Ashfield
DISTRICT COUNCIL

Draft Statement of Accounts
2021/22

CONTENTS

CONTENTS CONTINUED

NARRATIVE REPORT

1. BACKGROUND TO THE NARRATIVE REPORT

The Accounts and Audit (England) Regulations 2015 introduced a requirement for Local Authorities to publish an annual narrative report to accompany its Statement of Accounts. The purpose of the narrative report, which replaced the explanatory forward in the Statement of Accounts, is to comment on the Council's financial performance and economy, efficiency and effectiveness in its use of resources over the financial year. The Narrative Report summarises what Ashfield District Council spent in 2021/22, how it was spent and what has been achieved in line with the Corporate Priorities. It provides a narrative context to the accounts by presenting a clear and simple summary for residents, of Ashfield's financial position and performance for the year and its prospects for future years.

2. COUNCIL LEADER'S PREFACE

Cllr Jason Zadrozny
Leader of Ashfield District Council

Despite a further year of the Covid-19 pandemic, 2021/22 has proved to be a very successful year for Ashfield both in terms of maintaining high quality service delivery and continued effective financial management.

A robust 2021/22 budget set for the year supplemented by effective, responsible financial control by accountable officers and close scrutiny by elected Members has again enabled the Council to deliver within budget.

This year I am particularly delighted with the progression of our capital programme and specifically the significant enhancements at our Hucknall and Lammas Leisure Centres and the considerable progress made on building our new Kirkby Leisure Centre which will open this summer. I am also delighted that we have again made vast improvements to our parks and open spaces during the last year. This has been of immense importance to assist with the health and well-being of our residents during the pandemic when access to so many facilities has been significantly compromised and for long periods of time.

We are making good progress on delivering the Future High Streets and Towns Fund projects after the Council secured over £6.27m from the Future High Streets Fund to invest in Sutton-in-Ashfield and £62.6m Towns Fund for both Sutton and Kirkby.

As these projects come to fruition this investment in our District will offer huge opportunities to our local residents and businesses going forward, as well as attract further inward investment to the District, all of which will help grow the local economy for the benefit of all.

We recently (June 2022) launched our Climate Change Strategy as the Council is keen to play a local leadership role on climate change issues by taking action to reduce our own emissions, which is where we have the greatest degree of control and impact. We will also work to influence and assist the wider community to reduce emissions and to reduce Ashfield's overall carbon footprint.

Ashfield is an ambitious and aspirational Council, but also one that delivers. We put our residents and businesses at the heart of everything we do and will continue to do so.

We know Ashfield, like all Councils faces future financial challenges but with our passion and desire we are confident that we will continue to invest in our District and through this, deliver increased opportunities and increased chances of an improved quality of life for our residents.

Cllr Jason Zadrozny
– Leader of Ashfield District Council

3. INTRODUCTION TO THE NARRATIVE STATEMENT

by the Corporate Finance Manager (Section 151 Officer)

As the Council's Chief Finance Officer I am pleased to present Ashfield District Council's Statement of Accounts for the year ending 31st March 2022. The Statement aims to provide information to all stakeholders (residents, local businesses, Councillors, partners, members of the public) so that they can:

- Understand the overall financial position of the Council and the Outturn for 2021/22
- Have confidence that the Council has used and accounted for public money in an appropriate manner
- Be assured that the financial position of the Council is sound and secure

This Statement of Accounts has been prepared and published in accordance with the Code of Practice on Local Authority Accounting 2021/22 issued by the Chartered Institute of Public Finance and Accountancy (CIPFA) and the Accounts and Audit (Amendment) Regulations 2021.

The Statement of Accounts should be read in the context of continuing demand and cost pressures on the services provided by the Council, and the level of resources available to fund them. This includes the additional financial challenges and government funding made available as a consequence of the Covid-19 pandemic. As the Government issued another single year Spending Round for 2022/23 there remains significant uncertainty about the level of future Government funding. Whilst the short-term funding decisions are understandable given the continued focus on responding to the pandemic, this does severely hamper effective longer term financial planning. This financial uncertainty is further compounded by the current and forecast unprecedented levels of inflation in the economy.

The pressures on Council services will continue to rise and the future financial position of the Council will be dependent on its ability to manage demand, (which is increasing due to the current cost of living crisis significantly impacting on our residents and businesses), with reducing resources at a time of increasing inflation.

The Council continues to progress implementation of its Digital Services Transformation Strategy, which along with the review of current services and service level provision, and the identification of opportunities for additional income generation, will be critical to the Council's ongoing financial sustainability. Ashfield is not unique in this regard – all Councils face this future funding uncertainty.

We know that further challenges lie ahead and the Council's Cabinet working with senior management are actively progressing options to address these challenges. The 2021/22 accounts demonstrate the Council's success, despite the ongoing impact of the pandemic, in continuing to deliver high quality services within budget and this will put the Council in a good position in respect of addressing future financial challenges.

Pete Hudson ACMA, CGMA
Corporate Finance Manager (S151 Officer)

4. INTRODUCTION TO THE DISTRICT OF ASHFIELD

Ashfield is situated within North Nottinghamshire and serves a population of approximately 128,330 residents (ONS 2020 mid-year estimates) covering an area of 42 square miles across three towns (Kirkby-in-Ashfield, Sutton-in-Ashfield and Hucknall) and a number of rural villages. The area boasts a mix of beautiful countryside, complemented by award winning urban and country parks. Ashfield is one of seven District Councils in Nottinghamshire.

Ashfield has excellent transport links through the M1 motorway, bus, rail and tram links which makes the area an ideal business location. The District is also within one hour's drive of East Midlands Airport and Doncaster Sheffield Airport.

Ashfield has traditionally relied on the manufacturing sector for local employment but recognises the need to move to a more diverse local economy offering 'high value added' services as well as manufacturing. In 2020 the unemployment rate (16-64) was 3.5% which is lower than the East Midlands and national average (4.4%), however, those in employment on average earn less (£535 per week gross, an increase of 6% on 2020) than the average weekly pay in Great Britain (£613, an increase of 4.4% since 2020).

The Council is working with its partners to address the skills gap and promote the area as a place to invest, particularly for Creative, Business, Professional Financial Services, Advanced Manufacturing and Knowledge Based Industries; and to connect local people to local jobs. The ongoing Towns Fund investment will help realise some of this ambition.

Since October 2016 the Council has managed its own housing stock and remains committed to providing good quality housing and continues to invest in its housing stock. In the last financial year the Council has built 17 properties and in the last 4 years the Council has also acquired 54 additional properties to grow its stock and help meet the social housing needs of Ashfield residents. During 2021/22 £2.0m was spent to maintain Council houses to the Decent Homes Standard. This is significantly less than in 2020/21 (£2.6m) largely as a consequence of the shortage of materials and long lead times causing delays to works. As at the 31st March 2022 the Council has 6,633 Council dwellings.

Although the rate of building new homes in the District has declined in the last 2 years, new properties do continue to be built and the Council Tax base continues to grow. The majority of properties within the District are categorised at the lowest levels for Council Tax billing purposes, Band A to Band C. Band A: 46%, Band B: 22% and Band C: 18%. Of the £71.531m of Council Tax raised in 2021/22, the Council received £6.425m (9.0%) to help provide residents with the services on which they rely.

5. GOVERNANCE & RISK

There have been a few changes to the potential significant risks included in the Annual Governance Statement for 2021/22.

A number of former significant risks have been de-escalated. These being; progression of the Digital Services Transformation programme which is ongoing and continues to deliver service improvements, efficiencies and savings; the monitoring of Investment Properties which is embedded within robust financial monitoring processes and has not presented any significant concerns over the last year and none are currently foreseen; and the Covid recovery response. These will continue to be monitored and should their status change to being of significant concern, they will be escalated.

Two new risks have been added as potential significant corporate risks. These being, Planning Appeals and Towns Fund. Details of these and their planned mitigation is set out in the table below, along with other key corporate risks and mitigation.

Corporate Risk	Risk Mitigation
Future financial sustainability	Robust balanced budget for 2021/22. Ongoing work programme with Cabinet/CLT to identify savings and income generating opportunities to address the estimated funding gap: Digital Services Transformation agenda, service reviews, review of fees and charges, procurement savings. The Council also has robust reserves which will assist in transitioning to revised levels of central government funding whilst at the same time identifying and implementing 'Options for Change' to assist with addressing the Council's future financial challenges.
Failure to adopt a Local Plan	Although the work undertaken by Ashfield has been delivered to timescales, the Council has, following consultation on the draft local plan during 2021/22, sought further clarification from the Government as to emerging policy and guidance. Given the intended overhaul of the planning system identified in the Levelling Up and Regeneration Bill and the continuing lack of clarity in relation to the green belt and approach to housing numbers, it is clear that some further understanding of policy intention is required. A new Local Plan Timetable will be developed once further clarity is received.
Planning Appeals	Following Internal Audit work during the year a risk was identified relating to the planning appeal overturn level which will continue to be monitored during 2022/23. The appeal overturn rate was 8.16% in May 2022. Department for Levelling Up, Housing and Communities requirements specifies that at 10% a Council's Planning process may be placed in special measures. A process has been agreed to provide quarterly updates to the Leadership Team when the percentage is over 8%. Member training is being provided as an ongoing process.
Data Matching and National Fraud Initiative	The Council must continue to develop and embed its corporate approach to anti-fraud (including data matching). The Anti-Fraud Officer Working Group will continue to deliver the action plan which was developed to better meet the Government's functional standard. The Council will consider how it can create greater operational resilience and improve capacity to identify and deal with suspected fraudulent activity.
Towns Fund	To ensure access to the allotted £62.6m Towns Funding for Sutton in Ashfield and Kirkby in Ashfield the Council is developing robust business cases for the suite of projects making up the Kirkby in Ashfield and Sutton in Ashfield Town Investment Plan followed by delivery of projects over the next 5 years. These are at various stages; some have been signed off and are being delivered; some Business Cases are in development, and some are pending commencement of development. Robust Governance processes are in place to manage the development and delivery phases of each of the 17 Towns Fund projects.

