in 2014/15) see Note 32 for the number of exit packages and total costs per band. Of this total, £0m (£0m in 2014/15) was payable as compensation for loss of office and the total of enhanced pension benefits for the year were £0m (£0.250m in 2014/15) as disclosed in note 32.

### 40 DEFINED BENEFIT PENSION SCHEME

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#### **Participation in Pension Scheme:**

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

The Council participates in the Local Government Pension Scheme, administered locally by Nottinghamshire County Council - this is a funded defined benefit statutory scheme and currently provides benefits based on career average revalued salary and length of service on retirement. This means that the Council and employees pay contributions into a fund, calculated at a level intended to balance the 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.

| <b>2014/15<br/>£'000</b> | <b>LOCAL GOVERNMENT PENSION SCHEME</b>  | <b>2015/16<br/>£'000</b> |
|--------------------------|---|--------------------------|
|                          | <b><i>Comprehensive Income and Expenditure Statement</i></b>  |                          |
|                          | <b>Cost of Services:</b>  |                          |
| 1,938                    | Current Service Cost  | 2,330                    |
| 213                      | Past Service Cost   | 183                      |
| 11                       | Administration Expenses   | 1                        |
|                          | <b>Financing and Investment Income and Expenditure</b>  |                          |
| 1,905                    | Net Interest Expense  | 1,773                    |
| <b>4,067</b>             | <b>Total Post-employment Benefits charged to the Surplus or Deficit(-) on the Provision of Services</b>                                       | <b>4,287</b>             |
|                          | <b>Other Post-employment Benefits charged to the Comprehensive Income and Expenditure Statement</b>   |                          |
|                          | <b>Remeasurement of the net defined benefit liability comprising:</b>   |                          |
| -4,069                   | Return on plan assets (excluding the amount included in the net interest expense)   | 2,675                    |
| 0                        | Actuarial Gains(-)/Losses arising on changes in demographic assumptions   | 0                        |
| 15,419                   | Actuarial Gains(-)/Losses arising on changes in financial assumptions   | -10,399                  |
| 0                        | Other Actuarial Gains(-)Losses on assets  | 0                        |
| 0                        | Experience Gains(-)/Losses on defined benefit obligation  | -124                     |
| <b>15,417</b>            | <b>Total Post-employment Benefit Charged to the Comprehensive Income and Expenditure Statement</b>  | <b>-3,561</b>            |
|                          | <b>Movement in Reserves Statement</b>   |                          |
| -4,067                   | Reversal of net charges made to the Surplus or Deficit for the Provision of Services for post-employment benefits in accordance with the Code | -4,287                   |
|                          | <b>Actual amount charged against the General Fund Balance for pensions in the year:</b>   |                          |
| 2,187                    | Employers' contributions payable to the scheme  | 2,162                    |
|                          | <b>Actual amount charged against the HRA for pensions in the year:</b>  |                          |
| 1,170                    | Employers' contributions payable to the scheme  | 1,240                    |

Employer's contributions of £1.240m (£1.170m in 2014/15) 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 2016 a loss of £12.737m and at 31 March 2015 was a loss of £20.461m.

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

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

| <b>2014/15<br/>£'000</b> |  | <b>2015/16<br/>£'000</b> |
|--------------------------|--|--------------------------|
| -120,260                 | Present value of the defined benefit obligation                  | -113,354                 |
| 67,056                   | Fair value of plan assets  | 66,790                   |
| <b>-53,204</b>           | <b>Sub-total</b>   | <b>-46,564</b>           |
| -3,770                   | Other movements in the liability (asset)                         | -3,434                   |
| <b>-56,974</b>           | <b>Net liability arising from the defined benefit obligation</b> | <b>-49,998</b>           |

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

| <b>2014/15<br/>£'000</b> |  | <b>2015/16<br/>£'000</b> |
|--------------------------|--|--------------------------|
| <b>60,672</b>            | <b>Opening fair value of scheme assets</b>   | <b>67,056</b>            |
| 2,662                    | Interest income  | 2,150                    |
|                          | <b>Remeasurement Gains/Losses(-)</b>   |                          |
| 4,069                    | The return on plan assets, excluding the amount included in the net interest expense | -2,675                   |
| 0                        | Other Actuarial Gains/Losses(-)  | 0                        |
| 3,345                    | Contributions from employer  | 3,414                    |
| 508                      | Contributions from employees into the scheme   | 495                      |
| -4,189                   | Benefits paid  | -3,649                   |
| -11                      | Administration expenses  | -1                       |
| <b>67,056</b>            | <b>Closing fair value of scheme assets</b>   | <b>66,790</b>            |

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

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

| <b>2014/15<br/>£'000</b> |   | <b>2015/16<br/>£'000</b> |
|--------------------------|---|--------------------------|
| <b>-105,573</b>          | <b>Opening balance at 1 April</b>   | <b>-124,029</b>          |
| -1,938                   | Current service cost  | -2,330                   |
| -4,567                   | Interest cost   | -3,923                   |
| -508                     | Contribution by scheme participants                                       | -495                     |
|                          | <b>Remeasurement Gains/Losses(-)</b>                                      |                          |
| 0                        | Actuarial Gains/Losses(-) arising from changes in demographic assumptions | 0                        |
| -15,419                  | Actuarial Gains/Losses(-) arising from changes in financial assumptions   | 10,399                   |
| 0                        | Experience Gains/Losses(-) on defined benefit obligation                  | 124                      |
| -213                     | Gains/Losses(-) on curtailments   | -183                     |
| 3,953                    | Benefits paid   | 3,421                    |
| 236                      | Unfunded pension payments   | 228                      |
| <b>-124,029</b>          | <b>Closing balance at 31 March</b>  | <b>-116,788</b>          |



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 £50.029m (£56.992m in 2014/15), the difference being actual amounts paid to the Pension Fund by the employer.

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

| 2014/15<br>£'000 |   | 2015/16<br>£'000 |
|------------------|---|------------------|
| 67,056           | Estimated share of assets in the County Council Fund      | 66,790           |
| -124,029         | Estimated share of liabilities in the County Council Fund | -116,788         |
| <b>-56,973</b>   | <b>Net asset/liability (-) based on Actuary's report</b>  | <b>-49,998</b>   |
| -31              | Opening balance adjustments of actual amounts paid        | -19              |
| 12               | In year adjustment for actual amounts paid                | -12              |
| <b>-56,992</b>   | <b>Adjustment for actual amounts paid</b>                 | <b>-50,029</b>   |

The return on the Fund (on a bid value to bid value basis) for the year to 31 March 2016 is estimated to be -1% (31 March 2015 11%). 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:

| 2014/15<br>£'000 |   | 2015/16<br>£'000 |
|------------------|---|------------------|
| <b>3,261</b>     | <b>Cash and cash equivalents</b>                        | <b>2,708</b>     |
|                  | <b>Equity instruments:</b>                              |                  |
|                  | By Geography:   |                  |
| 21,893           | UK Investments  | 21,580           |
| 24,101           | Overseas Investments                                    | 23,584           |
| 1,209            | Private Equity Unspecified                              | 1,276            |
| <b>47,203</b>    | <b>Sub-total equity investments from active markets</b> | <b>46,440</b>    |
| 68               | Investments not from quoted active markets              | 60               |
| <b>47,271</b>    | <b>Sub-total Equity</b>                                 | <b>46,500</b>    |
|                  | <b>Gilts:</b>   |                  |
|                  | By Geography:   |                  |
| 2,095            | UK Fixed Interest                                       | 2,079            |
| 0                | UK Inflation-Linked                                     | 0                |
| 0                | Overseas Fixed Interest                                 | 0                |
| <b>2,095</b>     | <b>Sub-total Gilts</b>                                  | <b>2,079</b>     |
|                  | <b>Other Bonds:</b>                                     |                  |
|                  | By Geography:   |                  |
| 4,530            | UK Corporates   | 4,372            |
| 203              | Overseas Corporates                                     | 196              |
| 1,870            | Inflation-Linked  | 1,880            |
| <b>6,603</b>     | <b>Sub-total Other Bonds</b>                            | <b>6,448</b>     |
| <b>7,826</b>     | <b>Property:</b>  | <b>8,436</b>     |
| 0                | Infrastructure:   | 619              |
| <b>67,056</b>    | <b>Total Assets</b>                                     | <b>66,790</b>    |

