

Audited Statement of Accounts and Narrative Report 2021 / 2022



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Contact Us

Our residents, tenants and businesses can contact us in a number of ways.

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Email: customerservices@newark-sherwooddc.gov.uk

In person: Castle House, Great North Road, Newark, Nottinghamshire NG24 1BY

The offices and telephone lines are open 9am to 5pm Monday to Friday. Most of our services are also available on our website.

Social media:



/NSDCouncil



@NSDCouncil



@NSDCouncil



@Newark and Sherwood District Council



John Robinson
Chief Executive

Welcome to our Annual Statement of Accounts for 2021/22.

The accounts set out our financial performance and how we have secured and used our resources to deliver our priorities.

Throughout 2020/21, the Council has continued to operate under the influence of the COVID pandemic, supporting individuals and families and assisting businesses and our wider economy to recover.

We've secured nearly £50 million of external investment to drive growth within the District which is over and above the £50 million that we've allocated to individual local businesses through the national Coronavirus business grant scheme.

As we turned the corner of the pandemic, our focus shifted to the current cost of living crisis alongside the national priority to support families from Afghanistan and Ukraine.

I'm incredibly proud of how our organisation has juggled so many competing priorities so effectively and very grateful for the support and leadership provided by our elected members. I'm equally grateful to our excellent financial services colleagues for their robust and diligent stewardship of our accounts.

At the time of preparing this report, discussions are well advanced about an East Midlands Devolution Deal, as are our submissions for Round 2 Levelling Up funding and Shared Prosperity Funding. These are important opportunities to take advantage of in the face of what looks a challenging period ahead.



Councillor Sylvia Michael
Chairman Audits and Accounts Committee

Newark and Sherwood District Council has adopted a series of values, which guide and drive the way we design and deliver our services. After our public consultation in 2018 with residents and tenants we have been able to focus on the things that matter most to those people who live, work and invest in our district. With the consultation exercise again in 2022, I am keen to ensure that what matters most to residents, tenants, business owners and visitors is at the forefront of our decision making.

Not only do we find ourselves emerging into a new post COVID-19 world, we also now find ourselves in the third year of our Community Plan and we remain as committed as ever to improving residents' quality of life and enabling those who live, work and invest in Newark and Sherwood to prosper and fulfil their potential. The priorities identified during the consultation period with residents when drafting the community plan will remain our focus and, as such, we will direct resources accordingly to ensure these priorities are met.

In my role as Chairman of the Council's Audit and Governance Committee, I am aware of the future challenges that the District Council faces. We are listening to our residents and that is what gives this administration its driving ambition - to tackle our challenges and continue delivering and maintaining high quality services. As can be shown in this report, where, despite still being impacted by the pandemic, the District Council can demonstrate value for money, linking spend to priorities and performance, and a sound financial landscape going forward.

Introduction by S151 Officer



Sanjiv Kohli
Deputy Chief Executive and Director of Resources (S151 Officer)

I am pleased to introduce our Statement of Accounts for 2021/22 - this saw the third year of our Community Plan which spans four years until 2023. This report represents the performance at the end of the third year of this plan. The purpose of these accounts is to present a true and fair view of the financial results of our activities for the year and the value of our assets and liabilities at the end of the financial year. This narrative report is set out in eight parts, as outlined below:

Part one	Introduction to Newark and Sherwood
Part two	Our purpose - why the District Council is here
Part three	How we worked during 2021/22 and how we will work in the future
Part four	Community Plan delivery, including impacts of the pandemic
Part five	Financial performance for the year 2021/22. Summarising the information within the main Statement of Accounts document
Part six	Looking forward at the adopted Community Plan and Medium Term Financial Plan
Part seven	Identified corporate risks
Part eight	Explanation of the Financial Statements to help navigate through what is at times quite a technical document

In considering this report, it should be noted that the positive variance reported against service budgets which we use internally to monitor our financial performance is not directly comparable to the surplus disclosed in the Statement of Accounts. This is mainly due to the accounting adjustments required to comply with reporting requirements, which do not impact on the amount of our spending to be met by local taxpayers. The key differences relate to the way in which we account for items such as depreciation, impairment, reserves, provisions and carry-forwards. Each of these items is explained further in our accounting policies and the glossary.



Part one

Introduction to Newark and Sherwood

The below map shows some key statistics that relate to the Newark and Sherwood district:

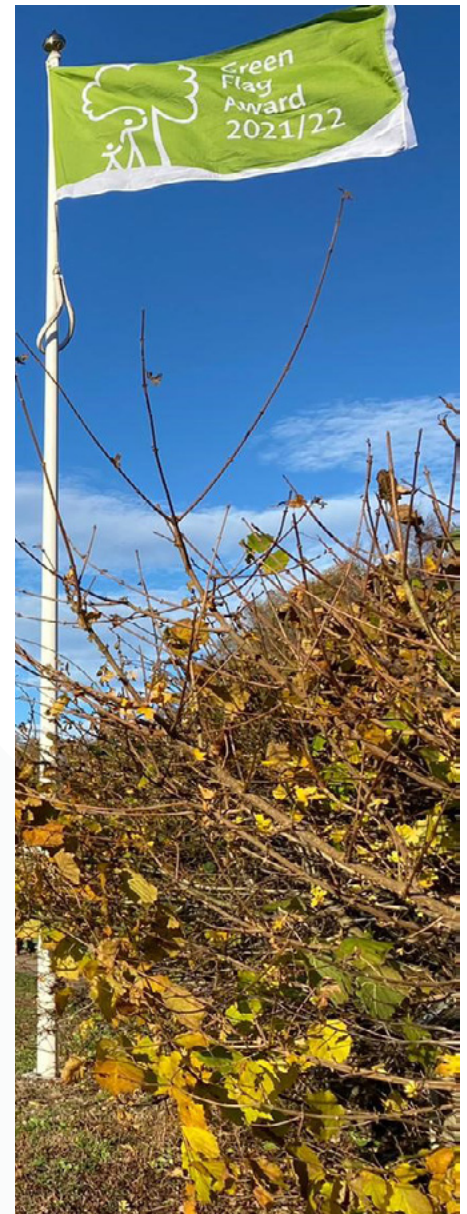


Newark and Sherwood is one of seven districts in Nottinghamshire.
Resident population is 123,127, made up of 50.8% (62,557) female and 49.2% (60,570) male.
Newark and Sherwood covers an area of 65,132 hectares.
The predominant age band for the district is '50-54' with 9,298 people out of the total population of 123,127 (7.6%)
14,516 households in the district have dependent children of all ages. That represents 26% of the district's households.
There are 54,992 dwellings, of which around 10% are owned by the District Council (social housing).

Our area

Home to the legendary Robin Hood and ancient Sherwood Forest, the district of Newark and Sherwood is rich in history and community. Vibrant market towns, former mining areas and dozens of picturesque villages all have their unique stories to tell. The cities of Nottingham (to the West) and Lincoln (to the East) are within half an hour's travel. The A1 national highway runs through the district and there is an East Coast Main Line railway station at Newark, with regular trains to London taking just over an hour. The neighbouring areas of Yorkshire, the Peak District and the east coast are also easily accessible.

Newark and Sherwood is growing. Offering new but low cost housing, with significant investment coming from a number of initiatives including the Towns Fund, High Street Heritage Action Zone, Brownfield Land Release Fund, Community Renewal Fund, and with excellent communication links and an enviable range of local attractions, including Newark Castle, the Palace Theatre, Sherwood Forest and the National Civil War Centre, Newark and Sherwood is a popular place in which to live and invest, and is a perfect base for exploring the Heart of England.



Part two

Our purpose: why the District Council is here

Newark and Sherwood already has much to be proud of. It has a captivating history, beautiful countryside, characterful market towns, world renowned businesses and an enviable location at the crossroads of the country's transport network. We want to do all we can to enable local residents and businesses to flourish and fulfil their potential as well as encouraging more visitors to enjoy all that Newark and Sherwood has to offer. In order to achieve these, we will be locally focused and nationally connected - driven by what matters most to the people we serve and with a perspective and relationships stretching well beyond our boundaries. We want to serve our local community the best way we possibly can. As public servants, we place a great emphasis on adopting a public sector ethos and seek to embody this in the way that we interact with you and with each other.

Our Community Plan outlines how we will deliver this purpose using seven key objectives. You can find the Community Plan [here](#).

In everything, we deliver and embody our purpose and values;

Our purpose: 'Serving people, Improving lives'

Our values:

Ambitious and forward thinking

Focused on achieving the very best and always looking to improve and innovate.

Caring and compassionate

Sensitive to the different needs and circumstances of others; seeks to empower people to fulfil their potential.

Commercial and business-like

Careful and creative with resources; securing value for money.

Professional and trustworthy

Consistently delivering on promises; providing good quality and demonstrating integrity.

Welcoming and responsive

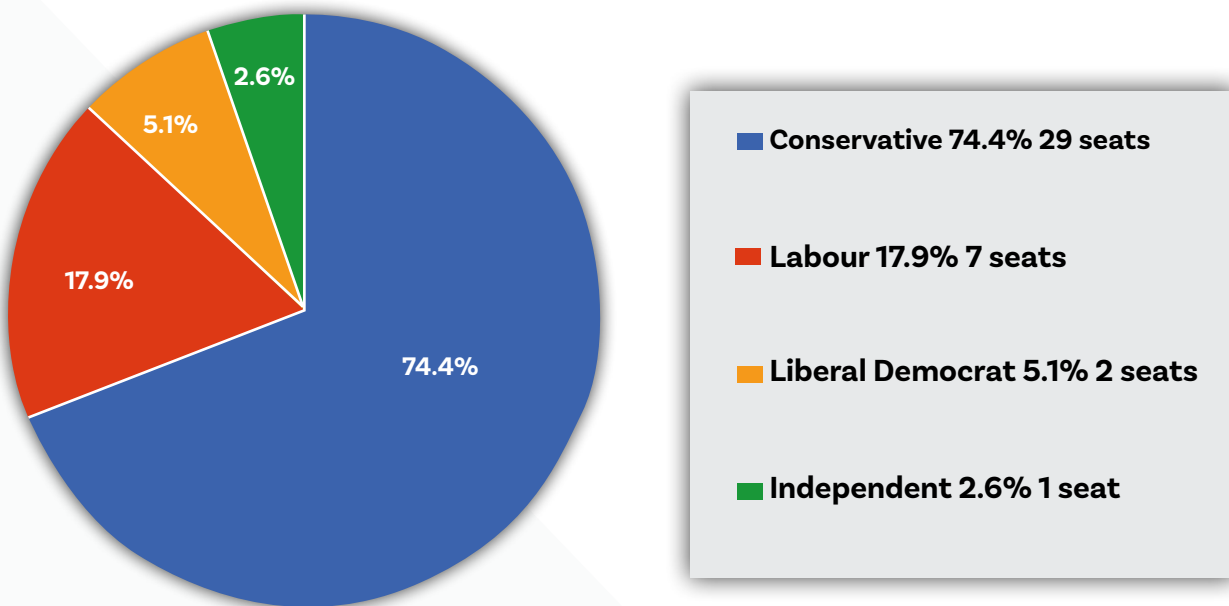
Approachable, open to feedback and challenge and swift to act.



Part three

How the District Council works

Residents of Newark and Sherwood are represented by 39 elected members. The political make-up for the financial period 2021/22 is shown below.



Councillors are elected by the community to decide how we should carry out our various activities. They represent public interest as well as individuals living within the ward in which he or she has been elected to serve a term of office. They have regular contact with the general public through meetings, by telephone calls, emails or surgeries. All Councillors meet together as the Full Council and these meetings are open to the public. Councillors appoint a Leader and Deputy Leader to provide political leadership and direction for the District Council as a whole. Each year, Councillors also appoint a Chairman to undertake civic responsibilities on behalf of the whole Council. However, we will move into a new system of governance from May 2022.

How the District Council works: committee structure

During 2021/22 we had four operational committees:



Policy and Finance Committee

The Policy and Finance Committee makes key strategic decisions (other than those which must be determined by Council) including all decisions which have a major impact on a number of services or on the District Council as a whole.

Councillor David Lloyd, Chairman of Policy and Finance and Leader of Newark and Sherwood District Council



Economic Development Committee

The Economic Development Committee assists with policy development, implementation and review in respect of all areas falling within its remit including: Economic Regeneration and Transport; Fuel Poverty Strategy; Home Energy Conservation and Energy Conservation Plan; Energy management; Climate Change including Mitigation (CO2 reduction); and Land Use planning.

Councillor Keith Girling, Chairman of Economic Development and Deputy Leader of Newark and Sherwood District Council



Homes and Communities Committee

The Homes and Communities Committee assists with policy development, implementation and review in respect of all areas falling within its remit including developing and adopting policies and procedures in accordance with the District Council's Community Safety Strategy, the District Council's Emergency Plan and Responses to Flooding; and in relation to Housing.

Councillor Timothy Wendels, Chairman of Homes and Communities



Leisure and Environment Committee

The Leisure and Environment Committee assists with policy development, implementation and review in respect of all areas falling within its remit including developing and adopting policies and procedures in accordance with the District Council's Cleaner, Safer and Greener strategy and the District Council's Leisure and Culture strategy.

Councillor Roger Jackson, Chairman of Leisure and Environment

The District Council also has four regulatory committees:



Audit and Governance Committee

The Audit and Governance Committee oversees the District Council's internal control framework and approves the Council's published accounts.

Councillor Mrs Sylvia Michael, Chairman of Audit and Governance



General Purposes

The General Purposes Committee considers applications for hackney carriage and private hire licences. It also deals with licensing functions other than those falling within the remit of the Licensing Committee and functions relating to parishes, elections and electoral registration.

Councillor Mrs Rita Crowe, Chairman of General Purposes



Licensing Committee

The Licensing Committee is required under the Licensing Act 2003 to discharge licensing functions such as issuing licences for the sale of alcohol and late night refreshments.

Councillor Mrs Rita Crowe, Chairman of Licensing



Planning Committee

This is a formal meeting of councillors who make decisions on certain planning applications. For each application forwarded to the committee, an officer written report is attached. Copies of the reports are available five working days before the date of committee (copies are not made available to the public at the meeting). Our planning committee is made up of 15 members of the District Council. Some officers of the District Council also attend, including Business Managers, Planning Officers and a legal representative.

