

# 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.

2019/20				2020/21			
Expenditure	Income	Net Expenditure		Expenditure	Income	Net Expenditure	Note
£'000	£'000	£'000		£'000	£'000	£'000	
639	0	639	Chief Executive Officer	543	0	543	
35,031	(29,288)	5,743	Resources and Business Transformation	35,985	(28,811)	7,174	
2,478	(792)	1,686	Legal and Governance	2,008	(555)	1,453	
15,525	(5,024)	10,501	Place & Communities	20,023	(9,360)	10,663	
4,371	(2,330)	2,041	Housing & Assets	4,234	(1,814)	2,420	
21,519	(24,452)	(2,933)	HRA - Housing Revenue Account	18,709	(24,422)	(5,713)	
79,563	(61,886)	17,677	Cost Of Services	81,502	(64,962)	16,540	
			Other Operating Expenditure				
		289	Parish Council Precepts			290	Collection Fund
		555	Contribution to Housing Pooled Capital Receipts			555	Note 25b
		110	Net Loss or (Gain) on sale of Fixed Assets			(215)	Note 16
		18,631	Total Operating Expenditure			17,170	

## Comprehensive Income and Expenditure Statement (Continued)

Net Expenditure £'000		Net Expenditure £'000	Note
	<b>Financing and Investment Income and Expenditure</b>		
3,248	Interest Payable and Other Charges	3,525	Note 10
(2,615)	Interest Receivable and Investment Income	(4,146)	
2,256	Pensions Net Interest Cost	2,132	Note 35b
13	Crematorium Pensions Net Interest Cost	11	
<u>2,902</u>		<u>1,522</u>	
<u>21,533</u>	Net Operating Expenditure	<u>18,692</u>	
	<b>Taxation and Non-Specific Grant Income</b>		
(1,802)	Government Grants	(3,937)	Note 9
(2,651)	Capital Grants	(3,988)	Note 9
(5,802)	NNDR Receipts	(6,115)	Note 9
(6,466)	Council Tax	(6,721)	
<u>(16,721)</u>		<u>(20,761)</u>	
<u>4,812</u>	<b>(Surplus) or Deficit on Provision of Services</b>	<u>(2,069)</u>	
(4,558)	Surplus or deficit on revaluation of fixed assets	(10,034)	
(7,450)	Remeasurements on pension assets / liabilities	28,485	Note 35b
	Crematorium Remeasurements on pension assets / liabilities		
(45)		244	Note 25g
<u>(12,053)</u>	<b>Other Comprehensive Income and Expenditure</b>	<u>18,695</u>	
<u>(7,241)</u>	<b>Total Comprehensive Income and Expenditure</b>	<u>16,626</u>	

## **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 2020/21 is set out below.

	General Fund Balance £'000	Service Earmarked Reserves £'000	Taxation Earmarked Reserve	Housing Revenue Account £'000	Housing Major Repair Reserves £'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
<b>Balance at 31 March 2020</b>	6,713	9,670	0	36,817	0	944	2,666	4,025	<b>60,835</b>	<b>98,413</b>	<b>159,248</b>
Surplus or (deficit) on provision of services (accounting basis)	(166)	0	0	2,235		0	0	0	2,069	0	2,069
Other Comprehensive Expenditure and Income	0	0	0	0		0	0	0	0	(18,695)	(18,695)
Total Comprehensive Expenditure and Income	(166)	0	0	2,235	0	0	0	0	<b>2,069</b>	<b>(18,695)</b>	<b>(16,626)</b>
Adjustments between accounting basis & funding basis under regulations	10,770	0	0	2,526	310	0	1,235	912	<b>15,753</b>	<b>(15,753)</b>	<b>0</b>
<b>Net Increase / (Decrease) before Transfers to/from Earmarked Reserves</b>	10,604	0	0	4,761	310	0	1,235	912	<b>17,822</b>	<b>(34,448)</b>	<b>(16,626)</b>
Transfers to / (from) Earmarked Reserves	(9,416)	4,580	4,836	44	0	(44)	0	0	<b>0</b>	<b>0</b>	<b>0</b>
<b>Increase / (Decrease) in Year</b>	1,188	4,580	4,836	4,805	310	(44)	1,235	912	<b>17,822</b>	<b>(34,448)</b>	<b>(16,626)</b>
<b>Balance at 31 March 2021</b>	<b>7,901</b>	<b>14,250</b>	<b>4,836</b>	<b>41,622</b>	<b>310</b>	<b>900</b>	<b>3,901</b>	<b>4,937</b>	<b>78,657</b>	<b>63,965</b>	<b>142,622</b>
Notes		Note 24a	Note 24b	HRA Statement	HRA Note 4	HRA Note 7	Note 24d	Note 24c		Note 25	

## Movement in Reserves Statement (Continued)

The movement of reserves for 2019/20 for comparison purposes is set out below

	General Fund Balance £'000	Earmarked Reserves £'000	Taxation Earmarked Reserve £'000	Housing Revenue Account £'000	Housing Major Repair Reserves £'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
<b>Balance at 31 March 2019</b>	6,116	7,885	0	32,597	0	1,112	405	3,554	51,669	100,338	152,007
Surplus or (deficit) on provision of services (accounting basis)	(4,420)	0	0	(392)	0	0	0	0	(4,812)	0	(4,812)
Other Comprehensive Expenditure and Income	0	0	0	0	0	0	0	0	0	12,053	12,053
Total Comprehensive Expenditure and Income	(4,420)	0	0	(392)	0	0	0	0	(4,812)	12,053	7,241
Adjustments between accounting basis & funding basis under regulations	6,802	0	0	4,444	0	0	2,261	471	13,978	(13,978)	0
<b>Net Increase / (Decrease) before Transfers to/from Earmarked Reserves</b>	2,382	0	0	4,052	0	0	2,261	471	9,166	(1,925)	7,241
Transfers to / from Earmarked Reserves	(1,785)	1,785	0	168		(168)	0	0	0	0	0
Increase / (Decrease) in Year	597	1,785	0	4,220	0	(168)	2,261	471	9,166	(1,925)	7,241
<b>Balance at 31 March 2020</b>	<b>6,713</b>	<b>9,670</b>	<b>0</b>	<b>36,817</b>	<b>0</b>	<b>944</b>	<b>2,666</b>	<b>4,025</b>	<b>60,835</b>	<b>98,413</b>	<b>159,248</b>
Notes		Note 24a	Note 24b	HRA Statement	HRA Note 4	HRA Note 7	Note 24d	Note 24c		Note 25	

## Balance Sheet

The Balance Sheet shows the value of the assets and liabilities recognised by the Council as at the 31 March 21. 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 2020 £'000		Note	As at 31st March 2021 £'000
297,373	Property, Plant & Equipment	Note 11	303,612
828	Heritage Assets	Note 12	828
0	Intangible Assets	Note 15	0
55,242	Investment Properties	Note 14	52,793
0	Long Term Debtors	Note 19	0
<u>353,443</u>	<b>Long Term Assets</b>		<u>357,233</u>
2,000	Short Term Investments	Note 17e	0
514	Inventories	Note 18	515
7,598	Short Term Debtors	Note 19	13,919
8,312	Cash and Cash Equivalents	Note 20	17,593
936	Assets held for sale	Note 21	226
<u>19,360</u>	<b>Current Assets</b>		<u>32,253</u>
(121)	Bank Overdraft	Note 20	0
(5,000)	Short Term Borrowing	Note 17a	0
(13,559)	Short Term Creditors	Note 22	(19,567)
(496)	Provisions	Note 23	(632)
0	Revenue Grants Received in Advance	Note 9	(525)
<u>(19,176)</u>	<b>Current Liabilities</b>		<u>(20,724)</u>
0	Long Term Creditors	Note 22	0
(92,892)	Pension Liability	Note 35b	(124,085)
(515)	Crematorium Pension Liability	Note 38	(746)
(2,304)	Provisions	Note 23	(2,485)
(98,481)	Long Term Borrowing	Note 17a	(98,476)
0	Revenue Contributions Received in Advance	Note 9	(239)
(187)	Capital Contributions Received in Advance	Note 9	(109)
<u>(194,379)</u>	<b>Long Term Liabilities</b>		<u>(226,140)</u>
<u><b>159,248</b></u>	<b>Net Assets</b>		<u><b>142,622</b></u>

As at 31st March 2020 £'000		Note	As at 31st March 2021 £'000
<b>Usable Reserves</b>			
(6,713)	General Fund Balance	MIR	(7,901)
(9,670)	Service Earmarked Reserves	Note 24a	(14,250)
0	Taxation Earmarked Reserve	Note 24b	(4,836)
(36,817)	Housing Revenue Account	HRA SMB	(41,622)
(944)	HRA Earmarked Reserves	HRA Note 7	(900)
0	Major Repairs Reserve	HRA Note 4	(310)
(2,666)	Usable Capital Receipts Reserve	Note 24d	(3,901)
(4,025)	Capital Grants Unapplied Reserve	Note 24c	(4,937)
<u>(60,835)</u>			<u>(78,657)</u>
<b>Unusable Reserves</b>			
(78,923)	Revaluation Reserve	Note 25a	(86,258)
(114,787)	Capital Adjustments Account	Note 25b	(109,241)
92,892	Pensions Reserve	Note 25c	124,085
515	Crematorium Pensions Reserve	Note 25g	759
390	Accumulated Absences Account	Note 25d	594
86	Collection Fund Adj Acc - Council Tax	Note 25f	54
701	Collection Fund Adj Acc - NNDR	Note 25f	5,338
713	Financial Instruments Adjustment Account	Note 25e	704
<u>(98,413)</u>			<u>(63,965)</u>
<b><u>(159,248)</u></b>	<b>Total Reserves</b>		<b><u>(142,622)</u></b>

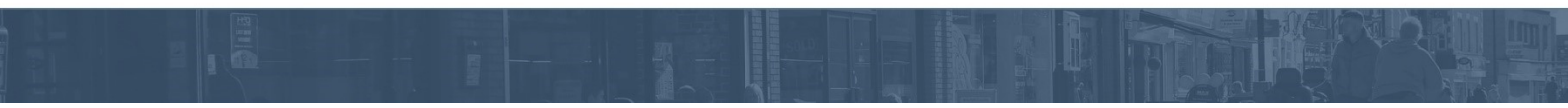


## Cash Flow Statement

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 26.