6. CORPORATE PLAN

The current Corporate Plan covers the period 2019 to 2023 and was originally approved by Cabinet in September 2019 with a refresh of the Plan being approved by Cabinet in May 2022.

VISION

The purpose of the Council as set out in the current Corporate Plan is to:

a. Serve the Communities and Residents of Ashfield;
b. Provide good quality, value for money services; and
c. To act strategically and plan for the future, working with others to bring about sustainable improvements in people's lives.

PRIORITIES

The Council's Priorities as set out in the current Corporate Plan are:

a. Health & Happiness;
b. Homes & Housing;
c. Economic Growth & Place;
d. Cleaner & Greener;
e. Safer & Stronger; and
f. Innovate & Improve

Each Directorate has a number of service areas and each has a Service Plan which supports effective delivery of the Corporate Plan priorities.

OVERALL PERFORMANCE

Corporate Plan progress is monitored through both the successful delivery of key projects and initiatives, and performance achieved against the corporate scorecard.

Overall, the corporate scorecard outturn for April 2021 to March 2022 and despite the continuing impact of the Covid-19 pandemic indicates the following:-

85% of measures achieved or exceeded target, or were within a 10% variance of target.

65% of measures indicated an improved position compared to the previous year, or were within 5% of previous year's performance levels.

7. OPERATIONAL PERFORMANCE / ACHIEVEMENTS 2021/22

The Council has delivered many significant achievements in 2021/22. Some of the key achievements set out by Corporate Plan Priority are:

HEALTH AND HAPPINESS

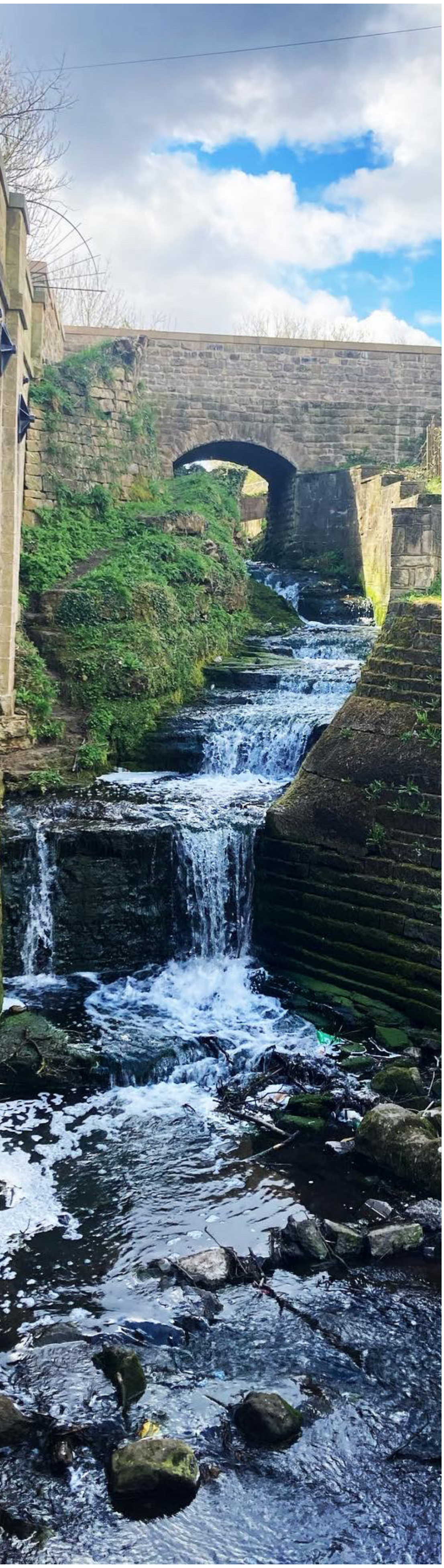
- **Events** - There have been a significant number of Events held across the District during 2021/22 including; four cinema events, Remembrance events, Christmas festivals, two Food and Drink festivals, and Ashfield Arts Festival was supported as an online event this year, with expansion planned for next year. A very successful Night Light event was also delivered in February by First Art with the Council's support.
- **Health & Wellbeing** - Better Care Fund (BCF) expenditure on Disabled Facilities Grants (DFG's) has remained on track throughout the year with a good flow of referrals and the DFG Team catching up on backlog post lockdown.
- **Leisure** – The Leisure Transformation Programme – 2021/22 saw significant investment at Hucknall and Lammas Leisure Centres. Both have refurbished gyms, exercise studios, front of house areas and wellbeing hubs. The wet change facility at Hucknall was completed and contracts were signed for works to begin in April 2022 for the new learner pool. The ice rink saw significant investment at Lammas and a new soft play and TAG Active arena were installed at the Lammas Leisure Centre. Huge progress was made on building the new Kirkby Leisure Centre which will open in Summer 2022.
- **Leisure Attendance** - During 2021/22 there were over 1 million attendances at our leisure centres, returning to pre-pandemic levels, with 7,550 fitness members and 3,622 children and young people accessing swimming lessons. A new Active Communities Plan has been developed in line with the Be Healthy, Be Happy Strategy objectives. The Health Hubs at Lammas and Hucknall Leisure Centre are open, with a variety of sessions running for people living with Dementia, Parkinson's and Autism for example. Nottinghamshire Independent Domestic Abuse Service (NIDAS) and the Social Prescribers are also using these spaces to support their user groups. Everyone Active are supporting the Holiday Activities and Food programme and Feel-Good Families. During 2021-22 the social value across the sites and active communities programme totalled £3,274m.
- **Support for Families** - The Council co-ordinated 2,148 attendances through the Holiday Activities and Food (HAF) programme during the Summer, Winter and Easter holidays. £66,000 of funding was secured through work with Mid and South Notts Place Based Partnership to increase capacity to reduce health inequalities in the Coxmoor and Broomhill/Butler's Hill priority places, and £35,000 was secured through Nottinghamshire County Council to recruit a 12-month fixed term Food Co-ordinator to accelerate work to address food insecurities.
- **The Council achieved the Armed Forces Covenant Employer Gold Award.**
- **Welfare and money management advice/ support for residents** – the Council has assisted Nottinghamshire County Council with referrals to the Household Support Fund, ensuring that vulnerable residents could access support to food, utility vouchers and other essential household items.

HOMES AND HOUSING

- **Housing** - Void re-let times - After a difficult start to the year, performance has improved, reducing from 32.4 days (April to September 2020) to 29.8 days (April 2021 to March 2022).
- **Operational Efficiency** - Work is underway on introducing case management on the Total Mobile system for the Tenancy/Estates team to enable them to record incoming work and manage cases more effectively. This will enable the team to respond to customers much more effectively. Laptops and tablets are being fully utilised for real time updates whilst working out on site.
- **Housing Developments** - Review of land and assets is now complete and the pipeline affordable housing development programme in place. There is an ongoing review of garage sites in readiness for disposal. Affordable Housing: 8 sites now in progress - total of 46 properties. Cabinet approval has also been given to develop a further circa 70 units over 3 further sites.
- **Homes made available under the Next Steps Accommodation Programme (NSAP)** are now occupied and we are working with Framework to deliver the next batch of homes for former rough sleepers. In addition, extra units of supported housing have been made available this year through the YMCA via Rough Sleeper Initiative (RSI) funding.
- **Social Housing White Paper** - following the introduction of the Social Housing White Paper, multiple sections of the Council are working to ensure that the necessary compliance is in place to meet the new standards and regulations coming into force for the Council's social housing stock.
- **Welfare & Money Management Advice** - Nearly 1,000 tenants have been assisted throughout the year, and all tenancy support cases have been able to successfully remain in their tenancy following targeted support.

