

Unaudited Statement of Accounts & Annual Governance Statement

2018/19



Bassetlaw
DISTRICT COUNCIL
— North Nottinghamshire —



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1. Narrative Report 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 in the year ended on 31 March 2019. 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 Councils continuing programme of delivering quality services, making improvements and initiating new developments, as outlined in the Council 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 plan 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 has a resident population of approximately **116,300**. Nearly **65%** of Bassetlaw's residents live in its three largest towns, Worksop, Retford, and Harworth & Bircotes, with around **35%** living in the District's more rural settlements.

The percentage of residents whose day to day activities is limited is **18%** (2011 census)



18.8% of jobs are in manufacturing significantly higher compared to the Great Britain average of **8.2%** and East Midlands average of **13.8%** (NOMIS 2016)



21% of the population is over 65 years of age



We have **3** Theatres, **1** Multiplex Cinema and **1** community Leisure Arena



Rural District - **73** villages served by **45** Parish Councils and **9** Parish Meetings



Bassetlaw has **10,000** hectares of woodland (double the national figure)



Number of enterprises in the District has increased since 2011, from **3,275** to **4,015**

We have **2** Green Flag Parks



Average House Price **£170,000** (£100,000 in Worksop, £183,000 in Retford) (May 2019)



52,706 properties and covers **640** sq. kilometres



Over **1.1 million** people attended our Leisure Centres in **2018/19**

438 New homes completed in 2018/19

533 New homes under construction



Increased number of jobs within the district to **54,400** (*NOMIS 2018)

*NOMIS = Official Labour Market Statistics



Place



People



Housing / Economy

4. Introduction by S151 Officer



Head of Finance and Property (S151 Officer)

I am pleased to introduce our Financial Accounts for 2018/19. They represent the financial results of the delivery of the second year of our 2017-2020 Council 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 The first provides a summary of our performance against the priorities outlined in the Council Plan.
- 4.2 The second provides some key information that summarises our financial performance in 2018/19 and our effectiveness in the use of resources.
- 4.3 The third part looks forward, outlining the impact of the current economic climate and the risks we face on our resources and the services we provide.
- 4.4 The fourth part provides information on how the Financial Accounts for 2018/19 are set out to help you navigate through what is at times a quite technical pack of information. This level of information is required to ensure we comply with proper accounting practices and meet strict reporting requirements laid out by 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 affect 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 2018/19 was available for inspection from 3rd June 2019 to 12th July 2019. The formal audit of our accounts commenced on 17th June 2019.

Governance and Organisational Model

The whole Council of 48 Councillors is elected every four years with the last election held in May 2019. The current political balance of the Council is 37 Labour, five Conservative, five Independent and one Liberal Democrat Councillors.

Membership to the Committees of the Council is determined on the basis of the political balance.

The Council operates under the Leader and Cabinet Executive Arrangements model. The council elects the leader (who is the leader of the majority party), and the leader appoints the other members of the cabinet. Each cabinet member holds a separate portfolio. Decisions may be delegated to the individual members, or taken by the cabinet as a whole. These decisions are scrutinised by the Council's Overview & Scrutiny Committee.

The leader and cabinet are responsible for policies, plans, and strategies, which must be within the budget adopted by the full council. These will be reported to the overall council, which is convened as a whole, at regular council meetings. The principle executive decisions taken by the council as a whole are to appoint the leader, to approve the leader's budget, to adopt development plan documents, and to agree on the council's constitution.

Bassetlaw District Council's Cabinet consists of the following Councillors:

Leader of the Council, Cllr Simon Greaves
Deputy Leader and Cabinet Member for Regeneration, Cllr Jo White
Cabinet Member for Finance, Cllr June Evans
Cabinet Member for Neighbourhoods, Cllr Julie Leigh
Cabinet Member for Housing, Cllr Steve Scotthorne.
Cabinet Member for Customer Services, Cllr Kevin Dukes
Cabinet Member for Health and Community Well-being, Cllr Susan Shaw

The work of Councillors is supported by Council Officers. The Directorate of Corporate Resources comprises the functional areas of Finance and Property Services and Corporate Services and the Directorate of Regeneration and Neighbourhoods comprises the functional areas of Regeneration, Neighbourhoods and Housing. The Council employed 499.3 staff (full time equivalent) at 1 April 2019.

The Chief Executive has overall responsibility for the services supported by two Corporate Directors and five Heads of Services. The Council's Senior Management Team consists of:

Neil Taylor, Chief Executive
Ros Theakstone, Director of Corporate Resources & Monitoring Officer
David Armiger, Director of Regeneration & Neighbourhoods
David Hill, Head of Finance and Property & Section 151 Officer
Stephen Brown, Head of Corporate Services
Beverley Alderton-Sambrook, Head of Regeneration
Liz Prime, Head of Neighbourhoods
Alison Craig, Head of Housing

4.1 Council Plan

We said we would...

Our aim is to be:

“A dynamic district where people live, work and prosper and the Council works in partnership with others to develop a better quality of life for all.”

The Council Plan 2017 - 2020 identified the priorities that we would concentrate on over this period.

Prudent	  
Self-Financing	
Enterprising	
Modernisation & Innovation	
New Models Of Service Delivery	
Flexible & Skilled Workforce	
Efficient & Affordable Council Services	

Ambition:
Driving Efficiency & Resilience

Plans For A Strong Economy	  
Working With Sheffield City Region & Nottinghamshire & Derbyshire D2N2	
Deliver A New Local Plan With Clear Ambitions For Growth	
A Connected District	
Improve Digital Connectivity	
Promoting North Nottinghamshire	
Skills	

Ambition:
Supporting Business & Growth

Town Centre Interventions - Worksop, Retford, Harworth	  
Housing To Meet The Needs Of Local People	
Work With The Private Rented Sector To Improve The Quality Of Homes	
Neighbourhoods To Be Proud Of	
Use Our Full Range Of Powers To Protect Local People & The Place In Which They Live	
Supporting Health & Wellbeing	

Ambition:
Enhancing Home & Place

We delivered...

Ambition: Driving Efficiency & Resilience



- Delivered a balanced budget
- Increased the Annual Council Tax Base by 1.64% as we move towards being Self Financing
- Bought the Housing Service back in house
- Launched a new Company, S80 View to trade Digital CCTV services
- 10 Apprentices employed
- The Council has a negative gender pay gap; the hourly rate for women is slightly higher than that for men.
- 7958 Households in Bassetlaw joined the Garden Waste Scheme using 8209 Brown Bins in 18/19
- £129,100 Funding accessed by Sports groups thanks to assistance from Active Communities Team
- Over 154,000 self-service transactions completed online

We delivered...

Ambition: Supporting Business and Growth



- We broke ground on 4 new industrial units in Langold
- £1,1 million in external funding secured from Local Enterprise Partnerships
- Held a Dragons Den Event for new Start Up Businesses, worked with a Landlord to offer a Welcome to Worksop retailer offer, and supported 11 businesses through the Bassetlaw Enterprise Grant
- We consulted on the Draft Bassetlaw Local Plan and held events at 21 locations across the District
- Supporting Neighbourhood Plans –a further 4 plans made following referendums in 2018/19
- Heritage Lottery Funding secured for the £776,000 Pilgrim Roots project including a brand new Gallery at Bassetlaw Museum.
- Recruited a new Skills Team to work with local businesses to identify future skills and training needs.

We delivered...

Ambition: Enhancing Home & Place



- Launched a new Taskforce aimed at improving Worksop and submitted bids to the Government's Stronger Towns Fund and Future High Streets Fund.
- Unveiled plans for 120 new Council Houses in Manton, delivered an additional 12 new Council Houses in Harworth as part of the Smith Square Development
- We have carried out 91 interventions to improve properties in the Private Rented Sector
- 38,457 attendees at the Council's Active Communities Team activities
- 1,155,746 visits to Leisure Sites
- 40 Enforcement Actions for Environmental Crime including 9 prosecutions
- Retained Green Flag Status for Kings' Park, Retford and The Canch Park, Worksop
- Licensed 389 premises, 178 taxis and issued licenses across 40 different categories
- 35 Community Protection Warning Letters issued
- 10 Injunctions issued through the Courts

4.2 Financial Performance and Management - 2018/19

Economic Performance

It is a fact that the scale and scope of the public sector has been severely curtailed to reduce the level of national debt. In Bassetlaw's case this has meant the reduction of a third in the Council's size over the last decade, but we have dealt with each period of change creatively and innovatively to maintain services to the residents, businesses and visitors.

This funding has been reducing year on year and reduced to 28% of the Council's net budget for the 2018/19 financial year.

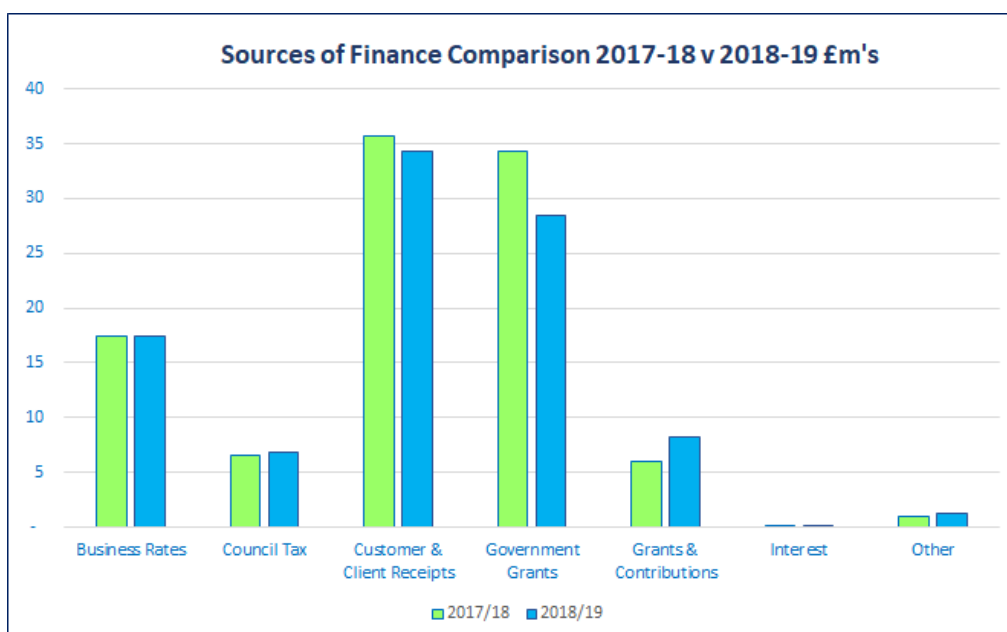
The process is ongoing and will last until at least 2019-20, and the Council will continue to monitor the situation nationally in order to understand the financial challenges it will face going forward.

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 2017/18 vs 2018/19



General Fund Revenue

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

The Council set its General Fund budget for the 2018/19 financial year on 8 February 2018.

This shows a total budget of £16.267m of which £15.450m was to deliver its core services.

The increase in budget for net cost of services amounted to £6.129m. Within this increase the major variances related to pension costs and capital accounting adjustments. These are statutory accounting adjustments which are charged to services, but are subsequently reversed back out through the movement in reserves statement to eliminate any impact on the level of Council Tax.

The financial standing of the Council is very robust, with sound and improving financial management and practices. The outturn position for the Council is £14.543m, which compared to the budget (shown in the table below) is an underspend of £0.911m.

Service Analysis Budget vs Actual 2018/19

	£m's	£m's	£m's	£m's
	INITIAL BUDGET	REVISED BUDGET	ACTUALS	VARIANCE
Human Resources	0.155	0.221	0.228	(0,007)
Chief Executive	0.501	0.547	0.521	(0.026)
Corporate Services	2.491	2.757	2.608	(0.149)
Neighbourhoods	6.493	7.052	6.890	(0.163)
Regeneration	2.612	2.332	2.062	(0.270)
Finance, Property & Revenues	2.888	2.394	2.159	(0.234)
Housing Services	0.31	0.152	0.076	(0.076)
Net Cost Of Services	15,450	15,455	14,543	(0.911)

	£m's
	VARIANCE
Underachieved Fees & Charges income	(0.130)
Employees savings	(0.602)
Housing Benefit Subsidy Final Claim	(0.294)
Commercial Entity Set Up Costs	0.031
Car Parking pressures	0.067
Insurance Premiums	0.026
Other Minor variances	0.009
Net Cost of Services	(0.911)

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 was outsourced to A1 Housing Ltd until 30 September 2018. From 1 October 2018 A1 Housing Ltd ceased trading and the service was bought back in house. During 2018/19 the HRA reported an operating surplus of £0.614m.

The budget that was approved by Council on 8 February 2018 included a contribution from reserves of £0.095m. This can be seen at <http://data.bassetlaw.gov.uk/browse-the-catalogue/budget-book.aspx>. The surplus of £0.614m represents a saving of £0.519m compared to the approved budget.

This is mainly due the following savings:

- £0.097m on the bad debt impairment requirement during the year.
- £0.100m due to the impairment of non-dwelling assets.
- £0.051m due to a change in working practices relating to void properties.
- £0.244m generated by transferring A1 Housing Company back in house.
- £0.005m from various other minor savings.

Total income has increased by 0.02% which is due to a £0.352m reduction in dwelling rents offset by a £0.293m charge to capital. 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.

Further information relating to the Housing Revenue Account can be found within the Supplementary Statements.

Overall Outcome

The Comprehensive Income and Expenditure Statement shows the Council's outturn on an accounting basis (to include notional entries such as depreciation and impairment). The Expenditure and Funding Analysis shows the Council's outturn on a funding basis and hence shows the actual increase in the general reserve (held for unforeseen circumstances) and the Housing Revenue Account reserve (HRA), as opposed to appropriations to unusable reserves (as certain transactions are statutorily not allowed to be charged against the general reserve).

The Expenditure and Funding Analysis shows an increase in the overall General fund and HRA reserves of £1.060m. This has then been appropriated into the following reserves:

Reserve	Balance at 31 March 2018	Increase/(Decrease) in year	Balance at 31 March 2019
General Fund	£2.504m	£0.565m	£3.079m
Earmarked Reserves	£6.613m	-£0.129m	£6.484m
HRA	£1.669m	£0.614m	£2.283m

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 2018/19, the Council spent £14.826m on Capital works.

The key projects were:

PRIORY COURT - To provide a purpose built, state of the art facility for 52 sheltered and extra care 1-2 bed flats. Total spend in 2018/19 £4.5m (2017/18 £1.2m)

HOUSING PROJECTS - £7m was spent during 2018/19 on improvements throughout the district, ensuring the Decent Homes Standard is maintained on Council Dwellings. Other projects included boiler replacements, upgrades and installation of community alarms.

DISABLED FACILITIES GRANTS - £816k - 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 families.

FLOOD ALLEVIATION SCHEMES - The Council has spent £265k on schemes around the district such as Walkeringham and Retford Beck to mitigate flooding.



