



Bassetlaw
DISTRICT COUNCIL
— North Nottinghamshire —

DRAFT STATEMENT OF ACCOUNTS 2022/23

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Introduction

Councillor Preface



As Portfolio Holder for Finance and Property, I would like to welcome you to the Bassetlaw District Council 2022/23 Statement of Accounts.

The 2022/23 financial year has been challenging. The Russian invasion of Ukraine, resulting in increased fuel and energy costs accompanied by unprecedented levels of inflation, has led to an unsustainable cost-of-living crisis that has had a significant impact on the residents of Bassetlaw. The ongoing budget pressures have also increased and the impact of inflation on the Council's budget including the Capital Programme has been immense. The Council has felt the cost pressures caused by spiralling inflation, reaching 11.1% in October, the highest level in 40 years. This at a time when the budget is still feeling the aftermath of the pandemic and the associated extra costs and lost income which continue to impact on the Council's financial resilience and sustainability.

Though the financial context seems ever more challenging, this Council has an excellent track record of identifying and delivering significant savings, and for annual expenditure to be broadly in line with the agreed budget, all within a framework of effective financial planning and sound internal control. This approach will need to continue to ensure that a sustainable position can be maintained and my sincere thanks go to the finance team for their skilful guidance and management.

As always the Council is shaped by the changing needs of our residents and the impact of the broader external environment, the unparalleled events of the last few years have had a significant impact on the District. A new Council Plan will be progressed during 2023/24 and this will build on the work of the previous plan and vision.

I would like to highlight the work that the Council has undertaken during 2022/23, and which continues into 2023/24.

In recognising the cost-of-living crisis and its effect on residents, businesses and the impact on partner organisations, the Council looked to what practical measures it could take in order to provide support at this time. The Bassetlaw Financial Inclusion Forum, a group that has been operation for over 20 years, provided the basis for a 'Cost of Living Summit' with representatives from a number of local organisations to develop a joint delivery plan. This included a number of initiatives including an accelerated programme of investment in the Council's housing stock through, for example, upgrading existing gas boilers and enhancing the provision of targeted and direct advice about financial support and assistance through the Council's Money Advisors and Tenancy Sustainment Officers. Earmarked reserves have been utilised to meet the costs of these

activities, a further Cabinet report will be progressed in 2023/24 that will highlight the outputs and benefits this funding has provided.

The Council has continued to commit to the green agenda. The Council has channelled £1.2m into the private residential sector for retrofit, resulting in improved energy efficiency and a reduction in both their bills and carbon footprint and has secured an agreed allocation of a further £3.9m for this project over the next 2 years. The decarbonisation of council-owned assets continues with £1.4m of works on Queen's Building, which will conclude during 2023/24, that will result in the building's economic life extending and thereby increasing the subsequent revenue it will generate for the Council for future years.

This year has also seen the Council secure funding for new initiatives that will benefit local residents. There have been the successful bids for the UK Shared Prosperity Fund and the Levelling-Up Fund, the latter will significantly regenerate the town centre in Worksop. Delivering these projects will be a challenge because of rising inflation and increasing costs, especially in the construction industry, but I'm confident that the projects will transform local communities and deliver the desired outcomes and benefits for Bassetlaw.

And then there is the Spherical Tokamak for Energy Production (STEP) initiative, the world-leading nuclear fusion programme. The announcement in October that this unique project is to be located at West Burton in Bassetlaw is a real game-changer, the implications for the local economy are enormous, and it will bring real benefits to our residents. It has been a huge team effort to land this multi-billion-pound investment for the District involving the County Council, the District Council, EDF Energy, MPs, councillors and many more. The Council will look forward to working with all parties to maximise the skills, jobs and inward investment that will result from this significant project coming to Bassetlaw.

It just leaves me to say that I am confident that the Council can maintain good financial health and financial sustainability. The Council is well-placed to address all the future challenges it faces.

As always, I would like to conclude by recognising the hard work and dedication shown by the Council's finance team throughout the year. Along with colleagues across the Council, they have worked diligently to support the provision of essential Council services during these difficult and testing times.

I remain confident that Bassetlaw District Council will continue to carefully manage its financial position in 2023/24 and future years, as evidenced by the production of this set of accounts and the work undertaken to set the 2023/24 budget, along with the support provided in delivering key Council objectives.

June Evans

Portfolio Holder for Finance and Property

Introduction by s151 Officer

I am pleased to present Bassetlaw District Council's Statement of Accounts for the financial year ended 31st March 2023. The published accounts are an important element of the overall arrangements for demonstrating the Council's financial stewardship of public money. Whilst by their very nature the accounts are backward looking they provide the context for the challenging financial position the Council continues to face. The financial year to the end of March 2023 has been particularly challenging. The Council and its residents and businesses have felt the cost pressures caused by spiralling inflation that reached its highest level in 40 years in October. This at a time when the Council's budget is still feeling the financial consequences of the pandemic that impact on the Council's financial resilience for the future.

There remains much uncertainty regarding future funding for local government with the continued deferral of the Fair Funding Review, uncertainty over the reform of business rates and the re-set of the business rates baseline. We hope, in time, that government will recognise the valuable contribution districts make to local communities, economic and housing growth and support us accordingly.

The preparation of the 2022/23 accounts in a timely manner enables the Council to finalise its consideration of the financial position for the year and to move on to address the challenges that 2023/24 and later years will bring. These accounts represent the financial results of the delivery of the final 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. The Statement of Accounts has been prepared in accordance with the requirements of the Chartered Institute of Public Finance and Accountancy (CIPFA). It aims to provide information so that the reader can:

- Understand the overarching financial position of the Council and the outturn for 2022/23;
- Have confidence that public money has been used and accounted for in an appropriate manner; and
- That the financial position of the Council is sound and secure.

The style and format of the accounts complies with these CIPFA standards and is similar to previous years. The narrative report provides information about Bassetlaw, including the key issues affecting the accounts. It also provides a summary of the financial position at 31st March 2023. I would like to thank all of my team and other officers who have supported the process and have worked so hard to meet this challenging target. In addition, my thanks also go to the team and services who have managed the budgets throughout the year in order to bring actual expenditure in at the year-end under budget whilst delivering on service promises.

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 to March 2023 and summarises the information in the main Statement of Accounts document; and

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 over spend reported against service budgets, which we use internally to monitor our financial performance, is not directly comparable to the surplus disclosed in this 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 are included on the Council's website in accordance with the Accounts and Audit (Amendment) Regulations 2022.

It is expected that the formal audit of our accounts will commence in autumn 2023.

Michael Wildman

Director of Corporate Resources (s.151 Officer)
Bassetlaw District Council

Part 1 - Introduction to Bassetlaw Area

Bassetlaw in numbers. Did you know?

- With 117,800 residents our population continues to grow including a notable increase in the number of under 15-year olds.
- Nearly 67% of our residents live in three three largest towns, Worksop, Retford and Harworth & Bircotes; 15% live in larger rural settlements and 18% live in the rural areas
- The vast majority of the working age population in Bassetlaw has at least one qualification (95.2%) with GCSE attainment in Maths and English by age 19 being high at 76%.
- 830 new apprenticeships were started in the last year.
- The second largest District in Nottinghamshire, Bassetlaw has 55,780 homes spread across 63,688 hectares of stunning countryside and benefits from over 10,000 acres of woodland.
- Bassetlaw has 34 designated Neighbourhood Plan areas.
- People are generally happy (7.29 out of 10) and satisfied with life (7.28 out of 10). Overall satisfaction with the local area as a place to live is good at 71% and we aspire to raise this further.
- We have 5,015 enterprises in Bassetlaw and our three-year business survival rate is 59%. Our economic activity rate of 84.4% is significantly higher than the England average of 78.8%.
- The average annual salary is £27,090 with the private sector being the largest employer (81%).
- The percentage of residents whose day to day activities is limited a lot is 8.7%. (2021 census).
- The Government's Indices of Multiple Deprivation 2019 has ranked Bassetlaw as 106 out of the 317 Local Authorities in England making it within the 35% most deprived areas nationally. However there are areas of contrast with 7.1% of Bassetlaw's population living within the top 20% of the least deprived areas of England, but 21.4% live in the top 20% most deprived areas.

Part 2 - Introduction to Bassetlaw District Council

How the Council Works

The Council is made up of 48 Councillors who are elected every four years, with the next full elections to be held in May 2023. The political balance of the Council on 31st March 2023 was 35 Labour, six Conservative, six Independent and one Liberal Democrat.

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.

On the 31st March 2023, the Council's Cabinet consisted of the following Councillors:

Leader of the Council, Cllr James Naish.

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 Chief Executive has overall responsibility for the services supported by two Corporate Directors and six Heads of Services. 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 469 staff (full time equivalent) as of 31st March 2023.

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

Senior Management Structure of the Council

The Council's structure is as shown below. The Chief Executive Officer leads a Corporate Leadership Team including two Directors and a Corporate Management Team of six Heads of Service each with a portfolio of services to manage and deliver.

Senior Management Structure



Part 3 – The Council Plan 2019-2023

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.

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 31st March 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

- Maximise Bassetlaw's local offer for the 400th Anniversary of the Mayflower Pilgrims' sailing to America.
- 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.
- Introduce a car parking strategy for our towns to maximise asset usage and support our local economies.
- Work with owners of the two coal fired power station sites to maximise their potential and create positive local opportunities *
- Work proactively with partners and landowners in agreeing an approach to redeveloping

large- scale sites.

- Provide continued support to our local high streets.
- Develop a land and property database to improve the Council's asset management to generate more local income.
- 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.
- 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.
- 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 Place: We delivered...

- The D2N2 Local Industrial Strategy replaced with a Recovery and Growth Strategy supporting the Councils submission for the UK Shared Prosperity Fund investment priorities: Community and Place; Supporting Local Business and People and Skills.
- The UK Atomic Energy Agency has selected West Burton as the site for its STEP (Spherical Tokamak for Energy Production) prototype fusion power plant project.
- Scoping works, detailed assessment and sustainability appraisal have been undertaken on all major strategic sites allocated in the Draft Local Plan.
- The Local Plan Inspectors formally closed the Local Plan Hearings in January 2023, the Local Plan is moving towards modification stage, expected to be in summer 2023, with adoption in autumn 2023.
- The Council continues to facilitate the Neighbourhood Area of the Retford Business Neighbourhood Plan, which expanded in September 2021 followed by public consultation on an initial vision and objectives.
- Worksop Town Centre Masterplan adopted and Harworth Masterplan completed.
- New public toilets/Changing Places facilities and catering kiosk at the Canch opened February 2022. Following public consultation, specialist inclusive play equipment was installed in 2023.
- Draft Langold Country Park Masterplan consultation completed.

Investing in Housing: Our Priorities

- 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.
- 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.
- Agree appropriate and targeted interventions and investments to tackle the issues identified from these reviews and inspections, particularly in areas of need.
- 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.
- 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.
- 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.
- 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.
- Ensure that our housing stock is safe and compliant in respect of gas safety, electric safety, asbestos management, fire management and legionella.
- Increase year on year the SAP Rating* of our stock 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.
- To deliver homes via Bersahill Ltd

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

Investing in Housing: We delivered...

- Thriving Communities Strategy and Delivery Plan in place. Working with partners actions include 110 smoke alarms fitted by Fire and Rescue Service; CAB to support residents on energy and affordable warmth; local Community Group being set up.
- Consultation was carried out on a Carlton Wimpey Estate Masterplan between May and

June 2022, which identified a need for Community Development and a targeted approach for tackling anti-social behaviour. A masterplan has been produced for the Estate, and officers have facilitated fortnightly surgeries including the Council ASB team, Housing Officers and the Police.

- Completed updates to the Allocations and Choice Based Lettings Policy reflecting the Homeless Prevention Act.
- Planning permission was granted for the construction of 90 new Council houses off Radford Street, Worksop, with development expected to start in early summer 2023.
- Larwood House in Worksop has undergone an extensive refurbishment project to convert 32 bedsits into 18 self-contained one-bed apartments with updated communal areas.
- Tenant Engagement Strategy has been approved by Cabinet and will be delivered by officers from April 2023 onward.
- Healthy Neighbourhood Inspections have been carried out across the district throughout 2022, involving Housing and relevant Council Officers.
- As part of the Government's Social Housing White Paper, a new set of Tenant Satisfaction Measures will be monitored by the authority.

Investing in Communities: Our Priorities

- 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.
- 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.
- 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.
- Support rural communities through our outreach network, examine further digital service improvements and support the work of local parish councils.
- Support local drug treatment engagement programmes to reduce dependency and turn peoples' lives around.
- 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.
- Work with the Department for Work& Pensions, Citizens Advice, Nottinghamshire County Council and local foodbanks to support local people in need.
- 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.

- 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.
- 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 Communities: We delivered ...

- Progress on improving provision for Rough Sleepers with £200,000 Government grant funding to purchase, renovate and operate supported accommodation in Worksop.
- The Council and the North Notts BID have delivered two "What Next Careers" events in Spring 23 attended by 2000 young people and 80 employers.
- Launched the 'D2N2 Start' platform and the 'Notts Opportunities' sites to share labour market Information on vacancies, placements, apprenticeship and volunteering supported by careers advice and guidance.
- Five new apprenticeships commenced with the Council and three completed during the year.
- The Health and Wellbeing Team has continued to contribute towards reducing health inequalities and improving the wellbeing of Bassetlaw residents through promotional campaigns, interventions and partnership working. This includes non-physical activity settings for example, the food environment and mental health.
- There have been 879,158 attendances at the Council's leisure facilities between April 2022 and March 2023.
- The Council reduced its carbon footprint with funding from the Public Sector Decarbonisation Scheme (PSDS) to retrofit the Kilton Forest Golf Club House, install solar PVs and Electric Vehicle Charge points at Carlton Forest, Queens Buildings, Markets Garage and Retford Enterprise Centre.
- On-Street Resident Chargepoint Scheme (ORCS) on Gateford Road and Priorswell Road.
- Successful partnership events held to encourage residents to be more active, more often, include Dr Bike to reduce cycling inequalities and improve safety.

- 21,076 Subscribers to Bassetlaw's Residents and Business frequent e-Newsletters.
- 3.7m combined reach of the Council's corporate Social Media platforms, Facebook, Twitter, Nextdoor, Instagram and LinkedIn.
- A Bassetlaw Youth Mayor and Deputy Youth Mayor were elected by local young people to perform a civic role, and promote a positive image of young people.
- A full programme of Bassetlaw Youth Council meetings was delivered, including a trip to Parliament.
- Face to face engagement resumed after Covid 19 restrictions, with 25 events were attended across the district.

Part 4 - Financial Performance & Management 2021/22

Economic Performance

The Government's review of local government funding is still ongoing which could see significant changes in the distribution of resources across the country and different classes of authority. This was due to be implemented from 2020/21 but this has been deferred and we are still awaiting confirmation of when this will take place along with the planned business rates baseline reset, business rates reform and any replacement scheme for New Homes Bonus. This creates great uncertainty for the Council's finances. An important focus continues to be on economic growth to bring in medium to longer-term financial returns through business rates and council tax, which will help underpin the financial viability of the Council over the longer term.

The Council's medium term financial plan approved in February 2023 when the budget for 2023/24 was agreed provides forward forecasts for the next five financial years. These indicate potential deficits in later years from 2025/26 resulting from inflationary pressures, demand, demographic and service changes. As noted above, there is also considerable uncertainty regarding the future nature and level of government funding for local authorities and the risk of changes to the business rates retention formula that could see significant sums of retained business rates lost to the District.

With the regard to the impact on capital, the Council has a modest, whilst ambitious programme and there were significant underspends due to delays in key schemes as costs increased due to the inflated costs of goods and services resulting from the difficult financial environment in 2023. The Council's Asset Management Plan, approved in February, reinforced the principles brought in for the 2023/24 budget setting process regarding a comprehensive review of all assets held by the authority.

Cash Flow Management

The Council has in place an annual cash flow forecast that covers both weekly and monthly incomings and outgoings during the financial year. We have been closely monitoring this over the year to understand any significant impacts. Investments are placed across a number of different products including notice accounts and money market funds that both provide access to more liquid funds, ensuring a greater balance is available for urgent cash flow requirements which might arise. All controls and prudential indicators were maintained in accordance with the approved Treasury Management Strategy.