The liabilities show the underlying commitments that the Council has in the long run to pay for post-employment (retirement) benefits. The total liability of £116.788m (£124.029m in 2014/15) has a substantial impact on the net worth of the Council as recorded in the Balance Sheet, resulting in a negative overall balance of £50.029m (£56.992m in 2014/15).

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:

| 2014/15<br>% | Long Term Expected Rate of Return on Assets in<br>the Scheme   | 2015/16<br>% |
|--------------|--|--------------|
| 70%          | Equity Investments   | 70%          |
| 3%           | Gilts  | 3%           |
| 7%           | Other Bonds  | 7%           |
| 12%          | Property   | 13%          |
| 5%           | Cash   | 4%           |
| 3%           | Inflation-linked pooled fund (2013/14 included in<br>Equities) | 3%           |
| 0%           | Infrastructure   | 1%           |
| Years        | Mortality Assumptions  | Years        |
|              | <b>Longevity at 65 for current pensioners:</b>                 |              |
| 22.10        | Male   | 22.10        |
| 25.20        | Female   | 25.30        |
|              | <b>Longevity at 65 for future pensioners:</b>                  |              |
| 24.20        | Male   | 24.40        |
| 27.60        | Female   | 27.70        |
| %            | Financial Assumptions  | %            |
| 3.10         | Rate of inflation  | 3.20         |
| 4.10         | Rate of increase in salaries                                   | 4.10         |
| 2.30         | Rate of increase in pensions                                   | 2.30         |
| 3.20         | Rate for discounting scheme liabilities                        | 3.50         |

### 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<br>£'000 | Decrease in Assumption<br>£'000 |
|--|---------------------------------|---------------------------------|
| Longevity (increase or decrease in 1 year)                             | 120,431                         | 113,260                         |
| Rate of increase in salaries (increase or decrease by 0.1%)            | 117,025                         | 116,554                         |
| Rate of increase in pensions (increase or decrease by 0.1%)            | 118,540                         | 115,067                         |
| Rate for discounting scheme liabilities (increase or decrease by 0.1%) | 114,857                         | 118,755                         |

### 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 £3.186m.

The weighted average duration of the defined benefit obligation for scheme members is 17 years, 2015/16 (17 years 2014/15).

**Projected Pension Expense for the Year to 31 March 2017**

| <b>Projection for Year to 31 March 2017</b>   | <b>£'000</b> |
|---|--------------|
| Service cost                                  | 2,149        |
| Net Interest on the defined liability (asset) | 1,695        |
| Administration expenses                       | 1            |
| <b>Total</b>                                  | <b>3,845</b> |
| Employer contributions                        | 3,186        |

Note: These figures exclude the capitalised cost of any early retirements or augmentations which may occur after 31 March 2016.

These projections are based on the assumptions as at 31 March 2016, 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 £0.714m 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 2016 the Council's maximum exposure, should MMI no longer be able to achieve solvent run off, is £0.272m, to date the Council have paid a levy of £0.050m to MMI for 15% of its liability, and has a creditor of 10% (£0.034m). A provision of 3% (£0.010m) 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 employer's contributions. The Actuarial valuation of the pension fund deficit for A1 as at 31 March 2016 was £13.027m (£15.994m as at 31 March 2015).

The Council has received an application from an organisation for mandatory rate relief against 2 of their Non-Domestic rated hereditaments. If the appeal is successful the award would be £2.500m of which the element for Bassetlaw District Council would be £1.000m.

## 42 CONTINGENT ASSETS

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 2016, the Council had contingent assets relating to the following VAT claims, none of which are individually material to the Council:

| <b>Nature and Value of Claim</b>      | <b>Amount<br/>£'000</b> |
|---------------------------------------|-------------------------|
| Leisure Services Fees (Fleming Claim) | 405                     |
| Leisure Services Fees (Fleming Claim) | 982                     |
| <b>Total</b>                          | <b>1,387</b>            |

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 5 March 2015 and is available on the Council website. The key issues within the Strategy were:

- The Authorised Limit for 2015/16 was set at £132.7m. This is the maximum limit of external borrowings or other long term liabilities.

- The Operational Boundary was set at £127.7m. 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:

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

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 2015/16 was approved by Full Council on 5 March 2015 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 2016 that this was likely to crystallise.

The Council does not generally allow credit for its customers, such that £0.753m of the £1.008m balance is past its due date for payment at 31 March 2016 (£0.588m at 31 March 2015). The current outstanding amounts owed by customers can be analysed by age as follows:

| <b>31 March 2015</b> |                        | <b>31 March 2016</b> |
|----------------------|------------------------|----------------------|
| <b>£'000</b>         |                        | <b>£'000</b>         |
| 348                  | Less than three months | 484                  |
| 60                   | Three to six months    | 202                  |
| 54                   | Six months to one year | 67                   |
| 126                  | More than one year     | 255                  |
| <b>588</b>           | <b>Total</b>           | <b>1,008</b>         |

The historic experience of default is 31.7% and the maximum exposure to default is £0.320m.

### Liquidity risk

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

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

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

| <b>31 March 2015</b> |                       | <b>31 March 2016</b> |
|----------------------|-----------------------|----------------------|
| <b>£'000</b>         |                       | <b>£'000</b>         |
| 11,275               | Less than 1 year      | 17,132               |
| 0                    | Between 1 and 2 years | 0                    |
| 0                    | Between 2 and 3 years | 0                    |
| 0                    | More than 3 years     | 0                    |
| <b>11,275</b>        | <b>Total</b>          | <b>17,132</b>        |

### Refinancing and Maturity risk

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

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

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



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

| <b>Actual 31<br/>March<br/>2015<br/>£'000</b> |                        | <b>Approved<br/>minimum<br/>limits</b> | <b>Approved<br/>maximum<br/>Limits<br/>£'000</b> | <b>Actual 31<br/>March<br/>2016<br/>£'000</b> |
|---|------------------------|--|--|---|
| 0   | Less than 1 year       | 0%                                     | 25%<br>£27,341                                   | 0   |
| 0   | Between 1 and 2 years  | 0%                                     | 50%<br>£54,682                                   | 12,200  |
| 18,700  | Between 2 and 5 years  | 0%                                     | 50%<br>£54,682                                   | 10,500  |
| 13,000  | Between 5 and 10 years | 0%                                     | 50%<br>£54,682                                   | 9,000   |
| 77,663  | More than 10 years     | 0%                                     | 100%<br>£109,363                                 | 77,663  |
| <b>109,363</b>                                | <b>Total</b>           |  |  | <b>109,363</b>                                |