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 225 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 2018	31st March 2019
Balance of the provision for Business Rates appeals at year end:	£1.534m	£2.072m
Amount of provision used in year based on successful appeals:	£2.150m	£0.202m

ASSETS

Property Plant and Equipment (PPE)

The value of the Council's PPE at 31 March 2019 is £357.65m. This has increased by £18m during the year, which is mainly due to the revaluation of Council Dwellings. Assets under construction have increased by £4.7m during the year which reflects the ongoing Capital scheme at Priory Court.

Cash held Flow

The year end cash balance is £13.9m, an increase of £9m compared to the previous year end. This is mainly due the increase in funds held in the Money Markets at the year end.



4.3 General Fund Revenue - 2019/20 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 £10m and forecasts a budget shortfall of £1.319m over the next 5 years as follows:

Financial Year	Budget Shortfall £
2019/20	£0.090m
2020/21	£1.252m
2021/22	£0.082m
2022/23	£-0.085m
2023/24	£-0.020m

The current Medium Term Financial Plan, which covers the years detailed above, was approved by Cabinet on 8th January 2019

This document sets the strategic direction for the Council as far as financial issues are concerned.



Corporate Risks

The Council has identified and actively manages the risks that it deems are of corporate and strategic significance in terms of threat to life, reputational risk to the Council and financial loss or cost. Operational and service delivery risks are identified and managed by the individual service areas and overseen by the Heads of Service and the Corporate Directors.

RISK	SUMMARY	MITIGATION
Welfare reforms creates significant negative community impact	Planned welfare reform with the introduction of universal credits and unique local Council Tax benefit schemes coupled with financial reductions e.g. the benefit cap. This may create local hardship and increase tax arrears. – the risk value envisaged is £1M reduction.	<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. ▶ There is now a dedicated Officer with specialist knowledge of hardship awards. ▶ The team of money advisors has been increased to deal with the increase in demand for advice.
Significant one-off challenge to a decision or new compensation trend emerges.	Over the past couple of years Councils have been vulnerable to new compensation trends e.g. housing disrepair or significant judicial reviews around planning. It will increasingly be likely that there will be challenges around the way decisions are taken. Fewer staff increase the vulnerability. The risk value envisaged is up to £0.5m. Current payment card tender challenge potentially going to court.	<ul style="list-style-type: none"> ▶ Insurance - Full review of property backlog maintenance requirements to identify immediate concerns. ▶ Planning - review of process to ensure the potential of challenge is minimised. ▶ Stock Condition Report undertaken and findings acted upon.
Supply chain failure	The council now relies upon many suppliers and partners. Many organisations are under increased financial pressure which may result in failure. The risk value is temporary reduced service provision and reputational effects.	<ul style="list-style-type: none"> ▶ Countywide Procurement group and joint procurement 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. ▶ New suppliers checked to ensure Business Continuity Plans are in place.

RISK	SUMMARY	MITIGATION
Data loss or privacy incident	<p>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. The risk value is adverse reputation.</p>	<ul style="list-style-type: none"> ▶ Secure IT environment e.g. GCSX. ▶ 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. ▶ Smartphones/PDAs can be remotely wiped of data using Exchange 2010 if lost. ▶ Secure Encrypted Email. ▶ A system has been implemented to allow large documents to be sent securely and with a full audit trail.
Long term Financial Integrity of the Council	<p>This is in reaction to the risk entitled "Financial integrity of the council" where savings have to be identified in order to set a balanced budget for 2018/19 and beyond.</p>	<ul style="list-style-type: none"> ▶ Medium Term Financial Plan in place and regularly reviewed. ▶ Treasury Management Strategy and Cash Flow forecasting. ▶ Officers balance each years budget 12 months in advance. ▶ Officer/Member Financial Strategy Group established to look at Medium/Long Term strategies to ensure financial stability.
Failure to properly risk assess practices and take appropriate action	<p>Systems and procedures for the management of the Council's activities are regularly reviewed to ensure that they are fit for purpose.</p>	<ul style="list-style-type: none"> ▶ Health and safety policies in place and available to employees through the intranet. ▶ Appropriate insurance in place. ▶ Dedicated ICT system called SHE - records all health and safety issues, risk assessments, Audits and employee accidents. ▶ A Managing Health and Safety training course has been delivered to managers. ▶ A register for recording violent incidents against employees has been approved and rolled out during 2018-19.

RISK	SUMMARY	MITIGATION
Failure To Properly Risk Assess Our Tangible Assets	The outcomes of the regular physical condition surveys undertaken by the Council on its non-housing tangible assets are classified into 4 condition bands: 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 DDA requirements or report recommended upgrades.
Inspection Programme on Tree Management	All councils have statutory and legal responsibilities to provide areas of land for the supply and demand issues for open space facilities. These range from play parks to cemeteries, all with very different needs in the way we maintain, inspect to minimise the risks that are present at these locations. Trees due to their natural growth patterns, susceptibility to diseases and damage from either natural or deliberate causes, will always demand a large resource to monitoring/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, which are available to all staff. ▶ Tree mapping system introduced. ▶ High risk areas being addressed as a priority. Work will continue to make areas safe.

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.

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 2019. 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 2018/19, which in turn is underpinned by International Financial Reporting Standards;

A Glossary of key terms can be found at the end of this publication.

The Core Statements are:

The Expenditure and Funding Analysis shows how annual expenditure is used and funded from resources (government grants, rents, council tax and business rates) by the Council in comparison with those resources consumed or earned by the Council in accordance with generally accepted accounting practices. It also shows how this expenditure is allocated for decision making purposes between the council's directorates. Income and expenditure accounted for under generally accepted accounting practices is presented more fully in the Comprehensive Income and Expenditure Statement.

Movements in Reserves Statement which shows the movement in the year on the different reserves held by the authority, analysed into "usable reserves" (i.e. those that can be applied to fund expenditure or reduce local taxation) and "unusable reserves" which must be set aside for specific purposes.

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 focused on local priorities and

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 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

2018/19



Splashpool at Langold Country Park



Bassetlaw
DISTRICT COUNCIL
— North Nottinghamshire —

Statement of Responsibilities for the Statement of Accounts

1 THE COUNCIL'S RESPONSIBILITIES

The Council is required to:

- i). 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 Bassetlaw Council, this is the Section 151 Officer.
- ii). Manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets
- iii). Approve the Statement of Accounts.

2 THE SECTION 151 OFFICER'S RESPONSIBILITIES

The Section 151 Officer is responsible for the preparation of the Council's Statement of Accounts in accordance with proper practices as set out in the Chartered Institute of Public Finance and Accountancy 2018/19 Code of Practice on Local Authority Accounting in the United Kingdom (the Code).

In preparing these Statements of Accounts, the Section 151 Officer has:

- i). Selected suitable accounting policies and then applied them consistently.
- ii). Made judgements and estimates that were reasonable and prudent.
- iii). Complied with the Code of Practice on Local Authority Accounting.
- iv). Kept proper accounting records which were up to date.
- v). Taken reasonable steps for the prevention and detection of fraud and other irregularities;

CERTIFICATION OF THE ACCOUNTS

I certify that the draft Statement of Accounts gives a true and fair view of the financial position of Bassetlaw Council at 31 March 2019 and its income and expenditure for the year then ended.



David Hill, CPFA

Head of Finance & Property - Section 151 Officer

Dated: 30 May 2019

The Core Financial Statements



EXPENDITURE AND FUNDING ANALYSIS

2017/18 Restated *		
Net Expenditure Chargeable to the General Fund and HRA Balances	Adjustments (See Note 7)	Net Expenditure in the Comprehensive Income and Expenditure Statement
£'000	£'000	£'000
543	37	580
2,208	464	2,672
1,980	1,989	3,969
310	-191	119
216	24	240
5,087	1,468	6,555
1,860	2,999	4,859
-12,162	4,376	-7,786
42	11,166	11,208
-48	-10,838	-10,886
-6	328	322
General Fund & Earmarked Reserve	HRA & Earmarked Reserve	Total
£'000	£'000	£'000
9,227	1,553	10,780
-110	116	6
9,117	1,669	10,786
2,504	1,669	4,173
6,613	0	6,613
9,117	1,669	10,786

Chief Executive
Corporate Services
Finance & Property Services
Housing Services
Human Resources
Neighbourhoods
Regeneration
Housing Revenue Account
Net Cost of Services
Other Income and Expenditure
Surplus (-) or Deficit

Opening Balance
Surplus or (-) Deficit in year
Closing Balance at 31 March

Split by Reserve:
Working Reserve
Earmarked Reserve
Closing Balance at 31 March

2018/19		
Net Expenditure Chargeable to the General Fund and HRA Balances	Adjustments (See Note 7)	Net Expenditure in the Comprehensive Income and Expenditure Statement
£'000	£'000	£'000
492	28	520
2,347	261	2,608
962	1,197	2,159
400	-323	77
207	21	228
5,350	1,540	6,890
1,483	578	2,061
-3,581	18,388	14,807
7,660	21,690	29,350
-8,720	-3,676	-12,397
-1,060	18,014	16,953
General Fund & Earmarked Reserve	HRA & Earmarked Reserve	Total
£'000	£'000	£'000
9,117	1,669	10,786
446	614	1,060
9,563	2,283	11,846
3,079	2,283	5,362
6,484	0	6,484
9,563	2,283	11,846

* See Notes to the EFA for information relating to the restatement values

COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT

2017/18 Restated *			Service Area	Note	2018/19		
Gross Expenditure £'000	Gross Income £'000	Net Expenditure £'000			Gross Expenditure £'000	Gross Income £'000	Net Expenditure £'000
676	-96	580	Chief Executive		630	-109	520
4,576	-1,904	2,672	Corporate Services		4,268	-1,660	2,608
37,767	-33,798	3,969	Finance & Property Services		31,203	-29,044	2,159
1,145	-1,026	119	Housing Services		1,696	-1,620	76
426	-186	240	Human Resources		468	-240	228
9,098	-2,543	6,555	Neighbourhoods		9,666	-2,776	6,890
6,649	-1,790	4,859	Regeneration		4,352	-2,291	2,062
19,092	-26,878	-7,786	Housing Revenue Account		41,680	-26,873	14,807
79,429	-68,221	11,208	Cost of Services		93,963	-64,613	29,350
6,745	-2,735	4,010	Other Operating Expenditure	11	4,987	-2,631	2,356
6,106	-101	6,005	Financing and Investment Income and Expenditure	12	6,007	-145	5,862
14,092	-34,993	-20,901	Taxation and Non-Specific Grant Income and Expenditure	13	14,645	-35,260	-20,615
106,372	-106,050	322	Surplus (-) or Deficit on Provision of Services		119,602	-102,649	16,953
Items that will not be reclassified to the Surplus (-) or Deficit on the Provision of Services:							
		-15,610	Surplus(-) or Deficit on Revaluation of Non Current Assets	14			-20,971
		-3,985	Remeasurements of the Net Defined Benefit Liability (Asset)	41			-8,392
		-19,595	Other Comprehensive Income and Expenditure				-29,363
		-19,273	Total Comprehensive Income and Expenditure				-12,410

* See Notes to the EFA for information relating to the restatement values

The accompanying notes form part of these financial statements

MOVEMENT IN RESERVES STATEMENT

CURRENT YEAR

	General Fund £'000	Balance 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 2018 carried forward	2,504	6,613	1,669	3,789	817	6,169	21,561	163,306	184,867
Movement in Reserves during 2018/19									
Surplus or deficit(-) on the provision of Services	821	0	-17,774	0	0	0	-16,953	0	-16,953
Adjustment between accounting basis & funding basis under regulations (Note 9)	-375	0	18,388	-307	468	3,106	21,280	-21,280	0
Net Increase/Decrease(-) before Transfers to Earmarked Reserves	446	0	614	-307	468	3,106	4,327	8,083	12,410
Transfers to/from(-) Earmarked Reserves (Note 10)	129	-129	0	0	0	0	0	0	0
Increase/Decrease(-) in 2018/19	575	-129	614	-307	468	3,106	4,327	8,083	12,410
Balance at 31 March 2019 carried forward	3,079	6,484	2,283	3,482	1,285	9,275	25,888	171,389	197,277

The accompanying notes form part of these financial statements

Movement in Reserves Statement cont..

COMPARATIVE YEAR

	General Fund Balance Earmarked	General Fund Reserves	Housing Revenue Account	Capital Receipts Reserve	Major Repairs Reserve	Capital Grants Unapplied	Total Usable Reserves	Unusable Reserves	Total Council Reserves
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Balance at 31 March 2017	1,939	7,288	1,553	3,104	4,398	3,675	21,957	143,637	165,594
Movement in Reserves during 2017/18									
Total Comprehensive Income and Expenditure	-3,457	0	3,135	0	0	0	-322	19,595	19,273
Adjustment between accounting basis & funding basis under regulations (Note 9)	3,347	0	-3,019	685	-3,581	2,494	-74	74	0
Net Increase/Decrease (-) before Transfers to Earmarked Reserves	-110	0	116	685	-3,581	2,494	-396	19,669	19,273
Transfers to/from(-) Earmarked Reserves (Note 10)	675	-675	0	0	0	0	0	0	0
Increase/Decrease(-) in 2017/18	565	-675	116	685	-3,581	2,494	-396	19,669	19,273
Balance at 31 March 2018 carried forward	2,504	6,613	1,669	3,789	817	6,169	21,561	163,306	184,867

The accompanying notes form part of these financial statements

BALANCE SHEET

31 March 2018 £'000		Notes	31 March 2019 £'000
339,855	Property, Plant & Equipment	14	357,650
314	Heritage Assets	15	314
49	Intangible Assets	17	18
70	Long Term Investments	18	70
45	Long Term Debtors	20	15
340,333	LONG TERM ASSETS		358,067
6,000	Short Term Investments	18	2,000
2,906	Assets Held For Sale	22	3,499
30	Inventories	19	165
10,264	Short Term Debtors	20	12,175
4,855	Cash and Cash Equivalents	21	13,875
24,055	CURRENT ASSETS		31,714
-989	Short Term Borrowings	18	-1,470
-11,749	Short Term Creditors	23	-11,808
-1,322	Provisions Short Term	24	-1,590
-36	Grants Receipts in Advance - Revenue	35	-33
-14,096	CURRENT LIABILITIES		-14,901
-1,459	Long Term Creditors	23	-1,436
-329	Provisions Long Term	24	-749
-103,398	Long Term Borrowing	18	-103,400
-60,239	Pensions Liability	41	-72,018
-165,425	LONG TERM LIABILITIES		-177,603
184,867	NET ASSETS		197,277
21,561	Usable Reserves	10	25,888
163,306	Unusable Reserves	26	171,389
184,867	TOTAL RESERVES		197,277

The accompanying notes form part of these financial statements

CASH FLOW STATEMENT

2017/18 £'000		Note	2018/19 £'000
-322	Net Surplus/Deficit(-) on the Provision of Services		-16,953
10,524	Adjustment to Surplus or Deficit on the Provision of Services for Non-Cash Movements	27A	39,930
-9,274	Adjust for Item Included in the Net Surplus or Deficit on the Provision of Services that are Investing and Financing Activities	27A	-9,244
928	Net Cash Flows from Operating Activities	27A	13,733
-8,078	Investing Activities	27B	-4,943
-5,882	Financing Activities	27C	230
-13,032	Net Increase or Decrease(-) in Cash and Cash Equivalents		9,020
17,887	Cash and Cash Equivalents at the Beginning of the Reporting Period	21	4,855
4,855	Cash and Cash Equivalents at the End of the Reporting Period	21	13,875

The accompanying notes form part of these financial statements

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NOTES TO THE ACCOUNTS

1. ACCOUNTING POLICIES

A. General Principles

The Statement of Accounts summarises the Council's transactions for the 2018/19 financial year and its position at the year-end of 31 March 2019. The Council is required to prepare an annual Statement of Accounts by the Accounts and Audit 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 2018/19, 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.