2019/20 £'000		2020/21 £'000	Note
(4,812)	Net surplus or (deficit) on the provision of services	2,069	Note 7
37,123	Adjustment to surplus or deficit on the provision of services for non-cash movements	21,459	Note 26a
(10,631)	Adjust for items included in the net surplus or deficit on the provision of services that are investing and financing activities	(5,664)	Note 26a
21,680	Net Cash flows from operating activities	17,864	
(40,838)	Net Cash flows from Investing Activities	(3,457)	Note 26c
20,181	Net Cash flows from Financing Activities	(5,005)	Note 26d
1,023	Net increase or decrease in cash and cash equivalents	9,402	
7,168	Cash and cash equivalents at the beginning of the reporting period	8,191	Note 20
8,191	Cash and cash equivalents at the end of the reporting period	17,593	Note 20

# 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 2020/21 financial statements, which will apply from 2021/22, are:

- Amendments to IFRS 3 Business Combinations: Definition of a Business.
- Amendments to IFRS 9, IAS 39 and IFRS 7: Interest Rate Benchmark Reform
- Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16: Interest Rate Benchmark Reform – Phase 2

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

## 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.

### Brexit

The United Kingdom (UK) left the European Union (EU) on 31 January 2020. There was a transition period until the 31 December 2020, with a deal being reached on the 24th December 2020. The new rules were implemented on the 1 January 2021. The full impact on the UK economy and the Council of the new rules, and of further changes where EU legislation has initially been adopted pending reviews, mean the full implications of the decision to leave European Union are still uncertain.

### Covid-19

In March 2020, the worldwide pandemic of Coronavirus (Covid-19) hit the UK and is on-going. This has impacted on the Council's income streams such as local taxation, fees and charges and investment income. It has also resulted in additional costs being incurred, on ensuring services can be providing in a Covid secure manner and provided additional Covid-19 related support services within the District. New central government support has been granted throughout 2020/21 towards these costs and continues to be granted into the next financial year (2021/22). During 2020/21, the level of central government support has been adequate to mitigate the in-year impact. However, the full impact of the pandemic on the world and the UK economy is unknown and the full longer-term impact on the Council is unknown. Therefore, it is uncertain if funding will be sufficient to fully mitigate the long-term impacts.

## Valuation of property, plant and equipment and investment property

### Market conditions explanatory note: Novel Coronavirus (COVID-19)

The outbreak of COVID-19, declared by the World Health Organisation as a “Global Pandemic” on the 11th March 2020, has and continues to impact many aspects of daily life and the global economy – with some real estate markets having experienced lower levels of transactional activity and liquidity. Travel, movement and operational restrictions have been implemented by many countries. In some cases, “lockdowns” have been applied to varying degrees and to reflect further “waves” of COVID-19; although these may imply a new stage of the crisis, they are not unprecedented in the same way as the initial impact. The pandemic and the measures taken to tackle COVID-19 continue to affect economies and real estate markets globally. Nevertheless, as at the valuation date property markets are mostly functioning again, with transaction volumes and other relevant evidence at levels where an adequate quantum of market evidence exists upon which to base opinions of value. Accordingly and for the avoidance of doubt, with the exceptions detailed below, land and buildings and investment property valuations included in the Balance Sheet and disclosed in notes 11 and 13 are not reported as being subject to ‘material valuation uncertainty’, as defined by VPS 3 and VPGA 10 of the RICS Valuation – Global Standards.

### Material valuation uncertainty

In respect of the retail and hospitality sectors as at the valuation date, we continue to be faced with an unprecedented set of circumstances caused by COVID-19 and an absence of relevant/sufficient market evidence to base judgements. The valuations of the Hotel and Retail investment properties are therefore reported as being subject to ‘material valuation uncertainty’ as set out in VPS 3 and VPGA 10 of the RICS Valuation – Global Standards. Consequently, in respect of these valuations, less certainty – and a higher degree of caution – should be attached to our valuation than would normally be the case.

For the avoidance of doubt, this explanatory note including the ‘material valuation uncertainty’ declaration, does not mean that the valuation(s) cannot be relied upon. Rather, this explanatory note has been included to ensure transparency and to provide further insight as to the market context under which the valuation opinion was prepared. In recognition of the potential for market conditions to move rapidly in response to changes in the control or future spread of COVID-19, we highlight the importance of the valuation date.

### **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 31<sup>st</sup> March 2021 for which there is a significant risk of material adjustment in the forthcoming financial year are as follows:

#### **a. Business Rates Appeals**

The Business Rate Retention scheme introduced a requirement to maintain a provision for rating appeals. The system is complex and neither the number of successful appeals nor the percentage reduction in rateable value (RV) achieved can be pre-determined. The current provision totals £5.386m, of which the Council's share as a billing authority is £2.154m, as detailed in note 23.

A change of 5% in the assumed RV reduction achieved for each NDR appeal could increase or decrease the provision requirement by around £269k. Of this, the Council's share as a billing authority would be £108k.

#### **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 £433k for every year that useful lives have to be reduced. This figure has increased in the current year due to increases in valuations for land and buildings.

#### **c. 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.

The effects on the net pension liability of changes in individual assumptions can be measured. For example, a one-year increase in the mortality assumption (life expectancy) would result in an increase of £12.024m in the pension liability, and a 0.1% increase in the discount rate assumption would result in a decrease in the pension liability of £4.945m. This is detailed at note 35. Differences arising from actual experiences or future changes in assumptions will be reflected in subsequent periods.

#### **d. Arrears and Doubtful Debts**

An estimate of the impairment allowance for doubtful debts is based upon the age and type of each debt. A collective assessment matrix is used, including the value of items with shared characteristics, e.g. type of debt, the period overdue, together with a weighting factor for the probability of default. At 31 March 2021, the Council had a balance for outstanding debtors of £16.998m. The total impairment for doubtful debts is £3.079m, as detailed at note 19. The potential impact of Covid-19 on arrears levels and doubtful debt has been considered in the estimates.

The largest type of arrears and doubtful debts relates to overpaid Housing Benefits. There is a provision that 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 decreased from £1.054m to £0.982m. In terms of overpaid Housing Benefit collected through on-going benefit the provision for bad debt has decreased from £142k to £105k.

#### **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 negative re-measurement of £28.485m (compared to a positive re-measurement of £7.450m in 2019/20) is included in 'Other Comprehensive Income and Expenditure'.

##### **b. Impairment of Council Housing Stock**

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

#### **5. Events after the Balance Sheet Date**

There have been no Post Balance Sheet events.

For the purposes of consideration, Post Balance Sheet events can occur up to approval of the Statements by the Audit Committee on 18<sup>th</sup> October 2021.

#### **6. 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.

2019/20				2020/21		
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
483	156	639	Chief Executive Officer	454	89	543
2,599	3,143	5,743	Resources and Business Transformation	1,756	5,418	7,174
1,598	88	1,686	Legal and Governance	1,421	32	1,453
7,167	3,334	10,501	Place & Communities	7,560	3,103	10,663
971	1,070	2,041	Housing and Assets	1,563	857	2,420
(7,811)	4,878	(2,933)	HRA - Housing Revenue Account	(8,515)	2,802	(5,713)
<b>5,007</b>	<b>12,670</b>	<b>17,677</b>	<b>Net Cost Of Services</b>	<b>4,239</b>	<b>12,301</b>	<b>16,540</b>
(11,441)	(1,424)	(12,865)	Other Income and Expenditure	(19,417)	808	(18,609)
<b>(6,434)</b>	<b>11,246</b>	<b>4,812</b>	<b>Surplus in Year</b>	<b>(15,178)</b>	<b>13,109</b>	<b>(2,069)</b>
<b>(47,710)</b>			<b>Opening General Fund, HRA and Earmarked Reserves Balance</b>	<b>(54,144)</b>		
(6,434)			Plus Surplus on General Fund and HRA Balances in Year	(15,178)		
<b>(54,144)</b>			<b>Closing General Fund, HRA and Earmarked Reserves Balance at 31 March</b>	<b>(69,322)</b>		

## 6A. Notes to the Expenditure Fund Analysis.

The note for 2020/21 is set out below:

<b>Adjustments from General Fund to arrive at the Comprehensive Income and Expenditure Statement amounts</b>	<b>Adjustments for Capital Purposes</b>	<b>Net Change for the Pensions Adjustments</b>	<b>Other Differences</b>	<b>Total Adjustments</b>
	<b>(Note a)</b>	<b>(Note b)</b>	<b>(Note c)</b>	
	£'000	£'000	£'000	£'000
Chief Executive Officer	0	89	0	89
Resources and Business Transformation	5,707	86	(375)	5,418
Legal and Governance	0	32	0	32
Place & Communities	2,901	202	0	3,103
Housing and Assets	814	43	0	857
HRA - Housing Revenue Account	3,816	125	(1,139)	2,802
<b>Net Cost of Services</b>	<b>13,239</b>	<b>577</b>	<b>(1,514)</b>	<b>12,301</b>
<b>Other income and expenditure from the Expenditure and Funding Analysis</b>	<b>5,918</b>	<b>2,143</b>	<b>(7,253)</b>	<b>808</b>
<b>Difference between General Fund surplus or deficit and Comprehensive Income and Expenditure Statement Surplus or Deficit on the Provision of Services</b>	<b>19,157</b>	<b>2,720</b>	<b>(8,767)</b>	<b>13,109</b>



