

Unaudited Statement of Accounts 2019/20



Bassetlaw
DISTRICT COUNCIL
— North Nottinghamshire —



Statement of Accounts Contents

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Investing in Bassetlaw

This Council Plan will run until 2023 and will focus on the three key themes of:



Investing in Place



Investing in Housing



Investing in Communities

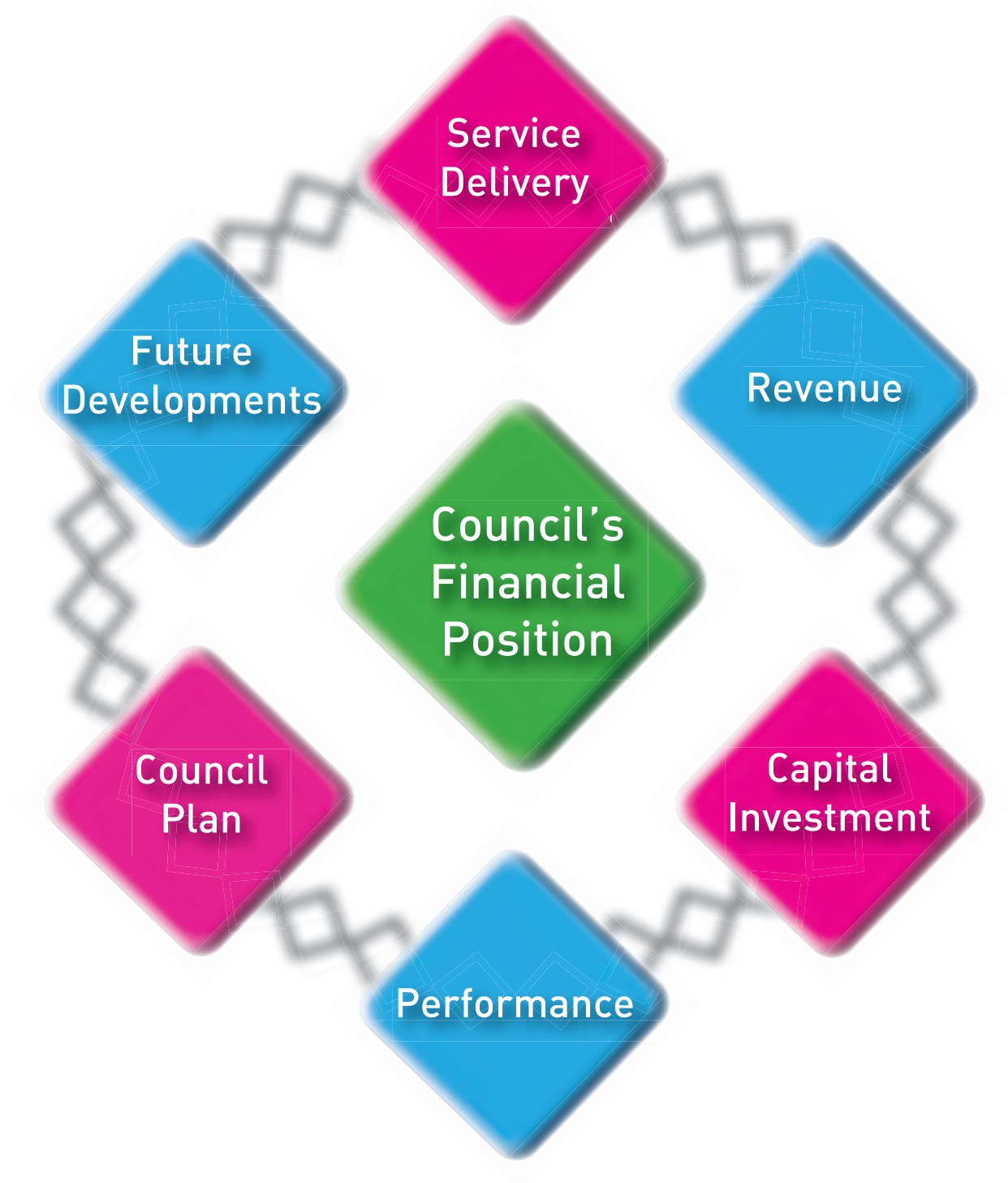
Narrative Report

FINANCIAL SUMMARY REPORT 2019/20

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1. Introduction



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

2. Councillor Preface



2019/20 has proved to be another successful year for Bassetlaw District Council, in terms of financial management.

Steps taken to safeguard financial resilience have been key to financial success; a robust approach to budget control by regular monitoring and scrutiny is applied across every Council department, and this is understood and appreciated by both Officers and Members.

Underpinning this success has been the implementation of a strategic approach to both borrowing and investment.

During 2019/20 Bassetlaw District Council maintained an under-borrowed position as part of a prudent strategy intended to reduce borrowing costs; similarly, an investment strategy requiring close monitoring of interest rates and minimising exposure to risk proved to be of benefit.

There is no denying that Bassetlaw is an ambitious and achieving Council, as can be seen in the Council Plan. This means that although quality services have continued to be delivered to our residents, Council recognised that in order to meet the needs of a growing population, new developments are required that will enhance the quality of life in Bassetlaw for local people. The Council plans for growth of both services and new facilities presents financial challenges that demand a rigorous approach to forward planning, funding, and financial controls.

Importantly, recognition of the need to move away from the traditional grant-funded system to self-funding initiatives has led to our developing a commercial approach, such as the S80 Partnership and the Bersahill partnership with a housing developer – both are examples of Bassetlaw District Council's vision and new approach towards financial sustainability. A further development is inward investment in order to meet the Green Agenda.

Bassetlaw District Council is fortunate in having a high level of expertise within its Finance Team and has demonstrated it is able to meet a changing and challenging agenda. Thanks to sound financial judgement and astute decisions, this is a Council that has proved it is also robust when dealing with and responding to an unexpected financial pressure, be it a flood or a pandemic.

I consider myself fortunate to be part of Bassetlaw District Council's Finance Team.

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 116,800 (ONS Mid year estimate 2018). Nearly 67% of Bassetlaw's residents live in it's three largest towns, Worksop, Retford and Harworth & Bircotes; 15% live in larger rural settlements and 18% live in the rural areas.



- Investing in Place
- Investing in Housing
- Investing in Communities

*NOMIS = Official Labour Market Statistics
BDLP20 = Bassetlaw Draft Local Plan 2020
ONS = Office for National Statistics

4. Introduction by S151 Officer



I am pleased to introduce our Financial Accounts for 2019/20. They represent the financial results of the delivery of the final 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 2019/20 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 2019/20 are set out to help you navigate through what is at times quite a 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 2019/20 was available for inspection from 15th June 2020 to 24th July 2020. The formal audit of our accounts commenced on 22nd June 2020.

David Hill

Head of Finance and Property (S151 Officer)
Bassetlaw District Council

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 Corporate Service, Cllr Kevin Dukes
- Cabinet Member for Health and Wellbeing, 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
- Craig Taylor, Head of Neighbourhoods
- Alison Craig, Head of Housing.

4.1 The Council Plan

The Council Plan sets out our priorities for the years 2019 – 2023.

As a Council we want to:

- Improve the quality of our housing and build more new Council houses for rent.
- See investment in Bassetlaw as a place, with vibrant town centres, improved green spaces and a robust Industrial Strategy to deliver more jobs and economic growth.
- To see investment in our communities, with a focus on improving health and wellbeing, raising skills levels and supporting our most vulnerable residents.

We also have a responsibility to future generations of Bassetlaw residents so we will be reducing our carbon footprint whilst developing a long-term strategy to become carbon neutral in our operations.

This Council Plan will run until 2023 and will focus on the three key themes of:

- Investing in Place
- Investing in Housing
- Investing in Communities

You can find out more about these themes, our priorities and some of our achievements on the following pages.

Investing in Place

Our Priorities

1. Maximise Bassetlaw's local offer for the 400th Anniversary of the Mayflower Pilgrims' sailing to America.
2. Produce a Local Industrial Strategy for Bassetlaw, which will not only map out what we want to achieve but also support Bassetlaw's future bids for external funding.
3. Introduce a car parking strategy for our towns to maximise asset usage and support our local economies.
4. Work with owners of the two coal fired power station sites to maximise their potential and create positive local opportunities.*
5. Work proactively with partners and landowners in agreeing an approach to redeveloping large-scale sites.
6. Provide continued support to our local high streets.
7. Develop a land and property database to improve the Council's asset management to generate more local income.
8. Develop a business plan for a local investment company which using the Council's balance sheet assets would enable the Council to intervene on stalled development sites whilst also generating a financial return.
9. Deliver on the masterplan for the Canch – including developing new physical activity facilities and new public toilets. There will also be a plan for Langold Country Park.
10. Encourage local tree planting by developing a long-term strategy on trees and their maintenance. Through the use of the planning system and by encouraging others to plant more trees in the district, we will seek to rejuvenate the Sherwood Forest area.

*This will take longer than the life of this plan as the estimated decommissioning process for the Power Stations is five years from the point of closure.



Investing in Housing

Our Priorities

1. Review the Council's housing estates and assets, including identifying any areas of deprivation and develop a plan to improve the physical appearance and image of those areas.
2. Improve the quality and performance of Bassetlaw's housing stock, by regularly inspecting them to ensure that they are maintained to the highest possible standards and therefore help reduce tenants' energy bills.
3. Agree appropriate and targeted interventions and investments to tackle the issues identified from these reviews and inspections, particularly in areas of need.
4. Be pro-active in how we manage our neighbourhoods and support our tenants through community engagement, community safety initiatives, regulation and enforcement. The Council will also review its housing allocations policy to take account of homeless prevention and to enable our properties to be let effectively.
5. Increase the supply and quality of new homes. We will seek to deliver our new housing requirement of around 400 new homes per year and will maximise all available S106 opportunities for new affordable housing.
6. Deliver further value for money for our tenants by carrying out a review of the condition of the housing stock, developing a new 30 year Housing Revenue Account Business Plan, bringing contract work in-house, where appropriate, and implementing fairer charging and the Rent Standard for Social Housing providers to assist households in receipt of Universal Credit.
7. To enable as many people as possible to live independently in their homes through the use of Better Care Funding to deliver disabled facilities adaptations and other initiatives.
8. Ensure that our housing stock is safe and compliant in respect of gas safety, electric safety, asbestos management, fire management and legionella.
9. Increase year on year the SAP Rating* of our stock (currently 70.5) and support the private sector in taking up energy grants e.g. warm homes on prescription over the term of the plan to combat local fuel poverty.
10. To deliver in excess of 100 houses for sale by 2024 through the Council's commercial partnership with Bersahill.

* The Standard Assessment Procedure is the methodology used by the Government to assess and compare the energy and environmental performance of dwellings.

Investing in Communities

Our Priorities

1. Raise the skills level and employability of people within the district by establishing a Skills Board and encouraging local businesses to take on more apprenticeships.
2. To work collaboratively with Partners to reduce health inequalities across the district, and to improve general levels of health and wellbeing by encouraging healthy and active lifestyles and prioritising early preventative interventions in relation to the wider determinants of health.
3. Local Labour Agreements – the Council will ensure developers deliver a local labour agreement on future major developments to create training and employment opportunities during the term of the development
4. Support rural communities through our outreach network, examine further digital service improvements and support the work of local parish councils.
5. Support local drug treatment engagement programmes to reduce dependency and turn peoples' lives around.
6. Increase the year on year number of homelessness preventions and a year on year decrease in the number of rough sleepers, over the term of the plan.
7. Work with the Department for Work & Pensions, Citizens Advice, Nottinghamshire County Council and local foodbanks to support local people in need.
8. Engage with local residents through “Bassetlaw Conversations” at community events, local town improvement plans, the work of the Worksop Town Commission, and the Bassetlaw Tenants' Panel.
9. Recruit, develop and retain local talent where the Council can in a competitive labour market. Bassetlaw has a significant apprentice scheme with 11 local participants and advertises all positions in our communities, as local people provide the backbone of the services we provide. We will also develop our staff via our policies and training commitments. Promote apprenticeship opportunities to existing staff and offer new apprenticeship positions externally, with the aim of achieving five new apprenticeships each year.
10. Become recognised as a leader in environmental good practice both in how the Council conducts its operations, and how we assist and enable our residents and businesses to play their role too. Bassetlaw will develop a green plan to support this aspiration covering fuel poverty, insulation, green vehicle fleet and fuel efficiency, climate change, recycling and refuse, built environment (planning), water consumption, nature conservation and open spaces.



Investing in Place **We delivered...**

- **Local Industrial Strategy Priority**

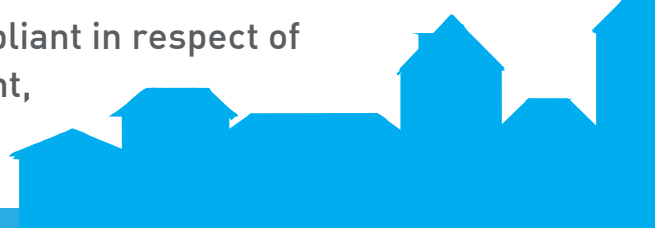
The evidence base had been completed and the key strategic priorities identified following consultation with businesses, elected members and wider partnerships

-
- Canch Masterplan progressing with a new toilet/kiosk building securing planning permission
-
- Public consultation report produced in December 2019 for Langold Country Park Masterplan



Investing in Housing **We delivered...**

- Submitted plans to build 120 new Council Houses in Manton, Worksop to increase the supply and quality of new homes
-
- Implemented the National Rent Standard from April 2020 to deliver value for money for our tenants
-
- Priory Court, Worksop, Independent Living Centre for over 60's opened March 2020
-
- Three Money Advisors supporting on average 320 people per quarter
-
- Ensured that our housing stock is safe and compliant in respect of gas safety, electric safety, asbestos management, fire management and legionella.



Investing in Communities **We delivered...**

- Working with partners to support over 70 clients in the Steppingstones local drug treatment engagement programme to reduce dependency and turn peoples' lives around



4.2 Financial Performance and Management - 2019/20

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 27% of the Council's net budget for the 2019/20 financial year.