The accounts are prepared on a going concern basis; that is, on the assumption that the functions of the Council will continue in operational existence for the foreseeable future.

Figures within the Statement of Accounts may be adjusted by up to £2,000 to take account of rounding differences arising due to reporting figures in thousands (£000s).

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 contracts with service recipients, whether for services or the provision of goods, is recognised when (or as) the good or services are transferred to the service recipient in accordance with the performance obligations of the contract
- 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 the Councils' relationships with other organisations is undertaken to ensure that where applicable they are consolidated into the 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. Council Tax & Non Domestic Rates

The Council as a billing authority acts as agents, collecting council tax and non-domestic rates (NDR) on behalf of the major preceptors (including government for NDR) and, as principles, collecting council tax and NDR for themselves. Billing authorities are required by statute to maintain a separate fund (i.e. the Collection Fund) for the collection and distribution of amounts due in respect of council tax and NDR. Under the legislative framework for the Collection Fund, billing authorities, major preceptors and central government share proportionately the risks and rewards that the amount of council tax and NDR collected could be less or more than predicted.

Accounting for Council Tax and NDR

The council tax and NDR income included in the Comprehensive Income and Expenditure Statement is the Council's share of accrued income for the year. However, regulations determine the amount of council tax and NDR that must be included in the Council's General Fund. Therefore, the difference between the income included in the Comprehensive Income and Expenditure Statement and the amount required by regulation to be credited to the General Fund is taken to the Collection Fund Adjustment Account and included as a reconciling item in the Movement in Reserves Statement.

The Balance Sheet includes the Council's share of the end of the year balances in respect of council tax and NDR relating to arrears, impairment allowances for doubtful debts, overpayments and prepayments and appeals.

I. 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

Termination Benefits

Termination benefits are payable as a result of a decision by the Council to terminate an officer's employment before the normal retirement date, or the officer's decision to accept voluntary redundancy. These costs are charged on an accrual basis to the Non Distributed Costs in the CIES when the Council is committed to the termination, or makes an offer to encourage voluntary redundancy. When these involve enhancement of pensions the General Fund is required to be charged with the amount payable, however this is adjusted (in line with regulations) in the Movement in Reserves Statement to reflect the cash paid rather than the liability incurred under accounting standards.

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 Council - 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

- Remeasurements comprising:
- the return on plan assets - excluding amounts included in the net interest on the net defined benefit liability (asset) Charged to the Pension 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.

J. 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.

K. 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

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.

Where premiums and discounts have been charged to the CIES, regulations allow the impact on the General Fund Balance to be spread over future years. The Council has a policy of spreading the gain/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 based on a classification and measurement approach that reflects the business model for holding the financial assets and their cash flow characteristics. There are three main classes of financial assets measured at:

1. Amortised cost
2. Fair value through profit or loss (FVPL)
3. Fair value through other comprehensive income (FVOCI)

The business model of the Council is to hold investments to collect contractual cash flows. Financial assets are therefore classified at amortised cost, except for those whose contractual payments are not solely payment of principal and interest (i.e. where the cash flows do not take the form of a basic debt instrument).

Financial Assets Measured at Amortised Cost

Financial assets measured at amortised cost 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 then 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.

However, the Council has from time to time made a number of loans to voluntary organisations at less than market rates (soft loans). When soft loans are made, a loss is recorded in the Comprehensive Income and Expenditure Statement (debited to the appropriate service) for the present value of the interest that will be foregone over the life of the instrument, resulting in a lower amortised cost than the outstanding principal.

Interest is credited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement at a marginally higher effective rate of interest than the rate receivable from the voluntary organisations, with the difference serving to increase the amortised cost of the loan in the Balance Sheet. Statutory provisions require that the impact of soft loans on the General Fund Balance is the interest receivable for the financial year – the reconciliation of amounts debited and credited to the Comprehensive Income and Expenditure Statement to the net gain 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.

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

Expected Credit Loss Model

The Council recognises expected credit losses on all of its financial assets held at amortised cost, either on a 12-month or lifetime basis. The expected credit loss model also applies to lease receivables and contract assets. Lifetime losses are recognised for trade receivables (debtors) held by the Council.

Impairment losses are calculated to reflect the expectation that the future cash flows might not take place because the borrower could default on their obligations. Credit risk plays a crucial part in assessing losses. Where risk has increased substantially since an instrument was initially recognised, losses are assessed on a lifetime basis. Where risk has not increased substantially or remains low, losses are assessed on the basis of 12-month expected losses.

The Council has a substantial amount of investments and employs treasury management advisers in addition to full time professional staff. However, reasonable and verifiable information to support the measurement of lifetime losses on individual instruments is not available without undue cost or effort. Losses are mainly assessed for the portfolio on a collective basis.

Financial Assets are amalgamated into the following groups to assess risk and associated loss allowances whilst making use of a simplified approach contained in regulations.

Group 1 – Commercial investments in line with treasury management policy including counterparties that have external credit ratings of A or better. Loss allowances will be assessed on a group basis using the simplified approach of collective assessment.

Group 2 – Loans to related parties - Loss allowances for these loans are assessed on an individual basis and / or an individual borrower basis.

Group 3 – Other loans to local businesses, in support of the Council vision and objectives. Loss allowances for these loans are assessed on an individual basis and / or an individual borrower basis.

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.

L. 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.

M. Government Grants and Other Contributions

Whether paid on account, by instalments or in arrears, Government Grants and third party contributions and donations are recognised in the Comprehensive Income and Expenditure Statement once the Council has reasonable assurance that:
the conditions of entitlement will be satisfied; 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.

Business Improvement Districts (BID)

A BID scheme applies across the whole of the District. The scheme is funded by a BID LEVY paid by non-domestic ratepayers. The council acts as principal under the scheme and accounts for income received and expenditure incurred (including contribution to the BID project) within the relevant services within the CIES.

Community Infrastructure Levy (CIL)

The council has elected to charge a CIL. The levy will be charged on new builds (chargeable developments for the Council) with appropriate planning consent. The Council charges for and collect the levy, which is a planning charge. The income from the levy will be used to fund a number of infrastructure projects (these include transport, flood defences and schools) to support the development of the area.

CIL is received without outstanding conditions; it is therefore recognised at the commencement date of the chargeable development in the CIES in accordance with the accounting policy for government grants and contributions set out above. CIL charges will be largely used to fund capital expenditure. However, a proportion of the charges may be used to fund revenue expenditure.

N. 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.

O. 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

P. Inventories and Long-Term Contracts

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

Q. 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.

R. Minimum Revenue Provision (MRP)

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

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

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

S. Property, Plant and Equipment

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

Recognition

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

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

Disposals and Non-current Assets Held for Sale

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

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

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

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

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

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

T. Provisions, Contingent Liabilities and Contingent Assets

Provisions

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

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

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

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

Contingent Liabilities

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

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

Contingent Assets

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

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

U. Revenue Expenditure Funded From Capital Under Statute

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

V. Reserves

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

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

W. Value Added Tax (VAT)

VAT payable is included as an expense only to the extent that it is not recoverable from Her

2 ACCOUNTING STANDARDS ISSUED, NOT YET ADOPTED

The Code of Practice on Local Authority Accounting in the United Kingdom (the Code) requires the disclosure of information relating to the expected impact of the accounting change that will be required by a new standard that has been issued but not yet adopted. This applies to the adoption of the following new or amended standards within the 2018/19 Code:

IFRS 16 Leases - will bring most leases on-balance sheet for lessors from 2019

IAS40 Investment Property : Transfers of Investment Property - provides further explanation of the instances in which a property can be reclassified as investment property.

IFRIC 22 Foreign Currency Transactions and Advance Consideration - clarifies the treatment of payments in a foreign currency made in advance of obtaining or delivering services or goods.

IFRIC 23 Uncertainty over Income Tax Treatments - provides additional guidance on income tax treatment where there is uncertainty.

The Council does not anticipate that the above amendments will have a material impact on the information provided in the 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 2019 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 <u>useful lives assigned to assets</u> .	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 £3.466m and a 1 year reduction in mortality would result in a decrease of £7.145m. However, the assumptions interact in complex ways. During 2017/18, the Council's Actuary advised that the net pensions liability had increased by £11.779m. For the 2017/18 Statement of Accounts, the actuary has advised that a rate of 2.55% is appropriate. Application of this rate has resulted in an decrease in liabilities measured at today's prices of £8.392m, adjusted for by an decrease in actuarial losses recognised for the year in the CIES in the other comprehensive income and expenditure part of the

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Item	Uncertainties	Effect if Actual Results Differ from Assumptions
Arrears	At 31 March 2019, the Council had a balance of sundry debtors of £2.771m, which included approximately £1.5m relating to C.I.L. (Community Infrastructure Levies, which are not considered a risk of default. A review of significant balances (excluding C.I.L.) suggested that an impairment of doubtful debts of 10% (£0.127m) 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 £0.127m 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.	
Britain leaving the European Union: Asset Values and Pension Liability	There is a high level of uncertainty about the implications of Britain leaving the European Union. At the current time there are three possible scenarios: a no deal Brexit, an agreement with a transition period and an extension to EU membership of unknown length. It is not possible to predict which path will be taken and whether asset values and the discount rate will consequently change. The assumption has been made that this will not significantly impair the Council's assets or change the discount rate.	Higher impairment allowances may need to be changed in the future if asset values fall. If the discount rate changes, the size of the net pension liability will also vary.

5 MATERIAL ITEMS OF INCOME AND EXPENDITURE

There have been no material items of income or expenditure during 2018/19

6 EVENTS AFTER THE BALANCE SHEET DATE

The draft Statement of Accounts was authorised for issue by the Section 151 Officer on 30 May 2019. 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 2018, 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 between Funding and Accounting Basis 2017/18 Restated *				
Adjustments from General Fund to arrive at the Comprehensive Income and Expenditure Statement amounts	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 Executive	0	37	0	37
Corporate Services	283	181	0	464
Finance and Property	118	1,871	0	1,989
Housing Services	-212	21	0	-191
Human Resources	0	24	0	24
Neighbourhoods	1,149	319	0	1,468
Regeneration	2,830	169	0	2,999
Housing Revenue Account	5,091	-715	0	4,376
Net Cost of Services	9,259	1,907	0	11,166
Other income and expenditure from the Expenditure and Funding Analysis	-11,127	1,669	-1,381	-10,839
Difference between General Fund surplus or deficit and Comprehensive Income and Expenditure Statement Surplus or Deficit on the Provision of Services	-1,868	3,576	-1,381	327

* See Notes to the EFA for information relating to the restatement values

Note 7 Adjustments between Funding and Accounting Basis - cont....

Adjustments between Funding and Accounting Basis 2018/19				
Adjustments from General Fund to arrive at the Comprehensive Income and Expenditure Statement amounts	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 Executive	0	28	0	28
Corporate Services	114	147	0	261
Finance and Property Services	718	479	0	1,197
Housing Services	-353	30	0	-323
Human Resources	0	21	0	21
Neighbourhoods	1,269	271	0	1,540
Regeneration	448	130	0	578
Housing Revenue Account	1,925	16,464	0	18,389
Net Cost of Services	4,121	17,570	0	21,691
Other income and expenditure from the Expenditure and Funding Analysis	-4,393	1,491	-775	-3,677
Difference between General Fund surplus or deficit and Comprehensive Income and Expenditure Statement Surplus or Deficit on the Provision of Services	-272	19,061	-775	18,014

Note 7 - Note to the Expenditure and Funding Analysis - cont....

2017/18 Re-statement Information:

On 1 October 2018 the services of the Council's ALMO, A1 Housing (Bassetlaw) Ltd were bought back in house and consequently a Head of Housing appointed. General Fund Housing Services previously managed by the Head of Regeneration have now been transferred to the Head of Housing. The restatement moves the 2017/18 elements from Regeneration Services to the Housing Services. This adjustment has no impact on the closing balances.

This adjustment has also been reflected in the following Statements and Notes:

CIES - Comprehensive Income and Expenditure Statement

Note 7 - Note to the EFA

Note 8 - Expenditure and Income analysed by Nature

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
- 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 2017/18 Restated *	Chief Exec £'000	Corporate Services £'000	Finance & Property £'000	Housing Services £'000	Human Resources £'000	Neighbourhoods £'000	Regeneration £'000	HRA £'000	Corporate Amounts £'000	Total £'000
Expenditure										
Employee expenses	510	2,768	6,717	313	365	4,575	2,634	43	0	17,925
Other services expenses	166	1,526	30,287	832	63	3,354	3,571	13,958	0	53,757
Depreciation, amortisation, impairment	0	283	763	0	0	1,169	444	5,092	0	7,751
Developers Contributions Payments	0	0	0	0	0	0	0	0	279	279
Interest payments	0	0	0	0	0	0	0	0	4,437	4,437
Non Domestic Rates Tariff & Deficit	0	0	0	0	0	0	0	0	13,807	13,807
Precepts and levies	0	0	0	0	0	0	0	0	1,515	1,515
Payments to Housing Capital	0	0	0	0	0	0	0	0	555	555
Receipts Pool										
Interest Cost of Pensions	0	0	0	0	0	0	0	0	1,669	1,669
Net Book Value on the disposal of assets	0	0	0	0	0	0	0	0	4,676	4,676
Total expenditure	676	4,577	37,767	1,145	428	9,098	6,649	19,093	26,938	106,371
Income										
Fees, charges and other service income	-95	-1,881	-5,370	-52	-188	-2,299	-1,585	-26,879	0	-38,349
Interest and investment income	0	0	0	0	0	0	0	0	-101	-101
Income from council tax, nondomestic rates	0	0	0	0	0	0	0	0	-26,705	-26,705
Proceeds from sale of Non-Current Assets	0	0	0	0	0	0	0	0	-2,736	-2,736
Government grants and contributions	-1	-24	-28,428	-974	0	-244	-205	0	-8,282	-38,158
Total income	-96	-1,905	-33,798	-1,026	-188	-2,543	-1,790	-26,879	-37,824	-106,049
Surplus or Deficit on the Provision of Services	580	2,672	3,969	119	240	6,555	4,859	-7,786	-10,886	322

* See EFA for information relating to the restatement

Note 8 cont....