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

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

Borrowings are not carried at fair value 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 2016, 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   | -64        |
| Increase in Government grant receivable for financing costs  | 0          |
| Impact on Surplus or Deficit on the Provision of Services  | 0          |
| Share of overall impact debited to the HRA   | 0          |
| <b>Impact on Surplus (-) or Deficit on Provision of Services</b>   | <b>-64</b> |
| Decrease in fair value of fixed rate borrowings liabilities (no impact on the Surplus or Deficit on the Provision of Services or Other Comprehensive Income and Expenditure) | 19,037     |

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.

|                                 |
|---------------------------------|
| <b>SUPPLEMENTARY STATEMENTS</b> |
|---------------------------------|

|                                |
|--------------------------------|
| <b>HOUSING REVENUE ACCOUNT</b> |
|--------------------------------|

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

| 2014/15<br>£'000 | Housing Revenue Account Income and<br>Expenditure Statement  | 2015/16<br>£'000 |
|------------------|--|------------------|
|                  | <b>Expenditure</b>   |                  |
| 6,158            | Repairs and maintenance  | 6,610            |
| 6,327            | Supervision and management   | 4,186            |
| 0                | Special Services   | 1,890            |
| 177              | Rents, rates, taxes and other charges  | 200              |
| 0                | Negative HRA Subsidy payable   | 0                |
| -1,687           | Depreciation and impairment of non-current assets  | 4,867            |
| 0                | REFCUS Expenditure   | 21               |
| 61               | Debt management costs  | 47               |
| 97               | Movement in the allowance for bad debts  | 100              |
| <b>11,133</b>    | <b>Total Expenditure</b>   | <b>17,921</b>    |
|                  | <b>Income</b>  |                  |
| -26,031          | Dwelling rents   | -26,536          |
| -268             | Non dwelling rents   | -272             |
| -573             | Charges for services and facilities  | -426             |
| -301             | Contributions towards expenditure  | -45              |
| 0                | Leaseholder' Charges for service and facilities  | -26              |
| 0                | Other Charges for services and facilities  | -111             |
| 0                | Reimbursement of Costs   | -239             |
| <b>-27,173</b>   | <b>Total Income</b>  | <b>-27,655</b>   |
| <b>-16,040</b>   | <b>Net Cost of HRA Services as included in the Comprehensive<br/>Income and Expenditure Account</b>                          | <b>-9,734</b>    |
| 257              | HRA Services share of Corporate and Democratic Core  | 258              |
| 143              | HRA share of other amounts included in whole authority Cost of<br>services but not allocated to specific services            | 227              |
| <b>-15,640</b>   | <b>Net Operations Cost of HRA Services</b>   | <b>-9,249</b>    |
|                  | <b>HRA share of the operating income and expenditure included<br/>in the Comprehensive Income and Expenditure Statement:</b> |                  |
| 832              | Gain or loss(-) on sale of HRA non-current assets  | 969              |
| 3,823            | Interest payable and similar charges   | 3,791            |
| -5               | Interest and Investment Income   | -7               |
| 1                | Pensions interest cost and expected return on pensions assets  | 3                |
| 0                | Revenue grants and contributions receivable  | -15              |
| -533             | Capital grants and contributions receivable  | -979             |
| <b>-11,522</b>   | <b>Surplus (-) or deficit for the year on HRA services</b>   | <b>-5,487</b>    |

| <b>2014/15<br/>£'000</b> | <b>Movement on the HRA Balance</b>  | <b>2015/16<br/>£'000</b> |
|--------------------------|---|--------------------------|
| <b>-1,346</b>            | <b>Balance on the HRA at the end of the previous year</b>                     | <b>-1,484</b>            |
| -11,522                  | Surplus (-) or deficit for the year on the HRA Income                         | -5,487                   |
| 11,418                   | Adjustments between accounting basis and funding basis under statute          | 5,353                    |
| <b>-104</b>              | <b>Net increase(-) or decrease before transfer to/from Earmarked Reserves</b> | <b>-134</b>              |
| -34                      | Transfers to/from earmarked reserves  | 0                        |
| -138                     | Net increase(-) or decrease in HRA Balances                                   | -134                     |
| <b>-1,484</b>            | <b>Balance on the HRA at the end of the current year</b>                      | <b>-1,618</b>            |

| <b>2014/15<br/>£'000</b> | <b>HRA Adjustments between accounting basis and funding basis under statute</b>                          | <b>2015/16<br/>£'000</b> |
|--------------------------|--|--------------------------|
|                          | <u>Reversal of Items debited or credited to the Comprehensive</u>  |                          |
| 1,702                    | Charges for depreciation and impairment of non-current assets  | -4,867                   |
| 533                      | Capital grant and contributions applied  | 979                      |
| 0                        | Revenue Expenditure Funded from Capital under Statute  | -21                      |
| -798                     | Gain(-)/Loss on Sale of HRA Non Current Assets   | -926                     |
|                          | <u>Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement:</u> |                          |
| 0                        | Amortisation of Premiums and Discounts   | 0                        |
| -34                      | Capital expenditure charged against the HRA  | -43                      |
| -1                       | Reversal of items relating to retirement benefits debited or credited to the CIES                        | -6                       |
| 1,170                    | Employers contribution payable to NCC pension fund and retirement benefits payable direct to pensioners  | 1,240                    |
| 8,846                    | Transfer to Major Repairs Reserve  | 8,997                    |
| <b>11,418</b>            | <b>Net additional amount required by statute</b>   | <b>5,353</b>             |

|   |
|---|
| <b>NOTES TO THE HOUSING REVENUE ACCOUNT</b> |
|---|

**(A) ALMO OUTTURN**

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 6,840 dwellings as at 31 March 2016 (6,867 as at 31 March 2015). 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 2016 was £15.590m (£15.270m 31st March 2015).

A1 Housing's Gross income for the year to 31st March 2016 was £14.686m (£14.337m 31st March 2015).

A1 Housing's total usable reserves as at 31st March 2016 was £0.356m (£0.201m 31st March 2015)

A1 Housing's total unusable reserves as at 31st March 2016 was -£13.027m (-£15.994m 31st March 2015).

The external auditor for A1 Housing (Bassetlaw) Ltd's accounts is KPMG.

**(B) HOUSING STOCK**

| <b>Total<br/>2014/15<br/>No</b> |   | <b>Pre<br/>1945<br/>No</b> | <b>1945-<br/>1964<br/>No</b> | <b>1965-<br/>1974<br/>No</b> | <b>1975-<br/>2013<br/>No</b> | <b>After<br/>2013<br/>No</b> | <b>Total<br/>2015/16<br/>No</b> |
|---------------------------------|---|----------------------------|------------------------------|------------------------------|------------------------------|------------------------------|---------------------------------|
|                                 | <u>Traditional Houses and Bungalows</u>     |                            |                              |                              |                              |                              |                                 |
| 2,998                           | 1 - 2 Bedrooms                              | 251                        | 998                          | 508                          | 1,229                        | 12                           | <b>2,998</b>                    |
| 1,680                           | 3+ Bedrooms                                 | 641                        | 702                          | 150                          | 167                          | 18                           | <b>1,678</b>                    |
|                                 | <u>Non Traditional Houses and Bungalows</u> |                            |                              |                              |                              |                              |                                 |
| 603                             | Houses and Bungalows                        | 0                          | 238                          | 342                          | 0                            | 0                            | <b>580</b>                      |
|                                 | <u>Flats</u>                                |                            |                              |                              |                              |                              |                                 |
| 999                             | Low Rise (1-2 storeys)                      | 20                         | 403                          | 232                          | 343                          | 0                            | <b>998</b>                      |
| 587                             | Medium Rise (3-5 storeys)                   | 0                          | 27                           | 375                          | 184                          | 0                            | <b>586</b>                      |
| <b>6,867</b>                    | <b>Total</b>                                | <b>912</b>                 | <b>2,368</b>                 | <b>1,607</b>                 | <b>1,923</b>                 | <b>30</b>                    | <b>6,840</b>                    |