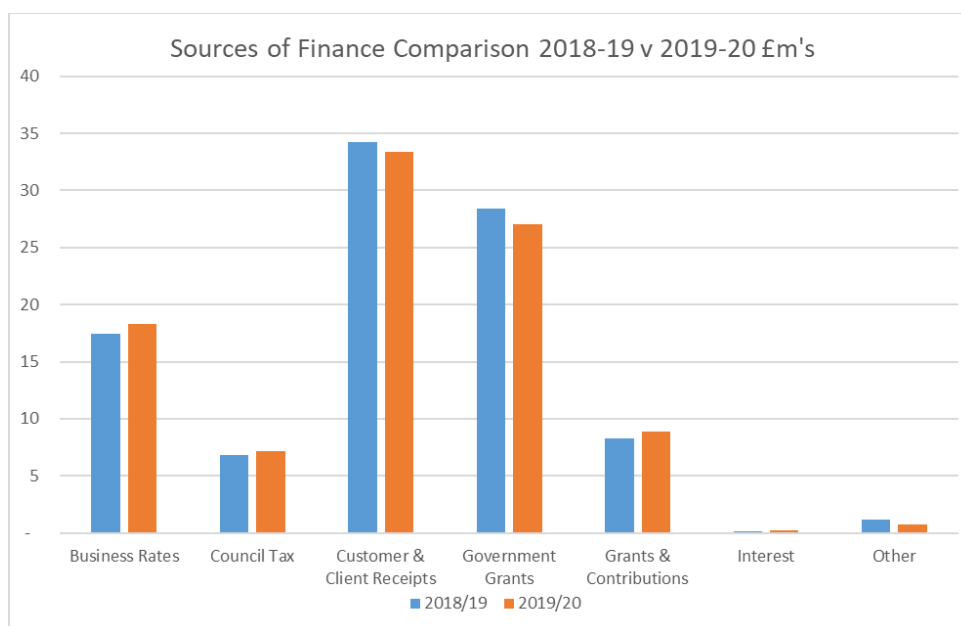
The process is ongoing and will last until at least 2020-21 and the Council will continue to monitor the situation nationally in order to understand the financial challenges it will face going forward.

In October 2016, the Council published an efficiency strategy which it was required to do so in order to seek clarity on future grant settlements from Central Government.

(<http://data.bassetlaw.gov.uk/media/609774/Efficiency-strategy.pdf>) 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.



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 2019/20 financial year on 14 February 2019.

This shows a total budget of £16.211m of which £15.519m was to deliver its core services.

The increase in budget for net cost of services amounted to £0.069m. Within this modest amount there were increases for payroll inflation and increases to service expenditure. These were off-set in part by increased fees and charges income and efficiency savings from renewed contracts and the return of Housing services to the Council.

The financial standing of the Council is very robust, with sound and improving financial management and practices. The outturn position for the Council is £16.879m, which compared to the budget (shown in the table below) is an underspend of £1.202m.

Service Analysis Budget vs Actual 2019/20

	£m's	£'m	£'m	£'m
	INITIAL BUDGET	REVISED BUDGET	ACTUALS	VARIANCE
Human Resources	0.175	0.239	0.249	0.010
Chief Executive	0.436	0.502	0.468	(0.034)
Corporate Services	2.531	2.963	2.859	(0.104)
Finance & Property Services	2.724	2.163	1.466	(0.697)
Neighbourhoods	6.577	7.171	6.824	(0.347)
Regeneration	2.726	5.029	4.923	(0.106)
Housing GF	0.350	0.014	0.090	0.076
Net Cost of Services	15.519	18.081	16.879	(1.202)

	£'m
	VARIANCE
Overachieved income	(0.134)
Employee savings	(0.374)
External Consultants & Private Contractors	0.059
Housing Benefit Rent Rebates	0.051
Local Plan	0.055
In year provisions	0.112
Housing Trading Account	0.176
A1 Balance transfers	(0.750)
Leisure Management Trust	(0.070)
VAT Refund (net of costs)	(0.319)
Other minor variances	(0.008)
Net Cost of Services	(1.202)

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.

The budget that was approved by Council on 31 January 2019 included a contribution from reserves of £0.135m. This can be seen at <https://data.bassetlaw.gov.uk/media/6566/councilagenda31jan19.pdf>

During 2019/20 the HRA reported an operating surplus of £0.749m. The surplus of (£0.749m) represents a saving of (0.884m) compared to this budget

This is mainly due the following savings:

(£0.540m) saving on employee vacancies
(£0.281m) saving on unused contingency
(£0.084m) saving on bad debt charges
(£0.450m) saving due to the volume of void properties
(£0.075m) saving on the doors and windows programme
£0.355m lower income than expected from recharges to capital
£0.164m higher than expected recharges from the General Fund
£0.027m various other minor variances

Overall the total income has virtually remained the same this year, with a decrease of just £0.07%. There are two material, but compensating variances to consider. Dwelling rents have fallen by £0.361m mainly as a result of the decision from Central Government to reduce rent value by 1% per annum (this is the final year of reductions). However, this reduction is off-set by higher recharges to capital of £0.394m this year compared to last (i.e. £0.507m in 2019/20 compared to £0.293m in 2018/19).

Further information relating to the Housing Revenue Account can be found within the Supplementary Financial 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 £3.927m. This has been appropriated into the following reserves:

Reserve	Balance at 31st March 2019	Increase in year	Balance at 31st March 2020
General Fund	£3.079m	£0.490m	£3.569m
General Fund Ear Marked reserves	£6.484m	£2.612m	£9.096m
HRA	£2.283m	£0.825m	£3.108m

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 2019/20 the Council spent £16.1m on Capital works.

The key projects were:

PRIORY COURT – The completion of this state of the art facility which comprises of 52 sheltered and extra care 1-2 bedroom flats. Total spend in 2019/20 £3.4m (2018/19 £4.5m)

HOUSING PROJECTS - £8m was spent during 2019/20 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 - £984k - 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.

PRIORY COURT



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 186 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:

	31-Mar-19	31-Mar-20
Balance of the provision for Business rates appeals	2.072m	1.647m
Amount of provision used in year based on successful appeals	0.202m	0.421m

Assets

Property Plant and Equipment (PPE)

The value of the Council's PPE at 31 March 2020 is £349.6m, an increase of £5m compared to the previous year end. This is mainly due to Revaluation adjustments.

Cash Flow

The Council's cash position at 31 March 2020 is £12.8m this is a reduction of £3m compared to the previous year's balance. This is due to a reduction in the amount held at the year-end in Money Market Funds.

4.3 General Fund Revenue - 2020/21 and Beyond

Budget Pressures

Service pressures, such as demographic 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 £11.4m and forecasts a budget shortfall of £0.839m over the next 5 years as follows:

Financial Year	Budget Pressure £m	
2020/21	nil	
2021/22	1.171m	shortfall
2022/23	0.067m	surplus
2023/24	0.018m	surplus
2024/25	0.247m	surplus
Total:	0.839m	shortfall

The current Medium Term Financial Plan, which covers the years detailed above, was approved by Cabinet on 13th January 2020

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

Corporate Risk

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. The table below provides a summary of the key risks identified as Corporate Risks along with mitigating actions:

RISK	SUMMARY	MITIGATION
Welfare reforms creates significant negative community impact	<p>Planned welfare reform with the introduction of universal credits and unique Local Council Tax Reduction Scheme coupled with financial reductions. This may cause local hardship and increase tax arrears.</p> <p>Due to COVID-19 implications which are ongoing and the impact is not yet fully known the risk level has been increased with the value envisaged up to £1m.</p>	<p>As from 1 April 2020 a new Council Tax Reduction scheme has been agreed and implemented, this is an income-banded model, which mitigates the impact in admin costs and re-assessments affecting collection when claimants move to Universal Credit.</p> <p>A working group has been set up between BDC and DWP employees to discuss Welfare Reform Issues.</p> <p>The Council's has a dedicated team of money advisors who are assisting with the increase in hardship cases due to COVID-19, which will continue to be monitored.</p>
Data Loss and Cyber Security	<p>There is a significant amount of sensitive data both manual and IT related held across the Council. There are challenges over security, storage and retention of records.</p> <p>The risk value is adverse reputation.</p> <p>COVID19 has led to the majority of staff working from home which requires a review of potential / new risks and is currently being assessed.</p>	<p>An extensive overhaul is being prepared to review how the Council manages and monitors Data Loss and Privacy. With specific reference to General Data Protection Regulations (GDPR).</p> <p>A Data Protection Officer has been appointed to assist.</p> <p>Enhancements to the Office 365 operating system will also be put in place.</p>
Long Term Financial Integrity of the Council	<p>The uncertainty surrounding the future of Local Government Finance and the implementation plans of the business rates retention scheme by Central Government continues to give uncertainty on the future funding available to the Council.</p> <p>The MTFP identifies a £1.2m savings target to be addressed within the next 4 years.</p>	<p>Medium Term Financial Plan in place and regularly reviewed.</p> <p>Treasury Management Strategy and Cash Flow forecasting are in place. Officers balance each year's budget 12 months in advance.</p> <p>A Transformation Board has been established to determine potential areas for savings and to address the shortfalls.</p>

RISK	SUMMARY	MITIGATION
	<p>Due to the Coronavirus Pandemic the Fair Funding Review and the 75% Rates Retention schemes have both been put back a further year.</p> <p>Also, due to COVID19, loss of income is being monitored on a daily basis along with Council Tax and NDR collection rates.</p>	<p>Currently, the Council is confident that it is doing everything it can to monitor and mitigate financial risks, but this is continuously being monitored and data collected.</p>
Failure to properly risk assess practices and take appropriate action	<p>The Council is required under Health & Safety legislation to ensure that risk assessments are undertaken in all of its service areas.</p>	<p>The Safety & Resilience Manager monitors all outstanding risk assessment reviews and safety actions.</p> <p>IOSH - Managing Safely training courses are being run Service Managers.</p> <p>An electronic employee protection register is being developed to ensure the safety of officers, whilst complying with the new data protection regulations.</p> <p>The SHE system has been updated with generic risk assessments to show how COVID19 impacts on each service area and the control measures required to overcome and deal with those risks.</p>
Failure to properly risk assess the Council's Tangible Assets	<p>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.</p>	<p>A contractor has been appointed to undertake a review of all the Council's assets – once this has been finalised a project group will review and identify any compliance gaps and formulate a plan to address any weaknesses.</p> <p>Actions have been take to identify where there are opportunities to dispose of non-performing assets and where improvements to certain buildings can be made.</p>
Tree Management	<p>All councils have statutory and legal responsibilities to provide areas of land for open space facilities. These range from play parks to cemeteries, all with very different needs in the way the Council maintains and inspects in order to minimise the risks that are present at these locations. Trees due to their natural growth patterns are susceptible</p>	<p>A Working Group for the management of trees across the whole District (including those under the control of estates and Housing Services) has now been established with participants chosen to ensure that all areas are covered. The aim of the group is to assess and prioritise all of the trees that the Council has</p>

RISK	SUMMARY	MITIGATION
	to disease and damage from either natural or deliberate causes which will always demand a human resource to monitor and inspect these periodically.	responsibility for with a view towards reducing the overall risk to the public and ensuring subsequent works are also prioritised according to risk. A tree management plan is now in place for parks covering the high risk areas and that tree mapping software system has been introduced. Further work is required to include all tree assets within Housing and Estates service areas.
GDPR	GDPR is more extensive in scope and application than the current Data Protection Act (DPA). The Regulation extends the data rights of individuals, and requires organisations to develop clear policies and procedures to protect personal data, and adopt appropriate technical and organisational measures. General Data Protection Policy. Potential significant impact on current practices and policies.	An online mandatory GDPR training course, has been provided for all staff. Data Protection Representatives have been nominated by each service and training is underway Due to COVID 19 the majority of staff are working from home, the risks associated with this are currently being reviewed and assessed. Due to the nature of the subject, there will always be the potential for risk with one small error potentially having a major impact on the Council.
Health and Safety Compliance in Council Housing Stock and other owned premises	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. A serious and potentially life threatening incident in a tenant's home or other Council premise as a result of a failure to implement legislative and regulatory requirements.	Housing Services have implemented a new suite of Compliance Policies and Procedures for the 6 major compliance areas. A Contractor has been appointed to undertake the Fire Risk Assessments for both the Housing and Corporate Stock. A Fire Management Group has been set up and Terms of Reference have been agreed.

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 2020. 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 2019/20, 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 Key Financial 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

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 FOR THE STATEMENT OF ACCOUNTS

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.
-

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 2019/20 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 2020 and its income and expenditure for the year then ended.



