



Ashfield

DISTRICT COUNCIL

Statement of Accounts

2018/2019

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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 2018/19, 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. Introduction to the Narrative Statement by the Corporate Finance Manager (Section 151 Officer)

I am pleased to present Ashfield District Council's Statement of Accounts for the year ending 31st March 2019. 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 2018/19
- 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 2018/19 issued by the Chartered Institute of Public Finance and Accountancy (CIPFA) and the Accounts and Audit Regulations 2017.

This Narrative Report also includes details of the operational performance and key achievements of the Council during the financial year as well as details of financial performance for 2018/19. Also included is an explanation of the various financial statements within the Statement of Accounts to aid navigation through what is quite a technical document, the format and content of which is prescribed through International Financial Reporting Standards.

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. There is significant uncertainty about the level of future funding pending the outcome and impact of the imminent Spending Review (SR19), Fair Funding Review, future level of Business Rates retention and the Business Rates re-set, and the future of New Homes Bonus funding. 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 with reducing resources. The Council is progressing implementation of its Digital Services Transformation Strategy, which along with review of current services and service level provision and 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 funding uncertainty.

We know that further challenges lie ahead and the newly elected Administration working with senior management are making early plans to address these challenges. The 2018/19 accounts demonstrate the Council's success in delivering quality services within budget and this will put the Council in a good position in respect of addressing future funding gaps.

Pete Hudson ACMA, CGMA

Corporate Finance Manager (S151 Officer)

3. Introduction to the District of Ashfield

Ashfield is situated within North Nottinghamshire and serves a population of approximately 126,200 residents (ONS 2017 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. The unemployment rate (5%) remains higher than both the East Midlands average (4.5%) and the national average (4.2%). Those in employment on average earn less (£520 per week gross) than the average weekly pay in Great Britain (£571).

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.

In October 2016 the Council took back in-house the former Housing Arm's Length Management Organisation (ALMO), Ashfield Homes Limited. The Council remains committed to providing good quality housing and has continued to invest in its housing stock. During 2018/19 £4.8m was spent to maintain Council houses to the Decent Homes Standard. As at the 31st March 2019 the Council has 6,712 Council dwellings.

Although the rate of building new homes in the District has declined in the last 18 months, 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: 53%, Band B: 20% and Band C: 16%. Of the £62.837m of Council Tax raised in 2018/19, the Council received £6.180m (9.8%) to help provide residents with the services on which they rely.

4. Governance & Risk

There have been no significant changes in governance arrangements during 2018/19. Details of the Council's governance arrangements, its identified potential risks and the planned mitigation of those risks can be seen within the Annual Governance Statement (AGS) which forms the final section of our 2018/19 Statement of Accounts.

The key corporate risks and planned mitigation are shown in the table below:

Corporate Risk	Risk Mitigation
Future financial sustainability	Robust balanced budget for 2019/20. Ongoing work programme with Cabinet/CLT to identify savings and income generating opportunities to address the estimated funding gap: Commercialisation agenda, Base Budget Review, Digital Services Transformation agenda, service reviews, review of fees and charges, procurement review.
Failure to adopt a Local Plan	Training of newly elected Members has taken place and a Member Working Group established. Support from the Planning Advisory Service (PAS) has been agreed with the Ministry of Housing, Communities and Local Government (MHCLG). Funding for the evidence base is in place. Support from PAS on a proportionate evidence base. Ongoing support from Members to engage in a timely way in the process and their support for the consultation process. Championing from the Chief Executive and Director.
Impact of Brexit	Internal Officer Working Group monitoring impact and headline assessments of potential impacts. Maintenance of a Service Area issues log with weekly reports through to the Local Resilience Forum (LRF). Regular briefings to CLT. Input and participation in LRF contingency planning.
Procurement of new Kirkby Leisure Centre	Outline business case approved by Cabinet. Engaged specialist partners via the PAGODA Framework to procure the professional team for the build who will advise on the build procurement route. Working with partners (Sport England and the Local Enterprise Partnership) to secure match funding. Detailed business case to be presented for Council consideration in the autumn.
Delivery of Digital Services Transformation Programme	Temporary external specialists engaged. Internal project delivery resources identified and effective project management in place. Means of funding the various projects is in place. Member Champion identified and aligned with Scrutiny Committee work plan.

5. Corporate Plan

The current Corporate Plan covers the period 2016 to 2019 and a new Corporate Plan is being developed with the newly elected Administration following the May 2019 elections. It is the intention to present the new Corporate Plan to Cabinet in July 2019.

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 & Wellbeing;
- b. Economic Regeneration;
- c. Housing;
- d. Place & Communities; and
- e. Organisational Improvement

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.

Over the period of the current Corporate Plan (2016 to 2019) over 83% of corporate scorecard measures indicate an improved position since 2015/16.

Overall, the corporate scorecard outturn for April 2018 to March 2019 indicates the following:-

- 86% of measures achieving or exceeding target, or within a 10% variance of target.
- 71% of measures indicating an improved position compared to the same period in the previous year, or within 5% of previous year's performance levels.

6. Operational Performance / Achievements 2018/19

- Project commenced to deliver a new Leisure Centre on the existing Kirkby Festival Hall site for 2021.
- The Council has delivered two Ashfield Big Spring Cleans during the year resulting in approximately 1000 tonnes of additional waste being collected. This service proved very popular with residents and volunteers also helped on litter picks to clean up and restore pride in the District.
- Ashfield won the Keep Britain Tidy Authority of the Year Award 2018.
- Volunteer Policy refreshed – we now have 171 regular registered volunteers plus 187 ad-hoc volunteers.
- Received Nottinghamshire Wellbeing @Work Gold Award.
- Everyone Active awarded National Swim England Operator of the year for the 5th consecutive year.
- £1.2m of funding has been secured for park improvements including Heritage Lottery Funding for Kings Mill Reservoir and our six Green Flag Awards have been retained for our parks and green spaces.
- Our Housing service was confirmed as best for overall customer satisfaction and income collection when compared nationally, with upper quartile performance also achieved in void relets and repairs.
- The authority has brought in a further range of powers to tackle some of the most challenging private sector properties and landlords whilst also launching a new mandatory Houses of Multiple Occupation (HMO) licencing scheme, including civil penalties, rogue landlord database, enforced sale of properties and banning orders.
- The Discover Ashfield Brand was developed and launched attracting support and involvement from Partners and the wider business community.
- A successful events calendar has been delivered during the year, highlights include Christmas events which were supported by local sponsorship, the Tour of Britain, and a number of events and initiatives to mark the centenary of the end of World War I.
- Idlewells Indoor Market occupation has increased significantly from 47% to 75% with an improvement in the offer to customers.

- Principal War Memorials were cleaned in time for the Centenary and work is in progress for further war memorials to be cleaned in time for the 70th anniversary of the start of WW2 in September 2019.
- The Sutton Town Centre Spatial Masterplan was launched in January to great enthusiasm within the business community. The Plan was approved by Cabinet in March 2019 providing a framework for investment and development.
- Hucknall Town Centre was adopted as a conservation area to maintain and enhance the cultural heritage of the area.
- Several additional Investment properties have been acquired generating additional rental income to help sustain delivery of the vital services on which our residents rely.
- The Housing Money Advice service has supported tenants to enable them to access £230k of extra income.
- Our Customer and Digital Services Transformation Programme is beginning to show success through increased customer focus with; average call waiting times reducing by nearly half with a corresponding reduction in call abandonment rates month by month; and the number of online payments and direct debit payment levels continuing to significantly increase, 19% and 5% respectively. The recent implementation of a new payment solution also offers our residents and businesses more effective and accessible payment choices to suit the customer. This transformation is progressing with pace and further improvements and efficiencies will be implemented over the coming months and years.
- The Residents magazine has been relaunched with a new name – Ashfield Matters.
- We have significantly increased the number of Apprenticeships in the Council recruiting 16 more during the last year.
- The Council continues to roll-out its Agile Working Programme and principles, supporting enhanced customer service and increased productivity through facilitating remote, mobile and flexible working arrangements; and maximising office space to generate external rental income.
- Delivered the 2018/19 Budget Savings targets.

7. Organisational Delivery

Political Structure

The Council consists of 35 Councillors. At the start of the financial year 2018/19 the Council was controlled by a Labour Administration and from 26th April 2018 the Administration has been held by the Ashfield Independents.

Since that date and for the remainder of the financial year 2018/19, the Council's Cabinet has comprised of six Councillors:



On 2nd May 2019 the District Council elections were held and the Ashfield Independents were again appointed as the Council's Administration for the next four year term.

Within Ashfield there are two parishes, Selston Parish Council and Annesley & Felley Parish Council who provide additional services to residents within their respective boundaries. Selston Parish Council adopted a Neighbourhood Plan for the Parish following a Referendum in October 2017. Currently no Neighbourhood Plan has been adopted by Annesley & Felley Parish Council. Additionally, three unparished areas of the District - Teversal, Stanton Hill and Skegby formed a Forum and produced a Neighbourhood Forum Plan which was also approved in October 2017.

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 2019 the Council's workforce comprised 604 employees in post (602.7 full time equivalent posts on the approved staffing establishment).

During 2018/19 the Council had 22.06 full time equivalent (FTE) staff who were trade union officials. During the year these staff spent between 1% and 50% of their working hours on Facility Time. The cost of this represents 0% (0.05%) of the total pay bill. Time spent on paid trade union activities, as a percentage of total paid 'facility time' was 0%.

Key Partnering Arrangements

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 (Human Resources & Payroll, Homelessness Services, Regeneration and Legal Services).
- Broxtowe Borough Council sharing an Estates Manager, whilst Ashfield provides Business Rates processing support.
- J. Tomlinson Ltd, our delivery partner for completing capital improvements to the Council's housing stock.
- 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.

8. Financial Performance 2018/19

General Fund Revenue Outturn

The General Fund supports the day to day running of the Council's services, excluding Housing. The table below shows the Outturn by subjective analysis and by Directorate.

	Revised Budget £'000	Actual Outturn £'000	Variance £'000	Note
<u>Subjective Analysis:</u>				
Employee Expenses	16,885	16,594	(291)	1
Premises Expenses	1,414	1,372	(42)	2
Transport Related Expenses	2,335	2,123	(212)	3
Supplies & Services	5,327	5,971	644	4
Transfer Payments	30,725	30,705	(20)	5
Income	(39,381)	(40,785)	(1,404)	6
Recharges (Net)	(4,825)	(4,543)	282	7
Total	12,480	11,437	(1,043)	
<u>By Directorate:</u>				
Chief Executive Officer	713	743	30	
Resources & Business Transformation	(356)	(792)	(436)	
Legal & Governance	998	761	(237)	
Place & Communities	9,452	9,294	(158)	
Housing & Assets	1,673	1,431	(242)	
Sub Total	12,480	11,437	(1,043)	
<u>Financing and Investment Inc. & Expenditure</u>				
Net Interest	(181)	3	184	
Minimum Revenue Payment	1,809	284	(1,525)	
Capital Expenditure Financed from Revenue	113	54	(59)	
Sub Total	1,741	341	(1,400)	8
TOTAL EXPENDITURE	14,221	11,778	(2,443)	
<u>Funding</u>				
Government Grants	(2,783)	(2,783)	0	
Business Rates	(5,167)	(6,452)	(1,285)	9
Council Tax	(6,180)	(6,180)	0	
TOTAL FUNDING	(14,130)	(15,415)	(1,285)	
Net General Fund Deficit/(surplus) for the year before transfers to/from Earmarked Reserves	91	(3,637)	(3,728)	
Net contribution to/(from) Earmarked Reserves	(482)	2,098	2,580	10
Net General Fund Deficit/(surplus) for the year after transfers to/from Earmarked Reserves	(391)	(1,539)	(1,148)	

Explanation of variances to budget:

(1) Employee Expenses (£291k underspend)

The staffing budget was £716k underspent due to vacancies throughout the Authority during the year; partially offset by agency staff costs of £470k. The budget for severance costs was underspent by £158k. The training budget was overspent by £90k but this is predominantly funded through additional income (see below). Other employee costs were £23k underspent.

(2) Premises Expenses (£42k underspend)

The premises repairs budget was underspent by £42k.

(3) Transport Related Expenses (£212k underspend)

Fuel costs were £51k less than budget, car mileage and associated lump sum costs were £43k less than budget, contract and plant hire was £201k less than budget and transport insurance was £28k less than budget. These underspends were partially offset by additional spend on parts to maintain vehicles (£111k over budget).

(4) Supplies & Services (£644k overspend)

The main overspends were due to: additional payments to contractors (£329k) – largely funded from reserves, £237k payment of Domestic Violence grant to other local authorities (for which grant income was received – see (6) below), additional security at the Council's offices (£34k), postages (£48k), professional, consultancy and legal expenses (£82k) and equipment purchase costs (£55k). These overspends were partially mitigated by a £139k underspend on the cost of shared services.

(5) Transfer Payments (£20k underspend)

This is a slight underspend compared to budget for Housing Benefit and Discretionary Housing Payments. It represents a 0.06% variance on a budget of £30.7m.

(6) Income (£1.404m over-recovery)

The net income over-recovery compared to budget is mainly due to the following:

- Government grants received are in excess of the level budgeted (£1.052m) – Domestic Violence Grant (see (4) above, additional New Burdens funding, Housing benefit related grants, additional Homelessness funding, DEFRA Air Quality grant.
- Additional Planning services income (£272k)
- Apprenticeship Levy income (£80k)
- Additional licences and permits income (£49k)
- Additional Pest Control income (£39k)

(7) Recharges (£282k under-recovery)

The net recharges budget under-recovery is due to being unable to recover budgeted levels of recharges due to the reduced cost of services to the Capital Programme and external customers.

(8) Financing and Investment Income and Expenditure

The main reason for the net underspend of £1.4m is due to a reduced in-year Minimum Revenue Payment (MRP) contribution requirement due to an over-provision in previous years (£1.221m) and reduced borrowing requirements due to delays in implementing some capital programme schemes.

(9) Business Rates

We received £1.285m business rates higher than budget in 2018/19. This is due to:

- £879k unbudgeted funding returned from the Nottinghamshire Pool in respect of both 2017/18 and 2018/19 contributions.
- £218k additional business rates
- £128k additional small business rates relief grant income (Section 31 grants)
- £59k non-recurrent Returned funding from the Government's Levy account.

(10) Transfers to/(from) Earmarked Reserves

Note 25 of the 2018/19 Statement of Accounts provides a detailed analysis of the movements in earmarked reserves. Key transfers to note are:

- £842k contribution from the additional business rates received (9 above) to the NNDR Equalisation reserve, £400k of this contribution is to recognise the financial impact of timing differences, which, all things being equal will result in a pressure of this value arising in 2020/21 and the balance relating to funding committed for the 2019/20 budget.
- £350k contribution from the MRP over-provision (8 above) to fund the costs of the Local Plan in 2019/20.
- £400k contribution to the Commercial Property Investment reserve to recognise the increase in investment, and therefore risk, in Investment Properties.
- £200k contribution to the Corporate Change reserve to help fund future costs associated with the Digital Services Transformation Programme.

General Fund Usable Reserves Summary

From 2017/18 to 2018/19 the Council's earmarked reserves increased by £2.063m to £7.885m and the Council's General Reserve increased by £1.539m to £6.116m.

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.

The table below shows the Outturn compared to revised budget for the HRA.

	Revised Budget £'000	Actual Outturn £'000	Variance £'000	Note
Income				
Rents, Charges & Contributions	(23,980)	(24,030)	(50)	1
Other Grants	0	(50)	(50)	2
Interest & Investment Income	(68)	(185)	(117)	3
Total Income	(24,048)	(24,265)	(217)	
Expenditure				
Borrowing & Capital Financing Charges	3,505	3,508	3	
Repairs & Maintenance	7,383	7,108	(275)	4
Supervision & Management	4,591	4,442	(149)	5
Interest Payable & Appropriations	3,546	3,618	72	6
Other Expenditure	235	118	(117)	7
Direct Revenue Financing	1,311	816	(495)	8
Transfer to / (from) Major Repairs Reserve	1,260	300	(960)	8
Total Expenditure	21,831	19,910	(1,921)	
Surplus for the year	(2,217)	(4,355)	(2,138)	
Net contribution to / (from) Earmarked Reserves	10	44	34	9
Net HRA Deficit/(Surplus) for the year AFTER transfers to/from Earmarked Reserves	(2,207)	(4,311)	(2,104)	

The Outturn for the HRA shows an in-year surplus of £4.355m before movement in reserves, bringing the total HRA balance at 31st March 2019 to £32.597m.

Income

- (1) Additional income of £50k compared to budget was received from tenants for rental income and chargeable damage and repair works.
- (2) A grant of £50k was also received which has been earmarked to fund the 2019/20 Affordable Housing Delivery Strategy (see point 9 below).
- (3) The interest and investment income received is £117k greater than budget due to the increase in interest rates from July 2018.

Expenditure

(4) Repairs and maintenance budgets are underspent by £275k mainly due to:

- Reduced use of subcontractors in delivering the planned maintenance schemes during the year (£130k)
- £115k vacancy savings on the housing repairs operative team, Estate Officer and Energy Performance departments
- Reduced housing vehicle charges (£14k)
- Reduced cost of void property clearance (£13k)

(5) Supervision and Management costs are £149k less than budget mainly due to:

- Reduced training provision (£25k)
- Reduced costs of operating and managing Community Centres (£18k)
- Reduced repairs and maintenance of Housing Court Schemes (£26k)
- Reduced running costs of the Brook Street office (£32k)
- Tenancy Services vacancies (£40k)

(6) Interest Payable and Appropriations - the £72k spend above budget represents the transfer of a property from the General Fund to the HRA.

(7) Other Expenditure is £117k less than budget due to:

- Refunds on empty properties being charged Council Tax (£58k)
- Reduction in bad debt provision (£59k)

(8) Direct Revenue Financing was £495k less than budget and the use of the Major Repairs Reserve was £960k less than budget, both due to delays in the implementation of some capital programme schemes.

(9) The transfer to earmarked reserves represents the £50k Affordable Housing Grant (see note 2 above) less a transfer of £6k from the HRA Insurance reserve.

Capital Programme Outturn 2018/19

Details of the main 2018/19 Capital Scheme works and how they were funded are shown in the table below. The notes below the table provide explanations for key variances compared with the 2018/19 budgets.

Capital Scheme	Revised Budget £'000	Actual Outturn £'000	Variance £'000	Note
Housing Revenue Account (HRA) Schemes				
Management Fee	545	546	1	
Catch Up & Major Repairs	3,290	2,410	(880)	1
Service Improvements	129	100	(29)	
Contingent Major Repairs	95	93	(2)	
Exceptional Extensive Works	1,031	1,165	134	2
Disabled Adaptations - Major	157	154	(3)	
Disabled Adaptations - Minor	350	323	(27)	
Investment in Additional Council Dwellings	488	484	(4)	
Investment in New Dwellings	1,000	606	(394)	3
Major Repairs – Temporary Accommodation	153	5	(148)	4
Other HRA Schemes (less than £100k)	115	46	(69)	
TOTAL HRA Schemes	7,353	5,932	(1,421)	
General Fund (GF) Schemes				
Annesley Art Project	124	105	(19)	5
Brierley Forest Park Management Plan	102	97	(5)	
Friezeland Scooter Park/Jacksdale MUGA	118	0	(118)	6
Hucknall Leisure Centre	140	0	(140)	7
Improvement Grants – Disabled Facilities	1,233	917	(316)	8
Investment Properties	10,019	8,767	(1,252)	9
Kings Mill Reservoir Desilting	321	18	(303)	10
Leisure Transformation Programme	200	43	(157)	11
Vehicle Replacements	680	55	(625)	12
Papplewick Green Public Art Work	150	149	(1)	
Other GF Schemes (less than £100k)	917	559	(358)	13
TOTAL GF Schemes	14,004	10,710	(3,294)	
TOTAL EXPENDITURE	21,357	16,642	(4,715)	
FUNDING				
Major Repairs Reserve/HRA contributions	6,027	4,583	(1,444)	14
Prudential Borrowing	11,287	8,859	(2,428)	15
Government Grants & Contributions	2,552	1,797	(755)	16
Reserve Contributions	165	54	(111)	17
Capital Receipts	1,326	1,349	23	
TOTAL FUNDING	21,357	16,642	(4,715)	

- (1) Delays to works on Council dwellings due to planned works being refused by tenants or structural issues being identified which have slowed progress. These works (and funding) are re-programmed into the 2019/20 works schedule.
- (2) Ecological findings and additional works have resulted in additional expenditure being incurred.
- (3) Suitable properties are only purchased as they are identified at an appropriate price.
- (4) This is a contingency budget which is only utilised when required.
- (5) Scheme delayed in respect of adoption of land and licences.
- (6) Scheme delays due to contractor availability.
- (7) Improvement works rescheduled to May 2019.
- (8) Occupational Health referrals less than anticipated and fewer complex cases received in 2018/19.
- (9) Suitable properties are only purchased as they are identified at an appropriate price.
- (10) Scheme delayed – awaiting formal approval to commence project from Heritage Lottery Fund.
- (11) Delay in appointment of professional team in 2018/19. This has now been progressed.
- (12) Majority of vehicle purchases were placed 'on-hold' pending the outcome of the Transport Review.
- (13) A large number of projects were added to the capital programme towards the end of 2018/19. Works (and spend) will overlap into 2019/20.
- (14) Lower than expected Decent Homes spend thereby reducing the HRA reserve contribution requirement.
- (15) Lower than anticipated spend on Investment properties and vehicles thereby reducing the 2018/19 planned borrowing requirement.
- (16) Reduced use of grant funding due to less spend on disabled facilities works in 2018/19.
- (17) Reduced use of reserves due to delays to capital works at Kings Mill Reservoir and some minor schemes.

Balance Sheet

Property, Plant & Equipment (PPE)

The value of PPE has increased by £5.935m to £297.499m as at 31st March 2019. This increase was predominantly as a result of the revaluation of Council dwellings.

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 Council acquired 3 further Investment Properties during 2018/19 increasing the balance sheet portfolio value to £19.228m; this included an in-year valuation increase of £477k. One of these newly acquired properties was reclassified as an asset held for sale at year end and this represents £5.77m of the £6.830m Assets Held for Sale value shown on the Balance Sheet. This property has since been sold.