| <b>Movements in 2014/15</b>   | <b>Council Dwellings<br/>£'000</b> | <b>Other Land and<br/>Buildings<br/>£'000</b> | <b>Vehicles, Plant,<br/>Furniture &amp;<br/>Equipment<br/>£'000</b> | <b>Infrastructure<br/>Assets<br/>£'000</b> | <b>Community Assets<br/>£'000</b> | <b>Surplus Assets<br/>£'000</b> | <b>Assets Under<br/>Construction<br/>£'000</b> | <b>Total Property,<br/>Plant &amp; Equipment<br/>£'000</b> | <b>Intangible Assets<br/>£'000</b> | <b>Assets Held for<br/>Sale<br/>£'000</b> | <b>Total<br/>£'000</b> |
|---|------------------------------------|---|---|--|-----------------------------------|---------------------------------|--|--|------------------------------------|---|------------------------|
| <b>At 1 April 2014</b>  | 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                      |
| <b>At 31 March 2015</b>   | <b>204,256</b>                     | <b>7,120</b>                                  | <b>2,371</b>  | <b>1,768</b>                               | <b>20</b>                         | <b>1,920</b>                    | <b>2,003</b>                                   | <b>219,458</b>   | <b>142</b>                         | <b>821</b>                                | <b>220,421</b>         |
| <b>Accumulated Depreciation &amp; Impairment</b>  |                                    |   |   |  |                                   |                                 |  |  |                                    |   |                        |
| <b>At 1 April 2014</b>  | 8,549                              | 450   | 1,330   | 956  | 0                                 | 0                               | 0  | 11,285   | 0                                  | 0   | 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                      |
| <b>At 31 March 2015</b>   | <b>10,604</b>                      | <b>506</b>                                    | <b>1,561</b>  | <b>984</b>                                 | <b>0</b>                          | <b>8</b>                        | <b>0</b>                                       | <b>13,663</b>  | <b>0</b>                           | <b>0</b>                                  | <b>13,663</b>          |
| <b>Net Book Value</b>   |                                    |   |   |  |                                   |                                 |  |  |                                    |   |                        |
| <b>at 31 March 2015</b>   | <b>193,652</b>                     | <b>6,614</b>                                  | <b>810</b>  | <b>784</b>                                 | <b>20</b>                         | <b>1,912</b>                    | <b>2,003</b>                                   | <b>205,795</b>   | <b>142</b>                         | <b>821</b>                                | <b>206,758</b>         |
| <b>at 31 March 2014</b>   | <b>198,200</b>                     | <b>6,421</b>                                  | <b>1,019</b>  | <b>671</b>                                 | <b>20</b>                         | <b>1,667</b>                    | <b>120</b>                                     | <b>208,118</b>   | <b>0</b>                           | <b>949</b>                                | <b>209,067</b>         |

| <b>Movements in 2015/16</b>   | <b>Council Dwellings<br/>£'000</b> | <b>Other Land and<br/>Buildings<br/>£'000</b> | <b>Vehicles, Plant,<br/>Furniture &amp;<br/>Equipment<br/>£'000</b> | <b>Infrastructure<br/>Assets<br/>£'000</b> | <b>Community Assets<br/>£'000</b> | <b>Surplus Assets<br/>£'000</b> | <b>Assets Under<br/>Construction<br/>£'000</b> | <b>Total Property,<br/>Plant &amp; Equipment<br/>£'000</b> | <b>Intangible Assets<br/>£'000</b> | <b>Assets Held for<br/>Sale<br/>£'000</b> | <b>Total<br/>£'000</b> |
|---|------------------------------------|---|---|--|-----------------------------------|---------------------------------|--|--|------------------------------------|---|------------------------|
| <b>At 1 April 2015</b>  | 204,256                            | 7,120   | 2,371   | 1,768                                      | 20                                | 1,920                           | 2,003  | 219,458  | 142                                | 821                                       | 220,421                |
| Additions   | 7,640                              | 230   | 80  | 238  | 0                                 | 0                               | 3,114  | 11,302   | 13                                 | 0   | 11,315                 |
| Donations   | 0                                  | 0   | 0   | 0  | 0                                 | 0                               | 0  | 0  | 0                                  | 0   | 0                      |
| Revaluation increases/decreases(-) recognised in the Revaluation Reserve                          | 1,853                              | -8  | 0   | 0  | 0                                 | 1,373                           | 0  | 3,218  | 0                                  | 0   | 3,218                  |
| Revaluation increases/decreases(-) 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                                  | -1,519                                    | -1,519                 |
| Derecognition - Other   | -1,254                             | 0   | 0   | 0  | 0                                 | -309                            | 0  | -1,563   | 0                                  | 0   | -1,563                 |
| Assets reclassified to(-)/from Held for Sale  | -1,395                             | 0   | 0   | 0  | 0                                 | 0                               | 0  | -1,395   | 0                                  | 0   | -1,395                 |
| Other movements in cost or valuation  | 1,369                              | 0   | 0   | 0  | 0                                 | 634                             | -2,003   | 0  | 0                                  | 1,395                                     | 1,395                  |
| <b>At 31 March 2016</b>   | <b>212,469</b>                     | <b>7,342</b>                                  | <b>2,451</b>  | <b>2,006</b>                               | <b>20</b>                         | <b>3,618</b>                    | <b>3,114</b>                                   | <b>231,020</b>   | <b>155</b>                         | <b>697</b>                                | <b>231,872</b>         |
| <b>Accumulated Depreciation &amp; Impairment</b>  |                                    |   |   |  |                                   |                                 |  |  |                                    |   |                        |
| <b>At 1 April 2015</b>  | 10,604                             | 506   | 1,561   | 984  | 0                                 | 8                               | 0  | 13,663   | 0                                  | 0   | 13,663                 |
| Depreciation charge   | 4,478                              | 134   | 217   | 31   | 0                                 | 7                               | 0  | 4,867  | 0                                  | 0   | 4,867                  |
| Depreciation written out to the Revaluation Reserve   | -2,168                             | 0   | 0   | 0  | 0                                 | 0                               | 0  | -2,168   | 0                                  | 0   | -2,168                 |
| Depreciation written out to the Surplus/Deficit on the Provision of Services                      | 0                                  | 0   | 0   | 0  | 0                                 | 0                               | 0  | 0  | 0                                  | 0   | 0                      |
| Impairment losses/reversals(-) recognised in the Revaluation Reserve                              | 0                                  | 0   | 0   | 0  | 0                                 | 0                               | 0  | 0  | 0                                  | 0   | 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   | -466                               | 0   | 0   | 0  | 0                                 | -14                             | 0  | -480   | 0                                  | 0   | -480                   |
| Other movements in depreciation & impairment  | -21                                | 0   | 0   | 0  | 0                                 | 21                              | 0  | 0  | 0                                  | 0   | 0                      |
| <b>At 31 March 2016</b>   | <b>12,427</b>                      | <b>640</b>                                    | <b>1,778</b>  | <b>1,015</b>                               | <b>0</b>                          | <b>22</b>                       | <b>0</b>                                       | <b>15,882</b>  | <b>0</b>                           | <b>0</b>                                  | <b>15,882</b>          |
| <b>Net Book Value</b>   |                                    |   |   |  |                                   |                                 |  |  |                                    |   |                        |
| <b>at 31 March 2016</b>   | <b>200,042</b>                     | <b>6,702</b>                                  | <b>673</b>  | <b>991</b>                                 | <b>20</b>                         | <b>3,596</b>                    | <b>3,114</b>                                   | <b>215,138</b>   | <b>155</b>                         | <b>697</b>                                | <b>215,990</b>         |
| <b>at 31 March 2015</b>   | <b>193,652</b>                     | <b>6,614</b>                                  | <b>810</b>  | <b>784</b>                                 | <b>20</b>                         | <b>1,912</b>                    | <b>2,003</b>                                   | <b>205,795</b>   | <b>142</b>                         | <b>821</b>                                | <b>206,758</b>         |

