

Audited Statement of Accounts & Annual Governance Statement

2016/17



Bassetlaw
DISTRICT COUNCIL
— North Nottinghamshire —





Audited Statement of Accounts & Annual Governance Statement

5		Narrative Report	
26		Statement of Responsibilities	
27		Expenditure Funding Analysis	
28		Core Financial Statements	
		Comprehensive Income and Expenditure Statement	28
		Movement in Reserves Statement	29
		Balance Sheet	31
		Cash Flow Statement	32
		Notes to the Accounts	33
29		Supplementary Statements	
		Housing Revenue Account	113
		Collection Fund Account	121
		Glossary of Terms	126
		Further Information	135
		Annual Governance Statement	136
151		Independent Auditors Report to the Members of Bassetlaw District Council	



Narrative Report

FINANCIAL SUMMARY REPORT 2017



Bassetlaw
DISTRICT COUNCIL
— North Nottinghamshire —





Narrative Report Contents

8		1. Introduction
9		2. Councillor Preface
10		3. Introduction to Bassetlaw
11		4. Introduction by S151 Officer
12		4.1 Corporate Plan
		We said we would...
		We Delivered...
16		4.2 Financial Performance and Management 2016/17
		General Fund
		Housing Revenue Account
		Capital Spending
		Balance Sheet
21		4.3 General Fund Revenue - 2017/18 and Beyond
		Budget Pressures
		Corporate Risks
25		4.4 Explanation of Financial Statements

1. Introduction



This report provides a summary of the development and performance of the Council over the financial year. It also outlines planned future developments in service delivery, including revenue and capital investment plans and provides assistance in understanding the financial statements and the Council's financial position.

2. Councillor Preface



I value this opportunity to comment on the Statement of Accounts, which demonstrates how Bassetlaw District Council has spent public money during 2016/17. As Cabinet Member for Finance and Property, I am aware of the driving ambition of this administration to do the very best for the people of Bassetlaw despite the challenges of Government austerity measures and a shrinking budget.

During the past year, Bassetlaw District Council has continued to deliver the everyday services people are accustomed to, and the basic services have been successfully maintained despite funding cuts. The aim has always been to protect those services, both discretionary and statutory, that people value and expect. We have continued to empty your bins, collect rubbish left by fly-tippers and provide car parks that annually meet the “park mark” standard.

The Council’s continuing programme of delivering quality services, making improvements and initiating new developments, as outlined in the Corporate Plan, has and will continue to be a real challenge because of ongoing reductions to our budget. We have met that challenge by applying financial discipline and rigour to our finances and the way we manage them. Budgets are closely monitored, efficiencies sought, and all new developments are first supported by a carefully scrutinised business case and then prioritised in terms of affordability, beneficial outcomes and value for money; much of this work relates to financial plans for both the current and future years.

Key to all this is robust financial judgement and a skilled dedicated Finance team; we are fortunate in Bassetlaw to have such highly professional staff.

June Evans

Portfolio holder for Finance
Bassetlaw District Council

3. Introduction to Bassetlaw

BASSETLAW IN NUMBERS

Did you know...



Bassetlaw is in the top 20% of districts nationally for jobs in the knowledge-driven sectors, which have grown **34.3%** from 2007-14



* GVA - GROSS VALUE ADDED

4. Introduction by S151 Officer

Head of Finance and Property (S151 Officer)



I am pleased to introduce our Financial Accounts for 2016/17. They represent the financial results of the delivery of the third year of our 2014-2017 Corporate Plan. The purpose of these accounts is to present a true and fair view of the financial results of our activities for the year and the value of our assets and liabilities at the end of the financial year.

This narrative report is set out in four parts.

- 4.1 A summary of our performance against the priorities outlined in the **Corporate Plan**.
- 4.2 Some key information that summarises our **Financial Performance** in 2016/17 and effectiveness in our use of resources.
- 4.3 Looking forward, outlining the impact of the current economic climate and the risks we face on our resources and the services we provide. **General Fund Revenue 2017/18 and Beyond**.
- 4.4 **Explanation of Financial Statements** to help you navigate through what is at times quite a technical document. This level of information is required to ensure proper accounting practices and meet strict reporting requirements laid out in the International Financial Reporting Standards (IFRS).

In considering this report, you should note that the underspend reported against service budgets which we use internally to monitor our financial performance is not directly comparable to the surplus disclosed in the Statement of Accounts. This is mainly due to the accounting adjustments required to comply with reporting requirements, which do not impact on the amount of our spending to be met by local taxpayers. The key differences relate to the way in which we account for items such as depreciation, impairment, reserves, provisions and carry-forwards. Each of these items is explained further in our accounting policies or the glossary.

Public inspection

It is important that members of the public have the opportunity to provide comment and question our Statement of Accounts. Therefore the draft Statement of Accounts for 2016/17 is available for inspection from 19 June 2017 to 28 July 2017. The formal audit of our accounts will begin on 17 July 2017.



4.1 Corporate Plan

We said we would...

The Corporate Plan (2014-17) identified 4 main priorities that we would concentrate on over that three year period being:

A Viable Co-operative Council

We said we would...

Get the basics right	Drive improved business performance with more flexible ICT systems	Develop new delivery models and place based working
----------------------	--	---

- Be a Resilient Local Authority
- Work towards being a Co-operative Council
- Increase Pride in The District

Quality Housing and Decent Neighbourhoods

We said we would...

Finalise the Decent Homes programme	Maintain the standards of housing quality and repairs	Encourage and support private homeowners
-------------------------------------	---	--

- Build Quality Housing in The District
- Maximise Benefits for Tenants and Local Communities
- Develop Local Neighbourhoods that are Safe, Clean and Welcoming

Local Growth

We said we would...

Invest in the North Nottinghamshire Project	Become a member of Sheffield City Region Combined Authority	Work with the D2N2 Local Enterprise Partnership
---	---	---

- A District that Maximises it's Potential
- Drive the Local Economy
- Make Bassetlaw a Destination

Local Living Standards

We said we would...

Prepare for the introduction of the Department for Work & Pension's Universal Credit system	Prepare for the new system of Individual Electoral Registration and allow people to have their say at election time	Increase awareness and advice for hard to reach parts of the community	Improve health education and advocacy
---	---	--	---------------------------------------

- Meet the Challenge of Welfare Reform
- Stand up for Local People

We Delivered...



A
Viable
Co-operative
Council



Ambition 1

Our New Garden Waste Service

10% of households in Bassetlaw
now have a paid for Brown Bin

5,200 Brown Bins

= **£156,000**



Local
Growth



Ambition 2

5,700 New Jobs
at: Harworth South
DB Symmetry
Manton Wood



100% success rate in all
Enforcement Prosecutions

439 conservation consultation
responses

80 million bricks a year
to be made in Harworth



We Delivered...



Quality Housing
and
Decent
Neighbour-
hoods



Ambition 3

Park Mark for
the Bassetlaw District
Council Car Parks



We licensed **28** different types of
activity last year and have issued
2,357 licenses, including zoos,
tattooists and pet shops.

Upgraded **360**
CCTV cameras
across the district



We have issued **22** fixed penalty
notices for various types of
Envirocrime fining offenders
£1,840



Local
Living
Standards



Ambition 4

We have introduced a new Council Tax
Reduction scheme for the District

55% of Benefit
Claims were made
digitally in 2016/17



We supported residents with **721**
awards of Discretionary Housing
payment in 2016/17

8.48 days is the average time taken
to process change in circumstances for
benefit claims





4.2 Financial Performance and Management - 2016/17

Economic Performance

Nationally the Government has been trying to reduce the Public Sector net debt, by reducing the year on year Public Sector borrowing requirement (the amount of money it needs to borrow to pay all expenditure after taking into account tax receipts and other income). One of the ways Central Government have achieved this is to reduce the funding to Local Government. These cuts have severely impacted the way that Council services have been financed with a greater emphasis on generating income locally. Government funding has been reducing year on year and reduced to 35% of the Council's net budget for the 2016/17 financial year.

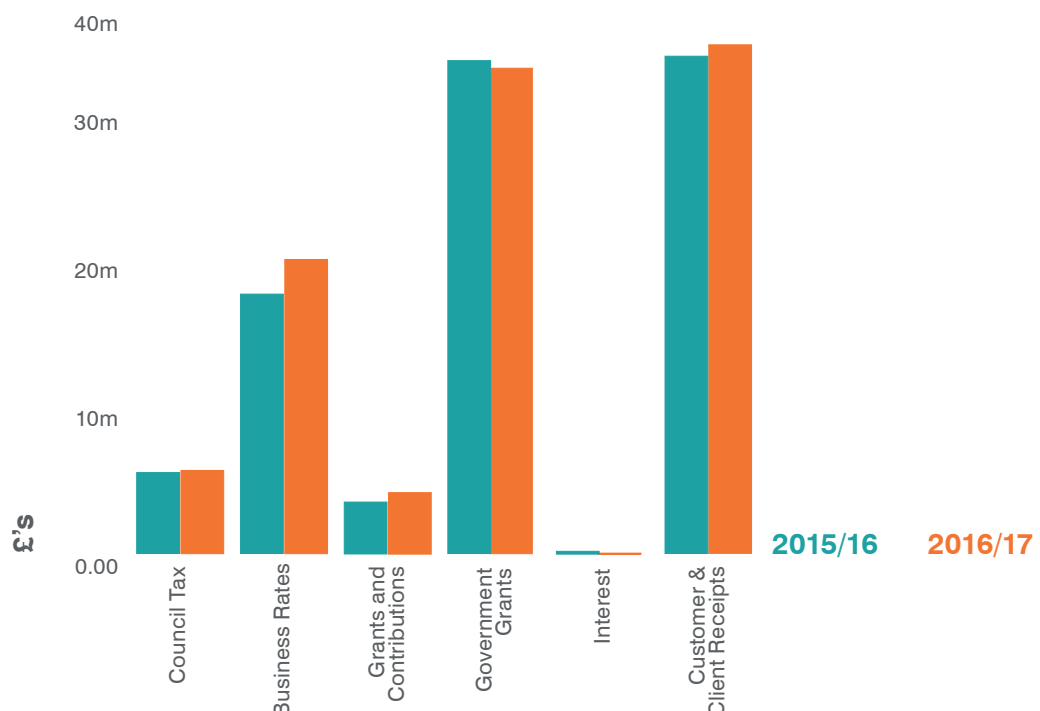
The process is on-going and will last until at least 2019-20, and the Council will continue to monitor the situation nationally so as to understand the financial challenges it will face going forward.

In October 2016, the Council published an efficiency strategy (<http://data.bassetlaw.gov.uk/media/609774/Efficiency-strategy.pdf>) which it was required to do so in order to seek clarity on future grant settlements from Central Government. This set out three main themes for the Council to deliver efficiencies:

- Income Generation – Maximising Income; Fees & Charges Review; Innovation and New ideas.
- Contract Management – Zero Based Budgeting; Contracts register; Effective Procurement.
- Efficiency and Effectiveness – Service Efficiencies; New ways of working; Budget & Service reductions; Demand Management.

The chart below shows the total amount of income received by the Council via the various different sources which shows the ways in which the Council funds its services.

Sources of Finance comparison 2015/16 vs 2016/17



General Fund Revenue

The General Fund supports the day to day running of the Council services (excluding Housing).

The Council set it's General Fund budget for the 2016/17 Financial year on 7th March 2016. This can be seen at <http://data.bassetlaw.gov.uk/media/567310/budget-book-2016-17.pdf> and is shown on a basis that central overheads (such as support services) have been apportioned to front line services. This shows a total budget of £16.889m of which £15.039m was to deliver its core services.

The increase in budget for net cost of services amounted to £2.134m. Within this increase the major variances were an increase in pensions costs and downward revaluations charged to services.

The financial standing of the Council is very robust, with sound and improving financial management and practices. From the table below the net cost of services shows an underspend of £1.095m.

Service Analysis Budget vs Actual 2016/17

	£m's	£m's	£m's	£m's
	INITIAL BUDGET	REVISED BUDGET	ACTUALS	VARIANCE
Human Resources	0.000	0.053	0.000	(0,053)
Chief Executive	0.144	0.165	0.165	(0.000)
Corporate Services	1.247	1.512	1.473	(0.039)
Neighbourhoods	7.094	7.645	7.123	(0.522)
Regeneration	3.610	3.473	3.330	(0.143)
Finance, Property & Revenues	2.944	4.325	3.987	(0.338)
Net Cost Of Services	15.039	17.173	16.078	(1.095)

	£m's
	VARIANCE
Overachieved Fees & Charges income	(0.294)
Employees savings	(0.149)
Housing Benefit Subsidy Final Claim and recovery of overpayments	(0.417)
Leisure Trust Management savings including BDC share of surplus	(0.260)
Other Minor variances	0.025
Net Cost of Services	(1.095)

Housing Revenue Account (HRA)

The HRA is a ring fenced landlord's account for the running of the Council's housing stock. Day to day management of the housing stock and the long term responsibility for maintenance and investment in the stock has been outsourced to A1 Housing Ltd, the Council's arms-length management organisation. During 2016/17 the HRA reported an operating deficit of £0.065m.

The budget that was approved by Council on 28th January 2016, included a contribution from reserves of £0.099m. This can be seen at <http://data.bassetlaw.gov.uk/media/516690/COEX280116non.pdf>. The deficit of £0.065m represents a saving of £0.034m compared to this budget. This is mainly due to:

- (£0.056m) additional income received from the ground/air source pumps and solar panels fitted on some dwellings.
- (£0.066m) saving on the bad debt impairment required during the year.
- £0.093m reduced income due to stock levels at the start of the year and a higher proportion of write to buy completed within the year, plus, the new stock entering the rental system was available later than expected. This was offset by reduced levels of void properties.
- (£0.272m) saving on depreciation and charges due to a slippage in the capital programme and no downward significant movement in the revaluation of assets required during the year.
- £0.255m contribution to the new build reserve.
- Other minor overspends £0.012m.

Total income has decreased by 1.14% which is mainly due to a £0.451m reduction in dwelling rents. This reduction in income relates to the decision from Central Government to reduce rent values by 1% per annum, and also a reduction in the number of properties owned by the Council due to the Right to Buy scheme.

Overall Outturn

The Comprehensive Income and Expenditure Statement (shown on page 31) shows the Council's outturn for the authority on an accounting basis (to include notional entries such as depreciation and impairment), The Expenditure Funding Analysis (shown on page 29) shows the actual increase in the general reserve (held for unforeseen circumstances) and the Housing Revenue Account reserve (HRA).

The Expenditure Funding Analysis shows an increase in the overall General and HRA reserves of £3.362m. This has then been appropriated into the following reserves:

Reserve	Balance at 31st March 2016	Increase/(Decrease) in year	Balance at 31st March 2017
General Fund	£1.630m	£0.309m	£1.939m
General Fund Ear Marked Reserves	£4.170m	£3.118m	£7.288m
HRA	£1.618m	-£0.065m	£1.553m
TOTAL	£7.418m	£3.362m	£10.780m

Capital Spending

Capital monies are spent on building or enhancing the Council's assets base. There are rules and regulations regarding what can be classed as capital expenditure and this spend must be financed separately from the day to day running costs of the Council. During 2016/17 the Council spent £15.238m on Capital works.