ECONOMIC GROWTH AND PLACE

- **Levelling Up Bid for Hucknall** - a brief has been issued to consultants to develop and prepare a bid for Hucknall to the Levelling Up Fund which is due to open for applications in Spring 2022. A Members engagement event was completed early 2022 to inform the bid. The draft Hucknall Town Centre Masterplan has been consulted on and is now being finalised. It is intended that the masterplan will be brought to Cabinet in July.
- **The four Future High Street projects progressed well:**
  * The High Pavement building, and Low Street retail repurposing projects have completed the design development stage and are on schedule for completion early 2023.
  * The Fox Street public realm project is in the initial stakeholder engagement and design planning stage.
- **Business Support** - the latest Winter business support directory was developed; this contained further improvements including a business news section. A business ambassador and business leaders networking event has been developed with Discover Ashfield and the first event was successfully held on 30th November 2021 followed by a second successful event held in February 2022.
- **Business Development** - Work continues to progress with some significant interest in proposals around Junction 27 and Sutton Parkway. M1 corridor, Maid Marian Line and other key transport nodes, a clear part of the emerging vision for Ashfield.
- **Planning performance** has remained well above national standards for major applications, with 95% of major planning applications processed within 13 weeks.
- **Towns Fund Key Projects** - Delivery of the Towns Fund programmes is progressing well with the Enterprising Ashfield scheme, Portland Square and Visitor digital schemes approved by Government for delivery. The Business cases for the Civils Engineering, Kings Mill Reservoir, Green Ashfield, Construction Centre, Walking and Cycling and West Kirkby Gateway projects are undergoing the local assurance process and will be submitted to Government in mid July.
- **The Local Plan** has been consulted on and achieved some very successful engagement with the community with over 1,000 letters covering many aspects. The consultation responses are being assessed but the plan is on hold awaiting clarity from the Government as to their future approach on the standard housing methodology and the approach to green field sites. An exploratory meeting with the Planning Inspectorate was held in January. Work has progressed on evidence base for highways and additional study on warehousing and distribution. In response to representations, a Local Plan Panel has been established.
- **The Skills strategy** has been adopted. Many organisations have signed up to the memorandum of understanding. Actions are being implemented. The Council has participated in an open doors programme. It is working with partners to deliver multifunctional facilities in our town centres and key hubs through the Towns Fund and Levelling Up Funds. Primary and Secondary school partnerships are firmly established.
- **The 2021 assessment of the District in relation to Prosperity**, which includes detailed data on levels of institutional, economic, and social wellbeing, indicated a significant leap forward of 114 places, compared nationally out of 379 local authorities, comparative to our 2020 assessed position.



CLEANER AND GREENER

- **Parks and Open Spaces** - The six Green Flag Awards for the main parks were retained this year and small flag-raising ceremonies held at each of the sites. Implementation of the Green Spaces Programme has progressed well with works completed on the play provision and brook restoration at Titchfield Park, Hucknall. Works to provide a new play area were completed at Hornbeam Park in Kirkby and at Nuncargate Recreation Ground improvements were undertaken to the play area, paths and entrances. A masterplan was developed for Selston Country Park following public consultation. Works at Kings Mill Reservoir were also completed which included new car parking and footpath improvements. Phase 1 works to Huthwaite Welfare Park which includes a new play area were completed in late 2021.
- **The Big Ashfield Spring Clean** – successful delivery of our 5th Big Ashfield Spring Clean campaign, collecting over 175 tonnes of waste from across the District through flying skips.
- **Green Initiatives** - 25 litter picking packs and 8 wormery's have been provided to schools across the District and we have seeded our first bee super-highway. The Department for Environment, Food and Rural Affairs reported that there has been a 16% increase nationwide in reported fly tipping during the COVID pandemic. Ashfield District Council broke that trend, with a 4% reduction in fly tipping reports received this year compared with 2020/21.
- **The Council's Climate Change Strategy** moved through its consultation stages and the final strategy was presented to Cabinet for approval in June 2022. The targets remain challenging and reliant on external funding and technological development to achieve its full potential. The Council has successfully bid for funding under the Public Sector Decarbonisation Fund, the Green Homes Grant Phase 1B, the Green Homes Grant Phase 2, and is awaiting the outcome of a bid for funding under the Social Housing Decarbonisation Fund. Following the successful bid for Phase 1B, this, and other projects, are now at various stages of delivery.

SAFER AND STRONGER

- **Anti-Social Behaviour** - The Council responded to 5,745 reports of anti-social behaviour, neighbourhood nuisance and environmental crime reports between 1st April 2021 and 31st March 2022. The Council and Police partnership initiative was implemented to provide high visibility reassurance in neighbourhoods, town centres and public spaces.
- **Enviro-crime** - A number of environmental crime action days have been undertaken to address fly tipping and waste on land resulting in 91 fines being issued, the highest recorded amount in the Council's history.
- **The Council, alongside partners and the Office of Police and Crime Commissioner, was successful in securing £550,000 in October as part of the Safer Streets Round 3 Funding programme**. The bid was the joint highest nationally which is being used to address longstanding community concerns relating to women's and girls' safety, violence, and the perception of crime in public spaces throughout Sutton. The work has been commended by the Home Office and Safe Point Cameras have gained worldwide attention.
- **Safeguarding Champions** have been introduced within the Council. Their role is to be departmental and cross Council representatives assisting with providing advice and disseminating information across the Council.
- **Community Safety** – The Community Safety team made 144 referrals to the MASH (Multi-Agency Safeguarding Hub) to safeguard vulnerable adults and children and protect them from further harm/abuse. In September, the Council and Police launched a dedicated partnership vulnerability programme (VASS) with a primary aim of reducing crime, anti-social behaviour and vulnerability through person centred interventions. In October, following a successful consultation, audit and review, a new Public Spaces Protection Order was approved, enabling the continuation of powers to tackle localised problems.
- **Joint Working** - the Council, Police, Fire Service and Health Service have been delivering engagement events across the super output areas of the District, building and fostering positive relationships to understand community need and assist them to become self-sustaining, through self-help and resident participation. Successful events have taken place in New Cross, Hucknall, and a Dog Awareness Event was held on Sutton Lawn and at a partnership LGBTQ event in Kirkby.
- **Public Safety** - A refreshed CCTV policy and strategy was adopted in November to support the continued identification of criminality and anti-social behaviour. This framework has helped establish funding for 10 upgraded CCTV Cameras for Kirkby and Hucknall which have now been installed.

INNOVATE AND IMPROVE

- **Customer Services** - the continued review and implementation of changes to call handling has seen a further significant 14% reduction in the level of abandoned calls for 2021/22 compared to the previous year, with the call abandoned rate out-turn at 3%, compared to 2020/21 which was 3.5%. Over 64,000 payments have been made online from April to September 2021, a significant increase of 6.4% compared to last year and a third higher over the last 2 years since we implemented our new 'e-store', exceeding channel shift predictions. We are also continuing to see reductions in the use of costly 'Paypoint' and post office transactions, with a further 6.6% reduction compared to the previous year,
- **Digital transformation** – Further successful channel shift has been achieved because of the digital developments being undertaken in-house, which have to date focussed mainly on waste and environment and revenues transactional processes. Telephone demands for waste and environment services in 2021/22, compared to 2020/21, have seen a significant 18% reduction. This relates to nearly 10,000 less calls throughout the year compared to last year. There has been a corresponding significant increase in the use of our online forms throughout 2021/22, with nearly 37,000 online forms completed, over 21,000 of which were through use of our in-house built forms. The use of these online forms/ features, and corresponding reduction in telephone demand is a significant indication of the impact of our digital developments on shifting customer demand to less costly channels. By the end of 2021/22, our Digital Transformation Programme has delivered a cumulative total of £2.2m in benefits realisation.

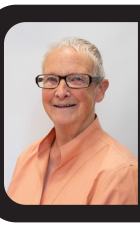
8. ORGANISATIONAL DELIVERY
POLITICAL STRUCTURE

The Council consists of 35 Councillors, controlled by the Ashfield Independents (28) with 3 Conservative, 2 non-aligned and 2 Labour Councillors. During 2021/22 the Council's Cabinet comprised of ten Councillors:

Councillor
Jason Zadrozny
Leader of the Council

Councillor
Tom Hollis
Deputy Leader and Executive Lead Member for Council and Social Housing
(INWARD FOCUS)

Councillor
Helen-Ann Smith
Deputy Leader and Executive Lead Member for Community Safety and Crime Reduction
(OUTWARD FOCUS)



Councillor
Rachel Madden
Executive Lead Member for Leisure, Health and Wellbeing
(INWARD FOCUS)

Councillor
Sarah Madigan
Executive Lead Member for Customer Services and Strategic Planning
(OUTWARD FOCUS)

Councillor
David Martin
Executive Lead Member for Finance, Revenues and Benefits
(INWARD FOCUS)

Councillor
Samantha Deakin
Executive Lead Member for Parks, Town Centres and Environmental Services
(OUTWARD FOCUS)

Councillor
John Wilmott
Executive Lead Member for Licensing, Environmental Health and Regulatory Services
(INWARD FOCUS)

Councillor
Matthew Relf
Executive Lead Member for Regeneration and Corporate Transformation
(OUTWARD FOCUS)

Councillor
David Hennigan
Executive Lead Member for Climate Action Strategy and Corporate Communications

Within Ashfield there are two parishes, Selston Parish Council and Annesley & Felley Parish Council who provide additional services to residents within their respective boundaries. The JUS-t Neighbourhood Plan was made for a substantial part of the Parish of Selston following a referendum in October 2017. Currently no neighbourhood plan has been adopted by Annesley & Felley Parish Council.

The Teversal, Stanton Hill and Skegby Neighbourhood Forum brought forward a Neighbourhood Plan for Teversal, Stanton Hill and Skegby, which was also made in October 2017. The Forum was re-designated for a further five years following a decision of the Cabinet on 27th January 2020.