Long Term Provisions

The value of Long Term provisions increased by £148k from £1.676m to £1.824m at the end of March 2019. The main provision within this is £1.394m 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 £1.959m to £94.738m at 31st March 2019 largely due to changes to the financial and demographic assumptions as advised by Barnett Waddingham, the Council's Pensions Actuary, and to reflect the pension payments made during 2018/19.

9. Outlook

Budgets and Funding

There is significant uncertainty about the level of funding the Council will receive beyond 2019/20 pending the outcome and impact of the following:

- Spending Review 2019 (SR19)
- Fair Funding Review
- Business Rates – level of retention – the movement from 50% to 75% and the agreed distribution methodology between County and Districts and the baseline re-set
- Future of New Homes Bonus funding and distribution methodology

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 will reduce.

What is known is that 2019/20 will be the final year in which the Council will receive Revenue Support Grant (RSG) funding.

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 two financial years. Notwithstanding the uncertainty brought about by the aforementioned factors, the estimated funding gap for 2020/21 is £2.1m and for 2021/22 is £2.4m.

As set out in the Council's 2019/20 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. Work has already commenced with the Council's newly appointed Cabinet 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 Medium Term Financial Strategy to ensure the Council's ongoing financial sustainability.

The Medium Term Financial Strategy will be updated and re-presented to Cabinet in September/October 2019 to reflect the 2018/19 Outturn and progress on identifying savings to help close the estimated funding gap.

Since the implementation of Universal Credit across Ashfield from June to November 2018 the Council, like other Councils, has noticed an increase in the level of rent arrears. We have put resources in place to support tenants to help them avoid falling into arrears and thereby optimise levels of rent collection.

Capital Investment

The Council has three key elements included in the capital programme. The first is the plan to invest up to £20m in suitable Investment Properties to generate a rental income stream to help support the continued delivery of Council services to residents. The second is the planned investment in a new Leisure Centre for Kirkby and we are currently working with Partners to progress this and it is anticipated that a detailed business case will be presented to Council for approval later in the summer. The third key area is the Digital Services Transformation Programme; a detailed report will be presented to Cabinet in July 2019. This programme will result in investment in Information Technology to both provide more efficient services and improved access to Council services for residents and businesses as well as increasing efficiency and reducing the cost of current Council processes.

10. Explanation of the Financial Statements

The Statement of Accounts is for the financial year 31st March 2019 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 2019. It shows the Council's assets, liabilities, cash balances and reserves at 31st March 2019.

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 Financial 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 Accounts please contact:

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

Telephone: 01623 457362 or Email: P.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
22nd July 2019.

Signed on behalf of Ashfield District Council:



Councillor D. Shaw
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 2018/19 ("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 2019.



P. Hudson, ACMA, CGMA
Corporate Finance Manager & Section 151 Officer
22nd July 2019

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

Report on the financial statements

Opinion

We have audited the financial statements of Ashfield District Council ('the Council') for the year ended 31 March 2019, which comprise the Comprehensive Income and Expenditure Statement, the Movement in Reserves Statement, the Balance Sheet, the Cash Flow Statement, the Housing Revenue Account, the Collection Fund and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2018/19.

In our opinion, the financial statements:

- give a true and fair view of the financial position of Ashfield District Council as at 31st March 2019 and of its expenditure and income for the year then ended; and
- have been properly prepared in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2018/19.

Basis for opinion

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

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- The Corporate Finance Manager use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- The Corporate Finance Manager has not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Council's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

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

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

We have nothing to report in this regard.

Responsibilities of the Corporate Finance Manager for the financial statements

As explained more fully in the Statement of the Chief Finance Officer's Responsibilities, the Corporate Finance Manager is responsible for the preparation of the Statement of Accounts, which includes the financial statements, in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2018/19, and for being satisfied that they give a true and fair view. The Corporate Finance Manager is also responsible for such internal control as the Corporate Finance Manager determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

The Corporate Finance Manager is required to comply with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2018/19 and prepare the financial statements on a going concern basis, unless the Council is informed of the intention for dissolution without transfer of services or function to another entity. The Corporate Finance Manager is responsible for assessing each year whether or not it is appropriate for the Council to prepare its accounts on the going concern basis and disclosing, as applicable, matters related to going concern.

Auditor's responsibilities for the audit of the financial statements

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

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

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

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

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

We have nothing to report in these respects.

Conclusion on Ashfield District Council's arrangements for securing economy, efficiency and effectiveness in the use of resources

Conclusion

On the basis of our work, having regard to the guidance on the specified criterion issued by the Comptroller and Auditor General in November 2017, we are satisfied that, in all significant respects, Ashfield District Council has put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2019.

Basis for conclusion

We have undertaken our review in accordance with the Code of Audit Practice issued by the Comptroller and Auditor General, having regard to the guidance on the specified criterion issued in November 2017, as to whether the Council had proper arrangements to ensure it took properly informed decisions and deployed resources to achieve planned and sustainable outcomes for taxpayers and local people. The Comptroller and Auditor General determined this criterion as that necessary for us to consider in satisfying ourselves whether the Council put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2019.

We planned our work in accordance with the Code of Audit Practice. Based on our risk assessment, we undertook such work as we considered necessary to form a view on whether, in all significant respects, the Council had put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources.

Responsibilities of the Council

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

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

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

Use of the audit report

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

Certificate

We certify that we have completed the audit of Ashfield District Council in accordance with the requirements of the Local Audit and Accountability Act 2014 and the Code of Audit Practice.

A handwritten signature in black ink, appearing to read 'David Hoose', written in a cursive style.**David Hoose**

For and on behalf of Mazars LLP

Park View House
58 The Ropewalk
Nottingham
NG1 5DW

31 July 2019

Statement of Accounting Policies

1. General Principles

The Statement of Accounts summarises the Council's transactions for the financial year 2018/19 and its position at the year-end 31st March 2019. 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 2018/19 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 short-term investments that are of a highly liquid nature. The Council has deemed that deposits held within call accounts are categorised as Cash Equivalents unless they are held as part of the Council's investment strategy in which case they are treated as short term investments.

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 the Scheme 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 the 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.

Borrowing

Borrowing is classed as either a long-term liability if it is repayable after 12 months or longer, or a current liability if it is repayable within 12 months. Borrowing is 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, plus where appropriate, the amount of external interest accrued on loans where an effective interest calculation has not been made. This applies generally to outstanding Public Works Loans Board (PWLb) loans, where the rate of interest on the loan does not vary over the life of the loan. Generally, the interest that is charged to the Comprehensive Income and Expenditure Statement financing section is the amount due in the year under the loan agreement, except where this is adjusted under effective interest rate calculations to meet the requirements of the 2018/19 Code.

Gains and Losses on Debt Re-structuring

Gains and losses on the repurchase or early settlement of borrowing are credited and debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement in the year of repurchase/settlement. However, where repurchase has taken place as part of a

restructuring of the loan portfolio that involves the modification or exchange of existing instruments, the premium or discount is respectively deducted from or added to the amortised cost of the new or modified loan and the write-down to the Comprehensive Income and Expenditure Statement is spread over the life of the loan by an adjustment to the effective interest rate.

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.

Loans and Receivables

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 2018/19, 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 39 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.

The Core Financial Statements

Comprehensive Income and Expenditure Statement

This statement shows the accounting cost in the year of providing services in accordance with generally accepted accounting practices, rather than the amount to be funded from taxation. Authorities raise taxation to cover expenditure in accordance with regulations; this may be different from the accounting cost. The taxation position is shown in the Movement in Reserves Statement.

2017/18 Restated				2018/19			Note
Expenditure	Income	Net Expenditure		Expenditure	Income	Net Expenditure	
£'000	£'000	£'000		£'000	£'000	£'000	
693	(6)	687	Chief Executive Officer	685	(8)	677	
38,743	(35,292)	3,451	Resources and Business Transformation	37,439	(34,219)	3,220	
2,255	(958)	1,297	Legal and Governance	1,846	(532)	1,314	
16,609	(4,176)	12,433	Place & Communities	15,492	(4,373)	11,119	
4,444	(785)	3,659	Housing & Assets	4,336	(1,058)	3,278	
20,012	(24,265)	(4,253)	HRA - Housing Revenue Account	20,518	(24,080)	(3,562)	
82,756	(65,482)	17,274	Cost Of Services	80,316	(64,270)	16,046	
			Other Operating Expenditure				
		285	Parish Council Precepts			290	Collection Fund
		555	Contribution to Housing Pooled Capital Receipts			555	Note 26b
		(53)	Net Loss or (Gain) on sale of Fixed Assets			(1)	Note 17
		18,061	Total Operating Expenditure			16,890	

Comprehensive Income and Expenditure Statement (Continued)

Net Expenditure £'000		Net Expenditure £'000	Note
	Financing and Investment Income and Expenditure		
3,297	Interest Payable and Other Charges	3,384	Note 11
(17)	Interest Receivable and Investment Income	(1,426)	
2,714	Pensions Net Interest Cost	2,443	Note 36b
5,994		4,401	
24,055	Net Operating Expenditure	21,291	
	Taxation and Non-Specific Grant Income		
(3,734)	Government Grants	(2,783)	Note 10
(1,620)	Capital Grants	(2,299)	Note 10
(5,070)	NNDR Receipts	(6,057)	Note 10
(6,183)	Council Tax	(6,411)	
(16,607)		(17,550)	
7,448	(Surplus) or Deficit on Provision of Services	3,741	
(6,291)	Surplus or deficit on revaluation of fixed assets	(16,431)	
(8,129)	Remeasurements on pension assets / liabilities	(8,539)	Note 36b
(5)	Crematorium Remeasurements on pension assets / liabilities	(8)	Note 26g
(14,425)	Other Comprehensive Income and Expenditure	(24,978)	
(6,977)	Total Comprehensive Income and Expenditure	(21,237)	

Movement in Reserves Statement

This statement shows the movement in the year on the different reserves held by the Council, analysed into useable reserves (i.e. those that can be applied to fund expenditure or reduce taxation) and other reserves.

- The Surplus or (Deficit) on the Provision of Services line shows the true economic cost of providing the Council's services, more details of which are shown in the Comprehensive Income and Expenditure Statement. These are different from the statutory amounts required to be charged to the General Fund Balance and the Housing Revenue Account for Council tax setting and dwellings rent setting purposes.
- The Net Increase /Decrease before Transfers to Earmarked Reserves line shows the statutory General Fund Balance and Housing Revenue Account Balance before any discretionary transfers to or from earmarked reserves undertaken by the Council.

Movement in Reserves Statement (Continued)

The movement in reserves statement for 2018/19 is set out below.

	General Fund Balance £'000	Earmarked Reserves £'000	Housing Revenue Account £'000	HRA Earmarked Reserves £'000	Capital Receipts Reserve £'000	Capital Grants Reserve £'000	Total Usable Reserves £'000	Total Unusable Reserves £'000	Total Authority Reserves £'000
Balance at 31 March 2018	4,577	5,822	28,286	1,068	130	3,052	42,935	87,835	130,770
Surplus or (deficit) on provision of services (accounting basis)	(3,940)	0	199	0	0	0	(3,741)	0	(3,741)
Other Comprehensive Expenditure and Income	0	0	0	0	0	0	0	24,978	24,978
Total Comprehensive Expenditure and Income	(3,940)	0	199	0	0	0	(3,741)	24,978	21,237
Adjustments between accounting basis & funding basis under regulations	7,542	0	4,156	0	275	502	12,475	(12,475)	0
Net Increase / (Decrease) before Transfers to/from Earmarked Reserves	3,602	0	4,355	0	275	502	8,734	12,503	21,237
Transfers to / (from) Earmarked Reserves	(2,063)	2,063	(44)	44	0	0	0	0	0
Increase / (Decrease) in Year	1,539	2,063	4,311	44	275	502	8,734	12,503	21,237
Balance at 31 March 2019	6,116	7,885	32,597	1,112	405	3,554	51,669	100,338	152,007
Notes	Note 25a	HRA Statement	HRA Note 7	Note 25c	Note 25b	Note 26			

Movement in Reserves Statement (Continued)

The movement of reserves for 2017/18 for comparison purposes is set out below

	General Fund Balance	Earmarked Reserves	Housing Revenue Account	HRA Earmarked Reserves	Capital Receipts Reserve	Capital Grants Reserve	Total Usable Reserves	Total Unusable Reserves	Total Authority Reserves
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Balance at 31 March 2017	4,392	6,295	23,746	477	0	3,501	38,411	85,382	123,793
Surplus or (deficit) on provision of services (accounting basis)	(8,239)	0	791	0	0	0	(7,448)	0	(7,448)
Other Comprehensive Expenditure and Income	0	0	0	0	0	0	0	14,425	14,425
Total Comprehensive Expenditure and Income	(8,239)	0	791	0	0	0	(7,448)	14,425	6,977
Adjustments between accounting basis & funding basis under regulations	7,951	0	4,340	0	130	(449)	11,972	(11,972)	0
Net Increase / (Decrease) before Transfers to/from Earmarked Reserves	(288)	0	5,131	0	130	(449)	4,524	2,453	6,977
Transfers to / from Earmarked Reserves	473	(473)	(591)	591	0	0	0	0	0
Increase / (Decrease) in Year	185	(473)	4,540	591	130	(449)	4,524	2,453	6,977
Balance at 31 March 2018	4,577	5,822	28,286	1,068	130	3,052	42,935	87,835	130,770
Notes	Note 25a		HRA Statement	HRA Note 7	Note 25c	Note 25b		Note 26	

Balance Sheet

The Balance Sheet shows the value as at the Balance Sheet date (31/03/19) of the assets and liabilities recognised by the Council. The net assets of the Council (assets less liabilities) are matched by its reserves. Reserves are reported in two categories.

- Usable reserves, i.e. those reserves that the Council may use to provide services, subject to the need to maintain a prudent level of reserves and any statutory limitations on their use (for example the Capital Receipts Reserve that may only be used to fund capital expenditure or repay debt).
- Those that the Council is not able to use to provide services. This category includes reserves that hold unrealised gains and losses (for example the Revaluation Reserve), where amounts would only become available to provide services if the assets are sold; and reserves that hold timing differences shown in the Movement in Reserves Statement line 'Adjustments between accounting basis and funding basis under regulations'.

As at 31st March 2018 £'000		Note	As at 31st March 2019 £'000
291,564	Property, Plant & Equipment	Note 12	297,499
803	Heritage Assets	Note 13	803
0	Intangible Assets	Note 16	0
14,317	Investment Properties	Note 15	19,228
1,000	Long Term Debtors	Note 20	0
<u>307,684</u>	Long Term Assets		<u>317,530</u>
4,510	Short Term Investments	Note 18e	0
488	Inventories	Note 19	535
6,398	Short Term Debtors	Note 20	8,223
4,341	Cash and Cash Equivalents	Note 21	8,185
59	Assets held for sale	Note 22	6,830
<u>15,796</u>	Current Assets		<u>23,773</u>
(964)	Bank Overdraft	Note 21	(1,017)
(12,030)	Short Term Borrowing	Note 18a	(13,185)
(8,635)	Short Term Creditors	Note 23	(7,396)
(381)	Provisions	Note 24	(469)
<u>(22,010)</u>	Current Liabilities		<u>(22,067)</u>
(500)	Long Term Creditors	Note 23	0
(96,697)	Pension Liability	Note 36b	(94,738)
(551)	Crematorium Pension Liability	Note 39	(552)
(1,676)	Provisions	Note 24	(1,824)
<u>(71,276)</u>	Long Term Borrowing	Note 18a	<u>(70,116)</u>
<u>(170,700)</u>	Long Term Liabilities		<u>(167,230)</u>
<u>130,770</u>	Net Assets		<u>152,007</u>

As at 31st March 2018 £'000		Note	As at 31st March 2019 £'000
Usable Reserves			
(4,577)	General Fund Balance	MIR	(6,116)
(5,822)	Earmarked Reserves	Note 25a	(7,885)
(28,286)	Housing Revenue Account	HRA SMB	(32,597)
(1,068)	HRA Earmarked Reserves	HRA Note 7	(1,112)
0	Major Repairs Reserve	HRA Note 4	0
(130)	Usable Capital Receipts Reserve	Note 25c	(405)
(3,052)	Capital Grants Unapplied Reserve	Note 25b	(3,554)
<u>(42,935)</u>			<u>(51,669)</u>
Unusable Reserves			
(64,209)	Revaluation Reserve	Note 26a	(78,315)
(126,373)	Capital Adjustments Account	Note 26b	(121,380)
100,469	Pensions Reserve	Note 26c	96,646
568	Crematorium Pensions Reserve	Note 26g	560
369	Accumulated Absences Account	Note 26d	365
(24)	Collection Fund Adj Acc - Council Tax	Note 26f	34
636	Collection Fund Adj Acc - NNDR	Note 26f	1,031
729	Financial Instruments Adjustment Account	Note 26e	721
<u>(87,835)</u>			<u>(100,338)</u>
<u>(130,770)</u>	Total Reserves		<u>(152,007)</u>

Cash Flow Statement

The Cash Flow statement shows the changes in cash and cash equivalents of the Council during the reporting period. The statement shows how the Council generates and uses cash and cash equivalents by classifying cash flows as operating, investing and financing activities. The amount of net cash flows arising from operating activities is a key indicator of the extent to which the operations of the Council are funded by way of taxation and grant income or income generated from services provided by the Council. Investing activities represent the extent to which cash outflows have been made for resources, which are intended to contribute to the Council's future service delivery. Cash flows arising from financing activities are useful in predicting claims on future cash flows by providers of borrowing to the Council. Further explanation supporting the Cash Flow can be found at Note 27.

2017/18 £'000		2018/19 £'000	Note
(7,448)	Net surplus or (deficit) on the provision of services	(3,741)	Note 7
18,109	Adjustment to surplus or deficit on the provision of services for non-cash movements	19,472	Note 27a
(3,386)	Adjust for items included in the net surplus or deficit on the provision of services that are investing and financing activities	(3,923)	Note 27a
7,275	Net Cash flows from operating activities	11,808	
(15,342)	Net Cash flows from Investing Activities	(8,017)	Note 27c
6,280	Net Cash flows from Financing Activities	(0)	Note 27d
(1,787)	Net increase or decrease in cash and cash equivalents	3,791	
5,164	Cash and cash equivalents at the beginning of the reporting period	3,377	Note 21
3,377	Cash and cash equivalents at the end of the reporting period	7,168	Note 21

Notes to the Core Financial Statements

1. Accounting standards to be adopted

The Code of Practice on Local Authority Accounting requires the Council to disclose the expected impact of new standards that have been issued but not yet adopted by the Code for the financial year. The standards applicable for 2018/19 financial statements, which will apply from 2019/20, are:

- Amendments to IAS 40 Investment Property: Transfer of Investment Property.
- Annual Improvements to IFRIC Standards 2014-2016 cycle.
- IFRIC 22 Foreign Currency Transactions and Advance Considerations.
- IFRIC 23 Uncertainty over Income Tax Treatments.
- Amendments to IFRS 9 Financial Instruments: Prepayment Features with Negative Compensation.

These are not expected to have a material impact on the statement of accounts for next year.

The following amendments to IFRS standards were not provided with EU endorsement by 1 January 2019 and are therefore not to be included in the 2019/20 code and therefore have been rolled forward into the development programme for 2020/21 code:

- Amendments to IAS 28 Investments in Associates and Joint Ventures: Long term interest in Associates and Joint Ventures.
- Annual Improvements to IFRS Standards 2015-17 Cycle.
- Amendments to IAS 19 Employee Benefits: Plan Amendment, Curtailment or Settlement.

2. Critical Judgements in Applying Accounting Policies

In applying the accounting policies as set out in the Statement of Accounting Policies, the Council has had to make critical judgements about complex transactions and those involving uncertainty about future events.

Future Funding

There is a high degree of uncertainty about future levels of funding for local government. However, the Council has determined that this uncertainty is not as yet sufficient to provide an indication that the assets of the Council might be impaired as a result of a need to close facilities and reduce levels of service provision.

3. Assumptions made about the future and sources of uncertainty

The Statement of Accounts contains estimated figures that are based upon assumptions made by the Council about the future or that are otherwise uncertain. Estimates are made taking into account historical experience, current trends and other relevant factors. However, because balances cannot be determined with certainty, actual results could be materially different from the assumptions and estimates.

The items in the Council's Balance Sheet at 31st March 2019 for which there is a significant risk of material adjustment in the forthcoming financial year are as follows:

a. Business Rates Appeals

The Council has provided for £172k of potential repayments from the 2010 Business Rates Rating List, based on local knowledge and expertise. In the event that all appeals are successful the Council would incur additional repayment costs of £1.116m.

b. Property, Plant and Equipment

Assets are depreciated over useful lives that are dependent on assumptions about the level of repairs and maintenance that will be incurred in relation to individual assets. The current economic climate makes it uncertain that the Council will be able to sustain its current spending on repairs and maintenance, bringing into doubt the useful lives assigned to assets. If the useful life of assets is reduced, depreciation increases and the carrying amount of the assets falls. It is estimated that the annual depreciation charge for Property, Plant and Equipment would increase by £455k for every year that useful lives have to be reduced.

c. Provisions

Housing Benefit Overpayments

The Council has re-assessed the provision for bad debts relating to overpaid Housing Benefits. This provision relates specifically to those cases where adjustment to on-going benefit is not possible and the debt is pursued through the usual recovery methods. Given the current position on the account and the expected rate of recovery, this provision has increased from £0.995m to £1.010m. In terms of overpaid Housing Benefit collected through on-going benefit the provision for bad debt has decreased from £256k to £220k.

d. Pensions Liability

Estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets. A firm of consulting actuaries is engaged to provide the Council with expert advice about the assumptions to be applied. This is detailed at note 36.

e. Arrears and Doubtful Debts

At 31 March 2019, the Council had a balance for outstanding debtors of £10.565m. The total impairment for doubtful debts is £2.342m, as detailed at note 20.

4. Material Items of Income and Expense

a. Pensions

The Council participates in the Local Government Pension Scheme administered locally by Nottinghamshire County Council. In addition to the recognised gains and losses included in the Comprehensive Income and Expenditure Statement, a positive re-measurement of £10.041m (compared to a positive re-measurement of £8.129m in 2017/18) is included in 'Other Comprehensive Income and Expenditure'.

b. Impairment of Council Housing Stock

A desktop valuation of all Council Dwellings and a full valuation of Garages and Garage Plots was undertaken at 31st January 2019, which has resulted in £13.8m being credited to the Revaluation Reserve. The valuation has required that £4.8m of Capital Expenditure be impaired.