The General Fund - Revenue

The General Fund supports the day-to-day running of the Council's services (excluding housing). The Council set its budget for the 2022/23 financial year on 3rd March 2022. This showed a total budget of £17.6m of which £16.6m was to deliver its core services ([Budget Council - March 2022](#))

During the year, the budget position for the net cost of services changed. The main factors contributing to this increase were in respect of statutory accounting adjustments charged to services that are subsequently reversed back out through the movement in reserves statement to eliminate any impact on the level of Council Tax charged.

The financial standing of the Council is very robust, with sound and improving financial management and practices. The outturn position for the Council's General Fund was an over spend of circa £0.4m. A report was presented to Cabinet in June 2023. The Council's Director of Corporate Resources, in his role as Chief Finance Officer, has a duty under the Local Government Act 2003 in setting the budget to comment on the robustness of the estimates and the adequacy of the reserves. This requires that effective budget monitoring procedures are set in place to monitor expenditure and income against the budget and careful consideration is given to determining the level of reserves. The Working Balance has remained at £1.0m in 2022/23.

There are a number of financial pressures and uncertainties. These could affect the estimates particularly in future years. Collectively these indicate significant financial pressure on the Council's resources. The forward projections have been subject to sensitivity analysis in light of the potential risks. These do indicate potential wide fluctuations in any year that could see the likely surplus/deficit being substantially different to that expected. This emphasises both the high level and impact of the risks that face the Council's finances in the future. In recognition of the significance of these risks there is a risk contained within the Council's corporate risk register relating to financial resilience.

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 27th January 2022 ([Extraordinary Council - 27th January 2022](#))

Any over achievement of income is reinvested 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 £0.1m have been achieved during the 2022/23 financial year.

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

Overall Outcome

The Comprehensive Income and Expenditure Statement shows the Council's outturn on an accounting basis (to include notional entries such as depreciation and impairment).

Charts 2 and 3 below show the details of the total spend and income in 2022/23 as shown in the Expenditure and Funding Analysis (EFA) (Notes 7 and 8)

Chart 2 – Total Expenditure

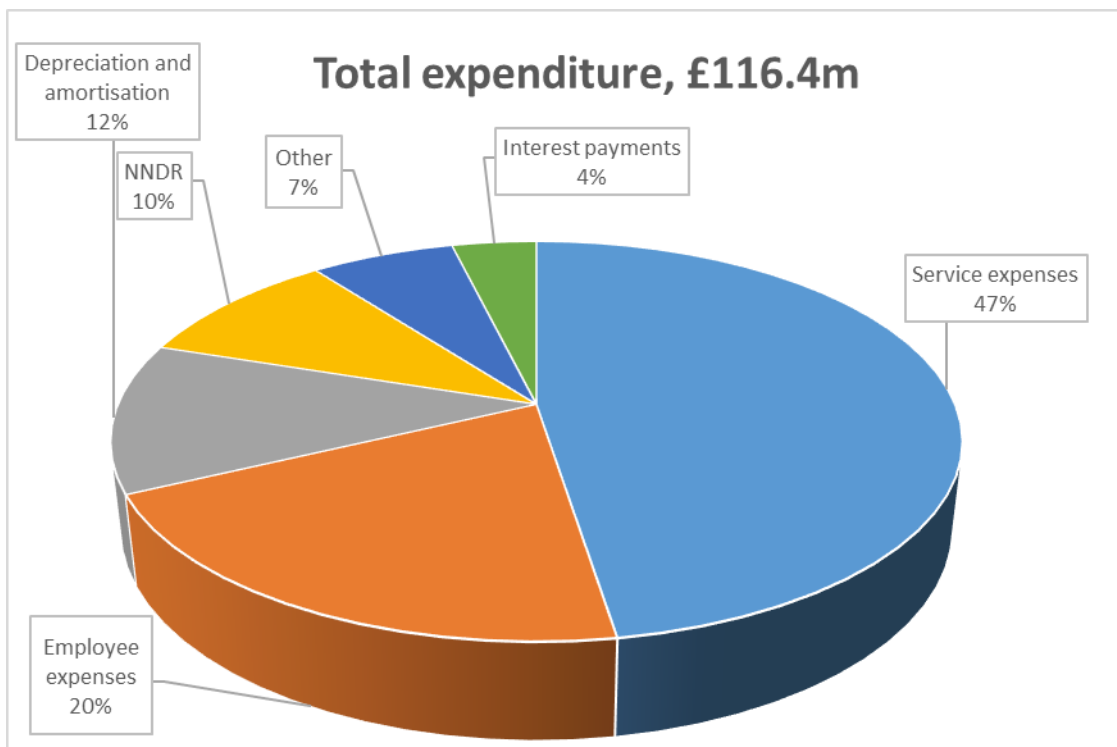
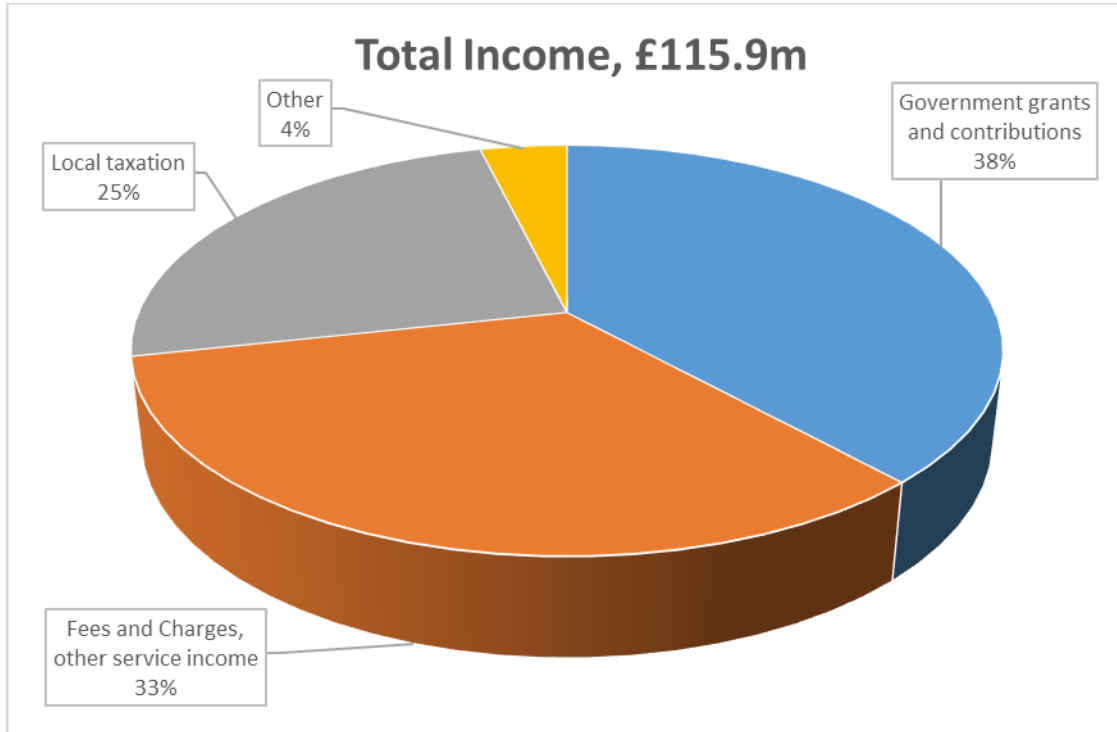


Chart 3 – Total Income



The main source of income is grants and contributions (£44.3m), fees and charges, including other service income (£38.6m) and local taxation (council tax and business rates) (£28.5m). The main area of spend was the direct costs of providing council services (£55.2m or 47%)

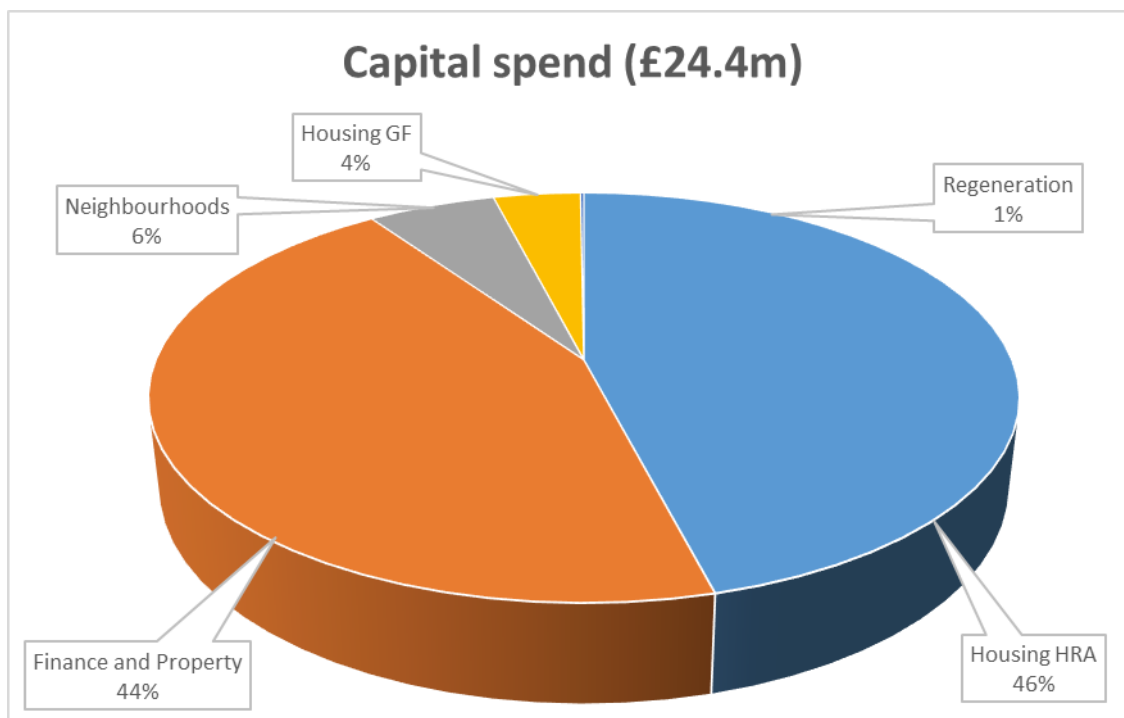
The EFA shows the Council's outturn on a funding basis and hence shows the actual increase in the general reserve (held for unforeseen circumstances) and the Housing Revenue Account reserve (HRA), as opposed to appropriations to unusable reserves (as certain transactions are statutorily not allowed to be charged against the general reserve).

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 2022/23 the Council spent £24.4m on capital works.

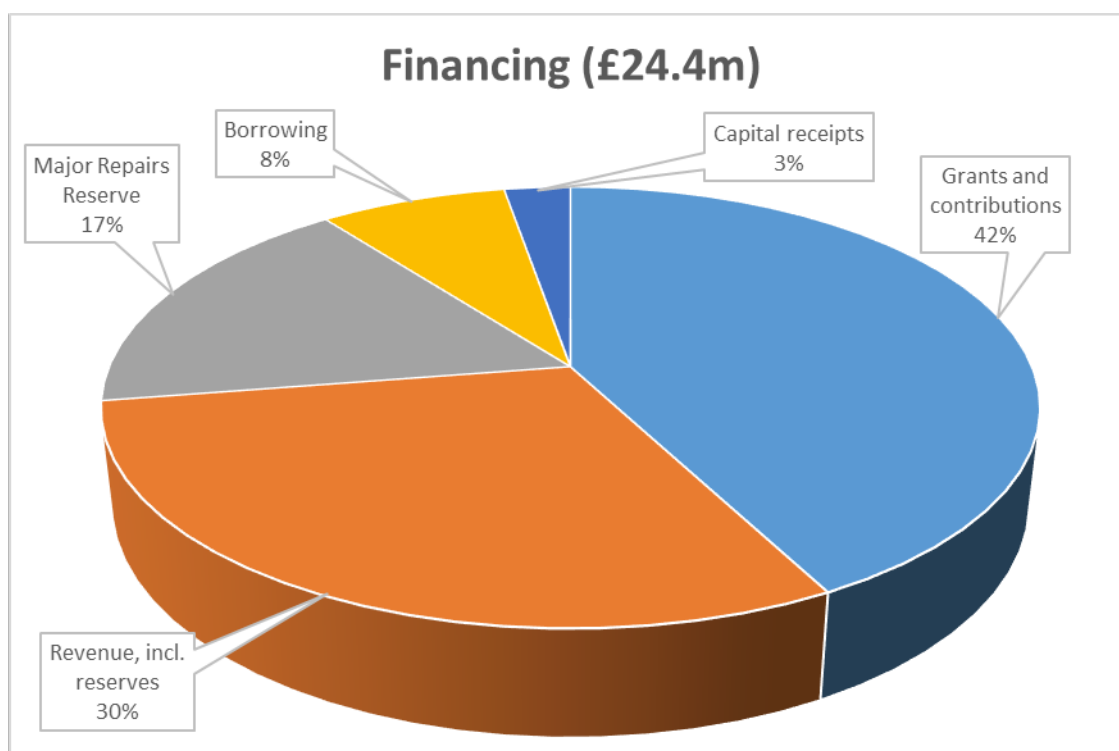
Chart 4 – Capital Expenditure



The majority of the spend was within Finance & Property and Housing HRA (90%). Major projects during the year included the purchase of the Priory Centre (£5.8m) and the decarbonisation works at Queen's Buildings, Worksop (£1.7m) in the General Fund Capital Programme; and Boiler & Heating Replacement (£1.7m), Larwood House Refurbishment (£1.7m) and Fire Safety Works (£1.1m) within the HRA Capital Programme.

The programme spend was mainly financed through the use of the capital grants and contributions (£10.3m), revenue, including reserves (£7.4m) and Major Repairs Reserve (£4.2m).

Chart 5 – Capital Financing



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 current balance is £1.5m

Assets

The value of the Council's Property, Plant and Equipment ([PPE](#)) at 31st March 2023 has increased to £452.6m (from £433.1m as at 31st March 2022). This is mainly due to revaluation adjustments to Council dwellings and additions to the asset portfolio which includes the Priory Centre.

Cash Flow

The Council's [cash position](#) at 31st March 2023 is £11.7m, this is a decrease compared to the previous year's balance of £28.5m.

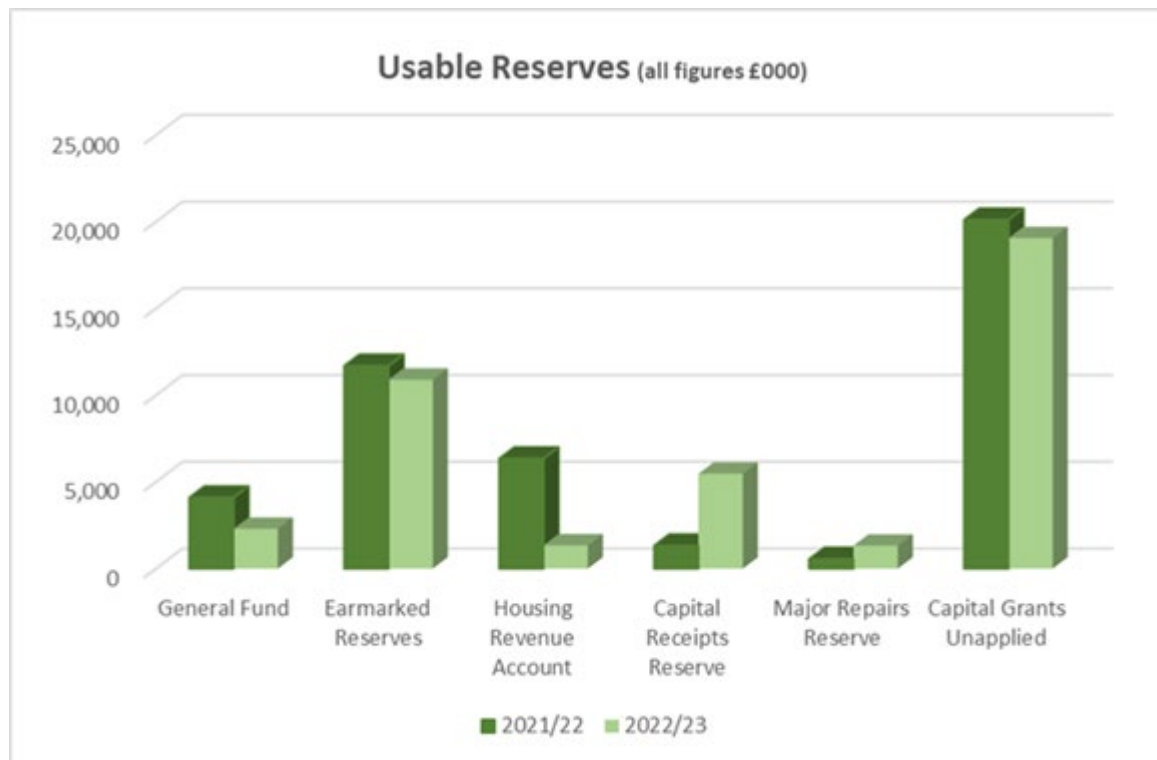
Pension Fund

The value of the Council's [Pension Liability](#) has decreased significantly to £8m (£72m as at 31st March 2022). 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 and the return of the schemes assets.