**(C) VACANT POSSESSION VALUE**

The vacant possession value (Open Market Value) of Council dwellings as at 31 March 2016 is £589.766m (31 March 2015 was £570.882m). 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.

**(D) 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.

| <b>2014/15<br/>£'000</b> |                                    | <b>2015/16<br/>£'000</b> |
|--------------------------|------------------------------------|--------------------------|
| <b>3,962</b>             | <b>Balance as at 1 April 2014</b>  | <b>2,468</b>             |
| 4,931                    | Depreciation on HRA Assets         | 4,867                    |
| 3,915                    | Revenue Contributions to MRR       | 4,130                    |
| -3,273                   | Repayment of HRA Debt              | 0                        |
| -7,067                   | Funding of HRA expenditure         | -8,407                   |
| <b>2,468</b>             | <b>Balance as at 31 March 2015</b> | <b>3,058</b>             |

**(E) MOVEMENT ON HOUSING REPAIRS ACCOUNT**

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

**(F) HRA CAPITAL FINANCING**

| <b>2014/15<br/>£'000</b> |  | <b>2015/16<br/>£'000</b> |
|--------------------------|--|--------------------------|
|                          | <b>HRA Capital Expenditure Financed by :</b> |                          |
| 1,000                    | Borrowing                                    | 0                        |
| 533                      | Grants and Contributions                     | 979                      |
| 946                      | Usable Capital Receipts                      | 1,951                    |
| 0                        | Revenue Contributions                        | 0                        |
| 7,067                    | Major Repairs Reserve                        | 8,407                    |
| <b>9,546</b>             | <b>Total</b>                                 | <b>11,337</b>            |



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

| <b>2014/15<br/>£'000</b> |              | <b>2015/16<br/>£'000</b> |
|--------------------------|--------------|--------------------------|
| 106                      | Land         | 273                      |
| 930                      | Houses       | 1,411                    |
| 0                        | Other        | 0                        |
| <b>1,036</b>             | <b>Total</b> | <b>1,684</b>             |

**(H) DEPRECIATION AND CAPITAL CHARGES**

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

| <b>2014/15<br/>£'000</b> |   | <b>2015/16<br/>£'000</b> |
|--------------------------|---|--------------------------|
| 4,546                    | Depreciation on Housing Revenue Account Dwellings               | 4,478                    |
| 385                      | Depreciation on Housing Revenue Account other land and property | 389                      |
| <b>4,931</b>             | <b>Total</b>  | <b>4,867</b>             |

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

| <b>2014/15<br/>£'000</b> |                                       | <b>2015/16<br/>£'000</b> |
|--------------------------|---------------------------------------|--------------------------|
| -3,823                   | Cost of Capital Accounting Adjustment | -3,791                   |
| 0                        | Transfer to Major Repairs Reserve     | 0                        |
| <b>-3,823</b>            | <b>Total HRA Debt Financing Costs</b> | <b>-3,791</b>            |

**(I) IMPAIRMENT CHARGES**

There were no impairments in the financial year 2015/16.

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

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

The total amount of Revenue Expenditure Funded from Capital under Statute totals £0.021m for 2015/16 (£0m in 2014/15).

**(K) PENSIONS**

Since the transfer of housing staff to A1 Housing (Bassetlaw) Ltd in October 2004, there have been no adjustments in the HRA for FRS17. However a payment of £1.210m (£1.170m 2014/15) was made to the Pension Fund, which reduces the outstanding liability relating to these transferred staff, and this is shown in the Statement of Movement of HRA Balance.

**(L) ARREARS**

The average weekly (52 week basis) rent per dwelling was £74.88 in 2015/16 compared to £73.26 in 2014/15 with arrears totalling 2.04% of gross debit in 2015/16 compared to the 2014/15 figure of 2.01%.

| <b>2014/15<br/>£'000</b> |   | <b>2015/16<br/>£'000</b> |
|--------------------------|---|--------------------------|
| 572                      | Total Rent Arrears (includes amounts collectable on behalf of other agencies) | 553                      |
| 50                       | Total Court Cost Arrears  | 55                       |
| 14                       | Total Non Rent Arrears  | 11                       |
| <b>636</b>               | <b>Total HRA Arrears</b>  | <b>619</b>               |

The debtor impairment allowance at the 31 March 2016 for all debts was £0.429m.

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

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

**(N) EXCEPTIONAL ITEMS OR PRIOR YEAR ADJUSTMENTS**

There were no prior year adjustments in 2015/16.

There was no exceptional items in 2015/16.

|                                |
|--------------------------------|
| <b>COLLECTION FUND ACCOUNT</b> |
|--------------------------------|

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).