Key projects were:

- Public Open Space at Kings' Park in Retford - £0.448m – This project was to create a new splash park within Kings' Park which opened in July 2016.
- Retford Enterprise Centre phase 2 - £0.865m – This project is to create an extension to the already popular Retford Enterprise Centre. This centre provides office space for start-up and small businesses. A lack of suitable office accommodation for medium sized businesses was identified within the district, therefore an application was made to the Local Enterprise partnership to assist the Council in providing the suitable accommodation within the Retford Enterprise Centre site.
- Walkeringham Flood Alleviation scheme - £0.564m – This scheme received £0.293m from Environment Agency, £0.187m from Notts County/A1 Housing and BDC mitigated flooding against 45 properties including a school and an OAP development by re-routing watercourse in open cut and 1.2m diameter culverts around the village.
- Disabled Facilities Grants - £0.548m – The Council, in its role as the housing authority, has a statutory duty to provide Mandatory Disabled Facilities Grants to qualifying applicants under the Housing Grants Construction and Regeneration Act 1996. The main purpose of these grants is to provide adaptations to modify disabling environments in order to restore or enable independent living, privacy, confidence and dignity for individuals and their family.
- The re-purchase of 2 properties that were previously sold by the Council under the right to buy scheme for £0.256m.
- The Airey Housing project, which is a scheme over three phases in Harworth, which will look to deliver 71 properties. Total spend during 2016/17 was £3.077m.
- Various other Housing projects including boiler replacement upgrades and installation of community alarm equipment £7.678m.



Kings' Park Splash Park

Balance Sheet

Provisions

The Council's most significant provisions relate to the Business Rates valuation appeals. Following Business Rates localisation, introduced in 2013, the Council has had to set aside a provision for any future successful ratepayer appeals against rateable valuations. The Council currently has 591 appeals outstanding. The table below shows the year-end balance of the provision together with the amount of the provision used in the year in respect of the successful appeals:

	31st March 2016	31st March 2017
Business Rates provision for appeals	£3.950m	£3.563m
Business Rates provision used based on successful appeals	£0.493m	£2.755m
Other provisions amount to £0.190m individually insignificant		

Cash flow

The year-end position shows an increase of £8.3m in the Council's cash position. This is mainly due to returned short term investments that the Council had with other Local Authorities at 31st March 2016. There is a large change in investing activities due to the reduced reliance on the Treasury Deposit Fund, which attracts a very low rate of interest. The change in financing activities is in relation to payments relating to Council Tax and NNDR to precepting authorities.

Property Plant and Equipment (PPE)

The Council's PPE has increased in year by £66.190m. This is mainly due to an increase in the discount rate that is applied to the valuation of the Council's housing stock. This rate changed from 34% of market rate to 42% generating a revaluation increase of £56.745m. Additions to the Council's property portfolio amounted to £13.534m alongside other revaluations and disposals of £4.9089m.

4.3 General Fund Revenue - 2017/18 and Beyond

Budget Pressures

Service pressures, such as democratic growth, contribute to create demand in excess of Government grant support. 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 £10.5m and will need to find £1.999m to balance the budgets over the next 4 years as follows:

Financial Year	Budget Shortfall £
2017/18	£0.000m
2018/19	£1.123m
2019/20	£0.583m
2020/21	£0.293m

The current Medium Term Financial Plan, which covers the years detailed above, was approved by Cabinet on 6th December 2016.

(<http://data.bassetlaw.gov.uk/media/626065/cb061216non.pdf>), and this document sets the strategic direction for the Council so far as financial issues are concerned.



Corporate Risks

A risk management strategy is in place to identify and evaluate risk. There are clearly defined steps to support better decision making through the understanding of risk, whether a positive opportunity or threat, and the likely impact. The risk management processes are subject to regular review and updating. Set out below are the key risks from the Council's corporate risk register.

RISK	SUMMARY	MITIGATION
Welfare reforms creates significant negative community impact	Planned welfare reform with the introduction of universal credits and unique Local Council Tax Reduction Scheme, coupled with financial reductions. This may cause local hardship and increase tax arrears.	<ul style="list-style-type: none"> ▶ The Council undertakes a consultation exercise on the draft Council Tax Reduction Scheme (if any changes are proposed). ▶ A working group has been set up between BDC and DWP employees to discuss Welfare Reform issues.
Supply chain failure	The Council now relies upon many suppliers and partners. Many organisations are under increased financial pressure which may result in failure.	<ul style="list-style-type: none"> ▶ Approved Corporate Procurement Policy and Strategy. ▶ Countywide procurement group and joint procurement and commissioning. ▶ Regular monitoring meetings between officers and supplier representatives. ▶ Identify our key suppliers in terms of strategic partnerships and those hard to find 'bottleneck' suppliers.
Data loss or privacy incident	There is a lot of sensitive data both manual and IT related held across the Council. There are challenges over security, storage and retention of records.	<ul style="list-style-type: none"> ▶ Secure IT environment. ▶ A working group has been set up between BDC and DWP employees to discuss Welfare Reform issues. ▶ Intranet contains copies of Security Policies and protocols, available to all staff. ▶ Digital devices can be remotely wiped of data using Exchange 2010 if lost. ▶ Secure Encrypted Email.

RISK	SUMMARY	MITIGATION
Financial integrity of the Council	There are many challenges planned by central government over the coming months in relation to grant funding for local authorities. This level of financial uncertainty, coupled with relatively low levels of balances and reserves, may have a financial impact on the Council.	<ul style="list-style-type: none"> ▶ Medium Term Financial Plan in place. ▶ Treasury Management Strategy and Cash Flow forecasting. ▶ Officers endeavour to balance each years budget 12 months in advance.
Failure to properly risk assess our practices and take appropriate action	The Council is required under Health & Safety legislation to ensure that risk assessments are undertaken in all of its service areas. The assessments must identify suitable measures for controlling the risks to its employees and service users. The Safety & Resilience Manager will monitor all outstanding risk assessment reviews and safety actions. These will be reported to the quarterly safety management meeting.	<ul style="list-style-type: none"> ▶ Health and Safety policies in place and available to employees through intranet. ▶ Appropriate insurance in place. ▶ Dedicated ICT system called SHE - records all health and safety issues, risk assessments, Audits and employee accidents.
Failure to properly risk assess our tangible assets	The Council is required to undertake regular physical condition surveys of its non-housing tangible assets. The outcomes should be classified into the four condition bands of urgent work, essential work, desirable work, long term work and appropriate action taken to mitigate risks.	<ul style="list-style-type: none"> ▶ 5 Yearly Stock Condition Report completed for operational and investment properties. ▶ Asbestos reports for each property completed and held centrally. ▶ Planned programme of inspections of operational properties to check compliance with Disability Discrimination Act requirements or report recommended upgrades.
Effective programme management required for commercial activity	The Council is currently looking into a more commercial approach to income generation. Due to this, it must ensure that it has a rigorous control system in place to assess commercial opportunities and build viable business cases where appropriate. These are skills that have not been identified at the Council previously, but are vital for the future viability of the Council.	<ul style="list-style-type: none"> ▶ External advice received from soliciting firms around creation of trading company.

RISK	SUMMARY	MITIGATION
Inspection regime on tree management	All Councils have statutory and legal responsibilities to provide areas of land for open space facilities. These range from play parks to cemeteries, all with very different needs in the way the Council maintains and inspects, in order to minimise the risks that are present at these locations. Trees, due to their natural growth patterns are susceptible to disease and damage from either natural or deliberate causes which will always demand a human resource to monitor and inspect these periodically.	<ul style="list-style-type: none"> ▶ Tree management plan in place. ▶ All areas identified and prioritised into low to high risk categories. ▶ Intranet contains copies of Security Policies and protocols, available to all staff. ▶ Tree mapping system introduced.

Additionally to this the Council is aware of the impact that Brexit may have on the Council. This could have a detrimental impact on the Council's corporate objectives and finances as a reduction in European funding for various projects and an economic downturn would increase benefits payable and reduce tax revenues and generated.

The planned change in the Business Rates retention scheme is also an external risk which the Council faces. The planned implementation of 100% Business Rates, which was to come into force from 2019/2020, looks now to be implemented later than this. Implications of this are still being investigated by officers.

Devolution

Last year Bassetlaw District Council began the process of formally applying for full constituent membership of the Sheffield City Region (SCR) Mayoral Combined Authority, in order to realise a number of benefits from the Devolution Deal agreed with Government. This would have meant that Bassetlaw would be covered by an elected mayor and part of that electoral constituency.

However, in September 2016, the DCLG negotiating team stated that any elected mayor would have the same planning powers as London's Mayor. This was not part of the original devolution package discussions. Spatial Planning and matters of housing numbers are a matter for Bassetlaw and Bassetlaw Members alone. In addition, the Council could not resolve issues with the SCR on voting rights, and the SCR pilot on National Non Domestic Rates (Business Rates) would have seen the Government's 50% share of NNDR transferred into a City Region Pool, but only 20% of that 50% NNDR share would be allowed to be retained by Bassetlaw, despite it being raised in Bassetlaw.

4.4 Explanation of Financial Statements

The Statement of Accounts sets out the Council's income and expenditure for the year, and its financial position at 31 March 2017. It comprises core and supplementary statements, together with disclosure notes. The format and content of the financial statements is prescribed by the CIPFA Code of Practice on Local Authority Accounting in the United Kingdom 2016/17, which in turn is underpinned by International Financial Reporting Standards;

A Glossary of key terms can be found in The Statement of Accounts document which can be found at www.bassetlaw.gov.uk.

The Core Statements are:

The **Expenditure Funding Analysis** shows where the statutory adjustments (for capital and pension and collection fund purposes) have originally been charged against, and reconciles the Surplus/Deficit on the Provision of Services position between the funding position charges levied on the General Fund and HRA balances) and accounting position.

The **Comprehensive Income and Expenditure Statement** records all of the Council's income and expenditure for the year. The top half of the statement provides an analysis by the Council's internal management structure. The bottom half of the statement deals with corporate transactions and funding. Expenditure represents a combination of:

- Services and activities that the Council is required to carry out by law (statutory duties) such as street cleaning, planning and registration; and,
- Discretionary expenditure focussed on local priorities and needs.

Movements in Reserves Statement which 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 "unusable reserves" which must be set aside for specific purposes.

The **Balance Sheet** is a "snapshot" of the Council's assets, liabilities, cash balances and reserves at the year-end date.

The **Cash Flow Statement** shows the reason for the changes in the Council's cash balances during the year, and whether the change is due to operating activities (day to day costs), new investment, or financing activities (such as repayment of borrowing and other long term liabilities).

The Supplementary Financial Statements are:

The **Annual Governance Statement** which sets out the governance structures of the Council and its key internal controls.

The **Housing Revenue Account** which separately identifies the Council's statutory landlord function as a provider of social housing under the Local Government and Housing Act 1989.

The **Collection Fund Account** summarises the collection of Council tax and business rates, and the redistribution of some of that money to other organisations that the Council collects these taxes on behalf of.



Statement of Responsibilities

2016/17



Clumber Park



Bassetlaw
DISTRICT COUNCIL
— North Nottinghamshire —



STATEMENT OF RESPONSIBILITIES FOR THE STATEMENT OF ACCOUNTS

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 2016 to 31 March 2017 has been prepared and I confirm that these accounts were approved by Bassetlaw District Council at the meeting held on 24 August 2017.

Signed: ROBIN CARRINGTON-WILDE

**Robin Carrington-Wilde
Bassetlaw District Council**

Date: 24 August 2017

Chair of the Audit and Risk Scrutiny Committee approving the accounts

2 CHIEF FINANCIAL OFFICER'S RESPONSIBILITIES

The Head of Finance & Property is responsible for the preparation of the Council's Statement of Accounts in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2016/17 (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 2016/17 presents a true and fair view of the financial position of Bassetlaw District Council at 31 March 2017 and its income and expenditure for the year ended 31 March 2017.

Signed: DAVID HILL

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

Date: 24 August 2017

Expenditure Funding Analysis

2016/17



Scrooby



Bassetlaw
DISTRICT COUNCIL
— North Nottinghamshire —



EXPENDITURE AND FUNDING ANALYSIS

2015/16				2016/17		
Net Expenditure Chargeable to the General Fund and HRA Balances	Adjustments between the Funding and Accounting Basis	Net Expenditure in the Comprehensive Income and Expenditure Statement		Net Expenditure Chargeable to the General Fund and HRA Balances	Adjustments between the Funding and Accounting Basis	Net Expenditure in the Comprehensive Income and Expenditure Statement
£'000	£'000	£'000		£'000	£'000	£'000
532	19	551	Chief Exec	547	7	554
2,307	320	2,627	Corporate Services	2,540	333	2,873
			Finance, Property			
1,332	233	1,565	And Rev Serv	1,499	630	2,129
-12,901	3,652	-9,249	Hra	-12,532	3,981	-8,551
4,468	1,431	5,899	Neighbourhoods	4,870	1,399	6,269
1,608	1,788	3,396	Regeneration	1,954	305	2,259
358	12	370	Human Resources	305	4	309
Net Cost of						
-2,296	7,455	5,159	Services	-817	6,659	5,842
			Other Income and			
336	-8,487	-8,151	Expenditure	-2,545	-8,995	-11,540
Surplus (-) or						
-1,960	-1,032	-2,992	Deficit	-3,362	-2,336	-5,698

General Fund & Earmarked Reserve £'000	HRA & Earmarked Reserve £'000	Total £'000		General Fund & Earmarked Reserve £'000	HRA & Earmarked Reserve £'000	Total £'000
3,974	1,484	5,458	Opening Balance	5,800	1,618	7,418
			Less/Plus Surplus or (Deficit) on			
1,826	134	1,960	Balances in Year	3,427	-65	3,362
			Closing Balance at			
5,800	1,618	7,418	31 March	9,227	1,553	10,780
Closing Balances Split by Reserve:						
1,630	1,618	3,248	Working Reserve	1,939	1,553	3,492
			Earmarked Reserve			
4,170	0	4,170		7,288	0	7,288
			Closing Balance at			
5,800	1,618	7,418	31 March	9,227	1,553	10,780

Core Financial Statements

2016/17



Harley Gallery, Welbeck



Bassetlaw
DISTRICT COUNCIL
— North Nottinghamshire —



COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT

2015/16				2016/17		
Gross Expend-iture £'000	Gross Income £'000	Net Expend-iture £'000		Gross Expend-iture £'000	Gross Income £'000	Net Expend-iture £'000
628	-77	551	Chief Exec	635	-81	554
3,781	-1,154	2,627	Corporate Services	3,832	-959	2,873
35,898	-34,333	1,565	Finance, Property And Rev Serv	34,796	-32,667	2,129
18,260	-27,509	-9,249	Hra	18,712	-27,263	-8,551
8,233	-2,334	5,899	Neighbourhoods	8,614	-2,345	6,269
6,118	-2,722	3,396	Regeneration	5,111	-2,852	2,259
411	-41	370	Human Resources	355	-46	309
73,329	-68,170	5,159	Cost of Services	72,055	-66,213	5,842
4,733	-1,697	3,036	Other Operating Expenditure (Note 11)	4,806	-2,437	2,369
6,238	-206	6,032	Financing and Investment Income and Expenditure (Note 12)	6,158	-115	6,043
15,659	-32,878	-17,219	Taxation and Non-Specific Grant Income And Expenditure (Note 13)	18,056	-38,008	-19,952
99,959	-102,951	-2,992	Surplus (-) or Deficit on Provision of Services	101,075	-106,773	-5,698
			Items that will not be reclassified to the Surplus (-) or Deficit on the Provision of Services			
			-7,845 Surplus(-) or Deficit on Revaluation of Non Current Assets (Note 14)			-64,393
			0 Impairment Losses on Non-Current Assets Charged to Revaluation Reserve (Note 14)			0
			-7,848 Remeasurements of the Net Defined Benefit Liability (Asset) (Note 41)			12,341
			0 Any Other Gains(-)/Losses Required to be Included in the Statement			0
			-15,693 Other Comprehensive Income and Expenditure			-52,052
			-18,685 Total Comprehensive Income and Expenditure			-57,750

