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# **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.

2018/19 £'000		2019/20 £'000
	<b>Income</b>	
(23,456)	Dwelling Rents (gross)	(23,871)
(166)	Non-dwelling Rents (gross)	(169)
(25)	Charges for Services and Facilities	(248)
(433)	Contribution Towards Expenditure	(164)
<b>(24,080)</b>	<b>Total Income</b>	<b>(24,452)</b>
	<b>Expenditure</b>	
7,442	Repairs and Maintenance	7,298
4,548	Supervision and Management	4,714
(5)	Rents, Rates, Taxes and other charges	20
8,293	Depreciation and impairments of fixed assets	9,176
40	Debt Management Costs	40
123	Contribution to the Bad Debt Provision	195
<b>20,441</b>	<b>Total Expenditure</b>	<b>21,443</b>
	<b>Net Cost of HRA Services as included in the whole authority Comprehensive Income &amp; Expenditure Account</b>	
<b>(3,639)</b>		<b>(3,009)</b>
78	HRA share of Corporate and Democratic Core	76
<b>(3,561)</b>	<b>Net Cost of HRA Services</b>	<b>(2,933)</b>
0	Gain or loss on sale of HRA non-current assets	0
3,547	Interest payable and similar charges	3,547
(185)	Interest and investment income	(222)
<b>(199)</b>	<b>(Surplus) or deficit for the year on HRA services</b>	<b>392</b>

## Statement of Movement on the HRA Balance

2018/19 £'000		2019/20 £'000	Note
(28,286)	<b>Balance on the Housing Revenue Account at the end of the previous year</b>	(32,597)	
(199)	<b>(Surplus) or deficit for the year on the HRA Income and Expenditure Account</b>	392	
	<b>Adjustments between accounting basis and funding basis under statute</b>		
	Items included in the HRA Income and Expenditure Account but excluded from the movement on the HRA Balance for the year		
(24)	Accumulated Absences Account	(8)	
(493)	IAS 19 Pension Adjustment	(328)	
(4,831)	Impairment of fixed assets charged to HRA	(5,409)	
	<b>Net (Increase) or decrease in the HRA Balance before transfers to or from reserves:</b>		
50	Transfers to/ from Revenue Grants Reserve	(50)	Note 7
(6)	Transfer to/from Insurance Reserve	53	Note 7
0	Transfer to/from HRA Technology Investment	(171)	Note 7
306	Transfer from Major Repairs Reserve	470	Note 4
816	Capital expenditure funded by the HRA	831	Note 5
70	Transfer to the Capital Adjustment Account	0	
(4,112)	<b>Net additional amount required by statute to be debited or (credited) to the HRA balance for the year</b>	(4,612)	
(4,311)	<b>Increase or Decrease in the year to the Housing Revenue Account Balance</b>	(4,220)	
(32,597)	<b>Balance Carried forward</b>	(36,817)	

## Notes to the Housing Revenue Account

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

As at 31st March 2019 Number		As at 31st March 2020 Number
4,477	Houses and bungalows	4,432
1,715	Low rise flats	1,714
520	Medium rise flats	520
<b>6,712</b>	<b>Total Dwellings</b>	<b>6,666</b>
<b>1,188</b>	<b>Garages and Garage Plots</b>	<b>1,188</b>

### 2. Housing stock valuations

As at 31st March 2019 £'000	Description	As at 31st March 2020 £'000
	Operational assets	
230,507	- Council Dwellings	229,527
2,588	- Other land and buildings	2,539
<b>233,095</b>	<b>Total</b>	<b>232,066</b>

### 3. Vacant Possession Value of Council Dwellings

As at 31st March 2019 £'000		As at 31st March 2020 £'000
548,940	Market value - Vacant possession	546,493
230,555	Existing use value for social housing	229,528
<b>318,385</b>	<b>Difference</b>	<b>316,965</b>