Reserves

Usable reserves are £40.4 as at 31st March 2023 (£44.1m as at 31st March 2022). Both minimum working balances for both General Fund and the Housing Revenue Account remain intact.

Chart 6 – Usable Reserves



Unusable reserves have increased to £325.9m (from £234.2m) mainly as a result of the improved position on the Council's Pension Reserve (see Note 39)

Part 5 - Looking Forward

General Fund Revenue – 2023/24 & Beyond

The 2023/24 budget was finalised in a relatively unstable economic and financial environment. Since 2010, funding for local government has been transformed both in terms of the severity of the reductions in funding but also in the way that funding has been allocated. Inflationary cost pressures are having a significant impact on the council as well as residents and businesses within the district. Inflation began to increase during the latter part of 2021 due in part to the economy recovering from the pandemic and high levels of demand. In addition, there has then been a significant rise in oil and gas prices and the war in Ukraine has led to further increases in prices of commodities such as energy and food. Inflation is at a 40 year high, resulting in increased cost pressures for both the Council and our core stakeholders such as the district's residents, local businesses and the Council's service users. In budgetary terms, these pressures are being realised directly through increased unit costs for items such as energy, fuel and utilities, alongside inflation linked contractual cost increases,

whilst considering the need to agree a fair and affordable pay offer for staff. In addition to the increased costs for service provision, there is also an increase in demand for some of our services.

The provisional finance settlement was published on 19th December 2022. This followed a policy statement published on 12th December, covering 2023/24 and 2024/25, which are the remaining years of the Spending Review 2021 period. This followed the Autumn Statement on 17th November, which set the overall level of available resources. The most disappointing aspect of the settlement was it provided funding allocations for one year only, as opposed to the multi-year settlements provided in previous years. However, the provisional settlement and an accompanying policy statement did give some direction on what funding may look like in 2024/25. This gives some assurance that the baseline funding levels are to be uplifted by inflation in 2024/25 and clarity that Council Tax Band D thresholds will remain at 3%. However, there is less certainty about other areas of funding including the continuation of the funding guarantee or New Homes Bonus.

The core spending power figures show an increase of 4.5% for Bassetlaw in 2023/24. This includes a new Minimum Funding Guarantee to ensure that all councils have an increase of a minimum of 3% in core spending power before any changes to council tax levels are taken into account. These government forecasts are based on the assumption that councils will raise their council tax by the maximum permitted without a referendum. This leaves councils with a difficult choice whether to increase council tax bills at a time when they are acutely aware of the significant burden that such action could place on households during a cost of living crisis.

Over the financial planning period to 31st March 2028 there remains a budget shortfall of £3.3m. In previous years savings requirements have stemmed from the significant reductions in government funding, and unavoidable cost increases and pressures. In 2025/26, it is forecast that there will be the further complication of a full review of local government financing coupled with a full Business Rates reform. Limited information is available at this stage and numerous assumptions have been made in order to produce figures for future years. Whilst the Council has a record of identifying and delivering savings through service reviews and value for money improvements, many such savings have already been delivered and it is becoming more difficult to identify and deliver further savings and efficiencies.

Additional income must be raised from a combination of increasing fees and charges, and adopting a more innovative and enterprising approach for managing property. Potential income generation options including the development of trading activities through the Council's S80 Partnership Limited. It is important to continue to develop these trading activities so that the budget can be balanced from 2025/26 onwards. Continued reductions in expenditure will be a prerequisite moving forward, and it will be a difficult to ensure that service quality is maintained when set against reductions in service expenditure.

Corporate Risk

The Council's updated Risk Management Strategy & Framework was considered and approved by the Audit & Risk Scrutiny Committee on 17th November 2022 ([Audit & Risk Scrutiny Committee, November 2022](#)).

The purpose of the Strategy and Framework is to define how risks are managed by the Council. It provides guidance on the processes, procedures, roles and responsibilities for risk, and it sets out the context on how risks are to be managed.

The Corporate Risk Register is a key enabler of the Strategy and Framework, and provides assurance on the key risks identified as Corporate Risks. 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.

These risks, summarised below, are reported routinely on a quarterly basis through the Audit & Risk Scrutiny Committee, the last update for 2022/23 was reported to the meeting on 8th June 2023 ([Audit & Risk Scrutiny Committee, 8th June 2023](#))

Changes in Welfare Reforms Creates Significant Negative Community Impact
(Score **D3** – High / Serious)

Information and Data Loss
(Score **C4** – Significant / Major)

Long Term Financial Integrity of the Council
(Score **E5** – Very High / Critical)

Failure to Properly Risk assess our Practices and take Appropriate Action
(Score **C3** – Significant / Serious)

Failure to Properly Risk Assess our Tangible Assets
(Score **B5** – Low / Critical)

Risk of a Cyber Incident
(Score **C5** – Significant / Critical)

Inspection Programme on Tree Management
(Score **C5** – Significant / Critical)

Health and Safety Compliance in Council Housing Stock
(Score **B4** – Low / Major)

Health and Safety Compliance in Council Owned Premises
(Score **B4** – Low / Major)

Insufficient number of Staff to deliver the Council's Services/ Goals

(Score **C3** – Significant / Serious)

Increase in the number of supported accommodation cases creating budget pressures on the Council due to a loss of subsidies

(Score **C5** – Significant / Critical)

Statement of Responsibilities 2022/23



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 2022 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 draft Statement of Accounts presents a true and fair view of the financial position of Bassetlaw District Council at 31st March 2023 and the income and expenditure for the year ended 31st March 2023. The unaudited draft accounts were authorised for issue on 23rd June 2023. These will then be audited and presented at a meeting of the Audit and Risk Scrutiny Committee in the autumn of 2023.



Michael Wildman, CPFA ACMA

Director of Corporate Resources - Section 151 Officer

23rd June 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.

2021/22					2022/23		
Gross Expenditure £'000	Gross Income £'000	Net Expenditure £'000	Service Area	Note	Gross Expenditure £'000	Gross Income £'000	Net Expenditure £'000
553	-141	412	Chief Executive		651	-144	507
4,912	-1,908	3,004	Corporate Services		5,397	-2,037	3,360
36,010	-35,308	702	Finance & Property Services		38,123	-32,085	0
2,807	-2,230	577	Housing Services		2,422	-2,371	51
554	-254	300	Human Resources		613	-254	359
10,561	-2,994	7,567	Neighbourhood Services		11,300	-3,301	7,999
5,473	-3,421	2,052	Regeneration Services		4,178	-2,248	1,930
29,548	-27,607	1,941	Housing Revenue Account		30,459	-28,054	2,406
90,418	-73,863	16,555	Cost of Services		93,143	-70,494	22,649
4,431	-1,914	2,517	Other Operating Expenditure	11	5,091	-3,378	1,713
6,022	-290	5,732	Financing and Investment Income and Expenditure	12	6,163	-1,078	5,085
23,703	-48,986	-25,283	Taxation and Non-Specific Grant Income and Expenditure	13	11,964	-40,979	-29,015
124,573	-125,053	-479	Surplus (-) or Deficit on Provision of Services		116,362	-115,929	433
			Items that will not be reclassified to the Surplus (-) or Deficit on the Provision of Services:				
		-44,703	Surplus(-) or Deficit on Revaluation of Non-Current Assets	26			-16,619
		-17,401	Re-measurements of the Net Defined Benefit Liability (Asset)	39b			-63,601
		-62,104	Other Comprehensive Income and Expenditure				-80,220
		-62,584	Total Comprehensive Income and Expenditure				-79,787

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

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.

2022/2023	General Fund Balance £'000	Earmarked General Fund Reserves £'000	Housing Revenue Account £'000	Capital Receipts Reserve £'000	Major Repairs Reserve £'000	Capital Grants Unapplied £'000	Total Usable Reserves £'000	Unusable Reserves £'000	Council's Total Reserves £'000
Balance at 31 March 2021 bought forward	4,126	11,692	6,306	2,902	551	18,532	44,108	243,576	278,332
Movement in Reserves during 2020/21									
Total Comprehensive Income and Expenditure	5,843	0	-6,275	0	0	0	-432	81,980	81,548
Adjustment between accounting basis & funding basis under regulations (Note 9)	-5,526	0	1,307	2,566	770	520	-363	362	-1
Net Increase/Decrease(-) before Transfers to Earmarked Reserves	317	0	-4,968	2,566	770	520	-795	82,341	81,547
Transfers to/from(-) Earmarked Reserves (Note 10)	-788	788	0	0	0	0	0	0	0
Increase/Decrease(-) in 2022/23	-471	788	-4,968	2,566	770	520	-795	82,341	81,547
Balance at 31 March 2023 carried forward	2,294	10,892	1,338	5,468	1,321	19,052	40,365	325,918	366,283

2021/2022	General Fund Balance £'000	Earmarked General Fund Reserves £'000	Housing Revenue Account £'000	Capital Receipts Reserve £'000	Major Repairs Reserve £'000	Capital Grants Unapplied £'000	Total Usable Reserves £'000	Unusable Reserves £'000	Council's Total Reserves £'000
Balance at 31 March 2021 bought forward	4,687	15,560	4,830	2,339	849	15,283	43,548	172,190	215,738
Movement in Reserves during 2020/21									
Total Comprehensive Income and Expenditure	6,646	0	-6,167	0	0	0	479	62,104	62,583
Adjustment between accounting basis & funding basis under regulations (Note 9)	-11,075	0	7,643	-1,016	-298	4,827	81	-70	11
Net Increase/Decrease(-) before Transfers to Earmarked Reserves	7,534	0	1,687	-1,725	-3,083	4,505	8,918	62,034	62,594
Transfers to/from(-) Earmarked Reserves (Note 10)	3,868	-3,868	0	0	0	0	0	0	0
Increase/Decrease(-) in 2021/22	-562	-3,868	1,476	-1,016	-298	4,827	560	62,034	62,594
Balance at 31 March 2022 carried forward	4,126	11,692	6,306	1,323	551	20,110	44,108	234,224	278,332

BALANCE SHEET

The Balance Sheet shows the value as at the Balance Sheet date of the assets and liabilities recognised by the Council. The net assets of the Council (assets less liabilities) are matched by the reserves held by the Council. Reserves are reported in two categories. The first category of reserves are usable reserves, ie those reserves that the Council may use to provide services, subject to 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 2022 £'000		Notes	31 March 2023 £'000
431,887	Property, Plant & Equipment	14	452,645
314	Heritage Assets	15	314
13	Intangible Assets	17	88
110	Long Term Investments	18	110
2,661	Long Term Debtors	20	2,329
434,985	LONG TERM ASSETS		455,486
0	Short Term Investments	18	0
4,268	Assets Held For Sale	22	3,876
161	Inventories	19	153
14,905	Short Term Debtors	20	20,011
28,489	Cash and Cash Equivalents	21	11,695
47,823	CURRENT ASSETS		35,735
-5,567	Short Term Borrowings	18	-4,568
-24,826	Short Term Creditors	23	-14,603
-388	Provisions Short Term	24	-733
-212	Grants Receipts in Advance - Revenue	33	-33
-30,993	CURRENT LIABILITIES		-19,937
-988	Long Term Creditors	23	-1,808
-1,770	Provisions Long Term	24	-1,471
-94,384	Long Term Borrowing	18	-93,380
-76,342	Pensions Liability	39	-8,342
-173,484	LONG TERM LIABILITIES		-105,001
278,332	NET ASSETS		366,283
-44,108	Usable Reserves	25	-40,365
-234,225	Unusable Reserves	26	-325,918
278,332	TOTAL RESERVES		-366,283

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.

2021/22 £'000	CASH FLOW STATEMENT	Note	2022/23 £'000
-479	Net Surplus/Deficit(-) on the Provision of Services	CIES	-433
30,007	Adjustments to Surplus or Deficit on the Provision of Services for Non-Cash Movements	27A.	8,417
-13,591	Adjustments for Item Included in the Net Surplus or Deficit on the Provision of Services that are Investing and Financing Activities	27A.	-4,746
15,937	Net Cash Flows from Operating Activities		3,238
-9,268	Net cash flows from Investing Activities	27B.	-17,932
6,564	Net cash flows from Financing Activities	27C.	-2,100
13,233	Net Increase or Decrease(-) in Cash and Cash Equivalents		-16,794
15,256	Cash and Cash Equivalents at the Beginning of the Reporting Period	21	28,489
28,489	Cash and Cash Equivalents at the End of the Reporting Period	21	11,694

The accompanying notes form part of these financial statements

EXPLANATORY NOTES TO THE

ACCOUNTS

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 2022/23 financial year and its position at the year-end of 31st March 2023. 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 2022/23, 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. 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.

F. 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.

G. 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.

H. 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.

I. Financial Instruments

Financial Liabilities

Financial liabilities are recognised on the Balance Sheet when the Council becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value and are carried at their amortised cost. Annual charges to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement (CIES) for interest payable are based on the carrying amount of the liability, multiplied by the effective rate of interest for the instrument. The effective interest rate is the rate that exactly discounts estimated future cash payments of the life of the instrument to the amount at which it was originally recognised.

For most of borrowings that the Council has, this means that the amount presented in the Balance Sheet is the outstanding principle repayable (plus accrued interest); and interest charged to the Comprehensive Income and Expenditure Statement is the amount payable for the year according to the loan agreement.

Where premiums and discounts have been charged to the CIES, regulations allow the impact on the General Fund Balance to be spread over future years. The Council has a policy of spreading the gain/loss over the term that was remaining on the loan against which the premium was payable or discount receivable when it was repaid. The reconciliation of amounts charged to the Comprehensive Income and Expenditure Statement to the net charge required against the General Fund Balance is managed by a transfer to or from the Financial Instruments Adjustment Account in the Movement in Reserves Statement.

Financial Assets

Financial assets are classified based on a classification and measurement approach that reflects the business model for holding the financial assets and their cash flow characteristics. There are three main classes of financial assets measured at:

- Amortised cost
- Fair value through profit or loss (FVPL)
- Fair value through other comprehensive income (FVOCI)

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

Financial Assets Measured at Amortised Cost

Financial assets measured at amortised cost are recognised on the Balance Sheet when the Council becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value. They are then measured at their amortised cost. Annual credits to the Financing and Investment Income and Expenditure line in the CIES for interest receivable are based on the carrying amount of the asset multiplied by the effective rate of interest for the instrument. For most of the loans that the Council has made, this means that the amount presented in the Balance Sheet is the outstanding principal receivable (plus accrued interest) and interest credited to the CIES is the amount receivable for the year in the loan agreement.

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

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

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

Expected Credit Loss Model

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

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

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

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

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

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

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

Financial assets measured at fair value through other comprehensive income

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

Financial assets measured at fair value through profit of loss

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

Fair value measurements of financial assets

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

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

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

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

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

J. 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.

K. 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.

L. 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

M. 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.

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.

N. Minimum Revenue Provision (MRP)

For capital expenditure incurred before 1st 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 1st 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.

O. 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 charged 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 1st 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.

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

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

Q. 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.

R. 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.

S. 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

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 an accounting change that will be required by a new standard which has been issued but is yet to be adopted by the 2022/23 Code.

The standards introduced by the 2023/24 Code where disclosures are required in the 2022/23 financial statements, in accordance with the requirements of paragraph 3.3.4.3 of the Code, are:

- a) IFRS 16 Leases (but only for those local authorities that have decided to voluntarily implement IFRS 16 in the 2023/24 year).
- b) Where an authority adopted IFRS 16 in 2022/23 but chose to defer implementation of IFRS 16 to PFI/PPP arrangements until 2023/24 information on that more specific accounting change will be required in its 2022/23 statements of accounts.
- c) Definition of Accounting Estimates (Amendments to IAS 8) issued in February 2021.
- d) Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2) issued in February 2021.
- e) Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12) issued in May 2021.
- f) Updating a Reference to the Conceptual Framework (Amendments to IFRS 3) issued in May 2020.

