

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.

	2022/23 £'000	2021/22 £'000
Income		
Dwelling Rents (gross)	(25,668)	(24,318)
Non-dwelling Rents (gross)	(140)	(146)
Charges for Services and Facilities	(307)	(227)
Contribution Towards Expenditure	(98)	(139)
Total Income	(26,213)	(24,830)
Expenditure		
Repairs and Maintenance	8,761	7,811
Supervision and Management	5,122	4,215
Rents, Rates, Taxes and other charges	131	197
Depreciation and impairments of fixed assets	14,297	(372)
Debt Management Costs	43	47
Contribution to the Bad Debt Provision	177	183
Total Expenditure	28,531	12,081
Net Cost of HRA Services as included in the whole authority Comprehensive Income & Expenditure Account	2,318	(12,749)
HRA share of Corporate and Democratic Core	89	81
Net Cost of HRA Services	2,407	(12,668)
Interest payable and similar charges	3,547	3,547
Interest and investment income	(867)	(46)
(Surplus) or deficit for the year on HRA services	5,087	(9,167)

Statement of Movement on the HRA Balance (SMB)

	2022/23 £'000	2021/22 £'000	Note
Balance on the Housing Revenue Account at the end of the previous year	(42,969)	(41,622)	
(Surplus) or deficit for the year on the HRA Income and Expenditure Account	5,087	(9,167)	
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			
Accumulated Absences Account	(19)	(10)	
IAS 19 Pension Adjustment	(647)	(611)	
Impairment of fixed assets charged to HRA	(10,245)	4,273	
Net (Increase) or decrease in the HRA Balance before transfers to or from reserves:			
Transfer to/from Revenue Grants Reserve	20	0	Note 7
Transfer to/from Eco Funding Reserve	(20)	0	Note 7
Transfer to/from Insurance Reserve	(20)	(47)	Note 7
Transfer to/from HRA Technology Investment	0	(2)	Note 7
Transfer to/from HRA Corporate Change Reserve	(193)	0	Note 7
Transfer to/from HRA Welfare Reform Reserve	(30)	(30)	Note 7
Capital expenditure funded by the HRA	5,692	4,047	Note 5
Transfer to the Capital Adjustment Account	0	200	
Net additional amount required by statute to be debited or (credited) to the HRA balance for the year	(5,462)	7,820	
Increase or Decrease in the year to the Housing Revenue Account Balance	(375)	(1,347)	
Balance Carried forward	(43,344)	(42,969)	

Notes to the Housing Revenue Account

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

	As at 31st March 2023 Number	As at 31st March 2022 Number
Houses and bungalows	4,382	4,395
Low rise flats	1,719	1,717
Medium rise flats	522	521
Total Dwellings	6,623	6,633
 Garages and Garage Plots	 1,188	 1,188

2. Housing stock valuations

Description	As at 31st March 2023 £'000	As at 31st March 2022 £'000
Operational assets		
- Council Dwellings	274,706	247,182
- Other land and buildings	2,141	2,234
- Vehicles Plant and Equipment	869	1,097
- Assets Under Construction	5,197	1,094
- Assets Held for Disposal	179	120
Total	283,092	251,727

3. Vacant Possession Value of Council Dwellings

	As at 31st March 2023 £'000	As at 31st March 2022 £'000
Market value - Vacant possession	654,062	588,529
Existing use value for social housing	274,706	247,182
Difference	379,356	341,347

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 2023 £'000	As at 31st March 2022 £'000
Balance brought forward	(1,200)	(310)
Financing of HRA Capital Expenditure	5,253	3,011
Less Depreciation	(4,053)	(3,901)
Balance Carried Forward	0	(1,200)

5. Capital Expenditure

	2022/23 £'000	2021/22 £'000
Operational assets		
Dwellings	12,373	6,892
Other land and buildings	0	316
Vehicles, Plant and Equipment	16	662
Work in Progress	4,961	579
Total Operational Assets	17,350	8,449
Funded by:		
Capital receipts and grants	6,405	1,391
Contributions from Revenue	5,692	4,047
Major Repairs Reserve	5,253	3,011
Total Funding	17,350	8,449