5. Events after the Balance Sheet Date

Purchase of an investment property for £5.654m completed on the 17th April 2019.

The Statement of Accounts includes an investment property as an asset held for sale at 31st March 2019, at a value of £5.770m; being the initial purchase costs of £4.334m plus an increase on revaluation. The sale of the investment property completed on the 18th April 2019. The sale proceeds were £5.424m.

The impact of these events on the Council's future minimum lease payments receivable are set out in note 34.

For the purposes of consideration, Post Balance Sheet events can occur up to approval of the Statements by the Audit Committee on 22th July 2019.

6. Prior Year Adjustments

In line with CIPFA reporting requirements the service part of the CIES is based on the organisational structure of the Council i.e. Directorates. During 2018/19 restructures have been implemented where services have transferred between Directorates. The 2017/18 CIES and EFA have been restated to align with the new 2018/19 Directorate position.

The 2017/18 Statement of Accounts included a long-term debtor and an offsetting long-term creditor in relation to superannuation back-funding. These entries were not required as the superannuation back-funding is represented by the difference in the pension liability and the pension reserve in the balance sheet, as detailed in note 36. The 2017/18 balance sheet has been restated to remove the long-term debtor and long-term creditor.

Balance Sheet Adjustment

	As at 31st March 2018 £'000	Restated As at 31st March 2018 £'000
Property, Plant & Equipment	291,564	291,564
Heritage Assets	803	803
Intangible Assets	0	0
Investment Properties	14,317	14,317
Long Term Debtors	4,772	1,000
Long Term Assets	311,456	307,684
Long Term Creditors	(4,272)	(500)
Pension Liability	(96,697)	(96,697)
Crematorium Pension Liability	(551)	(551)
Provisions	(1,676)	(1,676)
Capital Grants Receipts in Advance	0	0
Long Term Borrowing	(71,276)	(71,276)
Deferred Capital Receipts	0	0
Long Term Liabilities	(174,472)	(170,700)

7. Expenditure and Funding Analysis

This shows how annual expenditure is used and funded from resources (government grants, rents, council tax and business rates) by local authorities in comparison with those resources consumed or earned by authorities in accordance with generally accepted accounting practices. It also shows how this expenditure is allocated for decision making purposes between the Council's directorates. Income and expenditure accounted for under generally accepted accounting practices is presented more fully in the Comprehensive Income and Expenditure Statement.

2017/18 Restated				2018/19		
Net Expenditure Chargeable to the General Fund and HRA Balances	Adjustments between the Funding and Accounting Basis	Net Expenditure in the Comprehensive Income and Expenditure Statement		Net Expenditure Chargeable to the General Fund and HRA Balances	Adjustments between the Funding and Accounting Basis	Net Expenditure in the Comprehensive Income and Expenditure Statement
£'000	£'000	£'000		£'000	£'000	£'000
511	176	687	Chief Executive Officer	457	220	677
2,764	687	3,451	Resources and Business Transformation	673	1,137	1,810
1,205	92	1,297	Legal and Governance	1,182	132	1,314
9,806	2,627	12,433	Place & Communities	7,492	3,627	11,119
1,986	1,673	3,659	Housing and Assets	1,632	1,646	3,278
(11,991)	7,738	(4,253)	HRA - Housing Revenue Account	(7,792)	4,230	(3,562)
4,281	12,993	17,274	Net Cost Of Services	3,644	10,992	14,636
(9,124)	(702)	(9,826)	Other Income and Expenditure	(11,601)	706	(10,895)
(4,843)	12,291	7,448	Surplus in Year	(7,957)	11,698	3,741
(34,910)			Opening General Fund, HRA and Earmarked Reserves Balance	(39,753)		
(4,843)			Plus Surplus on General Fund and HRA Balances in Year	(7,957)		
(39,753)			Closing General Fund, HRA and Earmarked Reserves Balance at 31 March	(47,710)		

The note for 2018/19 is set out below:

Adjustments from General Fund to arrive at the Comprehensive Income and Expenditure Statement amounts	Adjustments for Capital Purposes	Net Change for the Pensions Adjustments	Other Differences	Total Adjustments
	(Note a)	(Note b)	(Note c)	
	£'000	£'000	£'000	£'000
Chief Executive Officer	2	218	0	220
Resources and Business Transformation	777	318	42	1,137
Legal and Governance	0	132	0	132
Place & Communities	2,760	867	0	3,627
Housing and Assets	1,400	246	0	1,646
HRA - Housing Revenue Account	3,461	493	276	4,230
Net Cost of Services	8,400	2,274	318	10,992
Other income and expenditure from the Expenditure and Funding Analysis	2,100	2,443	(3,837)	706
Difference between General Fund surplus or deficit and Comprehensive Income and Expenditure Statement Surplus or Deficit on the Provision of Services	10,500	4,717	(3,519)	11,698

The restated comparatives for 2017/18 are set out below:

Adjustments from General Fund to arrive at the Comprehensive Income and Expenditure Statement amounts	Adjustments for Capital Purposes	Net Change for the Pensions Adjustments	Other Differences	Total Adjustments
	(Note a)	(Note b)	(Note c)	
	£'000	£'000	£'000	£'000
Chief Executive Officer	0	176	0	176
Resources and Business Transformation	378	280	29	687
Legal and Governance	0	106	(14)	92
Place & Communities	2,082	592	(47)	2,627
Housing and Assets	1,594	127	(48)	1,673
HRA - Housing Revenue Account	3,399	348	3,991	7,738
Net Cost of Services	7,453	1,629	3,911	12,993
Other income and expenditure from the Expenditure and Funding Analysis	2,711	2,714	(6,127)	(702)
Difference between General Fund surplus or deficit and Comprehensive Income and Expenditure Statement Surplus or Deficit on the Provision of Services	10,164	4,343	(2,216)	12,291

a. Adjustments for Capital Purposes

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

- **Other operating expenditure** – adjusts for capital disposals with a transfer of income on disposal of assets and the amounts written off for those assets.
- **Financing and investment income and expenditure** – the statutory charges for capital financing i.e. Minimum Revenue Provision and other revenue contributions are deducted from other income and expenditure

as these are not chargeable under generally accepted accounting practices.

- **Taxation and non-specific grant income and expenditure** – capital grants are adjusted for income not chargeable under generally accepted accounting practices. Revenue grants are adjusted from those receivable in the year to those receivable without conditions or for which conditions were satisfied throughout the year. The Taxation and Non Specific Grant Income and Expenditure line is credited with capital grants receivable in the year without conditions or for which conditions were satisfied in the year.

b. Net Change for the Pensions Adjustments

This column is the net change for the removal of pension contributions and the addition of IAS 19 Employee Benefits pension related expenditure and income.

- **For services** this represents the removal of the employer pension contributions made by the authority as allowed by statute and the replacement with current service costs and past service costs.
- **For Financing and investment income and expenditure**, the net interest on the defined benefit liability is charged to the CIES.

c. Other Differences

This column highlights other differences between amounts debited/credited to the Comprehensive Income and Expenditure Statement and amounts payable/receivable to be recognised under statute.

- **For Financing and investment income and expenditure** the other differences column recognises adjustments to the General Fund for the timing differences for premiums and discounts.
- The charge under **Taxation and non-specific grant income and expenditure** represents the difference between what is chargeable under statutory regulations for council tax and NNDR that was projected to be received at the start of the year and the income recognised under generally accepted accounting practices in the Code. This is a timing difference, as any difference will be brought forward in future Surpluses or Deficits on the Collection Fund.

B. Segmental Income

Income received on a segmental basis is analysed below:

Segmental Income 2017/18 £'000		2018/19 £'000
	Services	
(6)	Chief Executive Officer	(8)
(34,438)	Resources & Business Transformation	(34,219)
(958)	Legal & Governance	(532)
(5,084)	Place & Communities	(4,373)
(731)	Housing & Assets	(1,058)
(24,265)	HRA - Housing Revenue Account	(24,080)
(65,482)	Total income analysed on a segmental basis	(64,270)

8. Expenditure and Income Analysed by Nature

2017/18 £'000		2018/19 £'000
	Expenditure	
26,698	Employee benefits expenses	26,444
51,402	Other services expenses	43,084
7,370	Depreciation, amortisation, impairment	13,232
3,297	Interest Payments	3,384
285	Precepts and Levies	290
555	Payments to Housing Capital Receipts Pool	555
(53)	Loss/(Gain) on the disposal of assets	(1)
89,554	Total Expenditure	86,987
	Income	
(65,482)	Fees, charges and other service income	(64,270)
(17)	Interest and investment income	(1,426)
(11,253)	Income from council tax, non-domestic rates, district rate income	(12,468)
(1,620)	Capital grants	(2,299)
(3,734)	Government grants and contributions	(2,783)
(82,106)	Total Income	(83,246)
7,448	Surplus or Deficit on the Provision of Services	3,741

9. Adjustment between accounting basis and funding basis under statute

This note details the adjustments that are made to the financial position as identified within the Comprehensive Income and Expenditure Statement in accordance with proper accounting practice to the resources that are specified by statutory provision as being available to the District Council to meet future capital and revenue expenditure.

General Fund Balance

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

Housing Revenue Account Balance

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

Major Repairs Reserve

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

Capital Receipts Reserve

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

Capital Grants Unapplied

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

Statement for Current Financial Period 2018/19

	General Fund Balance £'000	Housing Revenue Account £'000	Housing Major Repair Reserves £'000	Capital Receipts Reserve £'000	Capital Grants Reserve £'000	Movement in Unusable Reserves £'000
Capital Adjustment Account						
Charges for depreciation and impairment of non-current assets	(2,684)	0	306	0	0	(2,378)
Revaluation losses on Property Plant and Equipment	(1,326)	(4,831)	0	0	0	(6,157)
Capital Grants and Contributions	2,299	0	0	0	(502)	1,797
Revenue Expenditure Funded from Capital under Statute	(976)	0	0	0	0	(976)
Non-current assets written off on disposal	1	0	0	0	0	1
Statutory Provision for the financing of capital investment	285	70	0	0	0	355
Contribution from the Capital Receipts Reserve to finance the payments to the Government capital receipts pool	(555)	0	0	0	0	(555)
Capital Expenditure charged against Revenue	54	816	0	0	0	870
	<u>(2,902)</u>	<u>(3,945)</u>	<u>306</u>	<u>0</u>	<u>(502)</u>	<u>(7,043)</u>
Capital Receipts Reserve						
Transfer of sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	0	0	0	(1,624)	0	(1,624)
Use of the Capital Receipts reserve to finance new expenditure	0	0	0	1,349	0	1,349
	<u>0</u>	<u>0</u>	<u>0</u>	<u>(275)</u>	<u>0</u>	<u>(275)</u>
Pension Reserve						
Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement	(7,556)	(1,440)	0	0	0	(8,996)
Employers pension contribution payable in the year	3,333	947	0	0	0	4,280
	<u>(4,223)</u>	<u>(493)</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(4,716)</u>

	General Fund Balance £'000	Housing Revenue Account £'000	Housing Major Repair Reserves £'000	Capital Receipts Reserve £'000	Capital Grants Reserve £'000	Movement in Unusable Reserves £'000
Collection Fund Adjustment						
Amount by which business rates income credited to the Comprehensive Income and Expenditure Statement is different from business rates income calculated for the year in accordance with statutory requirements	(395)	0	0	0	0	(395)
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	(58)	0	0	0	0	(58)
	(453)	0	0	0	0	(453)
Accumulating Short term Compensated Absences Account						
Amount by which staff remuneration charged to the Comprehensive Income and Expenditure Statement on an accrual basis is different from that chargeable in the year in accordance with statutory requirements	28	(24)	0	0	0	4
Major Repairs Reserve						
Reversal of Major Repair Allowance credited to the HRA	0	0	(4,790)	0	0	(4,790)
Use of the Major Repair Reserve to finance new capital expenditure	0	0	4,790	0	0	4,790
Excess of Depreciation Charged to HRA Compared to the Major Repairs Allowance Element of Housing Subsidy	0	306	(306)	0	0	0
	0	306	(306)	0	0	0
Financial Instrument Adjustment Account						
Financial Instruments - Reconciliation to Amortised Costs	8	0	0	0	0	8
	8	0	0	0	0	8
	(7,542)	(4,156)	0	(275)	(502)	(12,475)

Statement for Prior Financial Period 2017/18

	General Fund Balance £'000	Housing Revenue Account £'000	Housing Major Repair Reserves £'000	Capital Receipts Reserve £'000	Capital Grants Reserve £'000	Movement in Unusable Reserves £'000
Capital Adjustment Account						
Charges for depreciation and impairment of non-current assets	(2,211)	0	187	0	0	(2,024)
Revaluation losses on Property Plant and Equipment	(1,827)	(4,481)	0	0	0	(6,308)
Capital Grants and Contributions	1,620	0	0	0	449	2,069
Revenue Expenditure Funded from Capital under Statute	(2,902)	0	0	0	0	(2,902)
Non-current assets written off on disposal	53	0	0	0	0	53
Statutory Provision for the financing of capital investment	1,593	0	0	0	0	1,593
Contribution from the Capital Receipts Reserve to finance the payments to the Government capital receipts pool	(555)	0	0	0	0	(555)
Capital Expenditure charged against Revenue	690	315	0	0	0	1,005
	<u>(3,539)</u>	<u>(4,166)</u>	<u>187</u>	<u>0</u>	<u>449</u>	<u>(7,069)</u>
Capital Receipts Reserve						
Transfer of sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	0	0	0	(1,766)	0	(1,766)
Use of the Capital Receipts reserve to finance new expenditure	0	0	0	1,636	0	1,636
	<u>0</u>	<u>0</u>	<u>0</u>	<u>(130)</u>	<u>0</u>	<u>(130)</u>
Pension Reserve						
Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement	(7,281)	(1,276)	0	0	0	(8,557)
Employers pension contribution payable in the year	3,293	928	0	0	0	4,221
	<u>(3,988)</u>	<u>(348)</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(4,336)</u>

	General Fund Balance £'000	Housing Revenue Account £'000	Housing Major Repair Reserves £'000	Capital Receipts Reserve £'000	Capital Grants Reserve £'000	Movement in Unusable Reserves £'000
Collection Fund Adjustment						
Amount by which business rate income credited to the Comprehensive Income and Expenditure Statement is different from business rates income calculated for the year in accordance with statutory requirements	(422)	0	0	0	0	(422)
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	(3)	0	0	0	0	(3)
	(425)	0	0	0	0	(425)
Accumulating Short term Compensated Absences Account						
Amount by which staff remuneration charged to the Comprehensive Income and Expenditure Statement on an accrual basis is different from that chargeable in the year in accordance with statutory requirements	(6)	(13)	0	0	0	(19)
Major Repairs Reserve						
Reversal of Major Repair Allowance credited to the HRA	0	0	(4,909)	0	0	(4,909)
Use of the Major Repair Reserve to finance new capital expenditure	0	0	4,909	0	0	4,909
Excess of Depreciation Charged to HRA Compared to the Major Repairs Allowance Element of Housing Subsidy	0	187	(187)	0	0	0
	0	187	(187)	0	0	0
Financial Instrument Adjustment Account						
Amortisation of Premiums and Discounts	0	0	0	0	0	0
Financial Instruments - Reconciliation to Amortised Costs	7	0	0	0	0	7
	7	0	0	0	0	7
	(7,951)	(4,340)	0	(130)	449	(11,972)

10. Grant Income

The Council received the following major government grants and contributions to the Comprehensive Income and Expenditure Statement within 2018/19.

Comparators are shown for 2017/18 for other grants and contributions.

2017/18 £'000		2018/19 £'000
Government Grants Credited to Services		
18,123	Rent Allowances Subsidy	17,412
13,000	Rent Rebates Subsidy	12,760
448	Benefits Administration Grant	417
0	CT Admin Grant	186
96	New Burdens Grant (Other)	122
131	NDR Admin Allowance	153
26	IER Grant	20
98	Homelessness Assistance	161
0	Apprenticeship Levy	80
0	DEFRA	50
0	Domestic Abuse (LAs)	237
327	Other Revenue Grants	119
32,249	Sub Total	31,717
Other Grants and Contributions Credited to Services		
231	Discretionary Housing Payments	280
324	Mansfield Joint Crematorium	364
732	NCC Garden Waste Contribution	12
130	Developer Contributions to Revenue (S106)	29
870	Other Revenue Grants and Contributions	246
2,287	Sub Total	931
34,536	Grants and Contributions Credited to Services Total	32,648
Credited to Taxation and Non Specific Grant Income		
1,148	Revenue Support Grant (*CIES Government Grants)	697
2,586	New Homes Bonus Grant (*CIES Government Grants)	2,086
1,620	Capital Grants and Contributions	2,299
5,492	Net Non-Domestic Rates Receipts	6,452
10,846	Total Grants	11,534

Grants Income (Continued)

2017/18 £'000		2018/19 £'000
	Memorandum Account NDR	
14,570	Retained Business Rates - transfer from Collection Fund	15,015
(9,087)	Tariff payable direct to Nottinghamshire County Council	(9,413)
(51)	2017/18 Tariff Adjustment	0
5,432	Total Retained Business Rates	5,602
982	Small Business & Empty Rate - Sct 31 - Grant	1,136
(909)	Business Rates Levy	(1,177)
251	Returned Levy as a result of Nottinghamshire Pooling	562
192	Returned Levy (remaining 50%) as a result of	342
0	Levy Account Surplus Grant	59
(458)	Distribution of estimated NDR deficit/surplus	(72)
2	Accrual from Previous Year	0
<u>5,492</u>		<u>6,452</u>
	Amount Credited to the Comprehensive Income and Expenditure Statement after adjustment for the Collection Fund Adjustment Account	
<u>5,070</u>		<u>6,057</u>

11. Interest Payable and Other Charges

2017/18 £'000		2018/19 £'000
3,286	Loan Interest	3,365
11	General Fund	19
<u>3,297</u>	Total Interest Payable and Other Charges	<u>3,384</u>

12. Tangible Non-current Assets

	Housing Revenue Account	Land and Buildings	Community Assets	Vehicles, Plant and Equipment	Infra- structure	Surplus Assets	Assets under Construction	Total
Cost or Valuation	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
As at 1st April 2018	224,194	60,485	941	5,730	96	2,021	3,620	297,087
Additions	5,879	460	0	79	0	0	480	6,898
Disposals	(2,161)	0	0	(56)	0	0	0	(2,217)
Reclassifications	260	(1,511)	0	1,802	0	0	(2,284)	(1,733)
Revaluations / (Impairments)								
Recognised in the Revaluation Reserve	10,244	445	0	0	0	41	0	10,730
Recognised in Provision of Services	(4,831)	(663)	0	0	0	0	0	(5,494)
As at 31st March 2019	233,585	59,216	941	7,555	96	2,062	1,816	305,271
Depreciation and Impairments								
As at 1st April 2018	(568)	(4,209)	(184)	(574)	(29)	41	0	(5,523)
Charge for the year	(3,461)	(1,559)	(92)	(1,030)	(3)	0	0	(6,145)
Disposals	0	0	0	44	0	0	0	44
Reclassifications	0	61	0	0	0	0	0	61
Revaluations / (Impairments)								
Recognised in the Revaluation Reserve	3,539	293	0	0	0	(41)	0	3,791
Recognised in Provision of Services	0	0	0	0	0	0	0	0
As at 31st March 2019	(490)	(5,414)	(276)	(1,560)	(32)	0	0	(7,772)
Balance Sheet Net Amount at 31st March 2019	233,095	53,802	665	5,995	64	2,062	1,816	297,499

The tangible non-current assets at 31st March 2017 for comparative purposes are set out below:

Cost or Valuation	Housing Revenue Account	Land and Buildings	Community Assets	Vehicles, Plant and Equipment	Infra- structure	Surplus Assets	Assets under Construction	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
As at 1st April 2017	224,639	54,415	938	5,809	95	2,021	5,334	293,251
Adjustment	0	0	0	0	0	0	0	0
Additions	5,025	2,397	3	1,506	1	0	697	9,629
Disposals	(2,100)	0	0	(1,560)	0	0	0	(3,660)
Reclassifications	0	2,411	0	0	0	0	(2,411)	0
Revaluations / (Impairments) Recognised in the Revaluation Reserve	1,111	1,362	0	0	0	0	0	2,473
Recognised in Provision of Services	(4,481)	(100)	0	(25)	0	0	0	(4,606)
As at 31st March 2018	224,194	60,485	941	5,730	96	2,021	3,620	297,087
Depreciation and Impairments								
As at 1st April 2017	(753)	(1,856)	(122)	(1,352)	(27)	41	0	(4,069)
Adjustment	0	0	0	0	0	0	0	0
Charge for the year	(3,477)	(1,451)	(62)	(696)	(2)	0	0	(5,688)
Disposals	0	0	0	1,454	0	0	0	1,454
Reclassifications	0	0	0	0	0	0	0	0
Revaluations / (Impairments) Recognised in the Revaluation Reserve	3,662	156	0	0	0	0	0	3,818
Recognised in Provision of Services	0	(1,058)	0	20	0	0	0	(1,038)
As at 31st March 2018	(568)	(4,209)	(184)	(574)	(29)	41	0	(5,523)
Balance Sheet Net Amount at 31st March 2018	223,626	56,276	757	5,156	67	2,062	3,620	291,564

Capital Commitments

The Council entered into a contract in 2015/16 for the refurbishment of council dwellings, which will cover the period 2015/16 to 2019/20. The estimated value of this contract is between £25m and £38m.

Effects of Changes in Estimates

In 2018/19, a desktop valuation of Council Dwelling stock was completed. The majority of these valuations were revised upwards on the 31st March 2019. This is likely to mean that future depreciation charges will increase by approximately £260k.

Revaluations

The Authority carries out a rolling programme that ensures that all Property, Plant and Equipment required to be measured at fair value is revalued at least every five years. Valuations of land and buildings were carried out in accordance with the methodologies and bases for estimation set out in the professional standards of the Royal Institution of Chartered Surveyors.