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

	Chief Exec	Corporate Services	Finance & Property	Housing Services	Human Resources	Neighbourhoods	Regeneration	HRA	Corporate Amounts	Total
Expenditure/Income 2018/19	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Expenditure										
Employee expenses	462	2,659	4,630	482	385	4,805	2,571	18,641	0	34,635
Other services expenses	167	1,495	26,123	1,214	83	3,572	1,572	11,766	0	45,992
Depreciation, amortisation, impairment	0	114	450	0	0	1,289	209	12,326	0	14,388
Developers Contributions Payments	0	0	0	0	0	0	0	0	364	364
Interest payments	0	0	0	0	0	0	0	0	4,269	4,269
Non Domestic Rates Tariff & Deficit	0	0	0	0	0	0	0	0	14,281	14,281
Precepts and levies	0	0	0	0	0	0	0	0	1,574	1,574
Payments to Housing Capital										555
Receipts Pool	0	0	0	0	0	0	0	0	555	
Interest Cost of Pensions	0	0	0	0	0	0	0	0	1,738	1,738
Net Book Value on the disposal of assets	0	0	0	0	0	0	0	0	2,858	2,858
Total expenditure	629	4,268	31,203	1,696	468	9,666	4,352	42,733	25,639	120,654
Income	0	0	0	0	0	0	0	0	0	
Fees, charges and other service income	-109	-1,641	-4,535	-233	-240	-2,460	-2,060	-26,872	0	-38,150
Interest and investment income	0	0	0	0	0	0	0	0	-145	-145
Income from council tax, nondomestic rates	0	0	0	0	0	0	0	0	-27,873	-27,873
Proceeds from sale of Non-Current Assets	0	0	0	0	0	0	0	0	-2,632	-2,632
Government grants and contributions	0	-19	-24,509	-1,387	0	-316	-231	0	-7,386	-33,848
Total income	-109	-1,660	-29,044	-1,620	-240	-2,776	-2,291	-26,872	-38,036	-102,648
Surplus or Deficit on the Provision of Services	520	2,608	2,159	76	228	6,890	2,061	15,861	-12,397	18,006

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.

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Note 9 Adjustments between Accounting Basis and Funding Basis under Regulations - cont....

2017/18 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)	-4,287	710	0	0	0	3,577
Financial instruments (transferred to the Financial Instruments Adjustments Account)	4	0	0	0	0	-4
Council tax and NDR (transfers to or from Collection Fund)	1,377	0	0	0	0	-1,377
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):	-504	-8,633	0	0	-3,714	12,851
Total Adjustments to Revenue Resources	-3,410	-7,923	0	0	-3,714	15,047
Adjustments between Revenue and Capital Resources						
Transfer of non-current asset sale proceeds from revenue to the Capital Receipts	55	2,734	-2,789	0	0	0
Administrative costs of non-current asset disposals (funded by a contribution from the Capital Receipts Reserve)	0	-62	62	0	0	0
Payments to the government housing receipts pool (funded by a transfer from the Capital Receipts Reserve)	-555	0	555	0	0	0
Posting of HRA resources from revenue to the Major Repairs Reserve	0	8,270	0	-2,679	0	-5,591
Statutory provision for the repayment of debt (transfer from the Capital Adjustment Account)	555	0	0	0	0	-555
Capital expenditure financed from revenue balances (transfer to the Capital Adjustment Account)	8	0	0	0	0	-8
Total Adjustments between Revenue and Capital Resources	63	10,942	-2,172	-2,679	0	-6,154
Adjustments to Capital Resources						
Use of the Capital Receipts Reserve to finance capital expenditure	0	0	1,487	0	0	-1,487
Use of the Major Repairs Reserve to finance capital expenditure	0	0	0	6,260	0	-6,260
Application of capital grants to finance capital expenditure	0	0	0	0	1,220	-1,220
Cash payments in relation to deferred capital receipts	0	0	0	0	0	0
Total Adjustments to Capital Resources	0	0	1,487	6,260	1,220	-8,967
Total Adjustments	-3,347	3,019	-685	3,581	-2,494	-74

Bassetlaw District Council
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Note 9 Adjustments between Accounting Basis and Funding Basis under Regulations - cont....

2018/19 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)	-2,597	-16,464	0	0	0	19,061
Financial instruments (transferred to the Financial Instruments Adjustments Account)	0	0	0	0	0	0
Council tax and NDR (transfers to or from Collection Fund)	775	0	0	0	0	-775
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):	2,038	-12,904	0	0	-4,256	15,122
Total Adjustments to Revenue Resources	216	-29,368	0	0	-4,256	33,408
Adjustments between Revenue and Capital Resources						
Transfer of non-current asset sale proceeds from revenue to the Capital Receipts Reserve	71	2,592	-2,663	0	0	0
Administrative costs of non-current asset disposals (funded by a contribution from the Capital Receipts Reserve)	0	-59	59	0	0	0
Payments to the government housing receipts pool (funded by a transfer from the Capital Receipts Reserve)	-555	0	417	0	0	138
Posting of HRA resources from revenue to the Major Repairs Reserve	0	8,447	0	-8,447	0	0
Statutory provision for the repayment of debt (transfer from the Capital Adjustment Account)	575	0	0	0	0	-575
Capital expenditure financed from revenue balances (transfer to the Capital Adjustment Account)	68	0	0	0	0	-68
Total Adjustments between Revenue and Capital Resources	159	10,980	-2,187	-8,447	0	-505
Adjustments to Capital Resources						
Use of the Capital Receipts Reserve to finance capital expenditure	0	0	2,495	0	0	-2,495
Use of the Major Repairs Reserve to finance capital expenditure	0	0	0	7,979	0	-7,979
Application of capital grants to finance capital expenditure	0	0	0	0	1,150	-1,150
Cash payments in relation to deferred capital receipts	0	0	-1	0	0	1
Total Adjustments to Capital Resources	0	0	2,494	7,979	1,150	-11,623
Total Adjustments	375	-18,388	307	-468	-3,106	21,280

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 2018/19.

	Balance at 31 March 2017 £'000	Transfer out 2017/18 £'000	Transfer in 2017/18 £'000	Balance at 31 March 2018 £'000	Transfer out 2018/19 £'000	Transfer in 2018/19 £'000	Balance at 31 March 2019 £'000
General Fund Reserves							
Developers Revenue Contributions Unapplied	-81	9	0	-72	15	-100	-157
Internal Insurance Reserve	-318	50	-15	-283	60	0	-223
Job Evaluation	-700	48	0	-652	6	0	-646
Revenue Grants & Contributions Unapplied	-333	247	-346	-432	42	-228	-618
Donations	-30	0	-3	-33	0	-3	-36
High Street Innovation	-14	14	0	0	0	0	0
LAMS Default Reserve	-45	0	-13	-58	0	-14	-72
Retained Business Rates Reserve	-1,872	1,492	0	-380	0	0	-380
General Fund Earmarked Reserves	-886	221	-454	-1,119	344	-620	-1,395
Business Rate Volatility Reserve	-599	0	0	-599	0	0	-599
Business Rates Pooling Reserve	-677	110	-305	-872	0	0	-872
Local Plan	-145	71	-93	-167	106	0	-61
New Homes Bonus	-590	0	0	-590	340	0	-250
Invest to Save	-857	160	-303	-1,000	58	0	-942
Management Team	-141	119	-123	-145	96	0	-49
Environmental Improvements	0	6	-15	-9	0	0	-9
ICT Developments	0	0	-84	-84	35	-8	-57
Building Assets Improvements	0	0	-48	-48	0	0	-48
Fair Value Movement	0	0	-70	-70	0	0	-70
Total	-7,288	2,547	-1,872	-6,613	1,102	-973	-6,484

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 is reviewed annually to ensure the level of reserve is sufficient.

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.

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.

Note 10 Transfers to / from Earmarked Reserves cont....

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 remainder has been set aside for future use.

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 for future use. During 2018/19 £0.340m was transferred to Capital reserves for use on Capital projects.

Note 10 Transfers to / from Earmarked Reserves Cont....

Management Team

4 new reserves introduced in 2017/18 which had been agreed by Management Team to fund various Service specific one-off projects.

Invest to Save

This money has been set aside 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.

Environmental Improvements

Previously held under General Fund Grants & Contributions unapplied and General Fund Earmarked reserves. A new dedicated Earmarked reserve has been created during 2017/18 to support environmental projects.

ICT Developments

Previously held under General Fund Grants & Contributions unapplied and General Fund Earmarked reserves. A new dedicated Earmarked reserve has been created during 2017/18 to support ICT Development projects.

Building Assets Improvements

Previously held under General Fund Grants & Contributions unapplied and General Fund Earmarked reserves. A new dedicated Earmarked reserve has been created during 2017/18 to support Building Assets projects.

Fair Value Movement

This reserve is to cover any of the Council's investments that will be affected by changes in fair value as under new regulations, IFRS 9, any fair value movement will impact upon the General Fund balance in that financial year.

11 OTHER OPERATING EXPENDITURE

2017/18 £'000	2018/19 £'000
1038 Parish Council Precepts	1,087
477 Levies	487
555 Payments to the Government Housing Capital Receipts Pool	555
1,940 Gains/Losses(-) on the disposal of non-current assets	227
4,010 Total	2,356

12 FINANCING AND INVESTMENT INCOME AND EXPENDITURE

2017/18 £'000	2018/19 £'000
4,437 Interest payable and similar charges	4,260
1,669 Net interest on the net defined benefit liability (asset)	1,738
-101 Interest receivable and similar income	-136
6,005 Total	5,862

13 TAXATION AND NON-SPECIFIC GRANT INCOME AND EXPENDITURE

2017/18 £'000	2018/19 £'000
-6,621 Council tax income	-6,943
-6,270 Non-Domestic Rates income and expenditure	-6,650
-3,201 Non ring-fenced Government grants	-2,541
-1,733 Developers grants & contributions	-2,227
-3,076 Capital grants and contributions	-2,254
-20,901 Total	-20,615

14 PROPERTY PLANT AND EQUIPMENT

Comparative Movements in 2017/18								
	Council Dwellings £'000	Other Land & Buildings £'000	Vehicles, Plant & 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 2017	273,944	42,166	16,172	7,362	289	9,111	4,305	353,349
Additions	7,284	900	776	210	0	23	2,077	11,270
Donations	0	0	0	0	0	0	0	0
Revaluation increases/decreases(-) recognised in the Revaluation Reserve	12,699	-309	0	0	0	-139	0	12,251
Revaluation increases/decreases(-) recognised in the Surplus/Deficit on the Provision of Services	0	-94	0	0	0	0	0	-94
Derecognition - Disposals	0	0	0	0	0	0	0	0
Derecognition - Other	-1,521	0	-622	0	-2	-1,126	0	-3,271
Assets reclassified to(-)/from Held for Sale	-2,278	0	0	0	0	200	0	-2,078
Other movements in cost or valuation	3,145	984	-1	0	6	69	-4,203	0
At 31 March 2018	293,273	43,647	16,325	7,572	293	8,138	2,179	371,427
Accumulated Depreciation & Impairment								
At April 2017	14,248	1,714	10,479	2,156	0	44	0	28,641
Depreciation charge	5,268	879	1,213	234	0	23	0	7,617
Depreciation written out to the Revaluation Reserve	-3,050	-307	0	0	0	-2	0	-3,359
Depreciation written out to the Surplus/Deficit on the Provision of Services	0	-156	0	0	0	0	0	-156
Derecognition - Disposals	0	0	0	0	0	0	0	0
Derecognition - Other	-494	0	-620	0	0	-57	0	-1,171
Other movements in depreciation & impairment	-3	0	0	0	0	3	0	0
At 31 March 2018	15,969	2,130	11,072	2,390	0	11	0	31,572
Net Book Value								
at 31 March 2018	277,304	41,517	5,253	5,182	293	8,127	2,179	339,855
at 31 March 2017	259,696	40,452	5,693	5,206	289	9,067	4,305	324,708

Note 14 - Property Plant & Equipment - cont...

Movements in 2018/19	Council Dwellings £'000	Other Land & Buildings £'000	Vehicles, Plant & 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 2018	293,273	43,647	16,325	7,572	293	8,138	2,179	371,427
Additions	6,800	702	1,288	0	0	0	4,712	13,502
Donations	0	0	0	0	0	0	0	0
Revaluation increases/decreases(-) recognised in the Revaluation Reserve	-7,141	5,722	0	0	0	179	0	-1,240
Revaluation increases/decreases(-) recognised in the Surplus/Deficit on the Provision of Services	-6,758	-210	0	0	0	-11	0	-6,979
Derecognition - Disposals	0	0	-294	0	0	0	0	-294
Derecognition - Other	0	0	-382	0	0	-190	0	-572
Assets reclassified to(-)/from Held for Sale	-2,855	-316	0	0	0	0	0	-3,171
Other movements in cost or valuation	0	27	0	0	0	0	-27	0
At 31 March 2019	283,319	49,572	16,937	7,572	293	8,116	6,864	372,673
Accumulated Depreciation & Impairment								
At April 2018	15,966	2,130	11,072	2,390	0	11	0	31,569
Depreciation charge	4,200	925	976	240	0	5	0	6,346
Depreciation written out to the Revaluation Reserve	-20,166	-2,040	0	0	0	-5	0	-22,211
Depreciation written out to the Surplus/Deficit on the Provision of Services	0	-22	0	0	0	0	0	-22
Derecognition - Disposals	0	0	-284	0	0	0	0	-284
Derecognition - Other	0	0	-366	0	0	-6	0	-372
Other movements in depreciation & impairment	0	0	0	0	0	0	0	0
At 31 March 2019	0	993	11,398	2,630	0	5	0	15,026
Net Book Value								
at 31 March 2019	283,319	48,579	5,539	4,942	293	8,111	6,864	357,647
at 31 March 2018	277,307	41,517	5,253	5,182	293	8,127	2,179	339,858

Note 14 - Property, Plant & Equipment cont....

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 2019-2020

The Council has a number of contracts in place for the acquisition, construction and enhancement of council dwellings. The current major contracts for 2019/20 are with United Living - Major Improvement works (£4.6m) and Robert Woodhead development of Priory Court (£2.6m)

The Council has also budgeted to spending further Capital estimated to value £7,3m inclusive of £2,0m for New Build, £920k for fire prevention works and £500k for adaptations.

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 2018/19 that would have a material effect.

However, following a review; items which are not classed as significant in relation to the total cost of individual assets have previously been componentised and depreciated separately. The Council has decided that in future only those costs incurred which are a significant element of an asset will be componentised, which is in accordance with the CIPFA Code of Practice. For example, a new kitchen or bathroom in a Council property is not a significant element of the property as a whole - it is integral to it and as such is included in the annual property revaluation.