MOVEMENT IN RESERVES STATEMENT

Movement in Reserves during 2015/16

	General Fund Balance £'000	Earmarked General Fund Reserves £'000	Housing Revenue Account £'000	Capital Receipts Reserve £'000	Major Repairs Reserve £'000	Capital Grants Unapplied £'000	Total Usable Reserves £'000	Unusable Reserves £'000	Total Council Reserves £'000
Balance at 31 March 2015 carried forward	1,354	2,620	1,484	2,152	2,468	354	10,432	78,727	89,159
Total Comprehensive Income and Expenditure	-2,495	0	5,487	0	0	0	2,992	15,693	18,685
Adjustment between accounting basis & funding basis under regulations (Note 9)	4,321	0	-5,353	32	590	826	416	-416	0
Net Increase/Decrease (-) before Transfers to Earmarked Reserves	1,826	0	134	32	590	826	3,408	15,277	18,685
Transfers to/from(-) Earmarked Reserves (Note 10)	-1,550	1,550	0	0	0	0	0	0	0
Increase/Decrease(-) in 2015/16	276	1,550	134	32	590	826	3,408	15,277	18,685
Balance at 31 March 2016 carried forward	1,630	4,170	1,618	2,184	3,058	1,180	13,840	94,004	107,844

Movement in Reserves during 2016/17

	General Fund Balance £'000	Earmarked General Fund Reserves £'000	Housing Revenue Account £'000	Capital Receipts Reserve £'000	Major Repairs Reserve £'000	Capital Grants Unapplied £'000	Total Usable Reserves £'000	Unusable Reserves £'000	Total Council Reserves £'000
Balance at 31 March 2016 carried forward	1,630	4,170	1,618	2,184	3,058	1,180	13,840	94,004	107,844
Total Comprehensive Income and Expenditure	740	0	4,958	0	0	0	5,698	52,052	57,750
Adjustment between accounting basis & funding basis under regulations (Note 9)	2,687	0	-5,023	920	1,340	2,495	2,419	-2,419	0
Net Increase/Decrease(-) before Transfers to Earmarked Reserves	3,427	0	-65	920	1,340	2,495	8,117	49,633	57,750
Transfers to/from(-) Earmarked Reserves (Note 10)	-3,118	3,118	0	0	0	0	0	0	0
Increase/Decrease(-) in 2016/17	309	3,118	-65	920	1,340	2,495	8,117	49,633	57,750
Balance at 31 March 2017 carried forward	1,939	7,288	1,553	3,104	4,398	3,675	21,957	143,637	165,594

BALANCE SHEET

31 March 2016 £'000		Notes	31 March 2017 £'000
258,518	Property, Plant & Equipment	14	324,708
314	Heritage Assets	15	314
467	Intangible Assets	17	244
1,045	Long Term Debtors	20	1,045
260,344	TOTAL LONG TERM ASSETS		326,311
7,002	Short Term Investments	18	0
1,416	Assets Held For Sale	22	3,337
36	Inventories	19	38
8,441	Short Term Debtors	20	5,749
9,558	Cash and Cash Equivalents	21	17,887
26,453	TOTAL CURRENT ASSETS		27,011
-502	Short Term Borrowings	18	-6,994
-11,775	Short Term Creditors	23	-8,573
-1,281	Provisions Short Term	24	-874
-22	Grants Receipts in Advance - Revenue	35	-41
-13,580	TOTAL CURRENT LIABILITIES		-16,482
-1,979	Long Term Creditors	23	-1,621
-2,971	Provisions Long Term	24	-2,859
-110,394	Long Term Borrowing	18	-103,898
-50,029	Pensions Liability	41	-62,868
-165,373	TOTAL LONG TERM LIABILITIES		-171,246
107,844	TOTAL NET ASSETS		165,594
13,840	Usable Reserves	7	21,957
94,004	Unusable Reserves	26	143,637
107,844	TOTAL RESERVES		165,594

CASH FLOW STATEMENT

2015/16 £'000	Note	2016/17 £'000
2,992 Net Surplus/Deficit(-) on the Provision of Services		5,698
12,905 Adjustment to Surplus or Deficit on the Provision of Services for Non-Cash Movements	27A	11,094
-4,573 Adjust for Item Included in the Net Surplus or Deficit on the Provision of Services that are Investing and Financing Activities	27A	-7,946
11,324 Net Cash Flows from Operating Activities	27A	8,846
-13,042 Investing Activities	27C	3,755
1,155 Financing Activities	27D	-4,272
-563 Net Increase or Decrease(-) in Cash and Cash Equivalents		8,329
10,121 Cash and Cash Equivalents at the Beginning of the Reporting Period	21	9,558
9,558 Cash and Cash Equivalents at the End of the Reporting Period	21	17,887

NOTES TO THE CORE FINANCIAL STATEMENTS

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 £2,000 in any single case.

1 ACCOUNTING POLICIES

A. General Principles

The Statement of Accounts summarises the Council's transactions for the 2016/17 financial year and its position at the year-end of 31 March 2017. 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 2016/17 and the Service Reporting Code of Practice 2016/17, 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 Finance and Property line within 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 the Finance and Property segment.
- 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 plan 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

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. 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.

R. 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.

S. 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.

T. 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.

U. 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.

V. 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 2016/17 (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. For this financial year, there are two new standards issued, relating to: Amendment to the reporting of pension fund scheme transaction costs and an amendment to the reporting of investment concentration. Neither of these updates to accounting standards are deemed to have any impact on the Council's financial statements.

3 CRITICAL JUDGEMENTS IN APPLYING ACCOUNTING POLICIES

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

i) Critical Accounting Judgments and Key Sources of Estimation Uncertainty

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

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

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

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 2017 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 £0.048m 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 £2.535m and a 1 year reduction in mortality would result in a decrease of £5.318m. However, the assumptions interact in complex ways. During 2016/17, the Council's Actuary advised that the net pensions liability had increased by £12,839m. For the 2016/17 Statement of Accounts, the actuary has advised that a rate of 2.7% is appropriate. Application of this rate has resulted in an increase in liabilities measured at today's prices of £12.341m, adjusted for by an increase in actuarial losses recognised for the year in the CIES in the other comprehensive income and expenditure part of the statement.

Item	Uncertainties	Effect if Actual Results Differ from Assumptions
Arrears	At 31 March 2017, the Council had a balance of sundry debtors of £0.729m. A review of significant balances suggested that an impairment of doubtful debts of 23% (£0.161m) 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 £0.161m 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.
Fair Value Estimations	<p>When the fair values of 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> <ol style="list-style-type: none"> 1. For Level 2 inputs, quoted prices for similar assets or liabilities in active markets at the balance sheet date; 2. For level 3 inputs, valuations based on; - Most recent valuations adjusted to current valuation by the use of indexation and impairment review. <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.</p> <p>Where Level 1 inputs are not available, the authority employs relevant experts to identify the most appropriate valuation techniques to determine fair value (the Council's internal Property Manager).</p> <p>All valuations are carried out in accordance with the methodologies</p>	<p>The Council uses combination of indexation techniques, beacon valuations and discounted cash flow (DCF) models to measure the fair value of its 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>

	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 Head of Finance and Property on a regular basis regarding all valuation matters.	
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5 MATERIAL ITEMS OF INCOME AND EXPENDITURE

There have been no material items of income and expenditure during 2016/17.

6 EVENTS AFTER THE BALANCE SHEET DATE

The final Audited Statement of Accounts will be authorised for issue by the Head of Finance & Property on 24 August 2017. 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 2017, the figures in the financial statements and notes have been adjusted in all material respects to reflect the impact of this information.

7 NOTE TO THE EXPENDITURE AND FUNDING ANALYSIS

Adjustments from General Fund to arrive at the Comprehensive Income and Expenditure Statement amounts	Adjustments for Capital Purposes (Note 1) £'000	Adjustments between Funding and Accounting Basis 2015/16			Total Adjustments £'000
		Net change for the Pensions Adjustments (Note 2) £'000	Other Differences (Note 3) £'000		
Chief Exec	0	18	1		19
Corporate Services	249	70	1		320
Finance, Property And Revenue Services	245	-13	1		233
Hra	4,889	-1,237	0		3,652
Neighbourhoods	1,274	158	-1		1,431
Regeneration	1,681	103	4		1,788
Human Resources	0	12	0		12
Net Cost of Services	8,338	-889	6		7,455
Other income and expenditure from the Expenditure and Funding Analysis	-11,143	1,773	883		-8,487
Difference between General Fund surplus or deficit and Comprehensive Income and Expenditure Statement Surplus or Deficit on the Provision of Services	-2,805	884	889		-1,032

Adjustments from General Fund to arrive at the Comprehensive Income and Expenditure Statement amounts	Adjustments between Funding and Accounting Basis 2016/17			
	Adjustments for Capital Purposes (Note 1) £'000	Net change for the Pensions Adjustments (Note 2) £'000	Other Differences (Note 3) £'000	Total Adjustments £'000
Chief Exec	0	7	0	7
Corporate Services	304	29	0	333
Finance, Property And Revenue Services	758	-128	0	630
Hra	5,190	-1,209	0	3,981
Neighbourhoods	1,336	63	0	1,399
Regeneration	264	41	0	305
Human Resources	0	4	0	4
Net Cost of Services	7,852	-1,193	0	6,659
Other income and expenditure from the Expenditure and Funding Analysis	-13,062	1,691	2,376	-8,995
Difference between General Fund surplus or deficit and Comprehensive Income and Expenditure Statement Surplus or Deficit on the Provision of Services	-5,210	498	2,376	-2,336

Note 1 Adjustments for Capital Purposes

Adjustments for capital purposes – this column adds in depreciation and impairment and revaluation gains and losses in the services line, and for:

- Other operating expenditure – adjusts for capital disposals with a transfer of income on disposal of assets and the amounts written off for those assets.
- Financing and investment income and expenditure – the statutory charges for capital financing ie Minimum Revenue Provision and other revenue contributions are deducted from other income and expenditure as these are not chargeable under generally accepted accounting practices.
- Taxation and non-specific grant income and expenditure – capital grants are adjusted for income not chargeable under generally accepted accounting practices. Revenue grants are adjusted from those receivable in the year to those receivable without conditions or for which conditions were satisfied throughout the year. The Taxation and Non Specific Grant Income and Expenditure line is credited with capital grants receivable in the year without conditions or for which conditions were satisfied in the year.

Note 2 Net Change for the Pensions Adjustments

Net change for the removal of pension contributions and the addition of IAS 19 Employee Benefits pension related expenditure and income:

- For services this represents the removal of the employer pension contributions made by the Council as allowed by statute and the replacement with current service costs and past service costs.
- For Financing and investment income and expenditure — the net interest on the defined benefit liability is charged to the CIES.

Note 3 Other Differences

Other differences between amounts debited/credited to the Comprehensive Income and Expenditure Statement and amounts payable/receivable to be recognised under statute:

- For Financing and investment income and expenditure the other differences column recognises adjustments to the General Fund for the timing differences for premiums and discounts.
- The charge under Taxation and non-specific grant income and expenditure represents the difference between what is chargeable under statutory regulations for council tax and NDR that was projected to be received at the start of the year and the income recognised under generally accepted accounting practices in the Code. This is a timing difference as any difference will be brought forward in future Surpluses or Deficits on the Collection Fund.

8 EXPENDITURE AND INCOME ANALYSED BY NATURE

The Council's expenditure and income is analysed as follows:

Expenditure/Income 2015/16	Chief Exec £'000	Corporate Services £'000	Fin, Prop & Rev £'000	Human Resources £'000	Neighbourhoods £'000	Regen £'000	HRA £'000	Corporate Amounts £'000	Total £'000
Expenditure									
Employee expenses	436	2,030	2,664	328	3,990	2,650	43	0	12,141
Other services expenses	192	1,502	32,751	83	2,994	1,978	13,350	0	52,850
Depreciation, amortisation, impairment	0	249	483	0	1,249	1,490	4,867	0	8,338
Interest payments								4,479	4,479
Non Domestic Rates Tariff & Deficit								15,645	15,645
Precepts and levies								1,396	1,396
Payments to Housing Capital Receipts Pool								636	636
Interest Cost of Pensions								1,773	1,773
Net Book Value on the disposal of assets								2,701	2,701
Total expenditure	628	3,781	35,898	411	8,233	6,118	18,260	26,630	99,959
Income									
Fees, charges and other service income	-77	-909	-3,116	-41	-2,056	-1,964	-27,509	0	-35,672
Interest and investment income								-206	-206
Income from council tax, nondomestic rates								-25,971	-25,971
Proceeds from sale of Non-Current Assets								-1,697	-1,697
Government grants and contributions	0	-245	-31,217	0	-278	-758	0	-6,907	-39,405
Total income	-77	-1,154	-34,333	-41	-2,334	-2,722	-27,509	-34,781	-102,951
Surplus or Deficit on the Provision of Services	551	2,627	1,565	370	5,899	3,396	-9,249	-8,151	-2,992

The Council's expenditure and income is analysed as follows:

Expenditure/Income 2016/17	Chief Exec £'000	Corporate Services £'000	Fin, Prop & Rev £'000	Human Resources £'000	Neighbourhoods £'000	Regen £'000	HRA £'000	Corporate Amounts £'000	Total £'000
Expenditure									
Employee expenses	459	1,959	2,573	277	4,076	2,885	42	0	12,271
Other services expenses	176	1,569	31,675	78	3,251	2,064	13,641	0	52,454
Depreciation, amortisation, impairment	0	304	548	0	1,287	162	5,029	0	7,330
Developers Contributions Payments								774	774
Interest payments								4,467	4,467
Non Domestic Rates Tariff & Deficit								17,281	17,281
Precepts and levies								1,443	1,443
Payments to Housing Capital Receipts Pool								573	573
Interest Cost of Pensions								1,691	1,691
Net Book Value on the disposal of assets								2,791	2,791
Total expenditure	635	3,832	34,796	355	8,614	5,111	18,712	29,020	101,075
Income									0
Fees, charges and other service income	-81	-939	-2,904	-46	-2,007	-1,909	-27,263		-35,149
Interest and investment income								-115	-115
Income from council tax, nondomestic rates								-29,621	-29,621
Proceeds from sale of Non-Current Assets								-2,438	-2,438
Government grants and contributions	0	-20	-29,763	0	-338	-943	0	-8,386	-39,450
Total income	-81	-959	-32,667	-46	-2,345	-2,852	-27,263	-40,560	-106,773
Surplus or Deficit on the Provision of Services	554	2,873	2,129	309	6,269	2,259	-8,551	-11,540	-5,698

9 ADJUSTMENTS BETWEEN ACCOUNTING BASIS AND FUNDING BASIS UNDER REGULATIONS

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

General Fund Balance

The General Fund is the statutory fund into which all the receipts of a Council are required to be paid 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.