Note that a) will only be applicable to local authorities that have voluntarily implemented IFRS 16 in 2023/24 and b) will only be applicable to local authorities that have voluntarily implemented in 2022/23 but chose to defer implementation for PFI/PPP arrangements until 2023/24. It is likely that though they lead to improved reporting that items c) and d) will not have a significant impact on the amounts anticipated to be reported in the financial statements. Item e) will only be applicable to local authorities with group accounts and it is likely that there will be limited application of item f)

3. CRITICAL JUDGEMENTS IN APPLYING ACCOUNTING POLICIES

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 pandemic, 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 31st March 2023 for which there is a significant risk of material adjustment in the forthcoming year are as follows:

	property and infrastructure allocations as at 31 March 2021 are difficult to value according to preferred accounting policy.	Statement in the Other Comprehensive Income and Expenditure part of the statement.
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>

5. MATERIAL ITEMS OF INCOME AND EXPENDITURE

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 2023/24 or repaid to Government.

6. EVENTS AFTER THE BALANCE SHEET DATE

There are no known events that would have material impact on the Council's position as at 31 March 2023. However, the understanding of how the pandemic has affected services and valuations will continue during 2023/24 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 23rd June 2023. 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 31st March 2023, the figures in the financial statements and notes have been adjusted in all material respects to reflect the impact of this information.

7. 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.

2021/22				2022/23		
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			
348	63	411	Chief Executive	455	52	507
2,536	468	3,004	Corporate Services	2,948	412	3,360
-725	1,427	702	Finance & Property Services	3,616	2,421	6,037
743	-166	577	Housing Services	517	-468	49
251	49	300	Human Resources	310	50	360
5,613	1,954	7,567	Neighbourhood Services	6,228	1,772	8,000
1,297	754	2,051	Regeneration Services	1,577	353	1,930
-11,853	13,794	1,941	Housing Revenue Account	-10,199	12,605	2,406
-1,789	18,343	16,554	Net Cost of Services	5,452	17,197	22,649
4,731	-21,766	-17,035	Other Income and Expenditure	-807	-21,410	-22,217
2,942	-3,423	-479	Surplus (-) or Deficit	4,645	-4,213	434
General Fund & Earmarked Reserve	HRA & Earmarked Reserve	Total		General Fund & Earmarked Reserve	HRA & Earmarked Reserve	Total
20,247	4,830	25,077	Opening Balance	15,818	6,306	22,124
-4,429	1,476	-2,953	Surplus or (-) Deficit in year	317	-4,968	-4,651
15,818	6,306	22,124	Closing Balance at 31 March	16,135	1,338	17,473
			Split by Reserve:			
4,126	6,306	10,432	Working Reserve	2,294	1,338	3,632
11,692	0	11,692	Earmarked Reserve	10,892	0	10,892
15,818	6,306	22,124	Closing Balance at 31 March	13,186	1,338	14,524

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.

2021/2022					2022/2023			
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	62	0	62	Chief Executive	0	52	0	52
44	417	6	467	Corporate Services	44	404	0	448
				Finance and Property				
1,143	285	0	1,428	Services	1,828	341	0	2,169
-283	117	0	-166	Housing Services	-579	109	0	-470
0	49	0	49	Human Resources	0	50	0	50
1,261	693	0	1,954	Neighbourhood Services	1,148	621	0	1,769
384	370	0	754	Regeneration Services	94	258	0	352
14,307	550	0	14,857	Housing Revenue Account	11,539	508	0	12,047
16,856	2,543	6	19,405	Net Cost of Services	14,074	2,343	0	16,417
				Other income and expenditure from the				
				Expenditure and Funding				
-17,414	1,742	-6,094	-21,766	Analysis	-20,909	1,702	-199	-19,406
				Difference between General Fund surplus or deficit and Comprehensive Income and Expenditure Statement Surplus or Deficit on the Provision of Services				
-558	4,285	-6,088	-2,361		-6,835	4,045	-199	-2,989

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.





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
2022/23	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Expenditure										
Employee expenses	448	3,711	4,422	1,083	478	6,181	2,677	4,776	0	23,776
Other services expenses	203	1,678	32,932	1,333	135	3,969	1,409	13,586	0	55,245
Depreciation, amortisation, impairment	0	8	769	6	0	1,150	93	12,097	0	14,123
Developers Contributions Payments	0	0	0	0	0	0	0	0	794	794
Interest payments	0	0	0	0	0	0	0	0	4,458	4,458
Non Domestic Rates Tariff & Deficit	0	0	0	0	0	0	0	0	11,170	11,170
Precepts and levies	0	0	0	0	0	0	0	0	2,044	2,044
Payments to Housing Capital Receipts Pool	0	0	0	0	0	0	0	0	60	60
Interest Cost of Pensions	0	0	0	0	0	0	0	0	1,705	1,705
Net Book Value on the disposal of assets	0	0	0	0	0	0	0	0	2,987	2,987
Total expenditure	651	5,397	38,123	2,422	613	11,300	4,179	30,459	23,218	116,362
Income										
Fees, charges and other service income	-144	-1,814	-3,503	-320	-254	-2,724	-1,859	-28,047	0	-38,665
Interest received	0	0	0	0	0	0	0	0	-1,078	-1,078
Income from council tax & NDR	0	0	0	0	0	0	0	0	-28,479	-28,479
Proceeds from sale of Non-Current Assets	0	0	0	0	0	0	0	0	-3,378	-3,378
Government grants and contributions	0	-223	-28,582	-2,051	0	-577	-389	-7	-12,500	-44,329
Total income	-144	-2,037	-32,085	-2,371	-254	-3,301	-2,248	-28,054	-45,435	-115,929
Surplus or Deficit on the Provision of Services	507	3,360	6,038	51	359	7,999	1,931	2,405	-22,217	435

PRIOR YEAR COMPARISON

	Chief Executive	Corporate Services	Finance & Property	Housing Services	Human Resources	Neighbourhoods	Regeneration	HRA	Corporate Amounts	Total
2021/22	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Expenditure										
Employee expenses	464	3,409	3,357	904	415	5,801	3,134	4,626	0	22,110
Other services expenses	88	1,459	31,510	1,900	139	3,500	2,137	11,678	0	52,411
Depreciation, amortisation, impairment	0	44	1,143	4	0	1,261	202	13,244	0	15,898
Developers Contributions Payments	0	0	0	0	0	0	0	0	860	860
Interest payments	0	0	0	0	0	0	0	0	4,277	4,277
Non Domestic Rates Tariff & Deficit	0	0	0	0	0	0	0	0	22,843	22,843
Precepts and levies	0	0	0	0	0	0	0	0	1,935	1,935
Payments to Housing Capital Receipts Pool	0	0	0	0	0	0	0	0	584	584
Interest Cost of Pensions	0	0	0	0	0	0	0	0	1,745	1,745
Net Book Value on the disposal of assets	0	0	0	0	0	0	0	0	1,912	1,912
Total expenditure	552	4,912	36,010	2,808	554	10,562	5,473	29,548	34,156	124,575
Income										
Fees, charges and other service income	-142	-1,806	-2,874	-307	-254	-2,383	-2,446	-27,608	0	-37,820
Interest received	0	0	0	0	0	0	0	0	-290	-290
Income from council tax & NDR	0	0	0	0	0	0	0	0	-35,520	-35,520
Proceeds from sale of Non-Current Assets	0	0	0	0	0	0	0	0	-1,914	-1,914
Government grants and contributions	0	-102	-32,434	-1,923	0	-611	-976	0	-13,466	-49,512
Total income	-142	-1,908	-35,308	-2,230	-254	-2,994	-3,422	-27,608	-51,190	-125,056
Surplus or Deficit on the Provision of Services	410	3,004	702	578	300	7,568	2,051	1,940	-17,034	-479



9. ADJUSTMENTS BETWEEN ACCOUNTING BASIS AND FUNDING BASIS UNDER REGULATIONS

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

The following sets out a description of the reserves that the adjustments are made against.

General Fund Balance

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

Housing Revenue Account Balance

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

Major Repairs Reserve

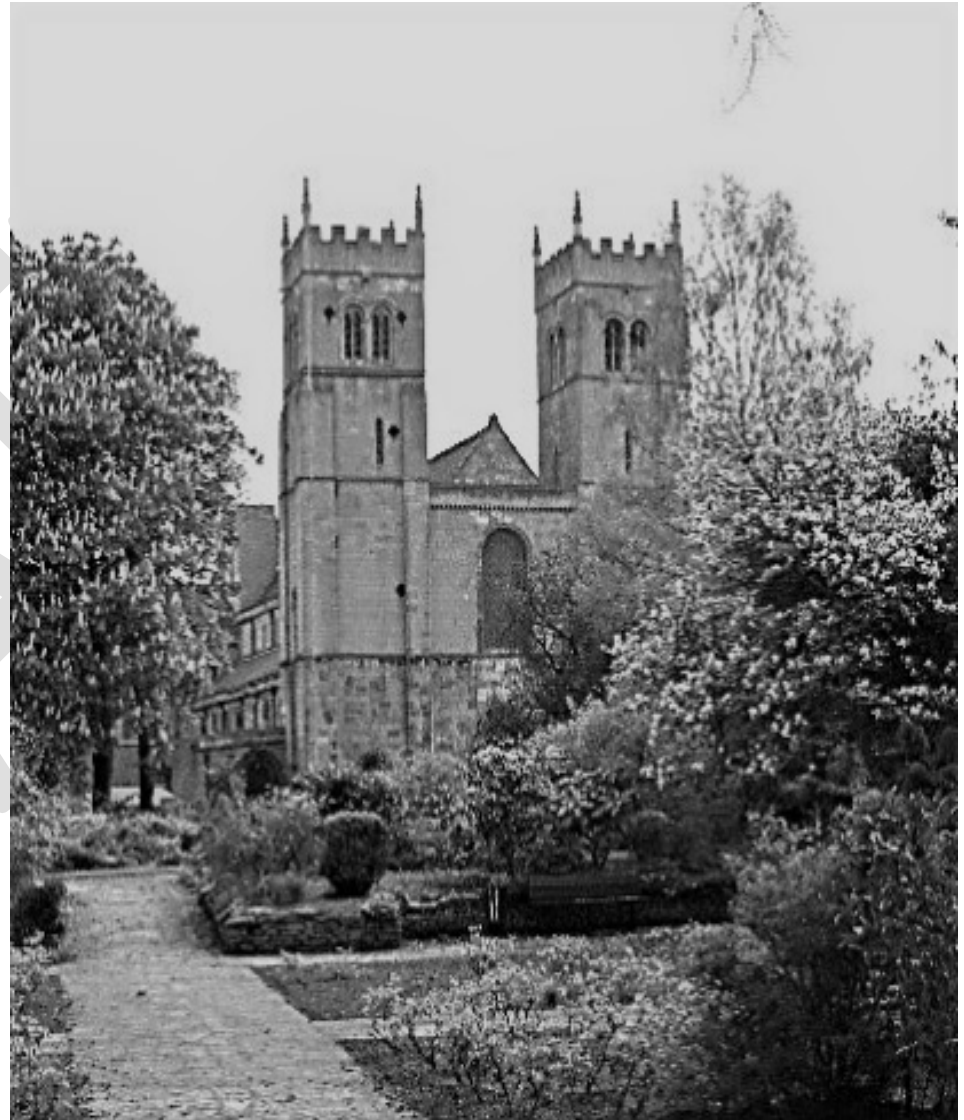
The Council is required to maintain the Major Repairs Reserve, which controls an element of the capital resources, limited to being used on capital expenditure on HRA assets or the financing of historical capital expenditure by the HRA. The balance shows the capital resources that have yet to be applied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

Capital Receipts Reserve

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

Capital Grants Unapplied

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



	General Fund Balance £'000	Housing Revenue Account £'000	Capital Receipts Reserve £'000	Major Repairs Reserve £'000	Capital Grants Unapplied £'000	Movement in usable Reserves £'000
2022/23						
<u>Adjustments to the Revenue Resources</u>						
<i>Amounts by which income and expenditure included in the Comprehensive Income and Expenditure Statement are different from revenue for the year calculated in accordance with statutory requirements:</i>						
Pensions costs (transferred to (or from) the Pensions Reserve)	-3,187	-855	0	0	0	4,042
Financial instruments (transferred to the Financial Instruments Adjustments Account)	5	0	0	0	0	-5
Council tax and NDR (transfers to or from Collection Fund)	194	0	0	0	0	-194
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):	6,611	-14,881	0	0	-1,952	10,222
Total Adjustments to Revenue Resources	3,623	-15,736	0	0	-1,952	14,065
<u>Adjustments between Revenue and Capital Resources</u>						
Transfer of non-current asset sale proceeds from revenue to the Capital Receipts Reserve	571	2,783	-3,354	0	0	0
Administrative costs of non-current asset disposals (funded by a contribution from the Capital Receipts Reserve)	0	-64	64	0	0	0
Payments to the government housing receipts pool (funded by a transfer from the Capital Receipts Reserve)	-60	0	60	0	0	0
Posting of HRA resources from revenue to the Major Repairs Reserve	0	4,925	0	-4,925	0	0
Statutory provision for the repayment of debt (transfer from the Capital Adjustment Account)	811	0	0	0	0	-811
Capital expenditure financed from revenue balances (transfer to the Capital Adjustment Account)	581	0	0	0	0	-581
Total Adjustments between Revenue and Capital Resources	1,903	7,644	-3,230	-4,925	0	-1,392
<u>Adjustments to Capital Resources</u>						
Use of the Capital Receipts Reserve to finance capital expenditure	0	0	664	0	0	-664
Use of the Major Repairs Reserve to finance capital expenditure	0	0	0	4,155	0	-4,155
Application of capital grants to finance capital expenditure	0	0	0	0	308	-308
Cash payments in relation to deferred capital receipts	0	0	0	0	0	0
Total Adjustments to Capital Resources	0	0	664	4,155	308	-5,127
Total Adjustments	5,526	-8,092	-2,566	-770	-1,644	7,546

PREVIOUS YEAR COMPARISON

	General Fund Balance £'000	Housing Revenue Account £'000	Capital Receipts Reserve £'000	Major Repairs Reserve £'000	Capital Grants Unapplied £'000	Movement Usable Reserves £'000
2021/22						
<u>Adjustments to the Revenue Resources</u>						
<i>Amounts by which income and expenditure included in the Comprehensive Income and Expenditure Statement are different from revenue for the year calculated in accordance with statutory requirements:</i>						
Pensions costs (transferred to (or from) the Pensions Reserve)	-3,377	-906	0	0	0	4,283
Financial instruments (transferred to the Financial Instruments Adjustments Account)	4	0	0	0	0	-4
Council tax and NDR (transfers to or from Collection Fund)	6,069	0	0	0	0	-6,069
Holiday pay (transferred to the Accumulated Absences Reserve)	21	0	0	0	0	-21
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):	7,836	-14,893	0	0	-6,595	13,652
Total Adjustments to Revenue Resources	10,553	-15,799	0	0	-6,595	11,841
<u>Adjustments between Revenue and Capital Resources</u>						
Transfer of non-current asset sale proceeds from revenue to the Capital Receipts Reserve	251	1,493	-1,744	0	0	0
Administrative costs of non-current asset disposals (funded by a contribution from the Capital Receipts Reserve)	0	-31	31	0	0	0
Payments to the government housing receipts pool (funded by a transfer from the Capital Receipts Reserve)	-584	0	584	0	0	0
Posting of HRA resources from revenue to the Major Repairs Reserve	0	6,695	0	-6,695	0	0
Statutory provision for the repayment of debt (transfer from the Capital Adjustment Account)	637	0	0	0	0	-637
Capital expenditure financed from revenue balances (transfer to the Capital Adjustment Account)	218	0	0	0	0	-218
Total Adjustments between Revenue and Capital Resources	522	8,157	-1,129	-6,695	0	-855
<u>Adjustments to Capital Resources</u>						
Use of the Capital Receipts Reserve to finance capital expenditure	0	0	2,145	0	0	-2,145
Use of the Major Repairs Reserve to finance capital expenditure	0	0	0	6,993	0	-6,993
Application of capital grants to finance capital expenditure	0	0	0	0	1,767	-1,767
Total Adjustments to Capital Resources	0	0	2,145	6,993	1,767	-10,905
Total Adjustments	11,075	-7,642	1,016	298	-4,828	81

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 2022/23

	Balance 31.03.21 £'000	Transfers out £'000	Transfers in year £'000	Balance 31.03.22 £'000	Transfers out £'000	Transfers in year £'000	Balance 31.03.23 £'000
GENERAL FUND RESERVES							
Developers Revenue							
Contributions	-597	4	-225	-818	4	0	-814
Insurance	-221	0	0	-221	0	0	-221
Job Evaluation	-565	0	0	-564	499	0	-65
Revenue Grants & Contributions	-1,023	249	-1,231	-2,006	292	-1,125	-2,839
Donations	-36	0	-2	-43	0	0	-43
LAMS Default Reserve	-72	0	0	-71	71	0	0
Retained Business Rates Reserve	-3,353	0	0	-3,353	2,948	0	-405
General Fund Earmarked Reserves	-1,712	22	0	-1,689		-79	-1,768
Business Rate Volatility Reserve	-599	0	0	-599	0	0	-599
Business Rates Pooling Reserve	-872	0	0	-872	0	0	-872
Invest to Save	-767	77	0	-690	0	0	-690
Management Team	-44	0	0	-44	0	0	-44
ICT Developments (Business Continuity)	-11	0	0	-11	11		0
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	-5,570	5,570	0	0			
Cost of Living Earmarked Reserve			-294	-294	115		-179
Planning Earmarked Reserve			-303	-303			-303
Strategic Development Fund						-1,931	-1,931
Total	-15,560	5,923	-2,056	-11,696	3,940	-3,135	-10,892

9.

