

# Statement of Accounts & Narrative Report

## 2020/21

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**Bassetlaw**  
DISTRICT COUNCIL  
— North Nottinghamshire —



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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

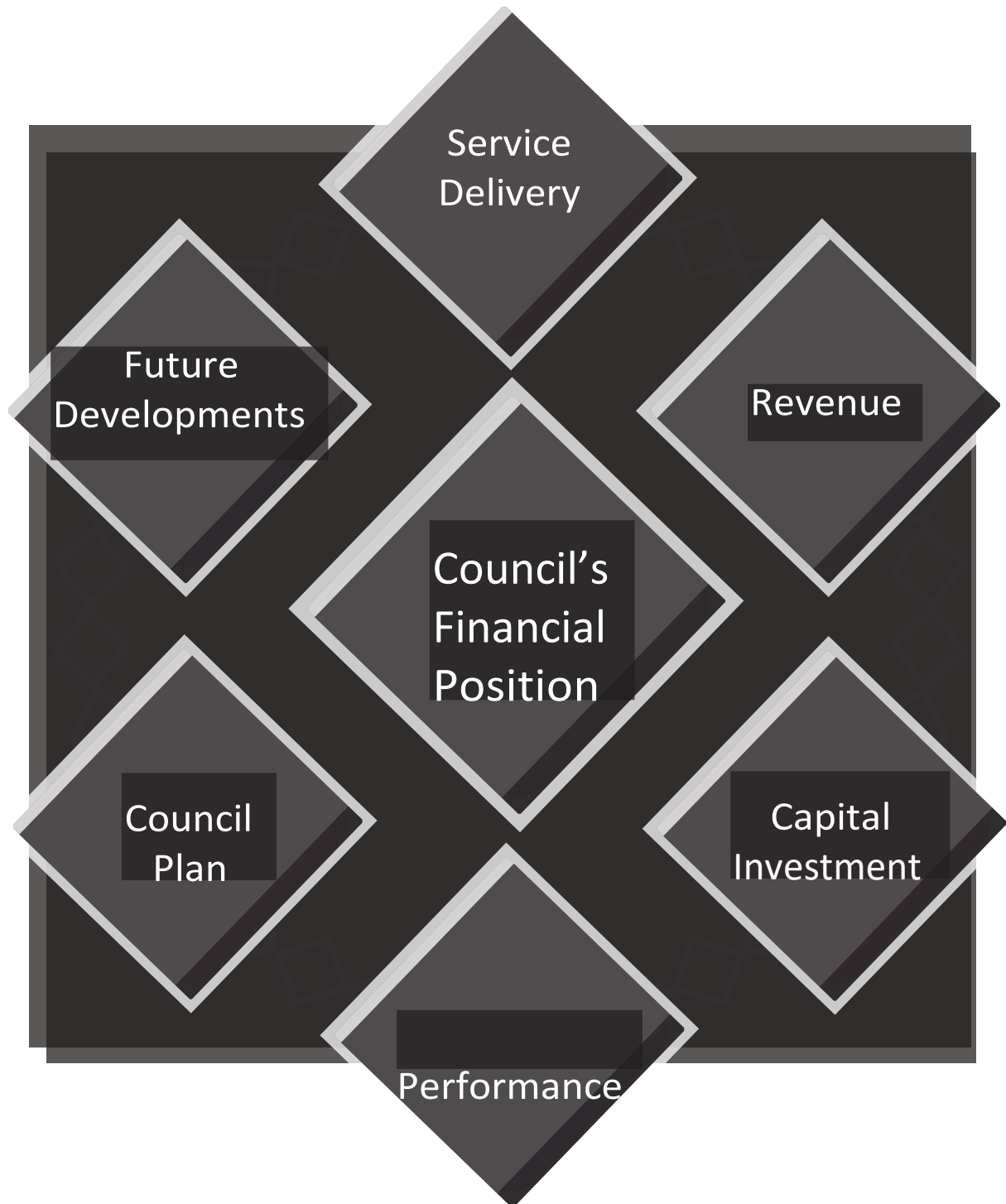


## Investing in Communities

## THE NARRATIVE REPORT

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# 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.

## Councillor Preface



**Despite the significant impact of Covid-19 and unexpected financial pressure it brought, 2020/21 has proved to be yet another successful year for Bassetlaw District Council in terms of financial management.**

It is no understatement that 2020/21 has been a challenging year for all councils. Due to the appearance of Covid-19 and the restrictions that followed, local authorities have dealt with staff illness and unfilled vacancies yet maintained services, successfully implemented working from home arrangements, and established closer working partnerships with N.H.S. colleagues and the third sector.

The established practice by Bassetlaw District Council is to always ensure financial resilience; this cautious approach paid off at a time when all councils were exposed to Covid-related financial pressure. During 2020/21 Bassetlaw District Council continued to maintain 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.

Rigorous budgetary control and close monitoring of the financial situation was employed during the pandemic. We saw some mitigation of lost revenue due to efficiency savings and effective use of staff, thus avoiding the need for external consultant expertise; this success has led to ongoing additional measures being taken to ensure the services provided are efficient and customer-focussed.

The Council has had to handle a significant amount of extra work such as processing and paying grants to ensure the survival of local businesses. A measure of how successful the team were was shown in a league table showing Bassetlaw ranked 4<sup>th</sup> out of 317 local authorities for prompt payment of grants.

It is a credit to Bassetlaw District Council that during the past year it has managed to not only continue to deliver quality services, but also pursued developments in both its services and new facilities for local residents.

The intention to revitalise the High Street is evidenced by the purchase of town centre properties which will put us in a position to promote regeneration in the district, and resources will be allocated to the Council's Plan for Strategic Development in the district. The commercial partnership between Bassetlaw District Council and a housing developer has seen the start of house building, and the Council's Strategic Plan for the Green Agenda will see further inward investment to support Council's ambition to become the 'green exemplar' for Bassetlaw.

The fact that Bassetlaw District Council has been able to progress its plans for development and growth, even when dealing with the unforeseen financial disruption caused by the pandemic, is due to careful forward planning, shrewd decisions and robust financial management.

This success reflects the high level of financial expertise in the Finance Team and their commitment and skill in effectively turning a huge challenge into a well-managed situation.

### June Evans

Portfolio Holder for Finance  
Bassetlaw District Council

# Introduction by S151 Officer



I am pleased to introduce our Financial Accounts for 2020/21. They represent the financial results of the delivery of the second year of our 2019-2023 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 five parts:

- Part one - provides an introduction to the area of Bassetlaw
- Part two - provides an introduction to Bassetlaw District Council
- Part three - provides a summary of our performance against the priorities outlined in the Council Plan.
- Part four - relates to our financial performance for the year 2020/21 and summarises the information in the main Statement of Accounts document.
- Part five - looks forward, outlining the impact of the current economic climate and the risks we face on our resources and the services we provide.

In considering this report, you should note that the under spend 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 2020/21 was available for inspection from 30 July 2021 to 10 September 2021. The formal audit of our accounts commenced on 16 August 2021.

### David Hill

Director of Corporate Resources (S151 Officer)  
Bassetlaw District Council



# Part1 - Introduction to Bassetlaw

## BASSETLAW IN NUMBERS - Did you know...

Bassetlaw has a resident population of approximately 117,459 (ONS Mid year estimate 2019). 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.



# Part 2 - Introduction to Bassetlaw District Council

## How the Council works

The whole Council of 48 Councillors is elected every four years with the last full elections held in May 2019. The political balance of the Council on 31st March 2021 was 36 Labour, four Conservative, four Independent, one Liberal Democrat and three vacancies.

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 Services, 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 496.48 staff (full time equivalent) at 1 April 2020. The Chief Executive has overall responsibility for the services supported by two Corporate Directors and six Heads of Services. The Council's Senior Management Team is pictured on the following page.

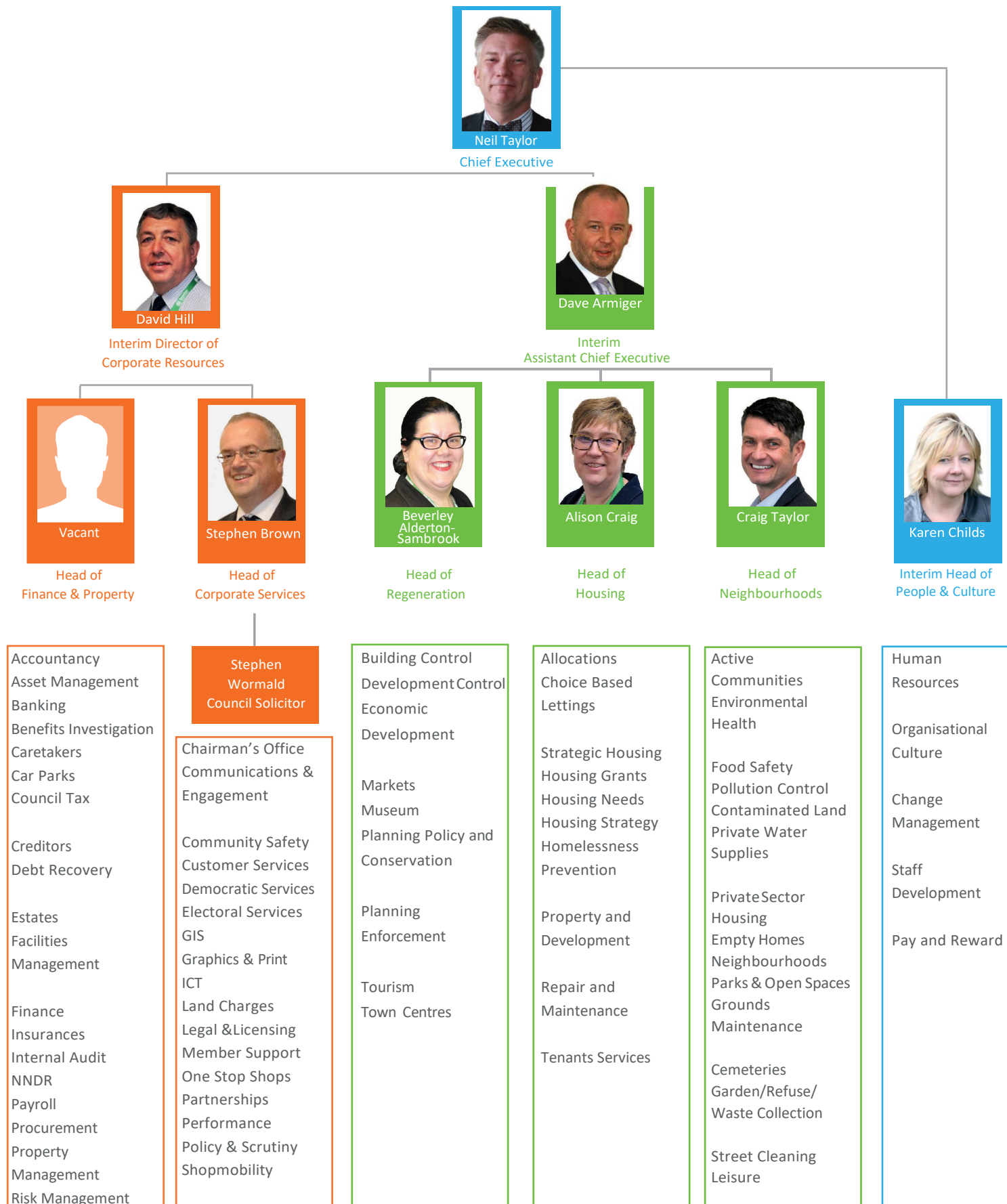
The Council also has a number of committees, with membership determined on the basis of the political balance.

Overview and Scrutiny Committee  
Audit and Risk Scrutiny Committee  
Standards Sub-Committee  
Licensing Committee  
Planning Committee  
Appeals Committee  
Appointments Committee  
Chief Officers' Investigating Committee  
Health and Safety Committee  
Introductory Tenancies Appeal Board  
Joint Employee Council

More information on our Committees can be viewed at [www.bassetlaw.gov.uk/council-and-democracy/](http://www.bassetlaw.gov.uk/council-and-democracy/)

## How the Councilworks

### Structure of the Council as of 31st March 2021



## Part 3 - 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.

To deliver this Council Plan we will need to work with residents, partners and local businesses, whilst continuing to deliver financial savings.

By the end of this plan, we are forecast to have saved over £10.5 million since the beginning of austerity in 2009. Despite these cuts, we remain committed to delivering the best services we can to our communities and local businesses.

# 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.

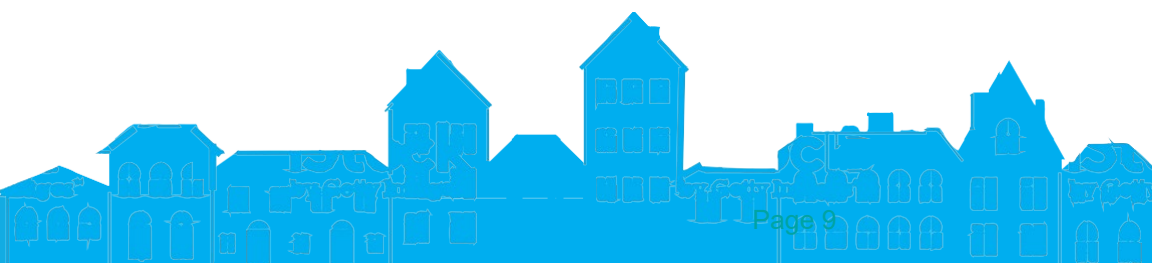


# Investing in Housing

## 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...**

- Working with the power station site owners to look at future potential and giving consideration to their inclusion within the Local Plan as priority regeneration sites.

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- The Council has also put forward a coal fired power station site for consideration under the government STEP programme as the location for the next generation of nuclear fusion research.

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- As part of the preparation of the Local Plan the Council has worked with land owners to ensure appropriate sites are contained within the plan so they can be brought forward for development.

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- The draft Bassetlaw Local Plan includes a policy that seeks 5 new trees from new housing and business development, proportionate to the size of scheme. On adoption of the Local Plan, trees will start to be secured and will be planted in new community woodlands.

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- A new Community Health and Wellbeing Group formed with representation from Bassetlaw Integrated Care Partnership and leisure provider BPL.

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- Supported local businesses during Pandemic - ranked 4th and joint 1st out of 317 Local Authorities paying out Government support grants.

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- Retford Business Neighbourhood Plan area formally designated to lead redevelopment and reuse of Retford Town Centre

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- Consulted on Worksop Town Centre Masterplan

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- Signed up to Woodlands Pledge with all Nottinghamshire districts for a county wide tree replanting programme

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- Increase in Bassetlaw Museum and Pilgrims Gallery YouTube in response to COVID 19

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- Works commenced on new public toilets/catering kiosk at the Canch, completing September 2021

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- Draft Langold Country Park Masterplan completed - consultation summer 2021.





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

- The Council has established Bersahill as a joint venture with Robert Woodhead limited to bring forward development on its land. Development is due to commence in April 2021, house sales expected in 2021/22.

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- Thriving Neighbourhood Strategy agreed in principle

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- Housing Liaison Group of Tenants and Elected Members established

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- Better Care Funding provided Electronic Route Planner to assist patients to travel to Bassetlaw Hospital and a Health Bus to take medical services out into the community

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- Surveyed 60% of homes in Stock Condition Survey.

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- Initial work on a programme of estate regeneration / environmental improvements commencing at the Carlton Wimpey Estate.

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- Developed a 30 year Asset Management Plan.

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- Developed a 5 year Housing Capital Investment Programme (£73million).

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- Commenced a review of the Allocations Policy.

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- Commence work on the development of 120 new homes at Radford Street, Worksop.

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- Reviewed and implemented a new Adaptations Policy, removing the means test for Council Tenants.

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- Secured funding under the Social Housing De-Carbonisation Fund (£270k matchfund).

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- Introduced an Eco-Flex Scheme for the District with over 700 households benefitting.

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- Secured £700k of Green Homes Grant (Local Authority Delivery Phase 2) through the Midlands Energy Hub.



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

- Working with partners to support over 104 clients in the Steppingstones local drug treatment engagement programme to reduce dependency and turn peoples' lives around

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- 4 Rough Sleepers at the Rough Sleeper Count in 2020 down from 16 in 2018.

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- Enhanced the cold weather provision for rough sleepers, with the SWEP opening from 31st October 2020 until 31st March 2021 irrespective of the weather

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- We will fund technical heat decarbonisation plans for our key buildings, expand scope for Solar PV installations at our sites, and have initiated the shift to electrifying our fleet.

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- North Notts Skills and Employment Board (NNSEB) and North Notts Skills and Employment Partnership (NNSEP) set up and work continues on COVID Response Delivery Plan.

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- Successful bid to D2N2 to fund a state of the art Worksop Access to Skills Hub

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- Six new apprenticeships commenced and four apprenticeships completed during the year.

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- 68% of all new staff appointed during the year to 31 March 2021 reside within Nottinghamshire (52% in Bassetlaw). Of the remaining 32%, 28% were recruited from counties neighbouring the Bassetlaw area.



# Covid Response

In addition to work undertaken across the Council Plan, we have dealt with a number of additional challenges brought about by the Coronavirus pandemic this year including:

- Reviewed and developed accommodation provision for rough sleepers during Covid and Next Steps.
- Provided emergency self contained accommodation for all homeless people between March – May 2020 – which allowed self isolation and social distancing to be maintained. 17 households in total were accommodated in accordance with MHCLG “Everyone In” Scheme between March –September 2020, 13 of which were rough sleeping at the time.
- Reduced rough sleeping across the District by accommodating all willing rough sleepers and increased visits by Street Outreach Team to provide additional encouragement to those who did not feel able to accept accommodation at the time.
- Bassetlaw Customer Services became the single point of contact and made 1686 referrals. There were 2388 safe and well calls and visits made.
- In Partnership with BCVS contacted 1723 vulnerable people by telephone. Our joint foodbank food hub recruited / utilised around 80 – 100 volunteers. 4242 food parcels and 260 medicine deliveries were made. The Council distributed over £20,000 worth of support including shopping vouchers, food and bedding provided through the Covid Winter Warmth Grant to adults in the District.
- Money Advice Service and Tenant Support Officers service maintained through Lockdown.
- Supported local businesses during Pandemic - ranked 4th out of 317 Local Authorities paying out Government support grants.
- Provided facilities for both PCR and Lateral Flow Testing sites and a local vaccination centre.
- Provided Covid marshals for our town centres.

## Part 4

# Financial Performance & Management 2020/21

## 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.

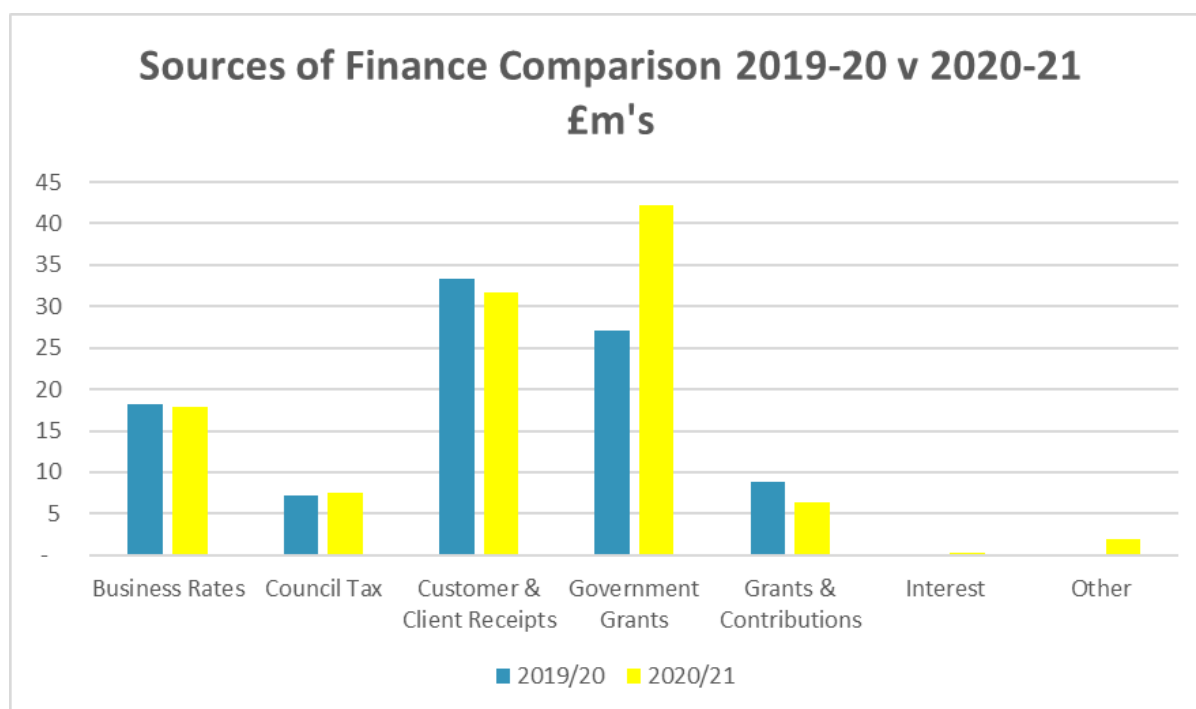
The process is ongoing and will last until at least 2021-22 and the Council will continue to monitor the situation nationally in order to understand the financial challenges it will face going forward.

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. [Link here](#)

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. The large increase in government grants in 2020-21 was due to COVID-19 for which further details are provided in the Grants received section.



## The General Fund-Revenue

The General Fund supports the day to day running of the Council's services (excluding housing). The Council set its General Fund budget for the 2020/21 financial year on 13 February 2020. This shows a total budget of £16.266m of which £13.961m was to deliver its core services. [Link to budget report](#)

During the year the budget position for the net cost of services increased by £2.023m from £13.961m to £15.984m. The main factors contributing to this increase were relating to pension costs and capital accounting adjustments. These are statutory accounting adjustments which are charged to services, but are subsequently reversed back out through the movement in reserves statement to eliminate any impact on the level of Council Tax charged. The other large adjustment in 2020-21 related to Covid which moved budgets from services to reflect the income losses.

The financial standing of the Council is very robust, with sound and improving financial management and practices. The outturn position for the Council is £17.960m, which compared to the budget (shown in the table below) is an overspend of £1.976m on service budgets. As can be seen from the table, this was mainly due to the overspend on COVID related costs and lost income.