Councillor Roger Blaney, Chairman of Planning

The District Council also has a Shareholder Committee:



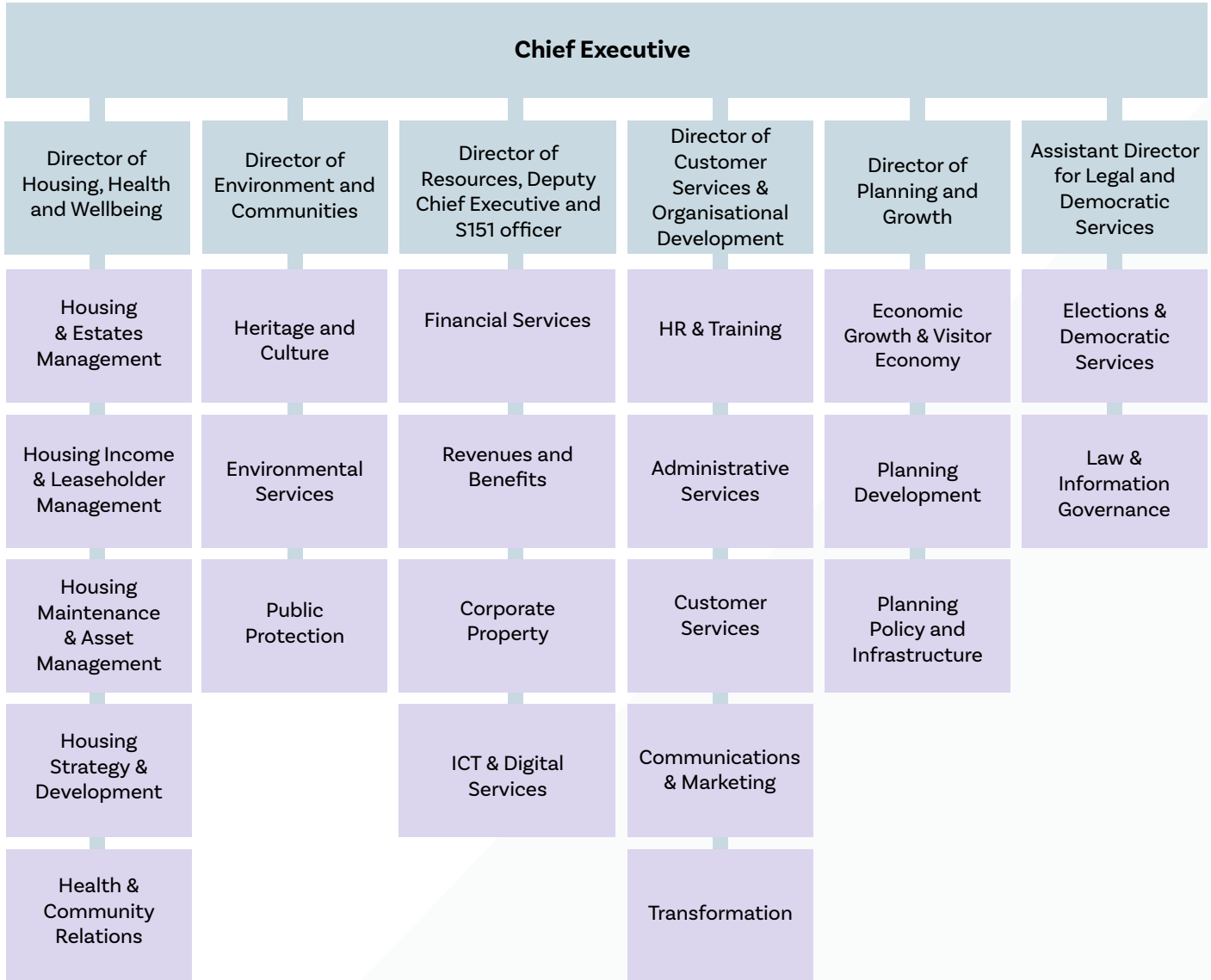
Shareholder Committee

The Shareholder Committee oversees the strategic relations between the District Council and its Development Company, Arkwood Developments Limited.

Councillor David Lloyd, Chairman of Shareholder Committee and Leader of the District Council

How the Council works – internal staffing structure

With the reintegration of Newark and Sherwood Homes into the District Council from 1 February 2020, the chart below shows the organisational structure at the end of the financial year.



How the District Council will work: Cabinet Structure

How did this happen?

Back in February 2021 the Councillors' Commission requested the Chief Executive to prepare a report for their next meeting with conclusions, options and recommendations for our governance arrangements. This was prepared and in April 2021 a report setting out the case for change, the options and proposal to move to a Leader and Cabinet system of governance was considered by the Councillors' Commission. Then, at Full Council on 4 May 2021, approval was given to move from the Committee system to a Cabinet governance structure.

What is a Cabinet system?

The Leader and Cabinet system, introduced by the Local Government Act 2000, is the most common form of governance. Cabinet is led by a Leader, who is elected by Full Council, who select the Cabinet members. These Cabinet members have decision-making powers grouped into Portfolios.

Councils which conduct business under this model are required to have at least one 'overview and scrutiny' committee which at Newark and Sherwood will be the Policy and Performance Improvement Committee. Effective overview and scrutiny provides constructive 'critical friend' challenge, amplifies the voices and concerns of the public, is led by independent members who take responsibility for their role and drive improvement in public services.

What does it mean?

Members endorsed movement to a Cabinet-scrutiny system as it is more inclusive, allows for more transparent and agile decision making, and is a more modern, accessible and easy to understand system of governance. Also the creation of a scrutiny system allows for a greater challenge of performance in a purposeful and constructive manner that is also open to external outlook and input, from partners as well as residents and tenants.

For more information about the practical changes information is available on [our website](#).

Part four: Community Plan Delivery

In light of the COVID-19 outbreak in 2020, we refreshed our Community Plan to better reflect the change in circumstances brought about by the pandemic. The revised plan has seven objectives guiding the work we do between 2020 and 2023. Under each of the objectives below, we have listed some of the activities and how we have performed over the past year.

Create vibrant and self-sufficient local communities where residents look out for each other and actively contribute to their local area.

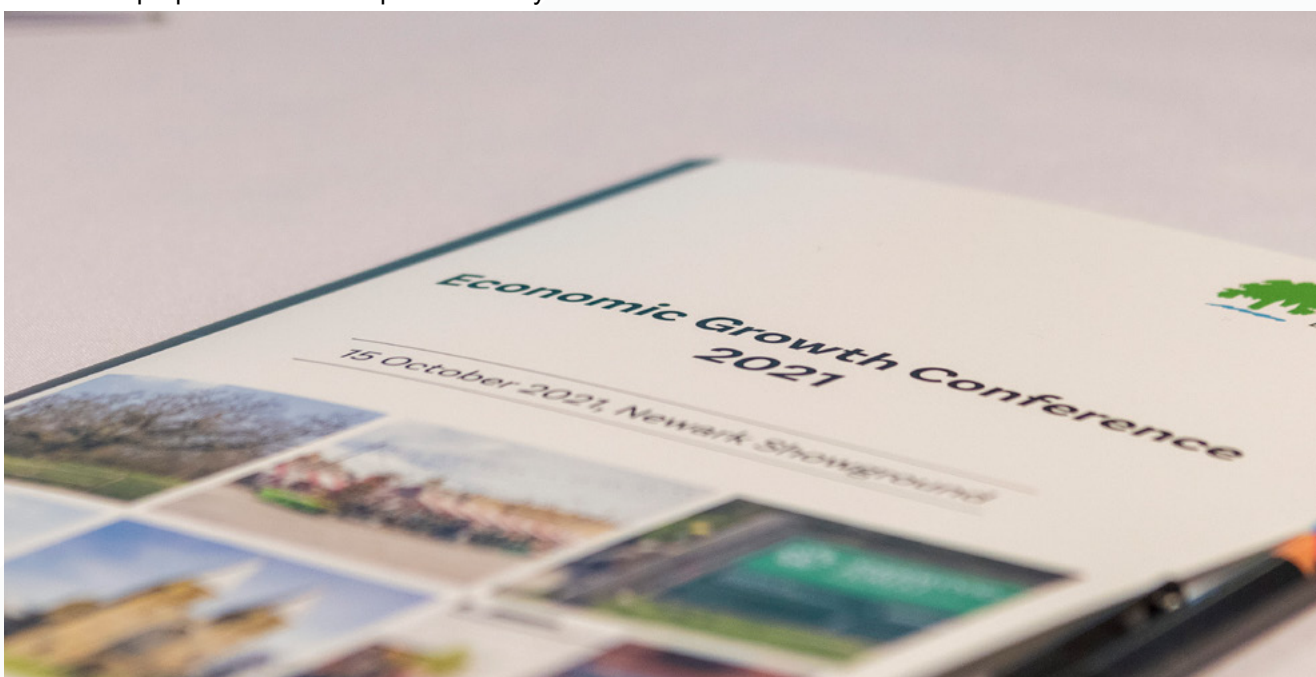
- We are continuing to implement changes to improve tenant participation and now have over 100 engaged tenants.
- Since the launch in May 2021, we have continued to promote the Community Lottery. At the end of March, approximately 37,950 lottery tickets had been sold, generating approximately £19,000 across 61 registered good causes.
- Throughout the global pandemic we have continued to signpost and administer various grants to both business and residents. One of these include the COVID Housing Support Grant, both making referrals and then processing the vouchers. Due to having funding remaining, 1,000 additional vouchers have been distributed to residents.

Deliver inclusive and sustainable economic growth.

- 92.2% of Town Centre retail premises were occupied across the district.
- Newark Construction College opened last summer and continues to deliver skills, development and training.
- In September 2019, the government invited 100 towns, including Newark, to develop proposals for a Town Deal, as part of the £3.6 billion Towns Fund. One of our proposals included Newark being transformed into a '20 minute Cycle Town'. We are underway with the implementation of this project having already installed the first dock at Castle House and will install more across Newark.

Create more and better quality homes through our roles as landlord, developer and planning authority.

- 100% of planning applications (major) were determined on time.
- 98% of planning applications (non-major) were determined on time.
- Our housing programme is about to enter the final year of the build programme and remains on track to deliver against objectives. We have now built 61 Council properties in the year 2021/22. A further 68 properties are either onsite or in the process of securing planning permission and awaiting a start on site.
- Our Housing development company, Arkwood Development Ltd, completed market sales on 13 properties with a further 74 properties to be completed in the year 2022/23.



Continue to maintain the high standard of cleanliness and appearance of the local environment.

- 89.5% of fly-tipping offences were removed within 72 hours.
- Only 50 bins were missed at the time of collection per 100,000 population.
- We brought our grounds maintenance service for social housing (HRA) areas in house a year ago. Over this year more than 360 joint inspections have taken place with an average performance of 1.52 out of 5 (1 being best).

Enhance and protect the district's natural environment.

- Since we started the tree planting scheme in 2019 we have planted over 18,000 trees which will play a significant impact on the local environment.
- Our Climate Emergency Strategy Action Plan outlines recommended carbon reduction initiatives that we can undertake in order to improve energy efficiency and reduce our overall carbon footprint. This includes the installation of solar panels. The installation of these are still on track to be completed by the end of the financial year.
- We're committed to reduce our impact on the environment and we want to reward residents that help us achieve our goals. That's why we launched the 'Green Rewards' programme to recognise positive actions. Within the first six weeks of launch, 266 residents had signed up to log environmentally friendly activities on our new Green Rewards app.

Reduce crime and anti-social behaviour and increase feelings of safety in our communities.

- As of March 2022, crime reduced by 15.5% across the district.
- 1,599 fixed penalty notices had been issued for environmental crimes.
- To tackle harassment and violence against women, we have delivered 'Stand by Her' training to both staff and external delegates from the night time economy. These sessions have been delivered to empower men to become effective allies to women, exploring conduct and attitudes that can lead to harmful behaviour, reviewing some real-life case studies and examining how people can best respond.

Improve the health and wellbeing of local residents.

- 909,388 visits have been recorded across all District Council owned leisure centres, which are managed by our subsidiary Active4Today.
- 126 events have been delivered in our parks catering for a wide range of people and interests.
- The 'Warm Homes on Prescription' scheme continues to offer advice and support to low income owner occupiers within the district who have long-term health conditions made worse by living in a cold home. This year the scheme has helped over 60 residents to improve the energy efficiency of their homes by fully funding insulation and/or heating improvements.



COVID-19 response

We have continued to meet the challenges of responding to the COVID-19 pandemic. It has been over two years since the first lockdown started in March 2020. Our workforce was forced to quickly adapt to the new working from home environment in order to continue to deliver vital front line services. Many employees' roles quickly changed as staff were redeployed to new areas of work, from undertaking safe and well checks to managing urgent food deliveries. Our colleagues embodied the District Council's values of being caring, compassionate and responsive throughout the pandemic working together to tackle barriers and continuing to serve residents. Over the last year we have focused on recovery from returning safely to our highstreets and community spaces and supporting the vaccination rollout. Some of the key actions over the last year have been;

- The Humanitarian Assistance Response Team (HART) Service ran until June 2021 providing vital assistance across the district. At the end of June, in line with declining referrals and the Government road map for reopening, the team was stepped down and requests were signposted to community groups and organisations for support. However at the end of 2021, the increasing number of COVID-19 infections triggered the Local Resilience Forum to request that HART once again take more support referrals for district residents. Therefore, the HART team was temporarily stood up to provide cover over the festive period.
- We stepped up to support the incredible work of the NHS and CCG in delivering the booster vaccination programme in the lead up to Christmas. After the new-walk in site opened on 20 December at Newark Showground, alongside more than 50 other vaccination sites across Nottinghamshire, Councillors and officers from across the District Council signed up to volunteer their time to support the mass vaccination programme.
- We supported numerous community groups to apply for financial grant support from the Nottinghamshire County Council's Social Recovery Fund and Food Fund. This fund could award grants of up to £82,500 to Nottinghamshire charities and community organisations that support people who were struggling to afford food and other essential items due to the pandemic. At the end of 2021 over ten groups had received funding. We are also running a project providing targeted support to our tenants at risk of financial crisis.
- We promoted, administered and referred businesses and residents to a range of funding sources to help them during times of uncertainty. This included payments totalling £52.263m paid to businesses. We also set up and funded a £300,000 Business Growth and Resilience Programme which started in 2021 and will run until the end of 2022. The programme will create 50 new jobs and safeguard 100 existing businesses and jobs.
- We developed an Economic Growth and Tourism Strategy mapping how our district will recover and develop post-COVID. Alongside this we ran the fourth round of the High Street Diversification programme offering businesses small grants focused on diversification of their social media advertising. Over the first three rounds of funding the programme supported 200 independent high street retail and hospitality businesses within the district.
- We also worked with the Town Councils at Newark, Southwell, Ollerton and Edwinstowe to deliver work that will benefit the town centres under the 'Welcome Back Fund'. Work included new branded flower planters, seats, bins and flowers which were installed in Ollerton and Edwinstowe, new market stall canopies were purchased and installed in Southwell Market place, and a new promotional video for 12 days of Christmas encouraging residents to shop locally and support their local high street.



Part five: 2021 / 2022 Financial Performance

The Comprehensive Income and Expenditure Statement shows the outturn for the authority on an accounting basis (to include notional entries such as depreciation and revaluations). The Expenditure Funding Analysis shows the actual increase in the General Reserves (held for unforeseen circumstances) and the Housing Revenue Account (HRA) reserves. The Expenditure Funding Analysis shows a decrease in reserves of £0.996m in general fund reserves and £0.167m in HRA reserves.

	Balance at 31 March 2021	(Increase)/decrease in year	Balance at 31 March 2022
General Fund working balance	£1.500m	£0.000m	£1.500m
General Fund earmarked reserves	£35.839m	£0.996m	£34.843m
HRA working balance	£2.000m	£0.000m	£2.000m
HRA earmarked reserves	£5.461m	£0.167m	£5.294m

General Fund Revenue

The General Fund supports the day-to-day running of our services (excluding housing). We set our General Fund budget for the 2021/22 financial year on 9 March 2021. The budget report pack can be seen [here](#).

The outturn performance for the year showed an overall favourable variance of £2.044m for the General Fund, with services showing a favourable £1.613m variance. The table below describes the main variances:

Reason for variance	Value £'m
Reduced spend on employees (inclusive of 3.5% vacancy savings target)	(0.595)
Reduced recharges to Housing Revenue Account (HRA) and capital	0.373
Additional grant-related income	(0.293)
One-off insurance-related saving and council tax related refund	(0.280)
Reduced premises-related spend	(0.166)
Net variance related to rent allowances and rent rebates	0.103
Additional car and lorry-parking income	(0.076)
Income from in-year occupation of Northgate site	(0.073)
Other variances individually less than £0.050m	(0.606)
Favourable variances on services	(1.613)
Net variance on interest	0.080
Additional grant income, mainly through New Burdens/Income Support Scheme	(0.277)
Net variance on Council Tax (£0.016m) and Business Rates (£0.218m) income	(0.234)
Net Cost of Council Expenditure variance	(2.044)

Service variances combined with non-service related income and expenditure variances has meant that overall we have decreased our General Fund reserves by £0.996m.