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.

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

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 31st 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 section 31 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.

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.

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 2022/23 the Council received section 31 Grants to offset the reliefs given to businesses during lockdown. The balance was held in an earmarked reserve until 2021/22 when it was used to offset the collection fund deficit.

Cost of Living

A reserve established to contribute towards the demands of the cost of living crisis

Planning reserve

A reserve established for specific planning purposes

Strategic Development Fund

A reserve established to fund the Council's strategic objectives

11. OTHER OPERATING EXPENDITURE

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

	2021/22 £'000	2022/23 £'000
Parish Council Precepts	1,335	1,408
Levies	599	635
Payments to the Government Housing Capital Receipts Pool	584	60
Gains/Losses(-) on the disposal of non-current assets	-2	-391
Total	2,517	1,713

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:

	2021/22 £'000	2022/23 £'000
Interest payable and similar charges	4,277	4,230
Net interest on the net defined benefit liability (asset)	1,745	-851
Interest receivable and similar income	-291	1,705
Total	5,732	5,085

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:

	2021/22 £'000	2022/23 £'000
Council Tax Income	-8,039	-8,417
Non-Domestic Rates (NDR)	-4,638	-8,892
Non ring-fenced Government grants	-2,466	-2,799
Developers grants & contributions	-6,191	-801
Capital grants & contributions	-3,950	-8,107
Total	-25,283	-29,015

14. PROPERTY PLANT AND EQUIPMENT

	Council Dwellings	Other Land & Buildings	Vehicles, Plant & Equipment	Community Assets	Surplus Assets	Assets Under Construction	Total Property, Plant & Equipment
Movements in 2022/23	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Cost or Valuation							
At April 2020	339,967	58,322	19,626	2,407	6,134	15,824	442,280
Additions	7,389	8,628	1,384	0	0	3,885	21,286
Revaluation increases/decreases(-) recognised in the Revaluation Reserve	9,410	5,732	0	158	-234	18	15,084
Revaluation increases/decreases(-) recognised in the Surplus/Deficit on the Provision of Services	-7,060	-1,389	0	0	-4,272	0	-12,721
Derecognition - Disposals	0	-134	-770	0	0	0	-904
Derecognition - Other	0	0	0	0	0	0	0
Reclassification	-2,391	0	0	0	0	0	-2,391
At 31 March 2023	347,315	71,159	20,240	2,565	1,628	19,727	462,634
Accumulated Depreciation & Impairment							
At April 2022	10	1,257	13,205	0	7	31	14,510
Depreciation charge	4,510	1,089	1,061	0	1	0	6,661
Depreciation written out to the Revaluation Reserve	-4,500	-1,187	0	0	0	0	-5,687
Depreciation written out to the Surplus/Deficit on the Provision of Services	0	-129	0	0	0	0	-129
Impairment losses/reversals(-) recognised in the Revaluation Reserve	0	0	0	0	0	0	0
Impairment losses/reversals(-) recognised in the Surplus/Deficit on the Provision of Services	0	0	0	0	0	0	0
Derecognition - Disposals	0	0	-770	0	0	0	-770
Derecognition - Other	0	0	0	0	0	0	0
At 31 March 2023	20	1,030	13,496	0	8	31	14,766
Net book value at 31 March 2023	347,295	70,129	6,744	2,565	1,620	19,696	447,868
Net book value at 31 March 2022	339,791	58,687	6,426	2,399	7,425	14,051	431,887

PRIOR YEAR COMPARISON

	Council Dwellings £'000	Other Land & Buildings £'000	Vehicles, Plant & Equipment £'000	Community Assets £'000	Surplus Assets £'000	Assets Under Construction £'000	Total Property, Plant & Equipment £'000
Movements in 2021/22							
Cost or Valuation							
Cost or Valuation							
At April 2021	299,625	61,259	18,583	2,384	7,407	4,663	401,519
Additions	8,757	1,374	1,452	0	0	9,388	20,971
Revaluation increases/decreases(-) recognised in the Revaluation Reserve	42,094	1,292	0	15	25	0	43,425
Revaluation increases/decreases(-) recognised in the Surplus/Deficit on the Provision of Services	-7,833	-3,467	0	0	0	0	-11,300
Derecognition - Disposals	0	0	-398	0	0	0	-398
Derecognition - Other	0	0	0	0	0	0	0
Reclassification	-2,821	-490	0	0	0	0	-3,311
At 31 March 2022	339,822	59,968	19,637	2,399	7,432	14,051	450,906
Accumulated Depreciation & Impairment							
At April 2021	0	892	12,585	0	6	0	16,568
Depreciation charge	3,986	1,057	1,020	0	1	0	6,281
Depreciation written out to the Revaluation Reserve	-3,955	-425	0	0	0	0	-4,380
Depreciation written out to the Surplus/Deficit on the Provision of Services	0	-243	0	0	0	0	-243
Impairment losses/reversals(-) recognised in the Revaluation Reserve	0	0	0	0	0	0	0
Impairment losses/reversals(-) recognised in the Surplus/Deficit on the Provision of Services	0	0	0	0	0	0	0
Derecognition - Disposals	0	0	-394	0	0	0	-394
Derecognition - Other	0	0	0	0	0	0	0
At 31 March 2022	31	1,281	13,211	0	7	0	17,832
Net book value at 31 March 2022	339,791	58,687	6,426	2,399	7,425	14,051	431,887

Infrastructure Assets

Movements on balances

In accordance with the temporary relief offered by the Update to the Code on infrastructure assets [Local Government Circular 09/2022] this note does not include disclosure of gross cost and accumulated depreciation for infrastructure assets because historical reporting practices and resultant information deficits mean that this would not faithfully represent the asset position to the users of the financial statements.

The authority has chosen not to disclose this information as the previously reported practices and resultant information deficits mean that gross cost and accumulated depreciation are not measured accurately and would not provide the basis for the users of the financial statements to take economic or other decisions relating to infrastructure assets.

	2021/22	2022/23
	£'000	£'000
Cost or Valuation		
Net book value (modified historical cost) At 1st April	7,598	7,598
Additions	0	698
De-recognition	0	0
Depreciation charge	(3,302)	(3,519)
impairment losses / (reversals) recognised in the Surplus/ Deficit on the Provision of Services	0	0
Assets reclassified (to)/from PPE	0	0
Net Book Value 31st March	4,296	4,777

Reconciliation of Infrastructure assets and PPE assets to the Balance Sheet total:

	2021/22	2022/23
	£'000	£'000
Infrastructure assets	4,296	4,777
Other PPE assets	427,590	447,868
Net Book Value 31st March	431,886	452,645

Where the Authority replaces a component of an infrastructure asset, for the purposes of determining the carrying amount to be derecognised in respect of that component, the Authority calculates an amount to be derecognised based on the retail price index.

Depreciation

Depreciation is provided for on all Property, Plant & Equipment with a finite useful life according to the accounting policies.

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 31st March 2023 the Council had entered into a contract with the following details

- Miller Freeman (Public Sector Decarbonisation Scheme) - Awaiting confirmation re £0.754M budget remaining (£0.189M Phase 1; £0.565M Phase 2)
- United Living (Maintaining Decency of Housing Stock) - Awaiting confirmation of contract extension (previous contract for £4M expired on 31st March)
- Fortems (Westmoreland House Refurbishment) - Awaiting confirmation re £6.3M budget remaining

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.

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 31st March 2023.

	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	20,240	0	30,588	50,828
Valued at current value at: 31 st March 2023	347,315	71,159	0	1,628	0	420,102
Total Cost or Valuation	347,315	71,159	20,240	1,628	30,588	470,930

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

Significant Observable Inputs – Level 2

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

Significant Unobservable Inputs – Level 3

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

Valuation techniques

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

Fair Value Hierarchy

Details of the Council's surplus assets and information about the fair value hierarchy as at 31st March 2023 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 2023 £'000
Residential Properties and Developable Land	0	1,559	0	1,559
Other	0	0	60	60
Total	0	1,559	60	1,619

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 2022 £'000
Residential Properties and Developable Land	0	6,067	0	6,067
Other	0	0	60	60
Total	0	6,067	60	6,127

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 2022 £'000	31st March 2023 £'000
Opening Balance	60	60
Transfers in Level 3	0	0
Transfer out of Level 3	0	0
Total gains [or losses] for the period included in Surplus or Deficit on the Provision of Services resulting from changes in the fair value	0	0
Closing Balance	60	60

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 2021/22). There have been no material acquisitions or disposals of heritage assets during 2022/23.

	Ceramics Jewellery Regalia and Statues £'000	Art Collection and Samplers £'000	Machinery Equipment Furniture £'000	Memorials and Historic Sites £'000	Total Assets £'000
Cost or Valuation					
31 March 2022	115	149	30	20	314
Additions, Disposals, Revaluations, Impairment Losses/reversals(-)	0	0	0	0	0
31 March 2023	115	149	30	20	314
Cost or Valuation					
1 April 2021	115	149	30	20	314
Additions, Disposals, Revaluations, Impairment Losses/reversals(-)	0	0	0	0	0
31 March 2023	115	149	30	20	314

The Bassetlaw Museum, Grove Street, Retford, has a vast number of exhibits which would meet the definition of heritage assets. A valuation was undertaken in 2001 of all exhibits worth over £500, and this valuation has been the basis of the insurance valuation. These assets and subsequent purchases of exhibits of £10k and above have subsequently been included.

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.

The total amortisation charged in 2022/23 was £2k (£2k in 2021/22).

The carrying amount of intangible assets is amortised on a straight-line basis. The amortisation of £2k charged to revenue in 2022/23 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.

	2021/22 £'000	2022/23 £'000
Balance at start of year:		
Gross carrying amounts	712	714
Accumulated amortisation	-699	-700
Net carrying amount at start of year	13	14
Movements in year:		
Purchases	2	76
Other disposals	0	0
Amortisation for the period	-2	-2
Net carrying amount at end of year	13	88
Comprising:		
Gross carrying amounts	714	790
Accumulated amortisation	-700	-702
	14	88

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 2022 £'000	31 March 2023 £'000	31 March 2022 £'000	31 March 2023 £'000
Financial Assets at Amortised Cost				
Long Term Investments	110	110	0	0
Long Term Debtors	2,661	2,329	0	0
Deposits in Money Market Funds	0	0	25,675	11,510
Cash at bank / in transit	0	0	2,815	185
Operational Debtors	0	0	9,280	13,379
Total Financial Assets	2,771	2,439	37,770	25,074
Financial Liabilities at Amortised Cost				
Borrowings	94,384	93,380	5,567	4,568
Operational Creditors	0	0	13,109	6,589
Total Financial Liabilities	94,384	93,380	18,676	11,157

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:	2021/22			2022/23		
	Financial Liabilities £'000	Financial Assets £'000	Total £'000	Financial Liabilities £'000	Financial Assets £'000	Total £'000
Interest expense	4,277	0	4,277	4,457	0	4,457
Finance lease Interest	0	0	0	0	0	0
Reductions in fair value	0	0	0	0	0	0
Impairment losses	0	0	0	0	0	0
Fee expense	0	0	0	0	0	0
Total expense in Surplus(-) or Deficit on the Provision of Services	4,277	0	4,277	4,457	0	4,457
Interest income	0	-290	-290	0	-1,078	-1,078
Total income in Surplus(-) or Deficit on the Provision of Services	0	-290	-290	0	-1,078	-1,078
Gains/Loss on revaluation	0	0	0	0	0	0
Net gain(-)/loss for the year	4,277	-290	3,988	4,457	-1,078	3,380

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 2023 and the fair value reported in the 2021/22 accounts.

	2021/22		2022/23	
	Carrying amount £'000	Fair value £'000	Carrying amount £'000	Fair value £'000
PWLB debt	62,363	85,569	61,363	58,598
Non-PWLB debt	31,500	49,654	31,500	32,265
Short term borrowing	5,567	5,567	4,568	4,568
Short term creditors	13,109	13,109	6,589	6,589
Total Financial Liabilities	117,539	147,816	104,020	102,020
Money market loans < 1 year	25,675	25,675	11,510	11,510
Long Term Investments	110	110	110	110
Short term debtors	9,280	9,280	13,379	13,379
Long term debtors	2,646	2,646	2,066	2,066
Bank Current Accounts	2,815	2,815	185	185
Total Assets	40,526	40,526	27,250	27,250

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 31st March 2023) 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 31st March 2023 amounted to £11.69m, consisting of £11.5m of Money Market Funds and £1.9m 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 £153k (£161k in 2021/22)

	Housing Stocks		Consumable Stores		Maintenance Materials		Total	
	21/22	22/23	21/22	22/23	21/22	22/23	21/22	22/23
	£000	£000	£000	£000	£000	£000	£000	£000
Opening Balances	118	120	15	24	12	17	192	161
Purchases	464	464	460	460	239	239	1163	1163
Recognised as an expense in year	-453	-453	-444	-444	-249	-249	-1146	-1170
Written off balances	-9	-9	-7	-7	15	15	-1	-1
Closing Balances	120	122	24	33	17	22	177	153

20. DEBTORS

The following table identifies the breakdown of debtors owing the Council

	2021/22 £'000	2022/23 £'000
Central Government Bodies	991	1,607
Other Local Authorities	2,282	2,453
NHS Bodies	0	0
Other Entities and Individuals	14,479	19,297
Expected Credit Loss Provision	-2,847	-3,345
Short Term Debtors	14,905	20,012
Other Entities and Individuals	2,661	2,329
Long Term Debtors	2,661	2,329
Total Debtors	17,566	22,341

	2021/22 £'000	2022/23 £'000
Expected Credit Loss Provision		
Other Entities and Individuals	-809	-888
Council Tax (including costs)	-109	-224
Business Rates (including costs)	-173	-207
General Debtors		
Housing Benefit Overpayment	-1342	-1400
Housing Rents	-300	-487
Housing - Others	-114	-139
	-2,847	-3,345

21. CASH AND CASH EQUIVALENTS

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

	2021/22 £'000	2022/23 £'000
Cash held by the Council	1	1
Cash in transit	405	296
Bank current accounts	2,408	-113
Short-term liquid deposits	25,675	11,510
Total Cash and Cash Equivalents	28,489	11,694

22. ASSETS HELD FOR SALE

During 2022/23 non-current assets valued at £2.840m were classified as held for sale, as it is the Council's intention to sell these assets during 2023/24.

	2021/22 £'000	2022/23 £'000
Balance outstanding at start of year	3,302	4,268
Assets newly classified as held for sale:		
Property, Plant and Equipment	2,840	2,391
Assets sold	-1,874	-2,783
Balance outstanding at year-end	4,268	3,876

23. CREDITORS

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

	2021/22 £'000	2022/23 £'000
Central Government Bodies	9,093	5,126
Other Local Authorities	1,472	1,993
Other Entities and Individuals	14,259	7,484
Short Term Creditors	24,825	14,603
Other Entities and Individuals	988	1,808
Long Term Creditors	988	1,808
Total Creditors	25,813	16,409

24. PROVISIONS

The Council has the following provisions:

	Insurance Claims £'000	Business Rates £'000	Other Provisions £'000	Total £'000
Short Term Balance at 1 April 2022	230	75	83	388
Additional provisions made in year	400	5	7	412
Amounts used in year	-44	-16	0	-60
Transfer from Long Term	0	0	0	0
Unused amounts reversed in year	0	0	-7	-7
Short Term Balance at 31 March 2023	586	64	83	733
Long Term Balance at 1 April 2022	0	1,770	0	1,770
Additional provisions made in year	0	412	0	412
Amounts used in year	0	-711	0	-711
Transfer to Short Term	0	0	0	0
Unused amounts reversed in year	0	0	0	0
Long Term Balance at 31 March 2023	0	1,471	0	1,471

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 Council's proportion being 40% of the total provision, which is £1.471m (1.845m in 2021/22).