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 2019 £'000		As at 31st March 2020 £'000
0	Balance brought forward	0
4,790	Financing of HRA Capital Expenditure	5,382
(306)	Transfer to/from HRA Reserve	(470)
(1,023)	Capital Receipts Applied	(1,145)
(3,461)	Less Depreciation	(3,767)
<b>0</b>	<b>Balance Carried Forward</b>	<b>0</b>

#### 5. Capital Expenditure

2018/19 £'000		2019/20 £'000
	<b>Operational assets</b>	
5,880	Dwellings	6,181
25	Other land and buildings	0
24	HRA Vehicles	223
4	Work in Progress	48
<b>5,933</b>	<b>Total Operational Assets</b>	<b>6,452</b>
	<b>Funded by:</b>	
1,350	Capital receipts and grants	1,384
816	Contributions from Revenue	831
3,767	Major Repairs Reserve	4,237
<b>5,933</b>	<b>Total Funding</b>	<b>6,452</b>

#### 6. Capital Receipts from Disposal of Assets

£'000		£'000
2,224	Disposal of dwellings	2,852
<b>2,224</b>	<b>Total from Disposals</b>	<b>2,852</b>

## 7. HRA Earmarked Reserves

	Balance at 31st March 2020 £'000	Movements in Year £'000	Balance at 31st March 2019 £'000	Movements in Year £'000	Balance at 31st March 2018 £'000
HRA Revenue Grants	(25)	50	(75)	(50)	(25)
HRA Eco-Funding	(263)	0	(263)	0	(263)
HRA Insurance	(182)	(53)	(129)	6	(135)
HRA Technology Investment	(81)	171	(252)	0	(252)
HRA Corporate Change	(193)	0	(193)	0	(193)
HRA Welfare Reform	(200)	0	(200)	0	(200)
	<b>(944)</b>	<b>168</b>	<b>(1,112)</b>	<b>(44)</b>	<b>(1,068)</b>

### 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

£'000		£'000
3,405	Operational assets	3,637
56	- Dwellings and garages	67
	- Other land and buildings	
<b>3,461</b>	<b>Total</b>	<b>3,704</b>

## 9. Impairment

A full valuation of all Council Dwellings was undertaken at 31st January 2020, which has resulted in £4.6m being credited to the Revaluation Reserve. The valuation has required that £5.4m of Capital Expenditure be impaired.

## 10. Pension Contribution

A contribution of £502k has been made for 2019/20 to the back funding costs relating to employees within Housing Services.

## 11. Rent Arrears

As at 31st March 2019 £'000		As at 31st March 2020 £'000
314	Current tenants	441
208	Former tenants	273
<b>522</b>	<b>Total rent arrears</b>	<b>714</b>
(485)	Overpayments	(445)
<b>37</b>	<b>Total arrears</b>	<b>269</b>
(209)	Deduct - Provision for bad debts	(233)
<b>(172)</b>	<b>Net arrears</b>	<b>36</b>

## 12. Subsidy Limitation

Council tenants on low incomes can receive financial assistance with their rent under the Housing Benefit Scheme. Approximately 50% of tenants received housing benefit towards their rent during 2019/20 (55% in 2018/19).

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 2019/20, the housing rents were below £67.35 per week and therefore there was no transfer to the General Fund. (No transfer was required in 2018/19).