To recognise this change; in 2018/19 the depreciation which has been charged in previous years on Council Dwellings (£16m) has been reversed out of the accounts through the Capital Adjustment Account. This has no impact on the Council's balances or to the tax payer, it is an accounting adjustment.

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.

	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	5,539	0	12,099	17,638
Valued as at:						
31 March 2019	0	0	0	0	0	0
31 March 2018	0	0	0	0	0	0
31 March 2017	0	0	0	0	0	0
31 March 2016	0	0	0	0	0	0
31 March 2015	0	0	0	0	0	0
Total Cost or Valuation	0	0	5,539	0	12,099	17,638

Note 14 - Property, Plant & Equipment cont....

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 2019 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 2018 £'000
Residential Properties and Developable Land	0	8,067	0	8,067
Other	0	0	60	60
Total	0	8,067	60	8,127

	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 2019 £'000
Residential Properties and Developable Land	0	2,582	0	2,582
Other	0	0	56	56
Total	0	2,582	56	2,638

Transfers between Levels of the Fair Value Hierarchy

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

Note 14 - Property, Plant & Equipment cont....

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

	31st March 2018 £'000	31st March 2019 £'000
Opening Balance	60	60
Transfers in Level 3	0	0
Transfer out of Level 3	0	0
Total gains [or losses] for the period included in Surplus or Deficit on the Provision of Services resulting from changes in the fair value	0	-4
Closing Balance	60	56

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 31/3/2019 £'000	Valuation technique used to measure fair value	Unobservable inputs	Sensitivity
Other	56	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 2017	115	149	30	20	314
Additions, Disposals, Revaluations, Impairment	0	0	0	0	0
31 March 2018	115	149	30	20	314
Cost or Valuation					
1 April 2018	115	149	30	20	314
Additions, Disposals, Revaluations, Impairment	0	0	0	0	0
31 March 2019	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.

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 2017/18).

Ceramics, Jewellery, Regalia and Statues

The Council's collection is reported in the Balance Sheet at insurance valuation which is based on market valuation.

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.

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 £0m in 2018/19 (£0m in 2017/18). They are amortised over 3 to 5 years and the total amortisation charged in 2018/19 was £31k (£195k in 2017/18).

There are no internally generated assets.

The carrying amount of intangible assets is amortised on a straight-line basis. The amortisation of £31k charged to revenue in 2018/19 was charged in the main to the IT administration cost centre, within the 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.

2017/18 £'000	2018/19 £'000
Balance at start of year:	
712 Gross carrying amounts	712
-468 Accumulated amortisation	-663
244 Net carrying amount at start of year	49
Movements:	
0 Purchases	0
-195 Amortisation for the period	-31
49 Net carrying amount at end of year	18
Comprising:	
712 Gross carrying amounts	712
-663 Accumulated amortisation	-694
49	18

18 FINANCIAL INSTRUMENTS

a). Categories of Financial Instruments

A financial instrument is a contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Non-exchange transactions, such as those relating to taxes and government grants, do not give rise to financial instruments

The financial liabilities disclosed in the Balance Sheet are analysed across the following categories:

	Non-Current		Current	
	31 March 2019 £'000	31 March 2018 £'000	31 March 2019 £'000	31 March 2018 £'000
<u>Financial Liabilities at Amortised Cost</u>				
Borrowings	103,400	103,398	1,470	989
Bank Current Accounts	0	0	773	1,223
Operational Creditors	0	0	4,718	3,283
Provisions	0	0	1,590	1,322
Total Financial Liabilities	103,400	103,398	8,551	6,817
<u>Financial Assets at Amortised Cost</u>				
Investments	0	0	2,000	6,000
Unquoted Equity investment at cost	70	70	0	0
Short-term Deposits with Money Market	0	0	14,270	5,600
Operational Debtors	0	0	5,942	5,195
Total Financial Assets	70	70	22,212	16,795

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.

Valuation Assumptions

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

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 2018 is £0.035m.

18b). 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:

	2018/19			2017/18		
	Financial Liabilities measured at amortised cost £'000	Financial Assets: Measured at amortised cost £'000	Total £'000	Financial Liabilities measured at amortised cost £'000	Financial Assets: Measured at amortised cost £'000	Total £'000
Interest expense	4,244	0	4,244	4,425	0	4,425
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	4,244	0	4,244	4,425	0	4,425
Interest income	0	-134	-134	0	-89	-89
Impairment gain	0	0	0	0	0	0
Total income in Surplus(-) or Deficit on the Provision of Services	0	-134	-134	0	-89	-89
Net gain(-)/loss for the year	4,244	-134	4,110	4,425	-89	4,336

Of the net loss, £4.110m (£4.336m in 2017/18) is due to borrowing interest, net of investment interest income.

18c). Financial Instruments - Fair Value

Financial assets classified as available for sale and all derivative assets and liabilities are carried in the Balance Sheet at fair value. For most assets, including bonds, treasury bills and shares in money market funds, the fair value is taken from the market price.

Some of the Council's financial assets are measured at fair value on a recurring basis and are described below

- Level 1 – fair value is only derived from quoted prices in active markets for identical assets or liabilities, e.g. bond prices

Level 2 – fair value is calculated from inputs other than quoted prices that are observable for the asset or liability, e.g. interest rates or yields for similar instruments

Level 3 – fair value is determined using unobservable inputs, e.g. non-market data such as cash flow forecasts or estimated creditworthiness

The fair value of financial liabilities held at amortised cost is higher than their balance sheet carrying amount because the money was borrowed when interest rates were higher than they are now. The table shows the amounts held at 31st March 2019 and the fair value reported in the 2018/19 accounts.

The fair values calculated are as follows:

	2018/19		2017/18	
	Carrying amount	Fair value	Carrying amount	Fair value
	£'000	£'000	£'000	£'000
PWLB debt	71,363	99,185	71,363	99,185
Non-PWLB debt	32,037	51,324	32,535	51,324
Short term borrowing	1,470	1,470	989	989
Short term creditors	4,718	4,718	3,283	3,283
Short term provisions	1,590	1,590	1,322	1,322
Bank Current Accounts	773	773	1,223	1,223
Total Financial Liabilities	111,951	159,060	110,715	157,326
Money market loans < 1 year	14,270	14,270	5,600	5,600
Short term investments	2,000	2,000	6,000	6,000
Unquoted Equity investment at cost	70	70	70	70
Short term debtors	5,942	5,942	5,195	5,195
Total Assets	22,282	22,282	16,865	16,865

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.

19 INVENTORIES

The Council holds stocks of consumable items totalling £165k (£30k in 2017/18).

The Council purchased the stock holding of A1 Housing (Bassetlaw) Ltd at 1st October 2018

	Housing Stocks		Consumable Stores		Maintenance Materials		Total	
	2018/19 £'000	2017/18 £'000	2018/19 £'000	2017/18 £'000	2018/19 £'000	2017/18 £'000	2018/19 £'000	2017/18 £'000
Balance outstanding at start of year	0	0	14	18	16	20	30	38
Purchases	249	0	477	385	31	14	757	399
Recognised as an expense in year	-143	0	-464	-389	-11	-18	-618	-407
Written off balances	-1	0	-1	0	-2	0	-4	0
Balance outstanding at year end	105	0	26	14	34	16	165	30

20 ANALYSIS OF DEBTORS

2017/18 £'000		2018/19 £'000
788	Central Government Bodies	1,739
1,906	Other Local Authorities	2,856
7,570	Other Entities and Individuals	7,580
10,264	Short Term Debtors	12,175
45	Other Entities and Individuals	15
45	Long Term Debtors	15
10,309	Total Debtors	12,190

21 CASH AND CASH EQUIVALENTS

2017/18 £'000		2018/19 £'000
1	Cash held by the Council	1
477	Cash in transit	378
-1,223	Bank current accounts (overdraft)	-773
5,600	Short-term liquid deposits	14,270
4,855	Total Cash and Cash Equivalents	13,875

22 ASSETS HELD FOR SALE

2017/18 £'000	2018/19 £'000
3,337 Balance outstanding at start of year	2,906
Assets newly classified as held for sale:	
2,078 Property, Plant and Equipment	3,171
-2,509 Assets sold	-2,578
2,906 Balance outstanding at year-end	3,499

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

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 2019/20.

23 ANALYSIS OF CREDITORS

2017/18 £'000	2018/19 £'000
5,339 Central Government Bodies	4,311
2,309 Other Local Authorities	2,297
4,101 Other Entities and Individuals	5,200
11,749 Short Term Creditors	11,808
1,459 Other Entities and Individuals	1,436
1,459 Long Term Creditors	1,436
13,208 Total	13,244

24 PROVISIONS

	Insurance Compensa- tion Claims £'000	Local Land Charges £'000	Business Rates £'000	Other Provisions £'000	Total £'000
Short Term Balance at 1 April 2018	8	19	1,205	90	1,322
	5	0	119	144	268
Additional provisions made in year					
Amounts used in year		0	0	0	0
Transfer from Long Term	0	0	0	0	0
	0	0	0		0
Unused amounts reversed in year					
Short Term Balance at 31 March 2019	13	19	1,324	234	1,590
Long Term Balance at 1 April 2018	0	0	329	0	329
	0	0	420	0	420
Additional provisions made in year					
Amounts used in year	0	0	0	0	0
Transfer to Short Term	0	0	0	0	0
	0	0	0	0	0
Unused amounts reversed in year					
Long Term Balance at 31 March 2019	0	0	749	0	749

Insurance Claims

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

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 £5.180m, 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 the Movement in Reserves Statement

26 UNUSABLE RESERVES

2017/18 £'000		2018/19 £'000
97,991	Revaluation Reserve	118,042
127,636	Capital Adjustment Account	125,566
-513	Financial Instruments Adjustment Account	-515
-62,460	Pensions Reserve	-73,129
45	Deferred Capital Receipts Reserve	44
680	Collection Fund Adjustment Account	1,455
-73	Accumulated Absences Account	-73
163,306	Total Unusable Reserves	171,390

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.

2017/18 £'000		2018/19 £'000
82,676	Balance at 1 April	97,991
16,637	Upward revaluations of assets	21,991
-1,027	Downward revaluation of assets and impairment losses not charged to the Surplus/Deficit on the Provision of Services	-1,018
15,610	Surplus or deficit(-) on revaluation of non-current assets not posted to the Surplus or Deficit on the Provision of Services	20,973
-275	Difference between fair value depreciation and historical cost depreciation	-531
-20	Accumulated gains on assets sold or scrapped	-391
-295	Amount written off to the Capital Adjustment Account	-922
97,991	Balance at 31 March	118,042

Note 26 Unusable Reserves cont....

Capital Adjustment Account

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

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

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

2017/18 £'000	2018/19 £'000
125,072 Balance at 1 April	127,636
Reversal of items relating to capital expenditure debited or credited to the CIES	
-7,618 Charges for depreciation and impairment of non-current assets	-13,104
62 Revaluation losses on Property, Plant and Equipment	-199
-195 Amortisation of intangible assets	-31
0 Donated Assets	0
-3,264 Revenue expenditure funded from capital under statute	-1,323
-4,606 Amounts of non-current assets written off on disposal or sale as part of the gain(-)/loss on disposal to the CIES	-2,788
-15,621	-17,445
20 Adjusting amounts written out of the Revaluation Reserve	391
-15,601 Net written out amount of the cost of non-current assets consumed in the year	-17,054
Capital financing applied in the year:	
1,487 Use of Capital Receipts Reserve to finance new capital expenditure	2,357
6,260 Use of Major Repairs Reserve to finance new capital expenditure	7,979
2,769 Capital grants and contributions credited to the CIES that have been applied to capital financing	2,324
1,220 Applications of grants to capital financing from the Capital Grant Unapplied Account	1,150
6,146 Statutory provision for the financing of capital investment charged against the General Fund and HRA balances	575
8 Capital expenditure charged against the General Fund and HRA balances	68
17,890	14,453
Adjustment between Capital Adjustment Account and Revaluation Reserve for depreciation that relates to the revaluation balance rather than historic cost	531
127,636 Balance at 31 March	125,566

Note 26 Unusable Reserves cont....

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.

2017/18 £'000	2018/19 £'000
-518 Balance at 1 April	-513
5 Differences between statutory debits/credits and amounts recognised as income and expenditure in relation to financial instruments	-2
-513 Balance at 31 March	-515

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.

2017/18 £'000	2018/19 £'000
-62,868 Balance at 1 April	-62,460
3,985 Remeasurements of the net defined benefit liability/(asset)	8,392
-7,058 Reversal of items relating to retirement benefits debited or credited to the Surplus or Deficit on the Provision of Services in the CIES	-22,326
3,481 Employers pensions contributions and direct payments to pensioners payable in the year	3,265
-62,460 Balance at 31 March	-73,129

Note 26 Unusable Reserves cont....

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.

2017/18 £'000	2018/19 £'000
45 Balance at 1 April	45
0 Transfer of deferred capital receipt repayable credited as part of the gain/loss(-) on disposal to the CIES	0
0 Transfer to Capital Receipts Reserve	-1
45 Balance at 31 March	44

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.

2017/18 £'000	2018/19 £'000
-697 Balance at 1 April	680
1,377 Amount by which council tax and non-domestic rating income credited to the CIES is different from council tax and non-domestic rating income calculated for the year in accordance with statutory requirements	775
680 Balance at 31 March	1,455

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.

2017/18 £'000	2018/19 £'000
-73 Balance at 1 April	-73
73 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 - Operating Activities

The cash flows for operating activities include the following items:

2017/18 £'000	2018/19 £'000
106 Interest received	136
-4,442 Interest paid	-4,260
-4,336	-4,124

The surplus or deficit on the provision of services has been adjusted for the following non-cash movements:

2017/18 £'000	2018/19 £'000
7,618 Depreciation of Property, Plant and Equipment	13,104
-62 Impairment and downward valuations	199
195 Amortisation of Intangible Assets	31
-5 Increase/Decrease(-) in interest Creditors	2
1,674 Increase/Decrease(-) in Creditors	3,016
-2,785 Increase(-)/Decrease in Debtors	2,287
6 Increase(-)/Decrease in Inventories	-135
1,357 Movement in Pension Liability	17,950
-2,081 Increase/Decrease(-) in Provisions	688
4,607 Carrying amount of non-current assets and non-current Assets Held For Sale, sold or derecognised	2,788
10,524	39,930

The Surplus or Deficit of the Provision of Services has been adjusted for the following items that are investing and financing activities:

2017/18 £'000	2018/19 £'000
-6,484 Capital Grants credited to surplus or deficit on the Provision of Services	-6,581
-2,790 Proceeds from the sale of Property Plant and Equipment, Investment Property and Intangible Assets	-2,663
-9,274	-9,244

Note 27 - Cash Flow Statement - cont....