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. A summary of the General Fund, HRA and capital usable reserves is shown below:

USABLE RESERVES	2021/22	2022/23
	£'000	£'000
General Fund Balance	4,092	2,294
Earmarked Reserves	11,691	10,892
Housing Revenue Account	6,342	1,337
Capital Receipts Reserve	1,322	5,469
Major Repairs Reserve	552	1,322
Capital Grants Unapplied	20,111	19,051
Total Usable Reserves	44,108	40,365

26. UNUSABLE RESERVES

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

UNUSABLE RESERVES	2021/22	2022/2023
	£'000	£'000
Revaluation Reserve	197,889	213,584
Capital Adjustment Account	116,404	120,335
Financial Instruments Adjustment Account	-497	-493
Pensions Reserve	-76,342	-8,342
Deferred Capital Receipts Reserve	16	15
Collection Fund Adjustment Account	-2,318	824
Accumulated Absences Account	-7	-7
Total Unusable Reserves	234,225	325,918

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 1st April 2007, the date that the Reserve was created. Accumulated gains arising before that date are consolidated into the balance on the Capital Adjustment Account.

REVALUATION RESERVE	2021/22 £'000	2022/2023 £'000
Balance at 1 April	153,186	197,889
Upward revaluations of assets	47,085	17,626
Downward revaluation of assets and impairment losses not charged to the Surplus/Deficit on the Provision of Services	-2,381	-1,007
Surplus or deficit(-) on revaluation of non-current assets not posted to the Surplus or Deficit on the Provision of Services	44,703	16,619
Difference between fair value depreciation and historical cost depreciation	0	-532
Accumulated gains on assets sold or scrapped	0	-392
Amount written off to the Capital Adjustment Account	0	-924
Balance at 31 March	197,889	213,584

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	2021/2 2 £'000	2022/202 3 £'000
Balance at 1 April	118,297	116,404
Reversal of items relating to capital expenditure debited or credited to the CIES		
Charges for depreciation and impairment of non-current assets	-14,115	-14,157
Revaluation losses on Property, Plant and Equipment	-1,782	-274
Amortisation of intangible assets	0	-31
Donated Assets	0	0
Revenue expenditure funded from capital under statute	-1,130	-1,323
Amounts of non-current assets written off on disposal or sale as part of the gain(-) / loss on disposal to the CIES	-1,877	-2,788
	-18,905	-18,573
Adjusting amounts written out of the Revaluation Reserve	0	392
Net written out amount of the cost of non-current assets consumed in the year	-18,905	-18,180
Capital financing applied in the year:		
Use of Capital Receipts Reserve to finance new capital expenditure	2,145	2,385
Use of Major Repairs Reserve to finance new capital expenditure & repayment of debt	6,993	7,979
Capital grants and contributions credited to the CIES that have been applied to capital financing	5,252	2,324
Applications of grants to capital financing from the Capital Grant Unapplied Account	1,767	1,150
Statutory provision for the financing of capital investment charged against the General Fund and HRA balances	637	575
Capital expenditure charged against the General Fund and HRA balances	218	68
	17,012	14,481
Adjustment between Capital Adjustment Account and Revaluation Reserve for depreciation that relates to the revaluation balance rather than historic cost	0	532
Balance at 31 March	116,404	120,335

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	2021/22	2022/2023
	£'000	£'000
Balance at 1 April	-501	-497
Differences between statutory debits/credits and amounts recognised as income and expenditure in relation to financial instruments	4	4
Balance at 31 March	-497	-493

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	2021/22	2022/23
	£'000	£'000
Balance at 1 April	-90,394	-76,342
Re-measurements of the net defined benefit liability/(asset)	17,401	63,601
Reversal of items relating to retirement benefits debited or credited to the Surplus or Deficit on the Provision of Services in the CIES	-7,827	-7,779
Employers pensions contributions and direct payments to pensioners payable in the year	3,129	3,738
Timing difference	13	8
Balance at 31 March	-76,342	-8,342

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	2021/22	2022/2023
	£'000	£'000
Balance at 1 April	16	16
Transfer of deferred capital receipt repayable credited as part of the gain / loss(-) on disposal to the CIES	0	0
Transfer to Capital Receipts Reserve	0	-1
Balance at 31 March	16	15

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-19 and the position at 31st March 2022. The increase in the deficit arises mainly from additional reliefs awarded and in increase in the provision for appeals.

COLLECTION FUND ADJUSTMENT ACCOUNT	2021/22	2022/2023
	£'000	£'000
Balance at 1 April	-8,387	-2,318
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	6,069	3,142
Balance at 31 March	-2,318	824

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 31st 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	2021/22	2022/2023
	£'000	£'000
Balance at 1 April	-28	-7
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	21	0
Balance at 31 March	-7	-7

27. CASH FLOW STATEMENTS

A). Cash Flow Statement – Operating Activities

The cash flows for Operating Activities include the following items:

	2021/22 £'000	2022/23 £'000
Interest received	290	851
Interest paid	-4,277	-4,230
	-3,987	-3,379

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

	2021/22 £'000	2022/23 £'000
Depreciation	6,282	6,880
Impairment and downward valuations	9,616	7,516
Amortisation	0	
Increase/Decrease(-) in Creditors	4,737	-8,190
Increase/Decrease(-) in Debtors	3,139	-5,714
Increase/Decrease(-) in Inventories	-16	8
Contributions to/from Provisions	-812	46
Genuine Cash Payment to Pension Fund in Year	86	
Increase/Decrease in Interest and Dividend Debtors	-54	
Adjustment for Effective Interest Rate	-4	
Movement in Pension Liability	5,157	4,953
Other non-cash items charged to the net surplus or deficit on the provision of services	0	2,918
Carrying amount of non-current assets and non-current assets held for sale, sold or derecognised	1,877	
	30,008	8,417

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

	2021/22 £'000	2022/23 £'000
Proceeds from the sale of property, plant and equipment	-1,744	-2,784
Any other items for which the cash effects are investing or financing cash flows	-11,847	7,530
	-13,591	4,746

Cash Flow Statement - Investing Activities

	2021/22 £'000	2022/23 £'000
Purchase of Property, Plant and Equipment	-20,514	-9,312
Purchase of short-term and long-term Investments	0	0
Other payments for investing activities	-2,345	765
Proceeds from the sale of Property, Plant and Equipment	1,744	2,783
Other receipts from investing activities	11,847	-12,168
Net cash flows from investing activities	-9,268	-17,932

Cash Flow Statement - Financing Activities

	2021/22 £'000	2022/23 £'000
Repayments of short and long term borrowings	0	-2,003
Other payments for financing activities	6,564	-97
Net cash flows from financing activities	6,564	-2,100

28. ACQUIRED AND DISCONTINUED OPERATIONS

There have been no acquired or discontinued operations during 2022/23 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.

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:

	2021/22 £'000	2022/23 £'000
Basic Allowance	229	230
Special Responsibility Allowance	92	92
Travelling & Subsistence Allowance	1	1
Total	322	323

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:

2022/23	Notes	* Salary, Fees & Allowances £	Expense Allowances £	Compensation for Loss of Office £	Pension contributions £	Total £
Chief Executive		£ 123,546.41	£ 810.60		£ 23,925.50	£ 148,282.51
Assistant Chief Executive	a & b	£ 55,098.49	£ 73.80		£ 10,799.27	£ 65,971.56
Director of Regeneration & Neighbourhood Services	c	£ 49,258.58			£ 9,654.66	£ 58,913.24
Director Of Corporate Resources	d	£ 18,416.88	£ 56.70		£ 3,609.70	£ 22,083.28
Head of Finance & Property (Deputy Section 151)		£ 69,798.30	£ 171.50		£ 13,409.37	£ 83,379.17
Head of Housing		£ 71,862.00	£ -		£ 14,084.90	£ 85,946.90
Head of Regeneration Services		£ 71,862.00	£ 696.80		£ 14,084.90	£ 86,643.70
Head of People & Culture		£ 69,488.04	£ 29.70		£ 13,619.58	£ 83,137.32
Head of Neighbourhood Services		£ 30,740.97	£ 194.70		£ 6,025.20	£ 36,960.87
Head of Corporate Services		£ 72,217.37	£ 183.60		£ 14,084.90	£ 86,485.87
Head of Neighbourhood Services		£ 24,639.08	£ -		£ 4,829.25	£ 29,468.33

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

NOTES:

- a. With effect from 14/06/2022
- b. Retired 02/01/2023
- c. With effect from 05/09/2022
- d. Ended 13/06/2022

PREVIOUS YEAR COMPARISON

2021/22	Notes	* Salary, Fees & Allowances £	Expense Allowances £	Compensation for Loss of Office £	Pension contributions £	Total £
Chief Executive	a	72,962	497	0	14,244	87,704
Chief Executive	b	55,489	128		9,209	64,826
Assistant Chief Executive	a	38,525	83	0	7,367	45,975
Director of Regeneration & Neighbourhood Services	c			0		0
Director of Corporate Resources		86,978	190	0	16,960	104,128
Head of Finance and Property Services		3,155	3	0	618	3,777
Head of Corporate Services		62,759	171	0	13,708	76,639
Head of Regeneration Services		67,900	630.45	0	13,743	82,274
Head of Housing Services		70,325	68	0	13,708	84,101
Head of Neighbourhood Services		59,421	451.85	0	13,242	73,115
Head of People and Culture		54,001	68	0	12,778	66,847

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

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

b) The post holder left the Council 31 January 2020

c) The post holder commenced with the Council 9 March 2020

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	
	2021/22	2022/23
£50,000-£54,999	4	6
£55,000-£59,999	5	3
£60,000-£64,999	0	1
£65,000-£69,999	1	1
£70,000-£74,999	1	3
£75,000-£79,999	0	0
£80,000-£84,999	0	0
£85,000-£89,999	1	0
£90,000-£94,999	0	0
£95,000-£99,999	0	0
£100,000-£104,999	0	0
£105,000-£109,999	0	0
£110,000-£114,999	1	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	0	0
Total	13	15

TERMINATION BENEFITS

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

(a) Exit package cost band (including special payments)	(b) Number of compulsory redundancies		(c) Number of other departures agreed		(d) Total number of exit packages by cost band [(b)+(c)]		(e) Total cost of exit packages in each band	
	2021/22	2022/23	2021/22	2022/23	2021/22	2022/23	2021/22	2022/23
£0 - £20,000	0	0	0	0	0	0	£0	£0
£20,001 - £40,000	0	0	0	0	0	0	£0	£0
£40,001 - £60,000	0	0	0	0	0	0	£0	£0
£60,001 - £80,000	0	0	0	0	0	0	£0	£0
£80,001 - £100,000	0	0	0	0	0	0	£0	£0
£100,001 - £150,000	0	0	0	0	0	0	£0	£0
Total	0	0	0	0	0	0	0	0

32. EXTERNAL AUDIT COSTS

From 1st 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 1st 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:

	2021/22	2022/23
	£'000	£'000
Fees payable with regard to external audit services carried out by the appointed auditor for the year (Mazars)	44	53
Additional fees incurred in relation to the 2021/22 annual audit (Mazars)	12	
Other services provided by Mazars during the year/KPMG	3	3
Total	59	56

33. GRANT INCOME

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

	2021/22	2022/23
	£'000	£'000
Credited to Taxation and Non Specific Grant Income & Expenditure:		
Covid-19 Support Grants	5,380	43
New Homes Bonus Grant	822	1,373
Revenue Support Grant	173	426
Council Tax Support Admin Grant	133	
Council Tax Energy Rebate		67
Other Revenue Grants	361	1,058
Capital Related:		
Developers Contributions	310	
Other Capital grants	3,950	
Total	11,129	2,967
Credited to Services:		
Housing Benefits Subsidy	18,224	16,632
Business Rates - Collection Allowance	167	167
Homelessness Grants	188	274
National Lottery Grants	63	0
Flooding Grant	776	0
Council Tax Energy Rebate		8,086
Business Rates	0	3,604
Other revenue grants & contributions		729
Public Health grant		180
Capital Related:		
Better Care Fund - Disabled Facilities Grant	132	
Total	19,550	29,672

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.

	2021/22 £'000	2022/23 £'000
Revenue grants receipts in advance:		
H.B. Subsidy	70	70
Coronavirus Grant	179	179
Pilgrims Roots Project HLF Grants	24	24
Tackling Alcohol and HLF Grants	18	18
Total revenue grants receipts in advance	291	291
Developer contributions receipts in advance:		
Short-Term Creditor	3	3
Long-Term Creditor	1,157	1,157
Total receipts in advance	1,451	1,451

34. RELATED PARTIES

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

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 2021/22:

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

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.

	2021/22 £'000	2022/23 £'000
Opening Capital Financing Requirement	117,390	124,751
Capital Investment:		
Property, Plant and Equipment	20,973	21,984
Intangible Assets	0	76
Investment Properties	0	0
Revenue Expenditure Funded from Capital Under Statute (REFCUS)	1,130	2,044
Other	2,345	1,006
Sources of Finance		
Capital Receipts	-2,145	-664
Grants and Contributions	-7,094	-10,296
Major Repairs Reserve (MRR)	-6,993	-4,155
Other Reserves	-206	-581
Revenue Contributions	-12	-6,783
Sums set aside from Revenue (includes MRP)	-637	-483
Closing Capital Financing Requirements	124,751	126,898
Explanation of Movements in Year		
Increase in underlying need to borrow (unsupported by Government financial assistance)	7,998	2,882
Less voluntary set aside MRR	0	0
Less set aside MRP	-637	-811
Increase/(-) Decrease in Capital Financing Requirement	7,361	2,071
Split on Capital Financing Requirement between General Fund and Housing Revenue Account		
General Fund	28,278	30,349
Housing Revenue Account	96,473	96,473
	124,751	126,822

36. LEASES

Bassetlaw District Council as Lessee

Finance Leases

At 31 March 2023 the Council had no finance leasing arrangements and none at 31 March 2022.

Operating Leases

At 31 March 2023 the Council had no operating leasing arrangements and none at 31 March 2022.

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 minimum lease payments receivable in future years are as shown in the table below:

	2021/22 £'000	2022/23 £'000
Not later than one year	238	308
Later than one year and not later than five years	161	109
Later than five years	694	538
Total future minimum lease payments receivable	1,093	955

37. IMPAIRMENT LOSSES

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.

General Fund impairment losses of £183k were recognised in 2022/23 (£850k in 2021/22) which reflects a change in valuation basis for a large plot of land off Jubilee Road, now being valued on basis of amenity / agricultural land as opposed to a residential site.

HRA impairment losses of £7.060m were recognised in 2022/23 (£8.765m in 2021/22) in relation to expenditure incurred on Council Dwellings which did not lead to a pound for pound increase in that asset (Note 6 to the Housing Revenue Account refers).

	Council Dwellings £'000	Other Land and Buildings £'000	Total Assets £'000
General Fund	0	183	183
HRA	7,060	0	7,060
Total	7,060	183	7,243

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

Overall procedures for managing risk

The Council's overall risk management programme focuses on the unpredictability of financial markets, and seeks to minimise potential adverse effects on the resources available to fund services.

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 2022/23 was approved by Full Council on 3rd March 2022.

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 31st March 2023 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.

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 2022	31 March 2023
	£'000	£'000
Less than three months	740	252
Three to six months	161	45
Six months to one year	143	362
More than one year	1,256	1,326
Total	2,300	1,985

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 2022 £'000	Actual 31-Mar 2023 £'000
Less than 1 year	0%	50% £48,432	5,000	4,000
Between 1 and 2 years	0%	50% £48,432	4000	0
Between 2 and 5 years	0%	50% £48,432	5,500	8,500
Between 5 and 10 years	0%	50% £48,432	9,500	9,500
More than 10 years	0%	100% £96,863	74,863	74,863

Total	98,863	96,863
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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 31st March 2023, if all interest rates had been 1% higher (with all other variables held constant) the financial effect would be:

	£'000
Increase in interest receivable on variable rate investments	-116
Impact on Surplus (-) or Deficit on Provision of Services	-116
Decrease in fair value of fixed rate borrowings liabilities (no impact on the Surplus or Deficit on the Provision of Services or Other Comprehensive Income and Expenditure)	-57,020

The approximate impact of a 1% fall in interest rates would be as above but with the movements being reversed. These assumptions are based on the same methodology as used in the Note 16 – Fair value of Assets and Liabilities carried at Amortised Cost.