### Service Analysis Budget vs Actual 2020/21

	£m's	£'m	£'m	£'m
	INITIAL BUDGET	REVISED BUDGET	ACTUALS	VARIANCE
Human Resources	0.261	0.354	0.361	0.007
Chief Executive	0.445	0.528	0.532	0.004
Corporate Services	2.433	2.860	2.875	0.015
Finance & Property Services	2.253	3.167	2.965	(0.202)
Neighbourhoods	6.173	7.352	7.118	(0.234)
Regeneration	2.094	3.553	3.317	(0.236)
Housing GF	0.302	(0.263)	(0.214)	0.049
COVID-19	0.000	(1.567)	1.006	2.573
<b>Net Cost of Services</b>	<b>13.961</b>	<b>15.984</b>	<b>17.960</b>	<b>1.976</b>

	VARIANCE £'m
Overachieved income	(0.476)
Employee savings	(0.166)
External Consultants & Private Contractors	0.022
COVID-19	2.573
Other minor variances	0.023
<b>Net Cost of Services</b>	<b>1.976</b>

The actual outturn for the year after taking into account further savings and other income, results in a net underspend of (£1.281m). This is mainly due to (£3.020m) grants received from Government to offset the Council's losses due to COVID.

## The Housing Revenue Account (HRA)

The HRA is a ring-fenced landlord's account for the running of the Council's housing stock.

The budget that was approved by Council on 30 January 2020 [link here](#) – shows the generation of £7.563m in income over and above expenditure that is ring-fenced to be spent on the Council's housing stock. The over achievement of income will be re-invested into the Council's housing stock over a number of years to ensure properties are maintained to an appropriate standard and to continue to grow the stock of houses to ensure the Council meets the needs of the district.

Compared to the budget, savings of £1.213m have been achieved, these are summarised in the table below:

Summary of Savings:	£'000's (-)Saving
Covid 19 pandemic savings	-926
Employee vacancies	-417
Unused contingency	-318
Lower impairment provision	-149
Property voids	252
Lower recharges to Capital	205
Higher recharges from the General Fund	97
Various other variances	43
<b>Total Savings:</b>	<b>-1,213</b>

The overall movement on the HRA balance is an increase in year of £1.723m, of this £0.197m has been transferred to an earmarked reserve to be used in 2021/22. This increases the HRA reserves balance from £3.107m to £4.830m.

Income from dwelling rents (£25.386m in 2020/21) has increased by £407k (0.07%) compared to 2019/20. From 1 April 2020 the Council was allowed by Government to increase rents up to CPI plus 1%. This is the first increase in rents since 4 April 2016, when in accordance with legislation social and affordable housing rents decreased by 1% annually.

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

## Grants Received in Year

The Council has been responsible for the administration and distribution of a number of grant schemes over the course of the COVID-19 pandemic. This included grants to businesses to support them during periods of lockdown, grants to support those residents that could be put into financial difficulty when mandated to self-isolate and specific local authority grants to assist with ensuring compliance with the imposed restrictions over the course of the financial year.

For a number of these centrally funded grants the Council has had discretion of use including values to distribute, whilst for other grants the government mandated the value and eligibility criteria of distribution. Where the Council could exercise its discretion over the grant, the expenditure and income have been recorded within the Comprehensive Income and Expenditure Statement (CIES). For grants mandated by government, these have been recorded on the Balance Sheet as the net balance of expenditure compared with the original allocation received.

The table below shows the different schemes that grants have been received and paid out over the course of the 2020/21 financial year and where they have been recorded in the financial statements:

Grant Name	Allocation £'s	Description	Financial Statements
Small Business Rates/Retail, Hospitality and Leisure including Local Authority Discretionary Scheme	£ 28,836,000	£10,000 grants to businesses in receipt of Small Business Rates relief and £10,000 and £25,000 grants for businesses in the Retail, Hospitality and Leisure sector depending on their rateable value. In addition to this 5% of the overall allocation was given to local authorities to fund a scheme at their discretion	Balance Sheet
Additional Restrictions Grant	£ 3,561,974	A discretionary scheme for local authorities to fund businesses based on their knowledge of their local economy	CIES
Local Restrictions Support Grant Closed	£ 8,959,605	A mandatory grant for those businesses mandated to close during the lockdowns with set eligibility criteria running throughout October 20 to March 21	Balance Sheet
Local Restrictions Support Grant Open	£ 382,747	A discretionary grant for those businesses that were not mandated to close during the lockdowns	CIES
Closed Business Support Payment for Wet Led Pubs	£ 83,200	A £1,000 grant for those hospitality venues whereby less than 50% of their income was generated by food sales	Balance Sheet
National Lockdown Grant	£ 5,913,000	A one-off allocation during January 21 for those businesses mandated to close during the lockdown announced on the 4 <sup>th</sup> January 21	Balance Sheet
<b>Sub-total Business Grants</b>	<b>£ 47,736,526</b>		
NHS Test and Trace Discretionary	£ 237,458	A £500 grant for those residents who met the local authorities discretionary eligibility criteria, where they were required to self-isolate due to a positive COVID-19 test for them or their children	CIES
NHS Test and Trace Mandatory	£ 51,000	A £500 grant for those residents that were in receipt of a relevant benefit as described within the governments eligibility criteria, where they were required to self-isolate due to a positive COVID-19 test for them or their children	Balance Sheet
<b>Sub-total Test and Trace</b>	<b>£ 288,458</b>		
Compliance and Enforcement Grant	£ 61,213	Funding to support additional compliance and enforcement activities	CIES

Contain Outbreak Management Fund	£ 352,377	Funding to support costs associated with the public health and outbreak management costs of COVID-19	CIES
Sales, fees and charges extension	£ 683,476	To recompense local authorities for irrecoverable and unavoidable losses from sales, fees and charges income generated through the delivery of services. This has been extended into the first quarter of 2021 - 22	CIES
Coronavirus Emergency funding for local government	£ 1,980,747	Throughout the financial year, government distributed £4.607bn in funding to local authorities as emergency funding to combat funding pressures	CIES
<b>Sub-total LA Assistance funding</b>	<b>£ 2,903,025</b>		
Local Income Tax Guarantee Scheme (Council Tax)	£ 313,685	The government outlined that it will compensate local authorities for 75% of irrecoverable losses in council tax and business rates income in respect of 2020 - 21	CIES
COVID-19 Hardship fund	£ 906,790	£500m of funding was provided to support economically vulnerable people and households within local areas	CIES
Business Rate Relief s31 Grant	£ 5,685,125	Compensation from government for the cost of additional reliefs to businesses granted in year	CIES
<b>Sub-total Council Tax/ Business Rates funding</b>	<b>£ 6,905,600</b>		
<b>Total of all COVID-19 Grants Received</b>	<b>£ 58,008,397</b>		

The total grant funding for the Local Authority funded grants provided support for additional costs and losses of income seen in year and hence this has directly been allocated to the general fund to support the additional responsibilities the Council has been engaged with in the year.

The total funding for Council Tax/Business Rates relates to reductions in income receivable through either government policy decisions (the extended retail relief scheme meant that no business within the Retail, Hospitality and Leisure sector paid business rates during the year regardless of their size).



## 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 £9.222m. This has been appropriated into the following reserves:

Reserve	Balance at 31st March 2020	Increase in year	Balance at 31st March 2021
<b>General Fund</b>	£3.579m	£1.108m	£4.687m
<b>General Fund Earmarked reserves</b>	£9.170m	£6.390m	£15.560m
<b>HRA</b>	£3.107m	£1.723m	£4.830m

The General fund earmarked reserves increase of £6.390m is mainly as a result from reimbursement of additional business rates reliefs that were issued in April 2020 in response to the Pandemic. The deficit in the collection fund at 31 March 2021 created as a result of the additional reliefs will, due to statutory accounting arrangements, not affect the accounts until 2021/22 and 2022/23. In order to smooth the impact of the deficit £5.570m which has been received by the Council as S31 grants has been transferred to a Collection Fund Reserve to be released in later years.

## 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 2020/21 the Council spent **£15.6m** on Capital works.

Capital spend and projects have been delayed this financial year due to the impact of COVID on delivery of works and access to sites. However, these planned projects will continue to go ahead during 2021/22.

The key projects completed during the year were:

**HOUSING PROJECTS** - **£8.4m** was spent during 2020/21 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** - 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. During 2020/21 grants of **£413k** were provided.

# The 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 96 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:

BUSINESS RATES APPEALS PROVISION	2019/20	2020/21
	£'000	£'000
<b>Opening provision for business rates appeals</b>	<b>2,073</b>	<b>1,647</b>
Amount of provision used in year based on successful appeals	-421	-246
Amount the provision has increased or (-) decreased by in year	-5	1,231
<b>Closing provision for business rates appeals</b>	<b>1,647</b>	<b>2,632</b>

## Assets

Property Plant and Equipment (PPE)

The value of the Council's PPE at 31 March 2021 is £383.3m, an increase of £20m compared to the previous year end. This is mainly due to revaluation adjustments to Council dwellings.

## Cash Flow

The Council's cash position at 31 March 2021 is £15.3m this is an increase of £2.5m compared to the previous year's balance. This increase is mainly reflected in the amount held at the year-end in Money Market Funds.

## Pension Fund

The value of the Council's Pension Liability has increased by £20m in the year to £88.586m. This is mainly due to the changes in financial assumptions; which includes the discount rate linked to corporate bond yields and market expectations of inflation, resulting in the liability increasing by £45m. The return of the schemes assets has been strong, this is dependent on the funds' investment strategy, resulting in an increase in value of £25m.

# Part 5 - Looking Forward

## General Fund Revenue – 2021/22 & Beyond

### Budget Pressures

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

Successive Financial plans have identified the need to make significant budget reductions. Over the last 10 years the Council has already delivered savings of £8.7m and forecasts a budget shortfall of £1.16m over the next 5 years as follows:

Financial Year	Budget Pressure £m	
<b>2021/22</b>	0.150m	shortfall
<b>2022/23</b>	1.140m	shortfall
<b>2023/24</b>	0.150m	shortfall
<b>2024/25</b>	(0.560m)	surplus
<b>2025/26</b>	0.280m	shortfall
<b>Total:</b>	<b>1.160m</b>	<b>shortfall</b>

The current Medium Term Financial Plan, which covers the years detailed above, was approved by Cabinet on 5<sup>th</sup> January 2021. 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
<b>Changes in Welfare Reforms</b>	<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>The DWP migration across to Universal Credit planned between December 2020 and 2024 has been further delayed due to low take up at the pilot stage. COVID-19 will accelerate the rate of natural migration due to changes in people's circumstances/ earnings.</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.</p>
<b>Information and Data Loss</b>	<p>With our increasing dependence on IT Systems to undertake business, the risk of information or data loss or external hacking of the Councils ICT systems also increases. The Council may suffer significant financial claims in respect of the loss of data and the reputation of the Council may also be harmed.</p> <p>The risk value is adverse reputation.</p> <p>Due to COVID19 the majority of staff have been working from home. However, due to recent Government guidelines staff will be working on a new hybrid approach of home working and office based. A review of potential /new risks is currently being assessed.</p>	<p>Further enhancements of the Office 365 operating system will ensure that data sent via email can be restricted from leaving the Bassetlaw.gov.uk domain unless users affirm that any attachments do not contain personal data.</p> <p>A review to ensure all staff have completed the online Data Protection course (GDPR).</p> <p>Review all Data Protection Representatives to ensure roles and responsibilities are understood and that they have completed the specific module on the e-learning system.</p> <p>The Head of Corporate Services has taken on the role of Senior Information Risk Officer (SIRO).</p> <p>Security breaches are being logged and reported to CMT, these are being monitored for trends with training being provided where necessary.</p>

RISK	SUMMARY	MITIGATION
<p><b>Long Term Financial Integrity of the Council</b></p>	<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>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>A contractor is working to complete and actively manage the Strategic Asset Reviews. An initial report has been produced containing 47 recommendations which have been included in an Action Plan. This work will be completed by December 2021.</p>	<p>The Medium Term Financial Plan is 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> <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>
<p><b>Failure to properly risk assess practices and take appropriate action</b></p>	<p>The Council is required under Health &amp; Safety legislation to ensure that risk assessments are undertaken in all of its service areas.</p>	<p>The Safety &amp; Resilience Manager monitors all outstanding risk assessment reviews and safety actions.</p> <p>IOSH - Managing Safely training courses are being run for Service Managers. Due to Covid-19 the courses have had to be re-scheduled and will take place during 2021/22.</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>COVID19 Secure Risk assessments have been prepared for all workplaces where employees are present. The assessments have identified all necessary controls to achieve compliance with national Covid19 guidance. Managers will be prompted to review these at least every 3 months. The health &amp; safety team will monitor to ensure compliance.</p>

RISK	SUMMARY	MITIGATION
<b>Failure to properly risk assess the Council's Tangible Assets</b>	<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. The finalisation of this review is expected imminently.</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>
<b>Tree Management</b>	<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.</p> <p>Trees due to their natural growth patterns are susceptible to disease and damage from either natural or deliberate causes which will always demand a human resource to monitor and inspect these periodically.</p>	<p>The Working Group for the management of trees across the whole District continues to assess and prioritise all of the trees that the Council has responsibility for with a view towards reducing the overall risk to the public and ensuring subsequent works are alsoprioritised according to risk.</p> <p>A tree management plan is now in place for parks covering the high risk areas and that tree mapping software system has been introduced. A rolling process of adding Housing sites to the system for future regular inspection has commenced. High priority sites are being added each time a visit is undertaken.</p> <p>Jobs are raised immediately in respect of dangerous trees and the work is carried out as top priority.</p>
<b>Cyber incident</b>	<p>The risk to the Council if it fails to control and secure ICT systems and data against unauthorised access including cyber-crime/ attacks.</p> <p>This could result in the complete loss of systems and data leading to the Council being unable to deliver significant parts of its services and communications. This could result in considerable financial loss, potential legal action, place vulnerable customers at risk and lead to reputational damage.</p>	<p>All staff to complete cyber awareness training via E-Learning courses. Recommendations from MHCLG Audit have been implemented. The ICT Manager has gained accreditation in respect of the cyber resilience course.</p> <p>Regular updates are circulated to staff, members etc. reminding them of the risks, especially at this time of more remote working.</p> <p>A cyber incident response plan has been drafted.</p>

RISK	SUMMARY	MITIGATION
<b>Health and Safety Compliance in Council Housing Stock and other owned premises</b>	<p>As a result of the Grenfell Tower fire disaster and consequently new legislative changes a number of potential fire safety threats to the Council's Housing Stock have recently been identified and will require remediation works to be undertaken.</p> <p>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.</p>	<p>The Compliance Policies and Procedures for the 6 major compliance areas have now been completed with a number of implementations already in place.</p> <p>A Contractor has been appointed to undertake third party assurance works in respect of gas, electric and water as a single provider.</p> <p>A Data Governance Group has been established. A Data Governance Protocol is being developed with all systems being reconciled to Northgate on an annual basis.</p> <p>As part of the Training and Development Plan six compliance management courses have been arranged for Senior Managers.</p>
<b>Community issues – COVID-19</b>	<p>The immediate and longer term economic and societal impact of COVID-19 on the Council's communities and its business economy with specific concern around:</p> <ul style="list-style-type: none"> <li>• Deprivation</li> <li>• Direct effect on specific communities</li> <li>• Direct effect on vulnerable persons</li> <li>• The local economy</li> <li>• Financial implications</li> <li>• Additional Expenditure/ Loss of Income</li> <li>• Delays to ICT development projects</li> <li>• Business Continuity</li> </ul>	<p>Services are flexing to accommodate the changing requirements of government policies. This has caused delays to the delivery of non-Covid related services and initiatives.</p> <p>A revised MTFP was presented to Cabinet identifying the use of General Fund Reserves of approximately £600k.</p> <p>ICT's priority has been to facilitate homeworking – fortunately, this has not significantly delayed work on other major projects.</p> <p>Services are reminded of considering the impact of system loss and what "work rounds" they could introduce should this occur.</p>

## Statement of Responsibilities for the Statement of Accounts

This section explains our responsibilities for our financial affairs and how we make sure we carry out these responsibilities properly, in line with the Accounts and Audit (Amendment) Regulations 2021 and the Accounts and Audit Regulations 2015

### Responsibilities of the Council

We do the following:

- Make sure that one of our officers is responsible for managing our financial affairs. In this Council, the Section 151 Officer is responsible for this;
- Manage our affairs to make sure we use our resources efficiently and effectively and protect our assets; and
- Approve the Statement of Accounts.

### Responsibilities of the Section 151 Officer

As the Section 151 Officer, I am responsible for the preparation of the Council's Statement of Accounts. These accounts must present a true and fair view of our financial position, including our income and spending for the year.

In preparing our Statement of Accounts, I have;

- Selected suitable accounting policies and applied them consistently;
- Made reasonable and prudent judgements and estimates;
- Followed the Chartered Institute of Public Finance and Accountancy/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom (the Code)

I have also:

- Kept proper accounting records which are up to date; and
- Taken steps to prevent and detect fraud and other irregularities

### CERTIFICATION OF THE ACCOUNTS

*I certify that the Statement of Accounts presents a true and fair view of the financial position of Bassetlaw District Council at 31 March 2021 and the income and expenditure for the year ended 31 March 2021. The unaudited draft accounts were authorised for issue on 29 July 2021. The audited accounts were approved by the Audit and Risk Scrutiny Committee on 21 July 2022.*



**Michael Wildman, ACMA, CPFA**

Head of Finance and Property Services and  
Interim Section 151 Officer

Dated: 31<sup>st</sup> January 2023



# THE CORE FINANCIAL STATEMENTS

*Comprising of:*

- The Comprehensive Income and Expenditure Statement (CIES)
- The Movement in Reserves Statement (MiRS)
- The Balance Sheet
- The Cash Flow Statement (CFS)



### COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT

This statement shows the accounting cost in the year of providing services in accordance with generally accepted accounting practices, rather than the amount to be funded from taxation (or rents). Authorities raise taxation (and rents) to cover expenditure in accordance with statutory requirements; this may be different from the accounting cost. The taxation position is shown in both the Expenditure and Funding Analysis and the Movement in Reserves Statement.

2019/20 (Restated *)			2020/21				
Gross Expenditure	Gross Income	Net Expenditure		Note	Gross Expenditure	Gross Income	Net Expenditure
£'000	£'000	£'000	Service Area		£'000	£'000	£'000
602	-134	468	Chief Executive		670	-138	532
4,647	-1,788	2,859	Corporate Services		4,859	-1,901	2,958
27,901	-26,435	1,466	Finance & Property Services		32,315	-28,427	3,888
1,687	-1,597	90	Housing Services		1,885	-2,099	-214
499	-250	249	Human Resources		610	-249	361
9,990	-3,240	6,750	Neighbourhood Services		10,151	-3,032	7,119
7,376	-2,453	4,923	Regeneration Services		5,251	-1,934	3,317
26,685	-26,853	-168	Housing Revenue Account		28,379	-27,031	1,348
<b>79,387</b>	<b>-62,750</b>	<b>16,637</b>	<b>Cost of Services</b>		<b>84,120</b>	<b>-64,811</b>	<b>19,309</b>
5,626	-3,105	2,521	Other Operating Expenditure	11	3,551	-1,150	2,401
6,039	-189	5,850	Financing and Investment Income and Expenditure	12	5,872	-276	5,595
15,543	-36,974	-21,431	Taxation and Non-Specific Grant Income and Expenditure	13	22,347	-47,068	-24,721
<b>106,595</b>	<b>-103,018</b>	<b>3,577</b>	<b>Surplus (-) or Deficit on Provision of Services</b>		<b>115,890</b>	<b>-113,305</b>	<b>2,585</b>
			Items that will not be reclassified to the Surplus (-) or Deficit on the Provision of Services:				
		-25,390	Surplus(-) or Deficit on Revaluation of Non-Current Assets	26			-22,394
		-10,067	Re-measurements of the Net Defined Benefit Liability (Asset)	39b			18,189
		<b>-35,457</b>	<b>Other Comprehensive Income and Expenditure</b>				<b>-4,205</b>
		<b>-31,880</b>	<b>Total Comprehensive Income and Expenditure</b>				<b>-1,620</b>

The accompanying notes form part of these financial statements - Figures for income, gains and surpluses are shown as negative (-) above

\*2019/20 restated to correct a material error in the valuation of Council Dwellings at 31 March 2020. Full details are disclosed at Note 42 - Prior Period Adjustment

### MOVEMENT IN RESERVES STATEMENT

This statement shows the movement in the year on the different reserves held by the Council, analysed into “usable reserves” (i.e. those that can be applied to fund expenditure or reduce local taxation) and other “unusable reserves”. The statement shows how the movements in year of the Council’s reserves are broken down between gains and losses incurred in accordance with generally accepted accounting practices and the statutory adjustments required to return to the amounts chargeable to council tax (or rents) for the year. The net increase/decrease line shows the statutory General Fund balance and Housing Revenue Account (HRA) balance movements in the year following those adjustments.