2015/16 Usable Reserves	General Fund Balance £'000	Housing Revenue Account £'000	Capital Receipts Reserve £'000	Major Repairs Reserve £'000	Capital Grants Unapplied £'000	Movement in Unusable Reserves £'000
Adjustments to the Revenue Resources						
<i>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:</i>						
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
Total Adjustments to Revenue Resources	-5,457	-5,276	0	0	-903	11,636
Adjustments between Revenue and Capital Resources						
Transfer of non-current asset sale proceeds from revenue to the Capital	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
Total Adjustments between Revenue and Capital Resources	1,136	10,629	-1,154	-8,997	0	-1,614
Adjustments to Capital Resources						
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
Total Adjustments to Capital Resources	0	0	1,122	8,407	77	-9,606
Total Adjustments	-4,321	5,353	-32	-590	-826	416

2016/2017 Usable Reserves	General Fund Balance £'000	Housing Revenue Account £'000	Capital Receipts Reserve £'000	Major Repairs Reserve £'000	Capital Grants Unapplied £'000	Movement in Unusable Reserves £'000
Adjustments to the Revenue Resources						
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:						
Pensions costs (transferred to (or from) the Pensions Reserve)	-1,701	1,203	0	0	0	498
Financial instruments (transferred to the Financial Instruments Adjustments)	-6	0	0	0	0	6
Council tax and NDR (transfers to or from Collection Fund)	-2,371	0	0	0	0	2,371
Holiday pay (transferred to the Accumulated Absences Reserve)	0	0	0	0	0	0
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):	539	-6,787	0	0	-2,866	9,114
Total Adjustments to Revenue Resources	-3,539	-5,584	0	0	-2,866	11,989
Adjustments between Revenue and Capital Resources						
Transfer of non-current asset sale proceeds from revenue to the Capital	626	1,851	-2,475	0	0	-2
Administrative costs of non-current asset disposals (funded by a contribution from the Capital Receipts Reserve)	0	-56	56	0	0	0
Payments to the government housing receipts pool (funded by a transfer from the Capital Receipts Reserve)	-573	0	573	0	0	0
Posting of HRA resources from revenue to the Major Repairs Reserve	0	8,812	0	-8,812	0	0
Statutory provision for the repayment of debt (transfer from the Capital Adjustment Account)	788	0	0	0	0	-788
Capital expenditure financed from revenue balances (transfer to the Capital Adjustment Account)	11	0	0	0	0	-11
Total Adjustments between Revenue and Capital Resources	852	10,607	-1,846	-8,812	0	-801
Adjustments to Capital Resources						
Use of the Capital Receipts Reserve to finance capital expenditure	0	0	3,227	0	0	-3,227
Use of the Major Repairs Reserve to finance capital expenditure	0	0	0	7,472	0	-7,472
Application of capital grants to finance capital expenditure	0	0	0	0	371	-371
Cash payments in relation to deferred capital receipts	0	0	-2,301	0	0	2,301
Total Adjustments to Capital Resources	0	0	926	7,472	371	-8,769
Total Adjustments	-2,687	5,023	-920	-1,340	-2,495	2,419

10 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 2016/17.

	Balance at 31 March 2015 £'000	Transfer out 2015/16 £'000	Transfer in 2015/16 £'000	Balance at 31 March 2016 £'000	Transfer out 2016/17 £'000	Transfer in 2016/17 £'000	Balance at 31 March 2017 £'000
General Fund Reserves							
Developers Revenue Contributions Unapplied	-191	87	0	-104	23	0	-81
Internal Insurance Reserve	-300	169	-169	-300	41	-59	-318
Job Evaluation	-735	46	-11	-700	0	0	-700
Treasury Management	-378	378	0	0	0	0	0
Revenue Grants & Contributions Unapplied	-182	78	-118	-222	112	-223	-333
Donations	-36	0	-1	-37	7	0	-30
Pension Strain/Redundancy	-200	200	0	0	0	0	0
High Street Innovation	-45	30	0	-15	1	0	-14
LAMS Default Reserve	-23	0	-14	-37	0	-8	-45
Retained Business Rates Reserve	955	0	-1,212	-257	0	-1,615	-1,872
General Fund Earmarked Reserves	-472	302	-727	-897	381	-370	-886
Business Rate Volatility Reserve	-200	0	0	-200	0	-399	-599
Business Rates Pooling Reserve	-813	403	-43	-453	0	-224	-677
Local Plan	0	0	-145	-145	0	0	-145
New Homes Bonus	0	0	-590	-590	0	0	-590
Invest to Save	0	0	0	0	0	-857	-857
Management Team	0	0	-213	-213	72	0	-141
Total	-2,620	1,693	-3,243	-4,170	637	-3,755	-7,288

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 2016/17 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

The Business Rates Retention scheme was introduced in April 2013. The scheme allows Councils to retain their share of Business Rates income. However, the accounting arrangements for the scheme are complex and different income streams have to be accounted for under different legislative arrangements. This can lead to deficits or surpluses within General Fund. This reserve has been set up to help smooth these variances.

General Fund Earmarked Reserve

Various reserves set up to support specific Service requirements

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.

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 its 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 had been agreed by Management Team to be spent during 2016/17. They are to fund various Service specific one-off projects.

Invest to Save

This money has been set aside during 2016/17 in order to assist with the creation of efficiencies and increase income generation potential. This reserve should continually be replenished when the financed project starts to generate savings/income.

11 OTHER OPERATING EXPENDITURE

2015/16 £'000	2016/17 £'000
936 Parish Council Precepts	976
459 Levies	467
636 Payments to the Government Housing Capital Receipts Pool	573
1,005 Gains/Losses(-) on the disposal of non-current assets	353
3,036 Total	2,369

12 FINANCING AND INVESTMENT INCOME AND EXPENDITURE

2015/16 £'000	2016/17 £'000
4,445 Interest payable and similar charges	4,467
1,773 Net interest on the net defined benefit liability (asset)	1,691
-187 Interest receivable and similar income	-115
6,031 Total	6,043

13 TAXATION AND NON-SPECIFIC GRANT INCOME AND EXPENDITURE

2015/16 £'000	2016/17 £'000
-6,177 Council tax income	-6,362
-4,149 Non-Domestic Rates income and expenditure	-5,978
-4,887 Non ring-fenced Government grants	-4,407
-631 Developers grants & contributions	-604
-1,375 Capital grants and contributions	-2,601
-17,219 Total	-19,952

14 PROPERTY PLANT AND EQUIPMENT

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

Movements in 2016/17									
	Council Dwellings £'000	Other Land and Buildings £'000	Vehicles, Plant, Furniture & Equipment £'000	Infrastructure Assets £'000	Community Assets £'000	Surplus Assets £'000	Assets Under Construction £'000	Total Property, Plant & Equipment £'000	
Cost or Valuation									
At April 2016	212,469	39,877	14,950	7,111	291	6,620	3,438	284,756	
Additions	7,152	364	1,460	251	0	56	4,251	13,534	
Donations	0	0	0	0	0	0	0	0	
Revaluation increases/decreases(-) recognised in the Revaluation Reserve	54,400	2,044	0	0	0	4,225	0	60,669	
Revaluation increases/decreases(-) recognised in the Surplus/Deficit on the Provision of Services	0	-307	0	0	0	13	0	-294	
Derecognition - Disposals	0	0	0	0	0	0	0	0	
Derecognition - Other	-910	-21	-339	0	-2	0	0	-1,272	
Assets reclassified to(-)/from Held for Sale	-2,149	-297	0	0	0	-1,598	0	-4,044	
Other movements in cost or valuation	2,982	506	101	0	0	-205	-3,384	0	
At 31 March 2017	273,944	42,166	16,172	7,362	289	9,111	4,305	353,349	
Accumulated Depreciation & Impairment									
At April 2016	12,427	2,237	9,616	1,930	0	28	0	26,238	
Depreciation charge	4,582	893	1,142	226	0	25	0	6,868	
Depreciation written out to the Revaluation Reserve	-2,345	-1,357	0	0	0	-22	0	-3,724	
Depreciation written out to the Surplus/Deficit on the Provision of Services	0	-59	0	0	0	0	0	-59	
Impairment losses/reversals(-) recognised in the Revaluation Reserve	0	0	0	0	0	0	0	0	
Impairment losses/reversals(-) recognised in the Surplus/Deficit on the Provision of Services	0	0	0	0	0	0	0	0	
Derecognition - Disposals	0	0	0	0	0	0	0	0	
Derecognition - Other	-403	0	-279	0	0	0	0	-682	
Other movements in depreciation & impairment	-13	0	0	0	0	13	0	0	
At 31 March 2017	14,248	1,714	10,479	2,156	0	44	0	28,641	
Net Book Value									
at 31 March 2017	259,696	40,452	5,693	5,206	289	9,067	4,305	324,708	
at 31 March 2016	200,042	37,640	5,334	5,181	291	6,592	3,438	258,518	

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 United Living, 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 2017.

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 2016/17 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. During the year, the Council was informed via the Department for Communities and Local Government, that nationally the Discount Rate for Social Housing was to increase from 34% to 42%. This amounted to £56.745m of the overall revaluation increase, which represents the exceptional item on the face of the Comprehensive Income and Expenditure Statement.

	Council Dwellings £'000	Other Land & Buildings £'000	Vehicles, Plant, Equipment £'000	Surplus Assets £'000	Other PPE Assets £'000	Total £'000
Carried at Historical cost	0	0	5,693	0	9,800	15,493
Valued as at:						
31 March 2017	259,696	19,084	0	9,067	0	287,847
31 March 2016	0	13,288	0	0	0	13,288
31 March 2015	0	1,844	0	0	0	1,844
31 March 2014	0	2,404	0	0	0	2,404
31 March 2013	0	3,832	0	0	0	3,832
Total Cost or Valuation	259,696	40,452	5,693	9,067	9,800	324,708

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 2017 is as follows:

	Quoted Prices in active markets for identical assets (Level 1) £'000	Other significant observable inputs (Level 2) £'000	Significant unobservable inputs (Level 3) £'000	Fair Value at 31 March 2017 £'000
Residential Properties and Developable Land	0	9,007	0	9,007
Ground/Long Leases	0	0	0	0
Other	0	0	60	60
Total	0	9,007	60	9,067

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

Transfers between Levels of the Fair Value Hierarchy

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

Reconciliation of Fair Value Measurements (Using Significant Unobservable Inputs) Categorised within Level 3 of the Fair Value Hierarchy

	31st March 2016 £'000	31st March 2017 £'000
Opening Balance	225	243
Transfers in Level 3	0	0
Transfer out of Level 3	0	-183
Total gains [or losses] for the period included in Surplus or Deficit on the Provision of Services resulting from changes in the fair value	18	0
Closing Balance	243	60

Gains or losses arising from changes in the fair value of Surplus Assets are recognised within the Net Cost of Services.

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

	As at 31/3/2017 £'000	Valuation technique used to measure fair value	Unobser- vable inputs	Range (weighted average used)	Sensitivity
Other	60	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 information, 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.

15 HERITAGE ASSETS

	Ceramics Jewellery Regalia and Statues £'000	Art Collection and Samplers £'000	Machinery Equipment Furniture £'000	Memorials and Historic Sites £'000	Total Assets £'000
Cost or Valuation					
1 April 2015	115	149	30	20	314
Additions, Disposals, Revaluations, Impairment	0	0	0	0	0
31 March 2016	115	149	30	20	314
Cost or Valuation					
1 April 2016	115	149	30	20	314
Additions, Disposals, Revaluations, Impairment	0	0	0	0	0
31 March 2017	115	149	30	20	314

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

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

A valuation was undertaken in 2001 of all exhibits worth over £500, and this valuation has been the basis of the insurance valuation. These assets and subsequent purchases of exhibits of £0.010m and above have subsequently been included. The total carrying amount of these assets are reflected in the balance as £0.314m (£0.314m 2015/16).

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.

16 INVESTMENT PROPERTIES

There are currently no investment properties.

17 INTANGIBLE ASSETS

The intangible assets shown in the Balance Sheet relate to software and software licences purchased since 2009. Purchases of these totalled £0.004m in 2016/17 (£0.084m in 2015/16). They are amortised over 3 to 5 years and the total amortisation charged in 2016/17 was £0.227m (£0.205m in 2015/16).

There are no internally generated assets.

The carrying amount of intangible assets is amortised on a straight-line basis. The amortisation of £0.227m charged to revenue in 2016/17 was charged in the main to the IT administration cost centre, within the Head of Corporate Services heading within the Cost of Services in the Comprehensive Income and Expenditure Statement.

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.

2015/16 £'000	2016/17 £'000
Balance at start of year:	
1,430 Gross carrying amounts	1,075
-835 Accumulated amortisation	-608
595 Net carrying amount at start of year	467
Movements:	
84 Purchases	4
-7 Other disposals	0
-205 Amortisation for the period	-227
Transfer out of category	
467 Net carrying amount at end of year	244
Comprising:	
1,075 Gross carrying amounts	712
-608 Accumulated amortisation	-468
467	244

18 FINANCIAL INSTRUMENTS

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

	Long Term		Current	
	31 March	31 March	31 March	31 March
	2017	2016	2017	2016
	£'000	£'000	£'000	£'000
Financial Liabilities Classified as Amortised Cost:				
Borrowings	103,898	110,394	6,994	502
Bank Current Accounts (Overdrawn)	0	0	1,244	948
Operational Creditors	0	0	1,969	1,584
Provisions	0	0	874	1,281
Total Financial Liabilities Classified as Amortised Cost	103,898	110,394	11,081	4,315
Financial Assets Classified as Loans and Receivables:				
Investments	0	0	0	7,002
Short-term Deposits with Money	0	0	18,733	10,130
Market Funds				
Operational Debtors	0	0	2,300	5,916
Total Financial Assets Classified as Loans and Receivables	0	0	21,033	23,048

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

Note: Accrued interest is not required for instruments measured at EIR, as this adjustment covers a full year's interest.

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 2017 is £0.035m.

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:

	2016/17			2015/16		
	Financial Liabilities measured at amortised cost £'000	Financial Assets: Loans and receivables £'000	Total £'000	Financial Liabilities measured at amortised cost £'000	Financial Assets: Loans and receivables £'000	Total £'000
Interest expense	4,437	0	4,437	4,430	0	4,430
Finance lease Interest	0	0	0	0	0	0
Impairment losses	0	0	0	0	0	0
Fee expense	0	0	0	0	0	0
Total expense in Surplus(-) or Deficit on the Provision of Services	4,437	0	4,437	4,430	0	4,430
Interest income	0	-103	-103	0	-195	-195
Interest income accrued on impaired financial assets	0	0	0	0	0	0
Impairment gain	0	0	0	0	0	0
Total income in Surplus(-) or Deficit on the Provision of Services	0	-103	-103	0	-195	-195
Gains on revaluation	0	0	0	0	0	0
Losses on revaluation	0	0	0	0	0	0
Total surplus(-)/deficit arising on revaluation of financial assets in Other CIES	0	0	0	0	0	0
Net gain(-)/loss for the year	4,437	-103	4,334	4,430	-195	4,235

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, £4.334m (£4.235m in 2015/16) is due to borrowing interest, net of investment interest income.

Financial Instruments Gains/Losses and Fair Value

There were material changes to the Fair Value notes in 2015/16, 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 2017 the Council held £18.735m financial assets and £110.892m 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:

	2016/17		2015/16	
	Carrying amount £'000	Fair value £'000	Carrying amount £'000	Fair value £'000
PWLB debt	71,363	95,271	77,863	89,976
Non-PWLB debt	32,535	52,381	32,531	44,030
Short term borrowing	6,994	6,994	502	502
Short term creditors	1,969	1,969	1,584	1,584
Short term provisions	874	874	1,281	1,281
Bank Current Accounts	1,244	1,244	948	948
Total Liabilities	114,979	158,733	114,709	138,321
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	18,733	18,733	10,130	10,130
Short term investments	0	0	7,002	7,004
Long term investments	0	0	0	0
Short term debtors	2,300	2,300	5,916	5,916
Total Assets	21,033	21,033	23,048	23,050
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.				
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.

19 INVENTORIES

The Council holds stocks of consumable items for resale totalling £0.038m. (£0.036m in 2015/16).