MANAGEMENT STRUCTURE AND WORKFORCE

The Council's management structure – the Corporate Leadership Team (CLT) is documented in the Council's Constitution and is comprised of the Chief Executive, four Directors and the Corporate Finance Manager (& Section 151 Officer). The CLT is responsible for implementing the Council's strategic goals as determined by elected Members, and for the effective operational delivery and management of Council services.

As at 31st March 2022 the Council's workforce comprised 568 employees in post (516.24 full time equivalent posts) on the approved staffing establishment.

KEY PARTNERING ARRANGEMENTS

In 2021/22 Ashfield District Council has key working relationships with the following organisations:

- Mansfield District Council and Newark & Sherwood District Council for owning and operating the Mansfield Crematorium.
- Mansfield District Council for delivering shared services across both authorities for Human Resources & Payroll and Legal Services. (The Legal Joint Service ended in June 2022 and the HR and Payroll Joint Service is scheduled to cease in November 2023).
- Ashfield District Council is the Lead Partner for the Rough Sleeper Initiative funding/service.
- Mansfield District Council – Home Options Partnership
- Mansfield District Council and Newark & Sherwood District Council – Private Sector Landlord Forum
- Broxtowe Borough Council - Ashfield provides Business Rates processing support to Broxtowe.
- J. Tomlinson Ltd, our delivery partner for completing capital improvements to the Council's housing stock.
- Nottingham City Homes for the Lifeline Service.
- Sport & Leisure Management Ltd for operating the Council's Leisure Centres.
- Nottingham City Council for provision of Procurement services.
- Central Midlands Audit Partnership (CMAP) for the provision of our Internal Audit function.
- Erewash Borough Council for the provision of our Building Control function.

9. FINANCIAL PERFORMANCE 2021/22

GENERAL FUND REVENUE OUTTURN

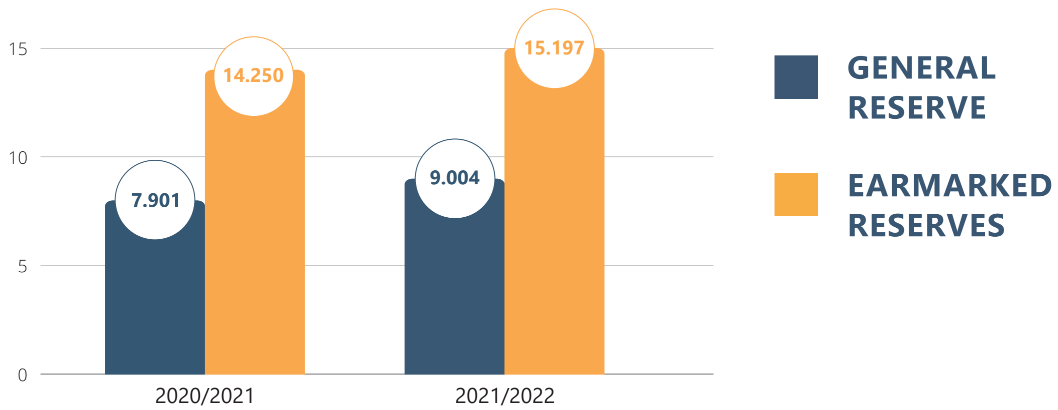
The General Fund supports the day to day running of the Council's services, excluding Council Housing provision.

Directorate	Revised Budget £'000	Outturn £'000	Variance £'000
Chief Executive	547	485	(62)
Resources & Business Transformation	(67)	(429)	(362)
Legal & Governance	1,787	1,744	(43)
Place & Communities	9,276	8,509	(767)
Housing & Assets	2,190	2,002	(188)
Net Cost of Services	**13,733**	**12,311**	**(1,422)**

Key Variance Explanations:	
Salaries and wages savings (vacancies)	(454)
Increased Planning Income	(319)
Loss on hotel income covered by Covid grant funding	(308)
Unbudgeted Investment Property Income	(219)
Increased Waste income	(142)
Sale of Vehicles	(113)
NNDR and Council Tax recovery through Courts – overachieved	(82)
Publicity savings	(46)
Reduction in bad debt provision	(42)
Legal Services – fees and charges overachieved	(40)
Additional Licensing Income	(33)
Public Accountability – audit contributions	(31)
Increased income from Street Naming	(30)
Other net savings	(4)
Housing Benefit losses – partially Covid grant funded	441
	(1,422)

GENERAL FUND RESERVES – CHANGE 2020/21 TO 2021/22

GENERAL FUND RESERVES (£M)



HOUSING REVENUE ACCOUNT (HRA)

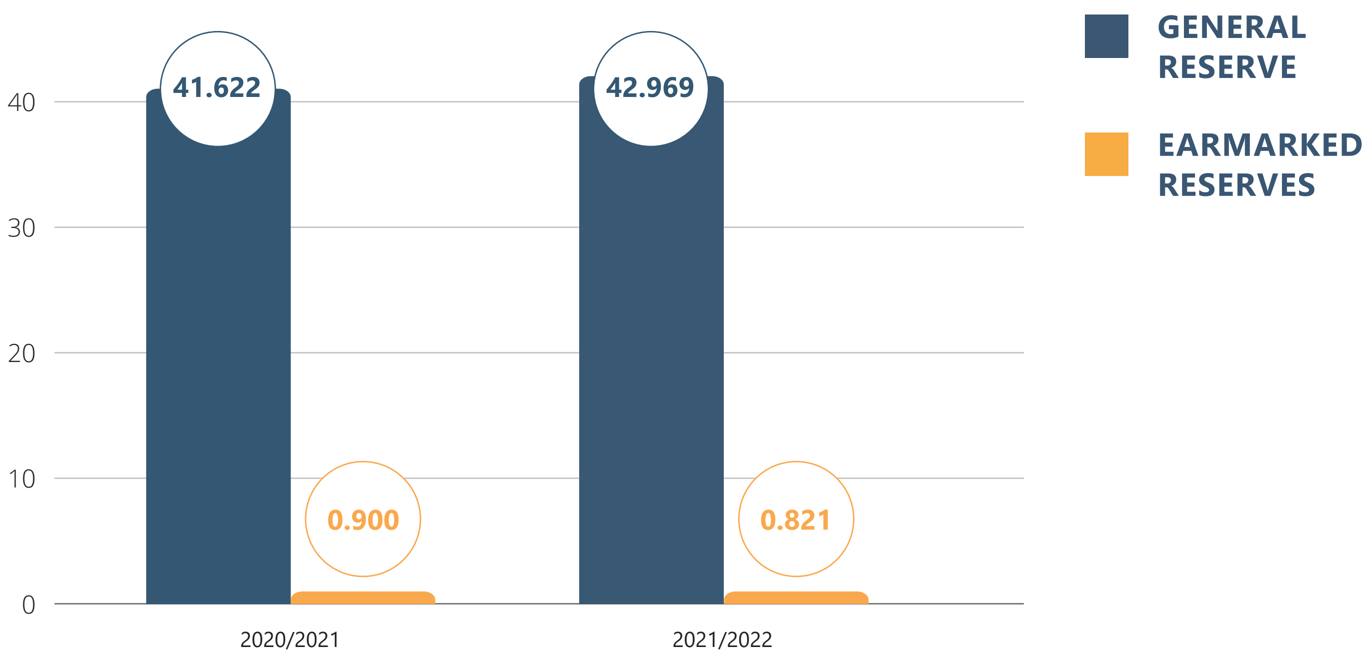
The HRA is a ring-fenced landlord's account for the management and maintenance of the Council's housing stock. This account funds both day to day revenue costs as well as funding borrowing costs for capital work to maintain and improve council properties.

Compared to the 2021/22 revised budget the HRA achieved savings of £1.392m, these are shown in the Table below:

Key reasons for HRA variances:	£'000
Reduced repairs and maintenance and reduced staffing expenditure due to vacancies	(835)
Reduced capital expenditure largely due to the delay on some housing capital schemes	(443)
Additional rents and charges income and interest and investment income	(87)
Other various minor variances (net)	(27)
	(1,392)

HRA RESERVES – CHANGE 2020/21 TO 2021/22

HRA RESERVES (£M)



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

CAPITAL SPENDING 2021/22

Capital monies are spent on building or enhancing the Council's asset base. There are rules and regulations regarding what can be classed as capital expenditure and this expenditure must be financed separately from the day to day running costs of the Council. During 2021/22 the Council spent £25.5m on capital works. Key projects were:

Leisure Transformation Programme

Almost £7.5m was spent on the new Leisure Centre at Kirkby, the building of which is scheduled to complete in July 2022. Significant transformation works to both Hucknall and Lammas Leisure Centres also cost £4.3m.

Parks and Open Spaces

Over £450k capital funding has been spent on Parks and Open Spaces infrastructure across the whole District during 2021/22.

Disabled Facilities Grants

The Council spent £931k to meet the statutory duty to provide Mandatory Disabled Facilities Grants to qualifying applicants under the Housing Grants Construction and Regeneration Act 1996. These grants provide the funds for adaptations to modify environments to restore or enable independent living, privacy, confidence and dignity for individuals and their families in non-Council dwellings.

Future High Streets and Towns Fund Projects

£2.5m was spent on progressing the above projects. The significant areas of spend have been the purchase of the High Pavement building to progress the Maker Space and Business Hub scheme and two properties on Low Street for the repurposing scheme.