#### CURRENT YEAR

2020/2021	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
<b>Balance at 31 March 2020 bought forward</b>	<b>3,579</b>	<b>9,170</b>	<b>3,107</b>	<b>4,064</b>	<b>3,932</b>	<b>10,778</b>	<b>34,630</b>	<b>179,488</b>	<b>214,118</b>
<b>Movement in Reserves during 2020/21</b>									
Total Comprehensive Income and Expenditure	2,771	0	-5,356	0	0	0	-2,585	4,205	1,620
Adjustment between accounting basis & funding basis under regulations (Note 9)	4,763	0	7,043	-1,725	-3,083	4,505	11,503	-11,503	0
<b>Net Increase/Decrease(-) before Transfers to Earmarked Reserves</b>	<b>7,534</b>	<b>0</b>	<b>1,687</b>	<b>-1,725</b>	<b>-3,083</b>	<b>4,505</b>	<b>8,918</b>	<b>-7,298</b>	<b>1,620</b>
Transfers to/from(-) Earmarked Reserves (Note 10)	-6,426	6,390	36	0	0	0	0	0	0
<b>Increase/Decrease(-) in 2020/21</b>	<b>1,108</b>	<b>6,390</b>	<b>1,723</b>	<b>-1,725</b>	<b>-3,083</b>	<b>4,505</b>	<b>8,918</b>	<b>-7,298</b>	<b>1,620</b>
<b>Balance at 31 March 2021 carried forward</b>	<b>4,687</b>	<b>15,560</b>	<b>4,830</b>	<b>2,339</b>	<b>849</b>	<b>15,283</b>	<b>43,548</b>	<b>172,190</b>	<b>215,738</b>

#### COMPARATIVE YEAR

2019/2020 (restated*).	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
<b>Balance at 31 March 2019</b>	<b>3,079</b>	<b>6,484</b>	<b>2,283</b>	<b>3,482</b>	<b>1,285</b>	<b>9,275</b>	<b>25,888</b>	<b>156,350</b>	<b>182,238</b>
<b>Movement in Reserves during 2019/20</b>									
Total Comprehensive Income and Expenditure	-1,857	0	-1,720	0	0	0	-3,577	35,457	31,880
Adjustment between accounting basis & funding basis under regulations (Note 9)	5,043	0	2,544	582	2,647	1,503	12,319	-12,319	0
<b>Net Increase/Decrease (-) before Transfers to Earmarked Reserves</b>	<b>3,186</b>	<b>0</b>	<b>824</b>	<b>582</b>	<b>2,647</b>	<b>1,503</b>	<b>8,742</b>	<b>23,138</b>	<b>31,880</b>
Transfers to/from(-) Earmarked Reserves (Note 10)	-2,686	2,686	0	0	0	0	0	0	0
<b>Increase/Decrease(-) in 2019/20</b>	<b>500</b>	<b>2,686</b>	<b>824</b>	<b>582</b>	<b>2,647</b>	<b>1,503</b>	<b>8,742</b>	<b>23,138</b>	<b>31,880</b>
<b>Balance at 31 March 2020 carried forward</b>	<b>3,579</b>	<b>9,170</b>	<b>3,107</b>	<b>4,064</b>	<b>3,932</b>	<b>10,778</b>	<b>34,630</b>	<b>179,488</b>	<b>214,118</b>

*The accompanying notes form part of these financial statements*

*\*2019/20 restated to correct a material error in the valuation of Council Dwellings at 31 March 2020. Full details are disclosed at Note 42 - Prior Period Adjustment*

<b>BALANCE SHEET</b>
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The Balance Sheet shows the value as at the Balance Sheet date of the assets and liabilities recognised by the Council. The net assets of the Council (assets less liabilities) are matched by the reserves held by the Council. Reserves are reported in two categories. The first category of reserves are usable reserves, ie those reserves that the Council may use to provide services, subject to the need to maintain a prudent level of reserves and any statutory limitations on their use (for example the capital receipts reserve that may only be used to fund capital expenditure or repay debt). The second category of reserves is those that the Council is not able to use to provide services. This category of reserves includes reserves that hold unrealised gains and losses (for example the revaluation reserve), where amounts would only become available to provide services if the assets are sold; and reserves that hold timing differences shown in the Movement in Reserves Statement line 'adjustments between accounting basis and funding basis under regulations'.

31 March 2020 (restated *) £'000		Notes	31 March 2021 £'000
366,112	Property, Plant & Equipment	14	384,951
314	Heritage Assets	15	314
15	Intangible Assets	17	13
110	Long Term Investments	18	110
15	Long Term Debtors	20	262
<b>366,566</b>	<b>LONG TERM ASSETS</b>		<b>385,650</b>
0	Short Term Investments	18	0
3,089	Assets Held For Sale	22	3,302
176	Inventories	19	145
17,417	Short Term Debtors	20	18,754
12,853	Cash and Cash Equivalents	21	15,256
<b>33,535</b>	<b>CURRENT ASSETS</b>		<b>37,457</b>
-558	Short Term Borrowings	18	-567
-13,165	Short Term Creditors	23	-14,183
-1,256	Provisions Short Term	24	-788
-118	Grants Receipts in Advance - Revenue	33	-519
<b>-15,097</b>	<b>CURRENT LIABILITIES</b>		<b>-16,057</b>
-2,268	Long Term Creditors	23	-1,157
-873	Provisions Long Term	24	-2,181
-99,400	Long Term Borrowing	18	-99,387
-68,346	Pensions Liability	39	-88,586
<b>-170,887</b>	<b>LONG TERM LIABILITIES</b>		<b>-191,311</b>
<b>214,117</b>	<b>NET ASSETS</b>		<b>215,737</b>
34,630	Usable Reserves	25	43,548
179,487	Unusable Reserves	26	172,189
<b>214,117</b>	<b>TOTAL RESERVES</b>		<b>215,737</b>

The accompanying notes form part of these financial statements

\*2019/20 restated to correct a material error in the valuation of Council Dwellings at 31 March 2020. Full details are disclosed at Note 42 - Prior Period Adjustment

### CASH FLOW STATEMENT

The Cash Flow Statement shows the changes in cash and cash equivalents of the Council during the reporting period. The statement shows how the Council generates and uses cash and cash equivalents by classifying cash flows as operating, investing and financing activities. The amount of net cash flows arising from operating activities (day to day costs) is a key indicator of the extent to which the operations of the authority are funded by way of taxation and grant income or from the recipients of services provided by the Council. Investing activities represent the extent to which cash outflows have been made for resources which are intended to contribute to the authority's future service delivery. Cash flows arising from financing activities are useful in predicting claims on future cash flows by providers of capital (i.e. borrowing) to the Council.

2019/20 £'000	CASH FLOW STATEMENT	Note	2020/21 £'000
-3,577	Net Surplus/Deficit(-) on the Provision of Services	CIES	-2,585
21,532	Adjustments to Surplus or Deficit on the Provision of Services for Non-Cash Movements	27A.	21,852
-10,034	Adjustments for Item Included in the Net Surplus or Deficit on the Provision of Services that are Investing and Financing Activities	27A.	-9,872
<b>7,921</b>	<b>Net Cash Flows from Operating Activities</b>		<b>9,395</b>
-2,656	Net cash flows from Investing Activities	27B.	-4,953
-8,288	Net cash flows from Financing Activities	27C.	-2,039
<b>-3,022</b>	<b>Net Increase or Decrease(-) in Cash and Cash Equivalents</b>		<b>2,403</b>
15,875	Cash and Cash Equivalents at the Beginning of the Reporting Period	21	12,853
<b>12,853</b>	<b>Cash and Cash Equivalents at the End of the Reporting Period</b>	21	<b>15,256</b>

*The accompanying notes form part of these financial statements*

# EXPLANATORY NOTES TO THE ACCOUNTS

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## INDEX TO THE EXPLANATORY NOTES TO THE ACCOUNTS

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## 1. STATEMENT OF ACCOUNTING POLICIES

This section summarises the accounting rules and conventions we have used in preparing these financial statements.

### A. General Principles

The Statement of Accounts summarises the Council's transactions for the 2020/21 financial year and its position at the year-end of 31 March 2021. 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 2020/21, 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 goods 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 this contribution (the Minimum Revenue Provision or MRP) 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.

## **H. Council Tax & Non Domestic Rates (NDR)**

The Council as a billing authority acts as agent, collecting council tax and non-domestic rates (NDR) on behalf of the major preceptors (including government for NDR) and as Principal, 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 the projections of projected earnings of current employees.

Liabilities are discounted to their value at current prices, using an appropriate discount rate based on the indicative rate of return on the high quality corporate bond.

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

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

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

- current service costs – the increase in liabilities as a result of years of service earned this year – allocated in the Comprehensive Income and Expenditure Statement to the services for which the employees worked.
- Past service cost – the increase in liabilities arising from current year decisions whose effect relates to years of service earned in earlier years – debited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement as part of the Finance and Property segment.
- Net interest on the defined benefit liability (asset), 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 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 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 Council's 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, and 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 flow to the Council and the cost of the item can be measured reliably. Expenditure that maintains but does not add to an asset's potential to deliver future economic benefits or service potential (i.e. repairs and maintenance) is charged as an expense when it is incurred. Individual assets acquired above a de-minimis level of £10,000 are capitalised as are collective assets where the following criteria are met:

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

### Measurement

Assets are initially measured at cost, comprising;

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

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

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

- Infrastructure, community assets and assets under construction – depreciated historical cost.
- Dwellings – fair value, determined using the basis of existing use value for social housing (EUV-SH).
- Other Land and Buildings – current value, determined as the amount that would be paid for the asset in its existing use. (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 charges to service).

Where decreases in value are identified, they are accounted for as follows:

- 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 as follows:

- 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 carrying 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 ISSUED THAT HAVE NOT YET BEEN ADOPTED**

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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.

The following accounting standards have been issued but not yet adopted:

- Definition of a Business: Amendments to IFRS 3 Business Combinations
- Interest Rate Benchmark Reform: Amendments to IFRS 9, IAS 39 and IFRS 7
- Interest Rate Benchmark Reform – Phase 2: Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16.

These standards all apply to local authority accounts in 2021/22 but are not expected to have a material effect on the information provided in the Council's financial statements.

## **3. CRITICAL JUDGEMENTS IN APPLYING ACCOUNTING POLICIES**

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In applying the accounting policies as set out in Note 1, the Council has had to make certain judgments, estimates and assumptions about complex transactions or those involving uncertainty about future events. The critical judgements made in the statement of accounts are as follows:

- There is a high degree of uncertainty about future levels of funding for local government, notably issues around funding reforms and localisation of Business Rates. However, as these reforms have been delayed by a further year due to COVID-19, 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.
- Details of the Council's relationship with other companies and investments in companies are detailed in note 34. These are not material and therefore group accounts have not been prepared on this basis.

#### 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 2021 for which there is a significant risk of material adjustment in the forthcoming year are as follows:

Item	Uncertainties	Effect if Actual Results Differ from Assumptions
Property, Plant and Equipment	Assets are depreciated over useful lives that are dependent on assumptions about the level of repairs and maintenance that will be incurred in relation to individual assets.	If the useful life of assets is reduced, depreciation increases and the carrying amount of the assets falls.
	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.	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.
COVID-19	The outbreak of COVID-19 has impacted global financial markets and there is an unprecedented set of circumstances impacting on measures upon which to base a judgement. As at the valuation date (31 March 2021) property markets are mostly functioning again, with transaction volumes and other relevant evidence at levels where an adequate quantum of market evidence exists upon which to base opinions of value. Accordingly, the valuation is not reported as being subject to "material valuation uncertainty".	Given the unknown future impact that COVID-19 might have on the real estate market, the Council will keep the valuation of all properties under frequent review.
Pension Scheme 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>A firm of consulting actuaries is engaged by Nottinghamshire County Council and assurance is placed on the use of these qualified professionals to provide expert advice about the assumptions to be applied.</p> <p>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 2021 are difficult to value according to preferred accounting policy.</p>	<p>The effects on the net pensions liability of changes in individual assumptions can be measured. For instance, a 0.1% decrease in the discount rate assumption would result in an increase in the pension liability of £4.310m and a 1 year reduction in mortality would result in a decrease of £10.419m. However, the assumptions interact in complex ways. During 2020/21, the Council's Actuary advised that the net pensions liability had increased by £20.240m.</p> <p>For the 2020/21 Statement of Accounts, the actuary has advised that a rate of 2% is appropriate. Application of this rate has resulted in an increase</p>

		in liabilities measured at today's prices of £18.189m, adjusted for by an increase in actuarial losses recognised for the year in the Comprehensive Income and Expenditure Statement in the Other Comprehensive Income and Expenditure part of the statement.
Arrears	<p>At 31 March 2021, the Council had a balance of sundry debtors of £5.689m, which included approximately £4.4m relating to C.I.L. (Community Infrastructure Levies), which are not considered a risk of default, nor were they due for payment.</p> <p>A review of significant balances (excluding C.I.L. and other debts not due at 31/3/21) suggested that an impairment of doubtful debts of 38% (£0.230m) 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 £0.230m 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>
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 £0.218m has been set aside to meet these claims.



## **5. MATERIAL ITEMS OF INCOME AND EXPENDITURE**

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There are no material items of income and expense that have not been disclosed elsewhere in the accounts. During the year the Council acted as an agent for Government, distributing £29.492m Business Support Grants to businesses. The remaining £4m is shown as a creditor on the balance sheet to either be carried forward to 2021/22 or repaid to Government.

## **6. EVENTS AFTER THE BALANCE SHEET DATE**

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There are no known events that would have material impact on the Council's position as at 31 March 2021. However, the understanding of how the Covid-19 pandemic has affected services and valuations will continue during 2021/22 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 30 July 2021. 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 2021, the figures in the financial statements and notes have been adjusted in all material respects to reflect the impact of this information.

## 7. THE EXPENDITURE AND FUNDING ANALYSIS

The purpose of the Expenditure and Funding Analysis (EFA) is to demonstrate how the funding available to the Council, i.e. grants, rents, council tax and business rates for the year have been used in providing services in comparison to those resources consumed and earned by the Council in accordance with generally accepted accounting practices. The EFA also shows how this expenditure is allocated for decision making purposes between the Council's services. Income and expenditure accounted for under generally accepted accounting practices is presented more fully in the CIES.

2019/20				2020/21		
Net Expenditure Chargeable to the General Fund and HRA Balances £'000	Adjustments (See Note 7a) £'000	Net Expenditure in the CIES £'000		Net Expenditure Chargeable to the General Fund and HRA Balances £'000	Adjustments (See Note 7a) £'000	Net Expenditure in the CIES £'000
			Summary of Revenue Spending			
423	45	468	Chief Executive	465	67	532
2,530	329	2,859	Corporate Services	2,512	447	2,959
831	635	1,466	Finance & Property Services	2,872	1,016	3,888
320	-230	90	Housing Services	236	-450	-214
215	34	249	Human Resources	316	45	361
5,164	1,586	6,750	Neighbourhood Services	5,212	1,906	7,118
1,465	3,458	4,923	Regeneration Services	1,821	1,496	3,317
-12,164	11,996	-168	Housing Revenue Account	-12,917	14,265	1,348
<b>-1,216</b>	<b>17,853</b>	<b>16,637</b>	<b>Net Cost of Services</b>	<b>517</b>	<b>18,792</b>	<b>19,309</b>
-2,794	-10,267	-13,060	Other Income and Expenditure	-9,738	-6,986	-16,724
<b>-4,010</b>	<b>7,586</b>	<b>3,577</b>	<b>Surplus (-) or Deficit</b>	<b>-9,221</b>	<b>11,806</b>	<b>2,585</b>
General Fund & Earmarked Reserve £'000	HRA & Earmarked Reserve £'000	Total £'000		General Fund & Earmarked Reserve £'000	HRA & Earmarked Reserve £'000	Total £'000
9,563	2,283	11,846	Opening Balance	12,749	3,107	15,856
3,186	824	4,010	Surplus or (-) Deficit in year	7,498	1,723	9,221
<b>12,749</b>	<b>3,107</b>	<b>15,856</b>	<b>Closing Balance at 31 March</b>	<b>20,247</b>	<b>4,830</b>	<b>25,077</b>
			<b>Split by Reserve:</b>			
3,579	3,107	6,686	Working Reserve	4,687	4,830	9,517
9,170	0	9,170	Earmarked Reserve	15,560	0	15,560
<b>12,749</b>	<b>3,107</b>	<b>15,856</b>	<b>Closing Balance at 31 March</b>	<b>20,247</b>	<b>4,830</b>	<b>25,077</b>

## 7a. NOTE TO THE EXPENDITURE AND FUNDING ANALYSIS

This note provides a reconciliation of the main adjustments between accounting and funding basis, to the net expenditure chargeable to the General Fund and HRA balances to arrive at amounts in the CIES.

2019/2020					2020/2021			
Adjustments for Capital Purposes	Net change for the Pensions Adjustments	Other Differences	Total Adjustments		Adjustments for Capital Purposes	Net change for the Pensions Adjustments	Other Differences	Total Adjustments
£'000	£'000	£'000	£'000		£'000	£'000	£'000	£'000
0	45	0	45	Chief Executive	0	66	0	<b>66</b>
86	244	0	330	Corporate Services	81	365	0	<b>446</b>
523	113	0	636	Finance and Property Services	762	254	0	<b>1,016</b>
-302	71	0	-231	Housing Services	-558	108	0	<b>-450</b>
0	34	0	34	Human Resources	0	45	0	<b>45</b>
1,141	445	0	1,586	Neighbourhood Services	1,288	619	0	<b>1,907</b>
3,235	224	0	3,459	Regeneration Services	1,163	334	0	<b>1,497</b>
11,599	397	0	11,996	Housing Revenue Account	13,778	487	0	<b>14,265</b>
<b>16,282</b>	<b>1,573</b>	<b>0</b>	<b>17,855</b>	<b>Net Cost of Services</b>	<b>16,514</b>	<b>2,278</b>	<b>0</b>	<b>18,792</b>
-14,214	1,673	2,274	-10,267	Other income and expenditure from the Expenditure and Funding Analysis	-16,076	1,581	7,509	<b>-6,986</b>
<b>2,068</b>	<b>3,246</b>	<b>2,274</b>	<b>7,588</b>	<b>Difference between General Fund surplus or deficit and Comprehensive Income and Expenditure Statement Surplus or Deficit on the Provision of Services</b>	<b>438</b>	<b>3,859</b>	<b>7,509</b>	<b>11,806</b>

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

The following provides details 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.





7. Notes to the Expenditure and Funding Analysis – cont....

**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:

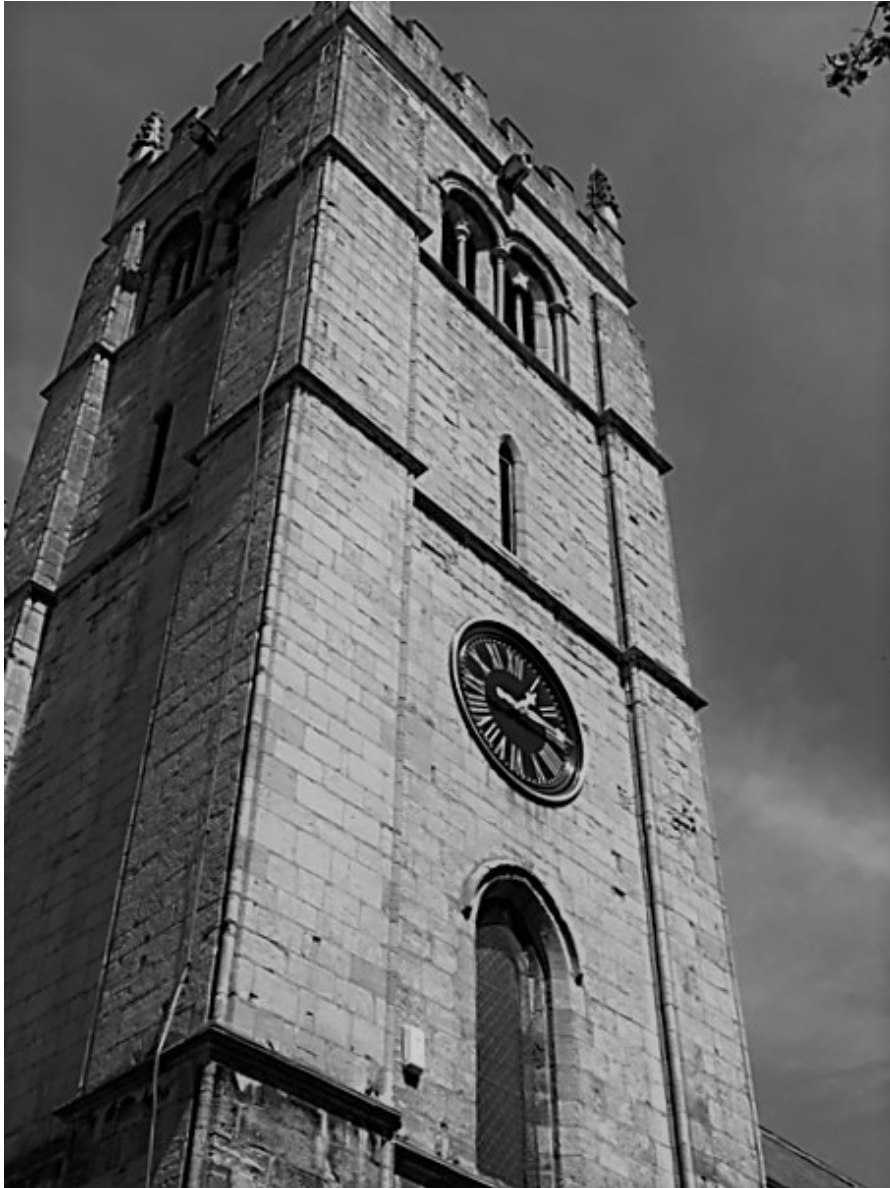
	Chief Executive	Corporate Services	Finance & Property	Housing Services	Human Resources	Neighbourhoods	Regeneration	HRA	Corporate Amounts	Total
2020/21	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>Expenditure</b>										
Employee expenses	550	3,461	3,504	916	413	5,439	2,879	4,454	0	<b>21,616</b>
Other services expenses	120	1,317	28,069	967	197	3,424	2,210	10,147	0	<b>46,451</b>
Depreciation, amortisation, impairment	0	81	742	2	0	1,288	162	13,778	0	<b>16,053</b>
Developers Contributions Payments	0	0	0	0	0	0	0	0	342	<b>342</b>
Interest payments	0	0	0	0	0	0	0	0	4,288	<b>4,288</b>
Non Domestic Rates Tariff & Deficit	0	0	0	0	0	0	0	0	22,005	<b>22,005</b>
Precepts and levies	0	0	0	0	0	0	0	0	1,797	<b>1,797</b>
Payments to Housing Capital Receipts Pool	0	0	0	0	0	0	0	0	527	<b>527</b>
Interest Cost of Pensions	0	0	0	0	0	0	0	0	1,584	<b>1,584</b>
Net Book Value on the disposal of assets	0	0	0	0	0	0	0	0	1,227	<b>1,227</b>
<b>Total expenditure</b>	<b>670</b>	<b>4,859</b>	<b>32,315</b>	<b>1,885</b>	<b>610</b>	<b>10,151</b>	<b>5,251</b>	<b>28,379</b>	<b>31,770</b>	<b>115,890</b>
<b>Income</b>										
Fees, charges and other service income	-139	-1,881	-2,395	-300	-249	-2,416	-1,651	-27,025	0	<b>-36,056</b>
Interest received	0	0	0	0	0	0	0	0	-276	<b>-276</b>
Income from council tax & NDR	0	0	0	0	0	0	0	0	-35,206	<b>-35,206</b>
Proceeds from sale of Non-Current Assets	0	0	0	0	0	0	0	0	-1,150	<b>-1,150</b>
Government grants and contributions	0	-19	-26,032	-1,799	0	-616	-282	-5	-11,862	<b>-40,615</b>
<b>Total income</b>	<b>-139</b>	<b>-1,900</b>	<b>-28,427</b>	<b>-2,099</b>	<b>-249</b>	<b>-3,032</b>	<b>-1,933</b>	<b>-27,030</b>	<b>-48,494</b>	<b>-113,303</b>
<b>Surplus or Deficit on the Provision of Services</b>	<b>531</b>	<b>2,959</b>	<b>3,888</b>	<b>-214</b>	<b>361</b>	<b>7,119</b>	<b>3,318</b>	<b>1,349</b>	<b>-16,724</b>	<b>2,587</b>