The comparatives for 2019/20 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	156	0	156
Resources and Business Transformation	3,247	214	(317)	3,144
Legal and Governance	0	88	0	88
Place & Communities	2,785	549	0	3,334
Housing and Assets	965	105	0	1,070
HRA - Housing Revenue Account	3,767	328	783	4,878
<b>Net Cost of Services</b>	<b>10,764</b>	<b>1,440</b>	<b>466</b>	<b>12,670</b>
<b>Other income and expenditure from the Expenditure and Funding Analysis</b>	<b>3,348</b>	<b>2,269</b>	<b>(7,041)</b>	<b>(1,424)</b>
<b>Difference between General Fund surplus or deficit and Comprehensive Income and Expenditure Statement Surplus or Deficit on the Provision of Services</b>	<b>14,112</b>	<b>3,709</b>	<b>(6,575)</b>	<b>11,246</b>

#### 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.

## 6B. Segmental Income

Income received on a segmental basis is analysed below:

2019/20 £'000		2020/21 £'000
	<b>Services</b>	
0	Chief Executive Officer	0
(29,288)	Resources & Business Transformation	(28,811)
(792)	Legal & Governance	(555)
(5,024)	Place & Communities	(9,360)
(2,330)	Housing & Assets	(1,814)
(24,452)	HRA - Housing Revenue Account	(24,422)
<b>(61,886)</b>	<b>Total income analysed on a segmental basis</b>	<b>(64,962)</b>

## 7. Expenditure and Income Analysed by Nature

2019/20 £'000		2020/21 £'000
	<b>Expenditure</b>	
25,634	Employee benefits expenses	25,423
41,818	Other services expenses	41,436
14,380	Depreciation, amortisation, impairment	16,786
3,248	Interest Payments	3,525
289	Precepts and Levies	290
555	Payments to Housing Capital Receipts Pool	555
110	Loss/(Gain) on the disposal of assets	(215)
<b>86,034</b>	<b>Total Expenditure</b>	<b>87,800</b>
	<b>Income</b>	
(61,886)	Fees, charges and other service income	(64,962)
(2,615)	Interest and investment income	(4,146)
(12,268)	Income from council tax, non-domestic rates, district rate income	(12,836)
(2,651)	Capital grants	(3,988)
(1,802)	Government grants and contributions	(3,937)
<b>(81,222)</b>	<b>Total Income</b>	<b>(89,869)</b>
<b>4,812</b>	<b>Surplus or Deficit on the Provision of Services</b>	<b>(2,069)</b>

## **8. 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.

	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
<b>Capital Adjustment Account</b>						
Charges for depreciation and impairment of non-current assets	(2,979)	0	0	0	0	(2,979)
Revaluation losses on Property Plant and Equipment	(5,875)	(3,389)	0	0	0	(9,264)
Capital Grants and Contributions	3,988	0	0	0	(912)	3,076
Revenue Expenditure Funded from Capital under Statute	(703)	0	0	0	0	(703)
Non-current assets written off on disposal	215	0	0	0	0	215
Statutory Provision for the financing of capital investment	2,270	0	0	0	0	2,270
Voluntary Revenue Provision	0	50	0	0	0	50
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	190	1,000	0	0	0	1,190
	(3,449)	(2,339)	0	0	(912)	(6,700)
<b>Capital Receipts Reserve</b>						
Transfer of sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	0	0	0	(1,676)	0	(1,676)
Use of the Capital Receipts reserve to finance new expenditure	0	0	0	441	0	441
	0	0	0	(1,235)	0	(1,235)
<b>Pension Reserve</b>						
Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement	(5,909)	(1,160)	0	0	0	(7,069)
Employers pension contribution payable in the year	3,326	1,035	0	0	0	4,361
	(2,583)	(125)	0	0	0	(2,708)

	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
<b>Collection Fund Adjustment</b>						
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	(4,637)	0	0	0	0	(4,637)
Amount by which council tax income credited to the Comprehensive Income and Expenditure Statement is different from council tax income calculated for the year in accordance with statutory requirements	32	0	0	0	0	32
	(4,605)	0	0	0	0	(4,605)
<b>Accumulating Short term Compensated Absences Account</b>						
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	(142)	(62)	0	0	0	(204)
<b>Major Repairs Reserve</b>						
Reversal of Major Repair Allowance credited to the HRA	0	0	3,506	0	0	3,506
Use of the Major Repair Reserve to finance new capital expenditure	0	0	(3,816)	0	0	(3,816)
Excess of Depreciation Charged to HRA Compared to the Major Repairs Allowance Element of Housing Subsidy	0	0	0	0	0	0
	0	0	(310)	0	0	(310)
<b>Financial Instrument Adjustment Account</b>						
Financial Instruments - Reconciliation to Amortised Costs	9	0	0	0	0	9
	9	0	0	0	0	9
	(10,770)	(2,526)	(310)	(1,235)	(912)	(15,753)

	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
<b>Capital Adjustment Account</b>						
Charges for depreciation and impairment of non-current assets	(2,740)	0	470	0	0	(2,270)
Revaluation losses on Property Plant and Equipment	(3,446)	(5,409)	0	0	0	(8,855)
Capital Grants and Contributions	2,651	0	0	0	(471)	2,180
Revenue Expenditure Funded from Capital under Statute	(935)	0	0	0	0	(935)
Non-current assets written off on disposal	(110)	0	0	0	0	(110)
Statutory Provision for the financing of capital investment	1,362	0	0	0	0	1,362
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	70	831	0	0	0	901
	(3,703)	(4,578)	470	0	(471)	(8,282)
<b>Capital Receipts Reserve</b>						
Transfer of sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	0	0	0	(7,980)	0	(7,980)
Use of the Capital Receipts reserve to finance new expenditure	0	0	0	5,719	0	5,719
	0	0	0	(2,261)	0	(2,261)
<b>Pension Reserve</b>						
Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement	(6,354)	(1,518)	0	0	0	(7,872)
Employers pension contribution payable in the year	2,986	1,190	0	0	0	4,176
	(3,368)	(328)	0	0	0	(3,696)

	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
<b>Collection Fund Adjustment</b>						
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	330	0	0	0	0	330
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)	0	0	0	0	(52)
	278	0	0	0	0	278
<b>Accumulating Short term Compensated Absences Account</b>						
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	(17)	(8)	0	0	0	(25)
<b>Major Repairs Reserve</b>						
Reversal of Major Repair Allowance credited to the HRA	0	0	(5,382)	0	0	(5,382)
Use of the Major Repair Reserve to finance new capital expenditure	0	0	5,382	0	0	5,382
Excess of Depreciation Charged to HRA Compared to the Major Repairs Allowance Element of Housing Subsidy	0	470	(470)	0	0	0
	0	470	(470)	0	0	0
<b>Financial Instrument Adjustment Account</b>						
Amortisation of Premiums and Discounts	0	0	0	0	0	0
Financial Instruments - Reconciliation to Amortised Costs	8	0	0	0	0	8
	8	0	0	0	0	8
	(6,802)	(4,444)	0	(2,261)	(471)	(13,978)



## 9. Grant Income

The Council received the following major government grants and contributions to the Comprehensive Income and Expenditure Statement within 2020/21.

Comparators are shown for 2019/20 for other grants and contributions.

2019/20 £'000		2020/21 £'000
<b>Government Grants Credited to Services</b>		
14,017	Rent Allowances Subsidy	12,826
11,545	Rent Rebates Subsidy	10,583
375	Benefits Administration Grant	362
178	Council Tax Admin Grant	172
156	New Burdens Grant (Other)	183
148	Non Domestic Rates Admin Allowance	148
19	Individual Electoral Reform Grant	0
346	Elections	48
142	Homelessness Assistance	202
547	Rapid Rehousing Pathway	0
98	Apprenticeship Levy	55
463	Domestic Abuse (LAs)	0
150	Future High Street	5
324	Towns Fund	100
0	Rough Sleeper	847
287	Syrian Vulnerable Persons Resettlement Scheme	175
35	Brexit Grant	0
68	Other Revenue Grants	17
	<b>Covid Related Grants</b>	
0	Council Tax Hardship Fund	1,384
0	Reopening of Highstreets	75
0	Local Authority Compliance and Enforcement Grant	74
0	Track & Trace Funding	29
0	COVID Administration Grants	402
68	Covid19 Support Grant	0
0	Local Authority Discretionary Grant Fund	846
0	Track & Trace Support Payment Discretionary Grant	211
0	Local Restrictions Support Grant - Open	239
0	Additional Restrictions Grant	3,170
0	Cold Weather Funding	10
0	National Leisure Recovery Fund	266
<b>28,966</b>	<b>Sub Total</b>	<b>32,429</b>

## Grants Income (Continued)

<b>Other Grants and Contributions Credited to Services</b>	
237 Discretionary Housing Payments	250
369 Mansfield Joint Crematorium	323
5 NCC Garden Waste Contribution	0
520 Rough Sleeper	70
84 Community Safety	56
0 Leisure Centre	39
0 Elections	89
0 Health & Wellbeing	95
0 Contain Funding (Covid Related)	249
147 Other Revenue Grants and Contributions	340
<b>1,362 Sub Total</b>	<b>1,511</b>
<b>30,328 Grants and Contributions Credited to Services Total</b>	<b>33,940</b>
<b>Credited to Taxation and Non Specific Grant Income</b>	
194 Revenue Support Grant (*CIES Government Grants)	197
1,608 New Homes Bonus Grant (*CIES Government Grants)	1,155
0 Covid Grant (*CIES Government Grants)	2,327
Sales, Fees and Charges compensation (*CIES Government Grants)	258
2,651 Capital Grants and Contributions	3,988
5,472 Net Non-Domestic Rates Receipts	10,752
<b>9,925 Total Grants</b>	<b>18,677</b>
<b>2019/20</b>	<b>2020/21</b>
<b>£'000</b>	<b>£'000</b>
<b>Memorandum Account NDR</b>	
15,202 Retained Business Rates - transfer from Collection Fund	15,352
(9,629) Tariff payable direct to Nottinghamshire County Council	(9,786)
5,573 Total Retained Business Rates	5,566
1,388 Small Business & Empty Rate - Sct 31 - Grant	5,283
(1,097) Business Rates Levy	(1,244)
647 Returned Levy - Nottinghamshire Pooling Agreement 2019/20	7
0 Returned Levy - Nottinghamshire Pooling Agreement 2020/21	696
13 Levy Account Surplus Grant	
(1,075) Distribution of estimated NDR deficit/surplus	(432)
23 Renewable Energy NNDR wholly retained	24
0 Taxation Income Guarantee Scheme	852
<b>5,472</b>	<b>10,752</b>
Amount Credited to the Comprehensive Income and Expenditure Statement after adjustment for the Collection Fund Adjustment Account	
<b>5,802</b>	<b>6,115</b>

## Grants Income (Continued)

Note: Sales Fees and Charges Compensation Grant from Central Government has been included in Taxation and Non-Specific Grants instead of Credited to Services. The compensation was provided to mitigate the net budget gap, which irrecoverable losses have created. This presentation means it is shown transparently and consistently with the non-specific Covid-19 Grant.