This decrease has been identified as being related to:

	Value £'m
Favourable variance on services	(1.613)
Net variance on interest	0.080
Additional grant income, mainly through New Burdens and Income Support Scheme	(0.277)
Net variance on Council Tax (£0.016m) and Business Rates (£0.218m) income	(0.234)
Additional Voluntary Revenue Provision	0.207
Budgeted movements as identified in revenue budget approved on	(1.646)
Usage of reserves	4.479
Movement in reserves	0.996

Housing Revenue Account (HRA)

The HRA is a ring-fenced landlord account for the running of our housing stock. The budget was approved on 9 February 2021. The budget report can be seen [here](#).

This shows the generation of £3.840m in income over and above expenditure that is ring-fenced to be spent on the District Council's housing stock. This over achievement of income will be re-invested into our housing stock over a number of years to ensure properties are maintained to an appropriate standard and to continue to grow the stock of houses to ensure we meet the future housing needs for the district.

The year ending on 31 March 2022 was the second full year that we were responsible for the direct management of the housing service following our decision in September 2019 to bring the housing management service back in-house from our housing management company "Newark and Sherwood Homes Limited". "Newark and Sherwood Homes Limited" was subsequently closed during March 2021. The overall outturn compared to budget amounted to a surplus of £1.154m:

HRA - £(1.154)m	£'m
Services: a significant number of posts temporarily vacant	(0.444)
Release of loss allowance previously set aside for solar photovoltaic (PV) income now received related to previous years	(0.259)
One-off insurance-related savings recognised in-year	(0.230)
Reduced rental income from The Broadleaves due to occupancy delays, partly offset by reduced expenditure	0.180
Reduced spend on costs which have been recharged to the HRA from the General Fund (GF) and other costs centrally incurred	(0.096)
Reduced spend on feasibility works for potential capital schemes	(0.089)
Higher than anticipated interest payable	0.083
Change in assumptions regarding anticipated delivery of compliance services before year-end	(0.061)
Gladstone House: reduced premises-related spend and on supplies and services and furlough income not budgeted for	(0.061)
Yorke Drive: delays in one-off regeneration-related expenditure	(0.059)
Reduced purchase of materials for responsive repairs	(0.050)
Other small variances	(0.068)
Total	(1.154)

Capital Spending

Capital money is spent on building or enhancing our asset base. There are rules and regulations regarding what can be classed as capital expenditure and this spend must be financed separately from the day to day running costs. During 2021/22, we spent £21.077m on capital works.

Key projects are listed below:

- £0.770m spend on Disabled Facilities Grants following referrals from an occupational therapist.
- As part of the annual vehicles, plant and equipment replacement programme, in 2021/22 we incurred spend of £0.592m, replacing eight vehicles, two of which are refuse collection vehicles totalling £0.349m.
- Work on the homeless hostel has progressed with spend in 2021/22 of £0.369m. A contractor has now been appointed and work is expected to be complete during 2022/23 at an additional cost of £2.934m.
- A contribution has been made to Joseph Whittaker School of £0.620m in year funding assistance for an expansion of the school in the form of a new science block.
- We spent £1.439m on a new pool facility at the Dukeries Leisure Centre. The scheme is supported by Sports England and will provide a much needed wet side facility in the west of the district to be managed by Active4Today.
- We were successful in our bid to Government for Towns Fund money. The total funding for capital is £23.700m which will be released as projects progress to full business case and approved in line with profiling. In 2021/22, funding has been spent on these projects: Air and Space Institute (£0.500m), YMCA (£2m), Cycle Town (£0.099m) and the Castle Gatehouse (0.014m).
- Investment in existing dwellings to maintain a decent standard. Costs incurred in 2021/22 of £3.517m.
- We are progressing a five year housing development programme to deliver 335 additional homes across the district to meet the housing needs of local residents. Phase three projects are predominantly now at completion. Phase four is due to deliver in the region of 50 units with majority of sites starting in earnest in 2021/22 which will be completed during the next financial year. The total spend across phases three and four, and the development work for phase five, total £6.583m.
- Boughton Extra Care Facility is completed delivering 40 units, the contract is currently in the defects period until August 2022. Expenditure incurred in 2021/22 £0.535m.
- Yorke Drive Regeneration project, costing £0.783m of which £0.312m was spent on the purchase of three properties. With the remainder spent on legal, enabling and design works.
- Affordable homes have made two purchases in Southwell totalling £0.232m which have been added to the housing stock.
- Arkwood utilised the loan facility available from the Council, with a drawdown of £0.761m in 2021/22.

Major Movements on the Balance Sheet

Property, Plant and Equipment

Property, Plant and Equipment has increased by £40.463m. £16.457m has been added through the capital programme whilst the economic use of assets has reduced the value by £6.666m. £5.251m worth of assets met the criteria to be transferred to assets held for sale. We have also disposed of assets to the value of £1.016m and assets have had their values increased by £36.939m.



Long Term Investments – Fair Value through Profit and Loss

The increase in balance of £6.064m relates to an additional principal long term investment of £5.000m, with £3.000m going to the Councils CCLA Property Fund and £2.000m into the CCLA diversified income fund. The remaining £1.064m relates to the gain made in year on the fair value movement of the three investment assets, equity in Arkwood, CCLA Property Fund and CCLA diversified Income.

Short Term Debtors

The decrease of £2.030m relates mainly to the repayment of £3.174m regarding the return of our investment in the Robin Hood Hotel joint venture. There is also an increase of £1.088m due from Nottinghamshire County and Police as a result of the deficit arising within the collection fund in year for Council Tax.

Assets Held For Sale

The increase of £3.079m mainly relates to a piece of land that was previously held within the Property, Plant and Equipment category but has now met the criteria for Assets Held for Sale and has therefore been transferred.

Cash and Cash Equivalents

The increase in cash and cash equivalents of £4.397m relates to the fluctuation in the management of the Councils cash flow with regard to its investments, borrowings and timings of paying its creditors and receiving income from its debtors.

Short and Long Term borrowing

The overall increase of borrowing relates to £8.500m worth of loans taken out in year to finance capital expenditure incurred in previous years, together with the repayment of £6.329m worth of loans that had come to the maturity date.

Short Term Creditors

At year end the £6.929m cash received from central Government in relation to the mandatory element of the scheme to give support for energy bills via a Council Tax rebate was unspent due to the scheme not commencing until financial year 2022-23. There was a reduction in the year end position of £3.665m with regard to monies due to Central Government and major preceptors for the Collection Fund.

Short and Long Term Grants Receipts in Advance

We received an additional £3.426m in grants where conditions are yet to be met and therefore are yet to be applied to the CIES. £1.291m relates to a grant received for the Southern Link Road and £0.823m Towns fund.

Long Term Creditors and Grant Receipts in Advance

The decrease of £1.338m relates to the utilisation of cash received from housing developers for their community infrastructure obligations to either finance relevant capital expenditure or pay the education contributions over to Nottinghamshire County.

Other Long Term Liabilities

The decrease of £10.347m relates mainly to our future pension fund liabilities. This change has arisen from a reduction in the anticipated liabilities of £2.915m together with an increase in the value of our portion of the overall fund assets of £7.432m.



Part six: Looking forward

We are entering the final year of the Community Plan and there are lots of exciting and impactful activities planned for this year. We will be undertaking a district wide Resident Survey for the first time since 2018. We will be going out to all residents to ask them about their experience as a District Council customer and resident of Newark and Sherwood and gauge their satisfaction with District Council services and gather insight into what services residents think are the most important and in most need of improvement. We will use this valuable feedback to shape the next Community Plan, to run from 2023 onwards, which outlines our priorities over the next four years.

Our focus for this year remains the delivering of actions in the Community Plan which include:

- The delivery of nine priority projects funded by the Government's Towns Fund programme
- The continuation of providing 500 homes directly through our development company, Arkwood Developments Ltd
- Meet the existing and future needs of the Gypsy and Traveller community by evidencing and identifying current and future provision
- Reduce our carbon emissions by implementing an environmental strategy and carbon reduction action plan to achieve carbon neutrality
- Explore the introduction of a glass collection service

A full outline of future activities can be found in our community plan available [here](#).



Medium Term Financial Plan (MTFP)

Our Medium Term Financial Plan (MTFP) for the period 2022/23 to 2025/26 was approved on 8 March 2022 and is available [here](#). This sets out our assumptions on expenditure, income and financing in order to ensure the delivery of the Community Plan for the same period.

Central Government has had plans to reform the local government finance system for a number of years. The Government initially intended for these reforms to take effect from 2020/21. It has now delayed these reforms further to 2023/24 at the earliest. Given the additional year's delay, the Government has rolled forward the 2021/22 settlement into 2022/23.

The reforms of the system are principally to increase the proportion of non-domestic rates (NDR) ('business rates') retained locally; and to make fairer the Government's annual funding allocations for local authorities.

The impact of the Government's decision to delay the reform to the system has been positive on the funding position of Newark and Sherwood District Council. The delay in re-setting the NDR baseline has meant that expected NDR income in each year between 2020/21 and 2022/23 has been at least £2m more than was expected in the 2019/23 MTFP approved on 7 March 2019. This includes surpluses not forecasted for within the 2019/23 MTFP.

It is now becoming likely that the local Government funding reforms will not be implemented in 2023/24 either. Although ministers had given a strong commitment to update the current funding regime, they were careful not to commit to a specific date. Whilst 2023/24 would have been the preferred date, it is not getting too late to implement any fundamental changes to funding in 2023/24. The impact of this will be positive on our finances as a bigger proportion of Business Rate income will be retained locally. Officers continue a watching brief in order to understand the impact on our finances.

The MTFP as approved set out the high level budget projections for the next four financial year:

	2022/23 (£m)	2023/24 (£m)	2024/25 (£m)	2025/26 (£m)
Net Service Expenditure (less capital charges)	14.388	14.517	14.900	15.343
Total Other Expenditure	1.172	1.877	1.874	1.898
Total Expenditure	15.560	16.394	16.774	17.241
Business Rates: receivable annually	(6.744)	(4.413)	(5.082)	(5.639)
Business Rates: other adjustments	0.341	0.000	0.000	0.000
Council Tax: receivable annually	(7.646)	(7.966)	(8.299)	(8.646)
Council Tax: surpluses/(deficits)	(0.333)	0.000	0.000	0.000
Council Tax: other adjustments	0.047	0.000	0.000	0.000
Other Grants	(0.568)	(0.568)	(0.464)	(0.475)
Contribution (to) or from Reserves	0.657	3.447	2.929	2.481

The above table shows the likely levels of contributions from reserves necessary to fund the Community Plan over the four year period. Clearly there are large shortfalls in each of the years based on the assumption at the time with the anticipated reforms to the local Government finance system.

The table below demonstrates how we anticipate funding the gaps in each of the financial years:

	2022/23 (£m)	2023/24 (£m)	2024/25 (£m)	2025/26 (£m)
Contribution (to) or from reserves	0.657	3.447	2.929	2.481
Contribution (to) or from reserves other than MTFP reserve	(0.096)	0.200	0.200	0.200
Contribution (to) or from MTFP reserve, before proposed mitigations below	0.561	3.647	3.129	2.681
Use of MTFP reserve to offset contributions from reserves in future years	0.039	(2.947)	(1.979)	(0.635)
Contribution from Nottinghamshire Business Rates Pool	(0.600)	-	-	-
Dividends from Arkwood Developments Ltd	-	(0.500)	(0.500)	(0.500)
Savings from service reviews	-	-	(0.100)	(0.100)
Savings/efficiencies from making business processes more efficient	-	(0.100)	(0.200)	(0.200)
Increased income from the council becoming more commercial	-	(0.100)	(0.200)	(0.200)
Rental income from town centre regeneration	-	-	(0.150)	(0.150)
Contribution (to) or from MTFP reserve, after proposed mitigations above	0.000	0.000	0.000	0.896



Part seven: Corporate risks

We have a risk management strategy to identify and evaluate risk. This strategy supports better decision making by enabling the understanding of risk, whether a positive opportunity or threat, and the likely impact. The risk management processes are subject to regular review and updating. Set out below are the key risks from our corporate risk register.

Risk	Risk	Controls
Financial sustainability of the General Fund	Ensuring financial sustainability of the general fund to allow the District Council to undertake its core functions, deliver services, and to meet its corporate priorities and objectives	<ul style="list-style-type: none"> •Annual review of budgets •Medium term financial planning •District Council approved capital programme •Consultation and communication plan to manage political and public expectations •Financial implications added to Committee reports by Financial Services •Quarterly budget monitoring report tabled at Senior Leadership Team (SLT) and Policy and Finance Committee and (in the future) Cabinet. •Key financial strategy documents in place such as the Treasury Management Strategy and Medium Term Financial Plan •Approved Investment Plan and Commercial strategy to support objectives set out in the MTFP
Financial sustainability of the HRA	Financial sustainability of the HRA to ensure the District Council is able to provide, maintain and develop its housing stock.	<ul style="list-style-type: none"> •Quarterly budget monitoring report tabled at SLT and Policy and Finance Committee and (in the future) Cabinet •Quarterly capital monitoring meetings •Financial implications added to Committee reports by Financial Services •Financial strategies and budget reviewed through Policy and Finance Committee (in the future Cabinet) annually •Key financial strategy documents in place such as a Treasury Management Strategy and HRA business plan
Safeguarding	Preventing failures within safeguarding arrangements to ensure protection of vulnerable persons.	<ul style="list-style-type: none"> •Annual Review and Update of the Safeguarding Policy (Newark and Sherwood District Council is part of a Countywide safeguarding policy) •Annual review and report to SLT •Nottinghamshire wide network for referring information relating to PREVENT •Programme of training for staff on safeguarding and modern day slavery •Corporate safeguarding group meets quarterly and •Safeguarding Support Officers are in place •Participating in serious case reviews as required including disseminating learning from serious case reviews •Undertaking domestic homicide reviews as directed by CSP

Risk	Risk	Controls
Failure to deliver growth infrastructure	Facilitating the provision of key local infrastructure projects to ensure growth within the district to meet agreed plans and corporate priorities.	<ul style="list-style-type: none"> •Continued liaison with key funders to monitor progression of SLR and A1 overbridge •Well defined growth objectives within the approved Community Plan •Key documents in place such as the Community Infrastructure Levy charging schedule, a defined infrastructure list, Economic Growth Strategy and Development plan (Amended Core Strategy and Allocations and Development Management DPD) •A high performing planning service •Active lobbying of central Government and engagement with developers, stakeholders and partners
Contract/ supply failure	Managing contracts with key suppliers, including Newark and Sherwood District Council's wholly own companies, to ensure the continued delivery of an effective service and ensure delivery of the District Council's priorities and objectives.	<ul style="list-style-type: none"> •Procurement advice provided through Welland procurement •Contract managers named for every contract •Regular contract management meetings in place •Contract register maintained on Pro-Contract
Workforce	Ensuring the District Council is able to recruit, maintain and retain appropriate staffing resource to ensure it is able to deliver its services and meet its corporate objectives.	<ul style="list-style-type: none"> •Business planning embedded throughout the District •Council with clear links to community planning and performance framework •Partnership approach with recognised trade unions to support staff and organisational change •Training and development programme to support ongoing development of skills and competencies with Business •Managers as well as other staff (i.e. change management, sickness and performance management and recruitment and softer skills) •Procedures, policies and guidance, such as the managing absence guidance, in place to ensure best practice, and a rolling programme of review for HR policies to ensure they remain robust and fit for purpose •Family friendly policies and enhanced workplace entitlements to attract and retain quality candidates including hybrid working, flexible working, employee counselling and therapy services, health and wellbeing initiatives
Emergency response	The District Council's ability to effectively respond as a category one responder to a major emergency and maintain a suitable response without affecting essential service delivery.	<ul style="list-style-type: none"> •Emergency plans in place and securely stored and incident specific emergency plans in place. These documents are regularly reviewed and there is an annual stock take of equipment in our emergency stores •Agile working arrangements in place to ensure business continuity where an emergency incident occurs •Business continuity is supported by the assignment of adequate resources, people and funds. •Cyber security arrangements in place •Staff training and scenario testing