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
2019/20	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>Expenditure</b>										
Employee expenses	496	3,083	3,124	804	402	5,175	2,750	4,416	0	<b>20,250</b>
Other services expenses	106	1,478	24,315	882	97	3,674	2,728	10,430	0	<b>43,710</b>
Depreciation, amortisation, impairment	0	86	462	1	0	1,141	1,897	11,839	0	<b>15,426</b>
Developers Contributions Payments	0	0	0	0	0	0	0	0	462	<b>462</b>
Interest payments	0	0	0	0	0	0	0	0	4,366	<b>4,366</b>
Non Domestic Rates Tariff & Deficit	0	0	0	0	0	0	0	0	15,080	<b>15,080</b>
Precepts and levies	0	0	0	0	0	0	0	0	1,658	<b>1,658</b>
Payments to Housing Capital Receipts Pool	0	0	0	0	0	0	0	0	815	<b>815</b>
Interest Cost of Pensions	0	0	0	0	0	0	0	0	1,673	<b>1,673</b>
Net Book Value on the disposal of assets	0	0	0	0	0	0	0	0	3,152	<b>3,152</b>
<b>Total expenditure</b>	<b>602</b>	<b>4,647</b>	<b>27,901</b>	<b>1,687</b>	<b>499</b>	<b>9,990</b>	<b>7,375</b>	<b>26,685</b>	<b>27,206</b>	<b>106,592</b>
<b>Income</b>										
Fees, charges and other service income	-134	-1,764	-3,909	-323	-250	-2,555	-2,135	-26,837	0	<b>-37,907</b>
Interest received	0	0	0	0	0	0	0	0	-189	<b>-189</b>
Income from council tax & non-domestic rates	0	0	0	0	0	0	0	0	-28,931	<b>-28,931</b>
Proceeds from sale of Non-Current Assets	0	0	0	0	0	0	0	0	-3,105	<b>-3,105</b>
Government grants and contributions	0	-24	-22,526	-1,274	0	-685	-317	-16	-8,041	<b>-32,883</b>
<b>Total income</b>	<b>-134</b>	<b>-1,788</b>	<b>-26,435</b>	<b>-1,597</b>	<b>-250</b>	<b>-3,240</b>	<b>-2,452</b>	<b>-26,853</b>	<b>-40,266</b>	<b>-103,015</b>
<b>Surplus or Deficit on the Provision of Services</b>	<b>468</b>	<b>2,859</b>	<b>1,466</b>	<b>90</b>	<b>249</b>	<b>6,750</b>	<b>4,923</b>	<b>-168</b>	<b>-13,060</b>	<b>3,577</b>





## 9. ADJUSTMENTS BETWEEN ACCOUNTING BASIS AND FUNDING BASIS UNDER REGULATIONS

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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 Fund Balance £'000	Housing Revenue Account £'000	Capital Receipts Reserve £'000	Major Repairs Reserve £'000	Capital Grants Unapplied £'000	Movement in Unusable Reserves £'000
<b>2020/21</b>						
<b><u>Adjustments to the Revenue Resources</u></b>						
<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)	-3,051	-808	0	0	0	<b>3,859</b>
Financial instruments (transferred to the Financial Instruments Adjustments Account)	14	0	0	0	0	<b>-14</b>
Council tax and NDR (transfers to or from Collection Fund)	-7,567	0	0	0	0	<b>7,567</b>
Holiday pay (transferred to the Accumulated Absences Reserve)	44	0	0	0	0	<b>-44</b>
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):	5,114	-14,784	0	0	-6,266	<b>15,936</b>
<b>Total Adjustments to Revenue Resources</b>	<b>-5,446</b>	<b>-15,592</b>	<b>0</b>	<b>0</b>	<b>-6,266</b>	<b>27,304</b>
<b><u>Adjustments between Revenue and Capital Resources</u></b>						
Transfer of non-current asset sale proceeds from revenue to the Capital Receipts Reserve	109	1,010	-1,119	0	0	<b>0</b>
Administrative costs of non-current asset disposals (funded by a contribution from the Capital Receipts Reserve)	0	-23	23	0	0	<b>0</b>
Payments to the government housing receipts pool (funded by a transfer from the Capital Receipts Reserve)	-527	0	527	0	0	<b>0</b>
Posting of HRA resources from revenue to the Major Repairs Reserve	0	7,563	0	-4,290	0	<b>-3,273</b>
Statutory provision for the repayment of debt (transfer from the Capital Adjustment Account)	597	0	0	0	0	<b>-597</b>
Capital expenditure financed from revenue balances (transfer to the Capital Adjustment Account)	504	0	0	0	0	<b>-504</b>
<b>Total Adjustments between Revenue and Capital Resources</b>	<b>683</b>	<b>8,550</b>	<b>-569</b>	<b>-4,290</b>	<b>0</b>	<b>-4,374</b>
<b><u>Adjustments to Capital Resources</u></b>						
Use of the Capital Receipts Reserve to finance capital expenditure	0	0	2,294	0	0	<b>-2,294</b>
Use of the Major Repairs Reserve to finance capital expenditure	0	0	0	7,373	0	<b>-7,373</b>
Application of capital grants to finance capital expenditure	0	0	0	0	1,760	<b>-1,760</b>
Cash payments in relation to deferred capital receipts	0	0	0	0	0	<b>0</b>
<b>Total Adjustments to Capital Resources</b>	<b>0</b>	<b>0</b>	<b>2,294</b>	<b>7,373</b>	<b>1,760</b>	<b>-11,427</b>
<b>Total Adjustments</b>	<b>-4,763</b>	<b>-7,042</b>	<b>1,725</b>	<b>3,083</b>	<b>-4,506</b>	<b>11,503</b>

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
<b>2019/20</b>						
<b><u>Adjustments to the Revenue Resources</u></b>						
<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
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)	-2,274	0	0	0	0	2,274
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):	-532	-12,406	0	0	-3,413	16,351
<b>Total Adjustments to Revenue Resources</b>	<b>-5,326</b>	<b>-13,131</b>	<b>0</b>	<b>0</b>	<b>-3,413</b>	<b>21,870</b>
<b><u>Adjustments between Revenue and Capital Resources</u></b>						
Transfer of non-current asset sale proceeds from revenue to the Capital Receipts Reserve	359	2,778	-3,137	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
<b>Total Adjustments between Revenue and Capital Resources</b>	<b>283</b>	<b>10,587</b>	<b>-2,249</b>	<b>-7,881</b>	<b>0</b>	<b>-740</b>
<b><u>Adjustments to Capital Resources</u></b>						
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
<b>Total Adjustments to Capital Resources</b>	<b>0</b>	<b>0</b>	<b>1,667</b>	<b>5,234</b>	<b>1,910</b>	<b>-8,811</b>
<b>Total Adjustments</b>	<b>-5,043</b>	<b>-2,544</b>	<b>-582</b>	<b>-2,647</b>	<b>-1,503</b>	<b>12,319</b>

## 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 2020/21.

	Balance 31.03.19	Transfers out	Transfers in year	Balance 31.03.20	Transfers out	Transfers in year	Balance 31.03.21
GENERAL FUND RESERVES	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Developers Revenue Contributions	-157	8	0	-149	26	-475	-597
Insurance	-223	25	0	-198	0	-23	-221
Job Evaluation	-646	8	0	-638	74	0	-565
Revenue Grants & Contributions	-618	66	-260	-811	111	-323	-1,023
Donations	-36	0	0	-36	0	0	-36
LAMS Default Reserve	-72	0	0	-72	0	0	-72
Retained Business Rates Reserve	-380	0	-2,102	-2,482	0	-871	-3,353
General Fund Earmarked Reserves	-1,395	401	-1,113	-2,106	432	-37	-1,712
Business Rate Volatility Reserve	-599	0	0	-599	0	0	-599
Business Rates Pooling Reserve	-872	0	0	-872	0	0	-872
Local Plan	-61	61	0	0	0	0	0
New Homes Bonus	-250	0	0	-250	250	0	0
Invest to Save	-942	128	0	-814	61	-14	-767
Management Team	-49	35	0	-14	0	-30	-44
Environmental Improvements	-9	9	0	0	0	0	0
ICT Developments (Business Continuity)	-57	46	0	-11	0	0	-11
Building Assets Improvements	-48	0	0	-48	0	0	-48
Fair Value Movement	-70	0	0	-70	0	0	-70
S31 Grants - Business Rates Reserve	0	0	0	0	0	-5,570	-5,570
<b>Total</b>	<b>-6,484</b>	<b>789</b>	<b>-3,475</b>	<b>-9,170</b>	<b>953</b>	<b>-7,343</b>	<b>-15,560</b>

*Note 10 – Earmarked Reserves - cont....*

**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.

**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, Shop mobility, 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 (LAMS)**

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

*Note 10 – Earmarked Reserves - cont.....*

**Business Rates Volatility Reserve**

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

**Business Rates Pooling Reserve**

Bassetlaw is a member of the Nottinghamshire Pool for retained Business Rates. This reserve has been created to recognise the Council's share of redistributed growth generated from not paying over the individual Council levies to Central Government as a result of the pooling arrangements.

**Local Plan**

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

**New Homes Bonus**

The New Homes Bonus was first introduced in 2011/12, and was top-sliced from the Revenue Support Grant. It is paid as a separate specific grant and is linked to authorities' delivery of new housing. Previously, the Council has fully relied on this money as part of its mainstream funding. Cabinet agreed to reduce this reliance to nil by 2019/20. During 2020/21 the Council received £250k in New Homes Bonus, this was allocated in full to Capital reserves (2018/19 £862.4k) 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.

**S31 Business Rates Reserve**

During 2020/21 the Council received S31 Grants to offset the reliefs given to businesses during lockdown. The balance is to be held in an earmarked reserve until 2021/22 when it will be used to offset the collection fund deficit.

## 11. OTHER OPERATING EXPENDITURE

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

	2019/20 £'000	2020/21 £'000
Parish Council Precepts	1,145	1,244
Levies	513	554
Payments to the Government Housing Capital Receipts Pool	816	527
Gains/Losses(-) on the disposal of non-current assets	47	77
<b>Total</b>	<b>2,521</b>	<b>2,401</b>

## 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:

	2019/20 £'000	2020/21 £'000
Interest payable and similar charges	4,365	4,288
Net interest on the net defined benefit liability (asset)	1,673	1,584
Interest receivable and similar income	-188	-276
<b>Total</b>	<b>5,850</b>	<b>5,595</b>

## 13. TAXATION AND NON-SPECIFIC GRANT INCOME AND EXPENDITURE

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

	2019/20 £'000	2020/21 £'000
Council Tax Income	-7,227	-7,540
Non-Domestic Rates (NDR)	-6,624	-5,662
Non ring-fenced Government grants	-1,586	-4,849
Developers grants & contributions	-2,624	-3,758
Capital grants & contributions	-3,370	-2,912
<b>Total</b>	<b>-21,431</b>	<b>-24,721</b>

## 14. PROPERTY PLANT AND EQUIPMENT

	Council Dwellings	Other Land & Buildings	Vehicles, Plant & Equipment	Infrastructure Assets	Community Assets	Surplus Assets	Assets Under Construction	Total Property, Plant & Equipment
Movements in 2020/21	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>Cost or Valuation</b>								
<b>At April 2020</b>	<b>286,598</b>	<b>60,629</b>	<b>17,470</b>	<b>7,598</b>	<b>293</b>	<b>8,061</b>	<b>1,505</b>	<b>382,154</b>
Additions	8,031	348	1,450	0	0	0	4,081	<b>13,910</b>
Revaluation increases/decreases(-) recognised in the Revaluation Reserve	14,275	1,307	-80	0	2,094	-788	0	16,808
Revaluation increases/decreases(-) recognised in the Surplus/Deficit on the Provision of Services	-8,612	-1,055	-72	0	-3	0	0	<b>-9,742</b>
Derecognition - Disposals	0	-51	-185	0	0	0	0	<b>-236</b>
Derecognition - Other	-104	0	0	0	0	0	0	<b>-104</b>
Reclassification	-563	81	0	0	0	134	-923	<b>-1,271</b>
<b>At 31 March 2021</b>	<b>299,625</b>	<b>61,259</b>	<b>18,583</b>	<b>7,598</b>	<b>2,384</b>	<b>7,407</b>	<b>4,663</b>	<b>401,519</b>
<b>Accumulated Depreciation &amp; Impairment</b>								
<b>At April 2020</b>	<b>0</b>	<b>1,274</b>	<b>11,895</b>	<b>2,868</b>	<b>0</b>	<b>5</b>	<b>0</b>	<b>16,042</b>
Depreciation charge	4,041	1,094	967	217	0	1	0	<b>6,320</b>
Depreciation written out to the Revaluation Reserve	-4,040	-1,256	-72	0	0	0	0	<b>-5,368</b>
Depreciation written out to the Surplus/Deficit on the Provision of Services	0	-209	-20	0	0	0	0	<b>-229</b>
Derecognition - Disposals	-1	-11	-185	0	0	0	0	<b>-197</b>
Derecognition - Other	0	0	0	0	0	0	0	<b>0</b>
<b>At 31 March 2021</b>	<b>0</b>	<b>892</b>	<b>12,585</b>	<b>3,085</b>	<b>0</b>	<b>6</b>	<b>0</b>	<b>16,568</b>
<b>Net book value at 31 March 2021</b>	<b>299,625</b>	<b>60,367</b>	<b>5,998</b>	<b>4,513</b>	<b>2,384</b>	<b>7,401</b>	<b>4,663</b>	<b>384,951</b>
<b>Net book value at 31 March 2020</b>	<b>286,598</b>	<b>59,355</b>	<b>5,575</b>	<b>4,730</b>	<b>293</b>	<b>8,056</b>	<b>1,505</b>	<b>366,112</b>



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

**PRIOR YEAR COMPARISON**

	Council Dwellings	Other Land & Buildings	Vehicles, Plant & Equipment	Infrastructure Assets	Community Assets	Surplus Assets	Assets Under Construction	Total Property, Plant & Equipment
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>Movements in 2019/20 (restated*)</b>								
<b>Cost or Valuation</b>								
<b>At April 2019</b>	<b>270,395</b>	<b>49,533</b>	<b>16,937</b>	<b>7,572</b>	<b>293</b>	<b>8,116</b>	<b>6,864</b>	<b>359,710</b>
Additions	7,688	4,887	1,025	26	0	0	539	<b>14,165</b>
Revaluation increases/decreases(-) recognised in the Revaluation Reserve	18,467	474	0	0	0	0	0	<b>18,941</b>
Revaluation increases/decreases(-) recognised in the Surplus/Deficit on the Provision of Services	-7,488	0	0	0	0	0	0	<b>-7,488</b>
Derecognition - Disposals	0	0	0	0	0	0	0	<b>0</b>
Derecognition - Other	0	-163	-492	0	0	0	0	<b>-655</b>
Reclassification	-2,464	5,898	0	0	0	-55	-5,898	<b>-2,519</b>
<b>At 31 March 2020</b>	<b>286,598</b>	<b>60,629</b>	<b>17,470</b>	<b>7,598</b>	<b>293</b>	<b>8,061</b>	<b>1,505</b>	<b>382,154</b>
<b>Accumulated Depreciation &amp; Impairment</b>								
<b>At April 2019</b>	<b>0</b>	<b>1,004</b>	<b>11,398</b>	<b>2,630</b>	<b>0</b>	<b>5</b>	<b>0</b>	<b>15,037</b>
Depreciation charge	4,030	997	973	238	0	0	0	<b>6,238</b>
Depreciation written out to the Revaluation Reserve	-4,030	-724	0	0	0	0	0	<b>-4,754</b>
Depreciation written out to the Surplus/Deficit on the Provision of Services	0	0	0	0	0	0	0	<b>0</b>
Derecognition - Disposals	0	0	0	0	0	0	0	<b>0</b>
Derecognition - Other	0	-3	-476	0	0	0	0	<b>-479</b>
<b>At 31 March 2020</b>	<b>0</b>	<b>1,274</b>	<b>11,895</b>	<b>2,868</b>	<b>0</b>	<b>5</b>	<b>0</b>	<b>16,042</b>
<b>Net book value at 31 March 2020</b>	<b>286,598</b>	<b>59,355</b>	<b>5,575</b>	<b>4,730</b>	<b>293</b>	<b>8,056</b>	<b>1,505</b>	<b>366,112</b>
<b>Net book value at 31 March 2019</b>	<b>270,395</b>	<b>48,529</b>	<b>5,539</b>	<b>4,942</b>	<b>293</b>	<b>8,111</b>	<b>6,864</b>	<b>344,673</b>

\*2019/20 restated to correct a material error in the valuation of Council Dwellings at 31 March 2020. Full details are disclosed at Note 42 - Prior Period Adjustment

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

The Council charges depreciation based on the valuers estimate of their useful economic life, as shown below:

- Council Dwellings and other Land and Buildings - up to 100 years
- Plant & Equipment – up to 40 years
- Infrastructure – up to 100 years

**Capital Commitments**

At 31 March 2021 the Council has entered into a number of contracts for the construction or enhancement of property, plant and equipment in 2021/22 and future years budgeted to cost £6m. The major commitments are:

- Bridge Court £4m
- Middletons £2m

**Revaluations**

In accordance with the Code of Practice, the Council carries 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. The Council has however undertaken a full review of all its assets at 31 March 2021 and has appointed property specialists, Wilks Head & Eve LLP to assist the internal valuer with the annual asset re-valuations.

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.

The table below shows the gross book value of the asset valuations at 31 March 2021.

	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	18,583	0	14,630	<b>33,213</b>
Valued at current value at: 30 March 2021	299,625	59,614	0	7,407	0	<b>366,646</b>
<b>Total Cost or Valuation</b>	<b>299,625</b>	<b>59,614</b>	<b>18,583</b>	<b>7,407</b>	<b>14,630</b>	<b>399,859</b>

**Valuation Techniques used to Determine Level 2 and 3 Fair Values for Surplus Assets***Significant Observable Inputs – Level 2*

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

*Significant Unobservable Inputs – Level 3*

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

*Note 14 – Property, Plant & Equipment, cont....***Valuation techniques**

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

**Fair Value Hierarchy**

Details of the Council's surplus assets and information about the fair value hierarchy as at 31 March 2021 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 2021 £'000
Residential Properties and Developable Land	0	7,341	0	<b>7,341</b>
Other	0	0	60	<b>60</b>
<b>Total</b>	<b>0</b>	<b>7,341</b>	<b>60</b>	<b>7,401</b>

**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 2020 £'000
Residential Properties and Developable Land	0	7,996	0	<b>7,996</b>
Other	0	0	60	<b>60</b>
<b>Total</b>	<b>0</b>	<b>7,996</b>	<b>60</b>	<b>8,056</b>

**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 2020 £'000	31st March 2021 £'000
<b>Opening Balance</b>	<b>60</b>	<b>60</b>
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
<b>Closing Balance</b>	<b>60</b>	<b>60</b>

**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 in accordance with the methodologies and bases for estimation set out in the Royal Institution of Chartered Surveyors. Gains or losses arising from changes in the fair value of Surplus Assets are recognised within the Net Cost of Services.

## 15. HERITAGE ASSETS

The net book value of the heritage assets the Council holds is £314k (£314k in 2019/20). There have been no material acquisitions or disposals of heritage assets during 2020/21.

	Ceramics Jewellery Regalia and Statues £'000	Art Collection and Samplers £'000	Machinery Equipment Furniture £'000	Memorials and Historic Sites £'000	Total Assets £'000
<b>Cost or Valuation</b>					
<b>31 March 2019</b>	<b>115</b>	<b>149</b>	<b>30</b>	<b>20</b>	<b>314</b>
Additions, Disposals, Revaluations, Impairment Losses/reversals(-)	0	0	0	0	0
<b>31 March 2020</b>	<b>115</b>	<b>149</b>	<b>30</b>	<b>20</b>	<b>314</b>
<b>Cost or Valuation</b>					
1 April 2020	115	149	30	20	314
Additions, Disposals, Revaluations, Impairment Losses/reversals(-)	0	0	0	0	0
<b>31 March 2021</b>	<b>115</b>	<b>149</b>	<b>30</b>	<b>20</b>	<b>314</b>

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

### 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.

### 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 held by the Council.

## 17. INTANGIBLE ASSETS

The Council accounts for its software as intangible assets, to the extent that the software is not an integral part of a particular IT system and accounted for as part of the hardware item of property, plant and equipment. The intangible assets include both purchased software and licenses. All software is given a finite useful life, based on assessments of the period that the software is expected to be of use to the Council. The useful lives assigned to the major software suites used by the Council are usually 3 to 5 years. There are no internally generated assets.

There were no purchases in 2020/21 or 2019/20. The total amortisation charged in 2020/21 was £2k (£3k in 2019/20).

The carrying amount of intangible assets is amortised on a straight-line basis. The amortisation of £2k charged to revenue in 2020/20 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.

	2019/20 £'000	2020/21 £'000
Balance at start of year:		
Gross carrying amounts	712	712
Accumulated amortisation	-694	-697
<b>Net carrying amount at start of year</b>	<b>18</b>	<b>15</b>
Movements in year:		
Purchases	0	0
Other disposals	0	0
Amortisation for the period	-3	-2
<b>Net carrying amount at end of year</b>	<b>15</b>	<b>13</b>
Comprising:		
Gross carrying amounts	712	712
Accumulated amortisation	-697	-699
	<b>15</b>	<b>13</b>

## 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 and therefore have been excluded from the table below.

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

	Non-Current		Current	
	31 March	31 March	31 March	31 March
	2020 £'000	2021 £'000	2020 £'000	2021 £'000
<b>Financial Assets at Amortised Cost</b>				
Long Term Investments	110	110	0	0
Long Term Debtors	0	262	0	0
Deposits in Money Market Funds	0	0	10,720	12,670
Bank Current Accounts	0	0	2,133	2,586
Operational Debtors	0	0	9,412	10,832
<b>Total Financial Assets</b>	<b>110</b>	<b>372</b>	<b>22,265</b>	<b>26,089</b>
<b>Financial Liabilities at Amortised Cost</b>				
Borrowings	99,400	99,387	558	567
Operational Creditors	0	0	10,479	8,174
<b>Total Financial Liabilities</b>	<b>99,400</b>	<b>99,387</b>	<b>11,037</b>	<b>8,741</b>

**Amortised cost** - typically consists of the outstanding principal (plus accrued interest) payable or receivable and in the case of financial assets, any allowances made for potential credit losses.

**Effective interest rate** - the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to the amount at which it was originally recognised.

