

SUPPLEMENTARY FINANCIAL STATEMENTS



Housing Revenue Account – Income and Expenditure Statement

The HRA Income and Expenditure statement shows the economic cost in the year of providing housing services in accordance with generally accepted accounting practices, rather than the amount to be funded from rents and government grants. Councils charge rents to cover expenditure in accordance with regulations; this may be different from the accounting cost. The increase or decrease in the year, on the basis on which rents are raised, is shown in the movement on the HRA Statement.

2019/20 £'000		2020/21 £'000
	Income	
(23,871)	Dwelling Rents (gross)	(23,951)
(169)	Non-dwelling Rents (gross)	(157)
(248)	Charges for Services and Facilities	(218)
(164)	Contribution Towards Expenditure	(98)
(24,452)	Total Income	(24,424)
	Expenditure	
7,298	Repairs and Maintenance	6,812
4,714	Supervision and Management	4,286
20	Rents, Rates, Taxes and other charges	178
9,176	Depreciation and impairments of fixed assets	7,205
40	Debt Management Costs	33
195	Contribution to the Bad Debt Provision	121
21,443	Total Expenditure	18,635
	Net Cost of HRA Services as included in the whole authority Comprehensive Income & Expenditure Account	
(3,009)		(5,789)
76	HRA share of Corporate and Democratic Core	77
(2,933)	Net Cost of HRA Services	(5,712)
3,547	Interest payable and similar charges	3,547
(222)	Interest and investment income	(70)
392	(Surplus) or deficit for the year on HRA services	(2,235)

Statement of Movement on the HRA Balance

2019/20 £'000		2020/21 £'000	Note
(32,597)	Balance on the Housing Revenue Account at the end of the previous year	(36,817)	
392	(Surplus) or deficit for the year on the HRA Income and Expenditure Account	(2,235)	
	Adjustments between accounting basis and funding basis under statute		
	Items included in the HRA Income and Expenditure Account but excluded from the movement on the HRA Balance for the year		
(8)	Accumulated Absences Account	(62)	
(328)	IAS 19 Pension Adjustment	(125)	
(5,409)	Impairment of fixed assets charged to HRA	(3,389)	
	Net (Increase) or decrease in the HRA Balance before transfers to or from reserves:		
(50)	Transfers to/ from Revenue Grants Reserve	0	Note 7
53	Transfer to/from Insurance Reserve	9	Note 7
(171)	Transfer to/from HRA Technology Investment	(53)	Note 7
470	Transfer from Major Repairs Reserve	0	Note 4
831	Capital expenditure funded by the HRA	1,000	Note 5
0	Transfer to the Capital Adjustment Account	50	
(4,612)	Net additional amount required by statute to be debited or (credited) to the HRA balance for the year	(2,570)	
(4,220)	Increase or Decrease in the year to the Housing Revenue Account Balance	(4,805)	
(36,817)	Balance Carried forward	(41,622)	

Notes to the Housing Revenue Account

1. The number and types of dwellings in the housing stock

As at 31st March 2020 Number		As at 31st March 2021 Number
4,432	Houses and bungalows	4,398
1,714	Low rise flats	1,716
520	Medium rise flats	521
6,666	Total Dwellings	6,635
1,188	Garages and Garage Plots	1,188

2. Housing stock valuations

As at 31st March 2020 £'000	Description	As at 31st March 2021 £'000
229,527	Operational assets	
2,539	- Council Dwellings	229,384
	- Other land and buildings	2,324
232,066	Total	231,708

3. Vacant Possession Value of Council Dwellings

As at 31st March 2020 £'000		As at 31st March 2021 £'000
546,493	Market value - Vacant possession	546,153
229,528	Existing use value for social housing	229,384
316,965	Difference	316,769

The 'difference' between the market value and the Balance Sheet value for dwellings represents the economic cost to the Government of providing Council housing at less than open market rents. The vacant property adjustment factor for the East Midlands is 42%.

4. Major Repairs Reserve

During 2001/02, the Council established a Major Repairs Reserve. The reserve is utilised to fund capital expenditure on Council properties.