Risk	Risk	Controls
Corporate governance	Risk of failure in systems of governance within the District Council, District Council owned/ influenced organisations and partnerships or other collaborative arrangements.	<ul style="list-style-type: none"> •Annual internal review of the fraud risk register to carry out proactive work, check on internal controls. This is reported to members •Corporate governance self-assessment against the Code of •Corporate Governance undertaken periodically •Annual review of the District Council’s Constitution which ensures it is fit for purpose and up to date •Periodic review of governance by three statutory officers •Code of corporate governance created, maintained and monitored in accordance with CIPFA guidance •Officer training on governance issues including anti-fraud and financial regulations and member inductions for new members
Data management and security	Deliberate or unintentional loss/disclosure of personal, sensitive, confidential, business critical information or breach of information governance legislation	<ul style="list-style-type: none"> •Data protection and cyber awareness training including a section on information security and targeted training ongoing for staff located elsewhere and forms part of the induction process •Public Sector Network and Cyber Essentials compliant •Information security and governance is monitored and reviewed by the corporate information governance group on a monthly basis •Guidance and training for elected members. GDPR sessions provided for new members •External Audit on ICT security annually •Key information management documents in place including •Security Policy, Retention Policy, Data Protection Policy etc. •Use of data processing and agreements with contractors and partners
Arkwood Development	Managing performance and the relationship between the District Council and Arkwood Developments in accordance with the governance agreement.	<ul style="list-style-type: none"> •Shareholder Committee established and membership agreed. Function to be part of the remit of Cabinet in the new structure •Shareholder Committee approve business plan for company and business case for each development site, and a risk register is included with every business case •Bi-monthly officer contract meetings between Arkwood and the District Council
Community issues - Pandemic	Immediate and longer term economic and societal impact of global pandemic on Newark and Sherwood communities and its business economy – specifically concerned with: deprivation, direct effect on specific communities/vulnerable persons and the local economy.	<ul style="list-style-type: none"> •Attend the Local Resilience Forum county recovery group •Facilitate the administration of grants and support schemes such as the Community Support Grant and business rates relief •Develop and implement the Economic Growth and •Recovery Strategy 2020 and associated action plan •Consider regeneration in key strategies, such as the evening economy strategy •Signpost community groups and businesses to funding •External audit review undertaken re COVID response and recovery

Risk	Risk	Controls
Environment	Ability to meet requirements of the Government's green agenda and aspirations/expectations of the Newark and Sherwood community in delivering a greener/carbon neutral service.	<ul style="list-style-type: none"> •Climate Emergency was declared in July 2019 •The Carbon Trust were appointed to work alongside officers and members to develop a Climate Emergency Strategy and Action Plan. The approved strategy, and costed action plan, support a net neutral date of 2035 •Appointed a dedicated officer to drive carbon reduction projects forward •Annual report to members on progress against the action plan and carbon footprint target
Statutory compliance management	Implementation and maintenance of suitable statutory safety compliance management systems.	<ul style="list-style-type: none"> •Key policies and procedures in place e.g. auditing, inspection and reconciliation processes •Dedicated compliance teams •Compliance reporting systems in place •Training for staff and contractors •Procurement processes to ensure competent/licenced/registered engineers/inspectors •A complaints process for customer and tenants •A robust maintenance and inspection programme



Part eight: Explanation of Financial Statements

The Statement of Accounts sets out the income and expenditure for the year, as well as our financial position at 31 March 2022. It comprises core and supplementary statements, together with disclosure notes.

The format and content of the financial statements is prescribed by the CIPFA Code of Practice on Local Authority Accounting in the United Kingdom 2021/22, which in turn is underpinned by International Financial Reporting Standards.

A glossary of key terms in the Statement of Accounts document can be found [here](#)

The core statements are:

The Comprehensive Income and Expenditure Statement

This records all income and expenditure for the year. The top half of the statement provides an analysis by our internal management structure. The bottom half of the statement deals with corporate transactions and funding. Expenditure represents a combination of services and activities that we are required to carry out by law (statutory duties) such as street cleaning, planning and registration; and discretionary expenditure focused on local priorities and needs.

The Movements in Reserves Statement

Shows the movement in the year on the different reserves held by us, analysed into “usable reserves” (i.e. those that can be applied to fund expenditure or reduce local taxation) and “unusable reserves” which must be set aside for specific purposes.

The Balance Sheet

This is a “snapshot” of our assets, liabilities, cash balances and reserves at the year-end date.

The Cash Flow Statement

Shows the reason for the changes in cash balances during the year and whether the change is due to operating activities (day-to-day costs), new investment, or financing activities (such as repayment of borrowing and other long term liabilities).

The Supplementary Financial Statements are:

The Annual Governance Statement which sets out the governance structures and our key internal controls.

The Housing Revenue Account (HRA) which separately identifies our statutory landlord function as a provider of social housing under the Local Government and Housing Act 1989.

The Collection Fund Account summarises the collection of Council Tax and Business Rates, and the redistribution of some of that money to other organisations on whose behalf the District Council collects these taxes.

The Group Accounts which consolidate our accounts together with Active4Today Ltd and Arkwood Development Ltd, which are both wholly owned by the District Council. In addition to the above companies, we have consolidated our 50% share of RHH Limited into our group accounts.

STATEMENT OF RESPONSIBILITIES FOR THE STATEMENT OF ACCOUNTS

1 The Authority's Responsibilities

The authority is required to:

- Make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of those affairs. In this authority, the Chief Financial Officer during the financial year and at the date of signing the statement of accounts is the Deputy Chief Executive, Director of Resources and S151 Officer.
- Manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets.
- Approve the Statement of Accounts.

2 Responsibilities of the Chief Financial Officer

The Chief Financial Officer is responsible for the preparation of the authority's Statement of Accounts in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom (the Code).

In preparing this Statement of Accounts, the Chief Financial Officer has:

- Selected suitable accounting policies and then applied them consistently.
- Made judgments and estimates that were reasonable and prudent.
- Complied with the Local Authority Code.

The Chief Financial Officer has also:

- Kept proper accounting records which were up to date.
- Taken reasonable steps for the prevention and detection of fraud and other irregularities.

Certificate of the Chief Financial Officer

This statement of accounts is that upon which the auditor should enter their opinion. It presents a true and fair view of the financial position of the authority at 31st March 2022 and its income and expenditure for the year then ended.

Signed: S Kohli

**Sanjiv Kohli, CPFA, ACA
Deputy Chief Executive, Director of Resources
and S151 Officer**

Date 19 December 2022

Signed: S Michael

**Councillor Sylvia Michael
Chair - Audit and Governance Committee**

Date 19 December 2022

COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT

2020/21			2021/22			
Gross Expenditure £'000	Gross Income £'000	Net Expenditure £'000		Gross Expenditure £'000	Gross Income £'000	Net Expenditure £'000
14,426	-9,028	5,398	Economic Development	12,379	-9,047	3,332
3,748	-1,610	2,138	Homes and Communities	4,372	-2,194	2,178
8,764	-1,961	6,803	Leisure and Environment	8,335	-2,248	6,087
29,807	-22,782	7,025	Policy and Finance	29,711	-21,122	8,589
15,420	-24,348	-8,928	Housing Revenue Account	16,482	-24,868	-8,386
3,286	0	3,286	- Revaluation Movement on Council Dwellings	5,700	0	5,700
75,451	-59,729	15,722	Cost of Services	76,979	-59,479	17,500
13,735	-9,342	4,393	Other Operating Income and Expenditure Note 14	11,707	-5,762	5,945
5,602	-936	4,666	Financing and Investment Income and Expenditure Note 15	4,939	-1,024	3,915
13,872	-39,055	-25,183	Taxation and Non Specific Grant Income Note 16	15,085	-43,536	-28,451
108,660	-109,062	-402	Surplus (-) or Deficit on Provision of Services	108,710	-109,801	-1,091
		-11,308	Surplus(-) or Deficit on Revaluation of Non Current Assets			-43,576
		20,415	Remeasurements of the Net Defined Benefit Liability (Asset)			-16,602
		9,107	Other Comprehensive Income and Expenditure			-60,178
		8,705	Total Comprehensive Income and Expenditure			-61,269

MOVEMENT IN RESERVES STATEMENT

	Earmarked			Earmarked			Capital Grants Unapplied	Capital Receipts Reserve	Total Usable Reserves	Total Unusable Reserves	Total Council Reserves
	General Fund Balance	General Fund Reserves	Housing Revenue Account	Housing Revenue Account	Major Repairs Reserve						
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Movement in reserves 2021/22											
Balance at 31 March 2021 carried forward	1,500	35,839	2,000	5,461	11,689	8,781	4,041	69,311	156,972	226,283	
Total Comprehensive Income and Expenditure	1,140	0	-49	0	0	0	0	1,091	60,178	61,269	
Adjustment between accounting basis & funding basis under regulations (Note 12)	-2,136	0	-118	0	5,761	4,271	-1,131	6,647	-6,647	0	
Net Increase/Decrease(-) before Transfers to Earmarked Reserves	-996	0	-167	0	5,761	4,271	-1,131	7,738	53,531	61,269	
Transfers to/from(-) Earmarked Reserves(Note 13)	996	-996	167	-167	0	0	0	0	0	0	
Increase/Decrease(-) in 2021/22	0	-996	0	-167	5,761	4,271	-1,131	7,738	53,531	61,269	
Balance at 31 March 2022 carried forward	1,500	34,843	2,000	5,294	17,450	13,052	2,910	77,049	210,503	287,552	

	Earmarked			Earmarked			Capital Grants Unapplied	Capital Receipts Reserve	Total Usable Reserves	Total Unusable Reserves	Total Council Reserves
	General Fund Balance	General Fund Reserves	Housing Revenue Account	Housing Revenue Account	Major Repairs Reserve						
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Movement in reserves 2020/21											
Balance at 31 March 2020 carried forward	1,500	24,035	2,000	4,756	11,700	8,458	5,454	57,903	177,085	234,988	
Total Comprehensive Income and Expenditure	-851	0	1,253	0	0	0	0	402	-9,107	-8,705	
Adjustment between accounting basis & funding basis under regulations (Note 12)	12,655	0	-548	0	-11	323	-1,413	11,006	-11,006	0	
Net Increase/Decrease(-) before Transfers to Earmarked Reserves	11,804	0	705	0	-11	323	-1,413	11,408	-20,113	-8,705	
Transfers to/from(-) Earmarked Reserves(Note 13)	-11,804	11,804	-705	705	0	0	0	0	0	0	
Increase/Decrease(-) in 2020/21	0	11,804	0	705	-11	323	-1,413	11,408	-20,113	-8,705	
Balance at 31 March 2021 carried forward	1,500	35,839	2,000	5,461	11,689	8,781	4,041	69,311	156,972	226,283	

BALANCE SHEET

31 March 2021 £'000	Notes	31 March 2022 £'000
386,436 Property, Plant & Equipment	22	425,254
2,020 Heritage Assets	26	2,020
312 Intangible Assets	28	337
10,589 Long Term Investments - Fair Value through Profit and Loss	41	16,653
2,400 Long Term Debtors	30	3,143
4,562 Long Term Finance Lease Debtor	24	4,455
406,319 TOTAL LONG TERM ASSETS		451,862
17,067 Short Term Investments	41	23,121
294 Inventories		412
19,299 Short Term Debtors	30	17,269
1,233 Assets Held For Sale	27	4,418
23,261 Cash and Cash Equivalents	25	27,658
61,154 TOTAL CURRENT ASSETS		72,878
-10,950 Short Term Borrowings	41	-10,900
-25,272 Short Term Creditors	31	-27,534
-229 Provisions Short Term	32	-8
-2,281 Grants Receipts in Advance	20	-12,197
-38,732 TOTAL CURRENT LIABILITIES		-50,639
-8,567 Long Term Creditors	31	0
-1,538 Provisions Long Term	32	-1,464
-5,374 Long Term Finance Lease Liability	23	-5,233
-85,001 Long Term Borrowing	41	-86,972
-95,246 Pensions Liability	39	-84,899
-6,732 Grants Receipts in Advance	20	-7,981
-202,458 TOTAL LONG TERM LIABILITIES		-186,549
226,283 TOTAL NET ASSETS		287,552
69,311 Usable Reserves	33	77,049
156,972 Unusable Reserves	34	210,503
226,283 TOTAL RESERVES		287,552

CASH FLOW STATEMENT

2020/21 £'000	Notes	2021/22 £'000
402 Net Surplus/Deficit(-) on the Provision of Services		1,091
33,698 Adjustment to Surplus or Deficit on the Provision of Services for Non-Cash Movements	36A	25,650
-12,448 Adjust for Item Included in the Net Surplus or Deficit on the Provision of Services that are Investing and Financing Activities	36A	-12,965
21,652 Net Cash Flows from Operating Activities		13,776
-22,205 Investing Activities	36C	-8,900
295 Financing Activities	36D	-479
-258 Net Increase or Decrease(-) in Cash and Cash Equivalents		4,397
Cash and Cash Equivalents at the Beginning of the Reporting Period		23,261
23,261 Cash and Cash Equivalents at the End of the Reporting Period	25	27,658

NOTES TO THE CORE FINANCIAL STATEMENTS

The values held within the proceeding Notes to the Accounts may vary slightly when compared to the main Statements or other Notes. This is due to amounts being rounded. It is not expected that a difference would be in excess of £2,000 in any single case.

1 ACCOUNTING POLICIES

1.1 General Principles

The Statement of Accounts summarises the Council's transactions for the 2021/2022 financial year and its position at the year-end of 31 March 2022. It has been prepared in accordance with the Code of Practice on Local Council Accounting in the United Kingdom 2021/2022 (the Code) supported by International Financial Reporting Standards (IFRS). The accounting convention adopted is historical cost, modified by the revaluation of certain categories of non-current assets and financial instruments. Accounting policies and estimation techniques have been selected and exercised, having regard to the accounting principles and concepts set out in IAS 8, specifically the qualitative characteristics of financial information:

- Relevance
- Reliability
- Comparability
- Understandability
- Materiality

and pervasive accounting concepts:

- Accruals
- Going Concern
- Primacy of legislative requirements

1.2 Accruals of Income and Expenditure

Activity is accounted for in the year that it takes place, not simply when cash payments are made or received. In particular:

- Revenue from contracts with service recipients, whether for services or the provision of goods, is recognised when (or as) the goods or services are transferred to the service recipient in accordance with the performance obligations in the contract.
- Supplies are recorded as expenditure when they are consumed – where there is a gap between the date supplies are received and their consumption, they are carried as inventories on the Balance Sheet.
- Expenses in relation to services received (including services provided by employees) are recorded as expenditure when the services are received rather than when payments are made.
- Interest receivable on investments and payable on borrowings is accounted for respectively as income and expenditure on the basis of the effective interest rate for the relevant financial instrument rather than the cash flows fixed or determined by the contract.
- Where revenue and expenditure have been recognised but cash has not been received or paid, a debtor or creditor for the relevant amount is recorded in the Balance Sheet. Where debts may not be settled, the balance of debtors is written down and a charge made to revenue in financing and investment income and expenditure for the income that might not be collected.

Income and expenditure are credited and debited to the relevant service revenue account, unless they properly represent capital receipts or capital expenditure.

1.3 Cash and Cash Equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. The Council classifies the following as cash equivalents:

- Overdrawn balances on the Council's bank accounts. Bank overdrafts are an integral part of the Council's cash management and bank balances fluctuate on a regular basis from being positive to overdrawn.
- Short term investments with immediate call back or instant access. Any short term investment which is for a fixed term, regardless of the remaining length of that term, is accounted for as a financial instrument. Interest follows the related investment.

In the Cash Flow Statement, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Council's cash management.

1.4 Prior Period Adjustments, Changes in Accounting Policies and Estimates and Errors

Prior period adjustments may arise as a result of a change in accounting policies or to correct a material error. Changes in accounting estimates are accounted for prospectively, ie in the current and future years affected by the change and do not give rise to a prior period adjustment.