| 2014/15                     |                      |                 | Income/Expenditure   | Note | 2015/16                     |                      |                 |
|-----------------------------|----------------------|-----------------|--|------|-----------------------------|----------------------|-----------------|
| Non-Domestic Rates<br>£'000 | Council Tax<br>£'000 | Total<br>£'000  |  |      | Non-Domestic Rates<br>£'000 | Council Tax<br>£'000 | Total<br>£'000  |
|                             |                      |                 | <b>Income</b>  |      |                             |                      |                 |
| 0                           | -52,950              | <b>-52,950</b>  | Council Tax Receivable   |      | 0                           | -55,169              | <b>-55,169</b>  |
|                             |                      |                 | Council Tax Annexe Discount Grant                                  |      |                             |                      |                 |
| 0                           | -9                   | <b>-9</b>       | Determination 2014/15  |      | 0                           | -5                   | <b>-5</b>       |
|                             |                      |                 | <b>Transfers from General Fund</b>                                 |      |                             |                      |                 |
| -55,015                     | 0                    | <b>-55,015</b>  | Business Rate Receivable   | A    | -53,592                     | 0                    | <b>-53,592</b>  |
| -76                         | 0                    | <b>-76</b>      | Deferrals  |      | 0                           | 0                    | <b>0</b>        |
| -1,229                      | 0                    | <b>-1,229</b>   | Transitional Protection Payment -                                  |      | 0                           | 0                    | <b>0</b>        |
|                             |                      |                 | <b>Apportionment of Previous Year Deficit</b>                      |      |                             |                      |                 |
| -1,529                      | 0                    | <b>-1,529</b>   | Central Government   |      | 0                           | 0                    | <b>0</b>        |
| -1,224                      | 0                    | <b>-1,224</b>   | Bassetlaw District Council   |      | 0                           | 0                    | <b>0</b>        |
| -275                        | 0                    | <b>-275</b>     | Nottinghamshire County Council                                     |      | 0                           | 0                    | <b>0</b>        |
| -30                         | 0                    | <b>-30</b>      | Nottinghamshire Fire Authority                                     |      | 0                           | 0                    | <b>0</b>        |
| 0                           | 0                    | <b>0</b>        | Nottinghamshire Police Authority/<br>Police and Crime Commissioner |      | 0                           | 0                    | <b>0</b>        |
| <b>-59,378</b>              | <b>-52,959</b>       | <b>-112,337</b> | <b>Total Income</b>  |      | <b>-53,592</b>              | <b>-55,174</b>       | <b>-108,766</b> |
|                             |                      |                 | <b>Expenditure</b>   |      |                             |                      |                 |
|                             |                      |                 | <b>Apportionment of Previous Year Surplus</b>                      |      |                             |                      |                 |
| 0                           | 0                    | <b>0</b>        | Central Government   | B    | 916                         | 0                    | <b>916</b>      |
| 0                           | 61                   | <b>61</b>       | Bassetlaw District Council   | B    | 732                         | 112                  | <b>844</b>      |
| 0                           | 407                  | <b>407</b>      | Nottinghamshire County Council                                     | B    | 165                         | 740                  | <b>905</b>      |
| 0                           | 24                   | <b>24</b>       | Nottinghamshire Fire Authority                                     | B    | 18                          | 43                   | <b>61</b>       |
| 0                           | 58                   | <b>58</b>       | Nottinghamshire Police and Crime Commissioner                      | B    | 0                           | 105                  | <b>105</b>      |
|                             |                      |                 | <b>Precepts, Demands and Shares</b>                                |      |                             |                      |                 |
| 21,937                      | 0                    | <b>21,937</b>   | Central Government   | B    | 23,929                      | 0                    | <b>23,929</b>   |
| 17,549                      | 4,947                | <b>22,496</b>   | Bassetlaw District Council   | B    | 19,143                      | 5,124                | <b>24,267</b>   |
| 3,948                       | 38,812               | <b>42,760</b>   | Nottinghamshire County Council                                     | B    | 4,307                       | 40,393               | <b>44,700</b>   |
| 439                         | 2,266                | <b>2,705</b>    | Nottinghamshire Fire Authority                                     | B    | 479                         | 2,358                | <b>2,837</b>    |
| 0                           | 5,517                | <b>5,517</b>    | Nottinghamshire Police and Crime Commissioner                      | B    | 0                           | 5,741                | <b>5,741</b>    |
|                             |                      |                 | <b>Charges to the Collection Fund</b>                              |      |                             |                      |                 |
| 223                         | 165                  | <b>388</b>      | Write offs of uncollectable amounts                                |      | 694                         | 233                  | <b>927</b>      |
| 56                          | 236                  | <b>292</b>      | Increase (-)/Decrease in Bad Debt Provision                        |      | -60                         | 279                  | <b>219</b>      |

| 2014/15                     |                      |                | Income/Expenditure                                    | Note | 2015/16                     |                      |                |
|-----------------------------|----------------------|----------------|---|------|-----------------------------|----------------------|----------------|
| Non-Domestic Rates<br>£'000 | Council Tax<br>£'000 | Total<br>£'000 |   |      | Non-Domestic Rates<br>£'000 | Council Tax<br>£'000 | Total<br>£'000 |
| 2,017                       | 0                    | 2,017          | Increase (-)/Decrease in Provision for Appeals        |      | 5,613                       | 0                    | 5,613          |
| 166                         | 0                    | 166            | Cost of Collection                                    |      | 172                         | 0                    | 172            |
| 115                         | 0                    | 115            | Disregarded amounts                                   |      | 541                         | 0                    | 541            |
|                             |                      |                | Transitional Protection Payment to Central Government |      | 194                         | 0                    | 194            |
| 4                           | 0                    | 4              | Interest on Non Domestic Refunds                      |      | 0                           | 0                    | 0              |
| 46,454                      | 52,493               | 98,947         | <b>Total Expenditure</b>                              |      | 56,843                      | 55,128               | 111,971        |
| 12,924                      | 466                  | 13,390         | <b>Surplus/Deficit (-) arising during the year</b>    |      | -3,251                      | 46                   | -3,205         |
| -6,281                      | 1,163                | -5,118         | <b>Surplus/Deficit (-) b/fwd 1 April</b>              |      | 6,643                       | 1,629                | 8,272          |
| 6,643                       | 1,629                | 8,272          | <b>Surplus/Deficit (-) c/fwd 31 March</b>             |      | 3,392                       | 1,675                | 5,067          |

|   |
|---|
| <b>NOTES TO THE COLLECTION FUND ACCOUNT</b> |
|---|

**(A) NATIONAL NON-DOMESTIC RATES (NNDR)**

Non-domestic rates are organised on a national basis. The Government specifies an amount of 49.7p in 2015/16 (48.2p 2014/15) and, subject to the effects of transitional arrangements, local businesses pay rates calculated by multiplying their rateable value by that amount. The total non-domestic rateable value at the 31 March 2016 was £125,835,796 (31 March 2015 £123,949,275).

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 proportionally (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 come together voluntarily to pool their business rates income. The council has entered into a pooling arrangements with other Nottinghamshire Authorities.

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

| <b>2014/15<br/>£'000</b> | <b>National Non-Domestic Rate Income</b> | <b>2015/16<br/>£'000</b> |
|--------------------------|--|--------------------------|
| 62,954                   | Gross Amount Due                         | 59,584                   |
| -3,508                   | Charitable Relief etc.                   | -3,580                   |
| -1,229                   | Transitional Relief                      | 195                      |
| -1,206                   | Small Business Rate Relief               | -1,265                   |
| -1,996                   | Empty and Part Occupation Relief         | -1,342                   |
| <b>55,015</b>            | <b>Net Amount Collectable</b>            | <b>53,592</b>            |

The year-end surplus or deficit on the Collection Fund non-domestic rates is to be shared between billing and precepting authorities on the basis of estimates made on the year-end balance. The calculation has to be made on the 31 January each year. For 2015/16 a surplus of £7.021m was declared (2014/15 a surplus of £1.831m was declared).