The significant assumptions applied in estimating the fair values are:

- It has been assumed for the purpose of these valuations that there are no onerous covenants or conditions, which would be imposed on the disposals of the assets.
- The council housing stock has been valued on the basis of existing use value discounted for social housing, in accordance with the financial framework for Stock Valuation for Resource Accounting Guidance for Valuers 2016 (as supplied by the Department for Communities and Local Government).

13. Heritage Assets

Cenotaphs

The Authority has seven cenotaphs at various locations throughout the authority. The valuation for these cenotaphs is based on the average replacement cost and this has been agreed following discussions with our internal valuer.

Statues and Artwork

Insurance valuations were used to value the Harold Larwood Statue in Kirkby. All other Heritage Assets comprising of Walter Jack Painting Brierley Park, Mosaic Marker Stone at Spring Street Hucknall, Flight of Fancy Statue at Hucknall Market Place and the Miners Statue at Station Road Hucknall are all valued at historic cost.

	Cenotaphs	Statues and Artwork	Total
	£'000	£'000	£'000
Cost or Valuation			
1st April 2018	330	473	803
Acquisitions	0	0	0
31st March 2019	330	473	803

Cost or Valuation			
1st April 2017	330	473	803
Acquisitions	0	0	0
31st March 2018	330	473	803

14. Tangible Non-Current Asset Valuations

The following table shows the progress of the Council's rolling programme for the revaluation of non-current assets. The purpose of the rolling programme is to ensure that all assets valued at current value are re-valued at least every five years. The table shows the annual movement in asset values arising from the revaluation programme.

	Housing Revenue Account £'000	Land and Buildings £'000	Community Assets £'000	Vehicles, Plant and Equipment £'000	Infra- structure £'000	Surplus Assets £'000	Assets under Construction £'000	Total £'000
Gross book value of assets 31st March 2019	233,585	59,216	941	7,555	96	2,062	1,816	305,271
Valued at historical cost	(445)	(8,244)	(941)	(7,555)	(96)	0	(1,816)	(19,097)
	233,140	50,972	0	0	0	2,062	0	286,174
Crematorium Valuation (2018/19)	0	1,206	0	0	0	0	0	1,206
Valued at current value:								
31st March 2019 by the Estates Manager (MRICS) employed by ADC	231,789	2,589	0	0	0	0	0	234,378
31st January 2018 and 31st March 2018 by the Estates Manager (MRICS) employed by ADC	0	11,801	0	0	0	0	0	11,801
31st March 2017 by the Estates Manager (MRICS) employed by ADC	0	2,813	0	0	0	1,828	0	4,641
31st March 2016 by the Estates Manager (MRICS) employed by ADC	1,266	32,563	0	0	0	234	0	34,063
31st March 2015 by the Estates Manager (MRICS) employed by ADC	85	0	0	0	0	0	0	85
	233,140	50,972	0	0	0	2,062	0	286,174

15. Investment Properties

The following items of income and expense have been accounted for in the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement:

2017/18 £'000		2018/19 £'000
161	Rental Income From Investment Properties	1379
(664)	Direct operating expenses arising from investment property	31
<u>(503)</u>	Net gain/(loss)	<u>1,410</u>

There are no restrictions on the authority's ability to realise the value inherent in its investment property or on the authority's right to the remittance of income and the proceeds of disposal. The authority has no contractual obligations to purchase, construct or develop investment property or repairs, maintenance or enhancement.

The following table summarises the movement in the fair value of investment properties over the year:

2017/18 £'000		2018/19 £'000
0	Balance at Start of the Year	14,317
	Additions:	
14,981	- Purchases	8,768
0	- Construction	0
0	- Subsequent expenditure	0
0	Disposals	0
(664)	Net gains/losses from fair value adjustments	477
	Transfers:	
0	- to/from inventories	0
0	- to/from property, plant and equipment	(4,334)
0	Other Changes	0
<u>14,317</u>	Balance at end of year	<u>19,228</u>

Fair Value Hierarchy

Details of the authority's investment properties and information about the fair value hierarchy as at 31 March 2019 and 31 March 2018 are as follows:

	Quoted prices in active markets for identical assets (level 1) £'000	Other significant observable inputs (level 2) £'000	Significant unobservable inputs (level 3) £'000	Fair Value as at 31 March 2019 £'000
2018/19 Fair Value Hierarchy				
Recurring fair value measurements using:				
Residential (market rental) properties	0	0	0	0
Office units	0	0	0	0
Commercial Units	19,228	0	0	19,228
Total	19,228	0	0	19,228

	Quoted prices in active markets for identical assets (level 1) £'000	Other significant observable inputs (level 2) £'000	Significant unobservable inputs (level 3) £'000	Fair Value as at 31 March 2018 £'000
2017/18 Comparative Figures				
Recurring fair value measurements using:				
Residential (market rental) properties	0	0	0	0
Office units	0	0	0	0
Commercial Units	14,317	0	0	14,317
Total	14,317	0	0	14,317

16. Intangible Non-Current Assets

The Council accounts for its software as intangible assets, to the extent that the software is not an integral part of a particular IT system and accounted for as part of the hardware item of Property, Plant and Equipment. The intangible assets include both purchased licenses and internally generated software. There have been no software purchases in 2018/19, which meet the definition of intangible non-current assets.

17. Gains and Losses from the Sale of Assets

The Comprehensive Income and Expenditure Statement includes gains and losses from the sale of Council assets. The value of the gains and losses for 2018/19 is as follows:

2017/18		2018/19
£'000		£'000
0	Council house sales	0
(53)	General fund assets	(1)
<u>(53)</u>	Total (Gain)/Loss	<u>(1)</u>

18. Financial Instruments

a. Financial liabilities held at amortised cost

	Long Term		Short Term	
	31st March 2019 £'000	31st March 2018 £'000	31st March 2019 £'000	31st March 2018 £'000
Financial Liabilities				
Borrowings at Amortised Cost	70,116	71,276	13,185	12,030
Finance Leases	0	0	0	0
Trade Creditors	0	0	3,241	3,899
Total Financial Liabilities	70,116	71,276	16,426	15,929

b. Financial Assets – Loans and receivables held at amortised cost

	Long Term		Short Term	
	31st March 2019 £'000	31st March 2018 £'000	31st March 2019 £'000	31st March 2018 £'000
Loans and Receivables				
Investments	0	0	0	4,510
Trade Debtors	0	0	6,733	6,810
Total Loans and Receivables	0	0	6,733	11,320

c. Gains and Losses on Financial Instruments

2017/18 £'000		2018/19 £'000
	Interest Expense	
3,330	Liabilities measured at 'Amortised Cost'	3,263
	Interest Income	
(68)	Loans and Receivables	(52)
<u>3,262</u>	Net Gain / (Loss) for the Year	<u>3,210</u>

d. Fair Value of Assets and Liabilities carried at Amortised Cost

Financial liabilities and financial assets (represented by loans and receivables) are carried in the Balance Sheet at amortised cost. Capita Asset Services plc provides the fair values to be utilised.

	31st March 2019		31st March 2018	
	Carrying Amount £'000	Fair Value £'000	Carrying Amount £'000	Fair Value £'000
Financial Liabilities				
PWLB	34,438	46,486	29,557	34,318
Money Market	35,677	61,848	46,746	57,007
	<u>70,116</u>	<u>108,334</u>	<u>76,303</u>	<u>91,325</u>
 Short Term Borrowing	 0	 0	 7,004	 7,004
Money Market maturing in one year	6,049	6,337	0	0
PWLB maturing in one year	7,136	7,166	0	0
	<u>13,185</u>	<u>13,503</u>	<u>7,004</u>	<u>7,004</u>
	<u>83,301</u>	<u>121,838</u>	<u>83,307</u>	<u>98,329</u>
 Loans and Receivables				
Other Securities	0	0	0	0
Direct Short Term Investments	0	0	0	0
Money Market less than 12 months	0	5,003	4,510	4,510
	<u>0</u>	<u>5,003</u>	<u>4,510</u>	<u>4,510</u>

e. Investments

Under the Council's accounting policy on Cash Equivalents, instant access accounts are deemed to be classified as cash equivalents within the balance sheet and cash flow statements while investments of greater than 3 months, are classified as investments.

31st March 2018 £'000		31st March 2019 £'000
Short Term Investments:		
4,510	Money Market less than 12 months	0
0	Investments of Joint Crematorium Committee	0
<u>4,510</u>		<u>0</u>
Long Term Investments:		
0	Other Securities	0
<u>0</u>		<u>0</u>
<u>4,510</u>	Total Investments	<u>0</u>

19. Inventories

A breakdown of the balance sheet figure is given below:

2017/18 £'000		2018/19 £'000
495	Balance at 1st April	488
1,653	Purchases	1,938
<u>(1,660)</u>	Recognised as an expense	<u>(1,891)</u>
<u>488</u>	Balance at 31st March	<u>535</u>

20. Debtors

An analysis of the balance sheet figure is given below:

Restated 31st March 2018 £'000		31st March 2019 £'000
Short Term Debtors:		
1,104	Central Government Bodies	2,656
777	Other Local Authorities	1,176
(1)	NHS Bodies	1
6,810	Other entities and individuals	6,732
<u>(2,292)</u>	Provision for Bad Debt	<u>(2,342)</u>
<u>6,398</u>		<u>8,223</u>

Restated 31st March 2018 £'000		31st March 2019 £'000
	Long Term Debtors:	
0	Car Loans	0
0	NCC Superannuation Backfunding	0
1,000	Local Authority Mortgage Scheme	0
<u>1,000</u>		<u>0</u>

In January 2014, the Council in partnership with Nottinghamshire County Council and Lloyds Bank launched the Local Authority Mortgage Scheme (LAMS). The aim of the scheme was to stimulate the local economy and housing market by supporting first-time buyers. This was achieved by Ashfield District Council providing an indemnity to Lloyds bank to enable the bank to offer suitable applicants a 95% mortgage on terms normally applicable to a 75% loan. The advance of £1m represents housing service based capital expenditure and was in place for 5 years creating a long-term debtor on the Council's Balance Sheet. £500k of the advance had been provided by Nottinghamshire County Council. 2018/19 was the final year of operation for the scheme. The £1m has been repaid by Lloyds Bank and £0.5m has been returned to Nottinghamshire County Council.

21. Cash and Cash Equivalents

The balance of Cash and Cash Equivalents is made up of the following elements:

31st March 2018 £'000		31st March 2019 £'000
(964)	Bank Current Accounts	(1,017)
4,341	Short Term Deposits	8,185
<u>3,377</u>		<u>7,168</u>

22. Assets Held For Sale

International Reporting Standard 5 requires Non-Current Assets Held for Sale and Discontinued Operations to be reported separately in the balance sheet. The Council only has one asset that meets the definition of Assets Held for Sale i.e. the Butlers Hill site. There are three plots for sale on this site, of which one was disposed of during the year

31st March 2018 £'000		31st March 2019 £'000
121	Opening Balance	59
0	Transfer From Property Plant and Equipment	1,672
0	Transfer From Investment Properties	4,334
(62)	Disposals	0
	Revaluations / (Impairments)	
0	Recognised in the Revaluation Reserve	1,552
0	Recognised in Provision of Services	(787)
<u>59</u>	Closing Balance	<u>6,830</u>

23. Creditors

An analysis of the balance sheet figure is given below:

Restated 31st March £'000		31st March £'000
764	Central Government Bodies	403
3,972	Other Local Authorities	3,752
3,899	Other entities and individuals	3,241
<u>8,635</u>		<u>7,396</u>
	Long Term Creditors	
500	Other Local Authorities	0
<u>500</u>		<u>0</u>

24. Provisions

The Council has created provisions in respect of a number of issues that may result in a cost to the Council. These are analysed below for 2018/19 with 2017/18 provided for comparative purposes.

	Balance at 31st March 2018 £'000	Receipts in year £'000	Payments in year £'000	Balance at 31st March 2019 £'000
Short Term:				
Accumulated Absences	(369)	0	4	(365)
Termination Costs	0	(92)	0	(92)
Legal costs (Land Charges)	(12)	0	0	(12)
Long Term:				
Planning Appeal Costs	(40)	(85)	0	(125)
Legal Costs re H&S Prosecution	(155)	0	155	0
NDR Appeals (In Year)	0	0	0	0
NDR Appeals (Backdated)	(1,210)	(753)	569	(1,394)
Insurance Funds:				
Municipal Mutual Insurance (MMI)	(65)	0	0	(65)
Liability	(197)	0	12	(185)
Property	(9)	(46)	0	(55)
Total	(2,057)	(976)	740	(2,293)
	Balance at 31st March 2017 £'000	Receipts in year £'000	Payments in year £'000	Balance at 31st March 2018 £'000
Short Term:				
Accumulated Absences	(350)	(19)	0	(369)
Legal costs	(12)	0	0	(12)
Long Term:				
Planning Appeal Costs	(19)	(21)	0	(40)
Job Evaluation	0	0	0	0
Legal Costs re H&S Prosecution	(373)	0	218	(155)
NDR Appeals (In Year)	0	0	0	0
NDR Appeals (Backdated)	(1,164)	(2,225)	2,179	(1,210)
Insurance Funds:				
Municipal Mutual Insurance (MMI)	(88)	0	23	(65)
Liability	(194)	0	(3)	(197)
Property	(10)	0	1	(9)
Total	(2,210)	(2,265)	2,418	(2,057)

a. Accumulated Absences

The provision represents the value of employee benefits, mainly flexi time and annual holiday entitlement not taken at 1 April 2019. This is a short-term liability.

b. Termination Costs

As at the 31 March 2019 a restructure, in the interest of the efficiency of the service, has been approved and the affected employee has agreed the termination offer. The payment, will not be made until April 2019.

c. Planning Appeal Costs

This arises as a result of reviewing planning appeals and the payment of legal costs should these be successful.

d. Provision for Legal Costs regarding Health & Safety Prosecution

This provision was to cover the costs of a prosecution case relating to a Health and Safety contravention, following a workplace death within the district. During the year, the case was settled and the provision released.

e. Insurances

At the end of the year, the Council had a £271k insurance provision, which is maintained to meet its outstanding liability (within the policy excess) for claims in line with the reserves calculated by the Council's Insurers. Most claims come to fruition within 1-2 years. The factors affecting these values can change and the Insurance Companies regularly review the reserves. The main risk is that several incurred but not reported claims could affect its adequacy. Over and above this provision, the Council also maintains additional insurance within the Internal Insurance Fund Reserve.

25. Usable Reserves

Movements in the Council's usable reserves are detailed in the Movement in Reserves Statement and the following note.

a. Earmarked Reserves

This note sets out the amounts set aside from the General Fund balances to earmarked reserves for future expenditure plans. Further detail on the movement of reserves can be found within the Narrative Statement.

	Balance at 31st March 2019 £'000	Movements in Year £'000	Balance at 31st March 2018 £'000	Movements in Year £'000	Balance at 31st March 2017 £'000
District Planning Inquiry	406	350	56	(16)	72
Elections	87	5	82	24	58
Harold Farr Bequest	5	(3)	8	(2)	10
Joint Use Maintenance Fund	201	(7)	208	16	192
Asset Repair & Renewal Reserve	812	351	461	(343)	804
LAMS Reserve	76	15	61	14	47
Joint Crematorium Reserve	492	(7)	499	(109)	608
Insurance Related Funds	334	14	320	(16)	336
Revenue Grant Reserve	957	49	908	4	904
NNDR Equalisation Reserve	1,804	842	962	564	398
Supported Housing Reserve	11	0	11	(25)	36
Corporate Change Reserve	1,257	200	1,057	(643)	1,700
Commercial Property Investment Reserve	800	400	400	0	400
Economic Development and Place Reserve	241	14	227	77	150
Technology Investment Reserve	402	(160)	562	47	515
	7,885	2,063	5,822	(408)	6,230
Reclassification of S106 from Capital to Revenue Grant	0	0	0	(65)	65
	7,885	2,063	5,822	(473)	6,295

Details of the major usable reserves are set out below:

Asset Repair & Renewal Reserve

This reserve is to part fund investment into the Council's land, buildings & vehicles, further stock condition surveys and to progress the asset rationalisation programme.

Revenue Grant Reserve

This reflects the unused element of revenue grants awarded to the Council, for which the conditions of the grant are expected to be met or for which there are no conditions.

The reserve will be used to meet future years' revenue expenditure as required or as conditions are met.

National Non-Domestic Rates (NNDR) Equalisation Reserves

This reserve hold gains relating to the variations to the NNDR forecast and is utilised to fund deficits on the collection of NNDR in future years.

Corporate Change Reserve

This reserve is to fund changes in service delivery through service reviews to enable change to take place.

Commercial Property Investment Reserve

This reserve is to provide funding to mitigate the impact of void periods on revenue and to mitigate fluctuations within the property market.

b. Capital Grants Unapplied Reserve

This reserve details the amounts received in unspent capital grant and contribution income that does not have material conditions attached and is therefore available for financing future capital expenditure purposes.

2017/18 £'000		2018/19 £'000
3,501	Opening Balance	3,052
	Capital Grants and Contributions credited to the	
1,620	Comprehensive Income and Expenditure Statement	2,299
	Application of Capital Grants and Contributions within	
	the period and adjusted through the Capital Adjustment	
(2,069)	Account	(1,797)
0	Reclassification of S106 from Capital to Revenue	0
<u>3,052</u>	Closing balance	<u>3,554</u>

c. Capital Receipts Reserve

2017/18 £'000		2018/19 £'000
0	Opening Balance	130
	Transfer of sale proceeds credited as part of the	
1,766	gain/loss on disposal to the CIES	1,624
(1,636)	Use of the reserve to finance new expenditure	(1,349)
<u>130</u>	Closing Balance	<u>405</u>

26. Unusable Reserves

The unusable reserves arise from accounting entries and cannot be used to finance expenditure. The table below contains an analysis of the unusable reserves.

	Balance at 31st March 2019	Movements in Year	Balance at 31st March 2018	Movements in Year	Balance at 31st March 2017
	£'000	£'000	£'000	£'000	£'000
Revaluation Reserve	(78,315)	(14,106)	(64,209)	(4,409)	(59,800)
Capital Adjustment Account	(121,380)	4,993	(126,373)	5,317	(131,690)
Pensions Reserve	96,646	(3,823)	100,469	(3,793)	104,262
Crematorium Pensions Reserve	560	(8)	568	(5)	573
Accumulated Absences Reserve	365	(4)	369	19	350
Collection Fund Adjustment Account - Council Tax	34	58	(24)	3	(27)
Collection Fund Adjustment Account - NNDR	1,031	395	636	422	214
Financial Instruments Adjustment Account	721	(8)	729	(7)	736
	(100,338)	(12,503)	(87,835)	(2,453)	(85,382)

a. Revaluation Reserve

The revaluation reserve contains the gains made by the Council arising from increases in the value of Property, Plant and Equipment. The balance is reduced when assets with accumulated gains are:

- revalued downward
- used in the provision of services and the gains are consumed through depreciation
- disposed of and the gains realised.

2017/18 £'000		2018/19 £'000
(59,800)	Opening Balance	(64,209)
0	Asset Impairment	0
0	Crematorium Opening Balance IFRS	0
(6,291)	Revaluation of Assets	(14,521)
0	Heritage Assets	0
0	Investment Properties	(353)
	Assets Held for Sale	(1,552)
	Adjustment between current value depreciation and historic cost depreciation	2,054
1,448		
434	Write out of revaluation on disposal; property, plant and equipment	266
<u>(64,209)</u>	Closing Balance	<u>(78,315)</u>

The reserve contains revaluation gains accumulated since 1 April 2007, the date that the reserve was created; prior to this date revaluation gains were consolidated into the Capital Adjustment Account.

b. Capital Adjustment Account

The Capital Adjustment Account absorbs the timing differences arising from the different arrangements for accounting for the consumption of non-current assets and for the financing of these assets under statutory provision.

The table below identifies the transactions posted to this account during the period.

2017/18 £'000		2018/19 £'000
(131,690)	Opening Balance	(126,373)
2,024	Charges for depreciation and impairment of non-current assets	2,378
6,308	Revaluation losses / (gains) on Property Plant and Equipment	6,157
(2,069)	Capital Grants and Contributions	(1,797)
2,902	Revenue Expenditure Funded from Capital under Statute	976
2,268	Carrying Value of non-current assets written off on disposal	2,173
	Transfer of sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	
(2,191)		(1,904)
(1,593)	Statutory Provision for the financing of capital investment	(355)
(1,005)	Capital Expenditure charged against Revenue	(870)
555	Contribution from the Capital Receipts Reserve to finance the payments to the Government capital receipts pool	555
4,909	Reversal of Major Repair Allowance credited to the HRA	4,790
(4,909)	Use of the Major Repair Reserve to finance new capital expenditure	(4,790)
	<u>Other Reserve Movements</u>	
(1,448)	Adjustment between current value depreciation and historic cost depreciation	(2,054)
(434)	Write out of revaluation on disposal; property, plant and equipment	(266)
<u>(126,373)</u>	Closing Balance	<u>(121,380)</u>

c. Pension Reserve

The Pension Reserve absorbs the timing differences arising from the different arrangements for accounting for post-employment benefits and for funding those benefits in accordance with statutory provision.

The Council accounts for post-employment benefits in the Comprehensive Income and Expenditure Statement as the benefits are earned by employees accruing years of service, updating the liabilities recognised to reflect inflation, changing assumptions and investment returns on any resources set aside to meet the costs. However, statutory arrangements require benefits earned to be financed as the Council makes employer's contributions to pension funds or eventually pays any pensions for which it is directly responsible

The debit balance on the Pension Reserve shows a substantial shortfall in the resources the Council has set aside to meet the benefits earned by past and current employees. The statutory arrangements will ensure that funding will have been set aside by the time the benefits come to be paid.

2017/18 £'000		2018/19 £'000
104,262	Opening Balance	100,469
(8,129)	Actuarial (gains) or losses on pension assets and liabilities	(8,539)
8,557	Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement	8,996
(7,993)	Employers pension contribution payable in the year	(4,280)
3,772	Prepayment of Backfunding	0
<u>100,469</u>	Closing Balance	<u>96,646</u>

d. Accumulated Absences Reserve

The Accumulated Absences Account absorbs the difference that would otherwise arise on the General Fund Balance from providing for compensated absences earned but not taken in year.