	Consumable Stores		Maintenance Materials		Total	
	2016/17 £'000	2015/16 £'000	2016/17 £'000	2015/16 £'000	2016/17 £'000	2015/16 £'000
Balance outstanding at start of year	18	29	18	19	36	48
Purchases	388	381	17	23	405	404
Recognised as an expense in year	-388	-391	-15	-24	-403	-415
Written off balances	0	-1	0	0	0	-1
Reversals of write-offs in previous years	0	0	0	0	0	0
Balance outstanding at year end	18	18	20	18	38	36

20 ANALYSIS OF DEBTORS

2015/16 £'000	2016/17 £'000
1,075 Central Government Bodies	1,102
49 Other Local Authorities	755
0 NHS Bodies	0
7,317 Other Entities and Individuals	3,892
8,441 Short Term Debtors	5,749
1,045 Other Entities and Individuals	1,045
1,045 Long Term Debtors	1,045
9,486 Total	6,794

21 CASH AND CASH EQUIVALENTS/BANK OVERDRAFT

2015/16 £'000	2016/17 £'000
1 Cash held by the Council	1
375 Cash in transit	397
-948 Bank current accounts	-1,244
10,130 Short-term deposits with Money Market Funds	18,733
9,558 Current Assets	17,887
0 Cash in transit	0
0 Bank current accounts (overdraft)	0
0 Current Liabilities	0
9,558 Total Cash and Cash Equivalents	17,887

22 ASSETS HELD FOR SALE

2015/16 £'000	2016/17 £'000
1,661 Balance outstanding at start of year	1,416
Assets newly classified as held for sale:	
1,273 Property, Plant and Equipment	4,044
-1,518 Assets sold	-2,123
1,416 Balance outstanding at year-end	3,337

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 Broad Gores

These assets are held for sale as key regeneration sites and it is anticipated that their sales will be finalised during 2017/18.

23 ANALYSIS OF CREDITORS

2015/16 £'000	2016/17 £'000
7,532 Central Government Bodies	3,957
1,801 Other Local Authorities	2,040
0 NHS Bodies	0
2,442 Other Entities and Individuals	2,576
11,775 Short Term Creditors	8,573
1,979 Other Entities and Individuals	1,621
1,979 Long Term Creditors	1,621
13,754 Total	10,194

24 PROVISIONS

	Insurance Compensation Claims £'000	Workshop Leisure Centre - Gas £'000	Local Land Charges £'000	Business Rates £'000	Other Provisions £'000	Total £'000
Short Term Balance at 1 April 2016	99	84	28	979	91	1,281
Additional provisions made in year	100	0	0	925	78	1,103
Amounts used in year	-75	0	-9	-1,220	0	-1,304
Transfer from Long Term	0	0	0	0	0	0
Unused amounts reversed in year	-76	-58	0	0	-72	-206
Short Term Balance at 31 March 2017	48	26	19	684	97	874
Long Term Balance at 1 April 2016	0	0	0	2,971	0	2,971
Additional provisions made in year	0	0	0	1,423	0	1,423
Amounts used in year	0	0	0	-1,535	0	-1,535
Transfer to Short Term	0	0	0	0	0	0
Unused amounts reserved in year	0	0	0	0	0	0
Long Term Balance at 31 March 2017	0	0	0	2,859	0	2,859

Insurance Claims

All insurance claims are individually insignificant, however, they relate to claims where the Council is alleged to be at fault (e.g. through a failure to repair a road or pavement in its ownership properly). Provision is made for those claims where it is deemed probable that the Council will have to make a settlement, based on past experience of court decisions about liability and the amount of damages payable. All outstanding claims are expected to be settled within 12 months. The Council may be reimbursed by its insurers, but until claims are actually settled no income is recognised as the insurers will only reimburse amounts above a £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 £0.019m 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 £8.857m, 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.

25 USABLE RESERVES

Movements in the Council's usable reserves are detailed in Note 9.

26 UNUSABLE RESERVES

2015/16 £'000		2016/17 £'000
18,739	Revaluation Reserve	82,676
121,861	Capital Adjustment Account	125,072
-513	Financial Instruments Adjustment Account	-518
-50,029	Pensions Reserve	-62,868
2,345	Deferred Capital Receipts Reserve	45
1,674	Collection Fund Adjustment Account	-697
-73	Accumulated Absences Account	-73
94,004	Total Unusable Reserves	143,637

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.

2015/16 £'000		2016/17 £'000
11,366	Balance at 1 April	18,739
9,196	Upward revaluations of assets	65,763
-1,351	Downward revaluation of assets and impairment losses not charged to the Surplus/Deficit on the Provision of Services	-1,370
7,845	Surplus or deficit(-) on revaluation of non-current assets not posted to the Surplus or Deficit on the Provision of Services	64,393
-337	Difference between fair value depreciation and historical cost depreciation	-398
-135	Accumulated gains on assets sold or scrapped	-58
-472	Amount written off to the Capital Adjustment Account	-456
18,739	Balance at 31 March	82,676

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

Note 9 provides details of the source of all the transactions posted to the account, apart from those involving the Revaluation Reserve.

2015/16 £'000	2016/17 £'000
118,095	121,861
Balance at 1 April	
Reversal of items relating to capital expenditure debited or credited to the CIES	
-6,736 Charges for depreciation and impairment of non-current assets	-6,868
-1,396 Revaluation losses on Property, Plant and Equipment	-235
-205 Amortisation of intangible assets	-227
40 Donated Assets	0
-917 Revenue expenditure funded from capital under statute	-1,701
-2,627 Amounts of non-current assets written off on disposal or sale as part of the gain(-)/loss on disposal to the CIES	-2,713
-11,841	-11,744
135 Adjusting amounts written out of the Revaluation Reserve	58
-11,706	-11,686
Net written out amount of the cost of non-current assets consumed in the year	
Capital financing applied in the year:	
2,922 Use of Capital Receipts Reserve to finance new capital expenditure	3,227
8,407 Use of Major Repairs Reserve to finance new capital expenditure	7,472
1,979 Capital grants and contributions credited to the CIES that have been applied to capital financing	2,630
77 Applications of grants to capital financing from the Capital Grant Unapplied Account	371
1,710 Statutory provision for the financing of capital investment charged against the General Fund and HRA balances	788
40 Capital expenditure charged against the General Fund and HRA balances	11
15,135	14,499
Adjustment between Capital Adjustment Account and Revaluation Reserve for depreciation that relates to the revaluation balance rather than historic cost	398
121,861	125,072
Balance at 31 March	

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.

2015/16 £'000	2016/17 £'000
-503 Balance at 1 April	-513
-10 Differences between statutory debits/credits and amounts recognised as income and expenditure in relation to financial	-5
-513 Balance at 31 March	-518

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 Pension 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.

2015/16 £'000	2016/17 £'000
-56,992 Balance at 1 April	-50,029
7,848 Remeasurements of the net defined benefit liability/(asset)	-12,341
-4,287 Reversal of items relating to retirement benefits debited or credited to the Surplus or Deficit on the Provision of Services in the CIES	-3,963
3,402 Employers pensions contributions and direct payments to pensioners payable in the year	3,465
-50,029 Balance at 31 March	-62,868

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.

2015/16 £'000	2016/17 £'000
4,281 Balance at 1 April	2,345
0 Transfer of deferred capital receipt repayable credited as part of the gain/loss(-) on disposal to the CIES	0
-1,936 Transfer to Capital Receipts Reserve	-2,300
2,345 Balance at 31 March	45

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.

2015/16 £'000	2016/17 £'000
2,547 Balance at 1 April	1,674
-873 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	-2,371
1,674 Balance at 31 March	-697

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.

2015/16 £'000	2016/17 £'000
-67 Balance at 1 April	-73
67 Settlement or cancellation of accrual made at the end of the preceding year	73
-73 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
-73 Balance at 31 March	-73

27 CASH FLOW STATEMENTS**A Cash Flow Statement - Adjustment To Net Surplus Or Deficit On The Provision Of Services For Non Cash Movements**

2015/16 £'000	2016/17 £'000
2,992	5,698
Net Surplus or Deficit(-) on the Provision of Services	
<u>Adjust net surplus or deficit on the provision of services for non-cash movements</u>	
6,736	6,868
Depreciation of Property, Plant and Equipment	
1,396	247
Impairment and downward valuations	
205	227
Amortisation of Intangible Assets	
0	0
Material impairment losses on Investments debited to surplus or deficit on the provision of services in year	
10	6
Adjustments for effective interest rates	
4	-4
Increase/Decrease(-) in interest Creditors	
-529	967
Increase/Decrease(-) in Creditors	
-3	0
Increase(-)/Decrease in interest and dividend Debtors	
-479	93
Increase(-)/Decrease in Debtors	
12	-2
Increase(-)/Decrease in Inventories	
885	498
Pension Liability	
2,041	-519
Increase/Decrease(-) in Provisions	
2,627	2,713
Carrying amount of non-current assets and non-current Assets Held For Sale, sold or derecognised	
12,905	11,094
<u>Adjust for items included in the net surplus or deficit on the provision of services that are investing or financing activities</u>	
-2,845	-5,471
Capital Grants credited to surplus or deficit on the Provision of Services	
-1,728	-2,475
Proceeds from the sale of Property Plant and Equipment, Investment Property and Intangible Assets	
-4,573	-7,946
11,324	8,846
Net Cash Flows from Operating Activities	

B Cash Flow Statement - Operating Activities

The cash flows for operating activities include the following items:

2015/16 £'000	2016/17 £'000
184	115
Interest received	
-4,432	-4,465
Interest paid	
-4,248	-4,350

C Cash Flow Statement - Investing Activities

2015/16 £'000	2016/17 £'000
-13,539 Purchase of Property, Plant and Equipment, Investment Property and Intangible Assets	-13,792
-139,500 Purchase of short-term and long-term Investments	-78,000
0 Other payments for investing activities	0
3,664 Proceeds from the sale of Property, Plant and Equipment, Investment Property and Intangible Assets	4,776
133,507 Proceeds from short-term and long-term Investments	85,000
2,826 Other receipts from investing activities	5,771
-13,042 Net cash flows from investing activities	3,755

D Financing Activities

2015/16 £'000	2016/17 £'000
4 Cash receipts for short and long-term Borrowing	4
1,161 Other receipts from financing activities	-4,266
0 Cash payments for the reduction of the outstanding liabilities relating to Finance Leases	0
-10 Repayments of short and long-term Borrowing	-10
0 Other payments for financing activities	0
1,155 Net cash flows from financing activities	-4,272

28 ACQUIRED AND DISCONTINUED OPERATIONS

There were no acquired or discontinued operations during the year.

29 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 2016/17 are as follows:

2015/16				2016/17		
Gross Expend- iture £'000	Gross Income £'000	Net Expend- iture £'000		Gross Expend- iture £'000	Gross Income £'000	Net Expend- iture £'000
496	-314	182	Trading Operations	563	-308	255
194	-100	94	Markets	292	-83	209
151	-114	37	Industrial Estates	152	-123	29
0	0	0	Trade Refuse	148	-93	55
1,147	-1,125	22	Green Waste	1,126	-1,094	32
114	-152	-38	Grounds Maintenance	83	-83	0
109	-109	0	Street Cleaning	94	-94	0
114	-81	33	Printing	117	-86	31
55	-73	-18	Refuse Collection	55	-75	-20
170	-170	0	Strategic Cleaning	149	-149	0
2,550	-2,238	312	Procurement	2,779	-2,188	591
			Net Surplus(-)/Deficit applicable to Net Cost of Service			

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 back office services.

30 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.

31 POOLED BUDGETS

There are no pooled budgets.

32 EXPENDITURE ON MEMBERS' ALLOWANCES

2015/16	2016/17
£'000	£'000
222 Basic Allowance	227
94 Special Responsibility	96
12 Travelling Allowance	11
1 Subsistence Allowance	1
329 Total	335

33 OFFICERS' REMUNERATION

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

2015/16 Post holder information

Post title	Notes	Salary (including fees & allowances) £	Compensation for loss of office £	Benefits in kind (car allowance) £	2015/16 Total remuneration excluding pension contributions £	Pension contri- butions £	2015/16 Total remuneration including pension contributions £
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 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 MANAGER		46,812	0	0	46,812	6,318	53,130
REGENERATION & INVESTMENT 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
		736,984	35,746	0	772,730	97,769	870,499

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.

2016/17 Post holder information

Post title	Notes	Salary (including fees & allowances) £	Compensation for loss of office £	Benefits in kind (car allowance) £	2016/17 Total remuneration excluding pension contributions £	Pension contri- butions £	2016/17 Total remuneration including pension contributions £
CHIEF EXECUTIVE	1	113,163	0	0	113,163	13,893	127,056
DIRECTOR OF CORPORATE RESOURCES		88,059	0	0	88,059	11,243	99,302
DIRECTOR OF REGENERATION AND NEIGHBOURHOODS		81,780	0	0	81,780	10,951	92,731
HEAD OF NEIGHBOURHOODS		62,812	0	0	62,812	8,323	71,135
HEAD OF CORPORATE SERVICES	2	66,041	0	0	66,041	8,323	74,363
HEAD OF REGENERATION		61,885	0	0	61,885	8,039	69,924
HEAD OF NEIGHBOURHOODS		47,862	0	0	47,862	6,461	54,323
COUNCIL SOLICITOR		45,882	0	0	45,882	6,136	52,018
ENVIRONMENTAL HEALTH MANAGER		45,758	0	0	45,758	6,136	51,894
HR SERVICE MANAGER		45,719	0	0	45,719	6,136	51,855
PROPERTY MANAGER		45,507	0	0	45,507	6,136	51,643
SENIOR REVENUES AND BENEFITS MANAGER		45,450	0	0	45,450	6,136	51,586
HEAD OF FINANCE AND PROPERTY	3	26,052	0	0	26,052	3,515	29,568
HEAD OF FINANCE AND PROPERTY	3	39,847	0	0	39,847	5,366	45,213
		815,817	0	0	815,817	106,794	922,611

Note 1 - In addition to his basic salary, the Chief Executive received additional amounts relating to the role of Returning Officer: £4,076 relating to the Police & Crime Commissioner election, £307.03 in relation to the Hodock (Langold) Parish by-election, £3,945 relating to the EU Referendum, £307.03 relating to the Tuxford Neighbourhood Plan Referendum, £307.03 relating to the Shireoaks Neighbourhood Plan Referendum, £275.40 relating to the Clarborough & Welham Neighbourhood Plan Referendum and £275.40 relating to the Cuckney, Norton, Hallbeck and Welbeck Neighbourhood Plan Referendum.

Note 2 - In addition to his basic salary, the Head of Corporate Services received additional amounts relating to the role of Deputy Returning Officer: £2,700 relating to the EU Referendum and £1,222.80 relating to the Police & Crime Commissioner election.

Note 3 - The Head of Finance and Property left their position during July 2016 and was replaced during September 2016.

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	2015/16 Number of employees	2016/17 Number of employees
£50,000-£54,999	0	0
£55,000-£59,999	2	0
£60,000-£64,999	1	2
£65,000-£69,999	0	1
£70,000-£74,999	1	0
£75,000-£79,999	1	0
£80,000-£84,999	0	1
£85,000-£89,999	1	1
£90,000-£94,999	0	0
£95,000-£99,999	0	0
£100,000-£104,999	0	0
£105,000-£109,999	0	0
£110,000-£114,999	1	1
£115,000-£119,999	0	0
Total	7	6

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

(a) Exit package cost band (including special payments)	(b) Number of compulsory redundancies		(c) Number of other departures agreed		(d) Total number of exit packages by cost band [(b) + (c)]		(e) Total cost of exit packages in each band	
	2015/16	2016/17	2015/16	2016/17	2015/16	2016/17	2015/16	2016/17
£1-£20,000	1	0	2	0	3	0	£31,807	£0
£20,001 - £40,000	1	0	1	1	2	1	£72,934	£34,071
£40,001 - £60,000	0	0	0	0	0	0	£0	£0
£60,001 - £80,000	0	0	0	0	0	0	£0	£0
£80,001 - £100,000	0	0	1	0	1	0	£85,384	£0
£100,001 - £150,000	0	0	0	0	0	0	£0	£0
Total	2	0	4	1	6	1	£190,125	£34,071

34 EXTERNAL AUDIT COSTS

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

2015/16 £'000	2016/17 £'000
57 Fees payable with regard to external audit services carried out by the appointed auditor for the year	57
5 Fees payable for the certification of grant claims and returns for the year	5
13 Fees payable in respect of other services provided during the year	3
75 Total	65

35 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 £1.619m and capital £1.698m (revenue £0.709m capital £0.293m in 2015/16).