.....
David Hill, CPFA

Head of Finance & Property Services - Section 151 Officer

Dated: 12 June 2020

The Expenditure & Funding Analysis and The Core Financial Statements



EXPENDITURE AND FUNDING ANALYSIS

2018/19				2019/20		
Net Expenditure Chargeable to the General Fund and HRA Balances £'000	Adjustments (See Note 7) £'000	Net Expenditure in the CIES £'000		Net Expenditure Chargeable to the General Fund and HRA Balances £'000	Adjustments (See Note 7) £'000	Net Expenditure in the CIES £'000
493	28	521	Chief Executive	423	45	468
2,347	261	2,608	Corporate Services	2,530	329	2,859
962	2,101	3,063	Finance & Property Services	827	639	1,466
399	-323	76	Housing Services	320	-230	90
207	21	228	Human Resources	215	34	249
5,350	1,615	6,965	Neighbourhood Services	5,238	1,586	6,824
1,484	578	2,062	Regeneration Services	1,465	3,458	4,923
-3,580	19,441	15,861	Housing Revenue Account	-12,161	11,993	-168
7,662	23,722	31,384	Net Cost of Services	-1,143	17,854	16,711
-8,722	-3,677	-12,398	Other Income and Expenditure	-2,784	-10,213	-12,997
-1,060	20,045	18,986	Surplus (-) or Deficit	-3,927	7,641	3,714
General Fund & Earmarked Reserve £'000	HRA & Earmarked Reserve £'000	Total £'000		General Fund & Earmarked Reserve £'000	HRA & Earmarked Reserve £'000	Total £'000
9,117	1,669	10,786	Opening Balance	9,563	2,283	11,846
446	614	1,060	Surplus or (-) Deficit in year	3,102	825	3,927
9,563	2,283	11,846	Closing Balance at 31 March	12,665	3,108	15,773
3,079	2,283	5,362	<u>Split by Reserve:</u> Working Reserve	3,569	3,108	6,677
6,484	0	6,484	Earmarked Reserve	9,096	0	9,096
9,563	2,283	11,846	Closing Balance at 31 March	12,665	3,108	15,773

COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT

2018/19					2019/20		
Gross Expenditure	Gross Income	Net Expenditure		Note	Gross Expenditure	Gross Income	Net Expenditure
£'000	£'000	£'000	Service Area		£'000	£'000	£'000
630	-109	521	Chief Executive		602	-134	468
4,268	-1,660	2,608	Corporate Services		4,647	-1,788	2,859
30,999	-27,936	3,063	Finance & Property Services		27,901	-26,435	1,466
1,696	-1,620	76	Housing Services		1,687	-1,597	90
468	-240	228	Human Resources		499	-250	249
9,741	-2,776	6,965	Neighbourhood Services		10,064	-3,240	6,824
4,352	-2,290	2,062	Regeneration Services		7,376	-2,453	4,923
42,733	-26,872	15,861	Housing Revenue Account		26,685	-26,853	-168
94,887	-63,503	31,384	Cost of Services		79,461	-62,750	16,711
4,987	-2,632	2,355	Other Operating Expenditure	11	5,626	-3,105	2,521
6,007	-145	5,862	Financing and Investment Income and Expenditure	12	6,039	-189	5,850
14,645	-35,260	-20,615	Taxation and Non-Specific Grant Income and Expenditure	13	15,548	-36,916	-21,368
120,526	-101,540	18,986	Surplus (-) or Deficit on Provision of Services		106,673	-102,959	3,714
			Items that will not be reclassified to the Surplus (-) or Deficit on the Provision of Services:				
		-9,099	Surplus(-) or Deficit on Revaluation of Non Current Assets	26			-8,944
		-7,257	Re-measurements of the Net Defined Benefit Liability (Asset)	39b			-10,067
		-16,356	Other Comprehensive Income and Expenditure				-19,011
		2,630	Total Comprehensive Income and Expenditure				-15,297

The accompanying notes form part of these financial statements

MOVEMENT IN RESERVES STATEMENT

CURRENT YEAR

2019/2020	General Fund Balance £'000	Earmarked General Fund Reserves £'000	Housing Revenue Account £'000	Capital Receipts Reserve £'000	Major Repairs Reserve £'000	Capital Grants Unapplied £'000	Total Usable Reserves £'000	Unusable Reserves £'000	Council's Total Reserves £'000
Balance at 31 March 2019 bought forward	3,079	6,484	2,283	3,482	1,285	9,275	25,888	156,350	182,238
Movement in Reserves during 2019/20									
Total Comprehensive Income and Expenditure	-1,993	0	-1,720	0	0	0	-3,713	19,011	15,298
Adjustment between accounting basis & funding basis under regulations (Note 9)	5,095	0	2,545	581	2,647	1,503	12,371	-12,371	0
Net Increase/Decrease(-) before Transfers to Earmarked Reserves	3,102	0	825	581	2,647	1,503	8,658	6,640	15,298
Transfers to/from(-) Earmarked Reserves (Note 10)	-2,612	2,612	0	0	0	0	0	0	0
Increase/Decrease(-) in 2019/20	490	2,612	825	581	2,647	1,503	8,658	6,640	15,298
Balance at 31 March 2020 carried forward	3,569	9,096	3,108	4,063	3,932	10,778	34,546	162,990	197,536

COMPARATIVE YEAR

2018/2019	General Fund Balance £'000	Earmarked General Fund Reserves £'000	Housing Revenue Account £'000	Capital Receipts Reserve £'000	Major Repairs Reserve £'000	Capital Grants Unapplied £'000	Total Usable Reserves £'000	Unusable Reserves £'000	Council's Total Reserves £'000
Balance at 31 March 2018	2,504	6,613	1,669	3,789	817	6,169	21,561	163,306	184,867
Movement in Reserves during 2018/19									
Total Comprehensive Income and Expenditure	-158	0	-18,827	0	0	0	-18,985	16,356	-2,629
Adjustment between accounting basis & funding basis under regulations (Note 9)	604	0	19,441	-307	468	3,106	23,312	-23,312	0
Net Increase/Decrease (-) before Transfers to Earmarked Reserves	446	0	614	-307	468	3,106	4,327	-6,956	-2,629
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	-6,956	-2,629
Balance at 31 March 2019 carried forward	3,079	6,484	2,283	3,482	1,285	9,275	25,888	156,350	182,238

The accompanying notes form part of these financial statements

BALANCE SHEET

31 March 2019 £'000		Notes	31 March 2020 £'000
344,674	Property, Plant & Equipment	14	349,665
314	Heritage Assets	15	314
18	Intangible Assets	17	15
70	Long Term Investments	18	110
15	Long Term Debtors	20	15
345,091	LONG TERM ASSETS		350,119
0	Short Term Investments	18	0
3,473	Assets Held For Sale	22	3,089
165	Inventories	19	175
12,175	Short Term Debtors	20	17,407
15,875	Cash and Cash Equivalents	21	12,853
31,688	CURRENT ASSETS		33,524
-5,470	Short Term Borrowings	18	-558
-11,808	Short Term Creditors	23	-13,238
-1,590	Provisions Short Term	24	-1,256
-33	Grants Receipts in Advance - Revenue	33	-118
-18,901	CURRENT LIABILITIES		-15,170
-1,436	Long Term Creditors	23	-2,268
-749	Provisions Long Term	24	-873
-99,400	Long Term Borrowing	18	-99,400
-74,056	Pensions Liability	39	-68,346
-175,641	LONG TERM LIABILITIES		-170,887
182,237	NET ASSETS		197,586
25,888	Usable Reserves		34,545
156,349	Unusable Reserves	26	163,041
182,237	TOTAL RESERVES		197,586

The accompanying notes form part of these financial statements

CASH FLOW STATEMENT

2018/19 £'000	CASH FLOW STATEMENT	Note	2018/19 £'000
-18,986	Net Surplus/Deficit(-) on the Provision of Services	CIES	-3,714
37,515	Adjustment to Surplus or Deficit on the Provision of Services for Non-Cash Movements	27A.	18,513
-8,629	Adjust for Item Included in the Net Surplus or Deficit on the Provision of Services that are Investing and Financing Activities	27A.	-18,941
9,900	Net Cash Flows from Operating Activities	27A.	-4,142
1,390	Investing Activities	27B.	1,390
-270	Financing Activities	27C.	-270
11,020	Net Increase or Decrease(-) in Cash and Cash Equivalents		-3,022
4,855	Cash and Cash Equivalents at the Beginning of the Reporting Period	21	15,875
15,875	Cash and Cash Equivalents at the End of the Reporting Period	21	12,853

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 2019/20 financial year and its position at the year-end of 31 March 2020. 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 2019/20, 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 Council's 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 similar nature on a 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 (NDR)

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 the Provision of Services, but then reversed out through the Movement in Reserves Statement so that holiday benefits are charged to revenue in the financial year in which the holiday absence occurs.

Termination Benefits

Termination benefits are 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 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 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), i.e. 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 Comprehensive Income and Expenditure Statement – this is calculated by applying the discount rate used to measure the defined benefit liability (asset) at the beginning of the period – taking into account the changes in the net defined liability (asset) during the period as a result of contribution and benefit payments.
- Re-measurements 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 (CIES) for interest payable are based on the carrying amount of the liability, multiplied by the effective rate of interest for the instrument. The effective interest rate is the rate that exactly discounts estimated future cash payments of the life of the instrument to the amount at which it was originally recognised.

For most of borrowings that the Council has, this means that the amount presented in the Balance Sheet is the outstanding principle 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:

- Amortised cost
- Fair value through profit or loss (FVPL)
- 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 who 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 CIES 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 CIES 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 CIES (debited to the appropriate service) for the present value of the interest that will be foregone over the life of the instrument, resulting in lower amortised cost than the outstanding principal.

Interest is credited to the Financing and Investment Income and Expenditure line in the CIES 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 CIES of 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 CIES.

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 the 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 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 and 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 and individual borrower basis.

Financial assets measured at fair value through other comprehensive income

Financial assets that are measured at FVOCI are recognised on the balance sheet when the Council becomes a party to the contractual provisions of a financial instrument and are initially measured and carried at fair value. Fair value gains and losses are recognised as they arise in other comprehensive income.

Financial assets measured at fair value through profit of loss

Financial assets that are measured at FVPL are recognised on the balance sheet when the Council becomes a party to the contractual provisions of a financial instrument and are initially measured and carried at fair value. Fair value gains and losses are recognised as they arise in the surplus or deficit on the provision of services.

Fair value measurements of financial assets

Fair value of an asset is the price that would be received to sell an asset in an orderly transaction between market participants at the measurement date. The fair value measurements of the Councils financial assets are based on the following techniques:

- instruments with quoted market prices – the market price
- other instruments with fixed and determinable payments – discounted cash flow analysis.

The inputs to the measurement techniques are categorised in accordance with the following three levels:

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

Any gains and losses that arise on the derecognition of the asset are credited or debited to the financing and investment income and expenditure line in the comprehensive income and expenditure statement.

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 contributions 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.

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 these 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 is reviewed where there is evidence of impairment e.g. where an item has suffered physical deterioration or breakage or where doubts arise 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 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 a 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 and 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 service, 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 not flow to the Council and the cost of the item can be measured reliably. Expenditure that maintains but does not add to an asset's potential to deliver future economic benefits or service potential (i.e. repairs and maintenance) is charged as an expense when it is incurred. Individual assets acquired above a de-minimus level of £10,000 are capitalised as are collective assets where the following criteria are met:

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

Measurement

Assets are initially measured at cost, comprising;

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

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

Assets are then carried in the Balance Sheet using the following measurement basis:

- infrastructure, community assets and assets under construction – depreciated historical cost.
- Dwellings – fair value, determined using the basis of existing use value for social housing (EUV-SH).
- Other Land and Buildings – current value, determined as the amount that would be paid for The asset in its existing use (existing use value EUV).
- Surplus Assets – fair value, determined by the highest and best use of the asset.

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

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

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

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

- where the 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.

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

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

Disposals and Non-current Assets Held for Sale

When it becomes probable that the carrying amount of an asset will be recovered principally through a sale transaction rather than through its continuing use, it is reclassified as an Asset held for Sale. The asset is revalued immediately before reclassification and then carried at the lower of the 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 or 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 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 probable requires settlement by 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 offer 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 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 even has taken place that gives the Council a possible obligation whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the Council. Contingent liabilities also arise in circumstances where a provision would otherwise be made but either it is not probable that an outflow of resources will be required or the amount of the obligation cannot be measured reliably.

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

Contingent Assets

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

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

U. Revenue Expenditure funded from Capital Under Statute

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

V. Reserves

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

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

W. Value Added Tax (VAT)

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

2. ACCOUNTING STANDARDS

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 2019/20 Code:

- **IFRS 16 Leases** will require local authorities that are lessees to recognise most leases on their balance sheets as right-of-use assets with corresponding lease liabilities (there is recognition for low-value and short-term leases). CIPFA/LASAAC have deferred implementation of IFRS16 for local government to 1 April 2021
- **IAS 19 Employee Benefits** will require the remeasurement of net pension asset/liability following plan amendments, curtailments or settlements to be used to determine current service cost and net interest for the remainder of the year after the change to the plan. The updating of these assumptions only applies to changes from 1st April 2020 and, since this could result in positive, negative or no movement in the net pension liability, no prediction can be made of the possible accounting impact.

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 2020 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	<p>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.</p> <p>The current economic climate makes it uncertain that the Council will be able to sustain its current spending on repairs and maintenance, bringing into doubt the useful lives assigned to assets.</p>	<p>If the useful life of assets is reduced, depreciation increases and the carrying amount of the assets falls.</p> <p>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.</p>
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 £0.229m has been set aside to meet these claims.
Pensions Liability	<p>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.</p> <p>The Council has engaged Barnett Waddingham as its consulting actuary to provide expert advice about the assumptions to be applied. The ongoing impact of the Covid19 pandemic has created uncertainty surrounding illiquid asset values. As such, the Pension Fund property and infrastructure allocations as at 31 March 2020 are difficult to value according to preferred accounting policy.</p>	<p>The effects on the net pension's liability of changes in individual assumptions can be measured. For instance, a 0.1% decrease in the discount rate assumption would result in an increase in the pension liability of £3.438m and a 1 year reduction in mortality would result in a decrease of £7.211m. However, the assumptions interact in complex ways. During 2019/20, the Council's Actuary advised that the net pension's liability had decreased by £5.710m.</p> <p>For the 2019/20 Statement of Accounts, the actuary has advised that a rate of 2.35% is appropriate. Application of this rate has resulted in a decrease in liabilities measured at today's prices of £10.067m, adjusted for by a decrease in actuarial losses recognised for the year in the Comprehensive Income and Expenditure Statement in the Other Comprehensive Income and Expenditure part of the statement.</p>

Item	Uncertainties	Effect if Actual Results Differ from Assumptions
Arrears	<p>At 31 March 2020, the Council had a balance of sundry debtors of £3.382m, which included approximately £2.17m relating to C.I.L. (Community Infrastructure Levies, which are not considered a risk of default.</p> <p>A review of significant balances (excluding C.I.L.) suggested that an impairment of doubtful debts of 10% (£0.332m) was appropriate. It is not certain that this impairment allowance would be sufficient as the Council cannot assess with certainty which debts will be collected or not.</p> <p>The economic impact of the Covid-19 pandemic has made the estimation of debt impairment more difficult as there is more uncertainty about the economic viability of debtors and hence their ability to settle their debts.</p>	If collection rates were to deteriorate, a doubling of the amount of the impairment of doubtful debts would require an additional £0.332m to set aside as an allowance.
Business Rates 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>The Council's internal valuers use valuation techniques to determine the fair value of surplus assets and assets held for sale.</p> <p>This involves developing estimates and assumptions consistent with how market participants would price the property. The valuers base their assumptions on observable data as far as possible, but this is not always available. In that case, the valuers use the best information available.</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. 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>
Britain's departure from the European Union: Asset Values and Pension Liability	There is still uncertainty about the implications of Britain's departure from the European Union. At the current time it is not possible to predict the agreement that will be reached at the end of the transition period. The assumption has been made that this will not significantly impair the value of the Council's assets or change the discount rate. However, this assumption needs to be revisited and reviewed regularly.	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 2019/20.