## Collection Fund

### Notes to the Collection Fund

2018/19 £'000			2019/20 £'000
<b>INCOME</b>			
62,736	Income from Council Tax		66,345
36,796	Income Collectable from Business Ratepayers		37,810
415	Transitional Protection - NDR		246
	Contributions:		
	<u>Towards Previous Years Deficit - NDR</u>		
72	Payment from Ashfield District Council	1,075	
18	Share of NDR income from major preceptors	269	
90	Payment from Central Government	1,344	
			2,688
<b>100,127</b>	<b>Total Income</b>		<b>107,089</b>
<b>EXPENDITURE</b>			
	<u>Council Tax Precepts and Demands</u>		
47,041	Nottinghamshire County Council	49,511	
6,475	Nottinghamshire Police	7,357	
2,569	Nottinghamshire Fire and Rescue	2,677	
6,146	Ashfield District Council	6,221	
290	Parish Councils	289	
62,521			66,055
	<u>Business Rates:</u>		
15,015	Payment to Ashfield District Council	15,202	
3,755	Share of NDR income to major preceptors	3,800	
18,769	Payment to Central Government	19,003	
37,539			38,005
0	Transitional Protection - NDR		
130	Costs of Collection		148
23	Renewable Energy Disregard		23
	<u>Bad and Doubtful Debts &amp; Provisions:</u>		
443	Council Tax Write Offs		190
35	Council Tax Provisions		556
263	NDR Write Offs		160
(35)	NDR Provisions		144
460	Change in Appeals provision requirement		1,439
	<u>Contributions:</u>		
0	Distribution of Surplus - NDR		0
316	Distribution of Surplus - Council Tax		74
<b>101,695</b>	<b>Total Expenditure</b>		<b>106,794</b>
579	Movement on Fund Balance - Council Tax		530
989	Movement on Fund Balance - NDR		(825)
(225)	Opening Balance - Council Tax		354
1,589	Opening Balance - NDR		2,578
354	Closing Balance - Council Tax		884
2,578	Closing Balance - NDR		1,753
<b>2,932</b>	<b>Balance at 31st March</b>		<b>2,637</b>

## **1. General**

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

## **2. Business Rates Retention**

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

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

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

## **3. Income from Business Ratepayers**

NDR is paid by businesses. Central Government specifies an annual rate in the pound (50.4p in 2019/20 for businesses with a rateable value (RV) of greater than £51k and 49.1p for businesses with a RV of less than £51k) and local businesses pay an annual NDR bill calculated by multiplying the RV of their premises by this annual rate; there are reliefs for small businesses, charities etc. The Council is responsible for collecting the NDR income and then distributing to Central Government and Preceptors.

Non-domestic rateable value on the Revenue's accounting system as at 31<sup>st</sup> March 2020 was £93.0m (£91.1m in 2018/19). The NDR income collectable in 2019/20, after reliefs but before accounting adjustments was £37.810m (£36.796m in 2018/19).

#### 4. Council Tax

The Council set a band D Council Tax of £185.46 for the financial year 2019/20. When taking into account parish precepts, the equivalent average Council Tax is £194.09.

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 33,542.5 as shown below.

	<b>Total Net No. of Dwellings</b>	<b>Ratio to Band "D"</b>	<b>Band "D" Equivalents</b>
Disabled Persons Relief	39.3	5/9	21.8
Band "A"	19,733.5	6/9	13,155.7
Band "B"	9,601.6	7/9	7,467.9
Band "C"	7,774.9	8/9	6,911.0
Band "D"	3,735.3	1	3,735.3
Band "E"	1,332.2	11/9	1,628.3
Band "F"	459.8	13/9	664.2
Band "G"	111.4	15/9	185.6
Band "H"	8.8	2	17.5
<b>Total</b>	<b>42,796.8</b>		<b>33,787.4</b>
Less Provision for Bad Debts			244.9
<b>Council Tax Base for 2019/20</b>			<b>33,542.5</b>

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

Council requirement from the Collection Fund	<u>£ 6,510,143</u>
Divided by Council Tax Base	33,542.5

Equals Band D equivalent	£194.09
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## 5. Distribution of the Collection Fund Balance

### a. Council Tax Balance Distribution - Deficit

2018/19 £'000		2019/20 £'000
266	Nottinghamshire County Council	663
40	Nottinghamshire Police Authority	99
14	Nottinghamshire Fire Authority	36
34	Ashfield District Council	86
<b>354</b>		<b>884</b>

### b. NDR Balance Distribution - Deficit

2018/19 £'000		2019/20 £'000
232	Nottinghamshire County Council	158
26	Nottinghamshire Fire Authority	17
1,031	Ashfield District Council	701
1,289	Central Government	877
<b>2,578</b>		<b>1,753</b>

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

2018/19 £'000	2019/20 £'000
613      Balance at 1 April	1,066
58      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	52
395      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	(330)
<u>1,066</u> Balance at 31 March	<u>788</u>