2017/18 £'000		2018/19 £'000
350	Opening Balance	369
19	Movement in Year	(4)
<u>369</u>		<u>365</u>

e. Financial Instruments Adjustment Account

The Financial Instrument Adjustment Account absorbs the timing differences arising from the different arrangements for accounting for income and expense relating to certain financial instruments and for bearing losses or benefiting from gains per statutory provisions.

2017/18 £'000		2018/19 £'000
736	Opening Balance	729
(7)	Amount by which finance costs charged to the Comprehensive Income and Expenditure Statement are different from finance costs chargeable in the year in accordance with statutory requirements	(8)
<u>729</u>		<u>721</u>

f. Collection Fund Adjustment Account

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

2017/18 £'000		2018/19 £'000
(27)	Council Tax Opening Balance	(24)
3	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	58
<u>(24)</u>		<u>34</u>
	Business Rates	
214	Opening Balance	636
422	Amount by which NNDR income credited to the Comprehensive Income and Expenditure Statement is different from NNDR income calculated for the year in accordance with statutory requirements	395
<u>636</u>		<u>1,031</u>

g. Crematorium Pension Reserve

2017/18 £'000		2018/19 £'000
573	Opening Balance	568
(5)	Actuarial (gains) or losses on pension assets and liabilities	(8)
<u>568</u>	Closing Balance	<u>560</u>

27. Cash Flow Statement Notes

a. Net Cash Flows from Operating Activities

2017/18 £'000		2018/19 £'000
(7,448)	Net Surplus or (Deficit) on the Provision of Services-	(3,741)
	Adjust net surplus or (deficit) on the provision of services for non-cash movements:	
11,983	Depreciation and Impairment	12,318
(7)	Adjustments for effective interest rates	(8)
3,782	Increase/Decrease in Creditors	(955)
(4,107)	Increase/Decrease in Debtors	(825)
7	Increase/Decrease in Inventories	(47)
4,336	Pension Liability	6,580
(153)	Contributions to/(from) Provisions	236
2,268	Carrying amount of non-current assets sold [property plant and equipment, investment property and intangible assets]	2,173
<u>18,109</u>		<u>19,472</u>
	Adjust for items included in the net surplus or deficit on the provision of services that are investing or financing activities:	
(1,620)	Capital Grants credited to surplus or deficit on the provision of services	(2,299)
	Proceeds from the sale of short and long term investments	
(1,766)	Proceeds from the sale of property plant and equipment, investment property and intangible assets	(1,624)
<u>(3,386)</u>		<u>(3,923)</u>

b. Net Cash Flows from Operating Activities (Interest)

2017/18		2018/19
£'000		£'000
	Operating activities within the cash flow statement include the following cash flows relating to interest:	
17	Ordinary interest received	16
17	Interest Received	16
(3,297)	Interest charge for year	(3,263)
(7)	Adjustments for differences between Effective Interest Rates and actual interest payable	(8)
68	Other interest:	52
(3,236)	Interest Paid	(3,219)

c. Net Cash Flows from Investing Activities

2017/18		2018/19
£'000		£'000
(9,629)	Purchase of Property, Plant and Equipment, investment property and intangible assets	(6,898)
(14,981)	Purchase of Investment Properties	(8,768)
10,015	Sale of short and long term investments	4,510
(361)	Increase/Decrease in Creditors	(784)
1,766	Proceeds from the sale of property plant and equipment, investment property and intangible assets	1,624
(3,772)	Other capital cash receipts	0
1,620	Capital Grants Received	2,299
(15,342)	Total Cash Flows from Investing Activities	(8,017)

d. Cash Flow - Financing Activities

2017/18		2018/19
£'000		£'000
0	Cash receipts of short and long term borrowing	0
6,280	Repayment of Short-Term and Long-Term Borrowing	(0)
0	Collection Fund Adjustment Account	0
0	Payments for the reduction of a finance lease liability	0
6,280	Total Cash Flows from Financing Activities	(0)

28. Members' Allowances

The total amount paid under the members' allowances scheme during the year was £397,892 (£386,364 in 2017/18).

29. Officers' Remuneration and Exit Packages

a. Officers' Remuneration

The remuneration paid to the Council's senior officers was as follows:

Post	Salary, Fees and Allowances	Bonuses	Expenses Allowances	Compensation for Loss of Office	Total Remuneration Exc. Pension Contributions	Pension Contributions	Total Remuneration
	£	£	£	£	£	£	£
Chief Executive Officer	109,205	0	0	0	109,205	15,725	124,930
Director Housing & Assets (Deputy Chief Exec)	80,520	0	0	0	80,520	11,595	92,115
Director Legal & Governance	77,520	0	0	0	77,520	11,163	88,683
Service Director Resources & Business Transformation	77,520	0	0	0	77,520	11,163	88,683
Director Place & Communities	62,255	0	0	0	62,255	8,965	71,220
Corporate Finance Manager (Left 08/07/2018)	15,753	0	0	0	15,753	2,268	18,022
Corporate Finance Manager (Started 27/07/2018)	41,041	0	0	0	41,041	5,910	46,951
Assistant Director Planning & Regulatory Services	58,419	0	0	0	58,419	8,412	66,831
Assistant Director Neighbourhood & Environment	56,081	0	0	0	56,081	8,076	64,157
Assistant Director Place & Well Being	56,737	0	0	0	56,737	8,170	64,907
Assistant Director Assets & Investments	55,435	0	0	0	55,435	7,983	63,418

The information for 2017/18 on a similar basis for comparative purposes is:

Post	Salary, Fees and Allowances	Bonuses	Expenses Allowances	Compensation for Loss of Office	Total Remuneration Exc. Pension Contributions	Pension Contributions	Total Remuneration
	£	£	£	£	£	£	£
Chief Executive Officer	105,963	0	17	0	105,980	15,259	121,239
Director Housing & Assets (Deputy Chief Executive)	78,146	0	305	0	78,451	11,253	89,704
Director Legal & Governance	75,646	0	50	0	75,696	10,893	86,589
Service Director Resources & Business Transformation	75,063	0	145	0	75,208	10,893	86,101
Director Place & Communities	72,176	0	218	0	72,394	10,393	82,787
Corporate Finance Manager	56,015	0	13	0	56,028	8,066	64,094
Deputy Chief Executive (Left 31.05.17)	41,061	0	32	58,319	99,412	2,071	101,483

Note 1 – Following a service review and job evaluation 3 service managers became Assistant Directors. These are now included in the figures for 2018/2019.

The number of employees whose remuneration (excluding employers' pension contributions) was £50k or more in bands of £5,000 was as follows. This includes all senior management from the above tables.

Remuneration (£)	2018/19	2017/18
50,000 – 54,999	2	5
55,000 – 59,999	6	4
60,000 – 64,999	1	0
65,000 – 69,999	0	1
70,000 – 74,999	0	1
75,000 – 79,999	2	4
80,000 – 84,999	1	0
85,000 – 89,999	0	0
90,000 – 94,999	0	0
95,000 – 99,999	0	1
100,000 – 104,999	0	0
105,000 – 109,999	1	1

b. Exit Packages

The numbers of exit packages with total cost per band and total cost of compulsory and other redundancies are set out in the table below which shows the costs without pension strain adjustments as per IAS 19.

Table A

Exit Package Cost Band (Including Special Payments)	Number of Compulsory Redundancies		Number of Other Departures Agreed		Total Number of Exit Packages by Cost Band [(b) + (c)]		Total Cost of Exit Packages in Each Band (£)	
	2017/18	2018/19	2017/18	2018/19	2017/18	2018/19	2017/18	2018/19
£0 - £20,000	2	2	8	14	10	16	67,101	104,775
£20,001 - £60,000	2	1	8	2	10	3	310,797	96,667
£60,001 - £80,000	0	0	0	0	0	0	0	0
£80,001 +	1	0	1	1	2	1	186,729	178,619
TOTAL	5	3	17	17	22	20	564,627	380,061

30. External Audit Costs

Fees payable to Mazars LLP 2018/19 (KPMG LLP 2017/18) with regard to external audit services were:

2017/18 £'000		2018/19 £'000
	External audit services carried out by the appointed auditor	43
56		
20	Certification of Grant Claims	20
<u>76</u>		<u>63</u>

Additional fees totalling £6k were paid to KPMG LLP in 2018/19 which relate to Audit work carried out in previous years for separate pieces of work as detailed below.

Fees payable of £4.5k in respect of Pooling of Capital Receipts return 2017/18 and additional fees of £1.5k for VFM Risk in 2017/18.

31. Related Party Transactions

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

a. Central Government

Central Government has effective control over the general operations of the Council – it is responsible for providing the statutory framework within which the Council operate, provides the majority of its funding in the form of grants and prescribes the terms of many transactions that the Council has with other parties (e.g. Council Tax bills, Housing Benefits). Details of major grants received from the Government are set out in Note 10 of the accounts.

b. Members

Members of the Council have direct control over the Council's financial and operating policies. The total of Members' allowances paid in 2018/19 is shown in Note 28.

The following is based upon the original declarations made by members upon election, supplemented and updated to capture any changes in circumstances since then. The Council made payments to a range of voluntary organisations totalling £25,238 in 2018/19 under the Members Community Support Scheme.

The Council is jointly responsible for the operation of the Mansfield and District Joint Crematorium Committee, along with Mansfield District Council and Newark and Sherwood District Council. Details of the Council's share of transactions are shown at Note 39. There are three elected Members of the Council who were also members

of the Committee for 2018/19. These are Councillor T.Hollis, Councillor R Sears-Piccavey and Councillor HA Smith from May 2018.

Payments totalling £292,478 were made to Parish Councils.

- A total of £236,948 was paid to Selston Parish Council, the main payment relating to the precept of £234,289.
- A total of £55,530 was paid to Annesley and Felley Parish Council, the only payment relates to the precept of £55,530.

During 2018/19, there were five elected members of the Council who were also parish councillors. Members of Selston Parish Council were Councillor C.L. Quinn-Wilcox, Councillor C Chapman and Councillor S Wilson. Members of Annesley and Felley Parish Council were Councillor R.E. Madden and Councillor J.B. Zadrozny.

Related party transaction forms were returned by all but 5 councillors. From the records held by the Council, there is no evidence that these 5 councillors had any relationships requiring inclusion here.

In all instances where payments are involved, proper consideration of declarations of interest has been given. The relevant members did not take part in any discussion or decision relating to payments. Details of all transactions are recorded in Register of Members' Interests, which is available for public inspection.

The disclosure note has been prepared using the Council's Register of Members Declarations of Interest and appointments made by the Council in addition to a specific declaration obtained in respect of related party transactions as part of the closure of accounts process.

c. Officers

Senior Officers of the Council have control over the day-to-day management of the Council and all senior officers have been asked to declare any related party transactions. From the replies provided there are no such transactions to be declared.

32. Capital Financing Requirement

The total amount of capital expenditure incurred in the year is shown in the table, together with the resources that have been used to finance it. Where capital expenditure is to be financed in future years by charges to revenue as assets are used by the Authority, the expenditure results in an increase in the Capital Financing Requirement (CFR), a measure of the capital expenditure incurred historically by the Authority that has yet to be financed. The CFR is analysed in the second part of this note.

2017/18 £'000		2018/19 £'000
99,298	Opening Capital Financing Requirement	116,843
	Capital Investment	
9,629	Operational Assets	6,898
14,981	Investment Properties	8,768
2,902	REFCUS	976
0	Heritage Assets	0
<u>27,512</u>		<u>16,642</u>
	Sources of Finance	
1,636	Capital Receipts	1,349
690	Reserves	54
0	Deferred Capital Receipts	0
2,069	Government Grants and Other Contributions	1,797
3,664	Major Repairs Reserve	3,767
1,593	Minimum Revenue Provision	355
315	Revenue Contributions	816
<u>9,967</u>		<u>8,138</u>
116,843	Closing Capital Financing Requirement	125,347
<u>17,545</u>	Movement in the Year	<u>8,504</u>
	Explanation of Movement in the Year	
19,138	Increase in Underlying Need to Borrow (unsupported by Government Financial Assistance)	8,859
(1,593)	Minimum Revenue Provision	(355)
<u>17,545</u>		<u>8,504</u>

33. Assets held as Lessee

The Council has no assets held as a lessee.

34. Assets held as Lessor

a. Finance Leases

The Council has no assets held under finance leases.

b. Operating Leases

With regard to the Council's activity as a lessor, the gross value of assets held for use in operating leases as at 31st March 2019 was £8.339m and as at 31 March 2018 was £8.385m (these properties were subject to accumulated depreciation and impairment of £0.046m in 2018/19 and £0.0m 2017/18). The net book value of these assets is £8.25m in 2018/19 and £8.385m in 2017/18. The difference is due to Impairment and Depreciation.

The future minimum lease payments receivable under non-cancellable leases in future years are:-

2017/18 £'000		2018/19 £'000
520	Within 1 Year	2,123
1,071	Between 2 and 5 Years	7,528
4,985	Later than 5 Years	16,619
<u>6,576</u>		<u>26,270</u>

Note: This includes the lease payments receivable (£5.458m) in respect of the investment property sold post balance sheet and does not include the lease payments receivable (£2.426m) in respect of the purchase of post balance sheet investment property.

35. Revaluation Loss

During 2018/19, the Council have recognised revaluation losses as detailed in the following table:

2017/18 £'000		2018/19 £'000
	Revaluation Losses recognised within the surplus or Deficit of the provision of services	
5,644		6,156
<u>5,644</u>		<u>6,156</u>

36. Retirement Benefits

a. Participation in pension schemes

As part of the terms and conditions of employment of its officers, the Council makes contributions towards the cost of post-employment benefits. Although these benefits will not actually be payable until employees retire, the Council has a commitment to make the payments (for those benefits) and to disclose them at the time that employees earn their future entitlement.

The Council participates in the Local Government Pension Scheme administered locally by Nottinghamshire County Council. This is a funded defined benefit final salary scheme, meaning that the Council and the employees pay contributions into a fund, calculated at a level intended to balance the pension's liabilities with investment assets.

Arrangements for the award of discretionary post-retirement benefits upon early retirement – this is an unfunded defined benefit arrangement, under which liabilities are recognised when awards are made. However, there are no investment assets built up to meet these pension liabilities, and cash has to be generated to meet actual pension payments as they eventually fall due.

There were six new early retirements during the year, which were not allowed for at the previous accounting date. The total annual pension that came into payment was £60.2k.

The latest membership data is shown in the table below.

	Number	Salaries/ Pensions £'000	Average Age Current Employees
Active members	566	13,181	47
Deferred pensioners	635	1,359	45
Pensioners	732	4,317	71
Unfunded pensioners	179	321	77

The pension scheme is operated under the regulatory framework for the Local Government Pension Scheme and the governance of the scheme is the responsibility of the pensions committee of Nottinghamshire County Council. A team within the County Council undertakes day to day administration of the fund. Where appropriate some functions are delegated to the Fund's professional advisors.

The principal risks to the authority of the scheme are the longevity assumptions, statutory changes to the scheme, structural changes to the scheme (i.e. large-scale withdrawals from the scheme), changes to inflation, bond yields and the performance of the equity investments held by the scheme. These are mitigated to a certain extent by the statutory requirements to charge to the General Fund and Housing Revenue Account the amounts required by statute as described in the accounting policies note.

b. Transactions relating to retirement benefits

The costs of retirement benefits are recognised in the reported cost of services when they are earned by employees, rather than when the benefits are eventually paid as pensions. However, the charge we are required to make against council tax is based on the cash payable in the year, so the real cost of post-employment/retirement benefits is reversed out of the General Fund via the Movement in Reserves Statement. The following transactions have been made in the Comprehensive Income and Expenditure Statement and the General Fund Balance via the Movement in Reserves Statement during the year.

As a result of Triennial Review, the Council made the decision to pay a single lump sum amount for the superannuation back-funding in 2017/18 for years 2017/18, 2018/19 and 2019/20. This prepayment remaining at 31 March 2019 is £1.908m represented by the difference in the pension liability and the pension reserve in the balance sheet.

2017/18 £'000		2018/19 £'000
	Comprehensive Income and Expenditure Statement	
	Cost of Services:	
5,803	Current service cost	6,507
	Financing and Investment Income and Expenditure	
2,714	Net Interest on the defined liability (asset)	2,443
40	Administration Expenses	46
<u>8,557</u>	Total Post-employment Benefits charged to the Surplus or Deficit on the Provision of services	<u>8,996</u>
	Other Post-employment Benefits charged to the Comprehensive Income and Expenditure Statement	
	Remeasurement of the net defined benefit liability comprising;	
(22)	Return on plan assets in excess of interest	6,514
0	Other actuarial gains/(losses) on assets	0
8,151	Changes in financial assumptions	(9,648)
0	Change in demographic assumptions	11,673
0	Experience gain/(loss) on defined benefit obligation	0
0	Liabilities assumed/ (extinguished) on settlements	0
0	Settlement prices received/(paid)	0
<u>8,129</u>	Total Post-employment Benefits Charged to the Comprehensive Income and Expenditure Statement	<u>8,539</u>
	Movement in reserves Statement	
(8,557)	reversal of net charges made for retirement benefits in accordance with the code	(8,996)
	Actual amount charged against the General Fund Balance for pensions in the year:	
7,993	Employers' contributions payable to scheme	4,280
(3,772)	Employers' contributions pre-paid for 2018/19 and 2019/20	0
<u>(4,336)</u>		<u>(4,716)</u>

Pensions Assets and Liabilities Recognised in the Balance Sheet

2017/18 £'000		2018/19 £'000
205,244	Present value of the Defined benefit obligation	209,761
(108,547)	Fair Value of the plan assets (bid value)	(115,023)
96,697	Deficit/ Surplus	94,738
0	Present Value of unfunded obligation	0
<u>96,697</u>		<u>94,738</u>

c. Reconciliation of the Movements in the Fair Value of the Scheme (Plan) Assets:

2017/18 £'000		2018/19 £'000
102,654	Opening fair value of Scheme assets	108,547
2,814	Interest on assets	2,733
(22)	Return on assets less interest	6,514
0	Actuarial gains and (losses)	0
(40)	Administration expenses	(46)
7,993	Employer contributions	2,416
881	Contributions by scheme participants	846
(5,733)	Benefits paid	(5,987)
0	Settlement Prices Received/ Paid	0
<u>108,547</u>	Closing fair value of Scheme assets	<u>115,023</u>

d. Reconciliation of Present Value of the Scheme Liabilities

2017/18 £'000		2018/19 £'000
206,916	Opening Defined Benefit Obligation	205,244
5,410	Current service cost	4,853
5,528	Interest cost	5,176
(8,151)	Change in financial assumptions	9,648
0	Change in demographic assumptions	(11,673)
0	Experience loss/(gain) on defined benefit obligation	0
0	Liabilities Assumed/ (extinguished) on settlements	0
(5,452)	Benefits paid (net of transfers in)	(5,708)
393	Past Service Cost including curtailments	1,654
881	Contributions by scheme participants	846
(281)	Unfunded pension costs	(279)
<u>205,244</u>	Closing Defined Benefit Obligation	<u>209,761</u>

e. Pension Scheme Assets Comprise

Employer Asset Share - Bid Value

31st March 2018			31st March 2019		
£'000			£'000		
71,372	66.00%	Equities	71,391	62.07%	
2,487	2.00%	Gilts	3,746	3.26%	
12,680	12.00%	Other Bonds	10,658	9.27%	
13,636	13.00%	Property	15,565	13.53%	
2,145	2.00%	Cash	2,779	2.42%	
2,686	2.00%	Inflation-linked pooled fund	4,180	3.63%	
3,541	3.00%	Infrastructure	5,537	4.81%	
0	0.00%	Unit Trust	1,167	1.01%	
<u>108,547</u>	100.00%		<u>115,023</u>	100.00%	

The detail of the assets as at 31 December 2018, representing the percentages of the total Fund held in each asset class.

31 March 2019			
Asset Breakdown		% Quoted	% Unquoted
Fixed Interest Government Securities	UK	3.3%	0.0%
Corporate Bonds	UK	9.0%	0.0%
	Overseas	0.2%	0.0%
Equities	UK	24.3%	0.1%
	Overseas	35.3%	0.0%
Property	All	0.0%	13.5%
Others	Private Equity		
	Infrastructure	0.0%	2.3%
	Inflation Linked	0.0%	4.8%
	Cash/Temporary Investments	0.0%	3.6%
		0.0%	2.4%
Total		72.1%	26.9%

f. Basis for estimating assets and liabilities

Liabilities have been assessed on an actuarial basis using the projected unit method, an estimate of the pensions that will be payable in future years dependent on assumptions about mortality rates, salary levels, etc. The County Council Fund liabilities have been assessed by Barnett Waddingham, an independent firm of actuaries, estimates for the County Council Fund being based on the latest full valuation of the scheme as at 31st March 2019.

The principal assumptions used by the actuary were:

2017/18		2018/19
	Mortality assumptions:	
	Longevity at 65 for current pensioners:	
22.6	Men	21.6
25.6	Women	24.4
	Longevity at 65 for future pensioners:	
24.8	Men	23.3
27.9	Women	26.2
	Financial Assumptions:	
3.30%	Increase in Retail Price Index	3.40%
2.30%	Increase in Consumer Price Index	2.40%
3.80%	Rate of increase in salaries	3.90%
2.30%	Rate of increase in pensions	2.40%
2.55%	Rate for discounting scheme liabilities	2.40%

The estimation of the defined benefit obligations is sensitive to the actuarial assumptions set out in the table above. The sensitivity analyses below have been determined based on reasonably possible changes of the assumptions occurring at the end of the reporting period and assumes for each change that the assumption analysed changes while all the other assumptions remain constant. The assumptions in longevity, for example, assume that life expectancy increases or decreases for men and women. In practice, this is unlikely to occur, and changes in some of the assumptions may be interrelated. The estimations in the sensitivity analysis have followed the accounting policies for the scheme, i.e. on an actuarial basis using the projected unit credit method. The methods and types of assumptions used in preparing the sensitivity analysis below did not change from those used in the previous period.