Housing Projects

£8.4m was spent in 2021/22 on building new and improving existing Council dwellings throughout the District ensuring that the Decent Homes Standard is maintained. Other projects included the acquisition of houses to add to the Council's stock to help meet the social housing demands of our residents and undertaking disabled adaptations to Council properties and undertaking 'Green Homes work' to make properties more energy efficient.

BALANCE SHEET

Property, Plant & Equipment (PPE)

The value of PPE increased by £29.257m to £332.869m as at 31st March 2022. This increase is due to increases in revaluations (mainly to the leisure centres) and new additions exceeding depreciation, disposals and impairment in the year.

Council dwellings are valued utilising the East Midland Adjustment Factor, as required by Government. This Adjustment Factor reduces the value of social housing from the market level to a level which reflects the Government's assessment of valuation, taking account of 'right to buy' and other factors.

Investment Properties & Assets Held for Sale

The overall value of Investment Properties decreased in year by £2.123m. This decrease was due to valuation reductions across the portfolio. The Assets Held for Sale value increased by £894k in the year; this was largely due to the transfer in of surplus garage sites and land, and land on Diamond Avenue in Kirkby-in-Ashfield. In addition, the Council disposed of Huthwaite Leisure Centre and two pieces of land at Butlers Hill in Hucknall.

Long Term Provisions

The value of Long Term provisions increased by £154k to £2.639m at the end of March 2022. The main provision within this is £2.239m in respect of Business Rates appeals.

Pension Liability

The Council is a member of the Nottinghamshire County Council Pension Fund. The Pension Liability decreased by £13.460m to £110.625m at 31st March 2022 largely due to increases in the funds asset values and also changes to the financial assumptions of a higher discount rate that has more than off-set the impact of an increased inflation rate assumption, in line with economic information as advised by Barnett Waddingham, the Council's Pensions Actuary, which have reduced the pension liability.

10. OUTLOOK

BUDGETS AND FUNDING

There is significant uncertainty about the level of funding the Council will receive beyond 2022/23 pending the outcome and impact of the following:

- The continued impact of and recovery from the Covid-19 pandemic;
- The significant level of inflation in the economy and the Government's funding response to this;
- The next Spending Review;
- Whether, and if so when the outcomes of the Fair Funding Review will be implemented;
- The future Business Rates system and distribution methodology;
- The future of New Homes Bonus funding and distribution methodology; and the
- The future of the Lower Tier Services Grant.

It is anticipated that a key outcome of the above will be a redistribution of resources to address the national social care pressure in both Adults' and Children's services and as District Councils do not provide these services, District Councils' resources are expected to reduce.

Ashfield District Council, like most Councils, receives support from Local Government Futures (LG Futures) and has used their resource forecasting model and the Council's own forecast expenditure requirements to estimate the anticipated funding gap for the next four financial years. Notwithstanding the uncertainty brought about by the aforementioned factors, the estimated cumulative funding gap from 2023/24 to 2024/25 (excluding recent significant inflationary pressures) as shown in the March 2022 MTFS updated position was £2.287m with the largest proportion of this (£2.276m) front-loaded into 2023/24.

As set out in the Council's 2022/23 Budget Setting Report robust plans are in place to identify options and implement actions to address the future estimated financial challenge. This includes a line by line review of all of the Council's budgets and Medium-Term Financial Strategy (MTFS) assumptions; a review of fees and charges and income generating opportunities; a review of procurement and contracting arrangements; a review of services and future service delivery options; and delivery of financial efficiencies from the investment in technology via the Council's Digital Transformation Strategy. The Corporate Leadership Team and the Council's Cabinet meet frequently to progress this work.

The Council has a strong track record of setting a balanced and deliverable budget and this robust approach will continue with the future development of the MTFS to ensure the Council's ongoing financial sustainability.

The Medium-Term Financial Strategy will be updated and presented to Cabinet as part of the annual budget setting process for 2023/24 and will reflect the 2021/22 Outturn, progress on identifying savings to help close the estimated funding gaps for future years and the level of core Central Government funding being made available to support the Council to deliver its services.

CAPITAL INVESTMENT

In 2022/23 the Council will conclude its extensive Leisure Transformation Programme with the opening of the new Kirkby Leisure Centre in late July 2022 and the addition of the second swimming pool at Hucknall Leisure Centre in the first quarter of 2023. Other aspects of the Leisure Transformation Programme for both Hucknall Leisure Centre and Lammas Leisure Centre were completed during 2021/22.

The Council is currently in the process of implementing the 4 Future High Streets funded projects and 3 of its Government approved Towns Fund projects. It is anticipated that many of the 14 remaining Towns Fund projects (17 in total) will commence during 2022/23 as Government approves these Business Cases.

All of the above significant investment will deliver jobs and further education opportunities, long-term economic and productivity growth, new homes, improved transport infrastructure, reduced carbon and new cultural and visitor facilities to the District.

FUNDING BIDS

The Council is currently in the process of finalising two bids (July 2022) to the Government's Levelling Up Fund (Round 2) for Hucknall Town Centre and for the Planetarium in Sutton in Ashfield.

By 1st August 2022 the Council will submit its Investment Plan to the UK Prosperity Fund in respect of utilising its £3.192m of revenue and capital funding across the District.

Following the Council's success of working with partners to secure over £0.5m Safer Streets Funding in Round 3 bids, a further bid has been made for Round 4 funding. The outcome of that joint bid along with Mansfield District Council is currently awaited.

11. EXPLANATION OF THE FINANCIAL STATEMENTS

The Statement of Accounts is for the financial year 31st March 2022 and as required by the Code, comprises of Core and Supplementary Statements, together with Disclosure Notes. The style and format of the Accounts complies with the local authority accounting standards.

THE CORE FINANCIAL STATEMENTS

Comprehensive Income and Expenditure Statement (CIES)

This Statement records all of the Council's income and expenditure for the year. It includes both the amounts spent on local taxpayer services and also local rent payer services. The top half of the statement provides analysis of spend by Directorate on services that the Council is required to undertake by law (statutory duties such as street cleansing, planning and registration) and discretionary services focussed on local priorities and need. The bottom half of the statement deals with corporate transactions and funding.

Movement in Reserves Statement (MiRS)

This statement summarises the movement in year on the Council's different reserves. These reserves are analysed into 'useable reserves' (i.e. those that can be used to fund expenditure or reduce local taxation) and 'unusable reserves' which must be set aside for specific purposes (as they relate to gains and losses on statutory adjustment accounts).

Balance Sheet

The Balance Sheet is a 'snapshot' of the Council's financial position at the end of March 2022. It shows the Council's assets, liabilities, cash balances and reserves at 31st March 2022.

Cash Flow Statement

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

THE SUPPLEMENTARY FINANCIAL STATEMENTS

Housing Revenue Account (HRA)

This Account separately identifies expenditure incurred in the provision, management and maintenance of the Council's housing stock and demonstrates how this has been funded from rents, service charges and other income. In accordance with the Local Government and Housing Act 1989 this is maintained as a separate account and must operate with a positive working balance.

The Collection Fund

The Collection Fund details all monies due from Council Tax and Non Domestic Rate payers and redistribution of some of these payments to other organisations on whose behalf the Council collects these taxes including the County Council and the Nottinghamshire Police and Crime Commissioner and Fire & Rescue Authorities.

ANNUAL GOVERNANCE STATEMENT (AGS)

This Statement sets out the Council's governance structures and its key internal controls.

OTHER KEY SECTIONS IN THE STATEMENT OF ACCOUNTS

Statement of Responsibilities

This Statement sets out the respective responsibilities of the Council and the Chief Finance Officer.

Accounting Policies

These Policies explain the treatment and basis of the figures in the accounts in accordance with proper accounting practices.

Notes to the Financial Statements

These provide additional information on important points included in the Core Financial Statements.

Expenditure and Funding Analysis (EFA)

This Statement shows how annual expenditure is used and funded from Council resources in comparison with how those resources are consumed or earned by the Council. It also shows how this expenditure is allocated for decision making purposes across the Council's Directorates.

