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SUPPLEMENTARY FINANCIAL STATEMENTS

Housing Revenue Account – Income and Expenditure Statement

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

	2023/24 £'000	2022/23 £'000
Income		
Dwelling Rents (gross)	(27,771)	(25,668)
Non-dwelling Rents (gross)	(136)	(140)
Charges for Services and Facilities	(489)	(307)
Contribution Towards Expenditure	(95)	(98)
Total Income	(28,491)	(26,213)
Expenditure		
Repairs and Maintenance	8,693	8,761
Supervision and Management	5,123	5,122
Rents, Rates, Taxes and other charges	167	131
Depreciation and impairments of fixed assets	17,491	14,297
Debt Management Costs	38	43
Contribution to the Bad Debt Provision	172	177
Total Expenditure	31,684	28,531
Net Cost of HRA Services as included in the whole authority Comprehensive Income & Expenditure Account	3,193	2,318
HRA share of Corporate and Democratic Core	93	89
Net Cost of HRA Services	3,286	2,407
Interest payable and similar charges	3,547	3,547
Interest and investment income	(2,197)	(867)
(Surplus) or deficit for the year on HRA services	4,636	5,087

Statement of Movement on the HRA Balance (SMB)

	2023/24 £'000	2022/23 £'000	Note
Balance on the Housing Revenue Account at the end of the previous year	(43,344)	(42,969)	
(Surplus) or deficit for the year on the HRA Income and Expenditure Account	4,636	5,087	
Adjustments between accounting basis and funding basis under statute			
Items included in the HRA Income and Expenditure Account but excluded from the movement on the HRA Balance for the year			
Accumulated Absences Account	(77)	(19)	
IAS 19 Pension Adjustment	409	(647)	
Impairment of fixed assets charged to HRA	(12,781)	(10,245)	
Net (Increase) or decrease in the HRA Balance before transfers to or from reserves:			
Transfer to/from Revenue Grants Reserve	9	20	Note 7
Transfer to/from Eco Funding Reserve	0	(20)	Note 7
Transfer to/from Insurance Reserve	33	(20)	Note 7
Transfer to/from HRA Technology Investment	0	0	Note 7
Transfer to/from HRA Corporate Change Reserve	0	(193)	Note 7
Transfer to/from HRA Welfare Reform Reserve	(50)	(30)	Note 7
Capital expenditure funded by the HRA	7,237	5,692	Note 5
Transfer to the Capital Adjustment Account	0	0	
Net additional amount required by statute to be debited or (credited) to the HRA balance for the year	(5,220)	(5,462)	
Increase or Decrease in the year to the Housing Revenue Account Balance	(584)	(375)	
Balance Carried forward	(43,928)	(43,344)	

Notes to the Housing Revenue Account

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

	As at 31st March 2024 Number	As at 31st March 2023 Number
Houses and bungalows	4,426	4,382
Low rise flats	1,731	1,719
Medium rise flats	522	522
Total Dwellings	6,679	6,623
 Garages and Garage Plots	 1,148	 1,188

2. Housing stock valuations

Description	As at 31st March 2024 £'000	As at 31st March 2023 £'000
Operational assets		
- Council Dwellings	289,936	274,706
- Other land and buildings	2,372	2,141
- Vehicles Plant and Equipment	1,016	869
- Assets Under Construction	698	5,197
- Assets Held for Disposal	0	179
Total	294,022	283,092

3. Vacant Possession Value of Council Dwellings

	As at 31st March 2024 £'000	As at 31st March 2023 £'000
Market value - Vacant possession	690,324	654,062
Existing use value for social housing	289,936	274,706
Difference	400,388	379,356

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

4. Major Repairs Reserve

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

	As at 31st March 2024 £'000	As at 31st March 2023 £'000
Balance brought forward	0	(1,200)
Financing of HRA Capital Expenditure	4,369	5,253
Less Depreciation	(4,710)	(4,053)
Balance Carried Forward	(341)	0