B Cash Flow Statement - Investing Activities

2017/18 £'000		2018/19 £'000
-11,282	Purchase of Property, Plant and Equipment, Investment Property and Intangible Assets	-13,502
-17,070	Purchase of short-term and long-term Investments	-12,000
0	Other payments for investing activities	0
2,790	Proceeds from the sale of Property, Plant and Equipment, Investment Property and Intangible Assets	1,978
11,000	Proceeds from short-term and long-term Investments	12,000
6,484	Other receipts from investing activities	6,581
-8,078	Net cash flows from investing activities	-4,943

C Cash Flow Statement - Financing Activities

2017/18 £'000		2018/19 £'000
0	Cash receipts for short and long-term Borrowing	0
618	Other receipts from financing activities	230
0	Cash payments for the reduction of the outstanding liabilities relating to Finance Leases	0
-6,500	Repayments of short and long-term Borrowing	0
0	Other payments for financing activities	0
-5,882	Net cash flows from financing activities	230

28 ACQUIRED AND DISCONTINUED OPERATIONS

A1 Housing Ltd ceased trading on 30 September 2018 and the responsibility for the Housing service transferred to Bassetlaw Council. A1 Housing Ltd is expected to be wound up in 2019/20.

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 2018/19 are as follows:

2017/18				2018/19			
Expenditure	Turnover	Surplus	Trading Operations	Expenditure	Turnover	Surplus	
£'000	£'000	£'000		£'000	£'000	£'000	
436	-274	162	Markets	488	-267	221	
292	-83	209	Industrial Estates	45	-90	-45	
74	-126	-52	Trade Refuse	88	-139	-51	
197	-203	-6	Green Waste	237	-252	-15	
942	-423	519	Grounds Maintenance	1,101	-352	749	
56	0	56	Street Cleaning	0	0	0	
59	-22	37	Printing	70	-15	55	
61	-4	57	Refuse Collection	75	-2	73	
29	0	29	Strategic Cleaning	50	0	50	
126	-117	9	Procurement	71	-19	52	
0	0	0	Branching Out	121	-120	1	
2,272	-1,252	1,020	Net Surplus (-) / Deficit on Trading Operations	2,346	-1,256	1,090	

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

The following amounts were paid to members of the Council during the year:

2017/18	2018/19
£'000	£'000
230 Basic Allowance	229
97 Special Responsibility	98
8 Travelling Allowance	9
335 Total	336

33 OFFICERS' REMUNERATION

The remuneration of senior employees, defined as those who are members of the Senior Management Team, those holding statutory posts, or those whose remuneration is £150,000 or more per year, was as set out below.

2017/18	Notes	* Salary, Fees & Allowances £	Expense Allowances £	Compensation for Loss of Office £	Pension contributions £	Total £
Chief Executive		113,806	0	0	16,838	130,644
Director of Corporate Resources & Monitoring Officer		89,337	0	0	13,627	102,964
Director of Regeneration and Neighbourhoods		85,774	0	0	13,627	99,401
Head of Finance and Property Services (S151 Officer)		71,511	0	0	11,486	82,997
Head of Corporate Services		67,460	0	0	10,441	77,901
Head of Neighbourhoods		65,568	0	0	10,442	76,010
Head of Regeneration		65,607	0	0	10,442	76,049
HR Service Manager		46,195	0	0	7,468	53,663

* Salaries, Fees and Allowances include elements such as allowances for election responsibilities

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Note 33 Officers' Remuneration cont...

2018/19	Notes	* Salary, Fees & Allowances £	Expense Allowances £	Compensation for Loss of Office £	Pension contributions £	Total £
Chief Executive		108,596	0	0	17,175	125,771
Director of Regeneration & Neighbourhood Services		86,234	0	0	13,899	100,133
Director of Corporate Resources & Monitoring Officer	A	57,338	0	0	8,803	66,141
Head of Finance & Property Services (S151 Officer)		72,317	0	0	11,715	84,032
Head of Regeneration Services		66,053	0	0	10,650	76,704
Head of Corporate Services		66,572	0	0	10,650	77,222
Head of Neighbourhood Services		65,909	0	0	10,650	76,560
Head of Housing & Neighbourhoods	B	30,736	0	40,724	4,567	76,028
Head of Housing Services	C	11,664	0	0	1,890	13,554
HR Service Manager		47,799	0	0	7,743	55,542

* Salaries, Fees and Allowances include elements such as allowances for election responsibilities

NOTES

- A). The post holders hours were reduced from 37 to 22.20 per week from May 2018.
- B). The post holder was TUPE transferred from A1 Housing Company in October 2018 and left the Council in March 2019
- C). The post holder commenced with the Council in February 2019

Note 33 - Officers' Remuneration cont...

The number of employees whose taxable remuneration, excluding pension contributions was £50,000 or more in bands of £5000 is detailed below. This includes those staff who were detailed in the preceding tables.

Remuneration band	2017/18 Number of employees	2018/19 Number of employees
£50,000-£54,999	0	0
£55,000-£59,999	0	1
£60,000-£64,999	0	0
£65,000-£69,999	3	3
£70,000-£74,999	1	2
£75,000-£79,999	0	0
£80,000-£84,999	0	0
£85,000-£89,999	2	1
£90,000-£94,999	0	0
£95,000-£99,999	0	0
£100,000-£104,999	0	0
£105,000-£109,999	0	1
£110,000-£114,999	1	0
£115,000-£119,999	0	0
Total	7	8

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	
	2017/18	2018/19	2017/18	2018/19	2017/18	2018/19	2017/18	2018/19
£0 - £20,000	2	0	0	7	2	7	£11,530	£80,370
£20,001 - £40,000	1	0	0	2	1	2	£25,846	£61,205
£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	0	1	0	1	£0	£82,786
£100,001 - £150,000	0	0	0	0	0	0	£0	£0
Total	3	0	0	10	3	10	£37,376	£224,361

34 EXTERNAL AUDIT COSTS

Appointed Auditors

From 1 April 2015 the appointment of External Auditors to Local Authorities has been undertaken by Public Sector Audit Appointments Limited (PSAA), an independent company limited by guarantee and incorporated by the Local Government Association in August 2014. This role was previously undertaken by The Audit Commission. KPMG LLP was the Council's appointed Auditor for 2017/18. Mazars LLP became the appointed auditor with effect from 1 April 2018. The Council has incurred the following costs in relation to the audit of the Statement of Accounts:

2017/18 £'000	2018/19 £'000
57 Fees payable with regard to external audit services carried out by the appointed auditor for the year.	46
8 Fees payable for the certification of grant claims and returns for the	3
3 Fees payable in respect of other services provided during the year	3
68 Total	52

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 £1.009m and capital £2.877m (revenue £1.416m capital £2.480m in 2017/18).

2017/18 £'000	2018/19 £'000
Credited to Taxation and Non Specific Grant Income:	
-1,747 Business Rates - S31 Grants	-2,715
-1,633 New Homes Bonus Grant	-1,209
-1,191 Revenue Support Grant	-734
-1,931 Community Infrastructure Levy	-2,491
-1,056 HCA Housing Capital Grant	-1,080
-143 Council Tax Support Administration Grant	-134
-318 Other Revenue Grants/Contributions	-637
-1,996 Other Capital grants and contributions	-1,113
-10,015 Total	-10,113
Credited to Services, Revenue Related:	
-26,001 Housing Benefits Subsidy Grant	-22,298
-167 NNDR Cost Of Collection Grant	-167
-599 Other revenue grants and contributions	-366
-60 Better Care Fund - Disabled Facilities Grant	0
-71 Others	-235
Capital Related:	
-748 Better Care Fund - Disabled Facilities Grant	-1,128
0 Walkeringham Flood Scheme	0
0 Other Capital Grants and Contributions	-51
-20 Academy School Contributions	-71
-27,666 Total	-24,316

Note 35 - Grant Income - cont....

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.

2017/18 £'000	2018/19 £'000
Revenue grants receipts in advance:	
-36 Tackling Alcohol and HLF Grants	-33
Developer contributions receipts in advance:	
-12 Short-Term Creditor	0
-1,459 Long-Term Creditor	-58
-1,507 Total receipts in advance	-91

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 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 2019 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 2018/19 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 June Evans is currently the Chairperson of Harworth and Bircotes Town Council. There were no significant transactions with the Town Council during 2018/19.

There are also 5 Council Members that are trustees of the Sir Stuart and Lady Florence Goodwin Charity. There have been no transactions in 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 ceased trading on 30 September 2018 and is to be wound up in 2019/20. All assets and liabilities of A1 will be transferred to the Council.

Note 36 Related Parties cont....

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 41.

Preceptor as disclosed in the Collection Fund Note A.

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

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

C Parish Councils – precepts £1.087m as disclosed in Note 11

Trading Organisations

In September 2017 the Council established a Company called Bersahill.

Bersahill is a joint venture between the Council and Woodhead Regeneration Limited with each party holding 50% of the shares. Bersahill is an innovative public private joint venture, designed to reinvigorate the area by creating construction and employment opportunities, through the direct delivery of developments in the local area. The company has not yet commenced trading, it is envisaged trading will commence during 2019/20.

In October 2017 the Council registered with Companies House a Local Authority Trading Company under the name of S80 Partnership and 3 directors were appointed. S80 Partnership Ltd has been established by the Council through which services can be offered on a commercial basis. The Council is the sole shareholder. Whilst the company has not yet commenced trading, it is envisaged trading will commence during 2019/20.

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.

2017/18 £'000	2018/19 £'000
121,401 Opening Capital Financing Requirement	118,045
Capital Investment:	
11,270 Property, Plant and Equipment	13,502
0 Intangible Assets	0
3,264 Revenue Expenditure Funded from Capital Under Statute	1,323
Sources of Finance	
-1,487 Capital Receipts	-2,357
-10,249 Government Grants and Contributions	-11,453
-6,154 Sums set aside from Revenue (inc MRP)	-643
118,045 Closing Capital Financing Requirements	118,417
Explanation of Movements in Year	
2,790 Increase in underlying need to borrow (unsupported by Government financial assistance)	824
-6,146 Other Movements (MRP including finance leases)	-643
-3,356 Increase/(-) Decrease in Capital Financing Requirement	181
Split on Capital Financing Requirement between General Fund and Housing Revenue Account	
25,688 General Fund	26,052
92,357 Housing Revenue Account	92,365
118,045	118,417

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 2019 there were no finance leases (£0m in 2017/18).

Operating Leases

The Council has previously acquired a number of vehicles and equipment under operating leases. As at 31 March 2019 there were no operating leases (£0m in 2017/18).

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 £0.572m (£0.501m in 2017/18) 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 receiveable in future years are:

2017/18 £'000	2018/19 £'000
722 Not later than one year	726
173 Later than one year and not later than five years	237
855 Later than five years	764
1,750 Total future minimum lease payments receiveable	1,727

39 IMPAIRMENT LOSSES

There have been no impairment losses during this financial year 2018/19.

40 TERMINATION BENEFITS

The Council terminated the contracts of a number of employees in 2018/19, incurring liabilities of £0.224m (£0.037m in 2017/18) 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.

Note 41 - Defined Benefit Pension Scheme - cont....

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.

2017/18 £'000	LOCAL GOVERNMENT PENSION SCHEME	2018/19 £'000
Comprehensive Income and Expenditure Statement		
Cost of Services:		
3,464	Current Service Cost	3,889
44	Past Service Cost	611
1,850	(Gain)/Loss from Settlements	16,056
31	Administration Expenses	32
Financing and Investment Income and Expenditure		
1,669	Net Interest Expense	1,738
7,058	Total Post-employment Benefits charged to the Surplus or Deficit(-) on the Provision of Services	22,326
Other Post-employment Benefits charged to the Comprehensive Income and Expenditure Statement		
Remeasurement of the net defined benefit liability comprising:		
18	Return on plan assets (excluding the amount included in the net interest expense)	-6,286
0	Actuarial Gains(-)/Losses arising on changes in demographic assumptions	-10,992
-4,003	Actuarial Gains(-)/Losses arising on changes in financial assumptions	8,886
3,073	Total Post-employment Benefit Charged to the Comprehensive Income and Expenditure Statement	13,934
Movement in Reserves Statement		
Reversal of net charges made to the Surplus or Deficit for the Provision of		
-7,058	Services for post-employment benefits in accordance with the Code	-22,326
Actual amount charged against the General Fund Balance for pensions in the year:		
2,755	Employers' contributions payable to the scheme	2,859
Actual amount charged against the HRA for pensions in the year:		
726	Employers' contributions payable to the scheme	406

Note 41 - Defined Benefit Pension Scheme - cont....

Pension Assets and Liabilities recognised in the Balance Sheet

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

2017/18 £'000	2018/19 £'000
-143,141 Present value of the defined benefit obligation	-192,377
86,504 Fair value of plan assets	123,794
-56,637 Sub-total	-68,583
-3,555 Other movements in the liability (asset)	-3,435
-60,192 Net liability arising from the defined benefit obligation	-72,018

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

2017/18 £'000	2018/19 £'000
80,841 Opening fair value of scheme assets	86,504
2,254 Interest income	2,603
Remeasurement Gains/Losses(-)	
-18 The return on plan assets, excluding the amount included in the net interest expense	6,286
5,699 Contributions from employer	2,109
551 Contributions from employees into the scheme	645
-4,602 Benefits paid	-5,199
-31 Administration expenses	-32
1,810 Settlement prices received / (paid)	30,878
86,504 Closing fair value of scheme assets	123,794

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.

Note 41 - Defined Benefit Pension Scheme - cont....

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

2017/18 £'000	2018/19 £'000
-143,659 Opening balance at 1 April	-146,696
-3,464 Current service cost	-3,889
-3,923 Interest cost	-4,341
-551 Contribution by scheme participants	-646
Remeasurement Gains/Losses(-)	
0 Actuarial Gains/Losses(-) arising from changes in demographic	0
4,003 Actuarial Gains/Losses(-) arising from changes in financial assumptions	-8,886
0 Actuarial Gains/Losses(-) arising from changes in demographic	10,992
-44 Gains/Losses(-) on curtailments	-611
4,389 Benefits paid	4,987
213 Unfunded pension payments	212
-3,660 Liabilities extinguished on settlements	-46,934
-146,696 Closing balance at 31 March	-195,812

In April 2017 the Council made a one-off payment to the Pension Fund of £4.048m to cover future deficit liabilities for the period 2017/18 to 2019/2020. In line with the Council's accounting policies £1.110m (£1.110m General Fund and £0.717m Housing Revenue Account) has been accounted for in 2017/18 with the reminder (£1.111m) being offset against the pension liability on the balance sheet. Over the next two financial years, the pension reserve (note 26 £73.129m) and the net pension liability (72.018m) will be brought into line as the lump sum payments is accounted for in 2019/20.

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 £72.018m (£60.239m in 2017/18), the difference being actual amounts paid to the Pension Fund by the employer.