6. EVENTS AFTER THE BALANCE SHEET DATE

There are no known events that would have material impact on the Council's position as at 31 March 2020. However, the understanding of how the Covid-19 pandemic has affected services and valuations will continue during 2020/21 and may see significant changes to balances in accounts for that year.

The draft Statement of Accounts was authorised for issue by the Section 151 Officer on 11 June 2020. 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 2020, 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

2019/20	Adjustments for Capital Purposes £'000	Net change for the Pensions Adjustments £'000	Other Differences £'000	Total Adjustments £'000
Chief Executive	0	45	0	45
Corporate Services	86	244	0	330
Finance and Property Services	523	116	0	639
Housing Services	-302	71	0	-231
Human Resources	0	34	0	34
Neighbourhood Services	1,141	445	0	1,586
Regeneration Services	3,235	224	0	3,459
Housing Revenue Account	11,600	393	0	11,993
Net Cost of Services	16,283	1,572	0	17,855
Other income and expenditure from the Expenditure and Funding Analysis	-14,211	1,673	2,325	-10,213
Difference between General Fund surplus or deficit and Comprehensive Income and Expenditure Statement Surplus or Deficit on the Provision of Services	2,072	3,245	2,325	7,642

PREVIOUS YEAR COMPARISON

2018/19	Adjustments for Capital Purposes £'000	Net change for the Pensions Adjustments £'000	Other Differences £'000	Total Adjustments £'000
Chief Executive	0	28	0	28
Corporate Services	114	147	0	261
Finance and Property Services	718	1,383	0	2,101
Housing Services	-353	30	0	-323
Human Resources	0	21	0	21
Neighbourhood Services	1,344	271	0	1,615
Regeneration Services	448	130	0	578
Housing Revenue Account	2,978	16,463	0	19,441
Net Cost of Services	5,249	18,473	0	23,722
Other income and expenditure from the Expenditure and Funding Analysis	-4,392	1,491	-775	-3,676
Difference between General Fund surplus or deficit and Comprehensive Income and Expenditure Statement Surplus or Deficit on the Provision of Services	857	19,964	-775	20,046

7. *Note to the expenditure and funding analysis – cont....*

The following sets out the description of the adjustments made:

Adjustments for Capital Purposes

This column adds in depreciation, impairment and revaluation gains and losses in the services line, and for:

- **Other operating expenditure** – adjusts for capital disposals with a transfer of income on disposal of assets and the amounts written off for those assets.
- **Financing and investment income and expenditure** – the statutory charges for capital financing, that is 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.

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.

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.
- This column includes the removal of recharges / transactions between segments, which are not permitted to be shown on the face of the CIES.

8. EXPENDITURE AND INCOME ANALYSED BY NATURE

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

	Chief Executive	Corporate Services	Finance & Property	Housing Services	Human Resources	Neighbourhoods	Regeneration	HRA	Corporate Amounts	Total
2019/20	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Expenditure										
Employee expenses	496	3,084	3,124	804	402	5,175	2,750	4,416	0	20,251
Other services expenses	106	1,478	24,315	882	97	3,748	2,728	10,430	0	43,784
Depreciation, amortisation, impairment	0	86	462	1	0	1,141	1,897	11,839	0	15,426
Developers Contributions Payments	0	0	0	0	0	0	0	0	462	462
Interest payments	0	0	0	0	0	0	0	0	4,366	4,366
Non Domestic Rates Tariff & Deficit	0	0	0	0	0	0	0	0	15,097	15,097
Precepts and levies	0	0	0	0	0	0	0	0	1,658	1,658
Payments to Housing Capital Receipts Pool	0	0	0	0	0	0	0	0	816	816
Interest Cost of Pensions	0	0	0	0	0	0	0	0	1,673	1,673
Net Book Value on the disposal of assets	0	0	0	0	0	0	0	0	3,152	3,152
Total expenditure	602	4,648	27,901	1,687	499	10,064	7,375	26,685	27,224	106,685
Income										
Fees, charges and other service income	-134	-1,764	-3,909	-323	-250	-2,555	-2,135	-26,838	0	-37,908
Interest received	0	0	0	0	0	0	0	0	-189	-189
Income from council tax, nondomestic rates	0	0	0	0	0	0	0	0	-28,886	-28,886
Proceeds from sale of Non-Current Assets	0	0	0	0	0	0	0	0	-3,105	-3,105
Government grants and contributions	0	-24	-22,526	-1,274	0	-685	-317	-15	-8,043	-32,884
Total income	-134	-1,788	-26,435	-1,597	-250	-3,240	-2,452	-26,853	-40,223	-102,972
Surplus or Deficit on the Provision of Services	468	2,860	1,466	90	249	6,824	4,923	-168	-12,999	3,713

Note 8 –Expenditure and Income Analysed by Nature, Cont....

PRIOR YEAR COMPARISON

	Chief Executive	Corporate Services	Finance & Property	Housing Services	Human Resources	Neighbourhoods	Regeneration	HRA	Corporate Amounts	Total
2018/19	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Expenditure										
Employee expenses	462	2,659	4,422	482	385	4,805	2,571	18,641	0	34,427
Other services expenses	168	1,495	26,127	1,214	83	3,572	1,572	11,766	0	45,997
Depreciation, amortisation, impairment	0	114	450	0	0	1,364	209	12,326	0	14,463
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 Receipts Pool	0	0	0	0	0	0	0	0	555	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	630	4,268	30,999	1,696	468	9,741	4,352	42,733	25,639	120,526
Income										
Fees, charges and other service income	-109	-1,641	-3,427	-233	-240	-2,460	-2,060	-26,872	0	-37,042
Interest received	0	0	0	0	0	0	0	0	-145	-145
Income from council tax & non-domestic 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	-27,936	-1,620	-240	-2,776	-2,291	-26,872	-38,036	-101,540
Surplus or Deficit on the Provision of Services	521	2,608	3,063	76	228	6,965	2,061	15,861	-12,397	18,986

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.

Note 9 – Adjustments between Accounting basis and Funding basis under Regulations, cont....

	General	Housing	Capital	Major	Capital	Movement
	Fund	Revenue	Receipts	Repairs	Grants	in
	Balance	Account	Reserve	Reserve	Unapplied	Unusable
2019/20	£'000	£'000	£'000	£'000	£'000	Reserves
						£'000
<u>Adjustments to the Revenue Resources</u>						
<i>Amounts by which income and expenditure included in the Comprehensive Income and Expenditure Statement are different from revenue for the year calculated in accordance with statutory requirements:</i>						
„Pensions costs (transferred to (or from) the Pensions Reserve)	-2,520	-725	0	0	0	3,245
„Council tax and NDR (transfers to or from Collection Fund)	-2,325	0	0	0	0	2,325
„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):	-533	-12,406	0	0	-3,413	16,352
Total Adjustments to Revenue Resources	-5,378	-13,131	0	0	-3,413	21,922
<u>Adjustments between Revenue and Capital Resources</u>						
Transfer of non-current asset sale proceeds from revenue to the Capital Receipts Reserve	359	2,777	-3,136	0	0	0
Administrative costs of non-current asset disposals (funded by a contribution from the Capital Receipts Reserve)	0	-72	72	0	0	0
Payments to the government housing receipts pool (funded by a transfer from the Capital Receipts Reserve)	-816	0	816	0	0	0
Posting of HRA resources from revenue to the Major Repairs Reserve	0	7,881	0	-7,881	0	0
Statutory provision for the repayment of debt (transfer from the Capital Adjustment Account)	597	0	0	0	0	-597
Capital expenditure financed from revenue balances (transfer to the Capital Adjustment Account)	143	0	0	0	0	-143
Total Adjustments between Revenue and Capital Resources	283	10,586	-2,248	-7,881	0	-740
<u>Adjustments to Capital Resources</u>						
Use of the Capital Receipts Reserve to finance capital expenditure	0	0	1,667	0	0	-1,667
Use of the Major Repairs Reserve to finance capital expenditure	0	0	0	5,234	0	-5,234
Application of capital grants to finance capital expenditure	0	0	0	0	1,910	-1,910
Cash payments in relation to deferred capital receipts	0	0	0	0	0	0
Total Adjustments to Capital Resources	0	0	1,667	5,234	1,910	-8,811
Total Adjustments	-5,095	-2,545	-581	-2,647	-1,503	12,371

Note 9 – Adjustments between Accounting basis and Funding basis under Regulations, cont....

PREVIOUS YEAR COMPARISON

	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
2018/19						
<u>Adjustments to the Revenue Resources</u>						
<i>Amounts by which income and expenditure included in the Comprehensive Income and Expenditure Statement are different from revenue for the year calculated in accordance with statutory requirements:</i>						
Pensions costs (transferred to (or from) the Pensions Reserve)	-3,501	-16,464	0	0	0	19,965
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):	1,963	-13,957	0	0	-4,256	16,250
Total Adjustments to Revenue Resources	-763	-30,421	0	0	-4,256	35,440
<u>Adjustments between Revenue and Capital Resources</u>						
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
<u>Adjustments to Capital Resources</u>						
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
Total Adjustments to Capital Resources	0	0	2,494	7,979	1,150	-11,623
Total Adjustments	-604	-19,441	307	-468	-3,106	23,312

10. TRANSFER 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 2019/20.

	Balance 31.03.18 £'000	Transfers out £'000	Transfers in year £'000	Balance 31.03.19 £'000	Transfers out £'000	Transfers in year £'000	Balance 31.03.20 £'000
GENERAL FUND RESERVES							
Developers Revenue Contributions	-72	15	-100	-157	8	0	-149
Insurance	-283	60	0	-223	25	0	-198
Job Evaluation	-652	6	0	-646	8	0	-638
Revenue Grants & Contributions	-432	42	-228	-618	66	-260	-811
Donations	-33	0	-3	-36	0	0	-36
High Street Innovation	0	0	0	0	0	0	0
LAMS Default Reserve	-58	0	-14	-72	0	0	-72
Retained Business Rates Reserve	-380	0	0	-380	0	-2,102	-2,482
General Fund Earmarked Reserves	-1,119	344	-620	-1,395	401	-1,039	-2,033
Business Rate Volatility Reserve	-599	0	0	-599	0	0	-599
Business Rates Pooling Reserve	-872	0	0	-872	0	0	-872
Local Plan	-167	106	0	-61	61	0	0
New Homes Bonus	-590	340	0	-250	0	0	-250
Invest to Save	-1,000	58	0	-942	128	0	-814
Management Team	-145	96	0	-49	35	0	-14
Environmental Improvements	-9	0	0	-9	9	0	0
ICT Developments (Business Continuity)	-84	35	-8	-57	46	0	-11
Building Assets Improvements	-48	0	0	-48	0	0	-48
Fair Value Movement	-70	0	0	-70	0	0	-70
Total	-6,613	1,102	-973	-6,484	789	-3,401	-9,096

Developers Revenue Contributions 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.

Insurance Reserve

This is a self-insurance reserve. The reserve is reviewed annually to ensure the level of reserve is sufficient.

Note 10 – Earmarked Reserves - cont....

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

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

Donations Reserve

These are sums of money donated by the public for Museums, Shopmobility, Sports Development and towards the Bassetlaw Games. Monies are available for use to support the service area for which they have been donated during the year if required, the 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.

Note 10 – Earmarked Reserves - cont....

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 2019/20 the Council received £862.4k in New Homes Bonus, this was allocated in full to Capital reserves (2018/19 £340k) for use on Capital projects.

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.

During 2017/18 - 3 new Earmarked reserves were created to support:

- **Environmental Improvements**
- **ICT Developments**
- **Building Assets Improvements**

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

The following table contains corporate items of income and expenditure that cannot reasonably be allocated or apportioned to specific services:

	2018/19 £'000	2019/20 £'000
Parish Council Precepts	1,087	1,145
Levies	487	513
Payments to the Government Housing Capital Receipts Pool	555	816
Gains/Losses(-) on the disposal of non-current assets	226	47
Total	2,355	2,521

12. FINANCING AND INVESTMENT INCOME AND EXPENDITURE

The following table contains corporate items of income and expenditure arising from the Council's Involvement in financial instruments and similar transactions involving interest:

	2018/19 £'000	2019/20 £'000
Interest payable and similar charges	4,269	4,365
Net interest on the net defined benefit liability (asset)	1,738	1,673
Interest receivable and similar income	-145	-188
Total	5,862	5,850

13. TAXATION AND NON-SPECIFIC GRANT INCOME EXPENDITURE

The following table consolidates all the grants and contributions receivable that cannot be identified to particular service expenditure:

	2018/19 £'000	2019/20 £'000
Council Tax payers	-6,943	-7,165
Non-Domestic Rates (NDR)	-6,650	-6,624
Non ring-fenced Government grants	-2,541	-1,586
Developers grants & contributions	-2,227	-2,680
Capital grants and contributions	-2,254	-3,314
Total	-20,615	-21,368