### Grants received in advance

The Council has received a number of grants and contributions that have yet to be recognised as income as they have conditions attached to them that had not been met at the Balance Sheet date, which may require the monies to be returned to the giver. The balances at the year-end are:

2019/20 £'000		2020/21 £'000
	<b>Revenue Grants Received in Advance - Short Term</b>	
0	Additional Restrictions Grant - Short Term	525
<b>0</b>		<b>525</b>
	<b>Revenue Contribution Received in Advance - Long Term</b>	
187	Section 106 Contributions - Long Term	239
<b>187</b>		<b>239</b>
	<b>Capital Contribution Received in Advance - Long Term</b>	
0	Private Sector Enforced Sale Capital Receipt	109
<b>0</b>		<b>109</b>

## 10. Interest Payable and Other Charges

2019/20 £'000		2020/21 £'000
3,164	Loan Interest	3,519
83	General Fund	6
<b>3,248</b>	<b>Total Interest Payable and Other Charges</b>	<b>3,525</b>

## 11. 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 2020	232,615	59,583	941	8,726	96	2,012	3,020	306,993
Additions	3,762	171		80			3,803	7,816
Disposals	(1,825)			(254)				(2,079)
Reclassifications	(38)	829		228			(640)	379
Revaluations / (Impairments)								
Recognised in the Revaluation Reserve	985	1,662		(4)		(59)		2,584
Recognised in Provision of Services	(3,390)	52						(3,338)
As at 31st March 2021	232,109	62,297	941	8,776	96	1,953	6,183	312,355
<b>Depreciation and Impairments</b>								
As at 1st April 2020	(549)	(6,977)	(341)	(1,718)	(35)	0	0	(9,620)
Charge for the year	(3,702)	(1,682)	(65)	(1,344)	(2)			(6,795)
Disposals				231				231
Reclassifications		63						63
Revaluations / (Impairments)								
Recognised in the Revaluation Reserve	3,850	3,605						7,455
Recognised in Provision of Services	0	(77)						(77)
As at 31st March 2021	(401)	(5,068)	(406)	(2,831)	(37)	0	0	(8,743)
<b>Balance Sheet Net Amount at 31st March 2021</b>	231,708	57,229	535	5,945	59	1,953	6,183	303,612

The tangible non-current assets at 31<sup>st</sup> March 2020 for comparative purposes are set out below:

	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 2019	233,585	59,216	941	7,555	96	2,062	1,816	305,271
Adjustment		0	0	0	0	0	0	0
Additions	6,181	230	0	2,148	0	0	1,819	10,378
Disposals	(2,779)	0	0	(977)	0	(50)	0	(3,806)
Reclassifications	49	566	0	0	0	0	(615)	0
Revaluations / (Impairments)								
Recognised in the Revaluation Reserve	960	0	0	0	0	0	0	960
Recognised in Provision of Services	(5,381)	(429)	0	0	0	0	0	(5,810)
As at 31st March 2020	232,615	59,583	941	8,726	96	2,012	3,020	306,993
<b>Depreciation and Impairments</b>								
As at 1st April 2019	(490)	(5,414)	(276)	(1,560)	(32)	0	0	(7,772)
Adjustment	0	0	0	0	0	0	0	0
Charge for the year	(3,704)	(1,647)	(65)	(1,088)	(3)	0	0	(6,507)
Disposals	0	0	0	930	0	0	0	930
Reclassifications	(15)	15	0	0	0	0	0	0
Revaluations / (Impairments)								
Recognised in the Revaluation Reserve	3,660	(6)	0	0	0	0	0	3,654
Recognised in Provision of Services	0	75	0	0	0	0	0	75
As at 31st March 2020	(549)	(6,977)	(341)	(1,718)	(35)	0	0	(9,620)
Balance Sheet Net Amount at 31st March 2020	232,066	52,606	600	7,008	61	2,012	3,020	297,373

## **Capital Commitments**

The Council will enter into contract in early 2021/2022 for the refurbishment of Council dwellings, which will cover the period 2021/2022 to 2024/2025. The estimated value of this contract is in the region of £33m.

## **Effects of Changes in Estimates**

In 2020/21, a desktop valuation of Council Dwelling stock was completed. Many of these valuations were revised upwards on the 31<sup>st</sup> March 2021. The desktop valuation has increased the building values marginally, this is expected to result in an estimated £18k increase in Council Dwelling Depreciation in 2021/22.

## **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).

Due to the worldwide pandemic of Coronavirus (Covid-19) that hit the UK in March 2020, the Council's valuers have followed the guidance issued by the Royal Institute of Chartered Surveyors (RICS) and their valuation reports as at 31 March 2021 conclude that there is 'not material uncertainty' in the valuation of land and buildings and investment properties, with the exception of the valuations of the Hotel and Retail investment properties where 'material valuation uncertainty' remains.

## 12. Heritage Assets

### Cenotaphs

The Authority has seven cenotaphs at various locations throughout the District. 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.

	<b>Cenotaphs</b>	<b>Statues and Artwork</b>	<b>Total</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>Cost or Valuation</b>			
1st April 2020	330	498	828
Acquisitions	0	0	0
<b>31st March 2021</b>	<b>330</b>	<b>498</b>	<b>828</b>

<b>Cost or Valuation</b>			
1st April 2019	330	473	803
Acquisitions	0	25	25
<b>31st March 2020</b>	<b>330</b>	<b>498</b>	<b>828</b>

### 13. 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
<b>Gross book value of assets 31st March 2021</b>	232,109	62,297	941	8,776	96	1,953	6,183	312,355
Valued at historical cost	(445)	(8,826)	(941)	(8,776)	(96)	0	(6,183)	(25,267)
	231,664	53,471	0	0	0	1,953	0	287,088
Crematorium Valuation (2019/20)	0	0	0	0	0	0	0	0
Valued at current value:	0	0	0	0	0	0	0	0
31st March 2021 by the Estates Manager (MRICS) employed by ADC	230,386	38,869	0	0	0	175	0	269,430
31st March 2020 by the Estates Manager (MRICS) employed by ADC	95	0	0	0	0	0	0	95
31st January 2019 and 31st March 2019 by the Estates Manager (MRICS) employed by ADC	1,183	2,565	0	0	0	0	0	3,748
31st March 2018 by the Estates Manager (MRICS) employed by ADC	0	11,804	0	0	0	0	0	11,804
31st March 2017 by the Estates Manager (MRICS) employed by ADC	0	233	0	0	0	1,778	0	2,011
	231,664	53,471	0	0	0	1,953	0	287,088



## 14. 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:

2019/20 £'000		2020/21 £'000
2,643	Rental Income From Investment Properties	4311
(106)	Direct operating expenses arising from investment property	(194)
<u>2,537</u>	Net gain/(loss)	<u>4,117</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:

2019/20 £'000		2020/21 £'000
19,228	Balance at Start of the Year	55,242
	Additions:	
39,091	- Purchases	3,305
0	- Construction	0
0	- Subsequent expenditure	0
0	Disposals	0
(3,077)	Net gains/losses from fair value adjustments	(5,754)
	Transfers:	
0	- to/from inventories	0
0	- to/from property, plant and equipment	0
0	Other Changes	0
<u>55,242</u>	Balance at end of year	<u>52,793</u>

## Fair Value Hierarchy

Details of the authority's investment properties and information about the fair value hierarchy as at 31 March 2020 and 31 March 2019 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 2021 £'000
<b>2020/21 Fair Value Hierarchy</b>				
Recurring fair value measurements using:				
Residential (market rental) properties	0	0	0	0
Office units	0	0	0	0
Commercial Units	53,035	0	0	53,035
Total	53,035	0	0	53,035

	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 2020 £'000
<b>2019/20 Comparative Figures</b>				
Recurring fair value measurements using:				
Residential (market rental) properties	0	0	0	0
Office units	0	0	0	0
Commercial Units	55,823	0	0	55,823
Total	55,823	0	0	55,823

## 15. 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 2020/21, which meet the definition of intangible non-current assets.