#### Material Soft Loans Made by the Council

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

### 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:	2019/20			2020/21		
	Financial Liabilities £'000	Financial Assets £'000	Total £'000	Financial Liabilities £'000	Financial Assets £'000	Total £'000
Interest expense	4,365	0	4,365	4,288	0	4,288
Impairment losses	0	0	0	0	0	0
<b>Total expense in Surplus(-) or Deficit on the Provision of Services</b>	<b>4,365</b>	<b>0</b>	<b>4,365</b>	<b>4,288</b>	<b>0</b>	<b>4,288</b>
Interest income	0	-188	-188	0	-276	-276
<b>Total income in Surplus(-) or Deficit on the Provision of Services</b>	<b>0</b>	<b>-188</b>	<b>-188</b>	<b>0</b>	<b>-276</b>	<b>-276</b>
Gains/Loss on revaluation	0	0	0	0	0	0
<b>Net gain(-)/loss for the year</b>	<b>4,365</b>	<b>-188</b>	<b>4,177</b>	<b>4,288</b>	<b>-276</b>	<b>4,011</b>

## Note 18 – Financial Instruments, cont....

## 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 2021 and the fair value reported in the 2020/21 accounts.

	2019/20		2020/21	
	Carrying amount £'000	Fair value £'000	Carrying amount £'000	Fair value £'000
PWLB debt	67,363	81,495	67,363	96,343
Non-PWLB debt	31,500	50,307	32,024	69,790
Short term borrowing	558	558	567	567
Short term creditors	10,479	10,479	8,174	8,174
<b>Total Financial Liabilities</b>	<b>100,119</b>	<b>133,058</b>	<b>108,128</b>	<b>174,875</b>
Money market loans < 1 year	10,720	10,720	12,670	12,670
Long Term Investments	110	110	110	110
Short term debtors	9,412	9,412	10,832	10,832
Long term debtors	0	0	244	244
Bank Current Accounts	2,133	2,133	2,586	2,586
<b>Total Assets</b>	<b>22,375</b>	<b>22,375</b>	<b>26,442</b>	<b>26,442</b>

The fair value measurements shown above are based on level 2 inputs, which are inputs other than quoted prices that are observable for the asset or liability. Their fair values have been assessed by calculating the present value of the cash flows that take place over the remaining life of the instruments on the following basis:

- PWLB debt - PWLB premature repayment rates have been applied to provide the fair value under PWLB debt redemption procedures.
- Non-PWLB debt - PWLB premature repayment rates have also been applied as a reasonable proxy in the absence of quoted prices from the lender (no early repayment or impairment is recognised);
- Trade payables / receivables - the fair value is taken to be the invoiced or billed amount;
- Other instruments a maturity of less than 12 months - the fair value is taken to be the carrying amount.

The fair value of the liabilities is greater than the carrying amount as the Council has a number of fixed rate loans where the interest rate payable is higher than the rates available for similar loans in the market at the balance sheet date. This shows a notional future loss (based on economic conditions at 31 March 2021) arising from a commitment to pay interest to lenders above current market rates and reflects the higher penalty charge that would be payable for early redemption.

**Fair Value** - the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

**Valuation Assumptions**

Short term investments held at 31 March 2021 amounted to £15.11m, consisting of £12.67m of Money Market Funds and £2.44m of Call Account deposits where, the rate only alters with movements in the Bank rate. No formal calculation of the effective interest rate (EIR) is necessary, and the carrying amount is a reasonable approximation of the fair value.

Debtors and creditors, both of which are instruments of short duration, with no formal EIR are at fair value.

## 19. INVENTORIES

The following table shows the breakdown of inventories carried in the Balance Sheet.  
The Council holds stock of consumable items totalling £145k (£176k in 2019/20)

	Housing Stocks		Consumable Stores		Maintenance Materials		Total	
	19/20	20/21	19/20	20/21	19/20	20/21	19/20	20/21
	£000	£000	£000	£000	£000	£000	£000	£000
<b>Opening Balances</b>	<b>105</b>	<b>103</b>	<b>26</b>	<b>31</b>	<b>34</b>	<b>42</b>	<b>165</b>	<b>176</b>
Purchases	429	230	449	356	186	191	<b>1064</b>	<b>777</b>
Recognised as an expense in year	-431	-232	-436	-358	-176	-205	<b>-1043</b>	<b>-795</b>
Written off balances	0	17	-8	-14	-2	-16	<b>-10</b>	<b>-13</b>
<b>Closing Balances</b>	<b>103</b>	<b>118</b>	<b>31</b>	<b>15</b>	<b>42</b>	<b>12</b>	<b>176</b>	<b>145</b>

## 20. DEBTORS

The following table identifies the breakdown of debtors owing the Council

	2019/20 £'000	2020/21 £'000
Central Government Bodies	3,690	2,173
Other Local Authorities	2,580	4,088
Other Entities and Individuals	11,147	12,493
<b>Short Term Debtors</b>	<b>17,417</b>	<b>18,754</b>
Other Entities and Individuals	15	262
<b>Long Term Debtors</b>	<b>15</b>	<b>262</b>
<b>Total Debtors</b>	<b>17,432</b>	<b>19,016</b>

## 21. CASH AND CASHEQUIVALENTS

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

	2019/20 £'000	2020/21 £'000
Cash held by the Council	1	1
Cash in transit	614	533
Bank current accounts	1,518	2,052
Short-term liquid deposits	10,720	12,670
<b>Total Cash and Cash Equivalents</b>	<b>12,853</b>	<b>15,256</b>



## 22. ASSETS HELD FOR SALE

During 2020/21 non-current assets valued at £1.273m were classified as held for sale, as it is the Council's intention to sell these assets during 2021/22.

	2019/20 £'000	2020/21 £'000
<b>Balance outstanding at start of year</b>	<b>3,473</b>	<b>3,089</b>
Assets newly classified as held for sale:		
Property, Plant and Equipment	2,518	1,273
Assets sold	-2,902	-1,060
<b>Balance outstanding at year-end</b>	<b>3,089</b>	<b>3,302</b>

## 23. CREDITORS

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

	2019/20 £'000	2020/21 £'000
Central Government Bodies	1,537	4,877
Other Local Authorities	1,333	469
Other Entities and Individuals	10,295	8,837
<b>Short Term Creditors</b>	<b>13,165</b>	<b>14,183</b>
Other Entities and Individuals	2,268	1,157
<b>Long Term Creditors</b>	<b>2,268</b>	<b>1,157</b>
<b>Total Creditors</b>	<b>15,433</b>	<b>15,340</b>

## 24. PROVISIONS

The Council has the following provisions:

	Insurance Claims £'000	Business Rates £'000	Other Provisions £'000	Total £'000
<b>Short Term Balance at 1 April 2020</b>	<b>229</b>	<b>774</b>	<b>253</b>	<b>1,256</b>
Additional provisions made in year	46	-77	28	-3
Amounts used in year	-57	-246	-162	-465
Transfer from Long Term	0	0	0	0
Unused amounts reversed in year	0	0	0	0
<b>Short Term Balance at 31 March 2021</b>	<b>218</b>	<b>451</b>	<b>119</b>	<b>788</b>
<b>Long Term Balance at 1 April 2020</b>	<b>0</b>	<b>873</b>	<b>0</b>	<b>873</b>
Additional provisions made in year	0	1,308	0	1,308
Amounts used in year	0	0	0	0
Transfer to Short Term	0	0	0	0
Unused amounts reversed in year	0	0	0	0
<b>Long Term Balance at 31 March 2021</b>	<b>0</b>	<b>2,181</b>	<b>0</b>	<b>2,181</b>

### Insurance Claims

All insurance claims are individually insignificant, however, they relate to claims where the Council is alleged to be at fault (e.g. 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.

### Business Rates Appeals

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 £6.580m, but the difference is to be met by major preceptors – being Central Government (50%), Nott's County Council (9%) and Fire Authority (1%). The Council's proportion being 40% of the total provision, which is £2.632m.

### 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. The increase in the earmarked reserves in 2020/21 is mainly as a result of the £5.570m S31 business rate relief compensation grant that is being held and will be used in 2021/22 to offset the deficit in the Collection Fund. A summary of the General Fund, HRA and capital usable reserves is shown below:

USABLE RESERVES	2019/20	2020/21
	£'000	£'000
General Fund Balance	3,579	4,687
Earmarked Reserves	9,170	15,560
Housing Revenue Account	3,107	4,830
Capital Receipts Reserve	4,064	2,339
Major Repairs Reserve	3,932	849
Capital Grants Unapplied	10,778	15,283
<b>Total Usable Reserves</b>	<b>34,630</b>	<b>43,548</b>

## 26. UNUSABLE RESERVES

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

UNUSABLE RESERVES	2019/20	2020/21
	(restated*)	
	£'000	£'000
Revaluation Reserve	130,822	153,186
Capital Adjustment Account	118,403	118,297
Financial Instruments Adjustment Account	-515	-501
Pensions Reserve	-68,346	-90,394
Deferred Capital Receipts Reserve	16	16
Collection Fund Adjustment Account	-820	-8,387
Accumulated Absences Account	-73	-28
<b>Total Unusable Reserves</b>	<b>179,487</b>	<b>172,189</b>

\*2019/20 restated to correct a material error in the valuation of Council Dwellings at 31 March 2020. Full details are disclosed at Note 42 - Prior Period Adjustment

**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.

<b>REVALUATION RESERVE</b>	<b>2019/20</b> <b>£'000</b> <b>(restated*)</b>	<b>2020/21</b> <b>£'000</b>
<b>Balance at 1 April</b>	<b>106,167</b>	<b>130,822</b>
Upward revaluations of assets	26,894	29,221
Downward revaluation of assets and impairment losses not charged to the Surplus/Deficit on the Provision of Services	-1,502	-6,827
<b>Surplus or deficit (-) on revaluation of non-current assets not posted to the</b>	<b>25,392</b>	<b>22,394</b>
Difference between fair value depreciation and historical cost depreciation	-654	-1
Accumulated gains on assets sold or scrapped	-83	-29
<b>Amount written off to the Capital Adjustment Account</b>	<b>-737</b>	<b>-30</b>
<b>Balance at 31 March</b>	<b>130,822</b>	<b>153,186</b>

*\* 2019/20 restated to correct a material error in the valuation of Council Dwellings at 31 March 2020. Full details are disclosed at Note 42 - Prior Period Adjustment*

Note 26 Unusable reserves, cont.....

## 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	2019/20 £'000	2020/21 £'000
<b>Balance at 1 April</b>	<b>124,466</b>	<b>118,403</b>
<b>Reversal of items relating to capital expenditure debited or credited to the CIES</b>		
Charges for depreciation and impairment of non-current assets	-13,726	-14,266
Revaluation losses on Property, Plant and Equipment	-1,696	-1,786
Amortisation of intangible assets	-3	0
Donated Assets	0	0
Revenue expenditure funded from capital under statute	-1,959	-1,722
Amounts of non-current assets written off on disposal or sale as part of the gain(-) / loss on disposal to the CIES	-3,078	-1,203
	<b>-20,462</b>	<b>-18,977</b>
Adjusting amounts written out of the Revaluation Reserve	83	29
<b>Net written out amount of the cost of non-current assets consumed in the year</b>	<b>-20,379</b>	<b>-18,948</b>
<b>Capital financing applied in the year:</b>		
Use of Capital Receipts Reserve to finance new capital expenditure	1,667	2,294
Use of Major Repairs Reserve to finance new capital expenditure & repayment of debt	5,234	10,646
Capital grants and contributions credited to the CIES that have been applied to capital financing	4,111	3,041
Applications of grants to capital financing from the Capital Grant Unapplied Account	1,910	1,760
Statutory provision for the financing of capital investment charged against the General Fund and HRA balances	597	597
Capital expenditure charged against the General Fund and HRA balances	143	504
	<b>13,662</b>	<b>18,841</b>
Adjustment between Capital Adjustment Account and Revaluation Reserve for depreciation that relates to the revaluation balance rather than historic cost	654	1
<b>Balance at 31 March</b>	<b>118,403</b>	<b>118,297</b>

Note 26 Unusable reserves, cont.....

### C). Financial Instruments Adjustment Account

The Financial Instruments Adjustment Account (FIAA) 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. (for example premiums / discounts on the early redemption of loans and changes to the effective interest rate for stepped interest loans).

#### Premiums / Discounts:

Premiums are debited to the Comprehensive Income and Expenditure Statement when they are incurred, but reversed out of the General Fund Balance to the FIAA 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.

#### Stepped Interest Loans:

An adjustment is posted to the Comprehensive Income and Expenditure Statement each year to reflect the difference between the interest payable under the loan agreement and the amount determined by the effective interest rate calculation. These adjustments are then reversed out of the General Fund Balance to the FIAA in the Movement in Reserves Statement, in accordance with statutory arrangements for spreading the burden on council tax. The cumulative adjustments are reflected in the carrying amount of the loan, which is why the carrying amount of the Council's non-PWLB debt is much higher than the outstanding principal.

FINANCIAL INSTRUMENTS ADJUSTMENT ACCOUNT	2019/20 £'000	2020/21 £'000
<b>Balance at 1 April</b>	<b>-515</b>	<b>-515</b>
Differences between statutory debits/credits and amounts recognised as income and expenditure in relation to financial instruments	0	14
<b>Balance at 31 March</b>	<b>-515</b>	<b>-501</b>

### 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	2019/20 £'000	2020/21 £'000
<b>Balance at 1 April</b>	<b>-75,166</b>	<b>-68,346</b>
Re-measurements of the net defined benefit liability/(asset)	10,067	-18,189
Reversal of items relating to retirement benefits debited or credited to the Surplus or Deficit on the Provision of Services in the CIES	-6,796	-7,411
Employers pensions contributions and direct payments to pensioners payable in the year	3,551	3,552
Timing difference	-2	0
<b>Balance at 31 March</b>	<b>-68,346</b>	<b>-90,394</b>

Note 26 Unusable reserves, cont.....

#### 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	2019/20 £'000	2020/21 £'000
<b>Balance at 1 April</b>	<b>16</b>	<b>16</b>
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	0	0
<b>Balance at 31 March</b>	<b>16</b>	<b>16</b>

#### 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. The significant increase in the year is due to the increase in the deficit between the position estimated in January 2020 prior to Covid and the position at 31 March 2021. The increase in the deficit arises mainly from additional reliefs awarded and in increase in the provision for appeals.

COLLECTION FUND ADJUSTMENT ACCOUNT	2019/20 £'000	2020/21 £'000
<b>Balance at 1 April</b>	<b>1,455</b>	<b>-820</b>
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	-2,275	-7,567
<b>Balance at 31 March</b>	<b>-820</b>	<b>-8,387</b>

#### 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	2019/20 £'000	2020/21 £'000
<b>Balance at 1 April</b>	<b>-73</b>	<b>-73</b>
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	45
<b>Balance at 31 March</b>	<b>-73</b>	<b>-28</b>

## 27. CASH FLOW STATEMENTS

### A). Cash Flow Statement – Operating Activities

The cash flows for Operating Activities include the following items:

	2019/20 £'000	2020/21 £'000
Interest received	188	276
Interest paid	-5,277	-4,292
	<b>-5,089</b>	<b>-4,016</b>

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

	2019/20 £'000	2020/21 £'000
Depreciation	13,726	14,266
Impairment and downward valuations	1,696	1,786
Amortisation	3	0
Increase/Decrease(-) in Creditors	3,379	2,015
Increase/Decrease(-) in Debtors	-4,487	-326
Increase/Decrease(-) in Inventories	-11	31
Movement in Pension Liability	4,357	2,051
Other non-cash items charged to the net surplus or deficit on the provision of services	-210	826
Carrying amount of non-current assets and non-current assets held for sale, sold or derecognised	3,078	1,203
	<b>21,532</b>	<b>21,852</b>

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

	2019/20 £'000	2020/21 £'000
Proceeds from the sale of property, plant and equipment	-2,510	-565
Any other items for which the cash effects are investing or financing cash flows	-7,524	-9,307
	<b>-10,034</b>	<b>-9,872</b>

### B). Cash Flow Statement – Investing Activities

	2019/20 £'000	2020/21 £'000
Purchase of Property, Plant and Equipment	-12,650	-14,578
Purchase of short-term and long-term Investments	-40	0
Other payments for investing activities	0	-247
Proceeds from the sale of Property, Plant and Equipment	2,510	565
Other receipts from investing activities	7,524	9,307
<b>Net cash flows from investing activities</b>	<b>-2,656</b>	<b>-4,953</b>

### C). Cash Flow Statement – Financing Activities

	2019/20 £'000	2020/21 £'000
Repayments of short and long term borrowings	-4,000	0
Other payments for financing activities	-4,288	-2,039
<b>Net cash flows from financing activities</b>	<b>-8,288</b>	<b>-2,039</b>



## 28. ACQUIRED AND DISCONTINUED OPERATIONS

There have been no acquired or discontinued operations during 2020/21 financial year.

## 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.

As part of the COVID-19 response, during 2020/21 the Council has acted as agent on behalf of the Government in the administration and distribution of £35.6m in a range of grant schemes to support local businesses. These transactions are not required to be reflected in the Council's statements, apart from the £4.3m which is grant funding still to be paid out during 2021/22 or will be repaid back to Government, this is represented as a creditor in the balance sheet. Further details are provided in the Narrative Statement.

## 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:

	2019/20 £'000	2020/21 £'000
Basic Allowance	226	223
Special Responsibility Allowance	94	93
Travelling & Subsistence Allowance	6	2
<b>Total</b>	<b>326</b>	<b>318</b>

### 31. OFFICERS' REMUNERATION AND TERMINATION BENEFITS

#### OFFICER REMUNERATION

The Council is required to disclose 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. Remuneration for senior staff includes the employer's contribution to the pension fund as shown below:

2020/21	Notes	* Salary, Fees & Allowances £	Expense Allowances £	Compensation for Loss of Office £	Pension contributions £	Total £
Chief Executive		121,404	68	0	23,603	<b>145,075</b>
Assistant Chief Executive	a	64,232	45	0	12,588	<b>76,865</b>
Director of Regeneration & Neighbourhood Services	a	29,974	23	0	5,875	<b>35,872</b>
Director of Corporate Resources	b	15,715	0	2,151	3,075	<b>20,941</b>
Interim Director of Corporate Resources	c	55,300	45	0	10,834	<b>66,179</b>
Head of Finance and Property Services	c	25,264	23	0	4,952	<b>30,238</b>
Head of Corporate Services		68,934	68	0	13,505	<b>82,506</b>
Head of Regeneration Services		68,903	68	0	13,505	<b>82,476</b>
Head of Housing Services		68,903	68	0	13,505	<b>82,476</b>
Head of Neighbourhood Services		63,204	68	0	12,388	<b>75,660</b>
Interim Head of People and Culture	d	41,270	45	0	8,087	<b>49,402</b>
HR Service Manager	d	16,767	23	0	3,286	<b>20,076</b>

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

#### NOTES:

- a. The Director of Regeneration & Neighbourhood Services took up the role of Assistance Chief Executive from 01.08.2020
- b. The Director of Corporate Resources left the Council 17.07.2020
- c. The Head of Finance and Property Services took up the role of Interim Director of Corporate Resources from 01.08.2020
- d. The HR Manager took up the role of Interim Head of People & Culture from 01.08.2020

## Note 31 Officers' Remuneration cont.....

## PREVIOUS YEAR COMPARISON

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.....*

The Council is required to show the number of staff who are paid more than £50,000 a year. This is shown in the table below. Pay includes salary, redundancy, taxable travel and other taxable costs. These figures do not include employer's pension contributions. This table includes those staff that were included in the preceding tables.

Remuneration band	Number of Employees	
	2019/20	2020/21
£50,000-£54,999	1	6
£55,000-£59,999	2	1
£60,000-£64,999	0	1
£65,000-£69,999	2	3
£70,000-£74,999	2	0
£75,000-£79,999	0	0
£80,000-£84,999	0	1
£85,000-£89,999	1	0
£90,000-£94,999	0	1
£95,000-£99,999	0	0
£100,000-£104,999	0	0
£105,000-£109,999	0	0
£110,000-£114,999	0	0
£115,000-£119,999	0	0
£120,000-£124,999	0	1
£125,000-£129,999	0	0
£130,000-£134,999	0	0
£135,000-£139,999	1	0
<b>Total</b>	<b>9</b>	<b>14</b>

**TERMINATION BENEFITS**

The Council terminated the contracts of a number of employees in 2020/21; incurring liabilities of £0.048m (£0.142m in 2019/20).

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)]			
	2019/20	2020/21	2019/20	2020/21	2019/20	2020/21	2019/20	2020/21
<b>£0 - £20,000</b>	2	1	2	0	4	1	£30,084	<b>£0</b>
<b>£20,001 - £40,000</b>	0	0	0	0	0	0	£0	<b>£0</b>
<b>£40,001 - £60,000</b>	0	0	1	1	1	1	£42,737	<b>£48,561</b>
<b>£60,001 - £80,000</b>	0	0	1	0	1	0	£69,073	<b>£0</b>
<b>Total</b>	<b>2</b>	<b>1</b>	<b>4</b>	<b>1</b>	<b>6</b>	<b>2</b>	<b>£141,894</b>	<b>£48,561</b>

## 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:

	2019/20	2020/21
	£'000	£'000
Fees payable with regard to external audit services carried out by the appointed auditor for the year (Mazars)	44	44
Additional fees incurred in relation to the 2019/20 annual audit (Mazars)	0	12
Other services provided by Mazars during the year	6	3
<b>Total</b>	<b>50</b>	<b>59</b>

### 33. GRANT INCOME

The Council credited the following grants, contributions and donations to the Comprehensive Income and Expenditure Statement.

	2019/20 £'000	2020/21 £'000
<b>Credited to Taxation and Non Specific Grant Income &amp; Expenditure:</b>		
Covid Support Grants	0	3,020
New Homes Bonus Grant	862	1,146
Revenue Support Grant	224	228
Council Tax Support Admin Grant	126	126
Other Revenue Grants	373	330
<b>Capital Related:</b>		
Developers Contributions	3,085	4,100
Other Capital grants	3,371	2,912
<b>Total</b>	<b>8,042</b>	<b>11,862</b>
<b>Credited to Services:</b>		
Housing Benefits Subsidy	20,363	18,795
Other Housing Benefits	1,129	0
VAT refund	404	0
Business Rates - Collection Allowance	169	168
Homelessness Grants	172	188
National Lottery Grants	142	95
Flooding Grant	110	630
Other revenue grants & contributions	1,420	1,235
Covid Support Grants	0	5,709
<b>Capital Related:</b>		
Better Care Fund - Disabled Facilities Grant	933	1,419
<b>Total</b>	<b>24,841</b>	<b>28,753</b>

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

	2019/20 £'000	2020/21 £'000
<b>Revenue grants receipts in advance:</b>		
H.B. Subsidy	0	70
Coronavirus Grant	85	416
Pilgrims Roots Project HLF Grants	15	15
Tackling Alcohol and HLF Grants	18	18
<b>Total revenue grants receipts in advance</b>	<b>118</b>	<b>519</b>
<b>Developer contributions receipts in advance:</b>		
Short-Term Creditor	3	3
Long-Term Creditor	2,268	1,157
<b>Total receipts in advance</b>	<b>2,389</b>	<b>1,679</b>

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.