2015/16 £'000	2016/17 £'000
Credited to Taxation and Non Specific Grant Income:	
-822 Business Rates - S31 Grants	-740
-223 Business Rates - S31 Grant Multiplier Adjustment	-223
-2,801 Revenue Support Grant	-1,907
-1,590 New Homes Bonus Grant	-1,999
0 Better Care Fund	-170
-134 Housing Benefits And Council Tax Subsidy Grant	-149
-272 Other Revenue Grants/Contributions	-302
-40 Donated Assets	0
-50 New Burdens - Welfare Reform	-49
-396 Other capital grants and contributions	-1,578
-979 HRA capital grants	-7
-46 Developers capital contributions (Section 106)	-298
0 Developers Revenue Contributions (Section 106)	-736
0 HCA Housing Capital Grant	-544
-585 Community Infrastructure Levy	-642
-7,938 Total	-9,344

2015/16 £'000	2016/17 £'000
Credited to Services, Revenue Related:	
-28,576 Housing Benefits and Council Tax Subsidy Grant	-27,238
-172 NNDR Cost Of Collection Grant	-174
-379 Other revenue grants and contributions	-329
0 Better Care Fund	-14
-51 Academy School Contributions	-51
Capital Related:	
-532 Better Care Fund	-707
-293 Walkeringham Flood Scheme	-357
0 Other Capital Grants and Contributions	-14
-20 Academy School Contributions	-20
-30,023 Total	-28,904

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.

2015/16 £'000	2016/17 £'000
Revenue grants receipts in advance:	
-22 Tackling Alcohol and HLF Grants	-41
-22 Total revenue grants receipts in advance	-41
Developer contributions receipts in advance:	
-228 Short-Term Creditor	-55
-1,979 Long-Term Creditor	-1,620
-2,229 Total receipts in advance	-1,716

36 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 Expenditure and Income Analysed by Nature (note 8). Grant receipts outstanding at 31 March 2017 are shown in Note 35.

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 2016/17 is shown in Note 32. 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 declarations have therefore been made:

Cllr Alan Rhodes was the Leader of Nottinghamshire County Council during the 2016/17 financial year. There were £1.744m worth of expenditure transactions, £0.384m worth of income transactions throughout the year and at year end the Council held £1.248m of creditors and £0.341m debtors with Nottinghamshire County Council.

Cllr June Evans is currently the Chairperson of Harworth and Bircotes Town Council. There were £0.047m worth of expenditure transactions and £0.005 worth of income transactions with the Town Council.

There are also 5 Council Members that are trustees (out of 6 total trustees) of the Sir Stuart and Lady Florence Goodwin Charity, of which Cllr Madelaine Richardson is the Chairperson. This indicates that there is significant control from the Council. There have been no transactions throughout the year with this Charity, and the Council holds no balances at year end.

A1 Housing (Bassetlaw) Ltd is a wholly owned subsidiary of the Council which principally undertakes the management and maintenance of the Council's housing stock. There are currently 3 Council Members that are also Board Members of A1 Housing. Throughout the year there were £16.830m worth of expenditure transactions, £2.384m worth of income transactions and at year end the Council held £0.049m of creditors and £0.011m of debtors.

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. Following a review of the declaration forms, there are no significant related parties that need to be disclosed.

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 £0.013m 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 £0.976m as disclosed in Note 9 Grants £0.004m not disclosed elsewhere

37 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.

2015/16 £'000	2016/17 £'000
121,950 Opening Capital Financing Requirement	120,662
Capital Investment:	
12,846 Property, Plant and Equipment	13,534
84 Intangible Assets	4
917 Revenue Expenditure Funded from Capital Under Statute	1,700
Sources of Finance	
-2,922 Capital Receipts	-3,227
-10,463 Government Grants and Contributions	-10,473
-1,750 Sums set aside from Revenue (inc MRP)	-799
120,662 Closing Capital Financing Requirements	121,401
Explanation of Movements in Year	
423 Increase in underlying need to borrow (unsupported by Government financial assistance)	1,528
-1,711 Other Movements (MRP including finance leases)	-789
-1,288 Increase in Capital Financing Requirement	739
Split on Capital Financing Requirement between General Fund and Housing Revenue Account	
25,519 General Fund	25,258
95,143 Housing Revenue Account	96,143
120,662	121,401

38 LEASES**Bassetlaw District Council As Lessee***Finance Leases*

The Council has previously acquired a number of vehicles under finance leases. As at 31 March 2017 there were no finance leases (£0m in 2015/16).

Operating Leases

The Council has previously acquired a number of vehicles and equipment under operating leases. As at 31 March 2017 there were no operating leases (£0m in 2015/16).

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 £0.526m (£0.652m in 2015/16) from such leases. Included in the not later than one year category are a number of annually rolling leases whose income total £0.087m. The future minimum lease payments receivable in future years are:

2015/16 £'000	2016/17 £'000
830 Not later than one year	722
371 Later than one year and not later than five years	212
1,085 Later than five years	903
2,286 Total future minimum lease payments receivable	1,837

39 IMPAIRMENT LOSSES

There have been no impairment losses during this financial year 2016/17.

40 TERMINATION BENEFITS

The Council terminated the contracts of a number of employees in 2016/17, incurring liabilities of £0.034m (£0.190m in 2015/16) see Note 33 for the number of exit packages and total costs per band.

41 DEFINED BENEFIT PENSION SCHEME

Participation in Pension Scheme:

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

The Council participates in the Local Government Pension Scheme, administered locally by Nottinghamshire County Council - this is a funded defined benefit statutory scheme and currently provides benefits based on career average revalued salary and length of service on retirement. 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 future liability cashflows. 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.

2015/16 £'000	LOCAL GOVERNMENT PENSION SCHEME	2016/17 £'000
Comprehensive Income and Expenditure Statement		
Cost of Services:		
2,330	Current Service Cost	2,198
183	Past Service Cost	50
1	Administration Expenses	24
Financing and Investment Income and Expenditure		
1,773	Net Interest Expense	1,691
4,287	Total Post-employment Benefits charged to the Surplus or Deficit(-) on the Provision of Services	3,963
Other Post-employment Benefits charged to the Comprehensive Income and Expenditure Statement		
Remeasurement of the net defined benefit liability comprising:		
2,675	Return on plan assets (excluding the amount included in the net interest expense)	-13,031
0	Actuarial Gains(-)/Losses arising on changes in demographic assumption	509
-10,399	Actuarial Gains(-)/Losses arising on changes in financial assumptions	26,301
0	Other Actuarial Gains(-)/Losses on assets	1,619
-124	Experience Gains(-)/Losses on defined benefit obligation	-3,057
-3,561	Total Post-employment Benefit Charged to the Comprehensive Income and Expenditure Statement	16,304
Movement in Reserves Statement		
-4,287	Reversal of net charges made to the Surplus or Deficit for the Provision of Services for post-employment benefits in accordance with the Code	-3,963
Actual amount charged against the General Fund Balance for pensions in the year:		
2,162	Employers' contributions payable to the scheme	2,248
Actual amount charged against the HRA for pensions in the year:		
1,240	Employers' contributions payable to the scheme	1,217

Employer's contributions of £1.217m (£1.240m in 2015/16) 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 2017 a loss of £24.954m and at 31 March 2016 was a loss of £12.613m.

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:

2015/16 £'000	2016/17 £'000
-113,354 Present value of the defined benefit obligation	-139,920
66,790 Fair value of plan assets	80,841
-46,564 Sub-total	-59,079
-3,434 Other movements in the liability (asset)	-3,740
-49,998 Net liability arising from the defined benefit obligation	-62,819

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

2015/16 £'000	2016/17 £'000
67,056 Opening fair value of scheme assets	66,790
2,150 Interest income	2,343
Remeasurement Gains/Losses(-)	
-2,675 The return on plan assets, excluding the amount included in the net interest expense	13,031
0 Other Actuarial Gains/Losses(-)	-1,619
3,414 Contributions from employer	3,484
495 Contributions from employees into the scheme	533
-3,649 Benefits paid	-3,697
-1 Administration expenses	-24
66,790 Closing fair value of scheme assets	80,841

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)

2015/16 £'000	2016/17 £'000
-124,029 Opening balance at 1 April	-116,788
-2,330 Current service cost	-2,198
-3,923 Interest cost	-4,034
-495 Contribution by scheme participants	-533
Remeasurement Gains/Losses(-)	
0 Actuarial Gains/Losses(-) arising from changes in demographic assumptions	-509
10,399 Actuarial Gains/Losses(-) arising from changes in financial assumptions	-26,301
124 Experience Gains/Losses(-) on defined benefit obligation	3,057
-183 Gains/Losses(-) on curtailments	-50
3,421 Benefits paid	3,477
228 Unfunded pension payments	220
-116,788 Closing balance at 31 March	-143,659

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 £62.868m (£50.029m in 2015/16), the difference being actual amounts paid to the Pension Fund by the employer.

Assets and Liabilities in Relation to Retirement Benefits

2015/16 £'000	2016/17 £'000
66,790 Estimated share of assets in the County Council Fund	80,841
-116,788 Estimated share of liabilities in the County Council Fund	-143,659
-49,998 Net asset/liability (-) based on Actuary's report	-62,818
-19 Opening balance adjustments of actual amounts paid	-31
-12 In year adjustment for actual amounts paid	-19
-50,029 Adjustment for actual amounts paid	-62,868

The return on the Fund (on a bid value to bid value basis) for the year to 31 March 2017 is estimated to be 23% (31 March 2016 -1%). 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:

2015/16 £'000	2016/17 £'000
2,708 Cash and cash equivalents	4,067
Equity instruments:	
By Geography:	
21,580 UK Investments	24,103
23,584 Overseas Investments	31,057
1,276 Private Equity Unspecified	1,300
46,440 Sub-total equity investments from active markets	56,460
60 Investments not from quoted active markets	81
46,500 Sub-total Equity	56,541
Gilts:	
By Geography:	
2,079 UK Fixed Interest	2,471
0 UK Inflation-Linked	0
0 Overseas Fixed Interest	0
2,079 Sub-total Gilts	2,471
Other Bonds:	
By Geography:	
4,372 UK Corporates	4,633
196 Overseas Corporates	244
1,880 Inflation-Linked	2,018
6,448 Sub-total Other Bonds	6,895
8,436 Property:	8,988
619 Infrastructure:	1,879
66,790 Total Assets	80,841

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 £143.659m (£116.788m in 2015/16) has a substantial impact on the net worth of the Council as recorded in the Balance Sheet, resulting in a negative overall balance of £62.868m (£50.029m in 2015/16).

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 credit 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 Waddington, and independent firm of actuaries, estimates for the County Council Fund being based on the latest full valuation of the scheme as at 1 April 2016.

The significant assumptions used by the actuary have been:

2015/16 Long Term Expected Rate of Return on Assets in % the Scheme	2016/17 %
70% Equity Investments	70%
3% Gilts	3%
7% Other Bonds	6%
13% Property	11%
4% Cash	5%
3% Inflation-linked pooled fund (2013/14 included in Equities)	2%
1% Infrastructure	2%
Years Mortality Assumptions	Years
Longevity at 65 for current pensioners:	
22.10 Male	22.50
25.30 Female	25.50
Longevity at 65 for future pensioners:	
24.40 Male	24.70
27.70 Female	27.80
% Financial Assumptions	%
2.30 Rate of inflation - CPI	2.70
4.10 Rate of increase in salaries	4.20
2.30 Rate of increase in pensions	2.70
3.50 Rate for discounting scheme liabilities	2.70

Additional Assumptions

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

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

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

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

Impact on the Defined Benefit Obligation in the Scheme

	Increase in Assumption £'000	Decrease in Assumption £'000
Longevity (increase or decrease in 1 year)	149,190	138,342
Rate of increase in salaries (increase or decrease by 0.1%)	143,998	143,325
Rate of increase in pensions (increase or decrease by 0.1%)	145,855	141,505
Rate for discounting scheme liabilities (increase or decrease by 0.1%)	141,172	146,195

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 2019.

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

The deficit on the Local Government Scheme will be made good by increased contributions over the remaining working life of employees, as assessed by the scheme Actuary. Finance is only required to be raised to cover discretionary benefits when the pensions are actually paid. The total contributions expected to be made to the Local Government Pension Scheme by the Council in the year to 31 March 2017 is £3.272m.

The weighted average duration of the defined benefit obligation for scheme members is 18 years, 2016/17 (17 years 2015/2016).

Projected Pension Expense for the Year to 31 March 2018

Projection for Year to 31 March 2018	£'000
Service cost	3,478
Net Interest on the defined liability (asset)	1,649
Administration expenses	29
Total	5,156
Employer contributions	3,272

Note: These figures exclude the capitalised cost of any early retirements or augmentations which may occur after 31 March 2017.

These projections are based on the assumptions as at 31 March 2017, as described in the Barnett Waddingham Actuary report.

42 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 and the timing of any payments would be subject to as and when claims occur.

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 2017 the Council's maximum exposure, should MMI no longer be able to achieve solvent run off, is £0.272m. The Council has received no further indication that any additional levies would be imposed.

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.

43 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:

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

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

44 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 7 March 2016 and is available on the Council website. The key issues within the Strategy were:

- The Authorised Limit for 2016/17 was set at £132.9m. This is the maximum limit of external borrowings or other long term liabilities.
- The Operational Boundary was set at £127.9m. This is the expected level of debt and other long term liabilities during the year.
- The maximum amounts of fixed and variable interest rate exposure were set at 100% and 20% based on the Council's net debt.
- The maximum and minimum exposures to the maturity structure of debt.

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

Credit risk

Credit risk arises from deposits with banks and financial institutions, as well as credit exposures to the Council's customers.

This risk is minimised through the Annual Investment Strategy, which requires that deposits are not made with financial institutions unless they meet identified minimum credit criteria, in accordance with the Fitch, Moody's and Standard & Poor's Credit Ratings Services. The Annual Investment Strategy also considers maximum amounts and time limits with a financial institution located in each category. The credit criteria in respect of financial assets held by the Council are detailed below:

	Fitch Long Term Rating (or Equivalent)	Money Limit	Time Limit
Banks 1 higher quality	F1+/A+	£1m	6 mths
Banks 2 - part nationalised	-	£1m	6 mths
Barclays Bank (own Bankers)	-	£1m	Overnight
DMADF	AAA	unlimited	1 year
Local Authorities	-	£3m	1 year
UK Government Bodies	AAA	£3m	1 year
Money Market Funds	AAA	£4m	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 bb and Individual 3 (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 2016/17 was approved by Full Council on 7 March 2016 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 2017 that this was likely to crystallise.

The Council does not generally allow credit for its customers, such that £0.414m of the £0.626m balance is past its due date for payment at 31 March 2017 (£0.753m at 31 March 2016). The current outstanding amounts owed by customers can be analysed by age as follows:

31 March 2016 £'000	31 March 2017 £'000
484 Less than three months	283
202 Three to six months	49
67 Six months to one year	96
255 More than one year	198
1,008 Total	626

The historic experience of default is 31.7% and the maximum exposure to default is £0.198m.

