

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.

	2021/22	2020/21
	£'000	£'000
Income		
Dwelling Rents (gross)	(24,318)	(23,951)
Non-dwelling Rents (gross)	(146)	(157)
Charges for Services and Facilities	(227)	(218)
Contribution Towards Expenditure	(139)	(98)
Total Income	(24,830)	(24,424)
Expenditure		
Repairs and Maintenance	7,811	6,812
Supervision and Management	4,215	4,286
Rents, Rates, Taxes and other charges	197	178
Depreciation and impairments of fixed assets	(372)	7,205
Debt Management Costs	47	33
Contribution to the Bad Debt Provision	183	121
Total Expenditure	12,081	18,635
Net Cost of HRA Services as included in the whole authority Comprehensive Income & Expenditure Account	(12,749)	(5,789)
HRA share of Corporate and Democratic Core	81	77
Net Cost of HRA Services	(12,668)	(5,712)
Interest payable and similar charges	3,547	3,547
Interest and investment income	(46)	(70)
(Surplus) or deficit for the year on HRA services	(9,167)	(2,235)

Statement of Movement on the HRA Balance

	2021/22 £'000	2020/21 £'000	Note
Balance on the Housing Revenue Account at the end of the previous year	(41,622)	(36,817)	
(Surplus) or deficit for the year on the HRA Income and Expenditure Account	(9,167)	(2,235)	
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	(10)	(62)	
IAS 19 Pension Adjustment	(611)	(125)	
Impairment of fixed assets charged to HRA	4,273	(3,389)	
Net (Increase) or decrease in the HRA Balance before transfers to or from reserves:			
Transfer to/from Insurance Reserve	(47)	9	Note 7
Transfer to/from HRA Technology Investment	(2)	(53)	Note 7
Transfer to/from HRA Welfare Reform Reserve	(30)	0	Note 7
Capital expenditure funded by the HRA	4,047	1,000	Note 5
Transfer to the Capital Adjustment Account	200	50	
Net additional amount required by statute to be debited or (credited) to the HRA balance for the year	7,820	(2,570)	
Increase or Decrease in the year to the Housing Revenue Account Balance	(1,347)	(4,805)	
Balance Carried forward	(42,969)	(41,622)	

Notes to the Housing Revenue Account

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

	As at 31st March 2022 Number	As at 31st March 2021 Number
Houses and bungalows	4,395	4,398
Low rise flats	1,717	1,716
Medium rise flats	521	521
Total Dwellings	6,633	6,635
Garages and Garage Plots	1,188	1,188

2. Housing stock valuations

Description	As at 31st March 2022 £'000	As at 31st March 2021 £'000
Operational assets		
- Council Dwellings	247,182	229,384
- Other land and buildings	2,234	2,324
- Vehicles Plant and Equipment	1,097	651
- Assets Under Construction	1,094	1,676
- Assets Held for Disposal	120	0
Total	251,727	234,035

Note: This table has been amended to reflect all HRA operational assets for 2021/22 and 2020/21.

3. Vacant Possession Value of Council Dwellings

	As at 31st March 2022 £'000	As at 31st March 2021 £'000
Market value - Vacant possession	588,529	546,153
Existing use value for social housing	247,182	229,384
Difference	341,347	316,769

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 2022 £'000	As at 31st March 2021 £'000
Balance brought forward	(310)	0
Financing of HRA Capital Expenditure	3,011	3,506
Less Depreciation	(3,901)	(3,816)
Balance Carried Forward	(1,200)	(310)

5. Capital Expenditure

	2021/22 £'000	2020/21 £'000
Operational assets		
Dwellings	6,892	3,762
Other land and buildings	316	0
Vehicles, Plant and Equipment	662	3
Work in Progress	579	1,333
Total Operational Assets	8,449	5,098
Funded by:		
Capital receipts and grants	1,391	592
Contributions from Revenue	4,047	1,000
Major Repairs Reserve	3,011	3,506
Total Funding	8,449	5,098

6. Capital Receipts from Disposal of Assets

	2021/22 £'000	2020/21 £'000
Disposal of dwellings	2,163	1,868
Total from Disposals	2,163	1,868

7. HRA Earmarked Reserves

	Balance at 31st March 2022	Movements in Year	Balance at 31st March 2021	Movements in Year	Balance at 31st March 2020
	£'000	£'000	£'000	£'000	£'000
HRA Revenue Grants	(25)	0	(25)	0	(25)
HRA Eco-Funding	(263)	0	(263)	0	(263)
HRA Insurance	(144)	47	(191)	(9)	(182)
HRA Technology Investment	(26)	2	(28)	53	(81)
HRA Corporate Change	(193)	0	(193)	0	(193)
HRA Welfare Reform	(170)	30	(200)	0	(200)
	(821)	79	(900)	44	(944)

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.

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

	2021/22 £'000	2020/21 £'000
Operational assets		
- Dwellings and garages	3,649	3,650
- Other land and buildings	49	52
- Vehicles	202	114
Total	3,900	3,816

9. Impairment

A desktop valuation of all Council Dwellings was undertaken at 31st January 2022, which has resulted in £11.2m being credited to the Revaluation Reserve. The valuation has required that £3.0m of Capital Expenditure be impaired and a further £7.6m reversal of impairment from previous years

10. Pension Contribution

A contribution of £443k has been made for 2021/22 to the back-funding costs relating to employees within Housing Services.