Changes in accounting policies are only made when required by proper accounting practices or the change provides more reliable or relevant information about the effect of transactions, other events and conditions on the Council's financial position or financial performance. Where a change is made, it is applied retrospectively (unless stated otherwise) by adjusting opening balances and comparative amounts for the prior period as if the new policy had always been applied.

The preparation of IFRS accounts requires the use and calculation of estimates. It also requires management to exercise its judgement in applying the use of the Council's accounting policies. The areas involved in a higher degree of judgement or complexity or areas where assumptions and estimates are significant to the financial statements are disclosed in the relevant sections of the financial statements. Although these estimates are based on management's best knowledge of current events and actions they may undertake in the future, actual results may differ from these estimates.

1.5 Charges to Revenue for Non-Current Assets

General Fund service revenue accounts, support services and trading accounts are debited with the following amounts to record the real cost of holding non-current assets during the year:

- depreciation attributable to the assets used by the relevant service
- revaluation and impairment losses on assets used by the service where there are no accumulated gains in the Revaluation Reserve against which the losses can be written off
- amortisation of intangible assets attributable to the service.

The Council is not required to raise Council Tax to fund depreciation, revaluation and impairment losses or amortisation. However, it is required to make an annual contribution from revenue towards the reduction in its overall borrowing requirement equal to an amount calculated on a prudent basis determined by the Council in accordance with statutory guidance. Depreciation, revaluation and impairment losses and amortisation are therefore replaced by the contribution in the General Fund Balance in the form of the Minimum Revenue Provision (MRP). This charge is based on the Asset Life method of calculation as per the Councils approved MRP Policy, and will commence in the financial year after the asset becomes operational.

1.6 Council Tax and Non-Domestic Rates

The Council is a billing Council and acts as an agent collecting Council Tax and Non-Domestic Rates (NDR) on behalf of the major preceptors, including government for NDR, and as principals collecting Council Tax and NDR for itself. Billing authorities are required by statute to maintain a separate fund i.e. the Collection Fund for the collection and distribution of amounts due in respect of Council Tax and NDR. Under the legislative framework for the Collection Fund billing authorities, major preceptors and central government share proportionately the risks and rewards that the amount of Council Tax and NDR collected could be less or more than predicted. The council is part of a pool arrangement for NDR with its neighbouring Nottinghamshire councils.

Accounting for Council Tax and NDR

The Council Tax and NDR income included in the Comprehensive Income and Expenditure Statement is the Council's share of accrued income for the year. However, regulations determine the amount of Council Tax and NDR that must be included in the Council's General Fund. Therefore, the difference between the income included in the Comprehensive Income and Expenditure Statement and the amount required by regulation to be credited to the General Fund is taken to the Collection Fund Adjustment Account and included as a reconciling item through the Movement in Reserves Statement.

The Balance Sheet includes the Council's share of the year-end balance in respect of Council Tax and NDR relating to the arrears, impairment allowances for doubtful debts, overpayments, prepayments and appeals.

Where debtor balances for the above are identified as impaired because of a likelihood arising from a past event that payments due under the statutory arrangements will not be made, the asset is written down and a charge made to the taxation and non-specific grant income and expenditure line in the CIES. The impairment loss is measured as the difference between the carrying amount and the revised future cash flows.

1.7 Employee Benefits

Benefits Payable During Employment

Short term employee benefits are those due to be settled wholly within 12 months of the year end. They include such benefits as salaries, paid annual leave and paid sick leave for current employees and are recognised as an expense for services in the year in which employees render service to the Council. An accrual is made for the cost of holiday entitlements and time in lieu earned by employees but not taken before the year end which employees can carry forward into the next financial year. The accrual is made at the salary rate applicable at the year end. The accrual is charged to the Surplus/Deficit on Provision of Services but is then reversed out through the Movement in Reserves Statement so that holiday entitlements are charged to revenue in the financial year in which the holiday absence occurs.

Termination Benefits

Termination benefits are amounts payable as a result of a decision by the Council to terminate an officer's employment before the normal retirement date or an officer's decision to accept voluntary redundancy in exchange for those benefits and are charged on an accruals basis to the appropriate service or, where applicable, to the Policy and Finance line in the Comprehensive Income and Expenditure Statement at the earlier of when the Council can no longer withdraw the offer of those benefits or when the Council recognises costs for a restructuring.

Where termination benefits involve the enhancement of pensions, statutory provisions require the General Fund Balance to be charged with the amount payable by the Council to the pension fund or pensioner in year, not the amount calculated according to the relevant accounting

standards. Through the Movement in Reserve Statement, appropriations are required to and from the Pensions Reserve to remove the notional debits and credits for pension enhancement termination benefits and replace them with debits for cash paid to the pension fund and pensioners and any such amounts payable but unpaid at the year end.

Post-employment Benefits

The Council fully complies with the requirements of IAS 19 Employee Benefits and recognises the cost of retirement benefits in the revenue account when employees earn them rather than when the benefits are eventually paid as pensions.

Employees of the Council are members of the Local Government Pensions Scheme, administered by Nottinghamshire County Council (the pension fund). The scheme provides defined benefits to members (retirement lump sums and pensions), which have been earned by members in the time they worked as employees of the Council.

The Local Government Pension Scheme is accounted for as a defined benefits scheme:

- The liabilities of the pension scheme attributable to the Council are included in the Balance Sheet on an actuarial basis using the projected unit method - i.e. an assessment of the future payments that will be made in relation to retirement benefits earned to date by employees, based on assumptions about mortality rates, employee turnover rates, etc, and projections of projected earnings for current employees.
- Liabilities are discounted to their value at current prices, using a discount rate based on the indicative rate of return on high quality corporate bonds.
- The assets of the pension fund attributable to the Council are included in the Balance Sheet at their fair value:
 - quoted securities – current bid price.
 - unquoted securities - professional estimate.
 - unitised securities - current bid price.
 - property - market value.

The change in the net pensions liability is analysed into the following components:

Service Cost comprising

- current service cost - the increase in liabilities as a result of years of service earned this year - allocated in the Comprehensive Income and Expenditure Statement to the revenue accounts of services for which the employees worked.
- past service cost - the increase in liabilities arising from current year decisions whose effect relates to years of service earned in earlier years - debited to the (Surplus)/Deficit on Continuing Operations in the Comprehensive Income and Expenditure Statement as part of Policy and Finance.
- net interest on the net defined benefit liability or asset i.e. net interest expense for the Council – the change during the period in the net defined benefit liability or asset that arises from the passage of time charged to the Financing and Investment Income and Expenditure line of the Comprehensive Income and Expenditure Statement – this is calculated by applying the discount rate used to measure the defined benefit obligation at the beginning of the period to the net defined benefit liability or asset at the beginning of the period – taking into account any changes in the net defined benefit liability or asset during the period as a result of contribution and benefit payments

Re-measurements comprising

- the return on plan assets – excluding amounts included in net interest on the defined benefit liability or asset – charged to the Pensions Reserve as Other Comprehensive Income and Expenditure.
- actuarial gains and losses – changes in the net pensions liability that arise because events have not coincided with assumptions made at the last actuarial valuation or because the actuaries have updated their assumptions – charged to the Pensions Reserve as Other Comprehensive Income and Expenditure.

- contributions paid to the pension fund - cash paid as employer's contributions to the pension fund in settlement of liabilities; not accounted for as an expense.

In relation to retirement benefits, statutory provisions require the General Fund balance to be charged with the amount payable by the Council to the pension fund in the year, not the amount calculated according to the relevant accounting standards. Through the Movement in Reserves Statement on the General Fund Balance, this means that there are appropriations to and from the Pensions Reserve to remove the notional debits and credits for retirement benefits and replace them with debits for the cash paid to the pension fund and any amounts payable to the fund but unpaid at the year-end.

Discretionary Benefits

The Council also has restricted powers to make discretionary awards of retirement benefits in the event of early retirements. Any liabilities estimated to arise as a result of an award to any member of staff are accrued in the year of the decision to make the award and accounted for using the same policies as are applied to the Local Government Pension Scheme.

1.8 Events After the Reporting Period

Events after the Balance Sheet date are those events, both favourable and unfavourable, that occur between the end of the reporting period and the date when the Statement of Accounts is authorised for issue. Two types of event can be identified:

- Those that provide evidence of conditions that existed at the end of the reporting period. The Statement of Accounts is adjusted to reflect such events.
- Those that are indicative of conditions that arose after the reporting period. The Statement of Accounts is not adjusted to reflect such events, but where a category of events would have a material effect, disclosure is made in the notes of the nature of the events and their estimated financial effect.

Events taking place after the date of authorisation for issue are not reflected in the Statement of Accounts.

1.9 Financial Instruments

Financial Liabilities

A financial liability is an obligation to transfer economic benefits controlled by the Council and can be represented by a contractual obligation to deliver cash or financial assets or an obligation to exchange financial assets and liabilities with another entity that is potentially unfavourable to the Council. The Council's financial liabilities comprise:

- long term loans from the Public Works Loan Board
- long term LOBO loans from the money market (Lender Option Borrower Option)
- short term loans from the Council's subsidiary companies and other related companies

Financial liabilities are recognised on the Balance Sheet where the Council becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value and carried at their amortised cost. Annual charges to the Comprehensive Income and Expenditure Statement for interest payable are based on the carrying amount of the liability multiplied by the effective rate of interest for the instrument. The effective annual interest rate is the rate that exactly discounts estimated future cash payments over the life of the instrument to the amount at which it was originally recognised. For most of the borrowings held by the Council this means the amount presented in the Balance Sheet is the outstanding principal repayable (plus accrued interest) and interest charged to the Comprehensive Income and Expenditure Statement is the amount payable for the year according to the loan agreement.

Gains and losses on the repurchase or early settlement of borrowing are credited and debited to (Surplus)/Deficit on Provision of Services in the Comprehensive Income and Expenditure Statement in the year of repurchase/settlement. However, where repurchase has taken place as part of a restructuring of the loan portfolio that involves the modification or exchange of existing instruments, the premium or discount is respectively deducted from or added to the amortised cost of the new or modified loan and the write-down to the Comprehensive Income and Expenditure Statement is spread over the life of the loan by an adjustment to the effective interest rate.

Where premiums and discounts have been charged to the Comprehensive Income and Expenditure Statement, regulations allow the impact on the General Fund Balance to be spread over future years. The Council has a policy of spreading the gain/loss over the term that was remaining on the loan against which the premium was payable or discount receivable when it was repaid. The reconciliation of amounts charged to the Comprehensive Income and Expenditure Statement to the net charge required against the General Fund Balance is managed by a transfer to or from the Financial Instruments Adjustment Account through the Movement in Reserves Statement.

Financial Assets

Financial assets are classified based on a classification and measurement approach that reflects the business model for holding the financial assets and their cashflow characteristics. There are three main classes of financial assets measured at:

- amortised cost
- fair value through profit or loss (FVPL), and
- fair value through other comprehensive income (FVOCI).

The Council's business model is to hold investments to collect contractual cash flows. Financial assets are therefore classified as amortised cost, except for those whose contractual payments are not solely payment of principal and interest (ie where the cash flows do not take the form of a basic debt instrument).

Financial Assets Measured at Amortised Cost

Financial assets measured at amortised cost are recognised on the Balance Sheet when the Council becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value. They are subsequently measured at their amortised cost. Annual credits to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement (CIES) for interest receivable are based on the carrying amount of the asset multiplied by the effective rate of interest for the instrument. For most of the financial assets held by the Council, this means that the amount presented in the Balance Sheet is the outstanding principal receivable (plus accrued interest) and interest credited to the CIES is the amount receivable for the year in the loan agreement.

However, if the Council decides to make a loan to a voluntary organisation at less than market rate (soft loan). When the soft loan is made, a loss is recorded in the CIES (debited to the appropriate service) for the present value of the interest that will be foregone over the life of the instrument, resulting in a lower amortised cost than the outstanding principal.

Interest is credited to the Financing and Investment Income and Expenditure line in the CIES at a marginally higher effective rate of interest than the rate receivable from the voluntary organisations, with the difference serving to increase the amortised cost of the loan in the Balance Sheet. Statutory provisions require that the impact of soft loans on the General Fund Balance is the interest receivable for the financial year – the reconciliation of amounts debited and credited to the CIES to the net gain required against the General Fund Balance is managed by a transfer to or from the Financial Instruments Adjustment Account in the Movement in Reserves Statement.

Any gains and losses that arise on the derecognition of an asset are credited or debited to the Financing and Investment Income and Expenditure line in the CIES.

Expected Credit Loss Model

The Council recognises expected credit losses on all of its financial assets held at amortised cost, either on a 12-month or lifetime basis. The expected credit loss model also applies to lease receivables and contract assets. Only lifetime losses are recognised for trade receivables (debtors) held by the Council.

Impairment losses are calculated to reflect the expectation that the future cash flows might not take place because the borrower could default on their obligations. Credit risk plays a crucial part in assessing losses. Where risk has increased significantly since an instrument was initially recognised, losses are assessed on a lifetime basis. Where risk has not increased significantly or remains low, losses are assessed on the basis of 12-month expected losses.

Financial assets measured at fair value through profit or loss

Financial assets that are measured at FVPL are recognised on the Balance Sheet when the Council becomes a party to the contractual provisions of a financial instrument and are initially measured and carried at fair value. Fair value gains and losses are recognised as they arise in the surplus or deficit on the provision of services.

Fair value measurements of financial assets

Fair value of an asset is the price that would be received to sell an asset in an orderly transaction between market participants at the measurement date. The fair value measurements of the Council's financial assets are based on the following techniques:

- instruments with quoted market prices – the market price
- other instruments with fixed and determinable payments – discounted cash flow analysis.

The inputs to the measurement techniques are categorised in accordance with the following three levels:

- Level 1 inputs – quoted prices (unadjusted) in active markets for identical assets that the Council can access at the measurement date.
- Level 2 inputs – inputs other than quoted prices included within Level 1 that are observable for the asset, either directly or indirectly.
- Level 3 inputs – unobservable inputs for the asset.

Any gains and losses that arise on the derecognition of the asset are credited or debited to the financing and investment income and expenditure line in the Comprehensive Income and Expenditure Statement.

1.10 Government Grants and Contributions

Whether paid on account, by instalments or in arrears, government grants and third party contributions and donations are recognised as due to the Council when there is reasonable assurance that:

- the Council will comply with the conditions attached to the payments, and
- the grants or contributions will be received.

Amounts recognised as due to the council are not credited to the Comprehensive Income and Expenditure Statement until conditions attached to the grant or contribution have been satisfied.

Conditions are stipulations that specify that the future economic benefits or service potential embodied in the asset in the form of the grant or contribution are required to be consumed by the recipient as specified, or future economic benefits or service potential must be returned to the transferor.

Monies advanced as grants and contributions for which conditions have not been satisfied are carried in the Balance Sheet as creditors. When conditions are satisfied, the grant or contribution is credited to the relevant service line (attributable revenue grants and contributions) or Taxation and Non-specific Grant Income and Expenditure (non-ringfenced revenue grants and all capital grants) in the Comprehensive Income and Expenditure Statement.

Where capital grants are credited to the Comprehensive Income and Expenditure Statement, they are reversed out of the General Fund Balance through the Movement in Reserves Statement. Where the grant has yet to be used to finance capital expenditure, it is posted to the Capital Grants Unapplied Reserve. Where it has been applied, it is posted to the Capital Adjustment Account. Amounts in the Capital Grants Unapplied Reserve are transferred to the Capital Adjustment Account once they have been applied to fund capital expenditure.

Community Infrastructure Levy

The Council has elected to charge a Community Infrastructure Levy (CIL). The levy will be charged on new builds (chargeable developments for the Council) with appropriate planning consent. The council charges for and collects the levy, which is a planning charge. The income from the levy will be used to fund a number of infrastructure projects (these include transport, flood defences and schools) to support the development of the area.