14. PROPERTY PLANT AND EQUIPMENT

	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
Movements in 2019/20								
Cost or Valuation								
At April 2019	270,395	49,533	16,937	7,572	293	8,116	6,864	359,710
Additions	7,688	4,887	1,025	26	0	0	539	14,165
Revaluation increases/decreases(-) recognised in the Revaluation Reserve	690	1,940	0	0	0	0	0	2,630
Revaluation increases/decreases(-) recognised in the Surplus/Deficit on the Provision of Services	-7,488	0	0	0	0	0	0	-7,488
Derecognition - Disposals	0	-163	-492	0	0	0	0	-655
Derecognition - Other	0	0	0	0	0	0	0	0
Reclassification	-2,463	5,898	0	0	0	-55	-5,898	-2,518
At 31 March 2020	268,822	62,095	17,470	7,598	293	8,061	1,505	365,844
Accumulated Depreciation & Impairment								
At April 2019	0	1,004	11,398	2,630	0	5	0	15,037
Depreciation charge	4,030	997	973	238	0	0	0	6,238
Depreciation written out to the Revaluation Reserve	-4,029	-588	0	0	0	0	0	-4,617
Depreciation written out to the Surplus/Deficit on the Provision of Services	0	0	0	0	0	0	0	0
Derecognition - Disposals	0	-3	-476	0	0	0	0	-479
Derecognition - Other	0	0	0	0	0	0	0	0
At 31 March 2019	1	1,410	11,895	2,868	0	5	0	16,179
Net book value at 31 March 2020	268,821	60,685	5,575	4,730	293	8,056	1,505	349,665
Net book value at 31 March 2019	270,395	48,529	5,539	4,942	293	8,111	6,864	344,673

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

PRIOR YEAR COMPARISON

	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
Movements in 2018/19								
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
Revaluation increases/decreases(-) recognised in the Revaluation Reserve	-20,065	5,732	0	0	0	179	0	-14,154
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	-365	0	0	0	0	0	-3,220
Other movements in cost or valuation	0	27	0	0	0	0	-27	0
At 31 March 2019	270,395	49,533	16,937	7,572	293	8,116	6,864	359,710
Accumulated Depreciation & Impairment								
At April 2018	15,966	2,130	11,072	2,390	0	11	0	31,569
Depreciation charge	5,253	926	976	240	0	5	0	7,400
Depreciation written out to the Revaluation Reserve	-21,219	-2,030	0	0	0	-5	0	-23,254
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
At 31 March 2019	0	1,004	11,398	2,630	0	5	0	15,037
Net book value at 31 March 2019	270,395	48,529	5,539	4,942	293	8,111	6,864	344,673
Net book value at 31 March 2018	277,307	41,517	5,253	5,182	293	8,127	2,179	339,858

Revaluations

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

	Council Dwellings £'000	Other Land & Buildings £'000	Vehicles, Plant, Equipment £'000	Surplus Assets £'000	Other PPE Assets £'000	Total £'000
Carried at Historical cost	0	0	5,575	0	6,528	12,103
Valued as at:						
31 March 2020	0	14,610	0	0	0	14,610
31 March 2019	268,821	5,445	0	8,056	0	282,322
31 March 2018	0	4,328	0	0	0	4,328
31 March 2017	0	21,017	0	0	0	21,017
31 March 2016	0	15,149	0	0	0	15,149
Total Cost or Valuation	268,821	60,549	5,575	8,056	6,528	349,529

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.

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

Fair Value Hierarchy

Details of the Council's surplus assets and information about the fair value hierarchy as at 31 March 2020 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 2020 £'000
Residential Properties and Developable Land	0	7,996	0	7,996
Other	0	0	60	60
Total	0	7,996	60	8,056

Previous Year Comparison

	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	8,051	0	8,051
Other	0	0	60	60
Total	0	8,051	60	8,111

Transfers between Levels of the Fair Value Hierarchy

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

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

	31st March 2019 £'000	31st March 2020 £'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	0
Closing Balance	60	60

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

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

	As at 31/3/2020 £'000	Valuation technique used to measure fair value	Unobservable inputs	Sensitivity
Other	NIL	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

The table below provides a reconciliation of the carrying value of the Heritage Assets held by the Council:

	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 2018	115	149	30	20	314
Additions, Disposals, Revaluations, Impairment Losses/reversals(-)	0	0	0	0	0
31 March 2019	115	149	30	20	314
Cost or Valuation					
1 April 2019	115	149	30	20	314
Additions, Disposals, Revaluations, Impairment Losses/reversals(-)	0	0	0	0	0
31 March 2020	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 £10k and above have subsequently been included. The total carrying amount of these assets is reflected in the balance as £314k (£314k in 2018/19).

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 £149k 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 £30k which is the insurance valuation.

In addition to the above, there are over 100,000 other exhibits whose costs 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 £20k.

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. There were no purchases in 2019/20 or 2018/19. They are amortised over 3 to 5 years and the total amortisation charged in 2019/20 was £3k (£31k in 2018/19). 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 re-values 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.

	2018/19 £'000	2019/20 £'000
Balance at start of year:		
Gross carrying amounts	712	712
Accumulated amortisation	-663	-694
Net carrying amount at start of year	49	18
Movements in year:		
Purchases	0	0
Other disposals	0	0
Amortisation for the period	-31	-3
Net carrying amount at end of year	18	15
Comprising:		
Gross carrying amounts	712	712
Accumulated amortisation	-694	-697
	18	15

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 following categories of financial instruments are carried in the balance sheet:

	Non-Current		Current	
	31 March	31 March	31 March	31 March
	2019	2020	2019	2020
	£'000	£'000	£'000	£'000
Financial Assets at Amortised Cost				
Investments	0	40	0	0
Unquoted Equity investment at cost	70	70	0	0
Short-term Deposits with Money Market Funds	0	0	14,270	10,720
Bank Current Accounts	0	0	1,227	1,518
Operational Debtors	0	0	5,942	9,412
Total Financial Assets	70	110	21,439	20,132
Financial Liabilities at Amortised Cost				
Borrowings	99,400	99,400	5,470	558
Bank Current Accounts (over drawn)	0	0	0	0
Operational Creditors	0	0	4,718	10,479
Provisions	0	0	1,590	1,256
Total Financial Liabilities	99,400	99,400	11,778	12,293

Material Soft Loans Made by the Council

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

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 2020 is £0.035m.

b) 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:

Measured at Amortised Cost:	2018/19			2019/20		
	Financial Liabilities £'000	Financial Assets £'000	Total £'000	Financial Liabilities £'000	Financial Assets £'000	Total £'000
Interest expense	4,269	0	4,269	4,349	0	4,349
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	4,269	0	4,269	4,349	0	4,349
Interest income	0	-145	-145	0	-149	-149
Fee Income	0	0	0	0	0	0
Total income in Surplus(-) or Deficit on the Provision of Services	0	-145	-145	0	-149	-149
Gains/Loss on revaluation	0	0	0	0	0	0
Net gain(-)/loss for the year	4,269	-145	4,124	4,349	-149	4,200

Of the net loss, £4.2m (£4.124m in 2018/19) is due to borrowing interest, net of investment interest income.

c) Financial Instruments – Fair Value

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 2020 and the fair value reported in the 2019/20 accounts. The fair values calculated are as follows:

	2018/19		2019/20	
	Carrying amount £'000	Fair value £'000	Carrying amount £'000	Fair value £'000
PWLB debt	67,363	88,934	67,363	81,495
Non-PWLB debt	32,037	52,816	31,500	50,307
Short term borrowing	5,470	5,470	558	558
Short term creditors	4,718	4,718	10,479	10,479
Short term provisions	1,590	1,590	1,256	1,256
Total Financial Liabilities	111,178	153,528	111,156	144,095
Money market loans < 1 year	14,270	14,270	10,720	10,270
Unquoted Equity investment at cost	70	70	70	70
Short term debtors	5,942	5,942	9,412	9,412
Long term debtors	0	0	0	0
Bank Current Accounts	1,227	1,227	1,518	1,518
Total Assets	21,509	21,509	21,720	21,270

19. INVENTORIES

The following table shows the breakdown of inventories carried in the Balance Sheet.

The Council holds stock of consumable items totalling £175m (£165k in 2018/19)

	Housing Stocks		Consumable Stores		Maintenance Materials		Total	
	18/19	19/20	18/19	19/20	18/19	19/20	18/19	19/20
	£000	£000	£000	£000	£000	£000	£000	£000
Opening Balances	0	105	14	26	16	34	30	165
Purchases	249	429	477	449	31	185	757	1063
Recognised as an expense in year	-143	-431	-464	-436	-11	-176	-618	-1043
Written off balances	-1	0	-1	-8	-2	-2	-4	-10
Closing Balances	105	103	26	31	34	41	165	175

20. DEBTORS

The following table identifies the breakdown of debtors owing the Council

	2018/19	2019/20
	£'000	£'000
Central Government Bodies	1,739	3,690
Other Local Authorities	2,856	2,569
NHS Bodies	0	0
Other Entities and Individuals	7,580	11,148
Short Term Debtors	12,175	17,407
Other Entities and Individuals	15	15
Long Term Debtors	15	15
Total Debtors	12,190	17,422

21. CASH AND CASH EQUIVALENTS

The balance of cash and cash equivalents is made up of the following elements:

	2018/19	2019/20
	£'000	£'000
Cash held by the Council	1	1
Cash in transit	378	614
Bank current accounts	1,227	1,518
Short-term liquid deposits	14,270	10,720
Total Cash and Cash Equivalents	15,875	12,853

22. ASSETS HELD FOR SALE

During 2019/20 non-current assets valued at £2.518m were classified as held for sale, as it is the Council's intention to sell these assets during 2020/21.

	2018/19 £'000	2018/19 £'000
Balance outstanding at start of year	2,906	3,473
Assets newly classified as held for sale:		
Property, Plant and Equipment	3,145	2,518
Assets sold	-2,578	-2,902
Balance outstanding at year-end	3,473	3,089

23. CREDITORS

The following table identifies a breakdown of the Council's creditors:

	2018/19 £'000	2019/20 £'000
Central Government Bodies	4,598	1,537
Other Local Authorities	2,516	1,333
Other Entities and Individuals	4,694	10,368
Short Term Creditors	11,808	13,238
Other Entities and Individuals	1,436	2,268
Long Term Creditors	1,436	2,268
Total Creditors	13,244	15,506

24. PROVISIONS

The Council has the following provisions:

	Insurance Claims £'000	Business Rates £'000	Other Provisions £'000	Total £'000
Short Term Balance at 1 April 2019	13	1,324	253	1,590
Additional provisions made in year	216	503	0	719
Amounts used in year	0	-1,053	0	-1,053
Transfer from Long Term	0	0	0	0
Unused amounts reversed in year	0	0	0	0
Short Term Balance at 31 March 2020	229	774	253	1,256
Long Term Balance at 1 April 2019	0	749	0	749
Additional provisions made in year	0	312	0	312
Amounts used in year	0	-188	0	-188
Transfer to Short Term	0	0	0	0
Unused amounts reversed in year	0	0	0	0
Long Term Balance at 31 March 2020	0	873	0	873

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 expected to be settled within 12 months. The Council may be reimbursed by its insurers, but until claims are actually settled no income is recognised as the insurers will only reimburse amounts above a £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%), Nott's 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

The table below shows the unusable reserves held by the Council:

	2018/19 £'000	2019/20 £'000
Revaluation Reserve	106,167	114,374
Capital Adjustment Account	124,466	118,403
Financial Instruments Adjustment Account	-515	-515
Pensions Reserve	-75,166	-68,346
Deferred Capital Receipts Reserve	16	16
Collection Fund Adjustment Account	1,455	-818
Accumulated Absences Account	-73	-73
Total Unusable Reserves	156,350	163,041

A). 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.

REVALUATION RESERVE	2018/19 £'000	2019/20 £'000
Balance at 1 April	97,991	106,167
Upward revaluations of assets	10,107	10,312
Downward revaluation of assets and impairment losses not charged to the Surplus/Deficit on the Provision of Services	-1,007	-1,368
Surplus or deficit(-) on revaluation of non-current assets not posted to the Surplus or Deficit on the Provision of Services	9,100	8,944
Difference between fair value depreciation and historical cost depreciation	-532	-654
Accumulated gains on assets sold or scrapped	-392	-83
Amount written off to the Capital Adjustment Account	-924	-737
Balance at 31 March	106,167	114,374

B). Capital Adjustment Account

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

This 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 this account, apart from those involving the Revaluation Reserve.

CAPITAL ADJUSTMENT ACCOUNT	2018/19 £'000	2019/20 £'000
Balance at 1 April	127,636	124,466
Reversal of items relating to capital expenditure debited or credited to the CIES		
Charges for depreciation and impairment of non-current assets	-14,157	-13,726
Revaluation losses on Property, Plant and Equipment	-274	-1,696
Amortisation of intangible assets	-31	-3
Donated Assets	0	0
Revenue expenditure funded from capital under statute	-1,323	-1,959
Amounts of non-current assets written off on disposal or sale as part of the gain(-) / loss on disposal to the CIES	-2,788	-3,078
	-18,573	-20,462
Adjusting amounts written out of the Revaluation Reserve	392	83
Net written out amount of the cost of non-current assets consumed in the year	-18,181	-20,379
Capital financing applied in the year:		
Use of Capital Receipts Reserve to finance new capital expenditure	2,385	1,667
Use of Major Repairs Reserve to finance new capital expenditure	7,979	5,234
Capital grants and contributions credited to the CIES that have been applied to capital financing	2,323	4,111
Applications of grants to capital financing from the Capital Grant Unapplied Account	1,150	1,910
Statutory provision for the financing of capital investment charged against the General Fund and HRA balances	575	597
Capital expenditure charged against the General Fund and HRA balances	68	143
	14,480	13,662
Adjustment between Capital Adjustment Account and Revaluation Reserve for depreciation that relates to the revaluation balance rather than historic cost	531	654
Balance at 31 March	124,466	118,403

C). 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.

FINANCIAL INSTRUMENTS ADJUSTMENT ACCOUNT	2018/19 £'000	2019/20 £'000
Balance at 1 April	-518	-515
Differences between statutory debits/credits and amounts recognised as income and expenditure in relation to financial instruments	3	0
Balance at 31 March	-515	-515

D). 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.

PENSION RESERVE ACCOUNT	2018/19 £'000	2019/20 £'000
Balance at 1 April	-62,460	-75,166
Re-measurements of the net defined benefit liability/(asset)	7,258	10,067
Reversal of items relating to retirement benefits debited or credited to the Surplus or Deficit on the Provision of Services in the CIES	-23,230	-6,796
Employers pensions contributions and direct payments to pensioners payable in the year	3,266	3,551
Timing difference	0	-2
Balance at 31 March	-75,166	-68,346

E). 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.