## 16. 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 2020/21 is as follows:

2019/20 £'000		2020/21 £'000
0	Council house sales	0
110	General fund assets	(215)
<b>110</b>	<b>Total (Gain)/Loss</b>	<b>(215)</b>

## 17. Financial Instruments

### a. Financial liabilities held at amortised cost

	Long Term		Short Term	
	31st March 2021 £'000	31st March 2020 £'000	31st March 2021 £'000	31st March 2020 £'000
<b>Financial Liabilities</b>				
Borrowings at Amortised Cost	98,476	98,481	0	5,000
Finance Leases	0	0	0	0
Trade Creditors	0	0		6,158
<b>Total Financial Liabilities</b>	<b>98,476</b>	<b>98,481</b>	<b>0</b>	<b>11,158</b>

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

	Long Term		Short Term	
	31st March 2021 £'000	31st March 2020 £'000	31st March 2021 £'000	31st March 2020 £'000
<b>Loans and Receivables</b>				
Investments	0	0	0	0
Trade Debtors	0	0	7,737	6,626
<b>Total Loans and Receivables</b>	<b>0</b>	<b>0</b>	<b>7,737</b>	<b>6,626</b>

### c. Gains and Losses on Financial Instruments

2019/20 £'000		2020/21 £'000
	<b>Interest Expense</b>	
3,388	Liabilities measured at 'Amortised Cost'	3,539
	<b>Interest Income</b>	
(74)	Loans and Receivables	(28)
<b>3,314</b>	<b>Net Gain / (Loss) for the Year</b>	<b>3,511</b>

### 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 2021		31st March 2020	
	Carrying Amount £'000	Fair Value £'000	Carrying Amount £'000	Fair Value £'000
<b>Financial Liabilities</b>				
PWLB	62,816	71,145	62,810	66,631
Money Market	35,661	51,958	35,671	49,847
	<b>98,477</b>	<b>123,103</b>	<b>98,481</b>	<b>116,479</b>
Short Term Borrowing	0	0	5,000	5,006
Money Market maturing in one year	0	0	0	0
PWLB maturing in one year	0	0	0	0
	<b>0</b>	<b>0</b>	<b>5,000</b>	<b>5,006</b>
	<b>98,477</b>	<b>123,103</b>	<b>103,481</b>	<b>121,485</b>
<b>Loans and Receivables</b>				
Other Securities	0	0	0	0
Direct Short Term Investments	0	0	0	0
Money Market less than 12 months	0	0	2,000	2,006
	<b>0</b>	<b>0</b>	<b>2,000</b>	<b>2,006</b>

## 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 2020 £'000		31st March 2021 £'000
	<b>Short Term Investments:</b>	
2,000	Money Market less than 12 months	0
0	Investments of Joint Crematorium Committee	0
<u>2,000</u>		<u>0</u>
	<b>Long Term Investments:</b>	
0	Other Securities	0
<u>0</u>		<u>0</u>
<u>2,000</u>	<b>Total Investments</b>	<u>0</u>

## 18. Inventories

A breakdown of the balance sheet figure is given below:

2019/20 £'000		2020/21 £'000
535	Balance at 1st April	514
1,763	Purchases	1,514
<u>(1,784)</u>	Recognised as an expense	<u>(1,513)</u>
<u>514</u>	Balance at 31st March	<u>515</u>

## 19. Debtors

An analysis of the balance sheet figure is given below:

31st March 2020 £'000		31st March 2021 £'000
974	Central Government Bodies	5,200
2,044	Other Local Authorities	3,226
6	NHS Bodies	140
7,272	Other entities and individuals	8,432
<u>(2,698)</u>	Provision for Bad Debt	<u>(3,079)</u>
<u>7,598</u>		<u>13,919</u>

**Long Term Debtors**

31st March 2020 £'000
0
<b>0</b>

31st March 2021 £'000
0
<b>0</b>

**Debtors For Local Taxation**

31st March 2020 £'000	
491	Council Tax
556	Non Domestic Rates
<b>1,047</b>	

31st March 2021 £'000
603
896
<b>1,499</b>

**20. Cash and Cash Equivalents**

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

31st March 2020 £'000	
(121)	Bank Current Accounts
8,312	Short Term Deposits
<b>8,191</b>	

31st March 2021 £'000
181
17,412
<b>17,593</b>

**21. 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 in 2020/21 has several assets that meet the definition of Assets Held for Sale i.e. Huthwaite Leisure Centre and two plots of land on the Butlers Hill site.

During the year, the Council has disposed of Lawn House Sutton-in-Ashfield and Titchfield Broomhill Chapel. The Brook Street Offices have now been transferred back to Land and Buildings.

31st March 2020 £'000		31st March 2021 £'000
6,830	Opening Balance	936
0	Transfer To Property Plant and Equipment	(442)
0	Transfer From Investment Properties	0
(5,770)	Disposals	(168)
	Revaluations / (Impairments)	
0	Recognised in the Revaluation Reserve	(100)
(124)	Recognised in Provision of Services	0
<b>936</b>	Closing Balance	<b>226</b>

## 22. Creditors

An analysis of the balance sheet figure is given below:

31st March 2020 £'000		31st March 2021 £'000
2,786	Central Government Bodies	10,678
3,630	Other Local Authorities	2,294
74	NHS Bodies	77
7,069	* Other entities and individuals	6,518
<b>13,559</b>		<b>19,567</b>
0	<b>Long Term Creditors</b>	0
<b>0</b>		<b>0</b>

\* Reduced by £187 as moved to capital grants received in advance - see note 9

Note: The creditors with Central Government bodies as at 31 March 2021 include £4.830m in relation to S31 grants paid by Central Government to cover additional business rates relief granted to businesses during the Covid-19 pandemic. This was paid to the Council to ease cashflow pressures, due to the Council being the billing authority for the collection fund. This amount will not fall on the Council's General Fund and will be repaid to Central Government in 2021/22.

The creditors with Central Government bodies also include £4.668m balance of grant income as at 31 March 2021, where the Council has acted as agent for Central Government in paying Business Grants to eligible recipients. The Council is acting as agent as it has no control over the amount allocated to recipients. The balance represent the cash being held on behalf of Central Government as at 31 March 2021. It will be paid out in future grants as the Council continues to act as agent in distributing the grants, and any balances will be returned to Central Government.

## 23. 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 2020/21, with 2019/20 provided for comparative purposes.

	Balance at 31st March 2020 £'000	Receipts in year £'000	Payments in year £'000	Balance at 31st March 2021 £'000
<b>Short Term:</b>				
Accumulated Absences	(390)	(204)	0	(594)
Termination Costs	(13)	0	13	0
Legal costs	0	(7)	0	(7)
Dilapidations	(45)	0	14	(31)
Employment Tribunals	(48)	0	48	0
<b>Long Term:</b>				
Planning Appeal Costs	(125)	(115)	115	(125)
NDR Appeals	(1,970)	(512)	328	(2,154)
Insurance Funds:				
Municipal Mutual Insurance (MMI)	(57)	0	0	(57)
Liability	(122)	(50)	48	(124)
Property	(30)	0	5	(25)
<b>Total</b>	<b>(2,800)</b>	<b>(888)</b>	<b>571</b>	<b>(3,117)</b>
	Balance at 31st March 2019 £'000	Receipts in year £'000	Payments in year £'000	Balance at 31st March 2020 £'000
<b>Short Term:</b>				
Accumulated Absences	(365)	(25)	0	(390)
Termination Costs	(92)	(13)	92	(13)
Legal costs (Land Charges)	(12)	0	12	0
Dilapidations	0	(45)	0	(45)
Employment Tribunals	0	(48)	0	(48)
<b>Long Term:</b>				
Planning Appeal Costs	(125)	0	0	(125)
NDR Appeals	(1,394)	(838)	262	(1,970)
Insurance Funds:				
Municipal Mutual Insurance (MMI)	(65)	0	8	(57)
Liability	(185)	(49)	112	(122)
Property	(55)	(15)	40	(30)
<b>Total</b>	<b>(2,293)</b>	<b>(1,033)</b>	<b>526</b>	<b>(2,800)</b>

### a. Accumulated Absences

The provision represents the value of employee benefits, mainly flexi time and annual holiday entitlement not taken at 1 April 2021. This is a short-term liability.



#### **b. Termination Costs**

During 2020/21, the balance on this provision was utilised in to meet a pension strain payment relating to termination costs of a restructure that had completed in 19/20, in the interest of the efficiency of the service. There are no outstanding termination costs as 31 March 2021.

#### **c. Legal Costs**

A provision has been made for estimated legal costs in defending a disrepair claim. The disrepair claim has been settled in 2020/21, the legal costs are to be finalised and paid in 2021/22.

#### **d. Dilapidations**

The provision represents the estimated cost of a dilapidation obligation in relation to a commercial property. The negotiation in relation to the Council's obligation has been finalised and the settlement will be made shortly. The excess of the provision over the amount finalised has been released back to the general fund in 2020/21.

#### **e. Employment Tribunals**

During 2020/21, the balance on this provision was utilised to meet the termination costs of two employment tribunals that were being pursued as at 31 March 2020. There are no employment tribunals being pursued as at 31 March 2021.

#### **f. Planning Appeal Costs**

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

#### **g. National Non-Domestic Rates (NNDR) Appeals**

The Business Rate Retention regime places a liability on the Council to refund ratepayers who successfully appeal against the rateable value of their properties on the rating list. A provision of £2.154m has been made, representing the Council's estimated share of such liabilities at 31 March 2021.

#### **h. Insurances**

At the end of the year, the Council had a £206k 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.

## 24. Usable Reserves

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

### a. Service Earmarked Reserves

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

	Balance at 31st March 2021 £'000	Movements in Year £'000	Balance at 31st March 2020 £'000	Movements in Year £'000	Balance at 31st March 2019 £'000
District Planning Inquiry	312	(63)	375	(31)	406
Elections	64	54	10	(77)	87
Harold Farr Bequest	2	(3)	5	0	5
Joint Use Maintenance Fund	0	(201)	201	0	201
Asset Repair & Renewal Reserve	742	(30)	772	(40)	812
LAMS Reserve	76	0	76	0	76
Joint Crematorium Reserve	576	89	487	(5)	492
Insurance Related Funds	389	(28)	417	83	334
Revenue Grant Reserve	3,727	1,969	1,758	801	957
NNDR Equalisation Reserve	2,125	695	1,430	(374)	1,804
Supported Housing Reserve	18	7	11		11
Corporate Change Reserve	0	0	0	(1,257)	1,257
Commercial Property Investment Reserve	3,150	850	2,300	1,500	800
Economic Development and Place Reserve	384	175	209	(32)	241
Technology Investment Reserve	0	0	0	(402)	402
Brexit Reserve	51	0	51	51	0
Covid-19 Reserve	886	824	62	62	0
Selective Licensing	26	14	12	12	0
Licensing	155	45	110	110	0
Corporate Transformation Reserve	1,346	(38)	1,384	1,384	0
Legal Reserve	5	5	0	0	0
Winter Maintenance Reserve	5	5	0	0	0
Commercial Property Dilapidations Reserve	10	10	0	0	0
Leisure Maintenance Reserve	201	201	0	0	0
	<b>14,250</b>	<b>4,580</b>	<b>9,670</b>	<b>1,785</b>	<b>7,885</b>

Details of the major usable reserves are set out below:

#### District Planning Inquiry Reserve

This reserve is to fund the costs of having and maintaining a Local Plan as required by legislation.