CIL is received without outstanding conditions; it is therefore recognised at the commencement date of the chargeable development in the Comprehensive Income and Expenditure Statement in accordance with the accounting policy for government grants and contributions set out above. CIL charges will be largely used to fund capital expenditure. However, a small proportion of the charges may be used to fund revenue administrative expenditure.

1.11 Heritage Assets

The Council's heritage assets are held in the Councils museum. The museum has an extensive collection comprising of art, Civil war, artefacts, clock, coins and tokens of heritage assets which are held in support of the primary objective of the Councils museum, i.e. increasing the knowledge, understanding and appreciation of the Councils history and local area. Heritage assets are recognised and measured (including the treatment of revaluation gains and losses) in accordance with the Councils accounting policies on property, plant and equipment. However, some of the measurement rules are relaxed in relation to heritage assets as detailed below. The accounting policies in relation to heritage assets that are deemed to include elements of intangible heritage assets are also presented below. The Councils collections of heritage assets are accounted for as follows.

- Ceramics, Jewellery, Regalia, Statues, Art Collection and Samplers together with Machinery, Equipment and Furniture – these are measured at insurance valuation, based on market value, which is increased annually for inflation. As they are deemed to have indeterminate lives and a high residual value, the Council does not consider it appropriate to charge depreciation.

Heritage Assets – General

The carrying amounts of heritage assets are reviewed where there is evidence of impairment for heritage assets, e.g. where an item has suffered physical deterioration or breakage or where doubts arise as to its authenticity. Any impairment is recognised and measured in accordance with the Councils general policies on impairment – see note 1.17 in this summary of significant

accounting policies. The trustees of the Councils museum will occasionally dispose of heritage assets which have a doubtful provenance or are unsuitable for public display. The proceeds of such items are accounted for in accordance with the Councils general provisions relating to the disposal of property, plant and equipment. Disposal proceeds are disclosed separately in the notes to the financial statements and are accounted for in accordance with statutory accounting requirements relating to capital expenditure and capital receipts (again see note 1.17 in this summary of significant accounting policies).

1.12 Interests in Companies and Other Entities

The Council has material interests in companies and other entities that have the nature of subsidiaries, associates and joint ventures and require it to prepare group accounts. In the Council's own single entity accounts, the interests in companies and other entities are recorded as investments i.e. at cost less any provision for losses.

Active4Today Ltd is a wholly owned subsidiary of the Council which manages the provision of leisure services from the Council's leisure premises and its accounts are consolidated with the Council's in accordance with IAS 27.

Mansfield Crematorium has been recognised as a joint arrangement between Mansfield District Council, Ashfield District Council and Newark and Sherwood District Council. The Council accounts directly for its part of the assets, liabilities, income, expenditure and cash flows held arising from the operations of the crematorium.

Arkwood Developments Ltd is a wholly owned subsidiary of the Council and is a housing development company and its accounts are consolidated with the Council's in accordance with IAS 27.

1.13 Joint Operations

Joint operations are arrangements where the parties that have joint control of the arrangement have rights to the assets and obligations for the liabilities relating to the arrangement. The activities undertaken by the Council in conjunction with other joint operators involve the use of the assets and resources of those joint operators. In relation to its interest in a joint operation, the Council as a joint operator recognises:

- its assets, including its share of any assets held jointly
- its liabilities, including its share of any liabilities incurred jointly
- its revenue from the sale of its share of the output arising from the joint operation
- its share of the revenue from the sale of the output by the joint operation
- its expenses, including its share of any expenses incurred jointly.

1.14 Leases

Leases are classified as finance leases where the terms of the lease transfer substantially all the risks and rewards incidental to ownership of the property, plant or equipment from the lessor to the lessee. All other leases are classified as operating leases.

Where a lease covers both land and buildings, the land and buildings elements are considered separately for classification.

Arrangements that do not have the legal status of a lease but convey a right to use an asset in return for payment are accounted for under this policy where fulfilment of the arrangement is dependent on the use of specific assets.

The Council as Lessee

Finance Leases

Property, plant and equipment held under finance leases is recognised on the Balance Sheet at the commencement of the lease at its fair value measured at the lease's inception (or the present value of the minimum lease payments, if lower). The asset recognised is matched by a liability for the obligation to pay the lessor. Initial direct costs of the Council are added to the carrying amount of the asset. Premiums paid on entry into a lease are applied to writing down the lease liability. Contingent rents are charged as expenses in the periods in which they are incurred.

Lease payments are apportioned between:

- a charge for the acquisition of the interest in the property, plant or equipment – applied to write down the lease liability, and
- a finance charge (debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement).

Property, plant and equipment recognised under finance leases is accounted for using the policies applied generally to such assets, subject to depreciation being charged over the lease term if this is shorter than the asset's estimated useful life (where ownership of the asset does not transfer to the Council at the end of the lease period).

The Council is not required to raise Council Tax to cover depreciation or revaluation and impairment losses arising on leased assets. Instead, a prudent annual contribution is made from revenue funds towards the deemed capital investment in accordance with statutory requirements. Depreciation and revaluation and impairment losses are therefore substituted by a revenue contribution in the General Fund Balance, by way of an adjusting transaction with the Capital Adjustment Account through the Movement in Reserves Statement for the difference between the two.

Operating Leases

Rentals paid under operating leases are charged to the Comprehensive Income and Expenditure Statement as an expense of the services benefitting from use of the leased property, plant or equipment. Charges are made on a straight-line basis over the life of the lease, even if this does not match the pattern of payments (eg there is a rent-free period at the commencement of the lease).

The Council as Lessor

Finance Leases

Where the Council grants a finance lease over a property or an item of plant or equipment, the relevant asset is written out of the Balance Sheet as a disposal. At the commencement of the lease, the carrying amount of the asset in the Balance Sheet (whether property, plant and equipment or assets held for sale) is written off to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal. A gain, representing the Council's net investment in the lease, is credited to the same line in the Comprehensive Income and Expenditure Statement also as part of the gain or loss on disposal (ie netted off against the carrying value of the asset at the time of disposal), matched by a lease (long-term debtor) asset in the Balance Sheet.

Lease rentals receivable are apportioned between:

- a charge for the acquisition of the interest in the property – applied to write down the lease debtor (together with any premiums received), and
- finance income (credited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement).

The gain credited to the Comprehensive Income and Expenditure Statement on disposal is not permitted by statute to increase the General Fund Balance and is required to be treated as a

capital receipt. Where a premium has been received, this is posted out of the General Fund Balance to the Capital Receipts Reserve through the Movement in Reserves Statement. Where the amount due in relation to the lease asset is to be settled by the payment of rentals in future financial years, this is posted out of the General Fund Balance to the Deferred Capital Receipts Reserve through the Movement in Reserves Statement. When the future rentals are received, the element for the capital receipt for the disposal of the asset is used to write down the lease debtor. At this point, the deferred capital receipts are transferred to the Capital Receipts Reserve.

The written-off value of disposals is not a charge against Council Tax, as the cost of non-current assets is fully provided for under separate arrangements for capital financing. Amounts are therefore appropriated to the Capital Adjustment Account from the General Fund Balance through the Movement in Reserves Statement.

Operating Leases

Where the Council grants an operating lease over a property or an item of plant or equipment, the asset is retained in the Balance Sheet. Rental income is credited to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement. Credits are made on a straight-line basis over the life of the lease, even if this does not match the pattern of payments (eg there is a premium paid at the commencement of the lease). Initial direct costs incurred in negotiating and arranging the lease are added to the carrying amount of the relevant asset and charged as an expense over the lease term on the same basis as rental income.

1.15 Property, Plant and Equipment

Assets that have physical substance and are held for use in the production or supply of goods or services, for rental to others, or for administrative purposes and that are expected to be used during more than one financial year are classified as property, plant and equipment.

Recognition

Expenditure on the acquisition, creation or enhancement of property, plant and equipment is capitalised on an accruals basis, provided that it is probable that the future economic benefits or service potential associated with the item will flow to the Council and the cost of the item can be measured reliably. Expenditure that maintains but does not add to an asset's potential to deliver future economic benefits or service potential (ie repairs and maintenance) is charged as an expense when it is incurred. Expenditure under the value of £15,000 is treated as de-minimis. All capital expenditure will be depreciated in the following financial year of acquisition.

Measurement

Assets are initially measured at cost, comprising:

- the purchase price
- any costs attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management
- the initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located.

The Council does not capitalise borrowing costs incurred while assets are under construction.

Assets are then carried in the Balance Sheet using the following measurement bases:

- Surplus Assets – the current value measurement base is fair value, estimated at highest and best use from a market participant's perspective
- Dwellings – current value, determined using the basis of existing use value for social housing (EUV-SH)
- Community Assets, Infrastructure and Assets Under Construction – measured at historical cost

- Other Land and Buildings, Vehicles, Plant and Equipment – fair value or, where there is no market based evidence of fair value, depreciated historical cost

Valuation

Assets are included in the Balance Sheet at current value on the basis recommended by CIPFA and in accordance with the Appraisal and Valuation Manual issued by the Royal Institution of Chartered Surveyors (RICS). Non-current assets are classified into the groupings required by the CIPFA Code of Practice on Local Council Accounting.

Assets included in the Balance Sheet at current value are revalued where there have been material changes in the value, but as a minimum every five years. Community Assets, Infrastructure Assets and Assets Under Construction are held at historical cost and are not revalued. Increases in valuations are matched by credits to the Revaluation Reserve to recognise unrealised gains. Exceptionally, gains might be credited to the Comprehensive Income and Expenditure Statement where they arise from the reversal of an impairment loss previously charged to a service revenue account.

Where decreases in value are identified, they are accounted for by:

- where there is a balance of revaluation gains for the asset in the Revaluation Reserve, the carrying amount of the asset is written down against that balance (up to the amount of the accumulated gains)
- where there is no balance in the Revaluation Reserve or an insufficient balance, the carrying amount of the asset is written down against the relevant service line(s) in the Comprehensive Income and Expenditure Statement.

The Revaluation Reserve contains revaluation gains recognised since 1st April 2007 only, the date of its formal implementation. Gains arising before that date have been consolidated into the Capital Adjustment Account.

Impairment

Assets are assessed at each year-end as to whether there is any indication that an asset may be impaired. Where indications exist and any possible differences are estimated to be material, the recoverable amount of the asset is estimated and, where this is less than the carrying amount of the asset, an impairment loss is recognised for the shortfall.

Where impairment losses are identified, they are accounted for by:

- where there is a balance of revaluation gains for the asset in the Revaluation Reserve, the carrying amount of the asset is written down against that balance (up to the amount of the accumulated gains)
- where there is no balance in the Revaluation Reserve or an insufficient balance, the carrying amount of the asset is written down against the relevant service line(s) in the Comprehensive Income and Expenditure Statement.

Where an impairment loss is reversed subsequently, the reversal is credited to the relevant service line(s) in the Comprehensive Income and Expenditure Statement, up to the amount of the original loss, adjusted for depreciation that would have been charged if the loss had not been recognised.

Depreciation

Depreciation is provided for on all property, plant and equipment assets by the systematic allocation of their depreciable amounts over their useful lives. An exception is made for assets without a determinable finite useful life (i.e. freehold land and certain community assets) and assets that are not yet available for use (i.e. assets under construction).

Depreciation is calculated on the following bases:

Asset	Depreciation Method	Useful Life in Years
Council Dwellings	Straight line allocation over the life of the property as estimated by the Valuer	35-50
Other Buildings	Straight line allocation over the life of the property as estimated by the Valuer	20-100
Vehicle, Plant and Equipment	Straight line allocation, taking into account any residual value, over their useful life as advised by a suitably qualified officer	5-10
Infrastructure	Straight line	10-50
Community Assets	Straight line	100
Surplus Assets	Straight line	10-100
Land	No depreciation charged	
Assets Under Construction	No depreciation charged	
Assets Held for Sale	No depreciation charged	
Investment Properties	No depreciation charged	

Where an asset has major components with different estimated useful lives these are depreciated separately. Land and buildings are separate assets and are accounted for separately, even when they are acquired together.

Revaluation gains are also depreciated, with an amount equal to the difference between current value depreciation charged on assets and the depreciation that would have been chargeable based on their historical cost being transferred each year from the Revaluation Reserve to the Capital Adjustment Account.

Disposals and Non-current Assets Held for Sale

When it becomes probable that the carrying amount of an asset will be recovered principally through a sale transaction rather than through its continuing use, it is reclassified as an asset held for sale. The asset is revalued immediately before reclassification and then carried at the lower of this amount and fair value less costs to sell. Where there is a subsequent decrease to fair value less costs to sell, the loss is posted to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement. Gains in fair value are recognised only up to the amount of any previously recognised losses in the Surplus or Deficit on the Provision of Services. Depreciation is not charged on assets held for sale.

If assets no longer meet the criteria to be classified as assets held for sale, they are reclassified back to non-current assets and valued at the lower of their carrying amount before they were classified as held for sale; adjusted for depreciation, amortisation or revaluations that would have been recognised had they not been classified as held for sale, and their recoverable amount at the date of the decision not to sell.

Assets that are to be abandoned or scrapped are not reclassified as assets held for sale.

When an asset is disposed of or decommissioned, the carrying amount of the asset in the Balance Sheet (whether property, plant and equipment or assets held for sale) is written off to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal. Receipts from disposals (if any) are credited to the same line in the Comprehensive Income and Expenditure Statement also as part of the gain or loss on disposal (ie netted off against the carrying value of the asset at the time of disposal). Any

revaluation gains accumulated for the asset in the Revaluation Reserve are transferred to the Capital Adjustment Account.

Amounts received for a disposal in excess of £10,000 are categorised as capital receipts. A proportion of capital receipts relating to housing disposals is payable to the government. The balance of receipts remains within the Capital Receipts Reserve, and can then only be used for new capital investment or set aside to reduce the Council's underlying need to borrow (the capital financing requirement). Receipts are appropriated to the Reserve from the General Fund Balance through the Movement in Reserves Statement.

The written-off value of disposals is not a charge against Council Tax, as the cost of non-current assets is fully provided for under separate arrangements for capital financing.

Amounts are appropriated to the Capital Adjustment Account from the General Fund Balance through the Movement in Reserves Statement.

1.16 Provisions, Contingent Liabilities and Contingent Assets

Provisions

Provisions are made where an event has taken place that gives the Council a legal or constructive obligation that probably requires settlement by a transfer of economic benefits or service potential, and a reliable estimate can be made of the amount of the obligation. For instance, the Council may be involved in a court case that could eventually result in the making of a settlement or the payment of compensation.

Provisions are charged as an expense to the appropriate service line in the Comprehensive Income and Expenditure Statement when the Council has an obligation, and are measured at the best estimate at the Balance Sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Balance Sheet. Estimated settlements are reviewed at the end of each financial year – where it becomes less than probable that a transfer of economic benefits will now be required (or a lower settlement than anticipated is made), the provision is reversed and credited back to the relevant service.

Where some or all of the payment required to settle a provision is expected to be recovered from another party (eg from an insurance claim), this is only recognised as income for the relevant service if it is virtually certain that reimbursement will be received if the Council settles the obligation.

Contingent Liabilities

A contingent liability arises where an event has taken place that gives the Council a possible obligation whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the Council. Contingent liabilities also arise in circumstances where a provision would otherwise be made but either it is not probable that an outflow of resources will be required or the amount of the obligation cannot be measured reliably.

Contingent liabilities are not recognised in the Balance Sheet but disclosed in a note to the accounts.

Contingent Assets

A contingent asset arises where an event has taken place that gives the Council a possible asset whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the Council.

Contingent assets are not recognised in the Balance Sheet but disclosed in a note to the accounts where it is probable that there will be an inflow of economic benefits or service potential.