Assets and Liabilities in Relation to Retirement Benefits

2017/18 £'000	2018/19 £'000
86,504 Estimated share of assets in the County Council Fund	123,794
-146,696 Estimated share of liabilities in the County Council Fund	-195,812
-60,192 Net asset/liability (-) based on Actuary's report	-72,018
-50 Opening balance adjustments of actual amounts paid	-47
3 In year adjustment for actual amounts paid	47
-60,239 Adjustment for actual amounts paid	-72,018

The return on the Fund (on a bid value to bid value basis) for the year to 31 March 2019 is estimated to be 10% (31 March 2018 3%). 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:

Note 41 - Defined Benefit Pension Scheme - cont....

Local Government Pension Scheme assets comprised:

2017/18 £'000	2018/19 £'000
1,709 Cash and cash equivalents	3,727
Equity instruments:	
By Geography:	
21,352 UK Investments	28,758
34,054 Overseas Investments	42,394
1,387 Private Equity Unspecified	3,099
56,793 Sub-total equity investments from active markets	74,251
86 Investments not from quoted active markets	124
56,879 Sub-total Equity	74,375
Gilts:	
By Geography:	
1,982 UK Fixed Interest	3,555
0 UK Inflation-Linked	0
0 Overseas Fixed Interest	0
1,982 Sub-total Gilts	3,555
Other Bonds:	
By Geography:	
9,673 UK Corporates	11,818
432 Overseas Corporates	498
2,140 Inflation-Linked	4,477
12,245 Sub-total Other Bonds	16,793
10,867 Property:	19,246
2,822 Infrastructure:	6,098
86,504 Total Assets	123,794

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 £195.812m (£146.696m in 2017/18) has a substantial impact on the net worth of the Council as recorded in the Balance Sheet, resulting in a negative overall balance of £72.018m (£60.240m in 2017/18).

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

Note 41 - Defined Benefit Pension Scheme - cont....

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

The significant assumptions used by the actuary have been:

2017/18		2018/19	
Long Term Expected Rate of Return on Assets in the Scheme			
%			%
66%	Equity Instruments		60%
2%	Gilts		3%
12%	Other Bonds		10%
13%	Property		16%
2%	Cash		3%
2%	Inflation-linked pooled fund (2013/14 included in Equities)		4%
3%	Infrastructure		5%
Mortality Assumptions			
Years			Years
Longevity at 65 for current pensioners:			
22.60	Male		21.60
25.60	Female		24.40
Longevity at 65 for future pensioners:			
24.80	Male		23.30
27.90	Female		26.20
Financial Assumptions			
%			%
2.35	Rate of inflation - CPI		2.40
3.85	Rate of increase in salaries		3.90
2.35	Rate of increase in pensions		2.40
2.55	Rate for discounting scheme liabilities		2.40

Additional Assumptions

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

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

10% of active members will take up the option under the new LGPS to pay 50% of contributions for 50% of benefits, which 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.

Note 41 - Defined Benefit Pension Scheme - cont....

Impact on the Defined Benefit Obligation in the Scheme

	Increase in Assumption £'000	Decrease in Assumption £'000
Longevity (increase or decrease in 1 year)	203,237	188,667
Rate of increase in salaries (increase or decrease by 0.1%)	196,202	195,425
Rate of increase in pensions (increase or decrease by 0.1%)	198,885	192,794
Rate for discounting scheme liabilities (increase or decrease by 0.1%)	192,410	199,278

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 2020 is £1.964m.

The weighted average duration of the defined benefit obligation for scheme members is 18 years, 2018/19 (18 years 2017/2018).

Projected Pension Expense for the Year to 31 March 2020

Projection for Year to 31 March 2020	£'000
Service cost	4,564
Net Interest on the defined liability (asset)	1,702
Administration expenses	46
Total	6,312
Employer contributions	1,964

Note: These figures exclude the capitalised cost of any early retirements or augmentations which may occur after 31 March 2019.

These projections are based on the assumptions as at 31 March 2019, 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 2019 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.

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 2018, the Council had one such claim pending relating Leisure Services fees estimated at £405k.

The claim is 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
 - 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.

Note 44 cont....

The annual Treasury Management Strategy which incorporates the prudential indicators was approved by Council on 8 February 2018 and is available on the Council website. The key issues within the Strategy were:

- The Authorised Limit for 2018/19 was set at £132.556m. This is the maximum limit of external borrowings or other long term liabilities.
- The Operational Boundary was set at £127.556m. 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 and/or % Limit	Time Limit
Banks 1 higher quality	<i>F1+/A+</i>	£3m	2 year
Banks 1 medium quality	<i>F1/A</i>	£1m	6 months
Banks 2 – part nationalised	-	£1m	6 months
Limit 3 category – Council's banker (not meeting Banks 1)	-	£1m	1 day
Other institutions limit	-	£1m	6 months
DMADF	UK sovereign rating	unlimited	1 year
Local authorities	-	£4m	1 year
	Fund rating	Money and/or % Limit	Time Limit
Money market funds CNAV	AAA	£4m	liquid
Money market funds LVNAV	AAA	£4m	liquid
Money market funds VNAV	AAA	£4m	liquid

This Council uses the creditworthiness service provided by LINK 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:

Note 44 cont....

- 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 2017/18 was approved by Full Council on 8 February 2018 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 2019 that this was likely to crystallise.

The Council does not generally allow credit for its customers, such that £0.776m of the £2.862m balance is past its due date for payment at 31 March 2019 (£1.318m at 31 March 2017). The current outstanding amounts owed by customers can be analysed by age as follows:

31 March 2018 £'000	31 March 2019 £'000
1,311 Less than three months	2,208
536 Three to six months	157
353 Six months to one year	137
371 More than one year	360
2,571 Total	2,862

The historic experience of default is 31.7% and the maximum exposure to default is £0.907m.

Liquidity risk

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

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

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

31 March 2018 £'000	31 March 2019 £'000
11,600 Less than 1 year	16,270
0 Between 1 and 2 years	0
0 Between 2 and 3 years	0
0 More than 3 years	0
11,600 Total	16,270

Note 44 cont....

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 2018 £'000	Approved minimum limits	Approved maximum Limits £'000	Actual 31 March 2019 £'000
0 Less than 1 year	0%	25%	4,000
4,000 Between 1 and 2 years	0%	50% £51,432	0
9,000 Between 2 and 5 years	0%	50%	
		£51,432	9,000
15,000 Between 5 and 10 years	0%	50%	
		£51,432	15,000
74,863 More than 10 years	0%	100%	
		£102,863	74,863
102,863 Total			102,863

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).

Note 44 cont....

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 2019, 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	-164
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	-164
Decrease in fair value of fixed rate borrowings liabilities (no impact on the Surplus or Deficit on the Provision of Services or Other Comprehensive Income and Expenditure)	26,222

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

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 HRA Income and Expenditure statement below shows the economic cost in the year of providing housing services in accordance with generally accepted accounting practices, rather than the amount to be funded from rents and government grants.

The Council charges rents to cover expenditure in accordance with the legislative framework; this may be different from the accounting cost. The increase or decrease in the year, on the basis upon which rents are raised, is shown in the Movement on the Housing Revenue Account Statement.

2017/18 £'000	Income and Expenditure Statement	NOTE	2018/19 £'000	£'000
	Expenditure			
6,144	Repairs and maintenance		6,201	
4,790	Supervision and management		21,594	
2,026	Special Services		1,575	
249	Rents, rates, taxes and other charges		273	
5,092	Depreciation and impairment of non-current assets		11,272	
116	Debt management costs		110	
67	Movement in the allowance for bad debts		53	
437	HRA Services' share of Corporate and Democratic Core		416	
171	HRA share of other amounts included in the whole authority cost of services but not allocated to specific services		186	
19,092	Total Expenditure			41,680
	Income			
-25,692	Dwelling rents	L	-25,340	
-270	Non dwelling rents	M	-272	
-916	Charges for services and facilities		-1,261	
-26,878	Total Income			-26,873
-7,786	(-) Net income or expenditure for HRA Services as included in the Council's Comprehensive Income and Expenditure			14,807
	HRA share of the operating income and expenditure included in the Council's Comprehensive Income and Expenditure Statement:			
1,932	Gain or loss(-) on sale of HRA non-current assets		228	
3,784	Interest payable and similar charges	G	3,634	
-8	Interest and Investment Income		-11	
5	Pensions interest cost and expected return on pensions assets	K	247	
-1,062	Capital grants and contributions receivable		-1,131	
-3,135	(-) Surplus or deficit for the year on HRA services			17,774

Housing Revenue Account - cont....

Movement on the HRA Statement

The statement below takes the outturn on the HRA income and Expenditure Statement and reconciles it to the surplus or deficit for the year on the HRA Balance, calculated in accordance with the requirements of the Local Government and Housing Act 1989.

2017/18 £'000	Movement on the HRA Statement	2018/19 £'000	£'000
-1,553	Balance on the HRA at the end of the previous year		-1,669
-3,135	(-) Surplus or deficit for the year on the HRA Income and Expenditure Statement	17,774	
-3,019	Adjustments between accounting basis and funding basis under statute (<i>see table below for details</i>)	-18,388	
-116	Net (-) increase or decrease before transfer to/from Earmarked Reserves	-614	
	Transfers to or (from) earmarked reserves	0	
-116	Net (-) increase or decrease in HRA Balances		-614
-1,669	Balance on the HRA at the end of the current year		-2,283

The table below provides a breakdown of the adjustments between accounting basis and funding basis under statute:

2017/18 £'000	HRA Adjustments between Accounting basis and Funding basis under Statute	NOTE	2018/19 £'000	£'000
	Reversal of Items debited or credited to the Comprehensive Income and Expenditure Statement:			
-5,092	Charges for depreciation and impairment of non-current assets		-11,272	
577	Capital grants and contributions applied		1,085	
0	Revenue Expenditure Funded from Capital under Statute		0	
486	Capital grants and contributions unapplied credited to the CIES		46	
-1,869	Gain(-)/Loss on Sale of HRA Non Current Assets		-171	
			-10,312	
	Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement:			
0	Amortisation of Premiums and Discounts		0	
-62	Capital expenditure charged against the HRA		-59	
-17	Reversal of items relating to retirement benefits debited or credited to the CIES		-16,870	
726	Employers contribution payable to NCC pension fund and retirement benefits payable direct to pensioners		406	
8,270	Transfer to Major Repairs Reserve	D	8,447	
			-8,076	
3,019	Net additional amount required by statute			-18,388

NOTES TO THE HOUSING REVENUE ACCOUNT

(A) A1 Housing (Bassetlaw) Ltd

A1 Housing (Bassetlaw) Ltd was incorporated on 16 September 2004 and commenced trading on 4 October 2004. The company's principal activity was the management and maintenance of the housing stock owned by the Council, which numbered 6,708 dwellings as at 31 March 2019 (6,753 as at 31 March 2018). 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.

From 1 October 2018 A1 Housing (Bassetlaw) Ltd ceased trading and the Council's landlord function was bought back in house to be managed by the Council.

Below is a summary of the income and expenditure incurred by A1 during the 6 months trading from April to September 2018.

- (i) Gross expenditure for the year to 31st March 2019 was £7.468m (£14.477m 31st March 2018)
- (ii) Gross income for the year to 31st March 2019 was £7.509m (£14.775m 31st March 2018)
- (iii) Total usable reserves as at 31st March 2019 was £0.750m (£0.714m 31st March 2018)

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

(B) Housing Stock

Total 2017/18 No.	Pre 1945 No.	1945 - 1964 No.	1965 - 1974 No.	1975 - 2013 No.	After 2013 No.	Total 2018/19 No.
<u>Traditional Houses and Bungalows</u>						
3,009 1 - 2 Bedrooms	248	986	504	1,228	32	2,998
1,640 3+ Bedrooms	609	663	138	161	44	1,615
<u>Non Traditional Houses and Bungalows</u>						
551 Houses and Bungalows	0	212	334			546
<u>Flats</u>						
970 Low Rise (1-2 storeys)	20	396	197	342	12	967
583 Medium Rise (3-5 storeys)	0	26	372	184	0	582
6,753 Total	877	2,283	1,545	1,915	88	6,708

Notes to the HRA Cont....

(C) Vacant Possession Value

The vacant possession value (Open Market Value) of Council dwellings as at 31 March 2019 is £679,144m (31 March 2018 was £666,844m). 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 depreciation charged to the HRA and any revenue contributions made towards capital from the HRA. 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. The table below shows the movement on the Major Repairs Reserve during the year:

2017/18 £'000		2018/19 £'000
4,398	Balance as at 1 April	817
5,740	Depreciation on HRA Assets	4,502
2,530	Revenue Contributions to MRR	3,945
-5,591	Repayment of HRA Debt	0
-6,260	Funding of HRA expenditure	-7,979
817	Balance as at 31 March	1,285

(E) HRA Capital Financing

2017/18 £'000		2018/19 £'000
	HRA Capital Expenditure Financed by :	
1,805	Borrowing	0
577	Grants and Contributions	1,122
859	Usable Capital Receipts	2,389
0	Revenue Contributions	0
6,260	Major Repairs Reserve	7,979
9,501	Total	11,490

Summary of Housing Capital Receipts from disposals of Land, Houses and other property

(F) within the HRA account (excludes Pooling Payment)

2017/18 £'000		2018/19 £'000
330	Land	296
2,405	Houses	2,304
0	Other	0
2,735	Total	2,600

Notes to the HRA cont...

(G) Depreciation And Capital Charges

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

2017/18 £'000	2018/19 £'000
5,268 Depreciation on Housing Revenue Account Dwellings	4,200
472 Depreciation on Housing Revenue Account other land and property	296
5,740 Total	4,496

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.

2017/18 £'000	2018/19 £'000
-3,784 Cost of Capital Accounting Adjustment	-3,634
0 Transfer to Major Repairs Reserve	0
-3,784 Total HRA Debt Financing Costs	-3,634

(H) Impairment

During 2018/19 £6.758m was charged to the Housing Revenue Account for impairment – this relates to expenditure incurred on Council dwellings which has not led to an increase in the value of the property. For example the work undertaken on Council dwellings to ensure the decent homes standards are met, such as new kitchens and bathrooms, improve the property but do not increase the value of the property, as such these costs have been impaired.

In previous years the Council has treated the works relating to dwelling improvements as components and subsequently depreciated these cost over the life of the asset. This method has been reviewed and in line with the CIPFA Code of Practice it has been agreed that such costs no longer meet with the criteria of the CODE ie assets are only componentised if they are a significant proportion of asset.

Impairment is charged directly to services within the net cost of HRA services. However, there is no impact on the HRA overall balances as this is a statutory accounting adjustment and is reversed out.

(I) Revenue Expenditure Funded From Capital Under Statute (REFCUS)

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

There was no REFCUS in 2018/19 (nil in 2017/18).

Notes to the HRA Cont...