#### **Central Government**

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 33.

#### **Members of the Council**

The total members' allowances paid are shown in Note 30. 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. The following Members hold positions of control or significant influence in related parties to the Council during 2020/21:

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** - 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 39
  - 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
- D) Nottingham City Council** – provides procurement services to the Council. The annual fee for this service is £35,700

#### **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 commenced trading during 2020/21 and the Council has provided £244k in loans/contributions towards the project in accordance with the terms of the contractual agreement. The development of 26 new homes (of which 4 are affordable) are due to be completed during 2021/22.

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 during 2020/21 was £81k (2019/20 turnover value was £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.

	2019/20 £'000	2020/21 £'000
<b>Opening Capital Financing Requirement</b>	<b>117,894</b>	<b>120,354</b>
<b>Capital Investment:</b>		
Property, Plant and Equipment	14,165	13,910
Investment Properties	0	0
Intangible Assets	0	0
Revenue Expenditure Funded from Capital Under Statute (REFCUS)	1,959	1,722
Other	0	244
<b>Sources of Finance</b>		
Capital Receipts	-1,668	-2,294
Grants and Contributions	-6,022	-4,799
Earmarked Reserves	0	
Major Repairs Reserve (MRR)	-5,234	-10,646
Sums set aside from Revenue (includes MRP)	-740	-1,101
<b>Closing Capital Financing Requirements</b>	<b>120,354</b>	<b>117,390</b>

#### Explanation of Movements in Year

Increase in underlying need to borrow (unsupported by Government financial assistance)	3,057	906
Decrease in underlying need to borrow (Repayment of HRA Loan)	0	-3,273
Less set aside MRP	-597	-597
<b>Increase/(-) Decrease in Capital Financing Requirement</b>	<b>2,460</b>	<b>-2,964</b>

#### Split on Capital Financing Requirement between General

##### Fund and Housing Revenue Account

General Fund	24,940	25,249
Housing Revenue Account	95,414	92,141
	<b>120,354</b>	<b>117,390</b>



## 36. LEASES

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### Bassetlaw District Council as Lessee

#### Finance Leases

At 31 March 2021 the Council had no finance leasing arrangements and non at 31 March 2020.

#### Operating Leases

At 31 March 2021 the Council had no Operating leasing arrangements and non at 31 March 2020.

### 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 £487k (£608k in 2019/20) from such leases. The minimum lease payments receivable in future years are as shown in the table below:

	2019/20 £'000	2020/21 £'000
Not later than one year	235	238
Later than one year and not later than five years	188	184
Later than five years	764	723
<b>Total future minimum lease payments receivable</b>	<b>1,187</b>	<b>1,145</b>

## 37. IMPAIRMENT LOSSES

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The Council is required to disclosure by class of assets the amounts for impairment losses and impairment reversals charged to the surplus or deficit on the provision of services and to other comprehensive income and expenditure. These disclosures are consolidated in note 14 reconciling the movement over the year in the property, plant and equipment balances.

There were no impairment losses recognised in 2020/21 (nil in 2019/20)

## 38. NATURE AND EXTENT OF RISKS ARISING FROM FINANCIAL INSTRUMENTS

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

THE KEY RISKS ARE:	
<b>CREDIT RISK</b>	The possibility that other parties might fail to pay amounts due to the Council;
<b>LIQUIDITY RISK</b>	The possibility that the Council might not have funds available to meet its commitments to make payments;
<b>RE-FINANCING RISK</b>	The possibility that the Council might be requiring to renew a financial instrument on maturity at disadvantageous interest rates or terms;
<b>MARKET RISK</b>	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.

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 risk, credit risk and the investment of surplus cash.

By approving annually in advance prudential and treasury indicators for the following three years in compliance with Government guidance, limiting:

- the Council's overall borrowing;
- its management of interest rate exposures;
- its maximum and minimum exposures to the maturity structure of its debt; and
- its maximum exposure to investments maturing beyond a year and to selected investment counterparties.

### 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 Treasury Management Strategy (TMS), 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 TMS for 2020/21 was approved by Full Council 5 March 2020 and is available on the Council's website. <https://data.bassetlaw.gov.uk/media/7339/co050320non.pdf>

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. There remains a risk that the Council's deposits could be unrecoverable in the event of an institution failing, there was no evidence at the 31 March 2021 that this was likely to crystallise, as shown in the table below:

Counterparty / Institution	Credit Rating	Historic Risk of Default	Gross Carrying Amount (£m)
Fidelity Money Market Fund	AAAmmf*	0.000%	3.550
BlackRock Money Market Fund	AAAmmf	0.000%	5.150
CCLA Money Market Fund	AAAmmf	0.000%	3.970
Handlesbanken PLC	AA-	0.000%	2.440
Bersahill Limited**	N/A	N/A	0.314
S80 Partnership Limited	N/A	N/A	0.040

\*AAA is the highest credit rating available and is an indication of very strong credit quality

\*\*As lender the Council has first charge over the property associated with this joint venture

No credit limits were exceeded during the reporting period and the Council does not expect any losses from non-performance by any of its counterparties in relation to its deposits.

*Note 38 – Nature and Extent of Risks arising from Financial Instruments, cont....*

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 does not generally allow credit for its customers, but some of the current balance is past its due date for payment. The current overdue amounts owed by customers can be analysed by age as follows:

	31 March 2020 £'000	31 March 2021 £'000
Less than three months	2,630	1,111
Three to six months	120	92
Six months to one year	155	459
More than one year	477	565
<b>Total</b>	<b>3,382</b>	<b>2,227</b>

#### **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.

#### **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 minimum limits	Approved maximum Limits £'000	Actual 31-Mar 2020 £'000	Actual 31-Mar 2021 £'000
Less than 1 year	0%	50% £49,432	0	0
Between 1 and 2 years	0%	50% £49,432	0	5,000
Between 2 and 5 years	0%	50% £49,432	9,000	4,000
Between 5 and 10 years	0%	50% £49,432	15,000	15,000
More than 10 years	0%	100% £98,863	74,863	74,863
<b>Total</b>			<b>98,863</b>	<b>98,863</b>

Note: Whilst the maturity date of the Council's LOBO (Lender Option Borrower Option) loans is uncertain, the table above is prepared on the basis of their contractual end dates as opposed to their next call date.

### 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 2021, if all interest rates had been 1% higher (with all other variables held constant) the financial effect would be:

	£'000
<b>Increase in interest receivable on variable rate investments</b>	-151
Impact on Surplus (-) or Deficit on Provision of Services	<b>-151</b>
<b>Decrease in fair value of fixed rate borrowings liabilities (no impact on the Surplus or Deficit on the Provision of Services or Other Comprehensive Income and Expenditure)</b>	-27,295

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 18 – 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.

## 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	
<b>Active members</b>	515	11,798	48
<b>Deferred pensioners</b>	637	1,170	48
<b>Pensioners</b>	797	4,314	73
<b>Unfunded pensioners</b>	126	228	82

**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.

	2019/20 £000	2020/21 £000
<b>Comprehensive Income and Expenditure Statement</b>		
<b>Cost of Services:</b>		
Current Service cost	4,935	5,700
Past Service costs	139	72
(gain)/loss from settlements	0	0
Administration expenses	49	55
<b>Financing and Investment Income and Expenditure:</b>		
Net interest expense	1,673	1,584
<b>Total charged to the Surplus / Deficit on the Provision of Services</b>	<b>6,796</b>	<b>7,411</b>
<i>Other Post-employment benefits charged to the CIES:</i>		
<b>Re-measurement of the net defined benefit liability comprising:</b>		
Return on plan assets	10,746	-22,513
Changes in demographic assumptions	-2,848	-2,056
Changes in financial assumptions	-17,605	44,951
Experience loss/(gain) on defined benefit obligation	-593	-2,193
Other gains and (-)losses	233	0
<b>Total charged to Other Comprehensive Income and Expenditure</b>	<b>-10,067</b>	<b>18,189</b>
<b>Total charged to the Comprehensive Income and Expenditure Statement</b>	<b>-3,271</b>	<b>25,600</b>
<b><u>Movement in Reserves Statement -</u></b>		
Reversal of net charges made to the Surplus or Deficit on the Provision of Services	-6,796	-7,411
<b><u>Actual amount charged against the General Fund Balance for pensions:</u></b>		
Employers' contributions payable to the Scheme	2,833	2,873
<b><u>Actual amount charged against the HRA for pensions in the year:</u></b>		
Employers' contributions payable to the Scheme	718	679

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

**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:

	2019/20 £'000	2020/21 £'000
Present value of the defined benefit obligation	-180,793	-225,835
Fair value of plan assets	112,447	137,249
<b>Net liability arising from the defined benefit obligation</b>	<b>-68,346</b>	<b>-88,586</b>

In April 2020 the Council made a one-off payment to the Pension Fund of £2.664m to cover future deficit liabilities for the period 2020/21 to 2022/2023. In line with the Council's accounting policies £0.856m (£0.720m General Fund and £0.136m Housing Revenue Account) has been accounted for in 2020/21 with the remainder (£1.808m) being offset against the pension liability on the balance sheet. Over the next two financial years, the pension reserve (note 26 £90.394m) and the net pension liability (88.586m) will be brought into line as the lump sum payments are accounted for in 2021/22 and 2022/23.

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

	2019/20 £'000	2020/21 £'000
<b>Opening balance at 1 April</b>	<b>-196,699</b>	<b>-180,793</b>
Current service cost	-4,935	-5,700
Interest cost	-4,148	-3,486
Contribution by scheme participants	-756	-797
<b>Re-measurement Gains/Losses(-)</b>		
Change in financial assumptions	17,605	-44,951
Change in demographic assumptions	2,848	2,056
Experience loss/(gain) on defined benefit obligation	593	2,193
Gains/Losses(-) on curtailments	-139	-72
Benefits paid	4,631	5,516
Unfunded pension payments	207	199
Liabilities extinguished on settlements	0	0
<b>Closing Defined Benefit Obligation</b>	<b>-180,793</b>	<b>-225,835</b>

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

	2019/20 £'000	2020/21 £'000
<b>Opening fair value of scheme assets</b>	<b>122,643</b>	<b>112,447</b>
Interest income	2,475	1,902
<b>Re-measurement Gain/Loss(-)</b>		
Return on Assets less Interest	-10,746	22,513
Other Actuarial Gains/Losses(-)	-233	0
Contributions from employer	2,439	5,360
Contributions from employees into the scheme	756	797
Benefits paid	-4,838	-5,715
Administration expenses	-49	-55
Settlement prices received / (paid)	0	0
<b>Closing Fair Value of Scheme Assets</b>	<b>112,447</b>	<b>137,249</b>

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:

	2019/20 %	2020/21 %
<b><u>Mortality Assumptions</u></b>		
<b>Longevity at 65 for current pensioners:</b>		
Male	21.8	21.6
Female	24.4	24.3
<b>Longevity at 65 for future pensioners:</b>		
Male	23.2	22.9
Female	25.8	25.7
<b><u>Financial Assumptions</u></b>	<b>%</b>	<b>%</b>
Rate of inflation - CPI	1.9	2.8
Rate of increase in salaries	2.9	3.8
Rate of increase in pensions	1.9	2.8
Rate for discounting scheme liabilities	2.35	2.0

**Assets**

The return on the Fund (on a bid value to bid value basis) for the year to 31 March 2021 is estimated to be 21.57% (-7% 31.03.20). 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 2.25% of the Funds' total assets.

Asset Share	2019/20 £'000	%	2020/21 £'000	%
<b><u>Asset Share</u></b>				
Equity Instruments	64,897	58	88,905	65
Gilts	4,672	4	4,611	3
Other Bonds	10,332	9	9,407	7
Property	16,766	15	14,021	10
Cash	4,583	4	6,241	5
Inflation-linked pooled fund	4,201	4	6,641	5
Infrastructure	6,996	6	7,423	5
	<b>112,447</b>	<b>100</b>	<b>137,249</b>	<b>100</b>

**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)	236,783	215,416
Rate of increase in salaries (increase or decrease by 0.1%)	226,294	225,380
Rate of increase in pensions (increase or decrease by 0.1%)	229,649	222,094
Rate for discounting scheme liabilities (increase or decrease by 0.1%)	221,611	230,145

**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 £225.835m (£180.793m in 2019/20) has a substantial impact on the net worth of the Council, as recorded in the Balance Sheet, resulting in a negative overall balance of £88.586m (£68.346m in 2019/20).

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 2022 is £2.515m. The weighted average duration of the defined benefit obligation for scheme members is 19 years, 2020/21 (19 years 2019/20).

**Projected Pension Expenditure**

The projected pension expenses for the year to 31 March 2022 are:

Projection for Year to 31 March 2022	£'000
Service cost	6,093
Net Interest on the defined liability (asset)	1,745
Administration expenses	67
<b>Total</b>	<b>7,905</b>
<b>Employer contributions</b>	<b>2,515</b>

These figures exclude the capitalised cost of any early retirements or augmentations which may occur after 31 March 2021. The projections are based on the assumptions as at 31 March 2021, 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 2021 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.

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

## 42. PRIOR PERIOD ADJUSTMENT

The prior period adjustment in 2019/20 relates to the correction of an identified material error in the valuation of Council dwellings at 31 March 2020, with these assets understated by £2.54m. The impact of the correction of this error on the core financial statements and disclosure notes is summarised in the tables below:

Comprehensive Income and Expenditure Statement 2019/20	Original (£000)	Restated (£000)	Restated amount (£000)
(Surplus)/Deficit on the Revaluation of Non-Current Assets	(22,850)	(25,390)	(2,540)
Other Comprehensive Income and Expenditure	(32,917)	(35,457)	(2,540)
<b>Total Comprehensive Income and Expenditure</b>	<b>(29,340)</b>	<b>(31,880)</b>	<b>(2,540)</b>

Movement in Reserves Statement 2019/20	Original (£000)	Restated (£000)	Restated amount (£000)
Total Comprehensive Income and Expenditure (Unusable Reserves)	32,917	35,457	2,540
Net Increase/(Decrease) before Transfers to earmarked Reserves	20,598	23,138	2,540
<b>Total Reserves</b>	<b>176,948</b>	<b>179,488</b>	<b>2,540</b>

Balance Sheet 2019/20	Original (£000)	Restated (£000)	Restated amount (£000)
Property, Plant and Equipment	363,572	366,112	2,540
Long Term Assets	364,026	366,566	2,540
<b>Net Assets</b>	<b>211,577</b>	<b>214,117</b>	<b>2,540</b>
Unusable Reserves	176,947	179,487	(2,540)
<b>Total Reserves</b>	<b>211,577</b>	<b>214,117</b>	<b>(2,540)</b>

Note 14 – Property, Plant and Equipment 2019/20	Original (£000)	Restated (£000)	Restated amount (£000)
Revaluation increase/(decrease) recognised in the Revaluation Reserve (Council Dwellings)	15,927	18,467	2,540
<b>Net Book Value as at 31<sup>st</sup> March 2020 (Council Dwellings)</b>	<b>284,058</b>	<b>286,598</b>	<b>2,540</b>

Note 26 – Unusable Reserves 2019/20	Original (£000)	Restated (£000)	Restated amount (£000)
Unusable Reserves – Revaluation Reserve	128,282	130,822	2,540
<b>Total Unusable Reserves</b>	<b>176,947</b>	<b>179,487</b>	<b>2,540</b>

Note 26a – Revaluation Reserve 2019/20	Original (£000)	Restated (£000)	Restated amount (£000)
Upward revaluations of assets	24,354	26,894	2,540
Surplus or deficit (-) on revaluation of non-current assets not posted to the Surplus or Deficit on the Provision of Services	22,852	25,392	2,540
<b>Balance as at 31<sup>st</sup> March 2020</b>	<b>128,282</b>	<b>130,822</b>	<b>2,540</b>

# SUPPLEMENTARY FINANCIAL STATEMENTS

The Supplementary Financial Statements are:

- **The Housing Revenue Account (HRA)**  
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.
- **Glossary of Terms**  
This section explains some of the more complicated terms that have been used in this document
- **The Annual Governance Statement (AGS)**  
Explains how the Council has complied with the Local Code of Corporate Governance and provides a review of the effectiveness of its systems of internal control.

## THE HOUSING REVENUE ACCOUNT (HRA)

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.

2019/20 £'000	INCOME AND EXPENDITURE STATEMENT	NOTE	2020/21 £'000
	<b>Expenditure</b>		
5,759	Repairs and maintenance		5,447
6,575	Supervision and management		4,479
1,422	Special Services		1,462
345	Rents, rates, taxes and other charges		428
11,839	Depreciation, impairment & revaluation losses of non-current assets	5,6	13,778
66	Debt management costs		0
8	Movement in the allowance for bad debts	8	20
<b>26,014</b>	<b>Total Expenditure</b>		<b>25,614</b>
	<b>Income</b>		
-24,979	Dwelling rents	1	-25,386
-275	Non dwelling rents	2	-254
-1,599	Charges for services and facilities	3	-1,390
<b>-26,853</b>	<b>Total Income</b>		<b>-27,030</b>
<b>-839</b>	<b>(-) Net income or expenditure for HRA Services as included in the Council's Comprehensive Income and Expenditure Account</b>		<b>-1,416</b>
510	HRA Services' share of Corporate and Democratic Core		2,667
161	HRA share of other amounts included in the whole authority cost of services but not allocated to specific services		97
<b>-168</b>	<b>Net Income (-) or Expenditure of HRA Services</b>		<b>1,348</b>
	<b>HRA share of the operating income and expenditure included in the Council's CIES:</b>		
0	Gain or loss(-) on sale of HRA non-current assets		-7
3,727	Interest payable and similar charges	7	3,703
-16	HRA Interest and Investment Income	7	-5
328	Net interest on the net defined benefit liability(asset)	9	321
-2,151	Capital grants and contributions		-4
<b>1,720</b>	<b>(-) Surplus or deficit for the year on HRA services</b>		<b>5,356</b>

### 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.

2019/20 £'000	MOVEMENT ON THE HRA STATEMENT	2020/21 £'000
-2,283	<b>Balance on the HRA at the end of the previous year</b>	<b>-3,108</b>
1,720	(-) Surplus or deficit on the HRA Income and Expenditure Statement	5,356
-2,545	Adjustments between accounting basis and funding basis under statute (see table below for details)	-7,042
<b>-825</b>	<b>Net (-) increase or decrease before transfer to/from Reserves</b>	<b>-1,686</b>
0	Transfers to or (from) reserves	-36
<b>-825</b>	<b>(-) increase or decrease in year on the HRA</b>	<b>-1,722</b>
<b>-3,108</b>	<b>Balance on the HRA at the end of the current year</b>	<b>-4,830</b>

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;

2019/20 £'000	NOTE TO THE MOVEMENT ON THE HRA STATEMENT	2020/21 £'000
	<b>Items <u>included</u> in the HRA Income and Expenditure Statement but excluded from the Movement on the HRA Statement for the year:</b>	
-11,839	Charges for depreciation and impairment of non-current assets	-13,778
2,210	Capital grants and contributions applied	4
0	Revenue Expenditure Funded from Capital under Statute	0
0	Capital grants and contributions unapplied credited to the CIES	0
0	Gain(-)/Loss on Sale of HRA Non Current Assets	0
-1,443	Reversal of items relating to retirement benefits debited or credited to the CIES	-1,487
718	Employers contribution payable to NCC pension fund and retirement benefits payable direct to pensioners	679
<b>-10,354</b>		<b>-14,582</b>
	<b>items <u>not included</u> in the HRA Income and Expenditure Statement but included within the movement on the HRA Statement for the year:</b>	
-72	Capital expenditure funded by the HRA	-23
7,881	Transfer to Major Repairs Reserve	7,563
0	Voluntary set aside for debt repayment	0
<b>7,809</b>		<b>7,540</b>
<b>-2,545</b>	<b>Net additional amount required by statute</b>	<b>-7,042</b>

## NOTES TO THE HOUSING REVENUE ACCOUNT

### (1) Dwelling Rents

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

	2019/20	2020/21
Dwelling Rents	£24.979m	£25.386m
Average Weekly (52 week basis) rent per dwelling	£72.13	£74.49
Number of Voids (Empty Properties)	147	145
Voids as a percentage of the total Councils housing stock	2.21%	2.18%

### (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.

	2019/20 £'000	2020/21 £'000
Non Dwelling Rents	275	254

### (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:

	2019/20 £000	2020/21 £000
Charges for services and facilities	516	602
Reimbursement of Costs	694	545
Other Charges	389	243
<b>Total</b>	<b>1,599</b>	<b>1,390</b>

### (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.

	2019/20 £000	2020/21 £000
Council Dwellings	4,034	4,045
Non-Current Assets (Other land and buildings)	316	534
Equipment & Vehicles	0	7
Amortisation of intangible assets	1	0
<b>Total</b>	<b>4,351</b>	<b>4,586</b>

## (6) Impairment

During 2020/21 £9.192m 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.

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.