#### Leisure Maintenance Reserve

This reserve is to fund future maintenance expenditure at our leisure centres. This has been funded by the balance from the Joint Use Maintenance Fund.

**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.

**Joint Crematorium Reserve**

This reserve is to fund Ashfield District Council's proportion of any maintenance expenditure to the crematorium, which is jointly run between Ashfield District Council, Mansfield District Council and Newark and Sherwood District Council.

**Insurance Related Reserves**

To provide self-insurance for smaller value claims and to smooth claims between years. Also, to fund future liability claims because of liquidation of MMI and Independent Insurance Company.

**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. This includes several Covid-19 related grants such as Council Tax Hardship Fund, National Leisure Relief Funding, New Burdens and Contain funding. It also contains Future High Street Fund and Towns Fund capacity funding to be fully utilised in 2021/22.

**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.

**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.

**Economic Development and Place Reserve**

To provide funding for feasibility studies to unlock external funding or to support projects that will result in economic growth or support inward investment.

**Covid-19 Reserve**

This reserve reflects the transfer to the reserve of unused element of the non-specific grant income received to mitigate against Covid-19 pressures. The reserve will be utilised as additional Covid-19 impacts, and pressures are identified.

**Licensing Reserve**

This reserve is to hold profit on the taxi licencing application service, to ensure it is earmarked for reinvestment back into the service.

**Corporate Transformation Reserve**

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

## b. Taxation Earmarked Reserve

	Balance at 31st March 2021 £'000	Movements in Year £'000	Balance at 31st March 2020 £'000	Movements in Year £'000	Balance at 31st March 2019 £'000
NDR S31 Grant & NDR/CTax Compensation Reserve	4,836	4,836	0	0	0

This reserve has been established to account for Section 31 grant (£3.961m) received in 2020/21 from Central Government to offset additional business rates reliefs given during the Covid-19 pandemic, as directed by Central Government. Due to the collection fund accounting rules, the impact of the additional reliefs creates a deficit taken to the Collection Fund Adjustment Account as at 31 March 2021. This deficit will be transferred back to the General Fund in 2021/22. This element of the reserve will be released in 2021/22 to fund the deficit.

It also contains NDR (£852k) and Council Tax (£23k) 75% Tax Income Guarantee Compensation. This has been paid by Central Government to partly compensate for losses on the collection fund due to the impact of during the Covid-19 pandemic. As outlined above due to the collection fund accounting rules, these losses create a deficit taken to the Collection Fund Adjustment Account as at 31 March 2021. The relief measure allows for this element of the deficit to be taken to the general fund over three years, this element of the reserve will be released over three years to match the spreading of the deficit.

## c. 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.

2019/20 £'000		2020/21 £'000
3,554	<b>Opening Balance</b>	4,025
2,651	Capital Grants and Contributions credited to the Comprehensive Income and Expenditure Statement	3,988
	Application of Capital Grants and Contributions within the period and adjusted through the Capital Adjustment Account	
(2,180)		(3,076)
<b>4,025</b>	<b>Closing balance</b>	<b>4,937</b>

## d. Capital Receipts Reserve

2019/20 £'000		2020/21 £'000
405	<b>Opening Balance</b>	2,666
	Transfer of sale proceeds credited as part of the gain/loss on disposal to the CIES	
7,980		1,676
(5,719)	Use of the reserve to finance new expenditure	(441)
<b>2,666</b>	<b>Closing Balance</b>	<b>3,901</b>

## 25. 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 2021 £'000	Movements in Year £'000	Balance at 31st March 2020 £'000	Movements in Year £'000	Balance at 31st March 2019 £'000
Revaluation Reserve	(86,258)	(7,335)	(78,923)	(608)	(78,315)
Capital Adjustment Account	(109,241)	5,546	(114,787)	6,593	(121,380)
Pensions Reserve	124,085	31,193	92,892	(3,754)	96,646
Crematorium Pensions Reserve	759	244	515	(45)	560
Accumulated Absences Reserve	594	204	390	25	365
Collection Fund Adjustment Account - Council Tax	54	(32)	86	52	34
Collection Fund Adjustment Account - NNDR	5,338	4,637	701	(330)	1,031
Financial Instruments Adjustment Account	704	(9)	713	(8)	721
	<b>(63,965)</b>	<b>34,448</b>	<b>(98,413)</b>	<b>1,925</b>	<b>(100,338)</b>

## 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.

2019/20 £'000		2020/21 £'000
(78,315)	Opening Balance	(78,923)
0	Asset Impairment	0
0	Crematorium Opening Balance IFRS	0
(4,614)	Revaluation of Assets	(10,039)
(25)	Heritage Assets	0
81	Investment Properties	(95)
0	Assets Held for Sale	100
1,830	Adjustment between current value depreciation and historic cost depreciation	1,906
2,120	Write out of revaluation on disposal; property, plant and equipment	793
<u>(78,923)</u>	Closing Balance	<u>(86,258)</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.

2019/20 £'000		2020/21 £'000
(121,380)	Opening Balance	(114,787)
2,270	Charges for depreciation and impairment of non-current assets	2,979
8,855	Revaluation losses / (gains) on Property Plant and Equipment	9,264
(2,180)	Capital Grants and Contributions	(3,076)
935	Revenue Expenditure Funded from Capital under Statute	703
8,646	Carrying Value of non-current assets written off on disposal	2,016
(6,275)	Transfer of sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	(996)
(1,362)	Statutory Provision for the financing of capital investment	(2,270)
0	Voluntary Revenue Provision	(50)
(901)	Capital Expenditure charged against Revenue	(1,190)
555	Contribution from the Capital Receipts Reserve to finance the payments to the Government capital receipts pool	555
5,382	Reversal of Major Repair Allowance credited to the HRA	3,816
(5,382)	Use of the Major Repair Reserve to finance new capital expenditure	(3,506)
	<u>Other Reserve Movements</u>	
(1,830)	Adjustment between current value depreciation and historic cost depreciation	(1,906)
(2,120)	Write out of revaluation on disposal; property, plant and equipment	(793)
<b>(114,787)</b>	<b>Closing Balance</b>	<b>(109,241)</b>

## 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.

2019/20 £'000		2020/21 £'000
96,646	Opening Balance	92,892
(7,450)	Actuarial (gains) or losses on pension assets and liabilities	28,485
7,872	Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement	7,069
(2,268)	Employers pension contribution payable in the year	(4,361)
(1,908)	Prepayment of Backfunding	0
<b>92,892</b>	<b>Closing Balance</b>	<b>124,085</b>

#### 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.

2019/20 £'000		2020/21 £'000
365	Opening Balance	390
25	Movement in Year	204
<b>390</b>		<b>594</b>

#### 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.



2019/20 £'000		2020/21 £'000
721	Opening Balance	713
(8)	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	(9)
<b>713</b>		<b>704</b>

#### 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.

2019/20 £'000		2020/21 £'000
34	<b>Council Tax</b> Opening Balance	86
52	Amount by which council tax income credited to the Comprehensive Income and Expenditure Statement is different from council tax income calculated for the year in accordance with statutory requirements	(32)
<b>86</b>		<b>54</b>
1,031	<b>Business Rates</b> Opening Balance	701
(330)	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	4,637
<b>701</b>		<b>5,338</b>

#### g. Crematorium Pension Reserve

2019/20 £'000		2020/21 £'000
560	Opening Balance	515
(45)	Actuarial (gains) or losses on pension assets and liabilities	244
<b>515</b>	<b>Closing Balance</b>	<b>759</b>

## 26. Cash Flow Statement Notes

### a. Net Cash Flows from Operating Activities

2019/20 £'000		2020/21 £'000
(4,812)	Net Surplus or (Deficit) on the Provision of Services-	2,069
	Adjust net surplus or (deficit) on the provision of services for non-cash movements:	
15,362	Depreciation and Impairment	16,046
0	Adjustments for effective interest rates	0
6,358	Increase/Decrease in Creditors	6,694
625	Increase/Decrease in Debtors	(6,321)
21	Increase/Decrease in Inventories	(1)
5,604	Pension Liability	2,708
507	Contributions to/(from) Provisions	317
8,646	Carrying amount of non-current assets sold [property plant and equipment, investment property and intangible assets]	2,016
<b>37,123</b>		<b>21,459</b>
	Adjust for items included in the net surplus or deficit on the provision of services that are investing or financing activities:	
(2,651)	Capital Grants credited to surplus or deficit on the provision of services	(3,988)
0	Proceeds from the sale of short and long term investments	0
(7,980)	Proceeds from the sale of property plant and equipment, investment property and intangible assets	(1,676)
<b>(10,631)</b>		<b>(5,664)</b>

**b. Net Cash Flows from Operating Activities (Interest)**

2019/20		2020/21
£'000		£'000
	Operating activities within the cash flow statement include the following cash flows relating to interest:	
78	Ordinary interest received	29
<u>78</u>	Interest Received	<u>29</u>
(3,164)	Interest charge for year	(3,519)
0	Adjustments for differences between Effective Interest Rates and actual interest payable	0
(83)	Other interest:	(6)
<u>(3,247)</u>	Interest Paid	<u>(3,525)</u>

**c. Net Cash Flows from Investing Activities**

2019/20		2020/21
£'000		£'000
(10,378)	Purchase of Property, Plant and Equipment, investment property and intangible assets	(7,816)
(39,091)	Purchase of Investment Properties	(3,305)
(2,000)	Sale of short and long term investments	2,000
0	Increase/Decrease in Creditors	0
7,980	Proceeds from the sale of property plant and equipment, investment property and intangible assets	1,676
2,651	Capital Grants Received	3,988
<u>(40,838)</u>	<b>Total Cash Flows from Investing Activities</b>	<u>(3,457)</u>

**d. Cash Flow - Financing Activities**

2019/20		2020/21
£'000		£'000
33,365	Cash receipts of short and long term borrowing	0
(13,185)	Repayment of Short-Term and Long-Term Borrowing	(5,005)
0	Collection Fund Adjustment Account	0
<u>20,181</u>	<b>Total Cash Flows from Financing Activities</b>	<u>(5,005)</u>

**27. Members' Allowances**

The total amount paid under the members' allowances scheme during the year was £461,577 (£448,678 in 2019/20).