1.17 Reserves

The Council sets aside specific amounts as reserves for future policy purposes or to cover contingencies. Reserves are created by transferring amounts out of the General Fund Balance. When expenditure to be financed from a reserve is incurred, it is charged to the appropriate service in that year to score against the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement. The reserve is then transferred back into the General Fund Balance so that there is no net charge against Council Tax for the expenditure.

Certain reserves are kept to manage the accounting processes for non-current assets, financial instruments, local taxation, retirement and employee benefits and do not represent usable resources for the Council – these reserves are explained in the relevant policies.

1.18 Revenue Expenditure Funded from Capital under Statute

Expenditure incurred during the year that may be capitalised under statutory provisions but that does not result in the creation of a non-current asset has been charged as expenditure to the relevant service in the Comprehensive Income and Expenditure Statement in the year. Where the Council has determined to meet the cost of this expenditure from existing capital resources or by borrowing, a transfer through the Movement in Reserves Statement from the General Fund Balance to the Capital Adjustment Account then reverses out the amounts charged so that there is no impact on the level of Council Tax.

1.19 Value Added Tax

Income and expenditure excludes any amounts related to VAT, as all VAT collected is payable to HM Revenue and Customs and all VAT paid is recoverable from them.

1.20 Fair Value Measurement of non-financial assets

The Council measures some of its non-financial assets such as surplus assets and investment properties and some of its financial instruments such as equity shareholdings [other financial instruments as applicable] at fair value at each reporting date. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement assumes that the transaction to sell the asset or transfer the liability takes place either:

- in the principal market for the asset or liability, or
- in the absence of a principal market, in the most advantageous market for the asset or liability.

The Council measures the fair value of an asset or liability using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

When measuring the fair value of a non-financial asset, the Council takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Council uses valuation techniques that are appropriate in the circumstances and for which sufficient data is available, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Inputs to the valuation techniques in respect of assets and liabilities for which fair value is measured or disclosed in the Council's financial statements are categorised within the fair value hierarchy, as follows:

- Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities that the Council can access at the measurement date
- Level 2 – inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly
- Level 3 – unobservable inputs for the asset or liability.

2 ACCOUNTING STANDARDS THAT HAVE BEEN ISSUED BUT NOT YET ADOPTED

The Code of Practice requires that, where new or amended accounting standards have been issued but not adopted by 31st March 2022, the Council discloses the impact that this change would have had on the current year's financial statements had it already been adopted. The following changes to accounting standards will be applicable to the Council's accounts from 1 April 2022:

- IFRS 1 (First-time adoption) – amendment relates to foreign operations of acquired subsidiaries transitioning to IFRS
- IAS 37 (Onerous contracts) – clarifies the intention of the standard
- IFRS 16 (Leases) – amendment removes a misleading example that is not referenced in the Code material
- IAS 41 (Agriculture) – one of a small number of IFRSs that are only expected to apply to local authorities in limited circumstances.

It is not anticipated there will be any significant changes to the accounts as a result of these amendments.

3 CRITICAL JUDGEMENTS IN APPLYING ACCOUNTING POLICIES

In applying the accounting policies set out in Note 1, the Council has had to make certain judgements about complex transactions or those involving uncertainty about future events. The critical judgements made in the Statement of Accounts are:

- The Council is a trustee of Southwell Leisure Centre Trust which operates the leisure centre at Southwell. It has been determined that the Council does not have control of the Trust and it is therefore, not a subsidiary of the Council. As of 1st October the Council agreed to lease Southwell Leisure Centre from the Trust and extended its Management agreement with Active4today to include Southwell Leisure Centre.
- The Council uses valuation techniques to determine the fair value of financial instruments (where active market quotes are not available) and non-financial assets. This involves developing estimates and assumptions consistent with how market participants would price the instrument. Assumptions are based, on observable data as far as possible, but this is not always available. In such a case the best information available would be used. Estimated fair values may vary from the actual prices that would be achieved in an arm's length transaction at the reporting date.

4 ASSUMPTIONS MADE ABOUT THE FUTURE AND OTHER MAJOR SOURCES OF ESTIMATION UNCERTAINTY

The Statement of Accounts contains estimated figures that are based on 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 March 2022 for which there may be a significant risk of material adjustment in the forthcoming financial year are as follows:

Item	Uncertainties	Effect if Actual Results Differ from Assumptions
Property, Plant and Equipment	<p>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 authority will be able to sustain its current spending on repairs and maintenance, bringing into doubt the useful lives assigned to assets.</p> <p>Assets are valued on a five-year rolling basis. Building indices are not applied to approximate for those assets that are not subject to the revaluation process in the year.</p>	If the useful life of assets is reduced, depreciation increases and the carrying amount of the assets falls.
Fair Value Measurements	<p>When the fair values of financial assets and financial liabilities cannot be measured, based on quoted prices in active markets (i.e. domestic Level 1 inputs), their fair value is measured using valuation techniques (eg quoted prices for similar assets or liabilities in active markets or the discounted cash flow (DCF) model). Where possible, the inputs to these valuation techniques are based on observable data, but where this is not possible, judgement is required in establishing fair values. These judgements typically include considerations such as uncertainty and risk. However, changes in the assumptions used could affect the fair value of the Council's assets and liabilities. Where Level 1 inputs are not available, the Council employs relevant experts to identify the most appropriate valuation techniques to determine fair value.</p>	<p>The Council uses a combination of indexation techniques, beacon valuations and discounted cash flow (DCF) models to measure the fair value of its Surplus Assets and Assets Held for Sale under IFRS13 depending on which technique it considers most appropriate.</p> <p>The significant unobservable inputs used in the fair value measurement include management assumptions regarding rent growth, occupancy levels, floor area repairs backlogs, beacon classifications and others. Significant changes in any of the unobservable inputs would result in a significantly lower or higher fair value measurement for these assets.</p>
Provision - Business Rates	<p>Since the introduction of the Business Rates Retention Scheme effective from 1st April 2013 local authorities are liable for successful appeals against business rates charged to businesses in 2021/22 and earlier financial years in their proportionate share. A provision has been recognised for the best estimate of the amount that businesses have been overcharged up to 31st March 2022.</p> <p>Estimation of backdated appeals was provided by Analyse Local. This assumes that various amounts of appeals are received, and then subsequently agreed.</p>	Decrease in collection amount of NNDR, leaving the Council with a reduced amount of funding for Services. 40% of any reduction would impact upon the Council.
Arrears	At 31 March 2022, the Council had a balance of short term debtors totalling £17.269m. A review of significant balances suggested that a loss allowance of £2.532m was appropriate. However, in the current economic climate it is not certain that such an allowance would be sufficient.	If collection rates were to deteriorate, a doubling of the amount of the loss allowance would require an additional £2.532m to set aside as an allowance.

Pensions Liability	<p>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.</p> <p>Brexit and COVID-19 both initially had negative impacts on the UK economy and pension asset values, but the market appears to be recovering and stabilising. However, another serious outbreak of COVID-19 could have a detrimental impact on asset returns, as could an increase in interest rates to curb inflation increases as a result of the recovery. The outcome of pending legal cases may also affect the pensions liability going forward</p>	<p>The effects on the net pension liability of changes in individual assumptions can be measured; however, the assumptions interact in complex ways.</p> <p>During 2021/22, the Council's actuaries advised that the net pensions liability had decreased by £16.6m attributable to updating of the assumptions.</p> <p>An increase in the discount rate would, if all other factors remained unchanged, result in a decrease in the present value of the defined benefit obligation.</p>
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5 MATERIAL ITEMS OF INCOME AND EXPENDITURE

During 2021/2022 there were no material transactions, which are not disclosed separately.

6 MATERIAL INTEREST IN JOINT BODIES

The Council appoints six of the nine Trustees of the Southwell Leisure Centre Trust and provides grant aid which amounted to £0.071m in 2021/2022 (2020/2021 £0.133m). As per note 3 from 1 October the management of the Southwell Leisure Centre was transferred to the Council and Active4today. Therefore the 2021/22 grant aid relates to the 6 months only prior to the 1 October. The Trust is administered in accordance with the Scheme of Administration established 24th October 1974 as amended by the Charity Commissioners on the 29th December 1983. The object of the Trust is to establish and maintain leisure facilities for the inhabitants of Southwell and district and to achieve a breakeven position on operations.

The Council has a joint interest in Mansfield Crematorium. The annual net surplus from the running of the crematorium amounts to £0.032m (2020/2021 £0.045m) and is included within Other Operating Income and Expenditure. The Council also includes its share of the assets and liabilities of the crematorium in its Balance Sheet. For a more detailed breakdown please see Note 38.

7 POST BALANCE SHEET EVENT

The final Audited Statement of Accounts will be authorised for issue by the Deputy Chief Executive and Director of Resources S151 Officer on 30 November 2022. Events taking place after this date are not reflected in the financial statements or notes. Where events taking place before this date provided information about conditions existing at 31 March 2022, the figures in the financial statements and notes have been adjusted in all material respects to reflect the impact of this information.

8 TRUST FUNDS

The Council acts as sole trustee for two Trusts:

The W.E. Knight Trust

A permanently endowed charity established by an indenture dated 6 January 1920 as varied by a conveyance of 6 July 1933 by the Trustees to the Mayor, Aldermen and Burgesses of the Borough of Newark-on-Trent. Separate accounts for this Charity have been maintained since 1 April 1984. Up to that date the costs of administering the Trust and any income received had been included in the accounts of the Borough and District Councils. The Trustees resolved at their meeting on the 22 July 2013 to retain the income earned by the endowment until a significant sum had been accrued at which time a decision on distribution would be taken.

The Gilstrap Endowment

The history of the Gilstrap charity is that in 1883 Sir (then Mr) William Gilstrap gave land in Castlegate on trust to the Borough of Newark for the purposes of a library. In 1884 the former Borough of Newark made a "one-off" payment to the Trust of £1,200 to be invested in compensation of loss of income, to enable the whole of the Castle Grounds to be laid out as "public walks and pleasure grounds". The accounts in respect of the Endowment were maintained by Nottinghamshire County Council until 31 March 1987 when Newark and Sherwood District Council took over as Trustees consequent upon the County Council acquiring a new site for a Central Library. The District Council agreed a new scheme of administration which was sealed by the Charity Commissioners on the 28 August 1990 and applied the income of the Endowment to the upkeep and use of the Gilstrap building. From 1 April 2013, the Gilstrap building was leased to Nottinghamshire County Council with the rental income being applied in fulfilment of the Trust objectives. The new arrangements were approved by the Charity Commission prior to agreement of the lease.

9 EXPENDITURE AND FUNDING ANALYSIS

This note 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 committees. Income and expenditure accounted for under generally accepted accounting practices is presented more fully in the Comprehensive Income and Expenditure Statement.

2020/21			2021/22			
Net Expenditure Chargeable to the General Fund and HRA Balances £'000	Adjustment between the Funding and Accounting Basis £'000	Net Expenditure in the Comprehensive Income and Expenditure Statement £'000		Net Expenditure Chargeable to the General Fund and HRA Balances £'000	Adjustment between the Funding and Accounting Basis £'000	Net Expenditure in the Comprehensive Income and Expenditure Statement £'000
2,232	3,166	5,398	Economic Development	-1,502	4,834	3,332
1,696	442	2,138	Homes and Communities	1,648	530	2,178
4,444	2,359	6,803	Leisure and Environment	7,249	-1,162	6,087
5,601	1,424	7,025	Policy and Finance	5,409	3,180	8,589
-14,533	8,891	-5,642	Housing Revenue Account	-14,432	11,746	-2,686
-560	16,282	15,722	Net Cost of Services	-1,628	19,128	17,500
-11,949	-4,175	-16,124	Other Income and Expenditure	2,791	-21,382	-18,591
-12,509	12,107	-402	Surplus(-)/Deficit	1,163	-2,254	-1,091

General Fund & Earmarked Reserve £'000	HRA & Earmarked Reserve £'000	Total £'000		General Fund & Earmarked Reserve £'000	HRA & Earmarked Reserve £'000	Total £'000
-25,535	-6,756	-32,291	Opening Balance	-37,339	-7,461	-44,800
-11,804	-705	-12,509	Surplus(-) or Deficit on Balances in Year	996	167	1,163
-37,339	-7,461	-44,800	Closing Balance at 31 March	-36,343	-7,294	-43,637
Closing Balances Split by Reserve:						
-1,500	-2,000	-3,500	Working Reserve	-1,500	-2,000	-3,500
-35,839	-5,461	-41,300	Earmarked Reserve	-34,843	-5,294	-40,137
-37,339	-7,461	-44,800	Closing Balance at 31 March	-36,343	-7,294	-43,637

10 NOTE TO THE EXPENDITURE AND FUNDING ANALYSIS

Adjustments between Funding and Accounting Basis 2021/22

Adjustments from General Fund to arrive at the Comprehensive Income and Expenditure Statement amounts	Adjustments for Capital Purposes (Note 1) £'000	Net change for the Pensions Adjustments (Note 2) £'000	Other Differences (Note 3) £'000	Total Adjustments £'000
Economic Development	4,296	538	0	4,834
Homes and Communities	166	364	0	530
Leisure and Environment	-2,000	838	0	-1,162
Policy and Finance	2,073	1,107	0	3,180
Housing Revenue Account	10,981	765	0	11,746
Net Cost of Services	15,516	3,612	0	19,128
Other income and expenditure from the Expenditure and Funding Analysis	-21,106	1,897	-2,173	-21,382
Difference between General Fund surplus or deficit and Comprehensive Income and Expenditure Statement Surplus or Deficit on the Provision of Services	-5,590	5,509	-2,173	-2,254

Adjustments between Funding and Accounting Basis 2020/21

Adjustments from General Fund to arrive at the Comprehensive Income and Expenditure Statement amounts	Adjustments for Capital Purposes (Note 1) £'000	Net change for the Pensions Adjustments (Note 2) £'000	Other Differences (Note 3) £'000	Total Adjustments £'000
Economic Development	2,603	563	0	3,166
Homes and Communities	167	275	0	442
Leisure and Environment	1,744	615	0	2,359
Policy and Finance	391	1,033	0	1,424
Housing Revenue Account	8,219	672	0	8,891
Net Cost of Services	13,124	3,158	0	16,282
Other income and expenditure from the Expenditure and Funding Analysis	-14,860	1,675	9,010	-4,175
Difference between General Fund surplus or deficit and Comprehensive Income and Expenditure Statement Surplus or Deficit on the Provision of Services	-1,736	4,833	9,010	12,107

The following headings of other operating expenditure, financing and investment income and expenditure and taxation and non-specific grant income and expenditure all relate to the comprehensive income and expenditure statement. The Expenditure and Funding Analysis groups all the headings under 'Other income and expenditure'.

Note 1 Adjustments for Capital Purposes

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 – adjustments 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 ie 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.

Note 2 Net Change for the Pensions Adjustments

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 Council 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.

Note 3 Other Differences

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 NDR 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.