Sensitivity Analysis

	£'000	£'000	£'000
Adjustment to discount rate:	+0.1%	0.0%	-0.1%
Present value of total obligation	205,831	209,761	213,770
Projected service cost	4,852	4,973	5,097
Adjustment to long term salary increase	+0.1%	0.0%	-0.1%
Present value of total obligation	210,157	209,761	209,368
Projected service cost	4,973	4,973	4,973
Adjustment to pension increases & deferred revaluation	+0.1%	0.0%	-0.1%
Present value of total obligation	213,370	209,761	206,220
Projected service cost	5,097	4,973	4,852
Adjustment to mortality age rating assumption	+1 Year	None	-1 Year
Present value of total obligation	217,778	209,761	202,048
Projected service cost	5,132	4,973	4,819

Projected Pension Expense for year to 31 March 2020

	2019/20 £'000
Service Costs	4,973
Net Interest on the defined liability (asset)	2,248
Administration Expense	48
Total	<u>7,269</u>
Employer contribution	1,872

Note these figures exclude the capitalised cost of any early retirements or augmentations, which may occur after 31 March 2019. These projections are based on the assumptions as at 31 March 2019, as described in the note.

37. Contingent Assets and Liabilities

a. Insurance

The Independent Insurance Company was the Council's Liability Insurer between 1992 and 1998 and was forced into liquidation in 2001. As at 31st March 2019 outstanding claims against the Council totalling £25k remain. As the Independent Insurance Company, no longer exists the costs will fall to the Council once individual claims are settled.

In September 1992, Municipal Mutual Insurance (MMI), the Council's former insurers, ceased accepting new business. MMI and its policyholders including local authorities established "scheme of arrangement" for the orderly run down of the company. The Council has paid to date a levy during the scheme of arrangement of £143k. The estimated full liability after the levy payment is £430k. These requirements will ultimately be funded via the Insurance Reserve but the adequacy of the Reserve going forward will require further assessment.

b. VAT Reclaim – Embedded VAT on Postage Costs

The European Court of Justice has ruled that the Post Office is subject to VAT, where it supplies postal services on terms, which have been individually negotiated, as opposed to the universal postal service that is exempt from VAT.

The Council has joined (in March 2015) a Group Litigation Order, which is being promoted by LAVAT and lawyers Mischon de Reya. Should the claim be successful, the Council would be able to claim back the embedded VAT on postal services, plus compound interest back to 1978.

Between 2006 and 2011, the Council paid £60k in VAT as part of its postage costs, although no detailed calculation exists for the period prior to this. As such, the likely amount that the Council may gain from this action (which has cost £14.7k to date to join) cannot be easily determined at this point. A contingent asset is recognised, and its value may be clarified as the case progresses.

38. Deferred Credits

There were no deferred credits utilised to fund capital expenditure in either 2018/19 or 2017/18.

39. Joint Crematorium Committee

The Council's share (currently 45.51% share) of income, expenditure, assets and liabilities in respect of the Joint Crematorium Committee is as follows;

2017/18 £'000		2018/19 £'000
(757)	Gross Income	(768)
497	Gross Expenditure	475
<u>(260)</u>	Net (Surplus)/Deficit	<u>(293)</u>
1,736	Total Assets at Year End	1,896
<u>(895)</u>	Total Liabilities at Year end	<u>(926)</u>
<u>841</u>	Net Assets at Year End	<u>970</u>

2017/18 £'000	Pension Values Included Within Assets & Liabilities	2018/19 £'000
(551)	Long Term Liability - Pension	(552)
568	Pension Reserve	560
<u>17</u>		<u>8</u>

The Joint Crematorium is a member of the Local Government Pension Scheme. The Council's share above includes Pension Liabilities of £560k (£568k 2017/18). The £8k net difference is due to a prepayment of superannuation backfunding for 2019/20.

40. Nature and Extent of Risks Arising from Financial Instruments

a. Credit Risk

Credit risk arises from deposits with banks and other financial institutions, as well as credit exposures to the Council's customers.

This risk is minimised by an investment policy which requires that deposits are not made with financial institutions unless they meet minimum standards. It also imposes a maximum amount which can be invested with each financial institution.

The credit criteria in respect of financial assets held by the Council are as detailed below:

Financial Asset Category	Criteria	Maximum Investment
Deposits with banks & building societies	We are guided by the rating agencies and credit default swap data. Please refer to the Council's Treasury Management Strategy.	£5m per counter-party

The following analysis summarises the Council's potential exposure to credit risk, based on experience of default and failure to collect over the last five financial years, adjusted to reflect current market conditions.

	Amount at 31st March 2019	Historical Experience of default	Historical experience adjusted for market conditions at 31st March 2019	Estimated maximum exposure to default and uncollectibility
	£'000	%	%	£'000
Deposits with banks and financial institutions	5,341	0.0	0.5	27
Bonds	0	N/A	0.0	0
Customers - Sundry Debtors	1,321	12.95	5.0	66
Housing Benefit Overpayments	2,021	50.0	50.0	1,010
Housing Benefit Overpayment Clawback	880	25.0	25.0	220

The Council does not allow credit for its customers, and at the 31st March 2019, £3.3m was due for payment. The past due amount can be analysed by age as follows:

31st March 2018		31st March 2019
£'000		£'000
317	Less than 2 months	1,163
391	2 to 6 months	227
212	6 to 12 months	198
1,545	More than 1 year	1,753
2,465		3,342

b. Liquidity Risk

The Council manages its cash flow on a daily basis to ensure that cash is available as needed. If unexpected movements happen, the Council has ready access to borrowings from the money markets and the Public Works Loans Board. There is no significant risk that it will be unable to raise finance to meet its commitments under financial instruments. Instead, the risk is that the Council will be bound to replenish a significant proportion of its borrowings at a time of unfavourable interest rates.

An analysis of the long term borrowings included in the balance sheet is shown below:

	Ranges of Interest Rates Payable %	31st March 2019 £'000	Carrying Amount 31st March 2018 £'000
Source of Loan			
	2.52% to 9.25%	34,438	29,557
Public Works Loan Board			
Money Market	3.76% to 6.1%	35,677	41,719
		70,116	71,276
Maturity Within:			
Less than a year	6.1% - 4.5%	0	0
1-2 years	N/A	0	7,136
2-5 years	3.55% - 5.75%	8,750	12,551
5-10 years	4.5% - 9.25%	14,284	8,649
More than 10 years	2.52% - 4.75%	47,082	42,940
		70,116	71,276

c. Market Rate Risk

The impact of a general rise in interest rates of one percent at 31st March 2019 is minimal for the Council as regards interest payable and carries no risk on interest receivable. This is due to most borrowings being on fixed rate terms. However, the fair value of financial liabilities would decrease. This is a memorandum item only and does not change the Balance Sheet or other accounts.

d. Price Risk

The Council does not invest in equity shares and is not a shareholder in any businesses. The Council is not exposed to any losses arising from movements in the price of shares.

e. Foreign Exchange Risk

The Council has no financial assets or liabilities that are denominated in foreign currency and therefore has no exposure to gains or losses arising from movements in exchange rates.

41. Trust Funds

The Council acts a custodian trustee for a number of Trusts.

The Teversal Community Centre and Recreation Ground Trust exists for the provision and maintenance of a community centre and recreation ground for the use of the inhabitants of Teversal, Stanton Hill, Skegby and the neighbourhood thereof. In the past three years, the Trust has incurred significant deficits and is working with the Council to restructure the Trust.

The Council is also sole trustee for three recreation charities, for which no separate bank account exists. These are:

- Sutton-in-Ashfield Recreation Grounds
- Kirkby-in-Ashfield Recreation Ground, Lord Francis Park,
- Skegby Recreation Ground

In each case, the value of the parcels of land is low as they are parts of larger recreational areas, which cannot be used for any other purpose. At present, there is no valuation of the land areas attributable to the Trusts. There are no other assets or liabilities relating to these trusts.

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.

2017/18 £'000		2018/19 £'000
	Income	
(23,570)	Dwelling Rents (gross)	(23,456)
(166)	Non-dwelling Rents (gross)	(166)
(31)	Charges for Services and Facilities	(25)
(497)	Contribution Towards Expenditure	(433)
(24,264)	Total Income	(24,080)
	Expenditure	
7,173	Repairs and Maintenance	7,442
4,601	Supervision and Management	4,548
28	Rents, Rates, Taxes and other charges	(5)
0	Rent Rebate Subsidy Limitation	0
7,957	Depreciation and impairments of fixed assets	8,293
41	Debt Management Costs	40
137	Contribution to the Bad Debt Provision	123
19,937	Total Expenditure	20,441
(4,327)	Net Cost of HRA Services as included in the whole authority Comprehensive Income & Expenditure Account	(3,639)
75	HRA share of Corporate and Democratic Core	78
(4,252)	Net Cost of HRA Services	(3,561)
0	Gain or loss on sale of HRA non-current assets	0
3,547	Interest payable and similar charges	3,547
(86)	Interest and investment income	(185)
(791)	(Surplus) or deficit for the year on HRA services	(199)

Statement of Movement on the HRA Balance

2017/18 £'000		2018/19 £'000	Note
(23,746)	Balance on the Housing Revenue Account at the end of the previous year	(28,286)	
(791)	(Surplus) or deficit for the year on the HRA Income and Expenditure Account	(199)	
	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		
(13)	Accumulated Absences Account	(24)	
(348)	IAS 19 Pension Adjustment	(493)	
(4,481)	Impairment of fixed assets charged to HRA	(4,831)	
0	Gain or (loss) on sale of HRA fixed assets	0	
	Net (Increase) or decrease in the HRA Balance before transfers to or from reserves:		
0	Transfers to/ from Revenue Grants Reserve	50	Note 7
5	Transfer to/from Eco Funding Reserve	0	Note 7
50	Transfer to/from Insurance Reserve	(6)	Note 7
200	Transfer to/from HRA Technology Investment	0	Note 7
136	Transfer to/from HRA Corporate Change & Renewal Reserve	0	Note 7
200	Transfer to/from HRA Welfare Reform Reserve	0	Note 7
187	Transfer from Major Repairs Reserve	306	Note 4
315	Capital expenditure funded by the HRA	816	Note 5
0	Transfer to the Capital Adjustment Account	70	
(3,749)	Net additional amount required by statute to be debited or (credited) to the HRA balance for the year	(4,112)	
(4,540)	Increase or Decrease in the year to the Housing Revenue Account Balance	(4,311)	
(28,286)	Balance Carried forward	(32,597)	

Notes to the Housing Revenue Account

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

Restated As at 31st March 2018 Number		As at 31st March 2019 Number
4,506	Houses and bungalows	4,477
1,718	Low rise flats	1,715
520	Medium rise flats	520
<u>6,744</u>	Total Dwellings	<u>6,712</u>
1,188	Garages and Garage Plots	1,188

Note: There is a restatement between the number of low rise and medium rise flats due to prior year dataset descriptions being incorrect.

The garage and garage plot figures are restated as previously only presented the historic occupied numbers of 671. The figure now includes both occupied and non-occupied plots.

2. Housing stock valuations

As at 31st March 2018 £'000	Description	As at 31st March 2019 £'000
	Operational assets	
221,033	- Council Dwellings	230,507
2,593	- Other land and buildings	2,588
<u>223,626</u>	Total	<u>233,095</u>

3. Vacant Possession Value of Council Dwellings

As at 31st March 2018 £'000		As at 31st March 2019 £'000
526,267	Market value - Vacant possession	548,940
221,032	Existing use value for social housing	230,555
<u>305,235</u>	Difference	<u>318,385</u>

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 2018 £'000		As at 31st March 2019 £'000
0	Balance brought forward	0
4,909	Financing of HRA Capital Expenditure	4,790
(187)	Transfer to/from HRA Reserve	(306)
(1,245)	Capital Receipts Applied	(1,023)
(3,477)	Less Depreciation	(3,461)
<u>0</u>	Balance Carried Forward	<u>0</u>

5. Capital Expenditure

2017/18 £'000		2018/19 £'000
	Operational assets	
5,025	Dwellings	5,880
0	Other land and buildings	25
107	HRA Vehicles	24
0	Revenue Expenditure Funded from Capital Under Statute	0
267	Work in Progress	4
<u>5,399</u>	Total Operational Assets	<u>5,933</u>
	Funded by:	
1,420	Capital receipts and grants	1,350
315	Contributions from Revenue	816
3,664	Major Repairs Reserve	3,767
<u>5,399</u>	Total Funding	<u>5,933</u>

6. Capital Receipts from Disposal of Assets

2017/18 £'000		2018/19 £'000
2,161	Disposal of dwellings	2,224
<u>2,161</u>	Total from Disposals	<u>2,224</u>

7. HRA Earmarked Reserves

	Balance at 31st March 2019 £'000	Movements in Year £'000	Balance at 31st March 2018 £'000	Movements in Year £'000	Balance at 31st March 2017 £'000
HRA Revenue Grants	(75)	(50)	(25)	0	(25)
HRA Eco-Funding	(263)	0	(263)	(5)	(258)
HRA Insurance	(129)	6	(135)	(50)	(85)
HRA Technology Investment	(252)	0	(252)	(200)	(52)
HRA Corporate Change	(193)	0	(193)	(136)	(57)
HRA Welfare Reform	(200)	0	(200)	(200)	0
	(1,112)	(44)	(1,068)	(591)	(477)

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

2017/18 £'000		2018/19 £'000
3,426	Operational assets	3,405
51	- Dwellings and garages	56
	- Other land and buildings	
<u>3,477</u>	Total	<u>3,461</u>

9. Impairment

A desktop valuation of all Council Dwellings and a full valuation of Garages and Garage Plots was undertaken at 31st January 2019, which has resulted in £13.8m being credited to the Revaluation Reserve. The valuation has required that £4.8m of Capital Expenditure be impaired.

10. Pension Contribution

A contribution of £479k has been made for 2018/19 to the back funding costs relating to employees within Housing Services.

11. Rent Arrears

As at 31st March 2018 £'000		As at 31st March 2019 £'000
295	Current tenants	314
144	Former tenants	208
<u>439</u>	Total rent arrears	<u>522</u>
(452)	Overpayments	(485)
<u>(13)</u>	Total arrears	<u>37</u>
(112)	Deduct - Provision for bad debts	(209)
<u>(125)</u>	Net arrears	<u>(172)</u>

With the introduction of Welfare Reform and the Universal Credit system, the focus has changed over the last 2 years, ready for the change in housing benefit payments. Firstly to make tenants rent accounts at least one week in credit and secondly a change in the calculation of the provision for bad debts.

12. Subsidy Limitation

Council tenants on low incomes can receive financial assistance with their rent under the Housing Benefit Scheme. Approximately 55% of tenants received housing benefit towards their rent during 2018/19 (62% in 2017/18).

The cost of housing benefits is transferred to the General Fund. The housing revenue account reimburses the General Fund for benefits not funded by Central Government due to rent rebate subsidy limitation. During 2018/19, the housing rents were below £68.12 per week and therefore there was no transfer to the General Fund. No transfer was required in 2017/18.

Collection Fund

2017/18 £'000		2018/19 £'000
	INCOME	
59,383	Income from Council Tax	62,736
34,333	Income Collectable from Business Ratepayers	36,796
302	Transitional Protection - NDR	415
	<u>Contributions:</u>	
	Towards Previous Years Deficit - NDR	
458	Payment from Ashfield District Council	72
114	Share of NDR income from major preceptors	18
572	Payment from Central Government	90
		180
95,162	Total Income	100,127
	EXPENDITURE	
	<u>Council Tax Precepts and Demands</u>	
44,001	Nottinghamshire County Council	47,041
5,970	Nottinghamshire Police	6,475
2,450	Nottinghamshire Fire and Rescue	2,569
5,873	Ashfield District Council	6,146
285	Parish Councils	290
58,579		62,521
	<u>Business Rates:</u>	
14,570	Payment to Ashfield District Council	15,015
3,643	Share of NDR income to major preceptors	3,755
18,212	Payment to Central Government	18,769
36,425		37,539
49	Transitional Protection - NDR	0
131	Costs of Collection	130
	Renewable Energy Disregard	23
	<u>Bad and Doubtful Debts & Provisions:</u>	
339	Council Tax Write Offs	443
230	Council Tax Provisions	35
0	NDR Write Offs	263
114	NDR Provisions	(35)
114	Change in Appeals provision requirement	460
	<u>Contributions:</u>	
0	Distribution of Surplus - NDR	0
266	Distribution of Surplus - Council Tax	316
96,247	Total Expenditure	101,695
31	Movement on Fund Balance - Council Tax	579
1,054	Movement on Fund Balance - NNDR	989
(256)	Opening Balance - Council Tax	(225)
535	Opening Balance - NNDR	1,589
(225)	Closing Balance - Council Tax	354
1,589	Closing Balance - NNDR	2,578
1,364	Balance at 31st March	2,932

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.

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.

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 a Nottinghamshire National Non-Domestic Rates (NNDR) 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.

The Council distributes NNDR from the pool to the main preceptors and central government.

3. Income from Business Ratepayers

NNDR is paid by businesses. Central Government specifies an annual rate in the pound (49.3p in 2018/19) and local businesses pay an annual NNDR bill calculated by multiplying the rateable value of their premises by this annual rate; there are reliefs for small businesses, charities etc. The Council is responsible for collecting the NNDR income and then distributing to Central Government and Preceptors.

Non-domestic rateable value on the Revenue's accounting system as at 31st March 2019 was £91.1m (£90.5m in 2017/18). The NNDR income collectable in 2018/19, after reliefs but before accounting adjustments was £36.796m (£34.333m in 2017/18).

4. Council Tax

The Council set a band D Council Tax of £185.46 for the financial year 2018/19. When taking into account parish precepts, the equivalent average Council Tax is £194.21.

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 33,140.5 as shown below.

	Total Net No. of Dwellings	Ratio to Band "D"	Band "D" Equivalents
Disabled Persons Relief	41.8	5/9	23.2
Band "A"	19,440.4	6/9	12,960.3
Band "B"	9,471.1	7/9	7,366.4
Band "C"	7,744.9	8/9	6,884.4
Band "D"	3,763.2	1	3,763.2
Band "E"	1,296.5	11/9	1,584.6
Band "F"	456.3	13/9	659.1
Band "G"	109.4	15/9	182.3
Band "H"	8.8	2	17.5
Total	42,332.4		33,441.0
Less Provision for Bad Debts			300.5
Council Tax Base for 2018/19			33,140.5

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

Council requirement from the Collection Fund	<u>£ 6,436,056</u>
Divided by Council Tax Base	33,140.5

Equals Band D equivalent £194.21

5. Distribution of the Collection Fund Balance

a. Council Tax Balance Distribution (Surplus)

2017/18 £'000		2018/19 £'000
(169)	Nottinghamshire County Council	265
(23)	Nottinghamshire Police Authority	40
(9)	Nottinghamshire Fire Authority	14
(24)	Ashfield District Council	35
<u>(225)</u>		<u>354</u>

b. NNDR Balance Distribution - Deficit

2017/18		2018/19
£'000		£'000
143	Nottinghamshire County Council	232
16	Nottinghamshire Fire Authority	26
635	Ashfield District Council	1,031
795	Central Government	1,289
<u>1,589</u>		<u>2,578</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.
- **NNDR:** - 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 resources available in that year.

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

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.

2017/18 £'000		2018/19 £'000
188	Balance at 1 April	613
3	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	58
422	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	395
<u>613</u>	Balance at 31 March	<u>1,066</u>

Annual Governance Statement 2018/19

Introduction

Ashfield District Council is responsible for ensuring that its business is conducted in accordance with the law and proper accounting standards and that public money is safeguarded, properly accounted for and used economically, efficiently and effectively.

As part of the arrangements for preparing the Annual Statement of Accounts, the Council is required by law to undertake an annual review of the effectiveness of its system of internal control and produce an annual governance statement. Good practice requires that such a statement should extend beyond a narrow focus on financial controls to cover the way in which the Council determines what its local community wants and needs; decides how those requirements are to be met; and ensures that it delivers what is required without wasting public money.

What is Corporate Governance?

Corporate governance is part of the overall control framework and contributes to the Council's robust governance arrangements.

Good corporate governance ensures organisations are doing the right things in the correct manner in an open, honest, inclusive and accountable way. Good governance leads to good management, performance and outcomes. It ensures the Council delivers the visions and priorities set out in its Corporate Plan.

Ashfield District Council is committed to good corporate governance. The Council has a framework of policies and procedures in place which collectively make up its governance arrangements.

The Council has adopted a Local Code of Corporate Governance which sets out the Council's arrangements and is based on the guidance "Delivering Good Governance in Local Government" published by CIPFA (the Chartered Institute of Public Finance and Accountancy) and

SOLACE (the Society of Local Authority Chief Executives) in 2016. The CIPFA/SOLACE guidance identifies seven core principles and various sub principles. The seven core principles are detailed below and are also used as the framework for assessing the effectiveness of the Council's governance arrangements.

The Council's governance framework aims to ensure that in conducting its business it:

- Operates in a lawful, open, inclusive and honest manner
- Makes sure that public money is safeguarded, properly accounted for and used efficiently, effectively and economically
- Has effective arrangements for the management of risks
- Secures continuous improvements in the way that it operates.

The governance framework comprises the culture, values, systems and processes by which the Council is directed and controlled. The framework brings together an underlying set of legislative requirements, good practice principles and management processes.

A key part of the governance framework is the system of internal control: this is designed to manage the risk of failure to achieve policies, aims and objectives to a level which the Council has determined as acceptable. The effectiveness of internal control is subject to regular review by both external and internal audit and the Annual Report of Internal Audit for 2018/19 provides an opinion on the effectiveness of the internal control system over the year ending 31st March 2019.

The Principles of Good Governance

A summary

The Council aims to achieve good standards of governance by:

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

How the Council Works

The Council consists of 35 elected Councillors. The way the Council operates is prescribed by its Constitution which sets out the roles and responsibilities of the Council, Cabinet, Committees, Panels and other Groups and specifies the powers and duties that are delegated to those bodies and to individual Councillors and Officers. The Constitution is subject to regular review and is updated to ensure compliance with legal and regulatory requirements and conformance to recognised good practice.

The Council has determined that a Cabinet made up of the Leader and Portfolio Holders should have the power to discharge all Executive functions. The role of the Council and its regulatory Committees (such as Planning and Licensing Committees) is set out in the Constitution. The Council has also established an Overview and Scrutiny Committee and Scrutiny Panels with the power to review decisions made. The Audit Committee provides assurance as to the adequacy of the Council's risk management framework and control environment and scrutinises the Council's financial performance and reporting. The Standards and Personnel Appeals Committee has been established to promote and maintain high standards of conduct by Members and Officers.