DEFERRED CAPITAL RECEIPTS RESERVE	2018/19 £'000	2019/20 £'000
Balance at 1 April	45	16
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	-29	0
Balance at 31 March	16	16

F). 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.

COLLECTION FUND ADJUSTMENT ACCOUNT	2018/19 £'000	2019/20 £'000
Balance at 1 April	680	1,455
Amount by which council tax income 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	-2,273
Balance at 31 March	1,455	-818

G). 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.

SHORT TERM COMPENSATED ABSENCES ADJUSTMENT ACCOUNT	2018/19 £'000	2019/20 £'000
Balance at 1 April	-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	0	0
Balance at 31 March	-73	-73

27. CASH FLOW STATEMENTS

A). Cash Flow Statement – Operating Activities

The cash flows for Operating Activities include the following items:

	2018/19 £'000	2019/20 £'000
Interest received	145	
Interest paid	-4,260	
	-4,115	0

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

	2018/19 £'000	2019/20 £'000
Depreciation	14,157	13,726
Impairment and downward valuations	275	1,696
Amortisation	31	3
Increase/Decrease(-) in interest Creditors	983	
Increase/Decrease(-) in Creditors	-126	
Increase/Decrease(-) in interest Debtors	-2,222	
Increase/Decrease(-) in Inventories	-135	
Movement in Pension Liability	21,075	
Other non-cash items charged to the net surplus or deficit on the provision of services	688	
Carrying amount of non-current assets and non-current assets held for sale, sold or derecognised	2,789	3,078
	37,515	18,503

The surplus or deficit on the provision of services has been adjusted for the following items that are investing and financing activities:

	2018/19 £'000	2019/20 £'000
Capital Grants credited to surplus or deficit on the Provision of Services	-6,581	
Any other items for which the cash effects are investing or financing cash flows	-2,048	
	-8,629	0

B). Cash Flow Statement – Investing Activities

	2018/19 £'000	2019/20 £'000
Purchase of Property, Plant and Equipment, Investment Property and Intangible Assets	-13,268	
Purchase of short-term and long-term Investments	-7,500	
Proceeds from the sale of Property, Plant and Equipment, Investment Property and Intangible Assets	2,078	
Proceeds from short-term and long-term Investments	13,500	
Other receipts from investing activities	6,580	
Net cash flows from investing activities	1,390	0

C). Cash Flow Statement – Financing Activities

	2018/19 £'000	2019/20 £'000
Repayments of short and long term borrowings	-500	0
Other payments for financing activities	230	0
Net cash flows from financing activities	-270	0

28. ACQUIRED AND DISCONTINUED OPERATIONS

A1 Housing (Bassetlaw) Ltd ceased trading on 30 September 2018 and was fully wound up during 2019/20. The responsibility for the Housing Service has been transferred to Bassetlaw District Council and the assets and liabilities have been transferred into the Council's balance sheet during 2019/20.

29. AGENCY INCOME AND EXPENDITURE

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

30. EXPENDITURE ON MEMBERS' ALLOWANCES

The Council makes payment to Councillors for work undertaken in the course of their duties. The following amounts were paid to members of the Council during the year:

	2018/19 £'000	2019/20 £'000
Basic Allowance	229	226
Special Responsibility Allowance	98	94
Travelling & Subsistence Allowance	9	6
Subsistence Allowance	0	0
Total	336	326

31. 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 follows:

2019/20	Notes	* Salary, Fees & Allowances £	Expense Allowances £	Compensation for Loss of Office £	Pension contributions £	Total £
Chief Executive		133,854	1,254	0	19,244	154,352
Director of Regeneration and Neighbourhood Services		89,412	384	0	14,177	103,973
Director of Corporate Resources & Monitoring Officer	A	56,330	0	0	8,506	64,837
Head of Finance and Property Services		74,719	164	0	11,950	86,833
Head of Regeneration Services		68,331	367	0	10,863	79,562
Head of Corporate Services		74,280	444	0	10,898	85,622
Head of Neighbourhood Services	B	57,113	252	0	9,053	66,417
Head of Housing Services		67,261	0	0	10,863	78,124
HR Service Manager		47,760	70	0	7,737	55,567
Head of Neighbourhood Services	C	3,724	0	0	603	4,328

* Salaries, Fees and Allowances include elements such as allowances for election responsibilities - During 2019/20 3 elections took place; Districts, European and General.

NOTES A). The post holders hours were reduced from 37 to 22.20 per week from May 2018.

B). The post holder left the Council 31 January 2020

C). The post holder commenced with the Council 9 March 2020

Note 31 Officers' Remuneration cont....

PREVIOUS YEAR COMPARISON

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		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 2019 and left the Council in March 2019

C). The post holder commenced with the Council in February 2019

The number of employees whose taxable remuneration, excluding pension contributions was £50,000 or more in bands of £5,000 is detailed below. This includes the staff that were included in the preceding tables.

Remuneration band	Number of Employees	
	2018/19	2019/20
£50,000-£54,999	0	1
£55,000-£59,999	1	2
£60,000-£64,999	0	0
£65,000-£69,999	3	3
£70,000-£74,999	2	1
£75,000-£79,999	0	0
£80,000-£84,999	0	0
£85,000-£89,999	1	1
£90,000-£94,999	0	0
£95,000-£99,999	0	0
£100,000-£104,999	0	0
£105,000-£109,999	1	0
£110,000-£114,999	0	0
£115,000-£119,999	0	0
£120,000-£124,999	0	0
£125,000-£129,999	0	0
£130,000-£134,999	0	0
£135,000-£139,999	0	1
Total	8	9

The number 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)	(b)		(c)		(d)		(e)	
Exit package cost band (including special payments)	Number of compulsory redundancies		Number of other departures agreed		Total number of exit packages by cost band		Total cost of exit packages in each band	
					[(b)+(c)]			
	2018/19	2019/20	2018/19	2019/20	2018/19	2019/20	2018/19	2019/20
£0 - £20,000	0	2	7	2	7	4	£80,370	£30,084
£20,001 - £40,000	0	0	2	0	2	0	£61,205	£0
£40,001 - £60,000	0	0	0	1	0	1	£0	£42,737
£60,001 - £80,000	0	0	0	1	0	1	£0	£69,073
£80,001 - £100,000	0	0	1	0	1	0	£82,786	£0
£100,001 - £150,000	0	0	0	0	0	0	£0	£0
Total	0	2	10	4	10	6	£224,361	£141,894

32. EXTERNAL AUDIT COSTS

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. With effect from 1 April 2018 Mazars LLP became the appointed auditor for the Council. The fees incurred relating to external audits and statutory inspections carried out by Mazars LLP is shown in the table below:

	2018/19 £'000	2019/20 £'000
Fees payable with regard to external audit services carried out by the appointed auditor for the year.	44	44
Additional fees incurred in relation to 2017/18 audit (KPMG)	2	0
Fees payable in respect of other services provided by Mazars during the year	6	6
Total	52	50

33. GRANT INCOME

The Council credited the following grants, contributions and donations to the Comprehensive Income and Expenditure Statement. In accordance with correct accounting practice a number of revenue and capital grants, contributions & donations that have yet to be applied (and there are no conditions attached) have been transferred to Earmarked Reserves in year for revenue £1.009m and capital £2.877m (revenue £1.416m capital £2.480m in 2017/18).

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.

	2018/19 £'000	2019/20 £'000
Credited to Taxation and Non Specific Grant Income:		
Business Rates - S31 Grants	2,715	3,005
New Homes Bonus	1,209	862
Revenue Support Grant	734	224
Community Infrastructure Levy	2,491	3,082
HCA Housing Capital Grant	1,080	1,970
Council Tax Support Administration	134	126
Other Revenue Grants	637	439
Other Capital grants	1,124	1,087
Total	10,124	10,795
Credited to Services, Revenue Related Grants:		
Housing Benefits Subsidy	22,298	20,363
NNDR Cost Of Collection	167	169
Other revenue grants	601	770
Capital Related:		
Better Care Fund - Disabled Facilities Grant	1,128	1,073
Other Capital Grants and Contributions	122	12
Total	24,316	22,387

Note 33, 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:

	2018/19	2019/20
	£'000	£'000
Revenue grants receipts in advance:		
Coronavirus Grant	0	85
Pilgrims Roots Project HLF Grants	15	15
Tackling Alcohol and HLF Grants	18	18
Total revenue grants receipts in advance	33	118
Developer contributions receipts in advance:		
Short-Term Creditor	4	3
Long-Term Creditor	1,436	2,268
Total receipts in advance	1,473	2,389

34. RELATED PARTIES

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

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

UK Central Government 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 Note 8, Expenditure and Income Analysed by Nature. Grant receipts outstanding are shown in Note 35.

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' allowances paid are 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 the year.
- 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.

Senior Officers - 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 - 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

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 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. Trading has commenced during 2019/20 with a turnover value of £498k.

35. CAPITAL EXPENDITURE AND FINANCING

The total amount of capital expenditure incurred in the year is shown in the table below, together with the resources that have been used to finance it.

Where capital expenditure is to be financed in future years by charges to revenue as assets are used by the Council, the expenditure results in an increase in the Capital Financing Requirement (CFR), a measure of the capital expenditure incurred historically by the Council that has yet to be financed. The movement on the CFR is analysed in the second part of this note.

	2018/19 £'000	2019/20 £'000
Opening Capital Financing Requirement	118,045	117,894
Capital Investment:		
Property, Plant and Equipment	13,502	14,165
Investment Properties	0	0
Intangible Assets	0	0
Revenue Expenditure Funded from Capital Under Statute (REFCUS)	1,323	1,959
Other	0	0
Sources of Finance		
Capital Receipts	-2,888	-1,667
Grants and Contributions	-11,445	-6,021
Earmarked Reserves	0	
Major Repairs Reserve (MRR)	0	-5,234
Sums set aside from Revenue (includes MRP)	-643	-740
Closing Capital Financing Requirements	117,894	120,356
Explanation of Movements in Year		
Increase in underlying need to borrow (unsupported by Government financial assistance)	424	3,057
Less set aside MRP	-575	-597
Increase/(-) Decrease in Capital Financing Requirement	-151	2,462
Split on Capital Financing Requirement between General Fund and Housing Revenue Account		
General Fund	25,537	25,537
Housing Revenue Account	92,357	94,817
	117,894	120,354

36. LEASES

Bassetlaw District Council as Lessee

Finance Leases

At 31 March 2020 the Council had no finance leasing arrangements and non at 31 March 2019.

Operating Leases

At 31 March 2020 the Council had no Operating leasing arrangements and non at 31 March 2019.

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 £608k (£572k in 2018/19) from such leases. Included in the not later than one year category are a number of annually rolling leases whose income total £79k. The future minimum lease payments receivable in future years are:

	2018/19 £'000	2019/20 £'000
Not later than one year	726	726
Later than one year and not later than five years	237	230
Later than five years	764	723
Total future minimum lease payments receivable	1,727	1,679

37. IMPAIRMENT LOSSES

During 2018/19 and 2019/20 the Council had not recognised any impairment losses.

38. TERMINATION BENEFITS

The Council terminated the contracts of a number of employees in 2019/20; incurring liabilities of £0.142m (£224k in 2018/19) see Note 31 for the number of exit packages and total costs per band.

39. DEFINED PENSION BENEFIT SCHEME

a). 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 pension's 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 the longevity assumptions, statutory changes to the scheme, structural changes to the scheme (i.e. large-scale withdrawals from the scheme), changes to inflation, bond yields and the performance of the equity investments held by 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.

All of the risks above may also benefit the Employer e.g. higher than expected investment returns or employers leaving the Fund with excess assets which eventually get inherited by the remaining employers.

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

The latest available membership data is shown in the table below:

	Number	Salaries / Pensions	Average Age
		£000	
Active members	515	11,798	48
Deferred pensioners	637	1,170	48
Pensioners	797	4,314	73
Unfunded pensioners	126	228	82

Note 39 – Defined Benefit Pension Scheme, cont....

b). Transactions Relating to Post-employment Benefits:

The cost of retirement benefits in the reported cost of services is recognised when they are earned by employees, rather than when the benefits are eventually paid as pensions. However, the charge that is required to be made 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.