11. Rent Arrears

	As at 31st March 2022 £'000	As at 31st March 2021 £'000
Current tenants	392	430
Former tenants	380	279
Total rent arrears	772	709
Deduct - Provision for bad debts	(398)	(272)
Net arrears	374	437
Overpayments	(592)	(546)
Total arrears	(218)	(109)

Collection Fund

	2021/22 £'000	2020/21 £'000
INCOME		
Income from Council Tax	71,530	68,834
Transitional Protection - Council Tax	387	408
Contributions to previous year estimated deficit:		
Ashfield District Council	55	42
Nottinghamshire County Council	425	316
Nottinghamshire Police Authority	63	47
Nottinhamshire Fire Authority	23	17
	566	
Income Collectable from Business Ratepayers	38,237	27,102
Transitional Protection - NDR		
Contributions to previous year estimated deficit:		
Ashfield District Council	4,497	432
Nottinghamshire County Council	1,012	97
Nottinghamshire Fire Authority	112	11
Central Government	5,622	541
	11,243	
Total Income	121,963	97,847
EXPENDITURE		
<u>Council Tax Precepts and Demands</u>		
Nottinghamshire County Council	53,325	51,721
Nottinghamshire Police	8,239	7,727
Nottinghamshire Fire and Rescue	2,798	2,741
Ashfield District Council	6,425	6,418
Parish Councils	289	290
	71,076	68,897
<u>Business Rates:</u>		
Payment to Ashfield District Council	15,192	15,352
Payment to Nottinghamshire County Council	3,418	3,454
Payment to Nottinghamshire Fire and Rescue	380	384
Payment to Central Government	18,990	19,191
	37,980	38,381
Transitional Protection - NDR	44	108
Costs of Collection	147	148
Renewable Energy Disregard	21	24
<u>Bad and Doubtful Debts & Provisions:</u>		
Council Tax Write Offs	142	163
Council Tax Provisions	224	279
NDR Write Offs	438	125
NDR Provisions	18	524
Change in Appeals provision requirement	212	461
Total Expenditure	110,302	109,110

Movement on Fund Balance - Council Tax	(1,041)	(325)
Movement on Fund Balance - NDR	(10,620)	11,588
Opening Balance - Council Tax	558	884
Opening Balance - NDR	13,342	1,753
Closing Balance - Council Tax	(483)	558
Closing Balance - NDR	2,722	13,342
Balance at 31st March	2,239	13,900

Notes to the Collection Fund

1. General

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

2. Business Rates Retention

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

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

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

3.Income from Business Ratepayers

NDR is paid by businesses. Central Government specifies an annual rate in the pound (51.2p in 2021/22 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 2022 was £97.9m (£92.1m in 2020/21), the large increase is mainly due to a large hereditament coming on to the rating list during 2021/22, with a rateable value of £4.930m. The NDR income collectable in 2021/22, after reliefs but before accounting adjustments was £38.237m (£27.102m in 2020/21). The significant reduction in 2020/21 income collectable was due to additional Covid-19 reliefs being granted, as directed by Central Government. The additional reliefs were covered by additional Section 31 grants from Central Government. Additional Covid-19 reliefs were also granted and covered by additional Section 31 grants by Central Government in 2021/22, but not to the same extent as in 2020/21. The impact of the additional reliefs on the 2021/22 NDR income collectable has been offset by the increase in NDR income collectable in respect of the large new hereditament.

4.Council Tax

The Council set a Band D Council Tax of £190.46 for the financial year 2021/22. When taking into account parish precepts, the equivalent average Council Tax is £199.03.

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

The tax base for the year was 33,731.7 as shown below.

	Total Net No. of Dwellings	Ratio to Band "D"	Band "D" Equivalents
Disabled Persons Relief	47.3	5/9	26.3
Band "A"	19,930.6	6/9	13,287.1
Band "B"	9,613.0	7/9	7,476.8
Band "C"	7,805.6	8/9	6,938.3
Band "D"	3,802.9	1	3,802.9
Band "E"	1,352.8	11/9	1,653.5
Band "F"	474.0	13/9	684.7
Band "G"	106.7	15/9	177.8
Band "H"	7.8	2	15.6
Total	43,140.8		34,062.9
Less Provision for Bad Debts			331.2
Council Tax Base for 2021/22			33,731.7

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

Council requirement from the Collection Fund	<u>£ 6,713,524</u>
Divided by Council Tax Base	33,731.7
Equals Band D equivalent	£199.03

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/Deficit

	2021/22 £'000	2020/21 £'000
Nottinghamshire County Council	(363)	419
Nottinghamshire Police Authority	(56)	62
Nottinghamshire Fire Authority	(19)	22
Ashfield District Council	(45)	55
	(483)	558

b.NDR Balance Distribution - Deficit

	2021/22	2020/21
	£'000	£'000
Nottinghamshire County Council	245	5,337
Nottinghamshire Fire Authority	27	1,201
Ashfield District Council	1,089	133
Central Government	1,361	6,671
	<u>2,722</u>	<u>13,342</u>

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

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

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

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

As previously reported, there was a significant deficit for NDR in 2020/21, partly due to additional business rate relief being granted, as directed by Central Government. The additional reliefs were covered by additional Section 31 grants from Central Government received in 2020/21 and moved to an earmarked reserve in 2020/21.

This element of the deficit has been transferred to the general fund in 2021/22 and the Section 31 grants have now been released from the reserve in 2021/22 to fund the deficit.

Additional business rate relief was also granted in 2021/22, as directed by Central Government. The additional reliefs were covered by additional Section 31 grants from Central Government received in 2021/22 and moved to an earmarked reserve in 2021/22. This element of the deficit will be transferred to the general fund in 2022/23 and the grants will be released from the reserve in 2022/23 to fund this deficit.

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.

	2021/22 £'000	2020/21 £'000
Balance at 1 April	5,393	788
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	(100)	(32)
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	(4,250)	4,637
Balance at 31 March	<u><u>1,043</u></u>	<u><u>5,393</u></u>