Price risk

The Council, excluding the Nottinghamshire County Council Pension Fund, does not generally invest in equity shares or marketable bonds.

Foreign exchange risk

The Council has no financial assets or liabilities denominated in foreign currencies. It therefore has no exposure to loss arising from movements in exchange rates.

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 £000	Average Age
Active members	515	11,798	48
Deferred pensioners	637	1,170	48
Pensioners	797	4,314	73
Unfunded pensioners	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.

	2021/22 £000	2022/23 £000
Comprehensive Income and Expenditure Statement		
Cost of Services:		
Current Service cost	6,009	6,015
Past Service costs	0	0
(gain)/loss from settlements	0	0
Administration expenses	73	59
Financing and Investment Income and Expenditure:		
Net interest expense	1,745	1,705
Total charged to the Surplus / Deficit on the Provision of Services	7,827	7,779
<i>Other Post-employment benefits charged to the CIES:</i>		
Re-measurement of the net defined benefit liability comprising:		
Return on plan assets	-8,271	-6,784
Changes in demographic assumptions	0	0
Changes in financial assumptions	-9,633	84,957
Experience loss/(gain) on defined benefit obligation	503	-14,572
Other gains and (-)losses	0	
Total charged to Other Comprehensive Income and Expenditure	-17,401	63,601
Total charged to the Comprehensive Income and Expenditure Statement	-9,574	71,380
<u>Movement in Reserves Statement -</u>		
Reversal of net charges made to the Surplus or Deficit on the Provision of Services	-7,411	7,779
<u>Actual amount charged against the General Fund Balance for pensions:</u>		
Employers' contributions payable to the Scheme	2,855	2,826
<u>Actual amount charged against the HRA for pensions in the year:</u>		
Employers' contributions payable to the Scheme	690	690

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:

	2021/22 £'000	2022/23 £'000
Present value of the defined benefit obligation	-222,126	-148,458
Fair value of plan assets	145,784	140,116
Net liability arising from the defined benefit obligation	-76,342	-8,342

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 and 2021/22 with the remainder being offset against the pension liability on the balance sheet. Including this year and the year 2022/23 the pension reserve of £77.262m and the net pension liability (£76.342m) will be brought into line as the lump sum payments are accounted for in 2022/23.

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

	2021/22 £'000	2022/23 £'000
Opening balance at 1 April	-225,835	-213,158
Current service cost	-6,009	-6,015
Interest cost	-4,466	-5,467
Contribution by scheme participants	-807	-856
Re-measurement Gains/Losses(-)		
Change in financial assumptions	9,633	84,957
Change in demographic assumptions	0	
Experience loss/(gain) on defined benefit obligation	-503	-14,572
Gains/Losses(-) on curtailments	0	0
Benefits paid	5,672	6,466
Unfunded pension payments	189	187
Liabilities extinguished on settlements	0	0
Closing Defined Benefit Obligation	-222,126	-148,458

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

	2021/22 £'000	2022/23 £'000
Opening fair value of scheme assets	137,249	146,168
Interest income	2,721	3,762
Re-measurement Gain/Loss(-)		
Return on Assets less Interest	8,271	-6,784
Other Actuarial Gains/Losses(-)	0	0
Contributions from employer	2,670	2,826
Contributions from employees into the scheme	807	856
Benefits paid	-5,861	-6,653
Administration expenses	-73	-59
Settlement prices received / (paid)	0	0
Closing Fair Value of Scheme Assets	145,784	140,116

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 1st April 2022. The significant assumptions used by the actuary have been:

	2021/22 %	2022/23 %
<u>Mortality Assumptions</u>		
Longevity at 65 for current pensioners:		
Male	21.6	20.7
Female	24.3	24.3
Longevity at 65 for future pensioners:		
Male	22.9	22
Female	25.7	25.8
<u>Financial Assumptions</u>	%	%
Rate of inflation - CPI	2.8	2.8
Rate of increase in salaries	3.8	3.9
Rate of increase in pensions	2.8	2.9
Rate for discounting scheme liabilities	2.0	4.8

Assets

The return on the Fund (on a bid value to bid value basis) for the year to 31st March 2023 is estimated to be 8.08% (21.57% as at 31st March 2022). 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.

Asset Share	2021/22		2022/23	
	£'000	%	£'000	%
<u>Asset Share</u>				
Equity Instruments	88,317	61	81,667	58
Gilts	4,293	3	2,896	2
Other Bonds	9,942	7	8,299	6
Property	18,730	13	16,630	12
Cash	8,160	5	7,332	5
Inflation-linked pooled fund	7,681	5	7,072	5
Infrastructure	8,661	6	11,013	8
Private Equities			5,207	4
	145,784	100	140,116	100

Additional Assumptions:

- Members will exchange half of their commutable pension for cash at retirement.
- Members will retire at one retirement age for all tranches of benefit, which will be the pension weighted average tranche retirement age.
- The proportion of the membership that had taken up the 50:50 option at the previous valuation date will remain the same.

The estimation of the defined benefit obligations is sensitive to the actuarial assumptions set out in the table above. The sensitivity analysis below has been determined based on reasonably possible changes of the assumptions occurring at the end of the reporting period and assumes for each change that the assumption analysed changes while all the other assumptions remain constant.

The assumptions in longevity, for example assume that life expectancy increases or decreases for men and women. In practice, this is unlikely to occur and changes in some of the assumption may be interrelated.

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)	154,560	142,835
Rate of increase in salaries (increase or decrease by 0.1%)	148,653	148,263
Rate of increase in pensions (increase or decrease by 0.1%)	150,510	146,453
Rate for discounting scheme liabilities (increase or decrease by 0.1%)	146,300	150,667

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 31st 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 31st 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 £148,458m (£222.126m in 2021/22) has a substantial impact on the net worth of the Council, as recorded in the Balance Sheet, resulting in a positive overall balance of £8.342m (£76.342m in 2021/22).

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 31st March 2023 is £3.642m.

Projected Pension Expenditure

The projected pension expenses for the year to 31st March 2023 are:

Projection for Year to 31 March 2024	£'000
Service cost	2,767
Net Interest on the defined liability (asset)	309
Administration expenses	58
Total	3,134
Employer contributions	3,642

These figures exclude the capitalised cost of any early retirements or augmentations which may occur after 31st March 2023. The projections are based on the assumptions as at 31st March 2023, 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. The Council has received no further indication that any additional levies would be imposed.

41. CONTINGENT ASSETS

A contingent asset arises where an event has taken place that gives the Council a possible asset whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the Council. Contingent assets are not recognised in the Balance Sheet but are disclosed in a note to the accounts where it is probable that there will be an inflow of economic benefits or service potential.

The case of fraudulent refunds of Business Rates which happened in 2019/20 is still on going and it is not certain as to how much the Council will be able to recover

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
- **Consolidated Group Accounts**
This section shows the consolidation of Bassetlaw District Council Statement of Accounts with Bersahill Limited Statement of Account to produce a Group Financial Statement
- **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.

HOUSING REVENUE ACCOUNT			
2021/22 £'000	INCOME AND EXPENDITURE STATEMENT	NOTE	2022/23 £'000
	Expenditure		
7,120	Repairs and maintenance		8,222
3,001	Supervision and management		3,032
1,428	Special Services		1,686
495	Rents, rates, taxes and other charges		526
13,244	Depreciation, impairment & revaluation losses of non-current assets	5,6	12,097
0	Debt management costs		0
22	Movement in the allowance for bad debts	8	319
25,309	Total Expenditure		25,883
	Income		
(25,854)	Dwelling rents	1	(26,286)
(280)	Non dwelling rents	2	(271)
(1,474)	Charges for services and facilities	3	(1,458)
(27,608)	Total Income		(28,014)
(2,299)	(-) Net income or expenditure for HRA Services as included in the Council's Comprehensive Income and Expenditure Account		(2,131)
4,311	HRA Services' share of Corporate and Democratic Core		4,445
92	HRA share of other amounts included in the whole authority cost of services but not allocated to specific services		90
2,104	Net Income (-) or Expenditure of HRA Services		2,405
	HRA share of the operating income and expenditure included in the Council's CIES:		
29	Gain or loss(-) on sale of HRA non-current assets		38
3,688	Interest payable and similar charges	7	3,686
(10)	HRA Interest and Investment Income	7	(200)
356	Net interest on the net defined benefit liability(asset)	9	347
0	Capital grants and contributions		0
6,167	(-) Surplus or deficit for the year on HRA services		6,276

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.

2021/22 £'000	MOVEMENT ON THE HRA STATEMENT	2022/23 £'000
(4,830)	Balance on the HRA at the end of the previous year	(6,306)
6,167	(-) Surplus or deficit on the HRA Income and Expenditure Statement	6,275
(7,642)	Adjustments between accounting basis and funding basis under statute (<i>see table below for details</i>)	(1,307)
(1,475)	Net (-) increase or decrease before transfer to/from Reserves	4,968
0	Transfers to or (from) reserves	0
(1,476)	(-) increase or decrease in year on the HRA	4,968
(6,306)	Balance on the HRA at the end of the current year	(1,338)

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;

2021/22 £'000	NOTE TO THE MOVEMENT ON THE HRA STATEMENT	2022/23 £'000
	Items <u>included</u> in the HRA Income and Expenditure Statement but excluded from the Movement on the HRA Statement for the year:	
(13,400)	Charges for depreciation and impairment of non-current assets	(12,097)
0	Capital grants and contributions applied	0
0	Revenue Expenditure Funded from Capital under Statute	0
	Capital grants and contributions unapplied credited to the CIES	
(0)	Gain(-)/Loss on Sale of HRA Non Current Assets	38
(1,596)	Reversal of items relating to retirement benefits debited or credited to the CIES	(1,583)
690	Employer's contribution payable to NCC pension fund and retirement benefits payable direct to pensioners	729
(14,306)		(12,913)
	items <u>not included</u> in the HRA Income and Expenditure Statement but included within the movement on the HRA Statement for the year:	
(31)	Capital expenditure funded by the HRA	(64)
6,695	Transfer to Major Repairs Reserve	4,925
0	Voluntary set aside for debt repayment	0
6,664		4,862
(7,642)	Net additional amount required by statute	(8,052)

NOTES TO THE HOUSING REVENUE ACCOUNT

(1) Dwelling Rents

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

	2021/22	2022/23
Dwelling Rents	£25.854m	£26.286
Average Weekly (52 week basis) rent per dwelling	£75.66	£75.66
Number of Voids (Empty Properties)	191	232
Voids as a percentage of the total Council's housing stock	2.88%	3.57%

	2021/22	2022/23
Dwelling Rents	£25.854m	£26.286
Average Weekly (52 week basis) rent per dwelling	£75.66	£75.66
Number of Voids (Empty Properties)	191	232
Voids as a percentage of the total Council's housing stock	2.88%	3.57%

(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.

	2021/22 £'000	2022/23 £'000
Non Dwelling Rents	280	271

(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:

	2021/22 £000	2022/23 £000
Charges for services and facilities	560	572
Reimbursement of Costs	537	484
Other Charges	377	402
Total	1,474	1,458

(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.

	2021/22 £000	2022/23 £000
Council Dwellings	3,984	4,508
Non-Current Assets (Other land and buildings)	434	384
Equipment & Vehicles	61	145
Amortisation of intangible assets	0	0
Total	4,479	5,037

(6) Impairment

During 2022/23 £12.1m 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.

	2021/22 £000	2022/23 £000
Council dwellings	7,833	7,060
Assets Under Construction	0	0
Non-Current Assets (Other land and buildings)	933	0
Intangible Assets	0	0
Total	8,765	7,060

(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 1st 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).

	2021/22 £000	2022/23 £000
Interest Payable:		
Item 8 Debit		
Internal borrowing - interest payable	194	223
Self-financing loan interest payable	3,495	3,463
Total	3,688	3,686
Interest Receivable:		
Item 8 Credit	(10)	(200)

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 31st March 2023 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-22 £'000	31-Mar-23 £'000
Rent Arrears	602	654
Court Costs	54	56
Service and Facilities Arrears		
Total	656	710
Outstanding debts as a proportion of gross rent due - Rent only	2.33%	2.49%
Amount of debts written off during the year:	£78k	£98k
Amount of impairment allowance for all debts:	£413k	£319k

(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	2021/22 £'000	2022/23 £'000
Comprehensive Income and Expenditure Statement		
Cost of Services:		
Current Service Cost	1,246	1,224
Past Service Cost	0	0
(Gain)/Loss from Settlements	0	0
Administration expenses	15	12
Financing and Investment Income and Expenditure:		
Net Interest Expense	356	347
Total Post-employment Benefit charged to the Surplus or Deficit on the Provision of Services	1,617	1,583

Movement in HRA Reserves Statement:

Reversal of net charges made to the Surplus or Deficit on the Provision of Services for post-employment benefits in accordance with the code	(1,617)	(1,583)
Actual amount Charged Against the HRA for pensions in the year:		
Employer's contribution payable to the scheme	690	729

(10) Housing Stock

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

Total 2021/22 No.		Pre 1,945 No.	1945- 1,964 No.	1965- 1,974 No.	1975- 2,013 No.	After 2,013 No.	Total 2022/23 No.
	<u>Traditional Houses and Bungalows</u>						
2,991	1 - 2 Bedrooms	246	971	505	1,227	35	2,984
1,557	3+ Bedrooms	566	621	133	152	49	1,521
	<u>Non Traditional Houses and Bungalows</u>						
530	Houses and Bungalows		207	322			529
	<u>Flats</u>						
928	Low Rise (1-2 storeys)	16	394	196	268	12	886
578	Medium Rise (3-5 storeys)		26	370	181	1	578
6,584	Total	828	2,219	1,526	1,828	97	6,498

The movement in housing stock during the year is analysed as follow:			
6,688	Stock at 1 April		6,584
7	Additions to housing stock		2
(18)	Sales, demolitions and disposals		(49)
	Properties being taken out of debit		(39)

(11) Vacant Possession Value

The value of Council Dwellings assuming vacant possession (Open Market Value) as at 31 March 2023 is £824.6m (31st March 2022 was £807.7m). 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:

	2021/22 £'000	2022/23 £'000
Disposal of land and other property	-	-
Sale of Council Dwellings	518	2,320
Other	-	-
Total	518	2,320

(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.

	2021/22	2022/23
	£'000	£'000
Balance as at 1 April	-849	-552
Depreciation on HRA Assets	-4,479	-4,925
Revenue Contributions to Capital	-2,217	0
Financing of Capital Expenditure	6,993	4,155
Balance as at 31 March	-552	-1,322

(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:

	2021/22	2022/23
	£'000	£'000
HRA Capital Expenditure Financed by :		
Borrowing	4,331	0
Grants and Contributions	0	0
Usable Capital Receipts	1,950	254
Revenue Contributions	0	6,783
Major Repairs Reserve	6,993	4,155
Total	13,274	11,192

(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 a REFCUS in 2022/23 of £1.96m (£1.96M in 2021/22).

(16) Exceptional Items or Prior Year Adjustments

There were no exceptional items in 2022/23.