	2019/20 £000	2020/21 £000
Council dwellings	7,488	7,943
Assets Under Construction	0	0
Non-Current Assets (Other land and buildings)	0	1,249
Intangible Assets	0	0
<b>Total</b>	<b>7,488</b>	<b>9,192</b>



## (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).

	2019/20 £000	2020/21 £000
<b>Interest Payable:</b>		
Item 8 Debit		
Internal borrowing - interest payable	0	201
Self-financing loan interest payable	3,727	3,502
<b>Total</b>	<b>3,727</b>	<b>3,703</b>
<b>Interest Receivable:</b>		
Item 8 Credit	-16	-5

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-20 £'000	31-Mar-21 £'000
Rent Arrears	612	576
Court Cost	62	57
Service and Facilities Arrears	87	135
<b>Total</b>	<b>761</b>	<b>768</b>
Outstanding debts as a proportion of gross rent due - Rent only	2.45%	2.27%
Amount of debts written off during the year:	£79k	£1k
Amount of impairment allowance for all debts:	£450k	£469k

## (9) Contribution to Pension Reserves

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	2019/20 £'000	2020/21 £'000
<b>Comprehensive Income and Expenditure Statement</b>		
<b>Cost of Services:</b>		
Current Service Cost	967	1,155
Past Service Cost	139	0
(Gain)/Loss from Settlements	0	0
Administration expenses	9	11
<b>Financing and Investment Income and Expenditure:</b>		
Net Interest Expense	328	321
<b>Total Post-employment Benefit charged to the Surplus or Deficit on the Provision of Services</b>	<b>1,443</b>	<b>1,487</b>
<b>Movement in HRA Reserves Statement:</b>		
Reversal of net charges made to the Surplus or Deficit on the Provision of Services for post-employment benefits in accordance with the code	-1,443	-1,487
<b>Actual amount Charged Against the HRA for pensions in the year:</b>		
Employers contribution payable to the scheme	718	679

## (10) Housing Stock

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

Total 2019/20 No.		Pre 1945 No.	1945- 1964 No.	1965- 1974 No.	1975- 2013 No.	After 2013 No.	Total 2020/21 No.
2,996	<u>Traditional Houses and Bungalows</u>						
1,572	1 - 2 Bedrooms	246	981	505	1,228	32	2,992
	3+ Bedrooms	587	643	125	161	44	1,560
543	<u>Non Traditional Houses and Bungalows</u>						
	Houses and Bungalows	0	211	332	0	0	543
964	<u>Flats</u>						
580	Low Rise (1-2 storeys)	20	396	194	342	12	964
	Medium Rise (3-5 storeys)	0	26	370	183	0	579
6,655	<b>Total</b>	<b>853</b>	<b>2,257</b>	<b>1,526</b>	<b>1,914</b>	<b>88</b>	<b>6,638</b>

The movement in housing stock during the year is analysed as follow:		
6,708	Stock at 1 April	6,655
2	Additions to housing stock	1
-55	Sales, demolitions and disposals	-18
6,655	Stock at 31 March	6,638

### (11) Vacant Possession Value

The value of Council Dwellings assuming vacant possession (Open Market Value) as at 31 March 2021 is £713.4m (31 March 2020 was £642.4m). 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:

	2019/20 £'000	2020/21 £'000
Disposal of land and other property	45	-
Sale of Council Dwellings	2,732	387
Other	-	-
<b>Total</b>	<b>2,777</b>	<b>387</b>

### (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:

	2019/20 £'000	2020/21 £'000
<b>Balance as at 1 April</b>	<b>-1,285</b>	<b>-3,932</b>
Depreciation on HRA Assets	-4,351	-4,586
Revenue Contributions to Capital	-3,530	-2,977
Financing of Capital Expenditure	5,234	10,646
<b>Balance as at 31 March</b>	<b>-3,932</b>	<b>-849</b>

### (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:

	2019/20 £'000	2020/21 £'000
<b>HRA Capital Expenditure Financed by :</b>		
Borrowing	3,057	0
Grants and Contributions	2,210	4
Usable Capital Receipts	385	1,045
Major Repairs Reserve	5,234	10,646
<b>Total</b>	<b>10,886</b>	<b>11,695</b>

### (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. There was no REFCUS in 2020/21 (nil in 2019/20).

### (16) Exceptional Items or Prior Year Adjustments

There were no exceptional items in 2020/21.

## THE COLLECTION FUND

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### 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

2019/20				2020/21		
Business Rates	Council Tax	Total		Business Rates	Council Tax	Total
£'000	£'000	£'000	Income/Expenditure	£'000	£'000	£'000
<b>INCOME</b>						
0	-68,911	-68,911	Council Tax Receivable	0	-73,608	-73,608
-48,872	0	-48,872	Business Rates Receivable	-33,988	0	-33,988
<b>-48,872</b>	<b>-68,911</b>	<b>-117,783</b>		<b>-33,988</b>	<b>-73,608</b>	<b>-107,596</b>
<b>EXPENDITURE</b>						
<b>Apportionment of Previous Year Surplus or (Deficit)</b>						
2,239	0	2,239	Central Government	790	0	790
1,794	63	1,857	Bassetlaw District Council	632	52	684
403	450	853	Nottinghamshire County Council	142	372	514
45	25	70	Nottinghamshire Fire and Rescue Authority	16	20	36
0	62	62	Nottinghamshire Police and Crime Commissioner	0	55	55
<b>4,481</b>	<b>600</b>	<b>5,081</b>	<b>Surplus or (deficit) balance carried forward</b>	<b>1,580</b>	<b>499</b>	<b>2,079</b>
<b>PRECEPTS, DEMANDS AND SHARES</b>						
21,575	0	21,575	Central Government	21,327	0	21,327
17,260	6,036	23,296	Bassetlaw District Council	17,062	7,557	24,619
3,884	51,359	55,243	Nottinghamshire County Council	3,839	54,296	58,135
431	2,777	3,208	Nottinghamshire Fire and Rescue Authority	427	2,878	3,305
0	7,632	7,632	Nottinghamshire Police and Crime Commissioner	0	8,112	8,112
<b>43,150</b>	<b>67,804</b>	<b>110,954</b>		<b>42,655</b>	<b>72,843</b>	<b>115,498</b>
<b>CHARGES TO THE COLLECTION FUND</b>						
47	136	183	Write offs of uncollectable amounts	773	165	938
151	535	686	Increase /Decrease (-) in Impairment Allowance	-259	771	512
-1,063	0	-1,063	Increase /Decrease (-) in Provision for Appeals	2,463	0	2,463
169	0	169	Allowance for Cost of Collection	168	0	168
1,025	0	1,025	Disregarded amounts	798	0	798
7,546	0	7,546	Transitional Protection Payment to Central Govt	3,455	0	3,455
<b>7,875</b>	<b>671</b>	<b>8,546</b>		<b>7,398</b>	<b>936</b>	<b>8,334</b>
<b>-6,634</b>	<b>-164</b>	<b>-6,798</b>	<b>Surplus/Deficit (-) arising in year</b>	<b>-17,645</b>	<b>-670</b>	<b>-18,315</b>
<b>3,446</b>	<b>657</b>	<b>4,103</b>	<b>Surplus/Deficit (-) b/fwd 1 April</b>	<b>-3,188</b>	<b>493</b>	<b>-2,695</b>
<b>-3,188</b>	<b>493</b>	<b>-2,695</b>	<b>Surplus/Deficit (-) c/fwd 31 March</b>	<b>-20,833</b>	<b>-177</b>	<b>-21,010</b>

## NOTES TO THE COLLECTION FUND ACCOUNT

### (A) NON-DOMESTIC RATES (NDR)

#### 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-20	31-Mar-21
Total Rateable Value (£'000)	108,810	110,191
Non Domestic Rating Multiplier	50.4p	51.2p
Small Business Multiplier	49.1p	49.9p

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 2020/21 after reliefs was £33.988m (£48.872m in 2019/20). The table shows a reduction in year of £14.8m in 2020/21 this is mainly as a result of the reliefs that were provided to support businesses during the COVID-19 Pandemic.

#### **NET AMOUNT COLLECTED**

	2019/20 £'000	2020/21 £'000
Non-Domestic Rate Income		
Gross Amount Due	51,023	57,663
Less Reliefs	-2,151	-23,675
<b>Net Amount Collectable</b>	<b>48,872</b>	<b>33,988</b>

The Council receives an allowance from the Collection Fund towards the collection of Business Rates, for 2020/21 this was £168k (2019/20 £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 2020/21 a deficit of £17.902m was declared (surplus of £1.581m in 2019/20).

The in year balance on the business rates account at the 31 March 2021 is a deficit of £17.645m (deficit of £6.634m 2019/20) 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 31.03.20 £'000	Deficit in year £'000	Surplus/deficit at 31.03.21 £'000
Bassetlaw District Council	-1,275	-7,058	-8,333
Central Government	-1,594	-8,823	-10,417
Nottinghamshire County Council	-287	-1,588	-1,875
Nottinghamshire Fire and Rescue Authority	-32	-176	-208
<b>Balance at 31 March</b>	<b>-3,188</b>	<b>-17,645</b>	<b>-20,833</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 £6.580m (2019/20 £4.118m) with the Council being responsible for £2.632m (2019/20 £1.647m). The £2.632m provision for appeals is included within the Council's disaggregated share of the collection fund balances held in the consolidated balance sheet.

**(B) 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 2020/21 financial year was 35,373.06 and was calculated as shown below:

Valuation Band	Ratio to Band D	No of Dwellings in Valuation List		Number of Band D Equivalent Dwellings	
		2019/20	2020/21	2019/20	2020/21
Band A-	5/9	0		75	75
Band A	6/9	26,920	27,053	15,857	15,815
Band B	7/9	7,793	7,916	5,560	5,628
Band C	8/9	6,349	6,444	5,188	5,261
Band D	9/9	6,112	6,241	5,750	5,829
Band E	11/9	3,106	3,180	3,611	3,685
Band F	13/9	1,492	1,525	2,050	2,087
Band G	15/9	689	695	1,093	1,099
Band H	18/9	57	57	85	85
<b>Total</b>		<b>52,518</b>	<b>53,111</b>	<b>39,269</b>	<b>39,564</b>
Deduction for non-collection, new build, demolition and other adjustments				-547	-545
Additional properties and adjustments during the year				-3,927	-3,646
<b>Council Tax Base (Band D equivalent)</b>				<b>34,795</b>	<b>35,373</b>

The Council set a Council Tax (excluding local precepts) at Band D of £2,024.11 in 2020/21 compared to £1,948.67 in 2019/20. This is broken down as follows:

<b>Band D Council Tax</b>	2019/20 £	2020/21 £
Bassetlaw District Council	173.48	178.48
Nottinghamshire County Council	1,371.29	1,400.66
Nottinghamshire County Council Adult Social Care	104.77	134.29
Nottinghamshire Police and Crime Commissioner	219.33	229.32
Nottinghamshire Fire and Rescue Authority	79.80	81.36
<b>Total Council Tax Income</b>	<b>1,948.67</b>	<b>2,024.11</b>

The year-end surplus or deficit on Council Tax Account 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 2020/21 a deficit of £328k was declared (For 2019/20 £500k surplus was declared).

The balance at the 31 March 2021, a deficit of £177k 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 31.03.20 £'000	(-) Deficit in year £'000	Cuml. Deficit at 31.03.21 £'000
Bassetlaw District Council	51	-69	-18
Nottinghamshire County Council	367	-501	-134
Nottinghamshire Police and Crime Commissioner	55	-72	-17
Nottinghamshire Fire and Rescue Authority	20	-28	-8
<b>Balance at 31 March</b>	<b>493</b>	<b>-670</b>	<b>-177</b>

## GLOSSARY OF TERMS

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### ACCOUNTING POLICIES

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

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

Accounting policies do not include estimation techniques. Accounting policies define the process whereby transactions and other events are reflected in financial statements. For example, an accounting policy for a particular type of expenditure may specify whether an asset or loss is to be recognised, the basis on which it is to be measured, and where in the revenue account or Balance Sheet it is to be presented.

### ACCRUALS

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

### 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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# Annual Governance Statement 2020/21



# Annual Governance Statement - Contents

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2	Introduction & Scope of Responsibility
3	The Governance Framework
4	Review of Effectiveness <ul style="list-style-type: none"><li>• Governance Arrangements</li><li>• Financial Management</li></ul>
5	Assurance from Internal & External Audit
6	Governance Issues and Action Plan <ul style="list-style-type: none"><li>• From 2019/20</li><li>• Identified during 2020/21</li></ul>

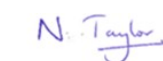
## 1. Executive Summary

- 1.1 The Annual Governance Statement considers the effectiveness of the Council's governance arrangements throughout 2020/21. It is an objective and honest appraisal of the Council's governance framework which identifies those areas where further development and improvement is required.
- 1.2 Having considered the review of governance arrangements carried out by Senior Management the Chief Executive and Chair of the Audit & Risk Scrutiny Committee (ARSC) are satisfied that:
- a) appropriate governance arrangements are in place, and
  - b) the actions set out in the table below will address the areas for improvement identified through the Council's review of effectiveness

Issue	Actions Agreed
Covid-19	<p>Continue to deliver the Council's recovery strategy as outlined in the <a href="#">COVID 19 RECOVERY</a> report to Cabinet on the 7<sup>th</sup> July 2020 (p178) and <a href="#">BUILDING COMMUNITY RESILIENCE</a> report dated 1<sup>st</sup> June 2021 (p213).</p> <p>Explore the impact of a continuation of remote working arrangements as referred to in the <a href="#">BASSETLAW-2021 and Beyond</a> report dated the 7<sup>th</sup> July 2020 (p269).</p>
Contingent Assets or Liabilities	<p><b>The impact of the coronavirus pandemic on the capacity and uptake of leisure centre facilities will be closely monitored in line with the government Covid-19 restrictions roadmap in order to assess the potential impact on contract payments.</b></p>
<b>Leaseholders and Service Charges</b> (22.20/21)	<p>A Leasehold Officer will be recruited to manage the budget setting and monitoring process of services provided by the Housing Department. <b>Implementation date 31<sup>st</sup> March 2022.</b></p> <p>Signed Leasehold Agreements, which are consistent across all leasehold properties will be put in place and retained by the Council's Legal Department. <b>Implementation date 31<sup>st</sup> March 2023.</b></p> <p>Consultations will take place with leaseholders prior to any work being carried out. <b>Implementation date 31<sup>st</sup> March 2022.</b></p>
<b>Financial Management Code (FM Code)</b>	<p>The Council has undertaken an initial assessment during 2020/21 of compliance with the recently introduced FM Code, which comes into effect from 2021/22. A more detailed report will be presented to members once finalised and agreed with the Management Team.</p>

- 1.3 The implementation of these actions will be monitored throughout the coming financial year and summarised as part of the next annual review.

Signed on behalf of Bassetlaw District Council:



Neil Taylor  
Chief Executive  
22 July 2021



Cllr. Carolyn Troop  
Vice Chair of the Audit & Risk Scrutiny Committee  
22 July 2021



## 2. Introduction and Scope of Responsibility

2.1 Bassetlaw District Council is responsible for ensuring that:

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

2.2 The Council also has a duty under the Local Government Act 1999 to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.

2.3 At its Full Council meeting on 10<sup>th</sup> December 2020<sup>1</sup>, Bassetlaw District Council approved and adopted a Local Code of Corporate Governance (Local Code), based on the CIPFA<sup>2</sup>/SOLACE<sup>3</sup> framework “*Delivering Good Governance in Local Government*” published in April 2016.

2.4 The Annual Governance Statement explains how the Council has complied with the Local Code and meets the requirements of Regulation 6(1)(a) of the Accounts & Audit (England) Regulations 2015, which requires an authority to conduct a review at least once a year of the effectiveness of its system of internal control and include a statement reporting on the review with the published Statement of Accounts.

<sup>1</sup> <https://data.bassetlaw.gov.uk/media/7963/co101220non.pdf> (pages 41-59)

<sup>2</sup> Chartered Institute of Public Finance and Accountancy

<sup>3</sup> Society of Local Chief Executives

### 3. The Governance Framework

3.1 In conducting its business, Bassetlaw District Council is fully committed to the key principles of good governance as established by the Nolan Committee on Standards in Public Life.

**These key principles are to:**

- Focus on the organisation's purpose and on outcomes for citizens and service users
- Promote values for the whole organization and demonstrate good governance through behaviour
- Perform effectively in clearly defined functions and roles
- Take informed, transparent decisions and manage risk
- Develop the capacity and capability of the governing body to be effective
- Engage stakeholders and make accountability real.

3.2 The CIPFA/SOLACE framework for good governance adapts these core principles for the local authority context. The seven core principles of good governance as recognised by the CIPFA/SOLACE framework adopted by the Council are set out below:

CORE PRINCIPLES OF GOOD GOVERNANCE	
<b>A</b>	Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law
<b>B</b>	Ensuring openness and comprehensive stakeholder engagement
<b>C</b>	Defining outcomes in terms of sustainable economic, social, and environmental benefits
<b>D</b>	Determining the interventions necessary to optimize the achievement of the intended outcomes
<b>E</b>	Developing the entity's capacity, including the capability of its leadership and the individuals within it
<b>F</b>	Managing risks and performance through robust internal control and strong public financial management
<b>G</b>	Implementing good practices in transparency reporting, and audit, to deliver effective accountability

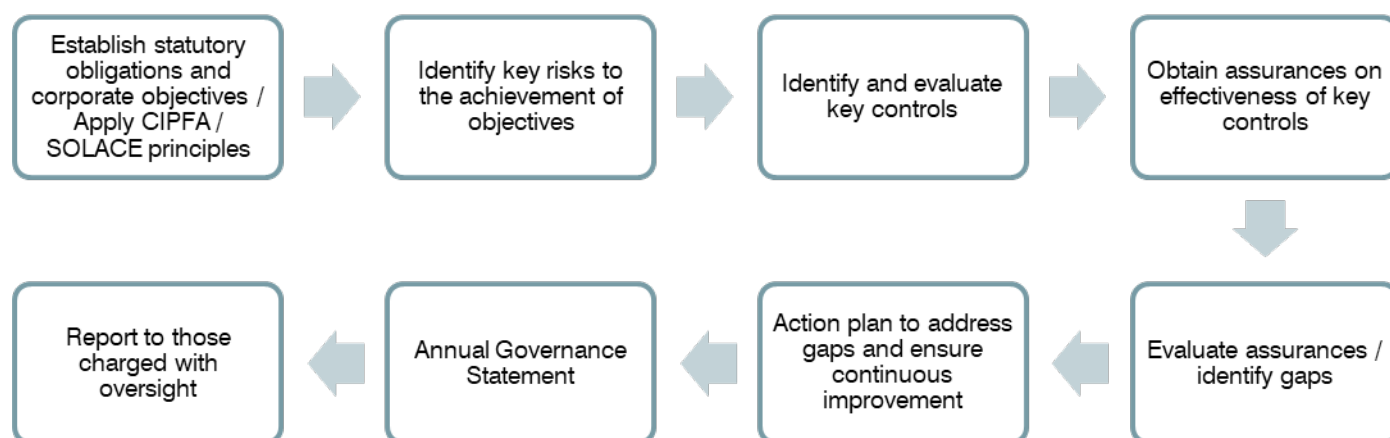
3.3 For details of how the Council will seek to apply each of the seven core principles above, please refer to the Council's latest Local Code of Corporate Governance<sup>4</sup>.

<sup>4</sup> <https://data.bassetlaw.gov.uk/media/7963/co101220non.pdf> (pages 51-59)

## 4. Review of Effectiveness

- 4.1 The Council has responsibility for conducting, at least annually, a review of the effectiveness of its governance framework including the system of internal control. The review of effectiveness is informed by the work of the executive managers within the authority (who have responsibility for the development and maintenance of the governance environment), the Head of Internal Audit's annual report and comments made by the external auditors or other review agencies and inspectorates.
- 4.2 The Council takes its corporate governance arrangements seriously and as a result has put in place a rigorous process of reviewing the arrangements on a regular basis. An overview of this process is provided overleaf (for more details please refer to the Council's latest Local Code of Corporate Governance).

### Review Process:



## Oversight:

### Corporate Governance Working Group

- Monitoring Officer, Section 151 Officer, Council Solicitor
- Meet monthly to review the Council's governance and risk management arrangements and identify a work programme for ensuring these arrangements remain robust and up-to-date
- Issues escalated to the Head of Paid Service and reported directly to the Audit & Risk Scrutiny Committee

### Risk Management Group

- Chief Officers, "Risk Owners", Director of Corporate Resources (Chair)
- Meet quarterly to manage and update the Council's Corporate Risk Register and to identify new and emerging risks
- Issues escalated to the Chief Executive and reported to the Audit & Risk Scrutiny Committee

### Audit & Risk Scrutiny Committee

- Elected Members, Director of Corporate Resources, Head of Finance & Property
- Meet every six weeks and have overall responsibility for the Council's governance and risk management arrangements (the main Member review)
- Recommendations made to the Council

### Full Council

- Elected Members
- Meet quarterly and have responsibility to act upon the recommendations made by the ARSC in relation to governance and risk management policy

## Governance Arrangements

The Council satisfies itself as to the effectiveness of its system of internal control through a governance assurance framework. This takes as its starting point the Council's principal statutory and organisational objectives as set out in the Council Plan. From this are identified the key risks to the achievement of the Council's objectives as set out within the Council's corporate, directorate and service risk registers.

- 4.3 The framework identifies the main sources of assurance on the controls in place to manage those risks, and it is the evaluation of those assurances that is the basis of this Annual Governance Statement.
- 4.4 The following documents establish these policies, aims and objectives at a strategic level:
- The Council Plan;
  - The Community Safety Partnership Strategy;
  - The Local Development Framework;
  - The Annual Budget and Performance Management Framework;
  - The Capital Strategy and Asset Management Plan;
  - The Financial Strategy;
  - The Treasury Management Strategy;
  - The Internal Audit Strategy;
  - The Risk Management Strategy;
  - The Housing Strategy;
  - The Corporate Equalities Scheme;
  - The CCTV Code of Practice;
  - The Anti-Fraud & Anti-Corruption Strategy and Policy.
- 4.5 These high-level plans are further supported by Service Delivery Plans. The Constitution provides clear guidance on how the Council operates, how decisions are made and the procedures and protocols to ensure that decisions and activities are efficient, transparent and accountable to local citizens. Some of these processes are required by law, whilst others are determined by the Council for itself.
- 4.6 The Council acknowledges its responsibility to ensure that it operates an effective system of internal control to maintain and operate controls over its resources. This system of internal control can only provide reasonable (not absolute) assurance that assets are safeguarded, transactions authorised and properly recorded, and that material errors or irregularities are prevented or would be detected within a reasonable period. A key element of the Council's internal control system is the work of the Audit & Risk Scrutiny Committee, undertaking the core functions as identified in CIPFA guidance.
- 4.7 Governance training has been provided to all key officers and Members, including induction training, and arrangements are in place for the ongoing continuation of that training.
- 4.8 The Council undertakes an annual review of the effectiveness of its corporate governance framework, including signed Assurance Statements from each of the Heads of Service and Directors.

## Financial Management

- 4.9 Ensuring that there is an effective system of internal financial control is the responsibility of the Section 151 Officer. The systems of internal financial control provide reasonable assurance that assets are safeguarded, that transactions are authorised and properly recorded, and that material errors or irregularities either are prevented or would be detected within a timely period.
- 4.10 Internal financial control is based on a framework of management information that includes the Financial, Contract and Procurement Procedure Rules and administration procedures, adequate separation of duties, management supervision, and a system of delegation and accountability.
- 4.11 The Council has produced comprehensive procedure notes/manuals for all key financial systems, and these are regularly reviewed. The controls created by management are evaluated to ensure:
- Council objectives are being achieved;
  - The economic and efficient use of resources;
  - Compliance with policies, procedures, laws, rules and regulations;
  - The safeguarding of Council assets;
  - The integrity and reliability of information and data.
- 4.12 In 2016 CIPFA issued an updated statement on ***“the Role of the Chief Financial Officer in Local Government”*** which covered five key principles. The Council can demonstrate how it conforms to these governance requirements as the Section 151 Officer:
- is a key member of the Corporate Leadership Team, helping it to develop and implement strategy and to resource and deliver the Council’s strategic objectives sustainably and in the public interest. The Chief Executive is also a CIPFA qualified accountant which strengthens this further.
  - is actively involved in, and able to bring influence to bear on, all material business decisions to ensure immediate and longer term implications, opportunities and risks are fully considered, and alignment with the Council’s financial strategy.
  - leads the promotion and delivery by the whole Council of good financial management so that public money is safeguarded at all times and used appropriately, economically, efficiently and effectively.
  - leads and directs a finance function that is resourced to be fit for purpose.
  - is professionally qualified and suitably experienced.