5. Capital Expenditure

	2023/24 £'000	2022/23 £'000
Operational assets		
Dwellings	12,806	12,373
Other land and buildings		0
Vehicles, Plant and Equipment	401	16
Work in Progress	9	4,961
Total Operational Assets	13,216	17,350
Funded by:		
Capital receipts and grants	1,610	6,405
Contributions from Revenue	7,237	5,692
Major Repairs Reserve	4,369	5,253
Total Funding	13,216	17,350

6. Capital Receipts from Disposal of Assets

	2023/24 £'000	2022/23 £'000
Disposal of dwellings	1,181	2,609
Total from Disposals	1,181	2,609

7. HRA Earmarked Reserves

	Balance at 31st March 2024	Movements in Year	Balance at 31st March 2023	Movements in Year	Balance at 31st March 2022
	£'000	£'000	£'000	£'000	£'000
HRA Revenue Grants	(54)	(9)	(45)	(20)	(25)
HRA Eco-Funding	(243)	0	(243)	20	(263)
HRA Insurance	(157)	(33)	(124)	20	(144)
HRA Technology Investment	(26)	0	(26)	0	(26)
HRA Corporate Change	0	0	0	193	(193)
HRA Welfare Reform	(90)	50	(140)	30	(170)
	(570)	8	(578)	243	(900)

Eco-Funding Reserve

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

HRA Insurance Reserve

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

HRA Technology Investment Reserve

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

HRA Corporate Change Reserve

To provide the finance injection to fund emerging commercial services (including business development support). It is also to fund changes in service delivery through service reviews, including redundancy costs to enable that change to take place. This reserve was fully utilised in 2022/23.

HRA Welfare Reform Reserve

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

8. Depreciation in the year ending 31st March

	2023/24 £'000	2022/23 £'000
Operational assets		
- Dwellings and garages	4,472	3,813
- Other land and buildings	51	77
- Vehicles	187	163
Total	4,710	4,053

9. Impairment

A desktop valuation of all Council Dwellings was undertaken at 31st January 2024, which has resulted in £16.1m being credited to the Revaluation Reserve. The valuation has required that £13.1m of Capital Expenditure be impaired.

10. Pension Contribution

A contribution of £353k has been made for 2023/24 to the back-funding costs relating to employees within Housing Services.

11. Rent Arrears

	As at 31st March 2024 £'000	As at 31st March 2023 £'000
Current tenants	443	424
Former tenants	466	417
Total rent arrears	909	841
Deduct - Credit Loss Allowance	(463)	(399)
Net arrears	446	442
Overpayments	(753)	(640)
Total arrears	(307)	(198)

Collection Fund

	2023/24 £'000	2022/23 £'000
INCOME		
Income from Council Tax	79,691	75,754
Transitional Protection - Council Tax	0	0
Contributions to previous year estimated deficit:		
Ashfield District Council	0	0
Nottinghamshire County Council	0	0
Nottinghamshire Police and Crime Commissioner	0	0
Nottinghamshire Fire and Rescue Authority	0	0
	0	0
Income Collectable from Business Ratepayers	45,831	38,756
Transitional Protection - NDR		
Contributions to previous year estimated deficit:		
Ashfield District Council	99	751
Nottinghamshire County Council	22	169
Nottinghamshire Fire and Rescue Authority	2	19
Central Government	123	940
	246	1,879
Total Income	125,768	116,389
EXPENDITURE		
<u>Council Tax Precepts and Demands</u>		
Nottinghamshire County Council	59,343	55,986
Nottinghamshire Police and Crime Commissioner	9,268	8,658
Nottinghamshire Fire and Rescue Authority	3,084	2,880
Ashfield District Council	6,927	6,656
Parish Councils	345	312
	78,967	74,492
Distribution of previous year estimated surplus:		
Ashfield District Council	36	39
Nottinghamshire County Council	287	308
Nottinghamshire Police and Crime Commissioner	44	48
Nottinghamshire Fire and Rescue Authority	15	16
	382	411
<u>Business Rates:</u>		
Payment to Ashfield District Council	18,316	15,300
Payment to Nottinghamshire County Council	4,121	3,443
Payment to Nottinghamshire Fire and Rescue Authority	458	382
Payment to Central Government	22,896	19,125
	45,791	38,250