	2018/19 £000	2019/20 £000
Comprehensive Income and Expenditure Statement		
Cost of Services:		
Current Service cost	3,889	4,935
Past Service costs	1,511	139
(gain)/loss from settlements	16,056	0
Administration expenses	36	49
Financing and Investment Income and Expenditure:		
Net interest expense	1,738	1,673
Total charged to the Surplus / Deficit on the Provision of Services	23,230	6,796
<i>Other Post-employment benefits charged to the CIES:</i>		
Re-measurement of the net defined benefit liability comprising:		
Return on plan assets	-5,139	10,746
Changes in demographic assumptions	-11,045	-2,848
Changes in financial assumptions	8,926	-17,605
Experience loss/(gain) on defined benefit obligation	0	-593
Other gains and (-)losses	0	233
Total charged to Other Comprehensive Income and Expenditure	-7,258	-10,067
Total charged to the Comprehensive Income and Expenditure Statement	15,972	-3,271
<u>Movement in Reserves Statement -</u>		
Reversal of net charges made to the Surplus or Deficit on the Provision of Services	-23,230	-6,796
<u>Actual amount charged against the General Fund Balance for pensions:</u>		
Employers' contributions payable to the Scheme	2,859	2,833
<u>Actual amount charged against the HRA for pensions in the year:</u>		
Employers' contributions payable to the Scheme	406	718

c). Assets and Liabilities in Relation to Post-Employment Benefits

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

	2018/19 £'000	2019/20 £'000
Present value of the defined benefit obligation	-196,699	-180,793
Fair value of plan assets	122,643	112,447
Net liability arising from the defined benefit obligation	-74,056	-68,346

The following table provides a reconciliation of the present value of the schemes liabilities (defined benefit obligation) for the Council:

	2018/19 £'000	2019/20 £'000
Opening balance at 1 April	-146,696	-196,699
Current service cost	-3,889	-4,935
Interest cost	-4,341	-4,148
Contribution by scheme participants	-646	-756
Re-measurement Gains/Losses(-)		
Change in financial assumptions	-8,926	17,605
Change in demographic assumptions	11,045	2,848
Experience loss/(gain) on defined benefit obligation	0	593
Gains/Losses(-) on curtailments	-1,511	-139
Benefits paid	4,987	4,631
Unfunded pension payments	212	207
Liabilities extinguished on settlements	-46,934	0
Closing Defined Benefit Obligation	-196,699	-180,793

The table below provides a reconciliation of the movements in the Fair Value of the Scheme (Plan) Assets:

	2018/19 £'000	2019/20 £'000
Opening fair value of scheme assets	86,504	122,643
Interest income	2,603	2,475
Re-measurement Gain/Loss(-)		
Return on Assets less Interest	5,139	-10,746
Other Actuarial Gains/Losses(-)	0	-233
Contributions from employer	2,109	2,439
Contributions from employees into the scheme	645	756
Benefits paid	-5,199	-4,838
Administration expenses	-36	-49
Settlement prices received / (paid)	30,878	0
Closing Fair Value of Scheme Assets	122,643	112,447

The expected return on scheme assets and interest expense on scheme liabilities 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.

d). 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 Waddingham an independent firm of Actuaries, estimates for the County Council Fund being based on the latest full valuations of the scheme as at 1 April 2019. The significant assumptions used by the actuary have been:

	2018/19 %	2019/20 %
<u>Mortality Assumptions</u>		
Longevity at 65 for current pensioners:		
Male	21.6	21.8
Female	24.4	24.4
Longevity at 65 for future pensioners:		
Male	23.3	23.2
Female	26.2	25.8
<u>Financial Assumptions</u>	%	%
Rate of inflation - CPI	2.4	2.35
Rate of increase in salaries	3.9	2.9
Rate of increase in pensions	2.4	1.9
Rate for discounting scheme liabilities	2.4	2.35

Assets

The return on the Fund (on a bid value to bid value basis) for the year to 31 March 2020 is estimated to be -7% (2% 31.03.19). The actual return on Fund assets over the year may be different. The estimated asset allocation for the Council is shown in the table below and represents approximately 2% of the Funds' total assets.

Asset Share	2018/19		2019/20	
	£'000	%	£'000	%
<u>Asset Share</u>				
Equity Instruments	76,121	62	64,897	58
Gilts	3,994	3	4,672	4
Other Bonds	11,364	9	10,332	9
Property	16,596	14	16,766	15
Cash	2,963	2	4,583	4
Inflation-linked pooled fund	4,457	4	4,201	4
Infrastructure	5,904	5	6,996	6
Unit Trust	1,244	1	0	0
	122,643	100	112,447	100

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.
- The proportion of the membership that had taken up the 50:50 option at the previous valuation date will remain the same.

The estimation of the defined benefit obligations is sensitive to the actuarial assumptions set out in the table above. The sensitivity analysis below has 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 assumption may be interrelated.

Note 39 – Defined Benefit Pension Scheme, cont....

The estimations in the sensitivity analysis have followed the accounting policies for the scheme, i.e. 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 the used in the previous period.

Impact on the Defined Benefit Obligation on the Scheme

	Increase in Assumption	Decrease in Assumption
	£'000	£'000
Longevity (increase or decrease in 1 year)	188,329	173,582
Rate of increase in salaries (increase or decrease by 0.1%)	181,141	180,448
Rate of increase in pensions (increase or decrease by 0.1%)	183,895	177,749
Rate for discounting scheme liabilities (increase or decrease by 0.1%)	177,422	184,231

e). Impact on the Council's Cash Flows

The objectives of the scheme are to keep employers' contributions at as constant rate as possible. The County Council has agreed a strategy with the schemes 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 2022.

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 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 liabilities show the underlying commitments that the Council has in the long run to pay for post-employment (retirement) benefits. The total liability of £180.793m (£196.699m in 2018/19) has a substantial impact on the net worth of the Council, as recorded in the Balance Sheet, resulting in a negative overall balance of £68.346m (£74.056m in 2018/19).

However, statutory arrangements for funding the deficit mean that the financial position of the Council remains healthy. 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 2021 is £2.453m. The weighted average duration of the defined benefit obligation for scheme members is 19 years, 2019/20 (18 years 2018/19).

Projected Pension Expenditure

The projected pension expenses for the year to 31 March 2021 are:

Projection for Year to 31 March 2021	£'000
Service cost	4,382
Net Interest on the defined liability (asset)	1,575
Administration expenses	45
Total	6,002
Employer contributions	2,453

These figures exclude the capitalised cost of any early retirements or augmentations which may occur after 31 March 2020. The projections are based on the assumptions as at 31 March 2020, as described in the Barnett Waddingham Actuary report.

40. 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 £50k threshold. As at 31 March 2020 the Council's maximum exposure, should MMI no longer be able to achieve solvent run off, is £318k. The Council has received no further indication that any additional levies would be imposed.

41. CONTINGENT ASSETS

A contingent asset arises where an event has taken place that gives the Council 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 are disclosed in a note to the accounts where it is probable that there will be an inflow of economic benefits or service potential.

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.

At 31 March 2020, 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.

During 2019/20 it was discovered that there had been fraudulent refunds of Business Rates made, which totalled £61k. The case is pending a criminal investigation and at this stage of the proceedings it is uncertain as to how much the Council will be able to recover.

42. NATURE AND EXTENT OF RISKS ARISING FROM FINANCIAL INSTRUMENTS

Disclosure of nature and extent of risk arising from Financial Instruments

Key risks

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

THE KEY RISKS ARE:	
CREDIT RISK	The possibility that other parties might fail to pay amounts due to the Council;
LIQUIDITY RISK	The possibility that the Council might not have funds available to meet its commitments to make payments;
RE-FINANCING RISK	The possibility that the Council might be requiring to renew a financial instrument on maturity at disadvantageous interest rates or terms;
MARKET RISK	The possibility that financial loss might arise for the Council as a result of changes in such measures as interest rates movements.

Overall procedures for managing risk

The Council's overall risk management 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
 - the Council's overall borrowing;
 - its maximum and minimum exposures to fixed and variable rates;
 - its maximum and minimum exposures to the maturity structure of its debt;
 - 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.

The annual Treasury Management Strategy which incorporates the prudential indicators was approved by Council on 14 February 2019 and is available on the Council website. The key issues within the Strategy were:

- The Authorised Limit for 2019/20 was set at £131.680m. This is the maximum limit of external borrowings or other long term liabilities.
- The Operational Boundary was set at £126.680m. 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:

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, Moody's and Standard and Poor's, forming the core element. However, it does not rely solely on the current credit ratings of counterparties but also uses the following as overlays:

- Credit ratings of Short Term of F1, Long Term A, Support bb and Individual 3 (Fitch or equivalent rating), with the lowest available rating being applied to the criteria.
- UK institutions provided with support from the UK Government;

The full Investment Strategy for 2019/20 was approved by Full Council on 14 February 2019 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 2020 that this was likely to crystallise.

The Council does not generally allow credit for its customers, such that £0.814m of the £3.382m balance is past its due date for payment at 31 March 2020 (£0.776m at 31 March 2019). The current outstanding amounts owed by customers can be analysed by age as follows:

	31 March 2019	31 March 2020
	£'000	£'000
Less than three months	2,208	2,630
Three to six months	157	120
Six months to one year	137	155
More than one year	360	477
Total	2,862	3,382

The historic experience of default is 31.7% and the maximum exposure to default is £1.072m.

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 2019 £'000	31 March 2020 £'000
Less than 1 year	16,270	10,720
Between 1 and 2 years	0	0
Between 2 and 3 years	0	0
More than 3 years	0	0
Total	16,270	10,720

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).

	Approved minimum limits	Approved maximum Limits £'000	Actual 31-Mar 2019 £'000	Actual 31-Mar 2020 £'000
Less than 1 year	0%	25% £25,716	4,000	0
Between 1 and 2 years	0%	50% £51,432	0	5,000
Between 2 and 5 years	0%	50% £51,432	9,000	4,000
Between 5 and 10 years	0%	50% £51,432	15,000	15,000
More than 10 years	0%	100% £102,863	74,863	74,863
Total			102,863	98,863

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).

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 2020, if all interest rates had been 1% higher (with all other variables held constant) the financial effect would be:

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 FINANCIAL 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.

2018/19 £'000	INCOME AND EXPENDITURE STATEMENT	NOTE	2019/20 £'000
	Expenditure		
6,201	Repairs and maintenance		5,759
21,594	Supervision and management		6,575
1,575	Special Services		1,422
272	Rents, rates, taxes and other charges		345
12,326	Depreciation and impairment of non-current assets	6,7	11,839
110	Debt management costs		66
53	Movement in the allowance for bad debts	10	8
42,131	Total Expenditure		26,014
	Income		
-25,340	Dwelling rents	1	-24,979
-271	Non dwelling rents	2	-275
-1,261	Charges for services and facilities	3	-1,599
-26,872	Total Income		-26,853
15,259	(-) Net income or expenditure for HRA Services as included in the Council's Comprehensive Income and Expenditure Account		-839
416	HRA Services' share of Corporate and Democratic Core		510
186	HRA share of other amounts included in the whole authority cost of services but not allocated to specific services		161
15,861	Net Income (-) or Expenditure of HRA Services		-168
	HRA share of the operating income and expenditure included in the Council's CIES:		
228	Gain or loss(-) on sale of HRA non-current assets		0
3,633	Interest payable and similar charges	8	3,727
-11	HRA Interest and Investment Income	8	-16
247	Net interest on the net defined benefit liability(asset)	11	328
-1,131	Capital grants and contributions		-2,151
18,827	(-) Surplus or deficit for the year on HRA services		1,720

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.

2018/19 £'000	MOVEMENT ON THE HRA STATEMENT	2019/20 £'000
-1,669	Balance on the HRA at the end of the previous year	-2,283
18,827	(-) Surplus or deficit on the HRA Income and Expenditure Statement	1,720
-19,441	Adjustments between accounting basis and funding basis under statute (<i>see table below for details</i>)	-2,545
-614	Net (-) increase or decrease before transfer to/from Reserves	-825
0	Transfers to or (from) reserves	0
-614	(-) increase or decrease in year on the HRA	-825
-2,283	Balance on the HRA at the end of the current year	-3,108

Revaluation gains and losses are charged under "HRA share of the operating income and expenditure included in the CIES" and included within the surplus or deficit on the HRA for the year. The revaluation amounts are reversed out of the HRA Income and Expenditure Statement through the Movement on the HRA Statement so that it does not impact on the rent chargeable for dwellings.

The table below provides a breakdown of the adjustments between accounting basis and funding basis in accordance with statute;

2018/19 £'000	NOTE TO THE MOVEMENT ON THE HRA STATEMENT	2019/20 £'000
	Items included in the HRA Income and Expenditure Statement but excluded from the Movement on the HRA Statement for the year:	
-12,326	Charges for depreciation and impairment of non-current assets	-11,839
1,085	Capital grants and contributions applied	2,210
0	Revenue Expenditure Funded from Capital under Statute	0
46	Capital grants and contributions unapplied credited to the CIES	
-171	Gain(-)/Loss on Sale of HRA Non Current Assets	0
-16,869	Reversal of items relating to retirement benefits debited or credited to the CIES	-1,443
406	Employers contribution payable to NCC pension fund and retirement benefits payable direct to pensioners	718
-27,829		-10,354
	items not included in the HRA Income and Expenditure Statement but included within the movement on the HRA Statement for the year:	
-59	Capital expenditure funded by the HRA	-72
8,447	Transfer to Major Repairs Reserve	7,881
0	Voluntary set aside for debt repayment	0
8,388		7,809
-19,441	Net additional amount required by statute	-2,545

EXPLANATORY NOTES TO THE HOUSING REVENUE ACCOUNT

Note: 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.

(1) DWELLING RENTS

This represents the total rent due from Council Tenants excluding any empty properties.

	2018/19	2019/20
Dwelling Rents	£25.557m	£24.979m
Average Weekly (52 week basis) rent per dwelling	£72.86	£72.86
Number of Voids (Empty Properties)	41	
Voids as a percentage of the total Councils housing stock	0.61%	0.61%

(2) NON-DWELLING RENTS

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

	2018/19 £'000	2019/20 £'000
Non Dwelling Rents	271	275

(3) 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:

	2018/19 £000	2019/20 £000
Charges for services and facilities	493	516
Reimbursement of Costs	399	694
Other Charges	369	389
Total	1,261	1,599

(4) SUMS DIRECTED BY THE SECRETARY OF STATE

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

(5) 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.

	2018/19 £000	2019/20 £000
Council Dwellings	5,253	4,034
Non-Current Assets (Other land and buildings)	296	316
Equipment	0	0
Amortisation of intangible assets	0	1
Total	5,549	4,351

(6) IMPAIRMENT

During 2019/20 £7.488m was charged to the Housing Revenue Account for impairment and revaluation losses, where there had either been a general fall in the value of the asset or whereby the Council incurred spend on the assets for which the value of that expenditure did not lead to a pound for pound increase in that asset. For example the work undertaken on Council dwellings to ensure the decent homes standards are maintained, 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.

Impairment and revaluation losses are charged directly to services within the net cost of HRA services where there is no balance or an insufficient balance of accumulated gains on the Revaluation Reserve for the relevant assets. However, there is no impact on the HRA overall balances as this is a statutory accounting adjustment and is reversed out.

The following table shows how impairment and revaluation losses were split between Council dwellings, assets under construction and other HRA non-current assets.

	2018/19 £000	2019/20 £000
Council dwellings	6,758	7,488
Assets Under Construction	0	0
Non-Current Assets (Other land and buildings)	0	0
Intangible Assets	0	0
Total	6,758	7,488

Impairment and revaluation losses on HRA assets are charged directly to services within the Net cost of HRA services where there is no balance or an insufficient balance of accumulated gains on the Revaluation Reserve for the relevant assets.

(7) CAPITAL CHARGES

The HRA receives a proportion of the interest received by the Council in respect of its cash management. There is a statutory calculation (Item 8 Credit) which determines the amount received.

Conversely, the HRA also pays a proportion of the interest owed by the Council for loans that have been taken out, which forms part of the Item 8 Debit.