(J) Charges for Services and Facilities

This includes charges for services provided by the Council in connection with the provision of property for occupancy and comprises of:

2017/18 £'000	SERVICES AND FACILITIES	2018/19 £'000
474	Charges for services and facilities	493
73	Contributions towards expenditure	186
28	Leaseholders' Charges	29
149	Other Charges	154
192	Reimbursement of Costs	399
916	Total Charges for Services and Facilities	1,261

(K) Pensions

The cost of retirement benefits is recognised in the reported cost of services when they are earned by employees, rather than when the benefits are eventually paid as pensions. Therefore the following transactions have been made in the Housing Revenue Account and the Housing Revenue Fund Balance via the Movement in Reserves Statement during the year.

2017/18 £'000	LOCAL GOVERNMENT PENSION SCHEME	2018/19 £'000
	Comprehensive Income and Expenditure Statement	
	Cost of Services:	
11	Current Service Cost	553
0	Past Service Cost	586
0	(Gain)/Loss from Settlements	15,480
0	Administration expenses	4
	Financing and Investment Income and Expenditure	
5	Net Interest Expense	247
16	Total Post-employment Benefit charged to the Surplus or Deficit on the Provision of Services	16,870
	Movement in HRA Reserves Statement	
-16	Reversal of net charges made to the Surplus or Deficit on the Provision	-16,870
	Actual amount Charged Against the HRA for pensions in the year:	
726	Employers contribution payable to the scheme	406

- (i) The transfer of the remaining members of A1 Housing Bassetlaw Ltd into the Council over the year realised the pension liabilities being settled at a cost different to the accounting reserve. The capitalised loss of the settlement is £15.480m, which has been recognised in the Housing Revenue Account transferred through the Statement of movement of Housing Revenue Account balance and consists of the value of assets transferred and the value of the defined benefit obligation transferred. This is a statutory accounting adjustment and as such has no impact on the Housing Revenue Account or the Taxpayer.

Notes to the HRA Cont....

- (ii) From 1 October 2018 the staff of A1 Housing (Bassetlaw) Ltd transferred to the Council and payments of £0.406m were made to the Pension Fund for the six months between October 2018 to March 2019, which are recognised in the Statement of movement of HRA balance. For the first six months of the year, April to September 2018 there was no lump sum payment as this ceased in 2017/18 but was included in the £0.726 actual amount charged against HRA in 2017/18.

(L) Dwellings Rents

This represents the total rent due from Council Tenants excluding any empty properties. The average weekly (52 week basis) rent per dwelling during 2018/19 was £72.86 (£73.43 in 2017/18)

Voids (empty properties) accounted for 0.56% of the total stock as at 31 March 2019 - 41 properties (0.61% at 31 March 2018 - 38 properties)

(M) Non-dwelling Rents

This represents rent received from the other HRA non-current assets which are not defined dwellings, such as shops and garages.

(N) Rent Arrears

The Rent Arrears outstanding at the 31 March 2019 are shown in the table below.

2017/18 £'000	2018/19 £'000
529 Rent Arrears	551
65 Court Cost	65
13 Non Rent Arrears	48
607 Total	664

2.01%	Outstanding debts as a proportion of gross rent due	2.12%
£0.075m	Debts written off during the year	£0.060m
£0.438m	Debtor impairment allowance for all debts	£0.442m

(O) 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.

(P) Exceptional Items Or Prior Year Adjustments

Please refer to Note H Impairment and Note K Pensions
There were no exceptional items in 2017/18.

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 authority (Bassetlaw District Council).

2017/18				2018/19			
Non-Domestic Rates £'000	Council Tax £'000	Total £'000	Income/Expenditure	Note	Non-Domestic Rates £'000	Council Tax £'000	Total £'000
INCOME							
0	-61,012	-61,012	Council Tax Receivable		0	-65,017	-65,017
0	0	0	Council Tax Annexe Discount Grant		0	0	0
-47,684	0	-47,684	Business Rates Receivable	A	-51,481	0	-51,481
Apportionment of Previous Year Deficit							
-1,592	0	-1,592	Central Government		-882	0	-882
-1,273	0	-1,273	Bassetlaw District Council		-705	0	-705
-287	0	-287	Nottinghamshire County Council		-159	0	-159
-32	0	-32	Nottinghamshire Fire and Rescue Authority		-18	0	-18
0	0	0	Nottinghamshire Police and Crime		0	0	0
-50,868	-61,012	-111,880	Total Income		-53,245	-65,017	-118,262
EXPENDITURE							
Apportionment of Previous Year Surplus							
0	0	0	Central Government		0	0	0
0	148	148	Bassetlaw District Council		0	0	0
0	1,005	1,005	Nottinghamshire County Council		0	0	0
0	57	57	Nottinghamshire Fire and Rescue Authority		0	0	0
0	140	140	Nottinghamshire Police and Crime Commissioner		0	0	0
Precepts, Demands and Shares							
21,068	0	21,068	Central Government		21,017	0	21,017
16,855	5,545	22,400	Bassetlaw District Council		16,814	5,767	22,581
3,792	45,854	49,646	Nottinghamshire County Council		3,783	48,590	52,373
421	2,554	2,975	Nottinghamshire Fire and Rescue Authority		420	2,653	3,073
0	6,221	6,221	Nottinghamshire Police and Crime Commissioner		0	6,689	6,689
Charges to the Collection Fund							
29	466	495	Write offs of uncollectable amounts		938	265	1,203
541	123	664	Increase /Decrease (-) in Bad Debt Provision		-451	330	-121
-5,022	0	-5,022	Increase /Decrease (-) in Provision for Appeals		1,345	0	1,345
168	0	168	Cost of Collection		167	0	167
550	0	550	Disregarded amounts		590	0	590
9,057	0	9,057	Transitional Protection Payment		6,725	0	6,725
47,459	62,113	109,572	Total Expenditure		51,348	64,294	115,642
Movements on the Collection Fund:							
3,409	-1,101	2,308	Surplus/Deficit (-) arising in year		1,897	723	2,620
-1,860	1,035	-825	Surplus/Deficit (-) b/fwd 1 April		1,549	-66	1,483
1,549	-66	1,483	Surplus/Deficit (-) c/fwd 31 March		3,446	657	4,103

NOTES TO THE COLLECTION FUND ACCOUNT

(A) National Non-Domestic Rates (NNDR)

The Council collects Business Rates for its area based on local rateable values provided by the Valuation Office Agency (VOA) multiplied by a uniform business rate set nationally by Central Government. Businesses pay an annual bill calculated by multiplying the rateable value of their premises by this annual rate; there are a number of reliefs available, for example to small businesses and charities.

	2017/18	2018/19
Total Rateable Value	£112.005m	£112.373m
Non Domestic Rating	47.9p	49.3p
Small Business Multiplier	46.6p	48.0p

April 2013 saw the introduction of the new Business Rates Retention scheme. The Council acts as an agent of the major precepting authorities and Central Government and collects their share of the non-domestic rates on their behalf.

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:-

2017/18 £'000	National Non-Domestic Rate Income	2018/19 £'000
46,291	Gross Amount Due	52,961
-1,393	Less Reliefs	-1,480
44,898	Net Amount Collectable	51,481

The estimated year-end surplus or deficit on the Collection Fund non-domestic rates is shared between the billing and precepting authorities. The calculation of the estimated surplus or deficit for the year has to be made on the 31 January each year. For 2018/19 a surplus of £4.478m was declared (deficit of £1.763m in 2017/18).

The balance at the 31 March 2019 is a surplus of £1.894m (surplus of £1.549m 2017/18) 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:

Cuml. Surplus at 31.03.18 £'000	Surplus in year £'000	Cuml. Surplus at 31.03.19 £'000
620 Bassetlaw District Council	757	1,377
774 Central Government	948	1,722
139 Nottinghamshire County Council	171	310
16 Nottinghamshire Fire and Rescue Authority	18	34
1,549 Balance at 31 March	1,894	3,443

(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	
		2017/18	2018/19	2017/18	2018/19
Band A-	5	0	0	76	76
Band A	6	26,625	26,726	15,700	15,698
Band B	7	7,670	7,730	5,479	5,513
Band C	8	6,215	6,272	5,107	5,147
Band D	9	5,987	6,041	5,617	5,667
Band E	11	3,043	3,085	3,525	3,570
Band F	13	1,458	1,481	2,004	2,041
Band G	15	675	675	1,069	1,061
Band H	18	56	57	84	83
Total		51,729	52,067	38,661	38,856
Deduction for non-collection, new build, demolition and other adjustments				-477	-451
Additional properties and adjustments during the year				-4,253	-4,173
Council Tax Base (Band D equivalent)				33,931	34,232

The Council set a Council Tax (excluding local precepts) at Band D of £1860.81 in 2018/19 compared to £1,774.16 in 2017/18. This is broken down as follows:

2017/18 £	Band D Council Tax	2018/19 £
163.48	Bassetlaw District Council	168.48
1,288.43	Nottinghamshire County Council	1,328.85
63.54	Nottinghamshire County Council Adult Social Care	90.58
183.42	Nottinghamshire Police and Crime Commissioner	195.39
75.29	Nottinghamshire Fire and Rescue Authority	77.51
1,774.16	Total Council Tax Income	1,860.81

The year-end surplus or deficit on the Collection Fund Council Tax is shared between the 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 2018/19 a surplus of £600k was declared (For 2017/18 no surplus or deficit was declared).

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The balance at the 31 March 2019, a surplus of £657k 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 (-) 2018 £'000	In Year Surplus/ Deficit (-) 2018/19 £'000	Cumulative Surplus/ Deficit (-) 2019 £'000
-7 Bassetlaw District Council	77	70
-49 Nottinghamshire County Council	541	492
-7 Nottinghamshire Police and Crime Commission	75	68
-3 Nottinghamshire Fire and Rescue Authority	30	27
-66 Balance at 31 March	723	657

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.

AMORTISATION

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

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 of another organisation.

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 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 the 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 a 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 a 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.

Annual Governance Statement 2018/19



Annual Governance Statement 2018/19

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 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 2017/18*” at its full Council meeting on 28th June 2018, 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.

(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. The stewardship and governance arrangements of key partnerships are reviewed annually by the Council Partnership Officer and managed through the Corporate Governance Working Group.
- 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 Council 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

- The Council has established clear principles on the types of issues they will meaningfully consult or engage with the public and service users on including a feedback mechanism for those consulted.
- The 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. Council 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 Monitoring Officer keeps the Constitution under constant review, 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 contract 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 practice 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 advise on the effectiveness of the governance framework and that the arrangements continue to be fit for purpose. The areas already addressed and those to be specifically addressed with new actions planned are outlined in section 4.3 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 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 Council 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 2016 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:

- 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 2018/19 concluded:

"For the 12 months ended 31 March 2019, 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. However, our work has identified further enhancements to the framework of risk management, governance and internal control to ensure that it remains adequate and effective".

❖ **Governance** – *To inform our governance opinion for 2018/19 we have taken into consideration the governance and oversight related elements of each of the reviews undertaken as part of the 2018/19 Internal Audit Plan. There is a sound governance framework in place and we have observed that the Audit & Risk Committee is effective in monitoring and challenging management and holding them to account.*

❖ **Risk Management** – *Our risk management opinion is informed by our observation of risk management systems and processes throughout the course of all audits within the Audit Plan. The Corporate Risk Register contains those risks which may impact achievement of the Council's strategic objectives, whereas the Service Risk Register documents risks identified at an operational level for each service area. The risks are discussed and reviewed quarterly by the Senior Leadership Team and a quarterly report is presented to Audit and Risk Scrutiny Committee.*

An audit of Risk Management was undertaken during 2018/19, which concluded that the Council can take reasonable assurance.

❖ **Internal Controls** - *We undertook 24 internal audit reviews in 2018/19 which resulted in an assurance opinion. There were 12 reviews (50%) from which the Council can take substantial assurance; 10 reviews (42%) from which the Council can take reasonable assurance; 2 reviews (8%) from which the Council can take partial assurance.*

During the year we raised a total of 138 management actions across assurance and follow up reviews. Of the 138 management actions raised: Three (2%) were "high" priority, 66 (48%) were "medium" priority and 69 (50%) were "low" priority actions.

We also undertook two advisory reviews (General Data Protection Regulation (GDPR) Governance and S80 Partnership) and four continuous assurance audits.

- The external auditor (KPMG)'s Value for Money Conclusion for 2017/18 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. We are satisfied that, in all significant respects the Council had made proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year end 31 March 2018"

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.

Significant Governance Issues

4.3 During the 2018/19 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
Council's Constitution	The Officers Scheme of Delegation has been reviewed and the rest of the Constitution will be reviewed, updated and presented to Audi Committee in 2019/20
GDPR	<p>As GDPR is an EU initiative, we may need to review the current processes post Brexit. However, at the moment, we are ensuring compliance with EU regulations (e.g. current cloud services are provided inside of the EU), remaining mindful that there may be a shift back to UK Data Protection regulations.</p> <p>The Information Services Manager will be conducting one-to-one sessions with all Data Protection Reps to ensure that there is a consistent approach to data protection across the authority.</p>
Payroll / H.R.	The Payroll and H.R. data is stored on i.Trent which is a Cloud based system. It has been raised that an Independent external validation of the safeguarding of the Council's data held on the system is required. This has been addressed and assurances are now in place and updated annually.
Tree Management	<p>An independent inspection took place in 2017/18 covering 41 priority sites, which identified work was needed on nearly 600 trees, with a number being categorised as "high risk".</p> <p>Concerns have been raised that priority is not being actioned in a timely manner to those trees inspected and categorised as a 'High Risk', Subsequently an accident or damage is more likely to occur.</p> <p>A Tree Safety Management Plan is in place and work is ongoing to ensure that any 'High Risk' priority work is actioned within 30 days.</p>

Fire safety	<p>As a result of the Grenfell Tower fire disaster and consequently new legislative changes, a number of potential fire safety threats to the Council's Housing Stock have recently been identified and will require remediation works to be undertaken.</p> <p>An independent Fire Safety Officer has been appointed to provide advice on potential risks and possible solutions.</p> <p>A senior team of BDC staff are to meet regularly to review advice from the Fire Safety Office and are actively engaging with the LGA working group reviewing fire safety in social housing and seeking advice from other partners including procurement agencies to ensure that all works are undertaken in a safe and effective manner.</p> <p>Where remediation works are identified they will be prioritised and commissioned as swiftly as possible in line with expert advice.</p>
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5. Conclusion

5.1 The Council is satisfied that appropriate governance arrangements are in place

5.2 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.

Signed:
Neil Taylor
Chief Executive
Date :

Signed:
Cllr.
Chair of ARSC
Date:

The Annual Governance Statement will be approved alongside the audited accounts in July 2019. At that time it will be signed by the Chair of the Audit and Risk Scrutiny Committee and the Chief Executive. In this pre-audit Statement of Accounts the AGS is unsigned.

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