Transitional Protection - NDR		6
Costs of Collection	153	151
Renewable Energy Disregard	24	21
<u>Bad and Doubtful Debts & Provisions:</u>		
Council Tax Write Offs	189	113
Council Tax Provisions	206	209
NDR Write Offs	326	201
NDR Provisions	371	(139)
Change in Appeals provision requirement	580	448
Total Expenditure	126,989	114,163
Movement on Fund Balance - Council Tax	53	(529)
Movement on Fund Balance - NDR	1,168	(1,697)
Opening Balance - Council Tax	(1,012)	(483)
Opening Balance - NDR	1,025	2,722
Closing Balance - Council Tax	(959)	(1,012)
Closing Balance - NDR	2,193	1,025
Balance at 31st March	1,234	13

Notes to the Collection Fund

1.General

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

2.Business Rates Retention

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

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

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

3.Income from Business Ratepayers

NDR is paid by businesses. Central Government specifies an annual rate in the pound (51.2p in 2023/24 for businesses with a rateable value (RV) of greater than £51k and 49.9p for businesses with a RV of less than £51k) and local businesses pay an annual NDR bill calculated by multiplying the RV of their premises by this annual rate; there are reliefs for small businesses, charities etc. The Council is responsible for collecting the NDR income and then distributing to Central Government and Preceptors.

Non-domestic rateable value on the Revenue's accounting system as at 31st March 2024 was £114.1m (£100.5m in 2022/23). The NDR income collectable in 2023/24, after reliefs but before accounting adjustments was £45.831m (£38.756m in 2022/23).

4. Council Tax

The Council set a Band D Council Tax of £201.21 for the financial year 2023/24. When taking into account parish precepts, the equivalent average Council Tax is £211.21.

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

The tax base for the year was 34,428.3 as shown below.

	Total Net No. of Dwellings	Ratio to Band "D"	Band "D" Equivalent s
Disabled Persons Relief	49.5	5/9	27.5
Band "A"	20,301.1	6/9	13,534.1
Band "B"	9,846.9	7/9	7,658.7
Band "C"	7,943.1	8/9	7,060.5
Band "D"	3,939.7	1	3,939.7
Band "E"	1,405.8	11/9	1,718.2
Band "F"	475.1	13/9	686.2
Band "G"	105.1	15/9	175.2
Band "H"	9.5	2	19.0
Total	44,075.7		34,819.0
Less Provision for Bad Debts			390.7
Council Tax Base for 2023/24			<u>34,428.3</u>

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

Council requirement from the Collection Fund £7,271,645

Divided by Council Tax Base 34,428.3

Equals Band D equivalent £211.21

5. Distribution of the Collection Fund Balance

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

a. Council Tax Balance Distribution – Surplus

	2023/24 £'000	2022/23 £'000
Nottinghamshire County Council	(720)	(760)
Nottinghamshire Police and Crime Commissioner	(113)	(118)
Nottinghamshire Fire and Rescue Authority	(38)	(39)
Ashfield District Council	(88)	(94)
	(959)	(1,011)

b. NDR Balance Distribution - Deficit

	2023/24 £'000	2022/23 £'000
Nottinghamshire County Council	197	92
Nottinghamshire Fire and Rescue Authority	22	10
Ashfield District Council	877	410
Central Government	1,097	512
	2,193	1,024

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

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

carried forward to the following year and will influence the level of NDR to be raised for that year.

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

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

6.Collection Fund Adjustment Account

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

	2023/24 £'000	2022/23 £'000
Balance at 1 April	317	1,043
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	5	(48)
Amount by which NDR income credited to the Comprehensive Income and Expenditure Statement is different from NDR income calculated for the year in accordance with statutory requirements	467	(678)
Balance at 31 March	789	317