The balance at the 31 March 2016 a deficit of £3.251m (31 March 2014 a surplus of £12.924m) and this has been disaggregated for the purposes of these Accounts to attribute relevant amounts to the precepting authorities debtor account and the billing authority as follows:

| <b>Cumulative<br/>Surplus/<br/>Deficit (-)<br/>31.3.15<br/>£'000</b> |                                | <b>In Year<br/>Surplus/<br/>Deficit (-)<br/>2015/16<br/>£'000</b> | <b>Cumulative<br/>Surplus/<br/>Deficit (-)<br/>31.3.16<br/>£'000</b> |
|--|--------------------------------|---|--|
| 2,657  | Bassetlaw District Council     | -1,300  | 1,357  |
| 3,321  | Central Government             | -1,625  | 1,696  |
| 598  | Nottinghamshire County Council | -293  | 305  |
| 67   | Nottinghamshire Fire Authority | -33   | 34   |
| <b>6,643</b>   | <b>Balance at 31 March</b>     | <b>-3,251</b>   | <b>3,392</b>   |

**(B) COUNCIL TAX BASE**

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

| Valuation Band  | Proportion of Band D Charge (ninths) | No of Dwellings in Valuation List |               | Number of Band D Equivalent Dwellings |               |
|---|--------------------------------------|-----------------------------------|---------------|---------------------------------------|---------------|
|   |                                      | 2014/15                           | 2015/16       | 2014/15                               | 2015/16       |
| Band A-   | 5                                    | 0                                 | 0             | 77                                    | 74            |
| Band A  | 6                                    | 26,232                            | 26,340        | 15,429                                | 15,535        |
| Band B  | 7                                    | 7,493                             | 7,544         | 5,350                                 | 5,410         |
| Band C  | 8                                    | 6,066                             | 6,095         | 4,959                                 | 5,005         |
| Band D  | 9                                    | 5,860                             | 5,890         | 5,487                                 | 5,530         |
| Band E  | 11                                   | 2,968                             | 2,987         | 3,444                                 | 3,467         |
| Band F  | 13                                   | 1,373                             | 1,406         | 1,886                                 | 1,947         |
| Band G  | 15                                   | 687                               | 673           | 1,081                                 | 1,071         |
| Band H  | 18                                   | 55                                | 55            | 91                                    | 89            |
| <b>Total</b>  |                                      | <b>50,734</b>                     | <b>50,990</b> | <b>37,804</b>                         | <b>38,128</b> |
| Deduction for non-collection, new build, demolition and other adjustments |                                      |                                   |               | -599                                  | -626          |
| Additional properties and adjustments during the year                     |                                      |                                   |               | -5,311                                | -4,957        |
| Council Tax Base (Band D equivalent)                                      |                                      |                                   |               | <b>31,894</b>                         | <b>32,545</b> |

The Council set a Council Tax (excluding local precepts) at Band D of £1,704.85 in 2015/16 compared to £1,647.42 in 2014/15. This is broken down as follows:

| 2014/15<br>£    | Band D Council Tax                               | 2015/16<br>£    |
|-----------------|--|-----------------|
| 157.44          | Bassetlaw District Council                       | 160.43          |
| 1,241.14        | Nottinghamshire County Council                   | 1,265.84        |
| 0.00            | Nottinghamshire County Council Adult Social Care | 24.82           |
| 176.40          | Nottinghamshire Police and Crime Commissioner    | 179.91          |
| 72.44           | Nottinghamshire Fire and Rescue Authority        | 73.85           |
| <b>1,647.42</b> | <b>Total Council Tax Income</b>                  | <b>1,704.85</b> |

The year-end surplus or deficit on the Collection Fund Council Tax is to be shared between billing and precepting authorities on the basis of estimates made on the year-end balance. The calculation has to be made on the 15 January each year. For 2015/16 a surplus of £1.350m was declared (2014/15 a surplus of £1.000m).

The balance at the 31 March 2016 a surplus of £0.046m has been disaggregated for the purpose of these Accounts to attribute relevant amounts to the precepting authorities debtor account and the billing authority as follows:

| <b>Cumulative<br/>Surplus/<br/>Deficit (-)<br/>31.3.15<br/>£'000</b> |  | <b>In Year<br/>Surplus/<br/>Deficit<br/>2015/16<br/>£'000</b> | <b>Cumulative<br/>Surplus/<br/>Deficit (-)<br/>31.3.16<br/>£'000</b> |
|--|--|---|--|
| -181   | Bassetlaw District Council                       | -5  | -186   |
| -1,206   | Nottinghamshire County Council                   | -35   | -1,241   |
| -171   | Nottinghamshire Police and Crime<br>Commissioner | -5  | -176   |
| -71  | Nottinghamshire Fire and Rescue Authority        | -1  | -72  |
| <b>-1,629</b>  | <b>Balance at 31 March</b>                       | <b>-46</b>  | <b>-1,675</b>  |



## **Independent auditor's report to the members of Bassetlaw District Council**

We have audited the financial statements of Bassetlaw District Council for the year ended 31 March 2016 on pages 21 to 118. The financial reporting framework that has been applied in their preparation is applicable law and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2015/16.

This report is made solely to the members of the Authority, as a body, in accordance with Part 5 of the Local Audit and Accountability Act 2014. Our audit work has been undertaken so that we might state to the members of the Authority, as a body, those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the members of the Authority, as a body, for our audit work, for this report, or for the opinions we have formed.

### **Respective responsibilities of the Chief Financial Officer and auditor**

As explained more fully in the Statement of Responsibilities, the Chief Financial Officer is responsible for the preparation of the Statement of Accounts, which includes the financial statements, in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom, and for being satisfied that the financial statements give a true and fair view. Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

### **Scope of the audit of the financial statements**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the Authority's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Chief Financial Officer; and the overall presentation of the financial statements.

In addition, we read all the financial and non-financial information in the Narrative Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

### **Opinion on financial statements**

In our opinion the financial statements:

- give a true and fair view of the financial position of the Authority as at 31 March 2016 and of the Authority's expenditure and income for the year then ended;
- have been properly prepared in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2015/16.



## **Matters on which we are required to report by exception**

The Code of Audit Practice requires us to report to you if:

- the Annual Governance Statement set out on pages 131 to 142 does not reflect compliance with 'Delivering Good Governance in Local Government: a Framework' published by CIPFA/SOLACE in June 2007; or
- the information given in the Narrative Report for the financial year for which the financial statements are prepared is not consistent with the financial statements; or
- any matters have been reported in the public interest under Section 24 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of, the audit; or
- any recommendations have been made under Section 24 of the Local Audit and Accountability Act 2014; or
- any other special powers of the auditor have been exercised under the Local Audit and Accountability Act 2014.

We have nothing to report in respect of these matters.

## **Conclusion on Bassetlaw District Council's arrangements for securing economy, efficiency and effectiveness in the use of resources**

### **Authority's responsibilities**

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

### **Auditor's responsibilities**

We are required under Section 20(1) (c) of the Local Audit and Accountability Act 2014 to satisfy ourselves that the Authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. The Code of Audit Practice issued by the Comptroller and Auditor General (C&AG) requires us to report to you our conclusion relating to proper arrangements.

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

### **Scope of the review of arrangements for securing economy, efficiency and effectiveness in the use of resources**

We have undertaken our review in accordance with the Code of Audit Practice, having regard to the guidance on the specified criterion issued by C&AG in November 2015, as to whether Bassetlaw District Council had proper arrangements to ensure it took properly informed decisions and deployed resources to achieve planned and sustainable outcomes for taxpayers and local people. The C&AG determined this criterion as that necessary for us to consider under the Code of Audit Practice in satisfying ourselves whether Bassetlaw District Council put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2016.

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

## **Conclusion**

On the basis of our work, having regard to the guidance issued by the C&AG in November 2015, 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 ended 31 March 2016.

## **Certificate**

We certify that we have completed the audit of the financial statements of Bassetlaw District Council in accordance with the requirements of the Local Audit and Accountability Act 2014 and the Code of Audit Practice.

**Tony Crawley**

**For and on behalf of KPMG LLP, Statutory Auditor**

*Chartered Accountants  
St Nicholas House  
31 Park Row  
Nottingham  
NG1 6FQ*

30 September 2016

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

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

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

Accounting policies do not include estimation techniques.

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

**ACCRUALS**

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

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

**DEPRECIATION**

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

**EARMARKED RESERVES**

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

**EMOLUMENTS**

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

**EXTERNAL AUDIT**

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

## **FEES AND CHARGES**

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

## **FINANCE LEASE**

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

## **FINANCIAL INSTRUMENT**

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

## **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 100% of the cost of benefits to non HRA tenants ("rent allowances") and HRA tenants (through the rent rebate element of housing subsidy).