6. Capital Receipts from Disposal of Assets

	2022/23 £'000	2021/22 £'000
Disposal of dwellings	2,609	2,163
Total from Disposals	2,609	2,163

7. HRA Earmarked Reserves

	Balance at 31st March 2023	Movements in Year	Balance at 31st March 2022	Movements in Year	Balance at 31st March 2021
	£'000	£'000	£'000	£'000	£'000
HRA Revenue Grants	(45)	(20)	(25)	0	(25)
HRA Eco-Funding	(243)	20	(263)	0	(263)
HRA Insurance	(124)	20	(144)	47	(191)
HRA Technology Investment	(26)	0	(26)	2	(28)
HRA Corporate Change	0	193	(193)	0	(193)
HRA Welfare Reform	(140)	30	(170)	30	(200)
	(578)	243	(821)	79	(900)

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 fund the upgrading of out-of-date technology and the introduction of new technology to support the move to digital delivery of services and improve customer experience and 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. This reserve was fully utilised in 2022/23.

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

	2022/23 £'000	2021/22 £'000
Operational assets		
- Dwellings and garages	3,813	3,649
- Other land and buildings	77	49
- Vehicles	163	202
Total	4,053	3,900

9. Impairment

A desktop valuation of all Council Dwellings was undertaken at 31st January 2023, which has resulted in £30.9m being credited to the Revaluation Reserve. The valuation has required that £9.2m of Capital Expenditure be impaired and a further £1.0m reversal of impairment from previous years.

10. Pension Contribution

A contribution of £425k has been made for 2022/23 to the back-funding costs relating to employees within Housing Services.

11. Rent Arrears

	As at 31st March 2023 £'000	As at 31st March 2022 £'000
Current tenants	424	392
Former tenants	417	380
Total rent arrears	841	772
Deduct - Credit Loss Allowance	(399)	(398)
Net arrears	442	374
Overpayments	(640)	(592)
Total arrears	(198)	(218)

Collection Fund

	2022/23 £'000	2021/22 £'000
INCOME		
Income from Council Tax	75,754	71,530
Transitional Protection - Council Tax	0	387
Contributions to previous year estimated deficit:		
Ashfield District Council	0	55
Nottinghamshire County Council	0	425
Nottinghamshire Police Authority	0	63
Nottinghamshire Fire Authority	0	23
	0	566
Income Collectable from Business Ratepayers	38,756	38,237
Transitional Protection - NDR		
Contributions to previous year estimated deficit:		
Ashfield District Council	751	4,497
Nottinghamshire County Council	169	1,012
Nottinghamshire Fire Authority	19	112
Central Government	940	5,622
	1,879	
Total Income	116,389	122,529
EXPENDITURE		
<u>Council Tax Precepts and Demands</u>		
Nottinghamshire County Council	55,986	53,325
Nottinghamshire Police	8,658	8,239
Nottinghamshire Fire and Rescue	2,880	2,798
Ashfield District Council	6,656	6,425
Parish Councils	312	289
	74,492	71,076
Distribution of previous year estimated surplus:		
Ashfield District Council	39	0
Nottinghamshire County Council	308	0
Nottinghamshire Police Authority	48	0
Nottinghamshire Fire Authority	16	0
	411	0
<u>Business Rates:</u>		
Payment to Ashfield District Council	15,300	15,192
Payment to Nottinghamshire County Council	3,443	3,418
Payment to Nottinghamshire Fire and Rescue	382	380
Payment to Central Government	19,125	18,990
	38,250	37,980

Transitional Protection - NDR	6	44
Costs of Collection	151	147
Renewable Energy Disregard	21	21
<u>Bad and Doubtful Debts & Provisions:</u>		
Council Tax Write Offs	113	142
Council Tax Provisions	209	224
NDR Write Offs	201	438
NDR Provisions	(139)	18
Change in Appeals provision requirement	448	212
Total Expenditure	114,163	110,302
Movement on Fund Balance - Council Tax	(529)	(1,041)
Movement on Fund Balance - NDR	(1,697)	(10,620)
Opening Balance - Council Tax	(483)	558
Opening Balance - NDR	2,722	13,342
Closing Balance - Council Tax	(1,012)	(483)
Closing Balance - NDR	1,025	2,722
Balance at 31st March	13	2,239

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 taxpayers and distribution to local authorities and the Government of council tax and non-domestic rates (NDR).