As at 31st March 2020 £'000		As at 31st March 2021 £'000
0	Balance brought forward	0
5,382	Financing of HRA Capital Expenditure	3,506
(470)	Transfer to/from HRA Reserve	0
(1,145)	Capital Receipts Applied	0
(3,767)	Less Depreciation	(3,816)
<u>0</u>	Balance Carried Forward	<u>(310)</u>

5. Capital Expenditure

2019/20 £'000		2020/21 £'000
	Operational assets	
6,181	Dwellings	3,762
0	Other land and buildings	0
223	Vehicles, Plant and Equipment	3
48	Work in Progress	1,333
<u>6,452</u>	Total Operational Assets	<u>5,098</u>
	Funded by:	
1,384	Capital receipts and grants	592
831	Contributions from Revenue	1,000
4,237	Major Repairs Reserve	3,506
<u>6,452</u>	Total Funding	<u>5,098</u>

6. Capital Receipts from Disposal of Assets

2019/20 £'000		2020/21 £'000
2,852	Disposal of dwellings	1,868
<u>2,852</u>	Total from Disposals	<u>1,868</u>

7. HRA Earmarked Reserves

	Balance at 31st March 2021 £'000	Movements in Year £'000	Balance at 31st March 2020 £'000	Movements in Year £'000	Balance at 31st March 2019 £'000
HRA Revenue Grants	(25)	0	(25)	50	(75)
HRA Eco-Funding	(263)	0	(263)	0	(263)
HRA Insurance	(191)	(9)	(182)	(53)	(129)
HRA Technology Investment	(28)	53	(81)	171	(252)
HRA Corporate Change	(193)	0	(193)	0	(193)
HRA Welfare Reform	(200)	0	(200)	0	(200)
	(900)	44	(944)	168	(1,112)

Eco-Funding Reserve

This was established to help fund future carbon saving or renewable energy works.

HRA Insurance Reserve

To fund new in-year claims and increases to the insurance provision. Such movements are not budgeted for as this is based upon claims received and settled during the period.

HRA Technology Investment Reserve

To support the upgrading of out-of-date technology / to support the introduction of new technology / to support the move to digital delivery of services and improve customer experience / to support the move to more agile working.

HRA Corporate Change Reserve

To provide the finance injection to fund emerging commercial services (including business development support). It is also to fund changes in service delivery through service reviews, including redundancy costs to enable that change to take place.

HRA Welfare Reform Reserve

To support and react to the high volume of issues raised by the welfare reforms and to help mitigate the impact of the changes on the Council.

8. Depreciation in the year ending 31st March

2019/20 £'000		2020/21 £'000
	Operational assets	
3,637	- Dwellings and garages	3,650
67	- Other land and buildings	52
62	- Vehicles	114
<u>3,766</u>	Total	<u>3,816</u>

*Restatement of the table only in 2019/20. The Vehicle depreciation was not shown correctly in the 2019/20 Statement of Accounts table.

9. Impairment

A desktop valuation of all Council Dwellings was undertaken at 31st January 2021, which has resulted in £4.9m being credited to the Revaluation Reserve. The valuation has required that £3.5m of Capital Expenditure be impaired and a further £0.2m reversal of impairment from previous years.

10. Pension Contribution

A contribution of £407k has been made for 2020/21 to the back-funding costs relating to employees within Housing Services.

11. Rent Arrears

As at 31st March 2020 £'000		As at 31st March 2021 £'000
441	Current tenants	430
273	Former tenants	279
<u>714</u>	Total rent arrears	<u>709</u>
(445)	Overpayments	(546)
<u>269</u>	Total arrears	<u>163</u>
(233)	Deduct - Provision for bad debts	(272)
<u>36</u>	Net arrears	<u>(109)</u>