THE COLLECTION FUND

EXPLANATORY NOTES TO THE COLLECTION FUND

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

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

With effect from 1st 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

2021/22				2022/23		
Business Rates	Council Tax	Total		Business Rates	Council Tax	Total
£'000	£'000	£'000	Income/Expenditure	£'000	£'000	£'000
INCOME						
	-				-	
0	77,784	-77,784	Council Tax Receivable		83,020	-83,020
-43,102	0	-43,102	Business Rates Receivable	-41,635		-41,635
-43,102	77,784	120,886		-41,635	83,020	124,655
Apportionment of Previous Year Surplus or (Deficit)						
-8,951	0	-8,951	Central Government	(3,685)		-3,685
-7,161	-34	-7,195	Bassetlaw District Council	(2,948)	52	-2,896
-1,611	-244	-1,855	Nottinghamshire County Council		370	370
-179	-13	-192	Nottinghamshire Fire and Rescue Authority	(663)	19	-644
0	-37	-37	Nottinghamshire Police and Crime Commissioner	(74)	58	-16
-17,902	-328	-18,230	Surplus or (deficit) balance carried forward	-7,370	499	-6,871
EXPENDITURE						
PRECEPTS, DEMANDS AND SHARES						
21,562	0	21,562	Central Government	20,778		20,778
17,250	7,898	25,148	Bassetlaw District Council	16,623	8,269	24,892
3,881	56,549	60,430	Nottinghamshire County Council	3,740	59,840	63,580
431	2,967	3,398	Nottinghamshire Fire and Rescue Authority	416	3,078	3,494
0	8,738	8,738	Nottinghamshire Police and Crime Commissioner		9,254	9,254
43,124	76,152	119,276		41,557	80,441	121,998
CHARGES TO THE COLLECTION FUND						
621	191	812	Write offs of uncollectable amounts	136	282	418
-574	66	-508	Increase /Decrease (-) in Impairment Allowance	412	870	1,282
-1,968	0	-1,968	Increase /Decrease (-) in Provision for Appeals	(774)		-774
167	0	167	Allowance for Cost of Collection	167		167
859	0	859	Disregarded amounts	926		926
3,275	0	3,275	Transitional Protection Payment to Central Govt	0		0
2,380	257	2,637		867	1,152	2,019
15,500	1,703	17,203	Surplus/Deficit (-) arising in year	6,581	928	7,509
-20,833	-177	-21,010	Surplus/Deficit (-) b/fwd 1 April	-5,333	1,526	-3,807
-5,333	1,526	-3,807	Surplus/Deficit (-) c/fwd 31 March	1,248	2,454	3,702

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-22	31-Mar-23
Total Rateable Value (£'000)	111,686	111,608
Non Domestic Rating Multiplier	51.2p	51.2p
Small Business Multiplier	49.9p	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 2022/23 after reliefs was £41.635m (£43.102m in 2021/22). The table shows a decrease of £1.5m this is mainly as a result of the ending of transitional arrangements in 2021/22

NET AMOUNT COLLECTED

	2021/22 £'000	2022/23 £'000
Non-Domestic Rate Income		
Gross Amount Due	57,905	55,904
Less Reliefs	-14,803	-14,269
Net Amount Collectable	43,102	41,635

The Council receives an allowance from the Collection Fund towards the collection of Business Rates, for 2022/23 this was £167k (2021/22 £167k)

The estimated year-end surplus or deficit on the Collection Fund non-domestic rates is shared between the billing and precept authorities. The calculation of the estimated surplus or deficit for the year has to be made on the 31st January each year. For 2022/23 a surplus of £0.406m was declared (a deficit of £7.371m in 2021/22).

The in-year balance on the business rates account at the 31st March 2023 is a surplus £1.248m (deficit of £5.333m in 2021/22) and this has been disaggregated for the purposes of these Accounts to attribute relevant amounts to the precept authorities' debtor/creditor accounts and the billing authority as follows:

	Surplus/(Deficit) at 31.03.22 £'000	Surplus in year £'000	Surplus/(Deficit) at 31.03.23 £'000
Bassetlaw District Council	-2,133	2,632	499
Central Government	-2,667	3,291	624
Nottinghamshire County Council	-480	592	112
Nottinghamshire Fire and Rescue Authority	-53	66	13
Balance at 31 March	-5,333	6,581	1,248

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 provision is £3.837m (2021/22 £4.612m) with the Council being responsible for £1.535m (2021/22 £1.845m). The £1.535m 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 1st 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 2022/23 financial year was 36,396.81 and was calculated as shown below:

Valuation Band	Ratio to Band D	No of Dwellings in Valuation List		Number of Band D Equivalent Dwellings	
		21/22	22/23	21/22	22/23
Band A-	5/9	0	0	77	75
Band A	6/9	27346	27458	15949	15966
Band B	7/9	8031	8206	5705	5815
Band C	8/9	6499	6592	5292	5375
Band D	9/9	6372	6557	5957	6148
Band E	11/9	3246	3325	3776	3864
Band F	13/9	1572	1631	2144	2230
Band G	15/9	702	711	1103	1121
Band H	18/9	57	56	88	82
Total		53,825	54,536	40,091	40,676
Deduction for non-collection, new build, demolition and other adjustments				-466	-501
Additional properties and adjustments during the year				-3,854	-3,778
Council Tax Base (Band D equivalent)				35,771	36,397

The Council set a Council Tax (excluding local precepts) at Band D of £2,171.39 in 2022/23 compared to £2,091.54 in 2021/22. This is broken down as follows:

	2021/22 £	2022/23 £
Band D Council Tax		
Bassetlaw District Council	183.48	188.48
Nottinghamshire County Council	1,431.21	1,447.02
Nottinghamshire County Council Adult Social Care	149.64	197.07
Nottinghamshire Police and Crime Commissioner	244.26	254.25
Nottinghamshire Fire and Rescue Authority	82.95	84.57
Total Council Tax Income	2,091.54	2,171.39

The year-end surplus or deficit on Council Tax Account is shared between the billing and the precept authorities on the basis of estimates made on the year-end balance. The calculation has to be made on the 15th January each year. For 2022/23 a surplus of £2.866m was declared (For 2021/22 a surplus of £0.500m was declared). The balance at the 31st March 2023, a surplus of £2.454m has been disaggregated for the purpose of these accounts to attribute relevant amounts to the precept authorities' debtor/creditor account and the billing authority as follows:

	Cuml. Surplus at 31.03.22 £'000	Surplus in year £'000	Cuml. Surplus at 31.03.23 £'000
Bassetlaw District Council	156	97	253
Nottinghamshire County Council	1,136	689	1,825
Nottinghamshire Police and Crime Commissioner	176	107	283
Nottinghamshire Fire and Rescue Authority	58	35	93
Balance at 31 March	1,526	928	2,454

CONSOLIDATED GROUP ACCOUNTS

Consolidated Group Accounts

This section of the Statement of Accounts details the group financial statements for the Council. These accounts have been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2022/23 (the Code) published by the Chartered Institute of Public Finance and Accountancy (CIPFA) and the aim of the Group Accounts is to provide the reader with an overall view of the material economic activities that the Council controls.

The Council is required to prepare group accounts where it has any interests in Subsidiaries, Associates, and any Joint Ventures, subject to consideration of materiality and using uniform Accounting Policies. Each year assessments are made of the Council's relationship with its partners and where an external body is assessed as having a group relationship (in accounting terms), group accounts are prepared.

Bersahill Ltd

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 £2.470M in loans/contributions towards the project in accordance with the terms of any contractual agreements. The development of 26 new homes (of which 4 are affordable) is now well underway and is expected to be completed during 2022/23.

Bassetlaw District Council is now the sole owner of the building development company Bersahill Ltd, after Woodhead Regeneration Ltd withdrew their interest from the company.

GROUP MOVEMENT IN RESERVES STATEMENT

2022/2023	General Fund Balance £'000	Earmarked General Fund Reserves £'000	Housing Revenue Account £'000	Capital Receipts Reserve £'000	Major Repairs Reserve £'000	Capital Grants Unapplied £'000	Total Usable Reserves £'000	Unusable Reserves £'000	Council's Total Reserves £'000
Balance at 31 March 2021 bought forward	4,126	11,692	6,306	2,902	551	18,532	44,108	243,576	278,332
Movement in Reserves during 2020/21									
Total Comprehensive Income and Expenditure	5,843	0	-6,317	0	0	0	-474	81,883	81,409
Adjustment between accounting basis & funding basis under regulations (Note 9)	-5,526	0	1,307	2,566	770	520	-363	363	0
Net Increase/Decrease(-) before Transfers to Earmarked Reserves	317	0	-4,968	2,566	770	520	-795	82,246	81,451
Transfers to/from(-) Earmarked Reserves (Note 10)	-788	788	0	0	0	0	0	0	0
Increase/Decrease(-) in 2022/23	-471	788	-4,968	2,566	770	520	-795	82,243	81,448
Balance at 31 March 2023 carried forward	2,294	10,892	1,338	5,468	1,321	19,052	40,505	325,819	366,325
2021/2022	General Fund Balance £'000	Earmarked General Fund Reserves £'000	Housing Revenue Account £'000	Capital Receipts Reserve £'000	Major Repairs Reserve £'000	Capital Grants Unapplied £'000	Total Usable Reserves £'000	Unusable Reserves £'000	Council's Total Reserves £'000
Balance at 31 March 2021 bought forward	4,687	15,560	4,830	2,339	849	15,283	43,548	172,190	215,738
Movement in Reserves during 2020/21									
Total Comprehensive Income and Expenditure	6,646	0	-6,167	0	0	0	479	62,104	62,583
Adjustment between accounting basis & funding basis under regulations (Note 9)	-11,075	0	7,643	-1,016	-298	4,827	81	-70	11
Net Increase/Decrease(-) before Transfers to Earmarked Reserves	7,534	0	1,687	-1,725	-3,083	4,505	8,918	62,034	62,594
Transfers to/from(-) Earmarked Reserves (Note 10)	3,868	-3,868	0	0	0	0	0	0	0
Increase/Decrease(-) in 2021/22	-562	-3,868	1,476	-1,016	-298	4,827	560	62,034	62,594
Balance at 31 March 2022 carried forward	4,126	11,692	6,306	1,323	551	20,110	44,108	234,224	278,332

GROUP COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT

2021/22					2022/23		
Gross Expenditure £'000	Gross Income £'000	Net Expenditure £'000	Service Area	Note	Gross Expenditure £'000	Gross Income £'000	Net Expenditure £'000
553	-141	412	Chief Executive		651	-144	507
4,912	-1,908	3,004	Corporate Services		5,397	-2,037	3,360
36,010	-35,308	702	Finance & Property Services		38,123	-32,085	6,037
2,807	-2,230	577	Housing Services		2,422	-2,371	51
554	-254	300	Human Resources		613	-254	360
10,561	-2,994	7,567	Neighbourhood Services		11,300	-3,301	8,000
5,473	-3,421	2,052	Regeneration Services		4,178	-2,248	1,930
29,548	-27,607	1,941	Housing Revenue Account		30,459	-28,054	2,406
90,418	-73,863	16,555	Cost of Services		93,143	-70,494	22,649
4,431	-1,914	2,517	Other Operating Expenditure	11	5,132	-3,378	1,755
6,022	-290	5,732	Financing and Investment Income and Expenditure	12	6,163	-1,078	5,085
23,703	-48,986	-25,283	Taxation and Non-Specific Grant Income and Expenditure	13	11,964	-40,979	-29,015
124,573	-125,053	-479	Surplus (-) or Deficit on Provision of Services		116,403	-115,929	474
			Items that will not be reclassified to the Surplus (-) or Deficit on the Provision of Services:				
		-44,703	Surplus(-) or Deficit on Revaluation of Non-Current Assets	26			-16,619
		-17,401	Re-measurements of the Net Defined Benefit Liability (Asset)	39b			-63,601
		-62,104	Other Comprehensive Income and Expenditure				-80,220
		-29,340	Total Comprehensive Income and Expenditure				-79,745

GROUP BALANCE SHEET

31 March 2022 £'000		Notes	31 March 2023 £'000
431,887	Property, Plant & Equipment	14	452,645
314	Heritage Assets	15	314
13	Intangible Assets	17	88
110	Long Term Investments	18	2,329
2,661	Long Term Debtors	20	110
434,985	LONG TERM ASSETS		455,488
0	Short Term Investments	18	0
4,268	Assets Held For Sale	22	3,876
161	Inventories	19	153
14,905	Short Term Debtors	20	20,011
28,489	Cash and Cash Equivalents	21	11,695
47,823	CURRENT ASSETS		41,016
-5,567	Short Term Borrowings	18	-4,568
-24,825	Short Term Creditors	23	-14,603
-388	Provisions Short Term	24	-733
-212	Grants Receipts in Advance - Revenue	33	-33
-30,992	CURRENT LIABILITIES		-22,902
-988	Long Term Creditors	23	-1,808
-1,770	Provisions Long Term	24	-1,471
-94,384	Long Term Borrowing	18	-95,656
-76,342	Pensions Liability	39	-8,342
-173,484	LONG TERM LIABILITIES		-107,277
278,332	NET ASSETS		366,325
44,108	Usable Reserves	25	-40,505
234,225	Unusable Reserves	26	-325,820
278,332	TOTAL RESERVES		-366,325

GLOSSARY OF TERMS

ACCOUNTING POLICIES

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

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

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

ACCRUALS

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

AMORTISATION

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

BALANCES

Surplus of income over expenditure that may be used to finance expenditure. Balances can be earmarked in the accounts for specific purposes. Those that are not, represent resources set aside for such purposes as general contingencies and cash flow management.

BALANCE SHEET

A statement of the recorded assets, liabilities and other balances at a specific date at the end of an accounting period.

BILLING AUTHORITIES

Those authorities that set the Council Tax and collect the Council Tax and Non-Domestic Rates.

CAPITAL ADJUSTMENT ACCOUNT

This provides a balancing mechanism between the different rates at which assets depreciated under the Code and are financed through the capital controls system. It should be noted that this account and the Revaluation Reserve are matched by fixed assets within the Balance Sheet - they are not resources available to the Council, and are therefore termed Unusable Reserves.

CAPITAL CHARGES

Annual charges to service revenue accounts to reflect the cost of fixed assets used in the provision of services.

CAPITAL EXPENDITURE

Spending that produces or enhances an asset, like land, buildings, roads, vehicles, plant and machinery. Definitions are set out in Section 40 of the Local Government and Housing Act 1989. Any expenditure that does not fall within the definition must be charged to a revenue account.

CAPITAL PROGRAMME

The capital projects a Council proposes to undertake over a set period of time. The usual period covered by a capital programme is three to five years.

CAPITAL RECEIPTS

The proceeds from the sale of fixed assets such as land and buildings. Capital receipts can be used to repay any outstanding debt on fixed assets or to finance new capital expenditure within rules set down by Government. Capital receipts cannot, however, be used to finance revenue expenditure.

CHARTERED INSTITUTE OF PUBLIC FINANCE AND ACCOUNTANCY (CIPFA)

The professional accountancy body concerned with local authorities and the public sector.

COLLECTION FUND

The Collection Fund is a statutory fund set up under the provisions of the National Local Government Finance Act 1988. It includes the transactions of the charging Council in relation to Non-Domestic Rates and Council Tax and illustrates the way in which the fund balance is distributed to Central Government, preceptors and the General Fund.

COMMUNITY ASSETS

These are assets that the Council intends to hold in perpetuity, that have no determinable useful life and that may have restrictions on their disposal. Examples of community assets are parks and historic buildings not used in the direct provision of services. It also covers items of Civic Regalia.

CONTINGENT LIABILITIES

Potential losses for which a future event will establish whether a liability exists and for which it is inappropriate to set up a provision in the accounts.

COUNCIL TAX

The main source of local taxation to local authorities. Council Tax is levied on households within its area by the billing Council and the proceeds are paid into its Collection Fund for distribution to precepting authorities and for use by its own General Fund.

COUNCIL TAX BASE

The council tax base of an area is equal to the number of band "D" equivalent properties. It is calculated by counting the number of properties in each of the eight Council Tax bands and then converting this into an equivalent number of band "D" properties (e.g. a band "H" property pays twice as much Council Tax as a band "D" property and therefore is equivalent to two band "D" properties). For the purpose of calculations made by a local Council of the basic amount of Council Tax for its area for each financial year, the Council makes an estimate of its collection rate and reflects this in the tax base.

CURRENT EXPENDITURE

Expenditure on running costs such as that in respect of employees, premises and supplies and services.

DEFERRED CAPITAL RECEIPTS

Amounts derived from the sale of assets that will be received in instalments over agreed periods of time. These arise mainly from mortgages on the sale of council houses.

DEFERRED CREDITORS

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

DEPRECIATION

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

EARMARKED RESERVES

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

EMOLUMENTS

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

EXTERNAL AUDIT

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

FEES AND CHARGES

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

FINANCE LEASE

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

FINANCIAL INSTRUMENT

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

FINANCIAL INSTRUMENT ADJUSTMENT ACCOUNT

An account that holds the accumulated difference between the financing costs included in the Comprehensive Income and Expenditure Account and the accumulated financing costs required in accordance with regulations to be charged to the General Fund Balance.

FINANCIAL YEAR

The Council's financial year commences on 1st April and ends on 31st 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 1st 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.



Annual Governance Statement 2022/23

To follow

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If you need any help communicating with us or understanding any of our documents, please contact us on **01909 533 533**.



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DISTRICT COUNCIL
— North Nottinghamshire —