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

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

31 March 2016 £'000	31 March 2017 £'000
17,132 Less than 1 year	18,733
0 Between 1 and 2 years	0
0 Between 2 and 3 years	0
0 More than 3 years	0
17,132 Total	18,733

Refinancing and Maturity risk

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

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

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

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

Actual 31 March 2016 £'000	Approved minimum limits	Approved maximum Limits £'000	Actual 31 March 2017 £'000
0 Less than 1 year	0%	25% £27,341	0
12,200 Between 1 and 2 years	0%	50% £54,682	6,500
10,500 Between 2 and 5 years	0%	50% £54,682	4,000
9,000 Between 5 and 10 years	0%	50% £54,682	9,000
77,663 More than 10 years	0%	100% £109,363	89,863
109,363 Total			109,363

Interest rate risk

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

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

Borrowings are not carried at fair value on the balance sheet, so nominal gains and losses on fixed rate borrowings would not impact on the Surplus or Deficit on the Provision of Services or Other Comprehensive Income and Expenditure. However, changes in interest payable and receivable on variable rate borrowings and investments will be posted to the Surplus or Deficit on the

Provision of Services and affect the General Fund Balance. Movements in the fair value of fixed rate investments that have a quoted market price will be reflected in the Other Comprehensive Income and Expenditure Statement.

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

According to this assessment strategy, at 31 March 2017, 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	-116
Increase in Government grant receivable for financing costs	0
Impact on Surplus or Deficit on the Provision of Services	0
Share of overall impact debited to the HRA	0
Impact on Surplus (-) or Deficit on Provision of Services	-116
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	22,066

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.

Supplementary Statements

2016/17



Hodsock Priory



Bassetlaw
DISTRICT COUNCIL
— North Nottinghamshire —



SUPPLEMENTARY STATEMENTS

HOUSING REVENUE ACCOUNT

The Housing Revenue Account summarises the transactions relating to the provision, maintenance and management of the Council's housing stock. The account has to be self-financing and cannot be subsidised by the General Fund. The charges for Corporate and Democratic Core and the element that has not been allocated to specific services are charged in accordance with SERCOP 2016/17, which defines that these are valid charges to the HRA.

2015/16 Housing Revenue Account Income and £'000 Expenditure Statement	2016/17 £'000
Expenditure	
6,610 Repairs and maintenance	6,329
4,186 Supervision and management	4,489
1,890 Special Services	1,822
200 Rents, rates, taxes and other charges	226
0 Negative HRA Subsidy payable	0
4,867 Depreciation and impairment of non-current assets	5,029
21 REFCUS Expenditure	161
47 Debt management costs	45
100 Movement in the allowance for bad debts	84
258 HRA Services share of Corporate and Democratic Core	338
227 HRA share of other amounts included in whole authority Cost of services but not allocated to specific services	189
18,406 Total Expenditure	18,712
Income	
-26,536 Dwelling rents	-26,085
-272 Non dwelling rents	-268
-426 Charges for services and facilities	-497
-45 Contributions towards expenditure	-62
-26 Leaseholder' Charges for service and facilities	-27
-111 Other Charges for services and facilities	-142
-239 Reimbursement of Costs	-182
-27,655 Total Income	-27,263
-9,249 Net Cost of HRA Services as included in the Comprehensive Income and Expenditure Account	-8,551
HRA share of the operating income and expenditure included in the Comprehensive Income and Expenditure Statement:	
969 Gain or loss(-) on sale of HRA non-current assets	528
3,791 Interest payable and similar charges	3,793
-7 Interest and Investment Income	-8
3 Pensions interest cost and expected return on pensions assets	6
-15 Revenue grants and contributions receivable	0
-979 Capital grants and contributions receivable	-726
-5,487 Surplus (-) or deficit for the year on HRA services	-4,958

2015/16 Movement on the HRA Balance £'000	2016/17 £'000
-1,484 Balance on the HRA at the end of the previous year	-1,618
-5,487 Surplus (-) or deficit for the year on the HRA Income	-4,958
5,353 Adjustments between accounting basis and funding basis under statute	5,023
-134 Net increase(-) or decrease before transfer to/from Earmarked Reserves	65
0 Transfers to/from earmarked reserves	0
-134 Net increase(-) or decrease in HRA Balances	65
-1,618 Balance on the HRA at the end of the current year	-1,553

2015/16 HRA Adjustments between accounting basis and funding basis under £'000 statute	2016/17 £'000
<u>Reversal of Items debited or credited to the Comprehensive</u>	
-4,867 Charges for depreciation and impairment of non-current assets	-5,029
979 Capital grant and contributions applied	726
-21 Revenue Expenditure Funded from Capital under Statute	-161
-926 Gain(-)/Loss on Sale of HRA Non Current Assets	-472
<u>Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement:</u>	
0 Amortisation of Premiums and Discounts	0
-43 Capital expenditure charged against the HRA	-56
-6 Reversal of items relating to retirement benefits debited or credited to the CIES	-15
1,240 Employers contribution payable to NCC pension fund and retirement benefits payable direct to pensioners	1,218
8,997 Transfer to Major Repairs Reserve	8,812
5,353 Net additional amount required by statute	5,023

NOTES TO THE HOUSING REVENUE ACCOUNT

(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 6,823 dwellings as at 31 March 2017 (6,840 as at 31 March 2016). 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 2017 was £14.797m (£15.590m 31st March 2016).

A1 Housing's Gross income for the year to 31st March 2017 was £14.324m (£14.686m 31st March 2016).

A1 Housing's total usable reserves as at 31st March 2017 was £0.440m (£0.356m 31st March 2016).

A1 Housing's total unusable reserves as at 31st March 2017 was -£19.824m (-£13.027m 31st March 2016).

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

(B) Housing Stock

Total 2015/16 No	Pre 1945 No	1945- 1964 No	1965- 1974 No	1975- 2013 No	After 2013 No	Total 2016/17 No
<u>Traditional Houses and Bungalows</u>						
2,998 1 - 2 Bedrooms	252	995	508	1,228	24	3,007
1,678 3+ Bedrooms	634	690	143	163	44	1,674
<u>Non Traditional Houses and Bungalows</u>						
580 Houses and Bungalows	0	217	340	0	0	557
<u>Flats</u>						
998 Low Rise (1-2 storeys)	20	399	230	343	8	1,000
586 Medium Rise (3-5 storeys)	0	27	374	184	0	585
6,840 Total	906	2,328	1,595	1,918	76	6,823

Movements in 2015/16	Council Dwellings £'000	Other Land and Buildings £'000	Vehicles, Plant, Furniture & Equipment £'000	Infrastructure Assets £'000	Community Assets £'000	Surplus Assets £'000	Assets Under Construction £'000	Total Property, Plant & Equipment £'000	Intangible Assets £'000	Assets Held for Sale £'000	Total £'000
At 1 April 2015	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
At 31 March 2016	212,469	7,342	2,451	2,006	20	3,618	3,114	231,020	155	697	231,872
Accumulated Depreciation & Impairment											
At 1 April 2015	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
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
At 31 March 2016	12,427	640	1,778	1,015	0	22	0	15,882	0	0	15,882
Net Book Value											
at 31 March 2016	200,042	6,702	673	991	20	3,596	3,114	215,138	155	697	215,990
at 31 March 2015	193,652	6,614	810	784	20	1,912	2,003	205,795	142	821	206,758

Movements in 2016/17	Council Dwellings £'000	Other Land and Buildings £'000	Vehicles, Plant, Furniture & Equipment £'000	Infrastructure Assets £'000	Community Assets £'000	Surplus Assets £'000	Assets Under Construction £'000	Total Property, Plant & Equipment £'000	Intangible Assets £'000	Assets Held for Sale £'000	Total £'000
At 1 April 2016	212,469	7,342	2,451	2,006	20	3,618	3,114	231,020	155	697	231,872
Additions	7,152	87	122	196	0	56	3,234	10,847	3	0	10,850
Donations	0	0	0	0	0	0	0	0	0	0	0
Revaluation increases/decreases(-) recognised in the Revaluation Reserve	54,400	141	0	0	0	583	0	55,124	0	0	55,124
Revaluation increases/decreases(-) recognised in the Surplus/Deficit on the Provision of Services	0	-25	0	0	0	12	0	-13	0	0	-13
Derecognition - Disposals	0	0	0	0	0	0	0	0	0	-1,815	-1,815
Derecognition - Other	-910	0	-72	0	0	0	0	-982	0	0	-982
Assets reclassified to(-)/from Held for Sale	-2,149	-247	0	0	0	-1,307	0	-3,703	0	3,703	0
Other movements in cost or valuation	2,982	341	0	0	0	-215	-3,108	0	0	0	0
At 31 March 2017	273,944	7,639	2,501	2,202	20	2,747	3,240	292,293	158	2,585	295,036
Accumulated Depreciation & Impairment											
At 1 April 2016	12,427	640	1,778	1,015	0	22	0	15,882	0	0	15,882
Depreciation charge	4,582	138	229	38	0	25	0	5,012	4	0	5,016
Depreciation written out to the Revaluation Reserve	-2,345	-250	-72	0	0	-22	0	-2,689	0	0	-2,689
Depreciation written out to 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	-403	0	0	0	0	0	0	-403	0	0	-403
Other movements in depreciation & impairment	-13	0	0	0	0	13	0	0	0	0	0
At 31 March 2017	14,248	528	1,935	1,053	0	38	0	17,802	4	0	17,806
Net Book Value											
at 31 March 2017	259,696	7,111	566	1,149	20	2,709	3,240	274,491	154	2,585	277,230
at 31 March 2016	200,042	6,702	673	991	20	3,596	3,114	215,138	155	697	215,990

(C) Vacant Possession Value

The vacant possession value (Open Market Value) of Council dwellings as at 31 March 2017 is £620.122m (31 March 2016 was £589.766m). 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.

2015/16 £'000	2016/17 £'000
2,468 Balance as at 1 April	3,058
4,867 Depreciation on HRA Assets	5,016
4,130 Revenue Contributions to MRR	3,576
0 Repayment of HRA Debt	220
-8,407 Funding of HRA expenditure	-7,472
3,058 Balance as at 31 March	4,398

(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

2015/16 £'000	2016/17 £'000
HRA Capital Expenditure Financed by :	
0 Borrowing	1,000
979 Grants and Contributions	726
1,951 Usable Capital Receipts	1,813
0 Revenue Contributions	0
8,407 Major Repairs Reserve	7,472
11,337 Total	11,011

(G) Summary Of Housing Capital Receipts From Disposals Of Land, Houses And Other Property Within The Council's Housing Revenue Account Excluding Pooling Payment

2015/16 £'000	2016/17 £'000
273 Land	11
1,411 Houses	1,815
0 Other	26
1,684 Total	1,852

(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.

2015/16 £'000	2016/17 £'000
4,478 Depreciation on Housing Revenue Account Dwellings	4,582
389 Depreciation on Housing Revenue Account other land and property	434
4,867 Total	5,016

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.

2015/16 £'000	2016/17 £'000
-3,791 Cost of Capital Accounting Adjustment	-3,793
0 Transfer to Major Repairs Reserve	0
-3,791 Total HRA Debt Financing Costs	-3,793

(I) Impairment Charges

There were no impairments in the financial year 2016/17.

(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 £0.161m for 2016/17 (£0.021m in 2015/16).

(K) Pensions

Since the transfer of housing staff to A1 Housing (Bassetlaw) Ltd in October 2004, a payment of £1.210m (£1.210m 2015/16) 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 £74.16 in 2016/17 compared to £74.88 in 2015/16 with arrears totalling 2.07% of gross debit in 2016/17 compared to the 2015/16 figure of 2.04%.

2015/16 £'000	2016/17 £'000
553 Total Rent Arrears (includes amounts collectable on behalf of other agencies)	554
55 Total Court Cost Arrears	63
11 Total Non Rent Arrears	9
619 Total HRA Arrears	626

The debtor impairment allowance at the 31 March 2017 for all debts was £0.435m.

(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 2016/17.

There was no exceptional items in 2016/17.

COLLECTION FUND ACCOUNT

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

Administration costs of the Fund are, however, borne by the Council's General Fund. The balance on the Collection Fund is disaggregated at the year-end to attribute relevant amounts to the precepting authorities (shown as creditors or debtors in the Balance Sheet) and the billing Council (Bassetlaw District Council).

2015/16				2016/17			
Non-Domestic Rates £'000	Council Tax £'000	Total £'000	Income/Expenditure	Note	Non-Domestic Rates £'000	Council Tax £'000	Total £'000
Income							
0	-55,169	-55,169	Council Tax Receivable		0	-57,814	-57,814
Council Tax Annexe Discount							
0	-5	-5	Grant Determination 2014/15		0	-9	-9
0 Transfers from General Fund							
-53,592	0	-53,592	Business Rate Receivable	A	-51,131	0	-51,131
0	0	0	Deferrals		0	0	0
0	0	0	Transitional Protection Payment -		0	0	0
0 Apportionment of Previous Year Deficit							
0	0	0	Central Government		0	0	0
0	0	0	Bassetlaw District Council		0	0	0
0	0	0	Nottinghamshire County Council		0	0	0
0	0	0	Nottinghamshire Fire Authority		0	0	0
0	0	0	Nottinghamshire Police Authority/ Police and Crime Commissioner		0	0	0
-53,592	-55,174	-108,766	Total Income		-51,131	-57,823	-108,954
Expenditure							
Apportionment of Previous Year Surplus							
916	0	916	Central Government	B	3,510	0	3,510
732	112	844	Bassetlaw District Council	B	2,808	150	2,958
165	740	905	Nottinghamshire County Council	B	632	1,000	1,632
18	43	61	Nottinghamshire Fire Authority	B	70	58	128
0	105	105	Nottinghamshire Police and Crime Commissioner	B	0	142	142
Precepts, Demands and Shares							
23,929	0	23,929	Central Government	B	24,696	0	24,696
19,143	5,124	24,267	Bassetlaw District Council	B	19,757	5,307	25,064
4,307	40,393	44,700	Nottinghamshire County Council	B	4,445	42,695	47,140
479	2,358	2,837	Nottinghamshire Fire Authority	B	494	2,443	2,937
0	5,741	5,741	Nottinghamshire Police and Crime Commissioner	B	0	5,951	5,951
Charges to the Collection Fund							
694	233	927	Write offs of uncollectable amounts		-4	648	644
-60	279	219	Increase (-)/Decrease in Bad Debt Provision		66	69	135

Bassetlaw District Council Statement of Accounts 2016/17

2015/16				2016/17			
Non-Domestic Rates £'000	Council Tax £'000	Total £'000	Income/Expenditure	Note	Non-Domestic Rates £'000	Council Tax £'000	Total £'000
5,613	0	5,613	Increase (-)/Decrease in Provision for Appeals		-1,016	0	-1,016
172	0	172	Cost of Collection		174	0	174
541	0	541	Disregarded amounts		550	0	550
194	0	194	Transitional Protection Payment to Central Government		201	0	201
0	0	0	Interest on Non Domestic Refunds		0	0	0
56,843	55,128	111,971	Total Expenditure		56,383	58,463	114,846
-3,251	46	-3,205	Surplus/Deficit (-) arising during the year		-5,252	-640	-5,892
6,643	1,629	8,272	Surplus/Deficit (-) b/fwd 1 April		3,392	1,675	5,067
3,392	1,675	5,067	Surplus/Deficit (-) c/fwd 31 March		-1,860	1,035	-825

NOTES TO THE COLLECTION FUND ACCOUNT

(A) National Non-Domestic Rates (NNDR)

Non-domestic rates are organised on a national basis. The Government specifies an amount of 47.9p in 2016/17 (49.7p 2015/16) 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 2017 was £120,926,366 (31 March 2016 £125,835,796).