Glossary of Terms and Abbreviations

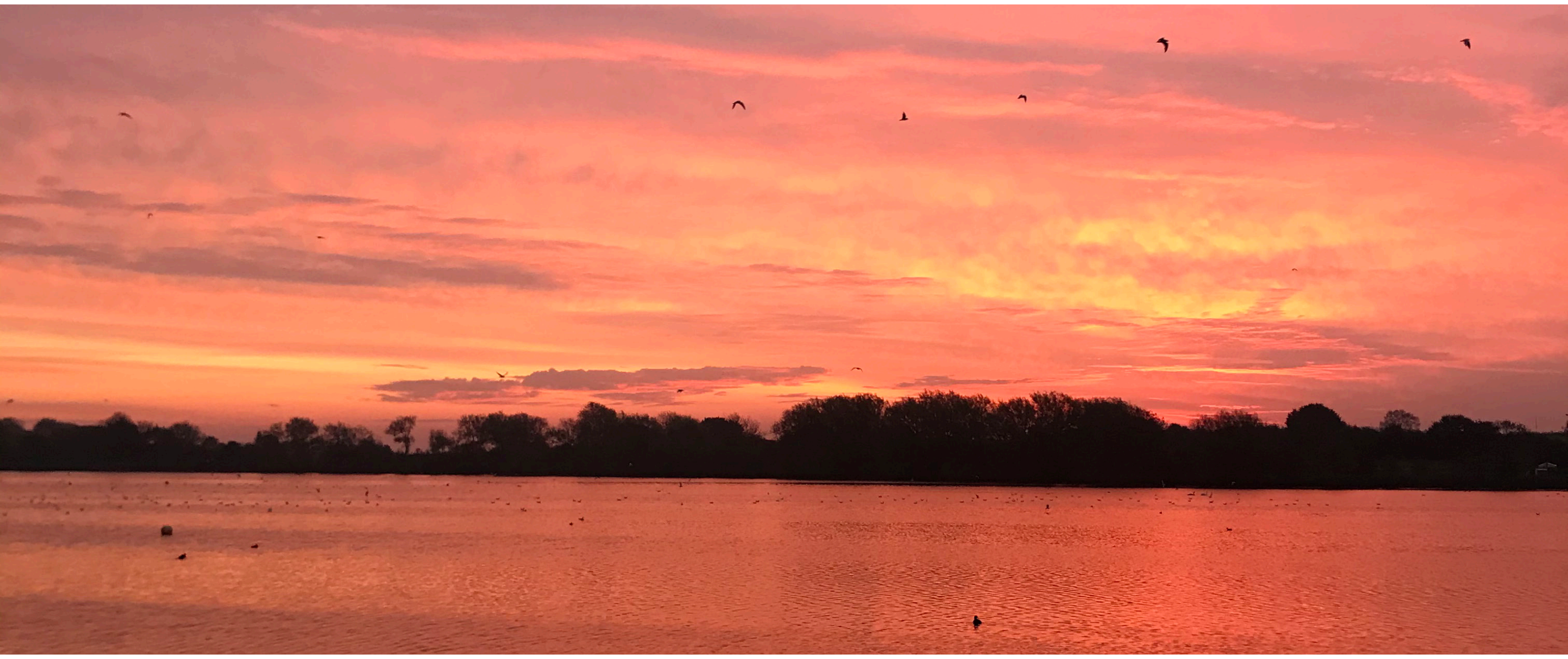
Key terms used throughout this Statement of Accounts are more fully explained.

Further Information

If you require further information concerning the Council's 2021/22 Accounts please contact:

The Corporate Finance Manager
Ashfield District Council
Urban Road,
Kirkby in Ashfield,
Nottinghamshire
NG17 8DA

Telephone: **01623 457362**
or Email: **pete.hudson@ashfield.gov.uk**



THE STATEMENT OF RESPONSIBILITIES FOR THE STATEMENT OF ACCOUNTS

RESPONSIBILITIES OF THE COUNCIL

The Council is required to:

- Make arrangements for the proper administration of its financial affairs and to ensure that one of its officers has the responsibility for the administration of those affairs. In this Council, that officer is the Corporate Finance Manager;
- Manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets;
- Approve the Statement of Accounts.

I confirm that the Financial Statements were approved by the Audit Committee meeting held on 26th September 2022.

Signed on behalf of Ashfield District Council:

Councillor W. Bostock
Chairman of the Audit Committee

RESPONSIBILITIES OF THE CORPORATE FINANCE MANAGER

The Corporate Finance Manager is responsible for the preparation of the Council's statement of accounts in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2021/22 ("the Code of Practice").

In preparing this Statement of Accounts, the Corporate Finance Manager has:

- Selected suitable accounting policies and then applied them consistently;
- Made judgements and estimates that were reasonable and prudent;
- Complied with the Code of Practice.

The Corporate Finance Manager has also

- Kept proper, up to date accounting records;
- Taken reasonable steps for the prevention and detection of fraud and other irregularities.

I confirm that the Statement of Accounts presents a true and fair view of the financial position of the Council at the accounting date and its income and expenditure for the year ended 31st March 2022.

P. Hudson, ACMA, CGMA
Corporate Finance Manager & Section 151 Officer
26th September 2022

AUDIT CERTIFICATE AND OPINION

Independent auditor's report to the Members of Ashfield District Council

THESE 4 PAGES ARE LEFT BLANK FOR THE INDEPENDENT AUDITOR'S REPORT.

THESE 4 PAGES ARE LEFT BLANK FOR THE INDEPENDENT AUDITOR'S REPORT.

THESE 4 PAGES ARE LEFT BLANK FOR THE INDEPENDENT AUDITOR'S REPORT.

THESE 4 PAGES ARE LEFT BLANK FOR THE INDEPENDENT AUDITOR’S REPORT.

STATEMENT OF ACCOUNTING POLICIES

1. GENERAL PRINCIPLES

The Statement of Accounts summarises the Council's transactions for the financial year 2021/22 and its position at the year-end 31st March 2022. The Council is required to prepare an annual Statement of Accounts by the Accounts and Audit Regulations 2015. These Regulations require the accounts to be prepared in accordance with proper accounting practices. These practices under Section 21 of the 2003 Act primarily comprise of the Code of Practice on Local Authority Accounting in the United Kingdom 2021/22 and 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.

2. 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 in the contract.
- 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.

3. 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 one working day.

Cash Equivalents are highly liquid investments that mature in 3 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 any bank overdrafts that are repayable on demand and form an integral part of the Council's cash management.

4. EXCEPTIONAL ITEMS

When items of income and expenditure are material, their nature and amount is disclosed separately, either on the face of the Comprehensive Income and Expenditure Statement or in the notes to the accounts, depending on how significant the items are to an understanding of the Council's financial performance.

5. PRIOR PERIOD ADJUSTMENTS, CHANGES IN ACCOUNTING POLICIES AND ESTIMATES AND ERRORS

Prior period adjustments may arise as a result of a change in accounting policies or to correct a material error. Changes in accounting estimates are accounted for prospectively, i.e. in the current and future years affected by the change and do not give rise to a prior period adjustment.

Changes in accounting policies are only made when required by proper accounting practices or the change provides more reliable or relevant information about the effect of transactions, other events and conditions on the Council's financial position or financial performance. Where a change is made, it is applied retrospectively (unless stated otherwise) by adjusting opening balances and comparative amounts for the prior period as if the new policy had always been applied.

Material errors discovered in prior period figures are corrected retrospectively by amending opening balances and comparative amounts for the prior period.

6. CHARGES TO REVENUE FOR NON-CURRENT ASSETS

Service revenue accounts, support services and trading accounts are charged with the following amounts to record the real cost of holding non-current 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 Reserves against which the losses can be written off.
- Amortisation of intangible assets attributable to the service.

The Council is not required to raise Council Tax to cover depreciation, revaluation and impairment losses or amortisations. However, it is required to make an annual provision from revenue to contribute towards the reduction in its overall borrowing requirement equal to an amount calculated on a prudent basis determined by the Council in accordance with statutory guidance. Depreciation, revaluation, impairment losses and amortisation are therefore replaced by the 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.

7. EMPLOYEE BENEFITS

a. 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 accumulated flexi time for current employees and are recognised as an expense for the services in the year in which the employees render service to the Council. An accrual is made for the cost of holiday entitlements etc. 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 the following accounting year, being the period in which the employee takes the benefit. The accrual is charged to Surplus and 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.

b. Termination Benefits

Termination benefits are amounts payable as a result of a decision by the Council to terminate an officer's employment before the normal retirement date or an officer's decision to accept voluntary redundancy in exchange for those benefits. These are charged on an accruals basis to the Non Distributed Costs line in the Comprehensive Income and Expenditure Statement when the Council can no longer withdraw the offer of those benefits or when the Council recognises costs for a restructuring.

Where termination benefits involve the enhancement of pensions, statutory provisions require the General Fund Balance to be charged with the amount payable by the Council to the pension fund or pensioner in the year, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement, appropriations are required to and from the Pensions Reserve to remove the notional debits and credits for pension enhancement termination benefits and replace them with debits for the cash paid to the pension fund and pensioners and any such amounts payable but unpaid at the year-end.

c. Post Employment Benefits

Most employees of the Council contribute to the Nottinghamshire Pension Fund, the Local Government Pension Scheme administered by Nottinghamshire County Council. The scheme provides defined benefits (retirement lump sums and pensions) earned as employees work for the Council.

The Nottinghamshire Pension Fund is accounted for as a defined benefit scheme:

- The liabilities of Nottinghamshire Pension Fund attributable to the Council are included in the Balance Sheet on an actuarial basis using the projected unit method, i.e. an assessment of the future payments that will be made in relation to retirement benefits earned to date by employees, based on assumptions including mortality rates, employee turnover rates and projections of projected earnings for current employees.
- Liabilities are discounted to their value at current prices using a discount rate based on an appropriate rate of return on high quality corporate bonds.
- The assets of the Fund attributable to the Council are included in the Balance Sheet at their fair value.

  a) Quoted securities – current bid price
  b) Unquoted securities – professional estimate
  c) Unitised securities – current bid price
  d) Property – market value

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

- Service Cost comprising
  a) **Current Service Cost** - the increase in liabilities as result of years of service earned this year - allocated in the Comprehensive Income and Expenditure Account to the services for which the employees worked
  b) **Past Service cost** - the increase in liabilities as a result of a scheme amendment or curtailment whose effect relates to years of service earned in earlier years - debited to the Surplus or Deficit on Provision of Services in the Comprehensive Income and Expenditure Account as part of Non-Distributed Costs
  c) **Net interest on the net defined liability (asset), i.e. the 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 obligation at the beginning of the period to the net defined benefit liability (asset) at the beginning of the period – taking into account any changes in the net defined benefit liability (asset) during the period as a result of contribution and benefit payments
  d) **Re-measurement comprising:**
     - the return on plan assets – excluding amounts included in net interest on the defined benefit liability (asset) – charged to the Pensions Reserve as Other Comprehensive Income and Expenditure
     - actuarial gains and losses - changes in the net pension 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.
  e) **Contributions paid to Nottinghamshire 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 transfers to and from the Pensions 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 and any such amounts payable to the fund but unpaid at the year-end.