## **HOUSING REVENUE ACCOUNT**

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

## **IMPAIRMENT**

Impairment occurs when 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.

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| <b>FURTHER INFORMATION</b> |
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**Urdu**

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

**Mandarin**

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

**Punjabi**

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

**Polish**

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

# **BASSETLAW DISTRICT COUNCIL**

## **ANNUAL GOVERNANCE STATEMENT 2015/16**

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

- 1.1 Bassetlaw District Council is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively. Bassetlaw District Council also has a duty under the Local Government Act 1999 to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.
- 1.2 In discharging this overall responsibility, Bassetlaw District Council is responsible for putting in place proper arrangements for the governance of its affairs, facilitating the effective exercise of its functions, and which includes arrangements for the management of risk.
- 1.3 Bassetlaw District Council has approved and adopted a code of corporate governance, which is consistent with the principles of the CIPFA/SOLACE Framework *Delivering Good Governance in Local Government*. A copy of the authority's code is on our website at [www.bassetlaw.gov.uk](http://www.bassetlaw.gov.uk) or can be obtained from the Director of Corporate Resources, Bassetlaw District Council, Queen's Buildings, Potter Street, Worksop. S80 2AH. This statement explains how Bassetlaw District Council has complied with the code and also meets the requirements of the Accounts and Audit Regulations 2015, regulation 6(1), which requires all relevant bodies to prepare an annual governance statement.

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

- 2.1 The governance framework comprises the systems and processes, culture and values by which the authority is directed and controlled and its activities through which it accounts to, engages with and leads its communities. It enables the authority to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate services and value for money.
- 2.2 The system of internal control is a significant part of that framework and is designed to manage risk to a reasonable level. It cannot eliminate all risk of failure to achieve policies, aims and objectives and can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of Bassetlaw District Council's policies, aims and objectives, to evaluate the likelihood and potential impact of those risks being realised, and to manage them efficiently, effectively and economically.
- 2.3 The governance framework has been in place at Bassetlaw District Council for the year ended 31<sup>st</sup> March 2016 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 2015/16*" at its full Council meeting on 25<sup>th</sup> June 2015 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. This 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 Public and Third Sector 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 as a result of the last all-out district election.



## **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](http://www.bassetlaw.gov.uk) or can be inspected at the Council's offices.
- 4.5 Bassetlaw's corporate governance framework defines the roles and responsibilities of the 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 largely 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 RSM 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, RSM, which are also the Council's own Internal Auditors. Overall, the Head of Internal Audit opinion for A1 Housing is: *"A1 Housing Bassetlaw Ltd has an adequate and effective framework for risk management, governance and internal control"*.
- A1 Housing has its own risk management arrangements. A1's internal auditors in 2015/16 found that *"A1 Housing has an established risk management framework in place and takes a mature approach to risk management throughout the organisation. The Route Planner system is used to document individual risks and holds full details of their evaluation, prioritisation and the identified mitigation 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 2015/16, which concluded:

*"The CIPFA Code of Practice Self-Assessment Compliance Checklist was completed in May 2013 and reviewed in May 2014 and May 2015 and May 2016. 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 2015/16, which concluded:

*"For the 12 months ended 31 March 2016, the Head of Internal Audit opinion for Bassetlaw District Council is as follows:*

*"The Council has an adequate and effective framework for risk management, governance and internal control.*

- ❖ *Governance – To inform our governance opinion for 2015/16 we have taken into consideration the governance and oversight related elements of each of the reviews undertaken as part of the 2015/16 Internal Audit Plan. There is a sound governance framework in place and we have observed that the Audit & Risk Committee is effective in monitoring and challenging management. An audit of Corporate Governance – Planning was undertaken as part of the approved internal audit periodic plan for 2015/16. This audit was specifically focused on the Planning Scheme of Delegation, Rules of Procedure and the information available to Members of the*

*Planning Consultation Group, to assist them in making informed decisions. This audit resulted in reasonable assurance opinion.*

- ❖ *Risk Management – 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. All risks both strategic and operational are monitored by the Risk Management Group. Scrutiny of the strategic risks is carried out by the Audit & Risk Scrutiny Committee on a quarterly basis. Responsibility for the scrutiny of directorate risks rests with the Risk Management Group. Any emerging risks identified at directorate level are to be escalated to Audit & Risk Scrutiny Committee, for evaluation and decision. Our review identified one medium and one low priority findings and resulted in substantial assurance.*
- ❖ *Internal Controls - We undertook 37 internal audit reviews in 2015/16 which included one advisory and three follow-up reviews. For the 33 reviews resulting in an assurance opinion, there were 16 reviews (48.5%), which resulted in substantial assurance, 16 reviews (48.5%) which resulted in reasonable assurance and one review (3%) resulting in partial assurance. The review which resulted in partial assurance related to 'Review of Core Outsourced IT contract with Merittec'. The findings made in this review have been accepted by management and this area will be considered as part of 2016/17 audit work. Management need to ensure that internal audit recommendations are fully implemented and it is noted that little or reasonable progress has been made to implement previous internal audit recommendations.*

- The external auditor (KPMG)'s Annual Governance Report 2014/15 concluded:

*"We have concluded that the Authority has made proper arrangements to secure economy, efficiency and effectiveness in its use of resources."*

- 7.2 It is important to recognise the results of the Internal Audit Annual Report where the Council has been issued with an overall positive assurance rating. This year the Council has received only one negative audit opinion (six in the previous year), and only two 'high' actions (nine in the previous year), and these are being 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 2015/16 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 over the last few years, and it is important that the officer scheme of delegation is reviewed to maintain both relevance and effectiveness. **Action: Corporate Management Team – September 2016.**
- Member Training – Appropriate mandatory training will be delivered to each new Member following an election and this will be ongoing. The Member training programme for 2016/17 will focus on data protection. **Action: Director of Corporate Resources – December 2016.**
- 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: Director of Regeneration and Neighbourhoods – September 2016.**
- Local Government Transparency Code – The Council is publishing the majority of the datasets required under the Code, and the remaining more difficult ones need to be delivered. **Action: Corporate Governance Working Group – September 2016.**

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.

9.3 On 23 June, the EU referendum took place and the people of the United Kingdom voted to leave the European Union. Until exit negotiations are concluded, the UK remains a full member of the European Union and all the rights and obligations of EU membership remain in force. During this period the Government will continue to negotiate, implement and apply EU legislation. It will be for the Government, under the new Prime Minister to begin negotiations to exit the EU. The outcome of these

negotiations will determine what arrangements apply in relation to EU legislation and funding in future once the UK has left the EU.

Neil Taylor .....  
Chief Executive

Date: 29<sup>th</sup> September 2016

Simon Greaves .....  
Council Leader

Date: 29<sup>th</sup> September 2016

# Contact us



01909 533 533



[www.bassetlaw.gov.uk](http://www.bassetlaw.gov.uk)



[customer.services@bassetlaw.gov.uk](mailto:customer.services@bassetlaw.gov.uk)



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Visit us at:

Retford One Stop Shop  
17B The Square, Retford DN22 6DB

Worksop One Stop Shop  
Queens Buildings, Potter Street, Worksop S80 2AH

All offices are open: Monday to Friday 9:00am to 5:00pm

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