During 2018/2019 the management of the Council was the responsibility of the Chief Executive (Head of Paid Service) supported by the Corporate Leadership Team (CLT) which comprises four directors (Legal & Governance (Monitoring Officer), Housing & Assets, Resources & Business Transformation and Place & Communities) each reporting directly to the Chief Executive. The Director of Housing & Assets also carries out the role of Deputy Chief Executive acting in the absence of the Chief Executive. The Corporate Finance Manager has been formally appointed as Chief Finance Officer (Section 151 Officer) and is also a member of the CLT.

The Council's vision and ambition for the District are clearly identified in a set of Corporate Priorities which are presented in the Corporate Plan which supports the development of annual service plans for all individual services. The Corporate Plan has been reviewed. A robust project management approach is in place to ensure successful delivery of the Corporate Plan through programme and project management. The Council has established a Performance Management Framework: clear performance targets are set for each Service and performance achieved is subject to regular monitoring using objective performance indicators. Employees undergo an annual Personal Development Review linked to a competency framework.

A Budget and Policy Framework has been established to ensure that budget and policy decisions are taken in an appropriate manner and the Medium Term Financial Strategy – supported by robust budgeting and budgetary control arrangements - ensures that the Council's

financial position is sustainable and that a balanced budget is set each year. The Council's Risk Strategy sets the way in which risks are identified, evaluated and managed. Risk Registers are maintained and reviewed by CLT, Cabinet and Audit Committee to ensure that appropriate and timely action is taken to deal with the risks that have been identified. The Central Midlands Audit Partnership (CMAP), on behalf of the Council, carries out a programme of audits annually to provide assurance about the effectiveness of risk management, control and governance processes. A Fraud Risk Register is in place to identify and mitigate against potential fraudulent activities the Council may be the victim of.

The Role of the Chief Financial Officer in Ashfield District Council

CIPFA published a Statement in 2010 on the 'Role of the Chief Financial Officer in Local Government'. It identifies the five key principles that define the core activities and behaviours of the role and the organisational arrangements to support them. The table below explains how the Council's arrangements comply with the statement.

1	The CFO in a public service organisation is a key member of the Leadership Team, helping it to develop and implement strategy and to resource and deliver the organisation's strategic objectives sustainably and in the public interest.	<ul style="list-style-type: none"> • The Roles and Responsibilities of the Corporate Leadership Team (CLT) are set out in job descriptions. These were updated as part of the management restructure in May 2017. A new job description is in place for the Corporate Finance Manager and Section 151 Officer (CFM) role. • The CFM reports to the Director of Resources and Business Transformation, and is also a member of the Corporate Leadership Team. Monthly meetings also take place between the Chief Executive and CFM. • An up to date scheme of delegation exists; this was confirmed by Annual Council (May 2018). The next revision will be submitted to the Annual Council in May 2019. • The authority's governance arrangements allow the CFM to bring influence to bear on all material business decisions, and has direct access to all CLT members, the Audit Committee and External Audit. • The CFM manages the Finance Team (which includes Treasury Management, Creditors, Rent Accounting and Insurance). It is considered that such responsibilities still enable the role to have a clear focus on financial management particularly since the introduction of the Chief Accountant post in March 2018.
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		<ul style="list-style-type: none"> • CLT receive regular updates on the MTFS, budget monitoring and year end outturn. The CFM ensures that their knowledge and awareness of financial issues is up to date through regular briefings. Three of the four Principal Accountants have each been allocated a Directorate in order to provide direct support and challenge when necessary. One Principal Accountant has responsibility for Capital and Treasury Management. The four Principal Accountants report directly to the Chief Accountant. • By having the above measures in place, the CFM is able to contribute to the effective leadership and corporate management of the Council. The CFM leads the development of the MTFS and annual budget process to ensure financial sustainability.
2	The CFO in a public service organisation must be actively involved in, and able to bring influence to bear on, all material business decisions to ensure immediate and longer term implications, opportunities and risks are fully considered, and alignment with the organisation's financial strategy.	<ul style="list-style-type: none"> • The Council has a medium term business and financial planning process to deliver the Council's strategic objectives, including an MTFS, an annual budget process and regular and timely monitoring of budget performance. • Professional advice on decisions which have financial implications is provided by the Finance Team and is included in every report. In addition, accountants work with budget holders in advance of major decisions to ensure that the financial implications are accurate and well understood. • The CFM assesses the adequacy of reserves and a reserves policy was introduced as part of the Financial Regulations update in May 2018. The latest review informed the assurance given in the 2019/20 Annual Budget and Council Tax Setting report to Council on 4 March 2019. • Timely, accurate and impartial information is provided to decision makers, which helps to ensure effective stewardship of public money and that the Council achieves the objectives it has set out in its Corporate Plan. • The Council maintains a prudential financial framework which is reported on three times each year, to ensure that its commitments remain within its available resources. • An appropriate accounting system is in place although there are opportunities to develop this further. An upgrade to this system was implemented in early March 2019. Through this system regular financial monitoring reports are produced for Officers and Members.
3	The CFO in a public service organisation must lead the	<ul style="list-style-type: none"> • The CFM is responsible for ensuring that appropriate advice is given on all financial matters, for keeping financial records, and for maintaining an effective system of financial control.

	<p>promotion and delivery by the whole organisation of good financial management so that public money is safeguarded at all times and used appropriately, economically, efficiently and effectively.</p>	<ul style="list-style-type: none"> • Systems and processes for financial administration, financial control and protection of the Council's resources are well designed. Such arrangements are subject to independent risk based auditing by Internal Audit. The Council's Internal Audit arrangements are provided by Central Midlands Audit Partnership. The Monitoring Officer is responsible for ensuring an effective Internal Audit function is in place. • The Annual Governance Statement includes all the Council's significant governance issues. • Annual accounts are published on a timely basis and are presented by the CFM to Cabinet, Audit Committee and senior officers. • The Council has an Audit Committee. Various Member training has taken place during the year and further training will be provided to Members following the May 2019 District Council elections. • The Council has received positive Value for Money conclusions over the last six years. • Financial competencies are embedded in person specifications and staff appraisals. • The Finance Team lead initiatives to improve non-financial managers' understanding of finance. • Financial training is provided for Elected Members as required. Financial Management training material is currently being refreshed and will be rolled out to Members and relevant Officers after the May 2019 elections.
4	<p>The CFO must lead and direct a finance function that is resourced to be fit for purpose.</p>	<ul style="list-style-type: none"> • The Finance function now has the resources, expertise and systems to perform its role effectively. A Finance restructure is part-way through implementation with Phase 1 being completed in 2018. Phase 2 will be implemented in 2020 once the finance system's new functionality has been embedded and efficiencies realised. Ensuring the required expertise is in place will require constant review in light of the innovative projects which are being explored. • All the Finance staff within the Council report via the Chief Accountant to the CFM.
5	<p>The CFO must be professionally qualified and suitably experienced.</p>	<ul style="list-style-type: none"> • The CFM is a CIMA qualified accountant (2002) who has previously undertaken the role of Deputy Section 151 Officer at this Council. • He has wide ranging senior local government finance experience, gained from employment at two other authorities, including the role of Director of Service Finance for a period of 5 years and Chief Finance Manager for a period of 6 years. • His role is well understood by Members and Officers throughout the Council.

The Role of the Monitoring Officer in Ashfield District Council

The Council is required to ensure it has in place effective arrangements for the discharge of the statutory Monitoring Officer Function.

The Constitution sets out the statutory role and functions of the Monitoring Officer and recognises that the Council must ensure the Monitoring Officer has access to sufficient resources in order to undertake the role.

The Director of Legal and Governance is appointed by Council to be the Monitoring Officer. The Director of Legal and Governance has over 10 years' experience of acting as the Monitoring Officer for the Council and is a qualified solicitor with more than 20 years post-qualification experience. The Monitoring Officer is a member of CLT and is directly line managed by the Chief Executive.

The Director of Legal and Governance has sufficient resources available including suitable Deputy Monitoring Officer provision. The Monitoring Officer and Deputies attend appropriate training each year.

The Monitoring Officer is responsible for ensuring an effective internal audit function is in place and is lead Chief Officer for the Audit Committee and Standards and Personnel Appeals Committee.

How does the Council Review the Effectiveness of its Governance Framework?

The initial review of the effectiveness of the Council's governance framework was conducted by the Council's Director of Legal and Governance (Monitoring Officer) supported by the Service Manager Corporate Support and Transformation.

To inform the initial review process:

- The Corporate Leadership Team carried out a Corporate Assurance Assessment;
- Each Director provided a Statement of Assurance;
- The Council's Chief Finance Officer (S151 Officer) was consulted;
- The Constitution review, performance reporting and risk management arrangements were taken into account;
- The findings reported by External Audit and other external review bodies were considered;
- The work of Internal Audit and other internal assurance providers were also considered.

The results of the review work were formulated into a draft Governance Statement. The Corporate Leadership Team reviewed the draft Statement and considered whether the improvements proposed represented an appropriate and proportionate response to the significant governance issues identified.

The draft Governance Statement, modified to reflect the views of the Corporate Leadership Team, was then considered by a Member Working Group made up of the Council's Audit Committee.

The Director of Legal and Governance (Monitoring Officer) then finalised the Annual Governance Statement in readiness for the close of accounts and the Statement will be considered for formal approval by the Council's Audit Committee at its meeting in July 2019.

How do we know our arrangements are working?

Review of Effectiveness 2018/19

- The Council has assessed itself against the key criteria for good corporate governance by undertaking a Corporate Assurance Assessment. A score of 86%, or "good" was recorded. The Council will continue to work on identified areas to ensure further improvements are made. Ongoing improvements and significant issues are recorded later in the statement.
- Key changes, developments and achievements during 2018/2019 have been reviewed against our Corporate Plan and Local Code of Corporate Governance to assess compliance and a brief summary is set out in Appendix 1.
- The current Local Code of Corporate Governance was approved by Audit Committee in December 2018 and will be reviewed during 2019.
- The Council has assessed whether the key areas identified in the 2017/2018 Annual Governance Statement have been delivered and an update is set out below.
- **As a result of the review work undertaken the Council's governance arrangements are deemed to be good and are fit for purpose.**

Internal Audit Opinion 2018/19

Central Midlands Audit Partnership (CMAP), who provide internal audit services to the Council, has provided its opinion for 2018/19. Based on the work undertaken during the year, CMAP is able to give an opinion that the Council has a "satisfactory system of internal control" (the highest level of assurance opinion which can be given).

Their full report will be presented to the Council's Audit Committee in July 2019.

During 2017 CMAP underwent a review by a qualified external assessor to assess the partnership's conformance with the Public Sector Internal Audit Standards (PSIAS). CMAP currently conforms to the PSIAS.

Progress Regarding Improvement Actions identified in 2017/2018

Improvement Actions 2017/2018	Progress Made During 2018/2019
Development of Members' Induction Programme	Complete – The Members' Induction Programme has been developed and, subject to potential minor changes due to the availability of trainers, was approved at the Standards and Personnel Appeals Committee on 18 March 2019
Community Engagement Strategy Review	Ongoing - Small grant work is now fully implemented by the Notts Community Foundation. Work continues on a community engagement strategy and handbook, which will be launched by the new Administration after the Election.
General Data Protection Regulations (GDPR) – Continue to progress the implementation plan and review post implementation	Complete - GDPR has been implemented within the Council and is being continuously embedded / strengthened through a variety of routes including: annual training; new starter training; events such as data breach week; briefings and messages of the day. In addition, a wide variety of resources are now available online for staff to access to support them in their roles. Testing in relation to the implementation of GDPR will form a piece of work as part of the 2019/20 Internal Audit Work Plan.
Corporate Risk Strategy Review – to include risk appetite	

	Review complete. Corporate Risk Strategy approved at Cabinet in June 2018.
Embed the Benefits Realisation Strategy	Ongoing. Continuing to embed benefits realisation through CLT and respective programme boards via the introduction of benefits measures and monitoring of such from Pentana portals.
Digital and Service Transformation Programme	Ongoing - the business case remains on schedule for July 2019 Cabinet including details of programme management, governance and financial projections. External expertise and capacity is being commissioned to suitably develop key elements of the business case.
Refresh the Data Quality Strategy	Complete. Strategy reviewed July 2018 and available to Officers via the intranet. Actions in place to ensure review of relevant Performance Indicators (PI) in discussion with service managers through service planning process Spring 2019, including PI definitions. Testing in relation to Data Quality will form a piece of work as part of the 2019/20 Internal Audit Work Plan.
Modern Slavery Act – Policy and Statement	Complete. Policy and Statement approved at Cabinet in July 2018.

Review of compliance with Financial Regulations governing the raising of purchase orders (plus introducing 'no purchase order no payment' initiative).

An update to Financial Regulations will be presented to Annual Council in May 2019.

The finance system upgrade remains on schedule including the ability to activate the 'no purchase order/no payment functionality; once fully implemented, refreshed training will be given to Officers and Members.

Progress Regarding Significant Issues identified in 2017/2018

Significant Issues 2017/2018	Progress Made During 2018/2019
<p>FINANCIAL SUSTAINABILITY</p> <p>The year 2019/20 is the final year of the four-year financial settlement provided by the Government. Together with the Fair Funding Review and the move to 75% retained business rates this provides further uncertainty in respect of the Council's finances after 2020.</p> <p>Although the Medium Term Financial Strategy (MTFS) was refreshed in February 2018 the changing landscape of local government finance and the potential for changes to the Corporate Plan will require more frequent updates of the MTFS and the saving strategy.</p>	<p>A balanced budget was approved by Council on 4th March 2019.</p> <p>The Budget report included details of the estimated financial challenge (funding gap) for the two subsequent years and referenced the significant uncertainty in respect of the Fair Funding Review, 75% Business Rates Retention Rates and Business Rates Reset and potential changes to the distribution methodology for New Homes Bonus.</p> <p>The report set out the Council's planned approach to addressing the funding gap which is currently being progressed.</p>

	A further MTFS update report will be presented to Cabinet following the closure and audit of the 2018/19 accounts.
<p>INVESTMENT IN COMMERCIAL PROPERTIES</p> <p>2017/18 saw the introduction of a new regulatory environment with CIPFA's new Prudential and Treasury Management Codes. These changes will start to impact significantly in 2019/20 and the Council will be putting in place a Capital Strategy which brings together policies around Capital, Debt and Investment.</p> <p>Through the Capital Programme the Council has purchased commercial investment properties totalling £15 million [the Council has currently invested approximately £24 million in property acquisitions] and has increased its borrowing requirement. It will remain essential to effectively manage the investment portfolio in light of the ever changing economic climate whilst also having a clear understanding of how such risks and rewards impact on the Council's financial position.</p> <p>The production of the new Capital Strategy will provide the opportunity to fully explore a wide range of investment options based upon the Council's risk appetite whilst also ensuring proper due diligence and long term planning to reflect current and planned treasury positions.</p>	<p>The Capital Strategy and Treasury Management Strategies were approved by Council on 4th March 2019.</p> <p>The Strategies included proposals to acquire further investment properties to facilitate continued service delivery to the residents of Ashfield. The Strategies acknowledge that CIPFA guidance has not yet been received and depending on its content when received, it may necessitate a revision to the Strategy which will need to be re-presented to Council for approval.</p> <p>The Strategies include details of the robust procedure in place when acquiring Investment Properties and the means of ongoing monitoring and review of the portfolio.</p> <p>Council approved additional allocations of £20m per annum from 2019-22 to be allocated in the Capital Programme for commercial property acquisition.</p>
<p>DATA MATCHING AND NATIONAL FRAUD INITIATIVE (NFI)</p> <p>Introducing a clear corporate approach to data matching and NFI work including identifying a corporate lead officer.</p>	<p>NFI data matches for Housing Benefits, Council Tax Support, Housing Tenancy, Housing Waiting Lists, Creditors, Right to Buy and Payroll are now available and NFI users from the relevant services have been set up to allow them access to the data matches.</p>

	<p>Work is now underway to check all High and Medium Risk data matches, in priority order. The outcomes of these checks will be recorded in the NFI system.</p> <p>Work has also commenced on the Council Tax Single Person Discount matches. The Corporate approach is being reviewed.</p>
<p>PROCUREMENT</p> <p>Review and implement procurement strategy, align systems and processes with the new service provider and ensure full compliance with contract management and transparency requirements.</p>	<p>Completed September 2018. The alignment of processes and systems to meet the requirements of transparency has been carried out. The Strategy has been reviewed and updated in line with the current service.</p>

Improvement Actions

As part of the Council's drive to continuously improve its existing governance framework to meet changing conditions, the following actions have been identified to take place during 2019/2020:

Improvement Action	Lead Officer	Target Date
Community Engagement Strategy – monitoring and evaluating engagement	Interim Director of Place and Communities & Assistant Director Place and Wellbeing	March 2020
Digital Transformation Programme	Director of Resources & Business Transformation Service Manager Corporate Support and Transformation	Business Case Approval - July 2019 Ongoing Implementation
New Corporate Plan with new performance measures	Chief Executive & Service Manager	July 2019

	Corporate Support and Transformation	
Consultation with tenants on new resident involvement structure/opportunities	Director of Housing and Assets	To commence June 2019 and complete December 2019
Development of a system to track and evaluate the outcome and implementation of decisions	Director of Legal and Governance & Service Manager Corporate Support and Transformation	December 2019
Tenants Charter	Director of Housing and Assets	To commence June 2019 and complete December 2019
Standards and Personnel Appeals Committee – 2019/20 work plan item to consider in detail the report of the Committee on Standards in Public Life and ways the Council may implement best practice recommendations.	Director of Legal and Governance	March 2020

Significant Governance Issues

While the effectiveness review and other developments during the year demonstrate that corporate governance arrangements and the internal control framework are fit for purpose and effective, as part of continuing efforts to improve governance arrangements the following significant governance issues have been identified for improvement.

Key Improvement Area	Lead Officer	Target Date
<p>FINANCIAL SUSTAINABILITY</p> <p>The year 2019/20 is the final year of the four-year financial settlement provided by the Government. The Fair Funding Review and the move to 75% retained business rates and the proposed business rates reset provides further uncertainty in respect of the Council's finances after 2020.</p> <p>Although the MTFS was refreshed in February 2018 the changing landscape of local government finance and the potential for changes to the Corporate Plan requires more frequent updates of the MTFS and the savings strategy. The MTFS has been updated to reflect further changes since that date including savings and investments for 2019/20 and the reduced level of New Homes Bonus achieved compared with the level assumed and planned for in the February 2018 MTFS.</p> <p>A further revised MTFS will be taken to Cabinet following the closure and audit of the 2018/19 accounts.</p>	Corporate Finance Manager & Section 151 Officer	Ongoing
INVESTMENT IN COMMERCIAL PROPERTIES	Corporate Finance Manager &	Ongoing

2017/18 saw the introduction of a new regulatory environment with CIPFA's new Prudential and Treasury Management Codes. These changes will start to impact significantly in 2019/20. The Council put in place a Capital Strategy and Treasury Management Strategy which brings together policies around Capital, Debt and Investment. These strategies were approved by Council on 4 March 2019.

Through the Capital Programme the Council has purchased commercial investment properties totalling £24 million to date (March 2019) and has increased its borrowing requirement. This Council has also set out in its Capital Strategy an aspiration to invest at a rate of £20m per year for the next four years to generate income to sustain delivery of services to residents. Guidance currently awaited from CIPFA may require that this aspiration is revisited and a revised strategy to Council may be necessary. It will remain essential to effectively manage the investment portfolio in light of the ever changing economic climate whilst also having a clear understanding of how such risks and rewards impact on the Council's financial position.

The new Capital Strategy provides the opportunity to fully explore a wide range of investment options based upon the Council's risk appetite whilst also ensuring proper due diligence and long term planning to reflect current and planned treasury positions.

Section 151
Officer

DATA MATCHING AND NATIONAL FRAUD INITIATIVE

A review was carried out in 2018/19 to identify how the Council uses NFI and data matching to enable the corporate approach to be developed. An exercise was also carried out regarding Council Tax Single Person Discount. The Council must now determine an action plan to prioritise improvements. The refreshed approach will give the Council the opportunity to develop and embed their anti-fraud culture.

Service
Manager –
Revenues and
Benefits

December
2019

LOCAL PLAN

Interim
Director of

<p>The Council decided to withdraw its emerging local plan in September 2018 and to commence the preparation of a new plan. The Local Development Scheme (LDS) was approved by Cabinet on 1 October 2018 and this provides a detailed report on the process to be followed and the timetable, which includes target milestones. The Council met with MHCLG in May 2019 to discuss the progress made with the new plan. It is anticipated the initial draft of the plan will be completed by January 2020 and, by March 2020, it is expected that public consultation on the draft plan will be underway. The Local Plan itself is not expected to be adopted until Summer 2022.</p>	<p>Place and Communities and Assistant Director, Planning and Regulatory Services</p>	<p>In accordance with the LDS timetable</p>
<p>EU Exit</p> <p>A Deal or No-Deal EU Exit is expected to have an impact on Ashfield residents and businesses as well as on the Council's services. The Council will continue to be required to participate and actively engage with the Nottinghamshire Local Resilience Forum. 'Rising Tide' monitoring and impact reports will continue to be presented to CLT and to Cabinet/Council (if required) to outline the Council's response and support interventions.</p>	<p>Director of Resources & Business Transformation</p>	<p>Ongoing</p>

The review of the Council's governance arrangements demonstrates that these are fit for purpose but to ensure continuous improvement areas have been identified which require further work.

We propose over the coming year as set out above to further enhance the Council's governance arrangements and will monitor their implementation as part of our annual review.



Signed

Date 22 July 2019

Robert Mitchell, Chief Executive



Signed

Date 22 July 2019

Councillor Jason Zadrozny, Leader of the Council

Appendix 1 – The Governance Framework and Review of Effectiveness

Putting the Principles into Effect

	Principle	How Does the Council Achieve This
A	Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law	<p>The Council set out its values in the Corporate Plan 2016-2019 which was refreshed during 2018, and these are:</p> <ul style="list-style-type: none"> • Enterprising, Ambitious and Innovative • Community and Customer Focused, Putting People First • Positive, Proactive and Successful • Collaborative • Transparent and Accountable <p>In the Corporate Plan, the Council has also set out its commitment to residents, employees and Councillors.</p> <p>The Council has identified the following priorities:</p> <ul style="list-style-type: none"> • Health and Wellbeing • Housing • Place and Economic Growth • Communities and Environment • Organisational Improvement

The programmes set out in the Corporate Plan reflect these values and the Council's Budget and Performance frameworks monitor how the Council performs against them.