The negative balance that arises on the Pensions reserve thereby measures the beneficial impact on 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.

8. EVENTS AFTER THE REPORTING PERIOD

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,
- 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. For the purposes of consideration, Post Balance Sheet events can occur up to approval of the Statements by the Audit Committee.

9. FINANCIAL INSTRUMENTS

a. Financial Liabilities

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

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

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

b. 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 cashflow characteristics. There are three main classes of financial assets measured at:

- amortised cost
- fair value through profit or loss (FVPL), and
- fair value through other comprehensive income (FVOCI)

The authority’s business model is to hold investments to collect contractual cash flows. Financial assets are therefore classified as amortised cost.

Financial Assets measured at amortised costs

Loans and receivables are recognised on the Balance Sheet when the Authority becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value. They are subsequently measured at their amortised cost.

Annual credits to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement for interest receivable are based on the carrying amount of the asset multiplied by the effective rate of interest for the instrument. For most of the loans that the Council has made, this means that the amount presented in the Balance Sheet is the outstanding principal receivable (plus accrued interest) and interest credited to the Comprehensive Income and Expenditure Statement is the amount receivable for the year in the loan agreement.

Investments are classed as either long-term assets, if repayable after 12 months or longer, or current assets, if repayable within 12 months. Investments are shown in the Balance Sheet at amortised cost, using the effective interest rate that applies to the individual loans that comprise the total borrowing held by the Council. The amount shown in the Balance Sheet represents the outstanding principal due to be repaid to the Council and the interest that is credited to the Comprehensive Income and Expenditure Statement is the amount receivable in the year under the loan agreement.

c. Expected Credit Loss Model

The authority 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. Only lifetime losses are recognised for trade receivables (debtors) held by the authority.

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

10. GOVERNMENT GRANTS AND CONTRIBUTIONS

Whether paid on account, by instalments or in arrears, government grants and third party contributions and donations are recognised as due to the Council when there is reasonable assurance that:

- the Council will comply with the conditions attached to the payments, and
- the grants 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 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 has been 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.

Non-specific Grants

These are general grants allocated by central government directly to local authorities as additional revenue funding. They are non-ring-fenced and are credited to Taxation and Non-Specific Grant Income in the Comprehensive Income and Expenditure Statement. For example, New Homes Bonus funding.

11. INTANGIBLE ASSETS

Expenditure on assets that do not have a physical substance but are identifiable and controlled by the Council are capitalised when it is expected that future economic benefits or service potential will flow from the intangible asset to the Council.

During 2021/22, no Council assets met the 'Intangible Assets' definition.

12. INTERESTS IN COMPANIES AND OTHER ENTITIES

The Council has no material interests in companies and other entities that have the nature of subsidiaries, associates and jointly controlled entities and require it to prepare group accounts.

(a) Joint Crematorium Committee

The Council is a constituent member of a joint crematorium committee with neighbouring authorities of Mansfield and Newark and Sherwood District Councils. Current activities are split between all the councils based on the number of residents of each district area cremated. The balance sheet is apportioned based on the current year's cremations from each area. The Council's share of running costs and income has been included in the Comprehensive Income and Expenditure Statement and the share of assets included within the Balance Sheet using these apportionments. Due to the nature of the relationship of the Council within the committee, Group Accounts are not required for this entity. Information on the Council's share of the income and expenditure and associated assets and liabilities is shown in note 38 to the Core Financial Statements.

13. INVENTORIES AND LONG TERM CONTRACTS

Inventories are included on the balance sheet at the lower of cost and net realisable value. In determining the cost of raw materials, consumables and goods purchased for resale, the weighted average purchase price is used. For work in progress and finished goods, cost is taken as production cost, which includes an appropriate proportion of attributable overheads.

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.

14. INVESTMENT PROPERTIES

The Council does hold properties for investment purposes.

Investment properties are those that are used solely to earn rentals and/or for capital appreciation. The definition is not met if the property is used in any way to facilitate the delivery of services or production of goods or is held for sale.

Investment properties are measured initially at cost and subsequently at fair value, being the price that would be received to sell such an asset in an orderly transaction between market participants at the measurement date. As a non-financial asset, investment properties are measured at highest and best use. Properties are not depreciated but are revalued annually according to market conditions at the year-end. Gains and losses on revaluation are posted to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement. The same treatment is applied to gains and losses on disposal.

Rentals received in relation to investment properties are credited to the Financing and Investment Income line and result in a gain for the General Fund Balance. However, revaluation and disposal gains and losses are not permitted by statutory arrangements to have an impact on the General Fund Balance. The gains and losses are therefore reversed out of the General Fund Balance in the Movement in Reserves Statement and posted to the Capital Adjustment Account and (for any sale proceeds greater than £10,000) the Capital Receipts Reserve.

15. LEASES

Leases are classified as finance leases where the terms of the lease transfer substantially all the risks and rewards incidental to ownership of the property, plant and equipment from the lessor to the lessee. All other leases are classified as operating leases.

Where a lease covers both land and buildings, the land and building elements are considered separately for classification.

Arrangements that do not have the legal status of a lease but convey a right to use an asset in return for payment are accounted for under this policy where fulfilment of the arrangement is dependent on the use of specific assets.

a.Operating Leases

The Council as Lessee

Rentals paid under operating leases are charged to the Comprehensive Income and Expenditure Statement as an expense of the services benefitting from the use of the leased property plant or equipment. Charges are made on a straight-line basis over the life of the lease; even if this does not match the pattern of payments, (e.g. there is a rent-free period at the commencement of the lease)

The Council as Lessor

The Council does act in the capacity as lessor for the leases of land and properties it owns. Rents due under operating leases are accounted for on a straight-line basis as they become due. Land and property leased under operating leases are held as non-current assets within the Balance Sheet and valued in accordance with appropriate valuation practices.

b. Finance Leases

The Council as Lessee

Plant and Equipment held under finance leases are recognised on the Balance Sheet at the lower of the fair value of the asset at the lease inception and the present value of the minimum lease payments. The value of the asset is matched by a liability to pay the finance lessor.

The Council does not have any finance leases where it acts as lessee.

The Council as Lessor

The Council does not have any finance leases where it acts as lessor.

16. OVERHEADS AND SUPPORT SERVICES

The cost of overheads and support services are charged to service segments in accordance with the authority's arrangements for accountability and financial performance.

17. PROPERTY, PLANT AND EQUIPMENT

Assets that have physical substance and are held for use in the provision of services or for administrative purposes on a continuing basis are classed 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 extend the previously assessed standard of performance of an asset (e.g. repairs and maintenance) is charged to revenue as it is incurred.

Property, Plant and Equipment may also include assets held under finance leases, which have been capitalised and included in the Balance Sheet at a value reflecting the fair value of the asset.

A de-minimis asset value of £10,000 has been set and expenditure on new assets of less than this amount is charged to the service revenue account as a proxy for depreciation, unless the expenditure forms part of a larger scheme.

Measurement

Assets are initially measured at cost, which comprises all expenditure that is directly attributable to bringing an asset into working condition for its intended use. The Council does not capitalise borrowing costs incurred whilst assets are under construction.

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

Asset Category	Basis of Valuation
Property, Plant and Equipment	Fair value determined in the existing use of the asset
Dwellings	Fair value in the existing use value for social housing
Investment Properties	Fair value to reflect market conditions at the end of the reporting period
Infrastructure, community assets and assets under construction	Depreciated historic cost once the asset becomes operational

Where there is no market based evidence of fair value because of the specialist nature of an asset, depreciated replacement cost is used as an estimate for fair value. Where assets have a short useful life then depreciated historical cost is used as a proxy for fair value.

Assets included in the Balance Sheet at fair value are re-valued where there have been material changes in their value, but as a minimum every 5 years. The Council's housing stock is re-valued annually by applying an appropriate housing price index to a series of beacon values at the start of the financial year.

Increases in valuations are matched by a credit to the Revaluation Reserve to recognise unrealised gains. Exceptionally, gains might be credited to the Income and Expenditure Statement where they arise from the reversal of an impairment loss previously charged to a service revenue account.

Where decreases in value are identified they are accounted for by a debit to the Revaluation Reserve to the extent that an accumulated gain has been recorded against that asset; where there is no balance or an insufficient balance on the revaluation reserve for that asset the write down of the asset value is charged against the relevant service within the Comprehensive Income and Expenditure Statement.

The Revaluation Reserve contains revaluation gains recognised since 1st April 2007 only, the date of its formal implementation. Revaluations are recorded by individual asset. Gains arising before that date have been consolidated into the Capital Adjustment Account.