4.13 In 2019 CIPFA issued an updated statement on “***The Role of the Head of Internal Audit in Public Service Organisations***” which again covered five key principles. The Council can demonstrate how it conforms to these governance requirements as the Head of Internal Audit:

- objectively assesses the adequacy and effectiveness of governance and management of risks, giving an evidence based opinion on all aspects of governance, risk management and internal control.
- champions best practice in governance and comments on responses to emerging risks and proposed developments.
- is a Partner at RSM and has regular and open engagement across the Council, particularly with the Corporate Leadership Team and with the Audit & Risk Scrutiny Committee.
- leads and directs an internal audit service that is resourced appropriately, sufficiently and effectively.
- is professionally qualified and suitably experienced.

## 5. Assurance from Internal and External Audit

- 5.1 One of the key assurance statements the Council receives is the annual report and opinion of the Head of Internal Audit. The Audit Manager's Internal Audit Annual Report for 2020/21 included an overall positive assurance rating:

For the 12 months ended 31 March 2021, the Head of Internal Audit opinion for Bassetlaw District Council is as follows:

***“The Council has an adequate and effective framework for risk management, governance and internal control. However, our work has identified further enhancements to the framework of risk management, governance and internal control to ensure that it remains adequate and effective”.***

### ❖ **Governance –**

A review of Corporate Governance was undertaken at the Council as part of the approved internal audit periodic plan for 2020/21. The review reported positively on the governance framework in place and concluded that the Council could take substantial assurance. This review resulted in two 'medium' priority findings relating to:

- The need to remind members and officers of the Council's Gift and Hospitality Policy and of their ongoing responsibility to declare any gifts or hospitality received; and
- Four of the 13 data sets required to be published in line with the Local Government Transparency Code 2015 were out of date and in three cases, the data published related to the 2015/16 financial year.

We have also taken into consideration the governance and oversight related elements of each of the reviews undertaken as part of the 2020/21 internal audit plan. There is a sound governance framework in place and we have observed that the Audit Risk and Scrutiny Committee is effective in monitoring and challenging management and holding them to account.

### ❖ **Risk Management –**

Our risk management opinion is informed by our observation of risk management systems and processes throughout the course of all audits within the Audit Plan.

The Corporate Risk Register contains those risks which may impact achievement of the Council's strategic objectives, whereas the Service Risk Register documents risks identified at an operational level for each service area. The risks are discussed and reviewed quarterly by the Senior Leadership Team and a quarterly report is presented to Audit and Risk Scrutiny Committee.



❖ **Internal Controls –**

We undertook 17 internal audit reviews in 2020/21 which resulted in an assurance opinion. There were eight reviews (47%) from which the Council can take substantial assurance, six reviews (35%) from which the Council can take reasonable assurance, two reviews (12%) from which the Council can take partial assurance and one review (6%) from which the Council can take no assurance.

During the year we raised a total of 147 management actions across assurance and follow up reviews. Of the 147 actions raised: Five (3%) were 'high' priority, 84 (57%) were 'medium' priority and 58 (40%) were 'low' priority actions.

• **The External Auditor's (Mazars) Value for Money Conclusion for 2019/20 concluded:**

*“On the basis of our work, having regard to the guidance on the specified criterion issued by the Comptroller and Auditor General in April 2020, we are satisfied that, in all significant respects, Bassetlaw District Council has put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2020”.*

- 5.2 It is important to recognise the results of the Internal Audit Annual Report where the Council has been issued with an overall positive assurance rating.

## 6. Governance Issues and Action Plan

6.1 The issues set out within this section are those identified via the Council's risk management, governance, internal audit and other internal control processes as being relevant to the preparation of the Annual Governance Statement. They are not highlighted as significant control or risk concerns, but included to highlight the Council's awareness of emerging issues through its proactive and holistic approach to governance.

### Actions from the Annual Governance Statement 2019/20

6.2 The table below summarises the actions agreed from the Annual Governance Statement 2019/20 and the progress made against each action at the time of writing:

Issue	Actions Agreed	Status
<b>Council Constitution</b>	Following a review of the Officers Scheme of Delegation, a full review of the Council's Constitution will be undertaken ready for use in the new Municipal Year 2020/21.	In progress. A sub-committee of the ARSC has been established to review the Constitution. However, this work has been delayed due to the Covid-19 pandemic. New members have been appointed to the sub-committee following the recent elections and the work has since resumed.  The review is expected to be completed by the end of December 2021.
<b>General Data Protection Regulations (GDPR)</b>	The Information Services Manager will conduct one-to-one sessions with all Data Protection Reps to ensure that there is a consistent approach to data protection across the authority, in order to ensure compliance with GDPR.	Small group sessions have been carried out with the current Data Protection Reps.
<b>Tree Management</b> (Follow Up 3 25.19/20)	The Operational Services Manager will ensure that work on trees categorised as a 'High Risk' priority will be completed as soon as possible to reduce the risk of an accident or damage occurring to members of the public.	Ongoing (14 jobs were categorised as high risk jobs since January 2020; for the majority of these there is evidence of completion the 30-day deadline). The process will be amended in 2021-22 to ensure that sufficient data is collected to provide this assurance.
<b>Privacy Notices</b> (Follow Up 2 11.19/20)	The outstanding privacy notices (5 as of 31 <sup>st</sup> March 2020) will be finalised and published on the Council's website and / or where the data is collected e.g. any paper forms.	All privacy notices have been updated with the Data Protection Rep's from each department.
<b>I.T. Operational Resilience</b> (20.19/20)	Management will ensure that the Business Continuity Plan (BCP) is tested on a regular basis, at least annually, in order to ensure its	Ongoing (specific elements of the BCP are tested throughout the year for example data volume recovery and the

Issue	Actions Agreed	Status
	<p>effectiveness in the event of a disaster.</p> <p>Upon completion of relevant tests, management will formally document and address any corrective actions and lessons learnt with a view to improve recovery strategies and preparedness.</p>	<p>Skype voice system and which was last tested in January 2021).</p>
<b>Fraud</b>	<p>A full review of all Business Rates processes will take place in 2020/21 in order to mitigate the risk of fraudulent refunds.</p>	<p>A full review was carried out during 2020/21 which resulted in a change of user access permissions and an updated NDR refunds procedure which strengthens the authorisation process. An independent review of the NDR system was also commissioned which highlighted minor recommendations that did not affect refunds.</p>
<b>Coronaviruses Pandemic (Covid-19)</b>	<p>The Recovery Phase will address the medium and long-term impacts of Covid-19, to ensure continued service delivery and financial resilience.</p> <p>Once the crisis is over, the Council will conduct a review of the lessons learned from its response.</p>	<p>Summarised below are some key updates from the <a href="#">BUILDING COMMUNITY RESILIENCE</a> report to Cabinet on the 1<sup>st</sup> June 2021 (p213):</p> <p><b>Local Support</b></p> <ol style="list-style-type: none"> <li>1. Support BCVS to return the Bassetlaw Foodbank to its Trustees - <b>completed</b>.</li> <li>2. To participate in the 'Childhood Obesity Trailblazer' - <b>progressing through NCC</b>.</li> </ol> <p><b>Joint Working</b></p> <p><b>1. Bassetlaw</b> Work with the BCVS and the NHS Clinical Commissioning Group</p> <p><b>2. County Wide</b> Work with the Nottinghamshire local authorities to:</p> <ol style="list-style-type: none"> <li>i. Create a Hardship/Emergency Living fund.</li> <li>ii. Provide support and guidance to families of children who rely on free school meals</li> </ol>

Issue	Actions Agreed	Status
		<p>As referred to in the <a href="#">BASSETLAW – 2021 and Beyond</a> report to Cabinet on the 7<sup>th</sup> July 2020 (p269), the Council will also explore how it can:</p> <ul style="list-style-type: none"> <li>• harness the benefits of remote working</li> <li>• continue to deliver its services to the same or enhanced level of productivity, and</li> <li>• make greater use of technology and progress its Digital First strategy</li> </ul> <p>The action areas identified as the basis of the wider Recovery Plan for Bassetlaw are set out in the <a href="#">COVID 19 RECOVERY</a> report dated 7<sup>th</sup> July 2020 (p178).</p>

## Governance Issues and Action Plan for 2020/21

6.3 The table below summarises the governance issues identified during the 2020/21 financial year and the actions agreed in order to address these issues:

Issue	Commentary / Actions Agreed
<b>Covid-19</b>	<p><b>Leisure Centres</b> have been closed by law a number of times, most recently from January through to April 12. Whilst open the centres had to operate with significantly reduced capacity to remain Covid-safe. The range of sports development led programmes and activities has been significantly reduced for long periods of time and support for the voluntary sector provided to access grants.</p> <p><b>Environmental Health</b> have been at the forefront of managing the public health impact of the pandemic, which has involved deploying Covid-19 marshals and information officers to inform businesses of the various changes in regulations and monitor compliance, investigating reports of Covid-19 breaches, providing advice/guidance to public/businesses, setting up mobile testing units, incident management teams for workplace outbreaks and involvement in a range of Covid-19 partnership meetings to co-ordinate and manage the response across both Bassetlaw and wider county.</p> <p><b>Refuse Services</b> have continued to operate all kerbside collection services throughout the pandemic with a range of mitigation in place to keep staff safe.</p> <p><b>Street cleansing</b> have helped support refuse services with staffing when there were shortages due to positive cases and self-isolation. The street cleansing team had periods of significantly reduced workforce due to shielding of medically at risk staff. This required prioritisation of staffing resources with reduced services in some areas.</p> <p><b>Fleet and Transport</b> – the vehicle maintenance workshop was unable to take public MOT or Taxi inspections for some time due to the restrictions in place.</p> <p><b>Parks and open spaces</b> have seen significant uplift in visitor numbers throughout the pandemic generating additional litter and general cleanliness duties. Risk Assessments for children's play areas resulted in one period of closure and some equipment being taken out of use to maintain social distancing.</p> <p><b>Empty properties and re-letting</b> – whilst its void contractor was able to undertake repairs to properties, the Council experienced difficulties with re-letting. The Council is now letting as normal, although there is a backlog of properties to re-let which is being worked through.</p> <p><b>Repairs</b> – The Council maintained a full emergency and urgent repair service throughout the pandemic, including gas servicing. The Council is working with tenants to ensure that outstanding repairs are prioritised accordingly.</p> <p><b>Major Works</b> – where possible the Council switched the focus from internal improvements to external to allow contractors to continue to work.</p>

Issue	Commentary / Actions Agreed
	<p>Unfortunately where social distancing could not be maintained the work was delayed and is now being picked up in the current financial year.</p> <p><b>Community Centres</b> – were closed throughout the pandemic. The Council reopened on a pilot basis from 17th May and are opening to regular hirers from 5th July. The Council has had to allow sufficient cleaning between hires.</p> <p><b>Homelessness</b> – the Council maintained a full homeless service throughout the pandemic and everyone who was rough sleeping was offered temporary accommodation. Some households have moved to permanent accommodation to meet their needs and no-one was returned to the street. At the 11th May there were 6 rough sleepers across the District all of whom have been offered assistance and which they have refused.</p> <p><b>Planning</b> – There has been an increase of 24% in the number of planning applications submitted. In difficult circumstances, working remotely and still sensitively undertaking site visits, officers have maintained high levels of performance and speed of determinations.</p> <p>The Local Plan and Neighbourhood Planning has continued to progress and evolved new ways of consulting with Bassetlaw communities utilising digital media as a platform in addition to face-to-face socially distanced events. 6 more Neighbourhood Plans have been adopted and 3 more have been designated Neighbourhood Planning areas.</p> <p>As referred to in the previous section, the Council should:</p> <ul style="list-style-type: none"> <li>Continue to deliver the Council's recovery strategy as outlined in the <a href="#">COVID 19 RECOVERY</a> report to Cabinet on the 7<sup>th</sup> July 2020 (p178) and <a href="#">BUILDING COMMUNITY RESILIENCE</a> report dated 1<sup>st</sup> June 2021 (p213).</li> <li>Explore the impact of a continuation of remote working arrangements as referred to in the <a href="#">BASSETLAW – 2021 and Beyond</a> report dated the 7<sup>th</sup> July 2020 (p269).</li> </ul>
<b>Contingent Assets or Liabilities</b>	<p><b>The coronavirus pandemic resulted in forced closure of leisure centres for various periods during 2020/21. The level of uptake and Covid-safe lower capacity on re-opening will reduce BPL income during 2021/22.</b></p> <p><i>This will be closely monitored, but could potentially lead to a request for flexibility regarding contract payments.</i></p>
<b>Pending Claims, Proceedings or Litigation</b>	<ul style="list-style-type: none"> <li>Northern Powergrid (Yorkshire) Plc -v- Bassetlaw District Co. Accident Date: 24 August 2016 – this case relates to damage to a power cable and has a court date of 2 June 2021</li> <li>Employment Tribunal claim and associated personal injury claim (originally scheduled for June 2021). Both are being defended. Value of claims not identified. The case has been confirmed as not proceeding (although may be subject to appeal).</li> <li>The Council also has an ongoing fraud recovery claim through the Proceeds of Crime Act.</li> </ul>

Issue	Commentary / Actions Agreed																					
High Risk Audit Recommendations	<b>19.20/21 Compliance – Electrical and Fire Safety:</b> a) A smoke alarm / heat detector will be installed as soon as possible at one of the Council's properties. b) Arrangements will be made to check the smoke / heat detectors ASAP and the servicing records will be updated to ensure that they are checked annually.  <i>The above actions have been implemented.</i>																					
	<b>19.20/21 Compliance – Electrical and Fire Safety:</b> a) Fire Alarm servicing will be undertaken on a weekly basis b) Fire drills will be undertaken at the frequency stated in the sheltered housing scheme's fire risk assessment. A record of the fire drills will be maintained.  <i>The above actions have been implemented.</i>																					
	<b>22.20/21 Leaseholders and Service Charges:</b> A Leasehold Officer will be recruited to manage the budget setting and monitoring process. <b>Implementation date 31<sup>st</sup> March 2022.</b>  <i>The recruitment process is underway, expected to complete by October 2021.</i>																					
	Signed Leasehold Agreements, which are consistent across all leasehold properties using a standard template going forward, will be put in place and retained by the Council's Legal Department. <b>Implementation date 31<sup>st</sup> March 2023.</b>																					
	<i>No new properties have sold as leasehold since the recommendation was made, however Legal are now using a standard template. Once in post the new Leasehold Officer will review all existing leasehold agreements.</i>																					
	Consultations will take place with leaseholders prior to any work being carried out. <b>Implementation date 31<sup>st</sup> March 2022.</b>																					
Financial Management Code (FM Code)	<p>The Council has undertaken an initial assessment during 2020/21 of compliance with the recently introduced FM Code, the results of which are summarised in the table below. The FM Code comes into effect from 2021/22 and a more detailed report will be presented to members once finalised and agreed with the Management Team.</p> <table><tr><th>RAG Rating</th><th>Key Questions</th><th>Standards</th></tr><tr><td>Green (compliance demonstrated)</td><td>36</td><td>7</td></tr><tr><td>Amber (minor improvements required)</td><td>18</td><td>8</td></tr><tr><td>Red (significant improvements required)</td><td></td><td></td></tr><tr><td>TBC</td><td>13</td><td>2</td></tr><tr><td>Total</td><td>67</td><td>17</td></tr><tr><td></td><td></td><td></td></tr></table>	RAG Rating	Key Questions	Standards	Green (compliance demonstrated)	36	7	Amber (minor improvements required)	18	8	Red (significant improvements required)			TBC	13	2	Total	67	17			
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# Independent auditor's report to the members of Bassetlaw District Council

## Report on the audit of the financial statements

### Opinion on the financial statements

We have audited the financial statements of Bassetlaw District Council ("the Council") for the year ended 31 March 2021, which comprise the Comprehensive Income and Expenditure Statement, the Movement in Reserves Statement, the Balance Sheet, the Cash Flow Statement, the Housing Revenue Account and the Collection Fund Account and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2020/21.

In our opinion, the financial statements:

- give a true and fair view of the financial position of the Council as at 31<sup>st</sup> March 2021 and of its expenditure and income for the year then ended; and
- have been properly prepared in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2020/21.

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities section of our report. We are independent of the Council in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Director of Corporate Services – Section 151 Officer's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Council's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Director of Corporate Services – Section 151 Officer with respect to going concern are described in the relevant sections of this report.

### Other information

The Director of Corporate Services – Section 151 Officer is responsible for the other information. The other information comprises the Annual Governance Statement and information included in the Statement of Accounts, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.



### **Responsibilities of the Director of Corporate Services – Section 151 Officer for the financial statements**

As explained more fully in the Statement of the Director of Corporate Services – Section 151 Officer's Responsibilities, the Director of Corporate Services – Section 151 Officer is responsible for the preparation of the Statement of Accounts, which includes the financial statements, in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2020/21, and for being satisfied that they give a true and fair view. The Director of Corporate Services – Section 151 Officer is also responsible for such internal control as the Director of Corporate Services – Section 151 Officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

The Director of Corporate Services – Section 151 Officer is required to comply with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2020/21 and prepare the financial statements on a going concern basis on the assumption that the functions of the Council will continue in operational existence for the foreseeable future. The Director of Corporate Services – Section 151 Officer is responsible for assessing each year whether or not it is appropriate for the Council to prepare its accounts on the going concern basis and disclosing, as applicable, matters related to going concern.

### **Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. Based on our understanding of the Council, we identified that the principal risks of non-compliance with laws and regulations related to the Local Government Act 2003 (and associated regulations made under section 21), the Local Government Finance Acts of 1988, 1992 and 2012, the Local Government and Housing Act 1989' and the Accounts and Audit Regulations 2015 and we considered the extent to which non-compliance might have a material effect on the financial statements.

We evaluated the Director of Corporate Services – Section 151 Officer incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls) and determined that the principal risks were related to posting manual journal entries to manipulate financial performance, management bias through judgements and assumptions in significant accounting estimates and significant one-off or unusual transactions.

Our audit procedures were designed to respond to those identified risks, including non-compliance with laws and regulations (irregularities) and fraud that are material to the financial statements. Our audit procedures included but were not limited to:

- discussing with management and the Audit and Risk Scrutiny Committee the policies and procedures regarding compliance with laws and regulations;
- communicating identified laws and regulations throughout our engagement team and remaining alert to any indications of non-compliance throughout our audit; and
- considering the risk of acts by the Council which were contrary to applicable laws and regulations, including fraud.

Our audit procedures in relation to fraud included but were not limited to:

- making enquiries of management and the Audit and Risk Scrutiny Committee on whether they had knowledge of any actual, suspected or alleged fraud;
- gaining an understanding of the internal controls established to mitigate risks related to fraud;
- discussing amongst the engagement team the risks of fraud; and

- addressing the risks of fraud through management override of controls by performing journal entry testing.

There are inherent limitations in the audit procedures described above and the primary responsibility for the prevention and detection of irregularities including fraud rests with management and the Audit and Risk Scrutiny Committee. As with any audit, there remained a risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal controls.

We are also required to conclude on whether the Director of Corporate Services – Section 151 Officer's use of the going concern basis of accounting in the preparation of the financial statements is appropriate. We performed our work in accordance with Practice Note 10: Audit of financial statement and regularity of public sector bodies in the United Kingdom, and Supplementary Guidance Note 01, issued by the National Audit Office in April 2021.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

## **Report on the Council's arrangements for securing economy, efficiency and effectiveness in its use of resources**

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

We are required to report to you if, in our opinion, we are not satisfied that the [Council] has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2021.

We have not completed our work on the Council's arrangements. On the basis of our work to date, having regard to the guidance issued by the Comptroller and Auditor General in April 2021, we have not identified any significant weaknesses in arrangements for the year ended 31 March 2021.

We will report the outcome of our work on the Council's arrangements in our commentary on those arrangements within the Auditor's Annual Report. Our audit completion certificate will set out any matters which we are required to report by exception.

### **Responsibilities of the Council**

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

### **Auditor's responsibilities for the review of arrangements for securing economy, efficiency and effectiveness in the use of resources**

We are required under section 20(1)(c) of the Local Audit and Accountability Act 2014 to satisfy ourselves that the Council has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. We are not required to consider, nor have we considered, whether all aspects of the Council's arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively.

We have undertaken our work in accordance with the Code of Audit Practice, having regard to the guidance issued by the Comptroller and Auditor General in April 2021.

## **Matters on which we are required to report by exception under the Code of Audit Practice**

We are required by the Code of Audit Practice to report to you if:

- we issue a report in the public interest under section 24 of the Local Audit and Accountability Act 2014;
- we make a recommendation under section 24 of the Local Audit and Accountability Act 2014; or
- we exercise any other special powers of the auditor under sections 28, 29 or 31 of the Local Audit and Accountability Act 2014.

We have nothing to report in these respects.

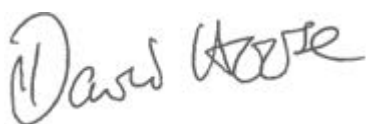
### **Use of the audit report**

This report is made solely to the members of Bassetlaw District Council, as a body, in accordance with part 5 of the Local Audit and Accountability Act 2014 and as set out in paragraph 44 of the Statement of Responsibilities of Auditors and Audited Bodies published by Public Sector Audit Appointments Limited. Our audit work has been undertaken so that we might state to the members of the Council those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the members of the Council, as a body, for our audit work, for this report, or for the opinions we have formed.

### **Delay in certification of completion of the audit**

We cannot formally conclude the audit and issue an audit certificate until we have completed:

- the work necessary to issue our assurance statement in respect of the Council's Whole of Government Accounts consolidation pack; and
- the work necessary to satisfy ourselves that the Council has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources.



David House, Key Audit Partner  
For and on behalf of Mazars LLP

Park View House, 58 The Ropewalk, Nottingham, NG1 5DW

3 February, 2023





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