2.Business Rates Retention

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

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

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

3.Income from Business Ratepayers

NDR is paid by businesses. Central Government specifies an annual rate in the pound (51.2p in 2022/23 for businesses with a rateable value (RV) of greater than £51k and 49.9p for businesses with a RV of less than £51k) and local businesses pay an annual NDR bill calculated by multiplying the RV of their premises by this annual rate; there are reliefs for small businesses, charities etc. The Council is responsible for collecting the NDR income and then distributing to Central Government and Preceptors.

Non-domestic rateable value on the Revenue's accounting system as at 31st March 2023 was £100.5m (£97.9m in 2021/22). The NDR income collectable in 2022/23, after reliefs but before accounting adjustments was £38.756m (£38.237m in 2021/22).

4.Council Tax

The Council set a Band D Council Tax of £195.46 for the financial year 2022/23. When taking into account parish precepts, the equivalent average Council Tax is £204.65.

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 34,052.7 as shown below.

	Total Net No. of Dwellings	Ratio to Band "D"	Band "D" Equivalent s
Disabled Persons Relief	48.1	5/9	26.7
Band "A"	20,044.7	6/9	13,363.1
Band "B"	9,697.1	7/9	7,542.2
Band "C"	7,863.4	8/9	6,989.7
Band "D"	3,884.5	1	3,884.5
Band "E"	1,386.1	11/9	1,694.2
Band "F"	477.1	13/9	689.1
Band "G"	108.7	15/9	181.2
Band "H"	8.3	2	16.6
Total	43,518.0		34,387.3
Less Provision for Bad Debts			334.6
Council Tax Base for 2022/23			<u>34,052.7</u>

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

Council requirement from the Collection Fund £ 6,968,776

Divided by Council Tax Base 34,052.7

Equals Band D equivalent £204.65

5.Distribution of the Collection Fund Balance

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

a.Council Tax Balance Distribution – Surplus

	2022/23 £'000	2021/22 £'000
Nottinghamshire County Council	(760)	(363)
Nottinghamshire Police Authority	(118)	(56)
Nottinghamshire Fire Authority	(39)	(19)
Ashfield District Council	(94)	(45)
	<u>(1,011)</u>	<u>(483)</u>

b.NDR Balance Distribution - Deficit

	2022/23 £'000	2021/22 £'000
Nottinghamshire County Council	92	245
Nottinghamshire Fire Authority	10	27
Ashfield District Council	410	1,089
Central Government	512	1,361
	<u>1,024</u>	<u>2,722</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 based on estimates of the year-end balance on 15th January each year. Any remaining surplus or deficit will be carried forward to the following year and will influence the level of Council Tax to be raised for that year.
- NDR: - the surplus or deficit of this element is distributed between the Council (as billing authority), Nottinghamshire County Council, Nottinghamshire Fire Authority and Central Government on proportions outlined in the Business Rates Retention scheme, based on 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 NDR to be raised for that year.

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

The Covid-19 support measures also included a 75% Taxation Income Guarantee Compensation scheme to fund the losses on Council Tax and NDR. This funding was moved to an earmarked reserve (see note 24) in 2020/21 to be released to fund the deficit as it is charged back to general fund in 2021/22 to 2023/24.

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.

	2022/23 £'000	2021/22 £'000
Balance at 1 April	1,043	5,393
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	(48)	(100)
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	(678)	(4,250)
Balance at 31 March	317	1,043