Collection Fund

2019/20 £'000		2020/21 £'000
	INCOME	
66,345	Income from Council Tax	68,834
	Transitional Protection - Council Tax	408
	Contributions to previous year estimated deficit:	
	Ashfield District Council	42
	Nottinghamshire County Council	316
	Nottinghamshire Police Authority	47
	Nottinghamshire Fire Authority	17
		422
37,810	Income Collectable from Business Ratepayers	27,102
246	Transitional Protection - NDR	
	Contributions to previous year estimated deficit:	
1,075	Ashfield District Council	432
242	Nottinghamshire County Council	97
27	Nottinghamshire Fire Authority	11
1,344	Central Government	541
		1,081
107,089	Total Income	97,847
	EXPENDITURE	
	<u>Council Tax Precepts and Demands</u>	
49,511	Nottinghamshire County Council	51,721
7,357	Nottinghamshire Police	7,727
2,677	Nottinghamshire Fire and Rescue	2,741
6,221	Ashfield District Council	6,418
289	Parish Councils	290
66,055		68,897
	<u>Business Rates:</u>	
15,202	Payment to Ashfield District Council	15,352
3,420	Payment to Nottinghamshire County Council	3,454
380	Payment to Nottinghamshire Fire and Rescue	384
19,003	Payment to Central Government	19,191
38,005		38,381
0	Transitional Protection - NDR	108
148	Costs of Collection	148
23	Renewable Energy Disregard	24
	<u>Bad and Doubtful Debts & Provisions:</u>	
190	Council Tax Write Offs	163
556	Council Tax Provisions	279
160	NDR Write Offs	125
144	NDR Provisions	524
1,439	Change in Appeals provision requirement	461
	<u>Contributions:</u>	
0	Distribution of Surplus - NDR	0
74	Distribution of Surplus - Council Tax	0
106,794	Total Expenditure	109,110

530	Movement on Fund Balance - Council Tax	(325)
(579)	Movement on Fund Balance - NDR	11,588
354	Opening Balance - Council Tax	884
2,578	Opening Balance - NDR	1,753
884	Closing Balance - Council Tax	558
1,753	Closing Balance - NDR	13,342
<hr/> 2,637 <hr/>	Balance at 31st March	<hr/> 13,900 <hr/>

Notes to the Collection Fund

1. General

The Collection Fund is an agent's statement that reflects the statutory obligation for billing authorities such as Ashfield District Council to maintain a separate Collection Fund. The statement shows the transactions of the billing authority in relation to the collection from tax-payers and distribution to local authorities and the Government of council tax and non-domestic rates (NDR).

2. Business Rates Retention

With effect from 1st April 2013, the Business Rates Retention scheme was introduced. These arrangements provide a direct link between business rates growth and the amount of money local authorities have to spend on services. Local authorities can keep a proportion of their business rates collected in their area after certain contributions to the Government have been made.

Under the current system of business rates retention, NDR income is distributed between Central Government (50%), Ashfield District Council (40%) less a tariff amount paid to central government, Nottinghamshire County Council (9%) and Nottinghamshire Fire Authority (1%).

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

3. Income from Business Ratepayers

NDR is paid by businesses. Central Government specifies an annual rate in the pound (51.2p in 2020/21 for businesses with a rateable value (RV) of greater than £51k and 49.9p for businesses with a RV of less than £51k) and local businesses

pay an annual NDR bill calculated by multiplying the RV of their premises by this annual rate; there are reliefs for small businesses, charities etc. The Council is responsible for collecting the NDR income and then distributing to Central Government and Preceptors.

Non-domestic rateable value on the Revenue's accounting system as at 31st March 2021 was £92.1m (£93.0m in 2019/20). The NDR income collectable in 2020/21, after reliefs but before accounting adjustments was £27.102m (£37.810m in 2019/20). The significant reduction in 2020/21 income collectable is due to additional Covid-19 reliefs being granted, as directed by Central Government. The additional reliefs have been covered by additional Section 31 grants from Central Government.

4. Council Tax

The Council set a Band D Council Tax of £190.46 for the financial year 2020/21. When taking into account parish precepts, the equivalent average Council Tax is £199.07.

The Council tax base, which is used in the tax calculation, is based on the number of chargeable dwellings in each valuation band, adjusted for dwellings where exemptions or discounts apply, converted to an equivalent number of Band D dwellings.