## 28. 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
	£	£	£	£	£	£	£
Director Place & Communities	81,245	0	0	0	81,245	14,624	95,869
Asst Director Planning & Regulatory Services	60,934	0	157	0	61,091	10,968	72,060
Assistant Director Neighbourhood & Environment (Left 01/11/20)	35,714	0	0	0	35,714	6,429	42,143
Director of Resources and Business Transformation	81,245	0	0	0	81,245	14,624	95,869
Assistant Director Assets and Investments	60,934	0	0	0	60,934	10,968	71,902
Director of Housing and Assets	84,389	0	259	0	84,648	15,190	99,838
Corporate Finance Manager	67,222	0	0	0	67,222	12,100	79,322
Chief Executive Officer	114,761	0	174	0	114,935	20,657	135,592
Director of Legal and Governance (Monitoring Officer)	81,245	0	0	0	81,245	14,624	95,869
Asst Director Resources & Transformation	60,934	0	27	0	60,961	10,968	71,929

The information for 2019/20 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 (Left 22/09/2019)	56,576	0	0	0	56,576	7,684	64,260
Chief Executive Officer (Interim)	60,499	0	0	0	60,499	8,712	69,211
Director Housing & Assets (Deputy Chief Exec)	82,130	0	0	0	82,130	11,827	93,957
Director Legal & Governance	79,070	0	0	0	79,070	11,386	90,456
Service Director Resources & Business Transformation	79,070	0	0	0	79,070	11,386	90,456
Director Place & Communities (Left 31/07/2019)	24,252	0	0	0	24,252	3,077	27,329
Director Place & Communities (Comm 29/07/2019)	53,351	0	0	0	53,351	7,683	61,034
Corporate Finance Manager	65,423	0	0	0	65,423	9,421	74,844
Assistant Director Place & Well Being (Left 28/07/2019)	19,289	0	0	0	19,289	2,778	22,067
Assistant Director Planning & Regulatory Services	61,120	0	0	0	61,120	8,801	69,921
Assistant Director Neighbourhood & Environment	59,303	0	0	0	59,303	8,540	67,843
Assistant Director Assets & Investments	59,303	0	0	0	59,303	8,540	67,843
Asst Director Resources & Transformation	56,321	0	0	0	56,321	8,110	64,431

Note 1 – The Assistant Director Neighbourhood and Environment post became vacant 01/11/2020, the vacant post has been recruited to at a Service Manager level, pending a 12 months review.

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 (£)	2020/21	2019/20
50,000 – 54,999	5	4
55,000 – 59,999	1	5
60,000 – 64,999	3	2
65,000 – 69,999	1	1
70,000 – 74,999	0	0
75,000 – 79,999	1	2
80,000 – 84,999	4	1
85,000 – 89,999	0	0
90,000 – 94,999	0	0
95,000 – 99,999	0	0
100,000 – 104,999	0	0
105,000 – 109,999	0	0
110,000 - 114,999	1	0
115,000 - 119,999	0	0

## 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.

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 (£)	
	2019/20	2020/21	2019/20	2020/21	2019/20	2020/21	2019/20	2020/21
£0 - £20,000	1	1	3	5	4	6	21,648	27,922
£20,001 - £60,000	1	0	0	2	1	2	33,288	77,058
£60,001 - £80,000	0	0	0	1	0	1	0	75,813
£80,001 +	0	0	1	0	1	0	89,873	0
<b>TOTAL</b>	<b>2</b>	<b>1</b>	<b>4</b>	<b>8</b>	<b>6</b>	<b>9</b>	<b>144,809</b>	<b>180,793</b>

## 29. External Audit Costs

Fees payable to Mazars LLP, KPMG and Grant Thornton in 2020/21 regarding external audit services were:

2019/20 £'000		2020/21 £'000
	External audit services carried out by the	
43	appointed auditor	56
16	Certification of Grant Claims	17
3	Additional Audit Fees	4
<u>62</u>		<u>77</u>

Included within the 2020/21 figure for external audit services fee are the agreed additional fees of £13k for the 19-20 audit.

Additional fees payable of £3.2k in respect of auditing the Pooling of Capital Receipts return, also £0.6k to Grant Thornton in respect of a Pensions Audit.

## 30. 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 operates, 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 9 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 2020/21 is shown in Note 27.

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 totalling £7,100 in 2020/21 under the Members Community Support Scheme, this was less than in previous years as



some monies were redirected to make payments totalling £10k to Ashfield voluntary groups directly to support them in the pandemic.

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 38. There are three elected Members of the Council who were also Members of the Committee for 2020/21. These are Councillor T Hollis, Councillor H Smith and Councillor D Martin.

Payments totalling £290,003 were made to Parish Councils.

- A total of £234,806 was paid to Selston Parish Council, which related to the precept payment.
- A total of £55,197 was paid to Annesley and Felley Parish Council, which related to the precept payment.

During 2020/21, there were six elected Members of the Council who were also Parish Councillors. Members of Selston Parish Council were Councillor C Chapman and Councillor D Martin. Members of Annesley and Felley Parish Council were Councillor R.E. Madden, Councillor J.B. Zadrozny, Councillor D Martin and Councillor D Williamson.

Related party transactions forms were returned by all Councillors. From the records held by the Council, there is only evidence of one third party relationships which requires inclusion here. One payment of a Business Discretionary Business Grant was made to a Private Limited Company, of which one member is the Sole Director. This was disclosed at the time and recorded appropriately.

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. All Senior Officers returned the declarations with nothing to declare.

### 31. 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.

2019/20 £'000		2020/21 £'000
125,347	<b>Opening Capital Financing Requirement</b>	160,852
	<b>Capital Investment</b>	
10,378	Operational Assets	7,816
39,091	Investment Properties	3,305
935	REFCUS	703
<u>50,404</u>		<u>11,824</u>
	<b>Sources of Finance</b>	
5,719	Capital Receipts	441
70	Reserves	50
2,180	Government Grants and Other Contributions	3,076
500	Local Authority Mortgage Scheme	0
4,237	Major Repairs Reserve	3,506
1,362	Minimum Revenue Provision	2,270
0	Voluntary Revenue Provision	50
831	Revenue Contributions	1,140
<u>14,899</u>		<u>10,533</u>
160,852	<b>Closing Capital Financing Requirement</b>	162,143
<u>35,505</u>	<b>Movement in the Year</b>	<u>1,291</u>
	<b>Explanation of Movement in the Year</b>	
37,367	Increase in Underlying Need to Borrow (unsupported by Government Financial Assistance Reduction for End of Local Authority Mortgage Support Scheme	3,611
(500)		0
(1,362)	Minimum Revenue Provision	(2,270)
0	Voluntary Revenue Provision	(50)
<u>35,505</u>		<u>1,291</u>

### 32. Assets held as Lessee

The Council has no assets held as a lessee.

### 33. 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 2021 was £8.318m and as at 31 March 2020 was £8.318m (these properties were subject to accumulated depreciation and impairment of £0.245m in 2020/21 and £0.167m 2019/20). The net book value of these assets is £8.073m in 2020/21 and £8.151m in 2019/20. The difference is due to Impairment and Depreciation.

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

2019/20 £'000		2020/21 £'000
4,412	Within 1 Year	5,117
16,077	Between 2 and 5 Years	18,254
15,799	Later than 5 Years	24,679
<u>36,287</u>		<u>48,050</u>

### 34. Revaluation Loss

During 2020/21, the Council has recognised revaluation losses as detailed in the following table:

2019/20 £'000		2020/21 £'000
8,855	Revaluation Losses recognised within the surplus or Deficit of the provision of services	9,264
<u>8,855</u>		<u>9,264</u>

### 35. 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 was one early retirement during the year, which was not allowed for at the previous accounting date. The total annual pension that came into payment was £6.2k.

The latest membership data is shown in the table below.

	<b>Number</b>	<b>Salaries/ Pensions</b>	<b>Average Age Current Employees</b>
		<b>£'000</b>	
Active members	536	13,083	46
Deferred pensioners	737	1,724	46
Pensioners	771	4,896	72
Unfunded pensioners	154	315	79

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.