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:-

2015/16 £'000 National Non-Domestic Rate Income	2016/17 £'000
59,584 Gross Amount Due	57,439
-3,580 Charitable Relief etc.	-3,272
195 Transitional Relief	201
-1,265 Small Business Rate Relief	-1,470
-1,342 Empty and Part Occupation Relief	-1,767
53,592 Net Amount Collectable	51,131

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 2016/17 a deficit of £3.184m was declared (2016/17 a surplus of £7.021m was declared).

The balance at the 31 March 2017 a deficit of £1.860m (31 March 2016 a deficit of £3.250m) and this has been disaggregated for the purposes of these Accounts to attribute relevant amounts to the precepting authorities debtor account and the billing authority as follows:

Cumulative Surplus/ Deficit (-) 31.3.16 £'000	In Year Surplus/ Deficit (-) 2015/16 £'000	Cumulative Surplus/ Deficit (-) 31.3.16 £'000
1,357 Bassetlaw District Council	-2,101	-744
1,696 Central Government	-2,626	-930
305 Nottinghamshire County Council	-472	-167
34 Nottinghamshire Fire Authority	-53	-19
3,392 Balance at 31 March	-5,252	-1,860

(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	
		2015/16	2016/17	2015/16	2016/17
Band A-	5	0	0	74	72
Band A	6	26,340	26,492	15,535	15,638
Band B	7	7,544	7,613	5,410	5,450
Band C	8	6,095	6,160	5,005	5,062
Band D	9	5,890	5,928	5,530	5,553
Band E	11	2,987	3,017	3,467	3,503
Band F	13	1,406	1,430	1,947	1,978
Band G	15	673	673	1,071	1,070
Band H	18	55	55	89	88
Total		50,990	51,368	38,128	38,414
Deduction for non-collection, new build, demolition and other adjustments				-626	-612
Additional properties and adjustments during the year				-4,957	-4,722
Council Tax Base (Band D equivalent)				32,545	33,080

The Council set a Council Tax (excluding local precepts) at Band D of £1,774.16 in 2016/17 compared to £1,704.85 in 2015/16. This is broken down as follows:

2015/16	2016/17
£ Band D Council Tax	£
160.43 Bassetlaw District Council	163.48
1,265.84 Nottinghamshire County Council	1,288.43
24.82 Nottinghamshire County Council Adult Social Care	63.54
179.91 Nottinghamshire Police and Crime Commissioner	183.42
73.85 Nottinghamshire Fire and Rescue Authority	75.29
1,704.85 Total Council Tax Income	1,774.16

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 2016/17 a surplus of £1.350m was declared (2015/16 a surplus of £1.350m).

The balance at the 31 March 2017 a surplus of £1.035m 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:

Cumulative Surplus/ Deficit (-) 31.3.16 £'000	In Year Surplus/ Deficit 2016/17 £'000	Cumulative Surplus/ Deficit (-) 31.3.17 £'000
-186 Bassetlaw District Council	72	-114
-1,241 Nottinghamshire County Council	472	-769
-176 Nottinghamshire Police and Crime Commissioner	68	-108
-72 Nottinghamshire Fire and Rescue Authority	28	-44
-1,675 Balance at 31 March	640	-1,035

GLOSSARY OF TERMS

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.

FURTHER INFORMATION

Urdu

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

Mandarin

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

Punjabi

ਜੇ ਤੁਹਾਨੂੰ ਸਾਡੇ ਨਾਲ ਗੱਲਬਾਤ ਕਰਨ ਜਾਂ ਸਾਡੇ ਕਿਸੇ ਦਸਤਾਵੇਜ਼ ਨੂੰ ਸਮਝਣ ਵਿੱਚ ਮਦਦ ਚਾਹੀਦੀ ਹੈ, ਤਾਂ ਤੁਹਾਡੀ ਮਦਦ ਕਰਨ ਦੇ ਲਈ ਅਸੀਂ ਇੱਕ ਲੈਂਗਵੇਜ਼ ਲਾਈਨ ਇੰਟਰਪ੍ਰੈਟਰ (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**.

Annual Governance Statement

2016/17



Bassetlaw Museum



Bassetlaw
DISTRICT COUNCIL
— North Nottinghamshire —



BASSETLAW DISTRICT COUNCIL ANNUAL GOVERNANCE STATEMENT 2016/17

1. Scope of Responsibility

1.1 Bassetlaw District Council is responsible for ensuring that:

- Its business is conducted in accordance with legal requirements and proper standards;
- public money is safeguarded and properly accounted for, and
- resources are used economically, efficiently and effectively

1.2 The 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*. 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 Governance Framework

2.1 Bassetlaw District Council approved the “*Local Code of Corporate Governance 2016/17*” at its full Council meeting on 30th June 2016 which recognised that effective governance is achieved through the 7 core principles and 21 supporting principles. Evidence that the Council complies is detailed below:

A - Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law.

(i) Behaving with integrity

- 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.

(ii) Demonstrating strong commitment to ethical values

- 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.
- 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 has systems in place that record all gifts and hospitality, and a register of interests.
- All major policies and services are subject to an Equalities Impact Assessment and training has been provided to all relevant officers.

(iii) Respecting the rule of law

- 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.
- 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.

B - Ensuring openness and comprehensive stakeholder engagement.

(iv) Openness

- 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 operates an Overview & Scrutiny Committee, and an Audit & Risk Scrutiny Committee.
- The Council holds meetings in public unless there are appropriate reasons for confidentiality.
- 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.
- 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.

(v) Engaging comprehensively with institutional stakeholders

- 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 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 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 and recognises the opportunities to work collaboratively with the sector in the new “mixed market place” of service delivery in which the Council now operates.

(vi) Engaging with individual citizens and service users effectively

- 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.
- The Council ensures that all committee papers are easily accessible and meetings are held in public unless there are good reasons for confidentiality.
- The Council has developed a clear policy on how officers and their representatives are consulted and involved in decision-making.

C - Defining outcomes in terms of sustainable economic, social and environmental benefits.

(vii) Defining outcomes

- 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.

(viii) Sustainable economic, social and environmental benefits

- 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 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.

D - Determining the interventions necessary to optimize the achievement of the intended outcomes.

(ix) Determining interventions

- We look to consult/engage with residents and stakeholders in relation to any service area where we have a duty to deliver. In addition to this we would also look to consult/engage with residents and stakeholders, where deemed necessary, when completing a scrutiny review of an external service where an issue has been identified as having a strategic or significant impact on the local population.
- The Leader and Chief Executive meet on a weekly basis to ensure that a shared understanding of roles and objectives is maintained.

(x) Planning interventions

- The Council, through its publications e.g. Corporate Plan, has made clear to all officers and the community the roles and functions it undertakes as a local authority.
- The Council 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.

(xi) Optimising achievement of intended outcomes

- The values of the Council are included as part of the annual officer appraisal process.
- The Council has effective arrangements in place to deal with failure in service delivery. This is achieved through the Council's performance management framework.

E - Developing the entity's capacity, including the capability of its leadership and the individuals within it.

(xii) Developing the entity's capacity

- 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.

(xii) Developing the capability of the entity's leadership and other individuals

- 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.
- The Council has introduced Member job descriptions to help better understand their roles and responsibilities.
- 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 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 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.

F - Managing risks and performance through robust internal control and strong public financial management.

(xiv) Managing risk

- 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.

(xv) Managing performance

- The Council sets service standards and has an effective performance monitoring process in place.
- 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.

(xvi) Robust internal control

- 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 Constitution includes a Scheme of Delegation, which is under periodic review.
- The Council has made the Head of Finance & Property (the Section 151 Officer) responsible for ensuring and maintaining an effective system of internal control
- The system of internal control is based on a coherent accounting and budgeting framework including contract, financial and procurement procedure rules.
- 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.

(xvii) Managing data

- 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 and for keeping proper records and accounts.
- The Council has a dedicated Data Protection Officer, who is responsible for ensuring the protection of the Council's data.

(xviii) Strong public financial management

- The Council has a robust mechanism for all financial decision making, whereby financial implications are assessed by finance professionals, on all reports to various committees of the Council.
- The S151 Officer uses their professional judgement to advise Members of the Council on the robustness of estimates and the adequacy of reserves set within the budget process.

G - Implementing good practices in transparency reporting, and audit, to deliver effective accountability.

(xix) Implementing good practise in transparency

- The Council has a transparent Agenda and minutes system that documents the criteria, rationale and considerations on which decisions are based.

- 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.
- The Council has a Complaints Officer, and effective transparent and accessible arrangements for dealing with complaints are in place.

(xx) Implementing good practices in reporting

- 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.
- The Council sets service standards and has an effective performance monitoring process in place.
- 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.

(xxi) Assurance and effective accountability

- 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.
- The Council has determined that the Chief Executive is responsible and accountable for all aspects of operational management.
- 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.
- 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.

3. Review of Effectiveness

- 3.1 The 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 by comments made by the external auditors and other review agencies and inspectorates.
- 3.2 The Corporate Governance Working Group and the Audit & Risk Scrutiny Committee have advised us on the implications of the result of the review of the effectiveness of the governance framework, and that the arrangements continue to be 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.

Governance Arrangements

The Council satisfies itself as to the effectiveness of its system of internal control through a governance assurance framework. 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.

- 3.3 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.
- 3.4 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.
- 3.5 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
- 3.6 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.
- 3.7 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.
- 3.8 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.

Financial Management

- 3.9 Ensuring that there is an effective system of internal financial control is the responsibility of the Section 151 Officer. The systems of internal financial control provide reasonable, assurance that assets are safeguarded, that transactions are authorised and properly recorded, and that material errors or irregularities either are prevented or would be detected within a timely period.

- 3.10 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.
- 3.11 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.
- 3.12 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 the Section 151:
- Whilst the S151 officer is not part of the Corporate Management Team, the S151 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. The Chief Executive also being a CIPFA qualified member enhances this environment.
 - 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.
 - 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.
 - leads and directs the finance function, which is resourced to be fit for purpose.
 - is professionally qualified and suitably experienced.
- 3.13 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 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.
 - gives an objective and evidence based opinion on all aspects of governance, risk management and internal control.
 - 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.
 - leads and directs an internal audit service that is resourced to be fit for purpose.
 - is professionally qualified and suitably experienced.

4. Assurance from Internal and External Audit

- 4.1 One of the key assurance statements the Council receives is the annual report and opinion of the Head of Internal Audit. The Audit Manager’s Internal Audit Annual Report for 2016/17 concluded:

“For the 12 months ended 31 March 2017, 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* – We have taken into consideration the governance and oversight related elements of each of the reviews undertaken as part of the 2016/17 Internal Audit Plan. There is a sound governance framework in place and we have observed that the Audit & Risk Scrutiny Committee is effective in monitoring and challenging management and holding them to account.

An audit of Corporate Governance, with a specific focus on Corporate Manslaughter was undertaken as part of the approved internal audit periodic plan for 2016/17. This audit reviewed whether there were clearly defined roles and responsibilities in place for the Councils approach to minimising the risk of a prosecution under the Corporate Manslaughter and Corporate Homicide Act 2007 Delegation, the link with the Risk Management and Health and Safety systems and processes, training and awareness, and governance and monitoring arrangements. This audit resulted in a partial assurance opinion.

- ❖ *Risk Management* –The Council has established Risk Management systems and processes in place, which are 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.

An audit of Risk Management was undertaken during 2016/17, which resulted in a reasonable assurance opinion, with three medium and two low priority findings being identified. One of the medium priority finding related to the Risk Management Strategy and Framework 2013 being due for review in 2015, with the ownership needing to be reassigned following the departure of the previous Section 151 Officer. The other medium risk actions were in relation to no formal terms of reference being in place for the risk management group and a delay in the updating of the risk register to reflect agreed actions.

- ❖ *Internal Controls* - We undertook 38 internal audit reviews in 2016/17. These comprised 35 assurance reviews and three follow ups (of which 8 were joint reviews with A1 Housing Bassetlaw Ltd). Of the 35 assurance reviews, 19 (55%) resulted in substantial assurance being provided, 11 (31%) resulted in reasonable assurance, 4 (11%) resulted in partial assurance and 1 review relating to Creditors and E-Procurement (3%) resulted in no assurance being provided. Management actions were agreed for all findings identified in the review.

- The external auditor (KPMG)'s Value for Money Conclusion for 2015/16 concluded:

“We have concluded that the Authority has made proper arrangements to ensure it took properly informed decisions and deployed resources to achieve planned and sustainable outcomes for taxpayers and local people”.

- 4.2 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 five negative audit

opinions (one in the previous year), and seven 'high' actions (two in the previous year), and these are being addressed by the managers concerned. The high actions were in the areas of Creditors and E-procurement, Cash and Banking, Procurement and Contract Management and Safeguarding.

- 4.3 All audit actions have a management response attached to them, giving specific responsibilities for implementing the action to an officer of the Council. An implementation date is also assigned to this.
- 4.4 The high actions are reported to the Audit and Risk Scrutiny Committee each quarter, with an update on progress against this action. The agendas for this Committee are to be found at: <http://data.bassetlaw.gov.uk/browse-the-catalogue/council-agendas-and-minutes/audit-risk-scrutiny-committee.aspx>
- 4.5 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.

Significant Governance Issues

- 4.6 During the 2016/17 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:

Issue	Commentary
Officer Scheme of Delegation	This is currently under review from external lawyers. Will be presented to Audit & Risk Scrutiny in July 2017 and Council in September 2017.
Member Training – Data protection	Arrangements regarding the new General Data Protection Regulations being reviewed ready for implementation. Once this has been finalised both Member and Officer training will be completed by December 2017.
Health & Safety Risk Assessments	Risk assessment training to all service managers was completed during October 2016.
Local Government Transparency Code	The Corporate Governance Working Group signed this off as being compliant to meet the Council's obligations.

- 4.7 Since the fire at the Grenfell tower block in London on the 14th June, the Department of Communities and Local Government ordered all Local Authorities to inspect their blocks of flats that are six stories and above to ensure that they have not been fitted with a similar type of cladding.
- 4.8 The investigation in Bassetlaw found that there were no blocks of flats that are six stories and above, and only three which are five-story. Also none of these properties have been fitted with the similar type of cladding that was found on the Grenfell tower.

- 4.9 Bassetlaw District Council has worked closely with A1 Housing and Nottinghamshire Fire and Rescue Service, over the last three years, together with an independent Fire Safety Consultant to ensure that all of our properties meet strict fire safety standards.
- 4.10 As part of these measures, three of our Independent Living Centres have been retrofitted with sprinkler systems, installed hard-wired smoke alarms in all flats and provided hard-wired smoke alarms or misting systems in properties where high-risk residents have been identified.

Conclusion

- 4.11 The Council is satisfied that appropriate governance arrangements are in place
- 4.12 We propose over the coming year to take steps to enhance our governance arrangements. We are satisfied that these steps will address the need for improvements that were identified in our review of effectiveness and will monitor their implementation and operation as part of our next annual review.

Neil Taylor
Chief Executive

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Date: 24th August 2017

Robin Carrington-Wilde.....
Chair of Audit & Risk Scrutiny Committee

Date: 24th August 2017



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 2017 on pages 30 to 128. 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 2016/17.

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 Head of Finance & Property and auditor

As explained more fully in the Statement of the Head of Finance & Property's Responsibilities, the Head of Finance & Property 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 Head of Finance & Property; and the overall presentation of the financial statements.

In addition, we read all the financial and non-financial information in the Narrative Statement 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 2017 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 2016/17.

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 140 to 150 does not reflect compliance with 'Delivering Good Governance in Local Government: a Framework' (CIPFA/SOLACE 2016 Edition); or

- the information given in the Narrative Statement 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 its 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 2016, 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 2017.

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 2016, 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 2017.

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

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14 September 2017

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We can arrange for a copy of this document in large print, audiotape, Braille or for a Language Line interpreter to help you.



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