The tax base for the year was 33,695.3 as shown below.

	Total Net No. of Dwellings	Ratio to Band "D"	Band "D" Equivalents
Disabled Persons Relief	50.2	5/9	27.9
Band "A"	19,923.3	6/9	13,282.2
Band "B"	9,602.9	7/9	7,468.9
Band "C"	7,795.1	8/9	6,929.0
Band "D"	3,745.9	1	3,745.9
Band "E"	1,325.1	11/9	1,619.5
Band "F"	466.1	13/9	673.3
Band "G"	112.2	15/9	186.9
Band "H"	7.8	2	15.6
Total	43,028.6		33,949.3
Less Provision for Bad Debts			253.9
Council Tax Base for 2020/21			33,695.3

The Band D Council Tax, including parish precepts, is calculated as follows:

Council requirement from the Collection Fund	<u>£ 6,707,610</u>
Divided by Council Tax Base	33,695.3
Equals Band D equivalent	£199.07

5. Distribution of the Collection Fund Balance

The distribution of the Collection Fund balance based upon the actual position is shown in the tables below.

a. Council Tax Balance Distribution - Deficit

2019/20 £'000		2020/21 £'000
663	Nottinghamshire County Council	419
99	Nottinghamshire Police Authority	62
36	Nottinghamshire Fire Authority	22
86	Ashfield District Council	55
<u>884</u>		<u>558</u>

b. NDR Balance Distribution - Deficit

2019/20 £'000		2020/21 £'000
158	Nottinghamshire County Council	5,337
17	Nottinghamshire Fire Authority	1,201
701	Ashfield District Council	133
877	Central Government	6,671
<u>1,753</u>		<u>13,342</u>

The surplus or deficit on the Collection Fund consists of two elements:-

- Council Tax: - the surplus or deficit of this element is distributed between the Council (as billing authority), Nottinghamshire County Council, Nottinghamshire Police Authority and Nottinghamshire Fire Authority on the basis of estimates of the year-end balance on 15th January each year. Any remaining surplus or deficit will be carried forward to the following year and will influence the level of Council Tax to be raised for that year.
- NDR: - the surplus or deficit of this element is distributed between the Council (as billing authority), Nottinghamshire County Council, Nottinghamshire Fire Authority and Central Government on proportions outlined in the Business Rates Retention scheme, on the basis of estimates of the year-end balance on 31st January each year. Any remaining surplus or deficit will be carried forward to the following year and will influence the level of Council Tax to be raised for that year.

However, as part of the Covid-19 support measures, the regulations have been amended to allow the 2020/21 in-year deficit for both Council Tax and NDR to be spread over 2021/22 to 2023/24 rather than impacting in full in the following year.

The Covid-19 support measures also include a 75% Taxation Income Guarantee Compensation scheme to fund the losses on Council tax and NDR. This funding has been moved to an earmarked reserve (see note 24) to be released to fund the deficit as it is charged back to general fund in 2021/22 to 2023/24.

The significant deficit for NDR in 2020/21 as previously noted is partly due additional business rate relief being granted, as directed by Central Government. This element of the deficit will be transferred to the general fund in 2021/22. The additional reliefs have been covered by additional Section 31 grants from Central Government received in 2020/21 and moved to an earmarked reserve (see note 24) to be released to fund the deficit.

6. Collection Fund Adjustment Account

The Collection Fund Adjustment Account manages the differences arising from the recognition of council tax and NDR income in the Comprehensive Income and Expenditure Statement as it falls due from council taxpayers compared with the statutory arrangements for paying across amounts to the General Fund from the Collection Fund.

2019/20 £'000		2020/21 £'000
1,066	Balance at 1 April	788
52	Amount by which council tax income credited to the Comprehensive Income and Expenditure Statement is different from council tax income calculated for the year in accordance with statutory requirements	(32)
(330)	Amount by which NDR income credited to the Comprehensive Income and Expenditure Statement is different from NDR income calculated for the year in accordance with statutory requirements	4,637
<u>788</u>	Balance at 31 March	<u>5,393</u>