2019/20 £'000		2020/21 £'000
	<b>Comprehensive Income and Expenditure Statement</b>	
	Cost of Services:	
5,570	Current service cost	4,887
	Financing and Investment Income and Expenditure	
2,256	Net Interest on the defined liability (asset)	2,132
46	Administration Expenses	50
<u>7,872</u>	<b>Total Post-employment Benefits charged to the Surplus or Deficit on the Provision of services</b>	<u>7,069</u>
	<b>Other Post-employment Benefits charged to the Comprehensive Income and Expenditure Statement</b>	
	Remeasurement of the net defined benefit liability comprising;	
(10,452)	Return on plan assets in excess of interest	19,905
(480)	Other actuarial gains/(losses) on assets	0
20,278	Changes in financial assumptions	(53,197)
3,555	Change in demographic assumptions	2,230
(5,451)	Experience gain/(loss) on defined benefit obligation	2,577
0	Liabilities assumed/ (extinguished) on settlements	0
0	Settlement prices received/(paid)	0
<u>7,450</u>	<b>Total Post-employment Benefits Charged to the Comprehensive Income and Expenditure Statement</b>	<u>(28,485)</u>
	<b>Movement in reserves Statement</b>	
(7,872)	reversal of net charges made for retirement benefits in accordance with the code	(7,069)
	Actual amount charged against the General Fund Balance for pensions in the year:	
2,268	Employers' contributions payable to scheme	4,361
1,908	Employers' contributions pre-paid for 2019/20	
<u>(3,696)</u>		<u>(2,708)</u>

## Pensions Assets and Liabilities Recognised in the Balance Sheet

2019/20 £'000		2020/21 £'000
192,652	Present value of the Defined benefit obligation	245,564
(103,781)	Fair Value of the plan assets (bid value)	(125,618)
88,871	Deficit/ Surplus	119,946
4,021	Present Value of unfunded obligation	4,139
92,892		124,085

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

2019/20 £'000		2020/21 £'000
115,023	Opening fair value of Scheme assets	103,781
2,727	Interest on assets	2,434
(10,452)	Return on assets less interest	19,905
(480)	Actuarial gains and (losses)	0
(46)	Administration expenses	(50)
2,268	Employer contributions	4,361
865	Contributions by scheme participants	902
(6,432)	Benefits paid	(5,715)
308	Settlement Prices Received/ Paid	
103,781	Closing fair value of Scheme assets	125,618

### d. Reconciliation of Present Value of the Scheme Liabilities

2019/20 £'000		2020/21 £'000
209,761	Opening Defined Benefit Obligation	196,673
5,078	Current service cost	4,797
4,983	Interest cost	4,566
(20,278)	Change in financial assumptions	53,197
(3,555)	Change in demographic assumptions	(2,230)
5,451	Experience loss/(gain) on defined benefit obligation	(2,577)
648	Liabilities Assumed/ (extinguished) on settlements	0
(6,153)	Benefits paid (net of transfers in)	(5,447)
152	Past Service Cost including curtailments	90
865	Contributions by scheme participants	902
(279)	Unfunded pension costs	(268)
196,673	Closing Defined Benefit Obligation	249,703

**e. Pension Scheme Assets Comprise**

31st March 2020			31st March 2021		
£'000			£'000		
59,896	57.71%	Equities	81,370	64.78%	
4,312	4.15%	Gilts	4,221	3.36%	
9,536	9.19%	Other Bonds	8,610	6.85%	
15,474	14.91%	Property	12,833	10.22%	
4,229	4.07%	Cash	5,712	4.55%	
3,877	3.74%	Inflation-linked	6,078	4.84%	
6,457	6.22%	Infrastructure	6,794	5.41%	
0	0.00%	Unit Trust			
<b>103,781</b>	<b>100.00%</b>		<b>125,618</b>	<b>100.00%</b>	

The detail of the assets as at 31 March 2021, representing the percentages of the total Fund held in each asset class.

Asset Breakdown		% Quoted	% Unquoted
Fixed Interest Government Securities	UK	3.4%	0.0%
Corporate Bonds	UK	1.7%	0.0%
	Overseas	5.2%	0.0%
Equities	UK	24.6%	0.0%
	Overseas	36.2%	0.0%
Property	All	0.0%	10.2%
Others	Private Equity	0.0%	3.0%
	Infrastructure	0.0%	5.4%
	Unit trusts	0.0%	1.0%
	Inflation Linked	0.0%	4.8%
	Credit	0.0%	1.1%
	Cash/Temporary Investments	0.0%	3.4%
<b>Total</b>		<b>71.1%</b>	<b>28.9%</b>

#### **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 2021.

The principal assumptions used by the actuary were:

2019/20		2020/21
	<b>Mortality assumptions:</b>	
	<b>Longevity at 65 for current pensioners:</b>	
21.8	Men	21.6
24.4	Women	24.3
	<b>Longevity at 65 for future pensioners:</b>	
23.2	Men	22.9
25.8	Women	25.7
	<b>Financial Assumptions:</b>	
2.70%	Increase in Retail Price Index	3.20%
1.90%	Increase in Consumer Price Index	2.80%
2.90%	Rate of increase in salaries	3.80%
1.90%	Rate of increase in pensions	2.80%
2.35%	Rate for discounting scheme liabilities	2.00%

The estimation of the defined benefit obligations is sensitive to the actuarial assumptions set out in the table above. The sensitivity analysis 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	244,758	249,703	254,753
Projected service cost	6,578	6,774	6,974
Adjustment to long term salary increase	+0.1%	0.0%	-0.1%
Present value of total obligation	250,183	249,703	249,228
Projected service cost	6,777	6,774	6,770
Adjustment to pension increases & deferred revaluation	+0.1%	0.0%	-0.1%
Present value of total obligation	254,229	249,703	245,267
Projected service cost	6,973	6,774	6,580
Adjustment to mortality age rating assumption	+1 Year	None	-1 Year
Present value of total obligation	261,727	249,703	238,255
Projected service cost	7,081	6,774	6,478

### Projected Pension Expense for year to 31 March 2022

	2021/22 £'000
Service Costs	6,774
Net Interest on the defined liability (asset)	2,438
Administration Expense	61
<b>Total</b>	<u>9,273</u>
Employer contribution	4,099

Note these figures exclude the capitalised cost of any early retirements or augmentations, which may occur after 31 March 2021. These projections are based on the assumptions as at 31 March 2021, as described in the note.

## 36. 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 31<sup>st</sup> March 2021, there were no outstanding claims against the Council. 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 a "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. The level provided for in the reserve, in relation to full potential liability,

is as advised by the insurance brokers. The adequacy of the reserve is reviewed annually, taking this into account.

#### **b. Disrepair Claims**

There is one disrepair case that is ongoing. Legal fees may be incurred in defending the claim and a compensation amounts may be paid out. It is not possible to estimate the compensation amounts or legal costs of this case at this stage. (For context, the latest disrepair claim settled, paid out compensation of £1k and the estimated legal costs of £7k are provided for in provisions at note 23).

#### **c. 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 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 £15.9k 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.

#### **d. Health & Safety Prosecution**

The Council has a potential legionella prosecution to bring against an employer under its Health and Safety duties. The employee was seriously ill but has recovered, his illness has been linked to legionella found in his place of work by Public Health England.

There have been delays in progressing this matter due to the impact of the Covid-19 pandemic however the Council is currently considering the strength of evidence. Expert evidence will need to be obtained and advice sought from a specialist barrister before a prosecution decision is made. The decision whether to prosecute will not be made for some months yet. If prosecuted, there could be a significant fine as this company is an international company with a large turnover. Costs of pursuing the case could be significant although we will seek to re-claim if the case is successful.

#### e. Truck Cartel

The Council has joined a possible collective compensation claim (coordinated by the LGA) against certain truck manufacturers who engaged in price fixing between 1997 and 2011. The potential claim is in the very early stages of gathering information and at this stage it is unclear the potential value of any claim or the strength of any claim. The Council has to date incurred no costs.

#### 37. Deferred Credits

There were no deferred credits utilised to fund capital expenditure in either 2020/21 or 2019/20.

#### 38. Joint Crematorium Committee

The Council's share (currently 44.81% share) of income, expenditure, assets and liabilities in respect of the Joint Crematorium Committee is as follows;

2019/20 £'000		2020/21 £'000
(762)	Gross Income	(934)
483	Gross Expenditure	592
<u>(279)</u>	Net (Surplus)/Deficit	<u>(342)</u>
1,843	Total Assets at Year End	1,921
<u>(887)</u>	Total Liabilities at Year end	<u>(1,169)</u>
<u>956</u>	Net Assets at Year End	<u>752</u>

2019/20 £'000	Pension Values Included Within Assets & Liabilities	2020/21 £'000
(515)	Long Term Liability - Pension	(746)
515	Pension Reserve	759
<u>0</u>		<u>13</u>

The Joint Crematorium is a member of the Local Government Pension Scheme. The Council's share above includes Pension Liabilities of £746k (£515k 2019/20).

## 39. 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 , 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 2021	Historical Experience of default	Historical experience adjusted for market conditions at 31st March 2021	Estimated maximum exposure to default and uncollectibility
	£'000	%	%	£'000
Deposits with banks and financial institutions	3,494	0.0	0.05	2
Bonds	0	0.0	0.0	0
Customers - Sundry Debtors	1,168	15.48	5.0	58
Housing Benefit Overpayments	1,965	50.0	50.0	983
Housing Benefit Overpayment Clawback	419	25.0	25.0	105

The Council does not allow credit for its customers and at the 31st March 2021, £3.1m was due for payment. The past due amount can be analysed by age as follows:

31st March 2020		31st March 2021	
£'000		£'000	
464	Less than 2 months	708	
182	2 to 6 months	196	
370	6 to 12 months	277	
2,090	More than 1 year	1,953	
<b>3,107</b>		<b>3,133</b>	

## 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 %	Carrying Amount	
		31st March 2021 £'000	31st March 2020 £'000
<b>Source of Loan</b>			
Public Works Loan Board	1.73% to 9.25%	62,816	62,810
Money Market	3.76% to 5.75%	35,661	35,671
		<b>98,477</b>	<b>98,481</b>
<b>Maturity Within:</b>			
Less than a year	N/A	0	0
1-2 years	5.75%-3.55%	6,503	0
2-5 years	4.5% - 5.75%	8,289	7,501
5-10 years	4.25% - 9.25%	9,090	7,651
More than 10 years	1.73% - 4.75%	74,594	83,329
		<b>98,476</b>	<b>98,481</b>

## c. Market Rate Risk

The impact of a general rise in interest rates of one percent at 31st March 2021, is minimal for the Council with regards to 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.

### **40. Trust Funds**

The Council acts as 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. Over the past few years, the Trust has incurred deficits and is working with the Council on a restructure.

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 the three Trusts.