Costs of dismantling assets such as roofs, windows and heating systems in Council Dwellings are included in the costs paid to the main contractor. The main contractor is responsible for the disposal of the dismantled assets. The dismantled assets have been assessed by the valuer as only having a negligible value.

Impairment

Assets are assessed at each year-end as to whether there is any indication that an asset may be impaired. Where there is an indication that there is a material impairment in the value of an asset when compared to the carrying value an impairment loss is recognised. The impairment loss is written down to the revaluation reserve to the extent that any balance for that asset is held within the revaluation reserve. Where there is no balance or an insufficient balance then the carrying amount of the asset is written down against the relevant service line in the Comprehensive Income and Expenditure Statement.

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 continued service use then it is reclassified as an asset held for sale. The asset is re-valued immediately before classification and then carried at the lower of this amount or fair value less costs of disposal. Where there is a subsequent decrease in the valuation determined on classification to Asset held for sale then a loss is posted to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement. Gains in the fair value of assets held for sale are only recognised to the extent that they reverse a previous loss recognised within the Comprehensive Income and Expenditure Statement. Depreciation is not charged on Assets Held for Sale.

When an asset is disposed of or decommissioned, the carrying value of the asset in the Balance Sheet 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 are 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). Any revaluation gains relating to the asset in the Revaluation Reserve are transferred to the Capital Adjustment Account.

Amounts received in excess of £10,000 are categorised as capital receipts. A proportion of receipts relating to housing disposals 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 Receipt Reserve within 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 within the Movement in Reserves Statement.

Depreciation

Depreciation is provided for on all Property, Plant and Equipment over a period of their estimated useful lives; freehold land is determined to have an infinite economic life and is not depreciated, assets under construction are not depreciated until they become operational in providing services. Depreciation is calculated using the straight-line method. Assets are depreciated over the estimated economic life of the asset, which has been assessed as being the following periods:

Council dwellings	40 years
Other HRA assets	10 - 80 years
Other Buildings	10 - 80 years
Vehicles, plant and equipment	3 - 10 years
Infrastructure	10 - 40 years
Community Assets	20 years

Revaluation gains are also depreciated. The difference between the depreciation on the current value and that, which would have been charged on the historic value, is transferred each year from the Revaluation Reserve to the Capital Adjustment Account.

Componentisation

The Council allocates the costs of an individual asset to its various components to calculate depreciation charges where the value of the asset exceeds £500K and more than one individual component exceeds 20% of the asset value. The impact on depreciation charges for assets below the threshold is not considered material. The componentisation is based on the following elements of the asset:-

- Boilers, heating and plant systems
- Lifts
- Roofs
- Windows and doors

In terms of Council Dwellings, these assets are collectively valued in excess of £500K. However, when comparing the value of depreciation charged on a component basis compared to the current 40-year life straight-line methodology, the difference is not considered material. Council Dwellings are therefore not currently subject to componentisation but the policy is to be reviewed on an annual basis.

18. HERITAGE ASSETS

The Council's Heritage Assets held are Historical Monuments, Statues and Artwork. Heritage Assets are recognised and measured (including the treatment of revaluation gains and losses) in accordance with the Council's accounting policies on property, plant and equipment. However, no depreciation is charged on Heritage Assets as they are deemed to have an indeterminate life and have a high residual value.

Historical Monuments

The Council has seven Cenotaphs that are located at various outside locations throughout the District. These monuments are reported in the Balance Sheet on an average replacement cost basis, which has been agreed following discussions with our internal valuer.

Statues and Artwork Collection

The collection includes Statues, Sculptures and Mosaics situated within the local town and village streets throughout the Council. The collection depicts the Council's mining and engineering history to ensure the knowledge, culture and understanding of our heritage is preserved for future generations. An artwork example would be The Flight of Fancy sculpture that represents the Rolls Royce Flying Bedstead thrust measuring machine that was developed to research the use of direct lift. These items are reported in the Balance Sheet on an historic cost basis or on an insurance valuation basis and were mainly purchased from grant funding.

Non Balance Sheet Items

The Council also holds a collection of items that are not recognised on the Balance Sheet as cost information is not readily available and the Council believes that the benefits of obtaining the valuation for these items would not justify the cost. These items are believed to have a value of £10k or less. The majority of the collection is street mosaics, murals and sculptures purchased through grant funding or produced by the public art events. The Council has also received a number of donations including a Knitting machine and a Stocking machine dating back to the 18th and 19th century, both of which are believed to be forerunners to the Spinning Jenny. It is difficult to obtain a valuation on these two items as there is no comparable item that provides a market value. Most assets are located on public streets, in parks or are on display within public council buildings. A few items are stored securely in the Council's Council Offices and not currently available for public viewing however, ways of making these items more accessible are being developed.

Heritage Assets – General

Heritage Assets are reviewed by the Council for impairments such as where an item has suffered physical deterioration or breakage. Any impairment is measured and recognised within the Revaluation Reserve. The Council works closely with the Ashfield War Memorial Committee to preserve and maintain the local historical monuments. All other Heritage Assets are reviewed and maintained as required. Disposal proceeds are disclosed separately in the notes to the financial statements and accounted for in accordance with statutory accounting requirements relating to capital expenditure and capital receipts.

19. PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS

a. Provisions

Provisions are made where an event has taken place that gives the Council an obligation that probably requires settlement by a transfer of economic benefits, but where the timing of the transfer is uncertain. For instance, the Council may be involved in a court case that could eventually result in the making of a settlement or the payment of compensation.

Provisions are charged to the appropriate service revenue account 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 set up in the Balance Sheet. Estimated settlements are reviewed at the end of each financial year; where it becomes more likely than not that a transfer of economic benefits will not be required (or a lower settlement than anticipated is made), the provision is reversed and credited back to the relevant service revenue account.

Where some or all of the payment required to settle a provision is expected to be met by another party (e.g. from an insurance claim), this is only recognised as income in the relevant service revenue account if it is virtually certain that reimbursement will be received if the obligation is settled.

b. 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.

c. 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 disclosed in a note to the accounts where it is probable that there will be an inflow of economic benefits or service potential.

20. 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 Reserves. When expenditure to be financed from a reserve is incurred, it is charged to the appropriate revenue account 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 Council Tax for the expenditure.

The level of reserves and balances is reviewed annually to ensure they are appropriate. The General Fund Balance, Earmarked Reserve and Reserves arising from Capital Receipts together with Capital Grants Unapplied are deemed to be usable reserves in that they may be used to fund future expenditure.

Certain reserves are kept to manage the accounting processes for non-current assets, financial instruments retirement benefits and employee benefits; these are termed unusable reserves and are not available to be used to fund future expenditure.

21. REVENUE EXPENDITURE FUNDED FROM CAPITAL UNDER STATUTE (REFCUS)

Expenditure incurred during the year that may be capitalised under statutory provisions but that does not result in the creation of non-current assets has been charged as expenditure to the relevant service in the Comprehensive Statement of Income and Expenditure in the year. Where the Council has decided 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 reverses out the amounts so that there is no impact on the level of council tax.

22. VALUE ADDED TAX

Value Added Tax (VAT) is excluded from all income and expenditure received and paid by the Council except where it is classed as irrecoverable by HM Revenue and Customs.

23. THE COLLECTION FUND

i) Council Tax

The Council includes its share of the accrued Council Tax due for the year within its Comprehensive Income and Expenditure Statement. The difference between this sum and the local precept for Council and parish activities is reversed through the General Fund Balance to ensure only the level of Council Tax required to pay for Council activities is credited to the General Fund in the year. The balance is taken to the Collection Fund Adjustment Account, within the Balance Sheet.

Amounts collected on behalf of the other preceptors of Nottinghamshire County Council, Nottinghamshire Police Authority and Nottinghamshire Fire Authority are treated as either debtors or creditors depending upon the respective share of the Collection Fund attributable to these bodies at 31st March.

ii) Business Rates

The Council includes its share of accrued Business Rates due for the year within its Comprehensive Income and Expenditure Statement. The difference between this sum and the forecast amount due to the Council is reversed through the General Fund Balance to ensure only the level of Business Rates required to pay for Council activities is credited to the General Fund in the year. The balance is taken to the Collection Fund Adjustment Account, within the Balance Sheet.

Amounts collected on behalf of the other partners of the pool (Central Government, Nottinghamshire County Council and Nottinghamshire Fire Authority) are treated as either debtors or creditors depending upon the respective share of the Collection Fund attributable to these bodies at 31st March.

24. FAIR VALUE MEASUREMENT

The authority measures some of its non-financial assets such as investment properties and potentially some of its financial instruments at fair value at each reporting date. Fair value is 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. The fair value measurement assumes that the transaction to sell the asset or transfer the liability takes place either:

a) in the principal market for the asset or liability, or
b) in the absence of a principal market, in the most advantageous market for the asset or liability.

The authority measures the fair value of an asset or liability using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

When measuring the fair value of a non-financial asset, the authority takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The authority uses valuation techniques that are appropriate in the circumstances and for which sufficient data is available, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Inputs to the valuation techniques in respect of assets and liabilities for which fair value is measured or disclosed in the authority's financial statements are categorised within the fair value hierarchy, as follows:

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