Councillors and Officers are both guided by codes of conduct which have been agreed by Council. The Officer Code was updated in 2017 and has been well communicated and understood throughout the organisation.

The Member Code is based upon the Nolan Principles and was updated in 2017. The Council's Standards and Personnel Appeals Committee takes an active lead role in upholding standards and investigating any complaints made against Members. The Committee has completed its 2018/2019 work plan which included reviewing the Members' DBS Checks Policy. A significant number of complaints were received by the Monitoring Officer during 2017/2018 relating to Selston Parish Councillors. The Monitoring Officer continues to support the Parish to ensure good governance is maintained at the Parish. A number of complaints have been received during the year in relation to District Councillors which have been considered in accordance with the complaints process. The Committee at its meeting on 18 March 2019 considered the Committee on Standards in Public Life report which was recently published and the 2019/20 work plan will include a piece of work to consider the report in detail including potential implementation of the best practice recommendations.

Members and Officers are required to complete Register of Interests forms and to disclose gifts and hospitality. Members and Officers are reminded about this requirement at least annually.

The Chief Executive, his Corporate Leadership Team, and senior officers continually lead by example and promote the Council's priorities and values. The Chief Executive personally addresses colleagues on key matters such as budgets and key organisational change issues. The Chief Executive speaks to senior and middle managers as part of the Extended Leadership Team, allowing two way dialogue on all key issues. Following the Employee Survey carried out in 2017, a number of cross-Council improvement projects are being undertaken to further improve employee satisfaction levels; focused on 'Employer of Choice', 'Working Together as one Council' and 'Personal/Team Development'. Outcomes and actions are being endorsed and supported by CLT and ELT including, for example, review of pay and benefits package; implementation of an ADC careers website; embedding of employee appraisals and team meetings throughout all areas and enhanced communication of employee benefits.

The Constitution is regularly updated and a review is carried out annually.

		<p>A suite of Anti-Fraud and Corruption Policies and Procedures are in place which are reviewed bi-annually. A "Governance" hub is available on the intranet and the Council's website which contains links to these policies and a wider range of governance documents, such as the Constitution. The Anti-Fraud and Corruption Officer Working Group with clear terms of reference meets quarterly to oversee the Council's approach to fraud and corruption and report to CLT and Audit Committee. The Council's Whistleblowing Policy is reviewed annually and the Audit Committee and the Standards and Personnel Appeals Committee receive reports regarding the way complaints received under the policy have been dealt with.</p> <p>The Council has adopted a Modern Slavery and Human Trafficking Transparency Statement and Policy Statement. At its meeting in November 2019, the Council agreed to adopt the Co-operative Party's Charter against Modern Slavery ensuring that the Council's procurement practices do not support slavery.</p> <p>A number of Council services are provided externally and these are reviewed with strong partner engagement and contract management.</p> <p>Each of the statutory officers is able to operate with the appropriate independence; the organisational culture respects and supports their integrity and provides the staffing arrangements to support their work.</p> <p>A Member/Officer Protocol informs the relationship between Officers and Members.</p>
B	Ensuring openness and comprehensive stakeholder engagement	<p>The Council operates in an open and transparent way, and takes the vast majority of its key decisions in public meetings at Council, Cabinet and Committees. The Constitution encourages debate around key decisions and Council meetings include the scope for questions from Councillors and members of the public.</p> <p>The Council consults widely with internal and external stakeholders on key policy changes in accordance with its agreed policies. The Council continues to increase the use it makes of new media channels such as Facebook and Twitter. The State of Ashfield Debate, which was held in September 2018, was streamed on Facebook Live, so too was the Crime and Disorder Scrutiny meeting in March 2019.</p> <p>The Council has a well-developed approach to working with partners to achieve Corporate Plan outcomes. Co-location with the DWP and police partners has provided a positive impact leading to better ways of dealing with complex cases.</p>

		<p>A wide variety of communication methods are used to seek the views of different stakeholders. The Council's magazine "Ashfield Matters" is produced three times a year, and this is backed up by regular Citizens' Panel meetings which allows residents to discuss key policy issues with senior Council managers. During 2018 the Citizens panel 2018 discussed communications approaches, King and Miller/ Kingfisher Project, digital transformation and community safety. The Citizens Summit in November was broadcast through Facebook live. The Council continues to develop its use of social media channels such as Facebook and Twitter, to promote Council campaigns, provide information to residents, deal with customer enquiries and engage with local communities.</p> <p>Tenant Engagement remains a key method of communicating with tenants and the STAR survey (tenant satisfaction survey) was carried out during 2017. The STAR survey is a set of standardised questions used as a nationwide benchmark of all social housing providers. The survey undertaken in April 2016 is valid for up to 3 years. The Council achieved an overall tenant satisfaction result of 95.6% which places it in the upper quartile of tenant satisfaction nationally. The Council is also a member of the Tenant Participation Advisory Service (TPAS) which is the national body for tenant participation.</p> <p>Senior Managers continue to meet with the Trade Unions on a regular basis to actively engage and consult on employee related issues.</p> <p>The Place Enhancement Programme continues to ways to improve the public perception of the District and promote the area. As part of this Programme, the Ashfield Place Board, which is independently chaired by a local business leader, meets regularly. The Board was responsible for creating and launching the "Discover Ashfield" brand.</p> <p>Engagement with the Youth Council continues to take place including during Local Democracy Week in October 2018 when the Chairman of Overview and Scrutiny Committee attended to speak to the Group.</p>
C	Defining outcomes in terms of sustainable economic, social, and	<p>The Corporate Plan sets out clearly the outcomes to which the Council is committed. It continually checks the deliverability of these outcomes against the available resources and for this purpose both the Corporate Plan and the Medium Term Financial Plan are reviewed.</p> <p>The Council's performance indicators and its Corporate Scorecard and Place Scorecard are considered regularly by senior management, Overview and Scrutiny Committee and Cabinet.</p>

	environmental benefits	<p>Comprehensive and regular dialogue, on priorities, performance and financial planning take place between the Cabinet and the Corporate Leadership Team (CLT), with the result that the Council is able to shape its ambitions around the resources available to it, and its partners. Long term impacts of decisions are forecast using the Council's Weighted Benefit Model for individual projects, and the Medium Term Financial Strategy for the whole of the Council's services.</p> <p>The Council's Corporate and Fraud Risks are identified and recorded in registers and regularly monitored through CLT, Cabinet and Audit Committee. The Council's Corporate Risk Strategy was approved by the Cabinet in June 2018; as part of this strategy refresh, the Council level of its appetite to risk.</p> <p>The Capital Accounting audit carried out this year produced a comprehensive assurance rating.</p>
D	Determining the interventions necessary to optimise the achievement of the intended outcomes	<p>The Council's interventions which aim to achieve its Corporate Plan objectives are planned through a number of Programme Boards or are monitored as a regular agenda item at directorate management team meetings. The current programme boards are:-</p> <ul style="list-style-type: none"> • Regeneration • Commercial Investment Working Group • Digital and Service Transformation • Place • Health and Well Being • Efficiency (assets, procurement and restructures) <p>Where relevant, Project Boards sit underneath these boards, working specifically on key projects.</p> <p>The programme boards consider the merits of a range of projects for achieving the aims of the Corporate Plan. They employ the Council's Weighted Benefit Model to assess the impact against key priorities, and the affordability of the intervention. Activity within the boards is now being prioritised in order to sharpen its focus.</p> <p>The Corporate Leadership Team considers the priority order for new projects, and their affordability in the context of the Medium Term Financial Strategy.</p>

E	Developing the entity's capacity, including the capability of its leadership and the individuals within it	<p>The Leader and Chief Executive have clearly defined roles. Regular meetings between senior managers and portfolio holders allow for timely discussion of emerging policies and issues, and overviews of strategic developments such as the budget and MTFS.</p> <p>The Chief Executive meets opposition group leaders on a monthly basis.</p> <p>Comprehensive training programmes are in place for officers and Members; this Learning and Development programme is shared between Ashfield and Mansfield as part of the Human Resources Shared Service. Working between the two organisations gives valuable insights into different approaches to organisational management and development.</p> <p>The Members' Development Strategy was approved in 2017. Mandatory training has been identified and incorporated into the Code of Conduct. Mandatory training and attendance at meetings is now linked to remuneration. A Member Induction programme has been developed for after the May 2019 District Elections to ensure new and returning Members are well equipped for their roles as Councillors.</p> <p>The Council has a People Strategy in place and is actively working to develop officers as part of the Leadership Competency Framework (integrated into PDRs and recruitment).</p> <p>The digital and service transformation programme was formally established in April 2018 governed by a Digital and Service Transformation Board which meets monthly. Progress is being made through the implementation of early IT investments in our core payment solution, finance upgrade, and agile working solutions in housing service. Further transformation investments have been approved for housing repairs. Meanwhile, a significant element of the overarching business case is now in place, including consideration of key core elements of additional spend such as corporate customer portal, integrations with line of business systems and additional hardware and devices, offset by expected improvements to customer service, productivity and ability for residents to self-serve thereby reducing demand levels. The business case will be finalised for future Cabinet consideration in July 2019. The transformation agenda is supported by cross-organisational engagement with our "digi-champions" who have been involved in the development of the business case, and who are engaged with on a regular basis regarding improvement opportunity and current projects. Customer segmentation of our residents continues to inform the programme engagement plan and targeted approaches, which is continually reviewed and aligned with digital take up from current implementations.</p>
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F	<p>Managing risks and performance through robust internal control and strong public financial management</p>	<p>The Council's Corporate Risk Register is regularly updated and considered by Cabinet and the Audit Committee. The Anti-Fraud and Corruption Working Group will monitor the Fraud Risk Register quarterly and reports to the Audit Committee annually.</p> <p>Risk Management informs service planning and project planning and is a specific consideration when new capital projects are being developed. The Corporate Risk Register is aligned to the Corporate Plan and its priorities. The Corporate Risk Register was audited during the year and have attracted a reasonable assurance rating.</p> <p>The Council has well-developed Emergency Planning and procedures and contributes to all regional training events. Each service has an up to date Business Continuity Plan and a Critical Function Plan (if appropriate). The recent Health and Safety Audit gave a comprehensive assurance rating.</p> <p>The Council has a mature performance management system and reporting, developed over a number of years and reflecting all of the Council's key performance areas. This is summarised in a Corporate Scorecard which is scrutinised quarterly. Data accuracy is regularly audited.</p> <p>The Council has a good track record of setting robust budgets and spending within the approved budget. The Council's finances have been guided by a well-developed and communicated MTFS for several years. This MTFS is informed by regional and national expertise and the latest iteration is informed by resource modelling from Local Government Futures (LG Futures). By setting and implementing annual savings plans, the Council has been able to consistently reduce its net budget. The Council has achieved unqualified accounts and a positive Value For Money assessment throughout this period.</p> <p>The Commercial Investment Plan and Capital Strategy which includes due diligence and risk mitigation processes was approved at Cabinet and Council in February and March 2019 respectively.</p> <p>Internal Control is achieved by a wide range of processes working successfully, and CMAP's assessment of internal control can be found earlier in this document. The Council's Data Management arrangements are updated regularly in line with Government guidelines and best practice and these are subject to regular detailed audits. Implementation of GDPR was successfully managed through the Project Management Framework and continued to be developed in line with new guidance and advice from the Information Commissioner.</p>
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G	Implementing good practices in transparency, reporting, and audit to deliver effective accountability	<p>The Council's decision making is transparent; the Forward Plan of Key Decisions is accessible and is reviewed on a weekly basis by CLT. Decisions are readily available through the Council's web site on the user-friendly "modern.gov" system.</p> <p>The budget and performance are subject to reports at least quarterly.</p> <p>The Council's Pay Policy Statement and Gender Pay Gap have been published.</p> <p>The Annual Governance Statement and Corporate Assurance Checklist are updated annually.</p> <p>Audit recommendations are owned by management and are largely acted upon in a timely manner. There are a number of processes in place for monitoring recommendations including through CMAP reminders, reports through CLT and Performance Boards; some recommendations are also monitored via the Council's performance management system (Pentana).</p>
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Glossary of Terms and Abbreviations

Accounting Period – The period of time covered by the accounts that is normally the year commencing on 1st April and finishing on 31st March. The end of the accounting period is the balance sheet date.

Accrual – An amount included in the accounts to cover income or expenditure relating to an accounting period but for which payment has not yet been made or received. The concept is that income and expenditure are recognised as they are earned or incurred, not as cash is received or paid.

Actuarial Gains and Losses – For a defined benefit pension scheme, the changes in actuarial deficits or surpluses that arise because:

- events have not coincided with the actuarial assumptions made for the last valuation (experience gains and losses), or
- the actuarial assumptions have changed

Agency Services – Services, which are performed by the Council, where the authority legally responsible for the service reimburses the Council (the authority doing the work) for the cost of the work.

Amortisation – The reduction in the value of an asset over its useful life.

Assets Held for Sale – Those assets that are actively being marketed with the expectation that disposal will occur within a 12 month period.

Balance Sheet – A statement of the recorded assets, liabilities and other balances as they stand in monetary terms, at the end of an accounting period.

Billing Authority – A local authority responsible for collecting the Council Tax and National Non-Domestic Rates from within its district boundaries (the Council is a billing authority).

Budget – A statement defining the Council's financial plans over a specified period of time (usually an accounting period 1st April to 31st March).

Business Rates/ National-Non Domestic Rates (NNDR) – Income collected from business ratepayers, based on a national rate in the pound set by Central Government multiplied by the rateable value of the premises they occupy. This rate is collected by the billing authority on behalf of Central Government and is redistributed from the billing authority's NNDR pool between itself, Central Government and Nottinghamshire County Council and Nottinghamshire Fire and Rescue Authority.

Capital Expenditure – Expenditure on new assets such as land, buildings and other structures or on the enhancement of existing assets so as to significantly prolong their useful life or increase their market value.

Capital Financing – The raising of money to pay for capital expenditure. Methods include borrowing, leasing, using capital receipts, government grants or contributions, major repairs reserve or from revenue contributions.

Capital Financing Charges – The annual costs to services for the use of assets comprising depreciation, leasing charges and other costs of funding capital expenditure.

Capital Receipts – The income from the sale of council houses, buildings, land and other assets. A proportion of capital receipts can be used to finance new capital expenditure, within rules set down by central government, but they cannot be used to finance revenue expenditure.

Cash Equivalents – They are short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Code – The Code refers to the code of practice on local authority accounting. The code of practice is based upon approved accounting standards and provides the accounting standards under which the Statement of Accounts is prepared. From 2010/11 the Code is based on International Financial Reporting Standards.

Community Assets – Assets that may have restrictions on their use and disposal. Examples include playing fields and parks.

Council Tax – A tax levied by the local Council, which is the billing authority, on households within its area and distributed to the County Council, Police and Fire Authorities, and to the Council's own General Fund.

Council Tax Bands – All domestic properties in a Local Authority's area are valued by Central Government's Valuation Office Agency, and placed in one of 8 bands ranging from A to H. Each Band is averaged out in relation to Band D, Bands A to C paying less, and Bands E to H paying more on an increasing scale.

Council Tax Benefit – Assistance provided to adults on low incomes to help them pay their council tax bill.

Current Assets – The assets held by an organisation at the balance sheet date that will be used in the next accounting period e.g. inventories, cash and trade receivables.

Current Liability – The liabilities held by an organisation at the balance sheet date that will be repaid within the next year e.g. creditors, overdrafts.

Current Service Cost (Pensions) - The increase in the present value of a defined benefit scheme's liabilities expected to arise from employee service in the current period.

Defined Benefit Scheme – A pension scheme where the benefits are set independently of the contributions paid and the performance of the investments in the fund.

De Minimis – A term generally used to describe something that is too small to be considered.

Depreciation – The measure of the reduction in value of a non-current asset due to age, consumption or other reduction in useful life during the accounting period.

Discretionary Benefits – Retirement Benefits which the employer has no legal,

contractual or constructive obligation to award and are awarded under the Council's discretionary powers.

Earmarked Reserves – Amounts set aside for a specific purpose to meet future commitments or potential liabilities, for which it is not appropriate to establish provisions.

Expected Rate of Return on Pension Assets – For a funded defined benefit scheme, the average rate of return, including both income and changes in fair value but net of scheme expenses, expected over the remaining life of the related obligation on the actual assets held by the scheme.

Fair Value – The amount for which an asset could be exchanged; or a liability settled, between knowledgeable, willing parties in an arm's-length transaction.

Financial Instruments – Contracts that give rise to a financial asset of one entity and a financial liability or equity instrument of another.

Finance Lease – A lease that transfers all of the risks and rewards of ownership of an asset to the lessee.

General Fund – The main revenue fund of the Council. Day to day spending on services is met from this fund. The exception to this is for the provision of Council dwellings which is met from the Housing Revenue Account.

Housing Benefit – Allowances paid to persons on low income to meet, in whole or part, their rent. The Local authority pays the benefit but most of the cost is refunded by central government through rent allowances for private sector tenants and the rent rebate element of housing subsidy for the Council's own tenants.

Housing Revenue Account / (HRA) – This is a statutory account which covers all revenue expenditure and income related to the provision of Council dwellings. It includes an optional sub – division, the Housing Repairs Account.

Housing Subsidy – The Government grant paid to housing authorities towards the cost of providing, managing and maintaining Council dwellings.

Impairment – The reduction in the market value of a non-current asset due to significant changes in the market (i.e. Introduction of new technology), obsolescence, or damage, etc.

Intangible Assets – Assets that do not have physical substance but are identifiable and controlled by the Council, e.g. IT software.

Interest Cost (Pensions) – For defined benefit schemes, the expected increase during the period in the present value of the scheme liabilities because the benefits are one period closer to settlement.

IFRS – International Financial Reporting Standards. Guidelines and rules set by the International Accounting Standards Board (IASB) that companies and organisations can follow when compiling financial statements.

Investment Properties - Investment property is property that has been purchased with the intention of earning a return on the investment, either through rental income, the future resale of the property or both.

Long Term Borrowing / investment – Borrowing / investments repayable after more than one year.

Long Term Receivables – Amounts due to the council more than one year after the Balance Sheet date.

Minimum Revenue Provision (MRP) – The minimum amount that must be charged against the Council's revenue accounts each year, as a provision to repay borrowing and finance leases.

Net Book Value – The amount at which non-current assets are included in the balance sheet, i.e. their historic value or current valuation less depreciation.

Net Realisable Value – The open market value of an asset in its existing use.

Non-Current Assets – Tangible assets that yield benefits to the local authority and the services it provides for a period of more than one year, for example, land, buildings and equipment.

Non – Distributed Costs – Overheads for which no specific user benefits and are not apportioned to services.

Non – Operational Assets – Non-current assets held but not currently used by the Council in delivering services; for example property surplus to requirements or land awaiting sale or redevelopment.

Operating Lease – An operating lease is a rental agreement that places all of the risks and rewards of ownership of an asset with the lessor.

Operational Assets – Non-current assets held and used in delivering services.

Past Service Cost - For a defined benefit scheme, the increase in the present value of the scheme liabilities related to employee service in prior periods arising in the current period as a result of the introduction of, or improvement to, retirement benefits.

Precept – The amounts of tax that the Council is required to raise through Council Tax on behalf of other authorities for services they provide in the Billing Authority's area.

Precepting Authorities – Those Authorities who are not Billing Authorities, e.g. "major" Authorities such as the County Council and Police and Fire Authorities and "local Precepting Authorities" such as Parish, Town or Community Councils.

Projected Unit Method - An accrued benefits valuation method in which the scheme liabilities make allowance for projected earnings. An accrued benefits valuation method is one in which the scheme liabilities at the valuation date relate to:

- the benefits for pensioners, deferred pensioners and their dependents, allowing where appropriate for future increases, and

- the accrued benefits for members in service on the valuation date. The accrued benefits are the benefits for service up to a given point in time, whether vested rights or not.

Provision - An amount set aside to provide for a liability that it is likely will be incurred but the exact amount and the date on which it will arise are uncertain.

Public Works Loan Board (PWLb) – A Central Government agency, that provides loans to Local Authorities.

Related Party Transactions – A related party transaction is the transfer of assets or liabilities or the performance of services by, to or for a related party irrespective of whether a charge is made.

Reserve – An amount set-aside for a specific purpose in one financial year and used to meet expenditure in future years. There are two types of reserves, usable and unusable reserves. Usable reserves are those reserves that can be applied to fund expenditure or reduce local taxation. Unusable reserves are other reserves, such as the revaluation reserve, that arise from accounting requirements

Residual Value – the net realisable value of an asset at the end of its useful life.

Retirement Benefits – All forms of consideration given by an employer in exchange for services rendered by employees that are payable after the completion of employment.

Revenue Expenditure Funded from Capital under Statute (REFCUS) – Spending on items normally classed as revenue but which are defined by statute as capital e.g. improvement grants.

Revenue Expenditure – Spending on day-to-day items, including, salaries and wages, premises costs and supplies and services.

Revenue Support Grant (RSG) – Contribution from Central Government towards the cost of local authority services.

Scheme Liabilities – The liabilities of a defined benefit scheme for outgoings due after the valuation date. Scheme liabilities are measured using the projected unit method to reflect the benefits that the employer is committed to provide for service up to the valuation date.

Service Reporting Code of Practice (SeRCOP) – The SeRCOP provides refers to the code of practice on local authority financial reporting to stakeholders. The SeRCOP is based on International Financial Reporting Standards.

Short Term Borrowing/ Investments – Borrowing and investments repayable on demand or within one year.

Tangible Assets – Assets with physical substance.

Trade Payables (Creditors) – An amount owed by the Council for work done, goods received or services provided but for which payment has not yet been made.

Trade Receivables (Debtors) – An amount owing to the Council but for which money has not yet been received.

Useful Life – The period over which the local authority will derive benefits from the use of a tangible non-current asset.

Vested Rights – In relation to a defined benefit scheme, these are:

- for active members, benefits to which they would unconditionally be entitled on leaving the scheme
- for deferred pensioners, their preserved benefits
- for pensioners, pensions to which they are entitled

They include where appropriate the related benefits for spouses or other dependants.

Work In Progress / WIP – the cost of work done on an uncompleted project as at the Balance Sheet date.