From 1 April 2012, Local Authorities are allowed to determine how they calculate the level of interest charged to the Housing Revenue Account for pooled loans (that is, all loans prior to the Housing Self Financing Reform which were held in the General Fund and for which there was a year-end charge for interest payable). Under the new arrangements, Local Authorities are required to ensure that the methodology for charging the Housing Revenue is fair and equitable. The Council has based the calculation on the average debt interest rate for all pooled loans against the HRA Capital Financing Requirement (loans which have been taken out in the past for HRA capital schemes, which are still outstanding).

	2018/19 £000	2019/20 £000
Interest Payable:		
Item 8 Debit	0	0
Self-financing loan fees	0	0
Self-financing loan interest payable	3,633	3,727
Total	3,633	3,727
Interest Receivable:		
Item 8 Credit	-11	-16

The Council does not hold any premiums or discounts in relation to the rescheduling of HRA Debt.

(8) RENT ARREARS

The arrears outstanding at the 31 March for rent not paid to the Council are shown in the table below. The figures in respect of rent due are shown separately to the debts outstanding in respect of the charges relating to court fees and for the provision of services and facilities.

	31-Mar-19 £'000	31-Mar-20 £'000
Rent Arrears	551	612
Court Cost	65	62
Service and Facilities Arrears	48	87
Total	664	761

Outstanding debts as a proportion of gross rent due - Rent only	2.17%	2.45%
Amount of debts written off during the year:	£60k	£79k
Amount of impairment allowance for all debts:	£442k	£450k

(9) CONTRIBUTION TO PENSION RESERVES

(i) 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.

LOCAL GOVERNMENT PENSION SCHEME	2018/19 £'000	2019/20 £'000
Comprehensive Income and Expenditure Statement		
Cost of Services:		
Current Service Cost	553	967
Past Service Cost	586	139
(Gain)/Loss from Settlements	15,480	0
Administration expenses	4	9
Financing and Investment Income and Expenditure:		
Net Interest Expense	247	328
Total Post-employment Benefit charged to the Surplus or Deficit on the Provision of Services	16,870	1,443
Movement in HRA Reserves Statement:		
Reversal of net charges made to the Surplus or Deficit on the Provision of Services for post-employment benefits in accordance with the code	-16,870	-1,443
Actual amount Charged Against the HRA for pensions in the year:		
Employers contribution payable to the scheme	406	718

(ii) 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.

(iii) 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 and 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.

(10) HOUSING STOCK

The number and type of dwelling in the Council's Housing stock is shown in the table below:

Total 2018/19 No.		Pre 1945 No.	1945- 1964 No.	1965- 1974 No.	1975- 2013 No.	After 2013 No.	Total 2019/20 No.
	<u>Traditional Houses and Bungalows</u>						
2,998	1 - 2 Bedrooms	247	985	504	1228	32	2996
1,615	3+ Bedrooms	592	647	128	161	44	1572
	<u>Non Traditional Houses and Bungalows</u>						
546	Houses and Bungalows	0	211	332	0	0	543
	<u>Flats</u>						
967	Low Rise (1-2 storeys)	20	396	194	342	12	964
582	Medium Rise (3-5 storeys)	0	26	370	184	0	580
6,708	Total	859	2265	1528	1915	88	6655

The movement in housing stock during the year is analysed as follow:

Stock at 31 March 2019	6,708
Additions to housing stock	2
Sales, demolitions and disposals	-55
Stock at 31 March 2020	6,655

(11) VACANT POSSESSION VALUE

The value of Council Dwellings assuming vacant possession (Open Market Value) as at 31 March 2020 is £642.4m (31 March 2019 was £679.1m). 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.

(12) CAPITAL RECEIPTS

Capital Receipts received from the sale of HRA non-current assets were as follows:

	2018/19 £'000	2019/20 £'000
Disposal of land and other property	296	45
Sale of Council Dwellings	2,302	2,732
Other	-	-
Total	2,598	2,777

(13) 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:

	2018/19 £'000	2019/20 £'000
Balance as at 1 April	-817	-1,285
Depreciation on HRA Assets	-4,502	-4,351
Revenue Contributions to Capital	-3,945	-3,531
Financing of Capital Expenditure	7,979	5,235
Balance as at 31 March	-1,285	-3,932

(14) HRA CAPITAL FINANCING

The table below shows the total amount of capital expenditure incurred in the year together with the resources that have been used to finance it:

	2018/19 £'000	2019/20 £'000
HRA Capital Expenditure Financed by :		
Borrowing	0	3,057
Grants and Contributions	1,123	2,210
Usable Capital Receipts	2,389	385
Revenue Contributions	0	0
Major Repairs Reserve	7,979	5,234
Total	11,491	10,886

(15) 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 2019/20 (nil in 2018/19).

(16) EXCEPTIONAL ITEMS OR PRIOR YEAR ADJUSTMENTS

There were no exceptional items in 2019/20.

THE COLLECTION FUND

EXPLANATORY NOTES TO THE COLLECTION FUND

The Collection Fund is an agent's statement that reflects the statutory obligation of billing authorities, such as Bassetlaw District Council to maintain a separate Collection Fund. The statement shows the transactions of the billing authority in relation to the collection from taxpayers of Council Tax and Non-Domestic Rates (NDR) and its distribution to local government bodies and the Government.

The Council has a statutory requirement to operate a Collection fund as a separate account to the General Fund. The purpose of the Collection Fund therefore, is to isolate the income and expenditure relating to Council Tax and Non-Domestic Business Rates. The administration costs associated with the collection process are charged to the General Fund.

With effect from 1 April 2013, the local government finance regime was revised with the introduction of the retained business rates scheme. The main aim of the scheme is to give Councils a greater incentive to grow businesses in the District. It does, however, also increase the financial risk due to non-collection and the volatility of the NDR tax base.

All local authorities were given the opportunity to work with neighbouring and partner authorities to develop a bid to become a local authority business rate "pool". Bassetlaw District Council is part of a Nottinghamshire business rates pool which is administered by Nottinghamshire County Council. Member authorities are treated as a single authority for the purpose of certain calculations under the business rates retention scheme. The advantage of a pool is to potentially generate additional business growth through collaborative working and to smooth out the impact of volatility in business rates income across a wider economic area.

This new arrangement provides a direct link between business rates growth and the amount of money local authorities have to spend on services. Local authorities can keep a proportion of their NDR collected in their area after certain contributions to (levy payments) and from (safety net payments) the Government have been made. The Council's share is 40% with the remainder paid to precepting bodies. For Bassetlaw District Council the NDR precepting bodies are Central Government (50% share), Nottinghamshire County Council (9% share) and Nottinghamshire Fire Authority (1% share).

The national code of practice followed by Local Authorities in England stipulates that a Collection Fund Income and Expenditure account is included in the Council's accounts. The Collection Fund balance sheet meanwhile is incorporated into the Council's consolidated balance sheet. The balance of the Collection Fund is disaggregated at the year-end to attribute relevant amounts to the precepting authorities (shown as debtors or creditors in the Balance Sheet) and the billing Council (Bassetlaw District Council).

THE COLLECTION FUND STATEMENT

2018/19				2019/20		
Business Rates	Council Tax	Total		Business Rates	Council Tax	Total
£'000	£'000	£'000	Income/Expenditure	£'000	£'000	£'000
INCOME						
0	-65,017	-65,017	Council Tax Receivable	0	-68,911	-68,911
-51,481	0	-51,481	Business Rates Receivable	-48,872	0	-48,872
-51,481	-65,017	-116,498		-48,872	-68,911	-117,783
EXPENDITURE						
Apportionment of Previous Year Surplus or (Deficit)						
-882	0	-882	Central Government	2,239	0	2,239
-705	0	-705	Bassetlaw District Council	1,791	52	1,843
-159	0	-159	Nottinghamshire County Council	403	450	853
-18	0	-18	Nottinghamshire Fire and Rescue Authority	45	25	70
0	0	0	Nottinghamshire Police and Crime Commissioner	0	62	62
-1,764	0	-1,764	Surplus or (deficit) balance carried forward	4,478	589	5,067
PRECEPTS, DEMANDS AND SHARES						
21,017	0	21,017	Central Government	21,575	0	21,575
16,814	5,767	22,581	Bassetlaw District Council	17,260	6,036	23,296
3,783	48,590	52,373	Nottinghamshire County Council	3,884	51,359	55,243
420	2,653	3,073	Nottinghamshire Fire and Rescue Authority	431	2,777	3,208
0	6,689	6,689	Nottinghamshire Police and Crime Commissioner	0	7,632	7,632
42,034	63,699	105,733		43,150	67,804	110,954
CHARGES TO THE COLLECTION FUND						
938	265	1,203	Write offs of uncollectable amounts	47	136	183
-451	330	-121	Increase /Decrease (-) in Bad Debt Provision	151	535	686
1,345	0	1,345	Increase /Decrease (-) in Provision for Appeals	-1,063	0	-1,063
167	0	167	Cost of Collection	169	0	169
590	0	590	Disregarded amounts	1,025	0	1,025
6,725	0	6,725	Transitional Protection Payment	7,546	0	7,546
9,314	595	9,909		7,875	671	8,546
1,897	723	2,620	Surplus/Deficit (-) arising in year	-6,631	-153	-6,784
1,549	-66	1,483	Surplus/Deficit (-) b/fwd 1 April	3,446	657	4,103
3,446	657	4,103	Surplus/Deficit (-) c/fwd 31 March	-3,185	504	-2,681

NOTES TO THE COLLECTION FUND ACCOUNT

(A) INCOME FROM BUSINESS RATEPAYERS

Non-Domestic Rates (NDR) or Business Rates are paid by businesses. 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.

	31-Mar-19	31-Mar-20
Total Rateable Value (£'000)	112,373	108,810
Non Domestic Rating Multiplier	49.3p	50.4p
Small Business Multiplier	48.0p	49.1p

The Council collects and distributes business rates from rate-payers to the main preceptors and central government. The table below shows the NDR income collectable in 2019/20 after reliefs was £48.872m (£51.481m in 2018/19).

	2018/19 £'000	2019/20 £'000
Non-Domestic Rate Income		
Gross Amount Due	52,961	51,023
Less Reliefs	-1,480	-2,151
Net Amount Collectable	51,481	48,872

The Council receives an allowance from the Collection Fund towards the collection of Business Rates, for 2019/20 this was £169k (2018/19 £167k)

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 2019/20 a surplus of £0.500m was declared (surplus of £4.478m in 2018/19).

The balance at the 31 March 2020 is a deficit of £6.631m (surplus of £1.897m 2018/19) and this has been disaggregated for the purposes of these Accounts to attribute relevant amounts to the precepting authorities' debtor/creditor accounts and the billing authority as follows:

	Surplus/ (deficit) at 31.03.19 £'000	Deficit in year £'000	Surplus/ (deficit) at 31.03.20 £'000
Bassetlaw District Council	1,380	-2,652	-1,272
Central Government	1,722	-3,316	-1,594
Nottinghamshire County Council	310	-597	-287
Nottinghamshire Fire and Rescue Authority	34	-66	-32
Balance at 31 March	3,443	-6,631	-3,185

(B) BUSINESS RATES APPEALS

Under the Business Rates Retention Scheme, local authorities are required to provide for the potential loss of business rates as a result of businesses successfully appealing against the rateable valuation of property occupied. The provision is funded from the Collection Fund and the cost shared between the Members of the Business Rates pool.

The total of the appeals provisions is £4.1m (2018/19 £5.2m) with the Council being responsible for £1.6m (2018/19 £2.1m).

The £1.6m provision for appeals is included within the Council's disaggregated share of the collection fund balances held in the consolidated balance sheet.

(C) COUNCIL TAX

Council Tax income derives from charges raised according to the value of residential properties that have been classified into 9 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. (i.e. the equivalent number of Band D dwellings).

The Council Tax base for the 2019/20 financial year was 34,794.99 and was calculated as shown below:

Valuation Band	Ratio to Band D	No of Dwellings in Valuation List		Number of Band D Equivalent Dwellings	
		2018/19	2019/20	2018/19	2019/20
Band A-	5/9	0	0	76	75
Band A	6/9	26,726	27,053	15,698	15,857
Band B	7/9	7,730	7,916	5,513	5,560
Band C	8/9	6,272	6,444	5,147	5,188
Band D	9/9	6,041	6,241	5,667	5,750
Band E	11/9	3,085	3,180	3,570	3,611
Band F	13/9	1,481	1,525	2,041	2,050
Band G	15/9	675	695	1,061	1,093
Band H	18/9	57	57	83	85
Total		52,067	53,111	38,856	39,269
Deduction for non-collection, new build, demolition and other adjustments				-451	-547
Additional properties and adjustments during the year				-4,173	-3,927
Council Tax Base (Band D equivalent)				34,232	34,795

The Council set a Council Tax (excluding local precepts) at Band D of £1948.67 2019/20 compared to £1,860.81 in 2018/19. This is broken down as follows:

Band D Council Tax	2018/19 £	2019/20 £
Bassetlaw District Council	168.48	173.48
Nottinghamshire County Council	1,328.85	1,371.29
Nottinghamshire County Council Adult Social Care	90.58	104.77
Nottinghamshire Police and Crime Commissioner	195.39	219.33
Nottinghamshire Fire and Rescue Authority	77.51	79.80
Total Council Tax Income	1,860.81	1,948.67

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 2019/20 a surplus of £500k was declared (For 2018/19 £600k surplus was declared).

The balance at the 31 March 2019, a surplus of £504k has been disaggregated for the purpose of these Accounts to attribute relevant amounts to the precepting authorities' debtor/creditor account and the billing authority as follows:

	Cuml. Surplus at 31.03.19 £'000	(-) Deficit in year £'000	Cuml. Surplus at 31.03.19 £'000
Bassetlaw District Council	70	-19	51
Nottinghamshire County Council	492	-117	375
Nottinghamshire Police and Crime Commissioner	68	-10	58
Nottinghamshire Fire and Rescue Authority	27	-7	20
Balance at 31 March	657	-153	504

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 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.

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.



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Bassetlaw
DISTRICT COUNCIL
— North Nottinghamshire —