11 EXPENDITURE AND INCOME ANALYSED BY NATURE

The Council's expenditure and income is analysed as follows:

Expenditure/Income 2021/22	Economic Development	Homes and Communities	Leisure and Environment	Policy and Finance	Housing Revenue Account	Corporate Amounts	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Fees, Charges and Other Service Income	-4,527	-1,034	-2,239	-2,012	-24,849	0	-34,661
Income on Joint Associates	0	0	0	0	0	-128	-128
Interest and Investment Income	0	0	0	0	0	-1,024	-1,024
Income from Council Tax	0	0	0	0	0	-10,615	-10,615
Income from Non Domestic Rates	0	0	0	0	0	-19,610	-19,610
Housing Benefit Subsidy Rent Allowance	0	0	0	-9,685	0	0	-9,685
Housing Benefit Subsidy Rent Rebates	0	0	0	-8,539	0	0	-8,539
Grants and Contributions	-4,520	-1,160	-9	-886	-19	-13,311	-19,905
Disposal of Assets	0	0	0	0	0	-5,634	-5,634
Total Income	-9,047	-2,194	-2,248	-21,122	-24,868	-50,322	-109,801
Employee Expenses	3,454	2,386	5,410	7,047	4,963	0	23,260
Other Service Expenses	8,414	2,044	2,362	2,281	6,417	-102	21,416
Housing Benefit Rent Allowance	0	0	0	9,729	0	0	9,729
Housing Benefit Rent Rebates	0	0	0	8,585	0	0	8,585
Expenditure on Joint Associates	0	0	0	0	0	148	148
Developers Contribution Payment	0	0	0	0	0	2,376	2,376
Depreciation, Amortisation and Impairment	511	-58	563	2,069	10,789	0	13,874
Changes in Fair Value	0	0	0	0	0	-1,064	-1,064
Interest Payments	0	0	0	0	13	6,001	6,014
Non Domestic Rates Tariff & Deficit	0	0	0	0	0	12,709	12,709
Precepts and Levies	0	0	0	0	0	3,871	3,871
Payments to Housing Capital Receipts Pool	0	0	0	0	0	443	443
Disposal of Assets	0	0	0	0	0	7,349	7,349
Total Operating Expenses	12,379	4,372	8,335	29,711	22,182	31,731	108,710
Surplus(-)/Deficit on Provision of Services	3,332	2,178	6,087	8,589	-2,686	-18,591	-1,091

Expenditure/Income 2020/21	Economic Development	Homes and Communities	Leisure and Environment	Policy and Finance	Housing Revenue Account	Corporate Amounts	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Fees, Charges and Other Service Income	-3,464	-678	-1,679	-1,538	-24,320	0	-31,679
Income on Joint Associates	0	0	0	0	0	-121	-121
Interest and Investment Income	0	0	0	0	0	-936	-936
Income from Council Tax	0	0	0	0	0	-10,154	-10,154
Income from Non Domestic Rates	0	0	0	0	0	-21,042	-21,042
Business COVID-19 grants	0	0	0	0	0	0	0
Housing Benefit Subsidy Rent Allowance	0	0	0	-10,523	0	0	-10,523
Housing Benefit Subsidy Rent Rebates	0	0	0	-8,938	0	0	-8,938
Government Grants and Contributions	-5,564	-932	-282	-1,783	-28	-7,859	-16,448
Disposal of Assets	0	0	0	0	0	-9,221	-9,221
Total Income	-9,028	-1,610	-1,961	-22,782	-24,348	-49,333	-109,062
Employee Expenses	4,066	2,007	4,330	6,847	4,844	0	22,094
Other Service Expenses	8,272	1,593	2,857	3,072	5,736	216	21,746
Housing Benefit Rent Allowance	0	0	0	10,528	0	0	10,528
Housing Benefit Rent Rebates	0	0	0	8,969	0	0	8,969
Expenditure on Joint Associates	0	0	0	0	0	118	118
Developers Contribution Payment	0	0	0	0	0	575	575
Depreciation, Amortisation and Impairment	2,088	148	1,577	391	8,114	0	12,318
Changes in Fair Value	0	0	0	0	0	-53	-53
Interest Payments	0	0	0	0	12	5,654	5,666
Non Domestic Rates Tariff & Deficit	0	0	0	0	0	13,297	13,297
Precepts and Levies	0	0	0	0	0	3,704	3,704
Business COVID-19 grant payments	0	0	0	0	0	0	0
Payments to Housing Capital Receipts Pool	0	0	0	0	0	443	443
Disposal of Assets	0	0	0	0	0	9,255	9,255
Total Operating Expenses	14,426	3,748	8,764	29,807	18,706	33,209	108,660
Surplus(-)/Deficit on Provision of Services	5,398	2,138	6,803	7,025	-5,642	-16,124	-402

12 ADJUSTMENTS BETWEEN ACCOUNTING BASIS AND FUNDING BASIS UNDER REGULATIONS

This note details the adjustments that are made to the total comprehensive income and expenditure recognised by the Council in the year in accordance with proper accounting practice to the resources that are specified by statutory provisions as being available to the Council to meet future capital and revenue expenditure. The following sets out a description of the reserves that the adjustments are made against.

General Fund Balance

The General Fund is the statutory fund into which all the receipts of a Council are required to be paid into and which all liabilities of the Council are to be met from, 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. For housing authorities however, the balance is not available to be applied to funding 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 Council is required to maintain the Major Repairs Reserve, which controls an element of the capital resources, limited to being used on capital expenditure on HRA assets or the financing of historical capital expenditure by the HRA. The balance shows the capital resources that have yet to be applied at the yearend.

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 and/or the financial year in which this can take place.

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 yearend.

2021/22 Usable Reserves	General Fund Balance £'000	Housing Revenue Account £'000	Major Repairs Reserve £'000	Capital Grants Unapplied £'000	Capital Receipts Reserve £'000	Movement in Unusable Reserves £'000
Adjustments to the Revenue Resources						
Amounts by which income and expenditure included in the Comprehensive Income and Expenditure Statement are different from revenue for the year calculated in accordance with statutory requirements:						
Pensions costs (transferred to (or from) the Pensions Reserve)	-4,343	-1,166	0	0	0	5,509
Financial instruments (transferred to the Financial Instrument Adjustment Account)	4	0	0	0	0	-4
Pooled Investment (transferred to the Pooled Investment Adjustment Account)	722	0	0	0	0	-722
Council tax and NDR (transfers to (or from) Collection Fund)	1,105	0	0	0	0	-1,105
Reversal of entries included in the Surplus or Deficit on the Provision of Services in relation to capital expenditure (these items are charged to Capital Adjustment Account - CAA):	381	-11,405	0	-4,913	0	15,937
Total Adjustments to Revenue Resources	-2,131	-12,571	0	-4,913	0	19,615
Adjustments between Revenue and Capital Resources						
Transfer of non-current asset sale proceeds from revenue to the Capital Receipts Reserve	774	1,711	0	0	-2,485	0
Administrative costs of non-current asset disposals (funded by a contribution from the Capital Receipts Reserve)	0	-27	0	0	27	0
Payments to the government housing receipts pool (funded by a transfer from the Capital Receipts Reserve)	-443	0	0	0	443	0
Posting of HRA resources from revenue to the Major Repairs Reserve	0	10,926	-10,926	0	0	0
Statutory provision for the repayment of debt (transfer from the CAA)	854	0	3,029	0	0	-3,883
Capital expenditure financed from revenue balances (transfer to the CAA)	3,082	79	0	0	0	-3,161
Total Adjustments between Revenue and Capital Resources	4,267	12,689	-7,897	0	-2,015	-7,044
Adjustments to Capital Resources						
Use of the Capital Receipts Reserve to finance capital expenditure	0	0	0	0	3,146	-3,146
Use of Capital Receipts to finance repayment of debt on Finance Lease	0	0	0	0	102	-102
Use of the Major Repairs Reserve to finance capital expenditure	0	0	2,136	0	0	-2,136
Application of capital grants to finance capital expenditure	0	0	0	642	0	-642
Cash payments in relation to deferred capital receipts	0	0	0	0	-102	102
Total Adjustments to Capital Resources	0	0	2,136	642	3,146	-5,924
Total Adjustments	2,136	118	-5,761	-4,271	1,131	6,647

	General Fund Balance £'000	Housing Revenue Account £'000	Major Repairs Reserve £'000	Capital Grants Unapplied £'000	Capital Receipts Reserve £'000	Movement in Unusable Reserves £'000
2020/21 Usable Reserves						
Adjustments to the Revenue Resources						
Amounts by which income and expenditure included in the Comprehensive Income and Expenditure Statement are different from revenue for the year calculated in accordance with statutory requirements:						
Pensions costs (transferred to (or from) the Pensions Reserve)	-3,805	-1,029	0	0	0	4,834
Financial instruments (transferred to the Financial Instruments Adjustments	56	0	0	0	0	-56
Council tax and NDR (transfers to or from Collection Fund)	-9,066	0	0	0	0	9,066
Holiday pay (transferred to the Accumulated Absences Reserve)	0	0	0	0	0	0
Reversal of entries included in the Surplus or Deficit on the Provision of Services in relation to capital expenditure (these items are charged to Capital Adjustment Account - CAA):	-9,378	-10,347	0	-582	0	20,307
Total Adjustments to Revenue Resources	-22,193	-11,376	0	-582	0	34,151
Adjustments between Revenue and Capital Resources						
Transfer of non-current asset sale proceeds from revenue to the Capital Receipts Reserve	7,123	2,091	0	0	-2,200	-7,014
Administrative costs of non-current asset disposals (funded by a contribution from the Capital Receipts Reserve)	0	-35	0	0	35	0
Payments to the government housing receipts pool (funded by a transfer from the Capital Receipts Reserve)	-443	0	0	0	443	0
Posting of HRA resources from revenue to the Major Repairs Reserve	0	9,868	-9,868	0	0	0
Statutory provision for the repayment of debt (transfer from the CAA)	544	0	4,026	0	0	-4,570
Capital expenditure financed from revenue balances (transfer to the CAA)	2,314	0	0	0	0	-2,314
Total Adjustments between Revenue and Capital Resources	9,538	11,924	-5,842	0	-1,722	-13,898
Adjustments to Capital Resources						
Use of the Capital Receipts Reserve to finance capital expenditure	0	0	0	0	3,135	-3,135
Use of the Major Repairs Reserve to finance capital expenditure	0	0	5,853	0	0	-5,853
Application of capital grants to finance capital expenditure	0	0	0	259	0	-259
Cash payments in relation to deferred capital receipts	0	0	0	0	0	0
Total Adjustments to Capital Resources	0	0	5,853	259	3,135	-9,247
Total Adjustments	-12,655	548	11	-323	1,413	11,006

13 TRANSFERS TO/FROM(-) EARMARKED RESERVES

This note sets out the amounts set aside from the General Fund and HRA balances in earmarked reserves to provide financing for future expenditure plans and the amounts posted back from earmarked reserves to meet General Fund and HRA expenditure during the financial year.

	Balance as at 31st March 2020 £'000	Movement in Year £'000	Balance as at 31st March 2021 £'000	Movement in Year £'000	Balance as at 31st March 2022 £'000
General Fund for known pressures Reserves					
Financial Instruments Revaluation	91	0	91	0	91
Election Expenses	33	40	73	4	77
Insurance	306	-36	270	-9	261
Renewal and Repairs	2,362	-128	2,234	166	2,400
Building Control	33	24	57	18	75
Museum Purchases	22	10	32	8	40
Training Provision	128	32	160	31	191
Community Safety Fund	166	-25	141	1	142
Restructuring & Pay	215	-62	153	-12	141
Court Costs	58	0	58	0	58
Planning Costs	201	0	201	0	201
Homelessness Fund	576	-173	403	-97	306
Fuel and Energy Reserve	70	-8	62	0	62
Refuse Bin Purchase	15	0	15	0	15
Energy and Home Support	103	0	103	0	103
Growth and Prosperity	127	0	127	0	127
Emergency Planning Reserve	50	-7	43	0	43
Other Earmarked Reserves	25	0	25	0	25
Management Carry Forward	676	-12	664	329	993
Mansfield Crematorium	139	11	150	-5	145
CSG/Enforcement Reserve	95	-11	84	-37	47
Flood Defence Reserve	250	0	250	0	250
NNDR Volatility Reserve	793	0	793	0	793
Community Initiative Fund	200	-5	195	-41	154
MTFP Reserve	1,360	2,684	4,044	1,544	5,588
Asset Management Fund	250	250	500	0	500
Capital Projects Feasibility Fund	250	151	401	-54	347
Community Engagement Fund	300	-14	286	-66	220
COVID Pressures	0	200	200	-14	186
Collection Fund Budget	0	8,571	8,571	-2,321	6,250
COVID Compliance	0	281	281	-83	198
Theatre Centenary	0	0	0	15	15
Community Lottery	0	0	0	7	7
Unapplied Revenue Grants and Contributions	431	109	540	80	620
Total for known pressures Reserves	9,325	11,882	21,207	-536	20,671
Change Management	13,334	-221	13,113	-16	13,097
Total General Fund Revenue	22,659	11,661	34,320	-552	33,768
Capital Reserves					
Capital Provision	1,376	143	1,519	-444	1,075

Total General Fund Capital	1,376	143	1,519	-444	1,075
Total General Fund Earmarked Reserves	24,035	11,804	35,839	-996	34,843
Housing Revenue Reserves					
Newark and Sherwood Homes Merger Transfer	3,967	0	3,967	0	3,967
Insurance Fund	50	0	50	0	50
Development and ICT	281	0	281	-165	116
Restructuring & Pay	100	0	100	0	100
Other Earmarked Reserves	32	705	737	-2	735
Future Rents Bad Debt	326	0	326	0	326
Total HRA Revenue	4,756	705	5,461	-167	5,294
Total General Fund and HRA Earmarked Reserves	28,791	12,509	41,300	-1,163	40,137

Renewal and Repairs - all sections of the Council who are responsible for assets contribute to this fund to ensure that planned maintenance is delivered in the future when it is due. For example buildings are redecorated every three years, software is upgraded as necessary. This flattens out the cost to ensure that tax levels do not fluctuate unnecessarily. All available funds are allocated to specific schemes.

Change Management - a reserve for uncommitted funds held for future requirements and for support of transformational change.

Management Carry Forward Requests - a reserve for requests by management to transfer budgets not spent on a particular purpose into the next financial year for spending.

National Non-Domestic Rates (NNDR) Volatility - this reserve has been created in order to mitigate the financial implications of prospective government changes to the NNDR system.

Medium Term Financial Plan (MTFP) - a reserve to mitigate the financial implications identified within the MTFP.

Asset Management - a fund for works identified from asset condition surveys

Collection Fund Budget - a reserve to fund the Collection Fund deficit which has arisen because of General Fund grant being given to compensate councils for statutory NDR reliefs paid by councils in-year.

Unapplied Revenue Grants and Contributions - revenue grants which have not yet been used where the grant providers do not require the grants to be repaid if unused.

Newark and Sherwood Homes (NSH) Transfer - reserves transferred from NSH to the Council as part of the Council bringing social housing management services formerly provided by NSH back in-

HRA Earmarked Reserve - unallocated efficiency savings from the Council bringing social housing management services formerly provided by NSH back in-house.

Capital Provision – to support future capital projects.

14 OTHER OPERATING INCOME AND EXPENDITURE

2020/21 £'000	2021/22 £'000
3,109 Parish Council Precepts	3,237
595 Levies	634
443 Payments to the Government Housing Capital Receipts Pool	443
34 Gains(-)/losses on the disposal of non-current assets	1,715
216 Loss Allowance	-102
-4 Mansfield Crematorium - Net Cost of Service	18
4,393 Total	5,945

15 FINANCING AND INVESTMENT INCOME AND EXPENDITURE

2020/21 £'000	2021/22 £'000
3,979 Interest payable and similar charges	4,111
1,675 Net interest on the net defined benefit liability (asset)	1,890
-936 Interest receivable and similar income	-1,024
-53 Net (gains)/losses on financial assets at fair value through profit and loss	-1,064
1 Mansfield Crematorium - Financing and Investment Income and Expenditure	2
4,666 Total	3,915

16 TAXATION AND NON-SPECIFIC GRANT INCOME AND EXPENDITURE

2020/21 £'000	2021/22 £'000
-10,154 Council tax income	-10,615
-7,745 Non-Domestic Rates income and expenditure	-6,901
-4,638 Non ring-fenced Government grants	-2,583
-281 Revenue Developers grants & contributions	-14
-475 Capital Developers grants & contributions	-5,419
-1,890 Capital grants and contributions	-2,919
-25,183 Total	-28,451

17 OFFICIALS' EMOLUMENTS

Amounts payable to senior employees in 2021/2022 are disclosed below.

	2020/21 £	2021/22 £
<u>Chief Executive</u>		
Salary, Fees & Allowances	128,280.96	130,205.04
Expenses Allowances	647.10	121.95
Employer's Contribution to Pension	22,449.14	22,785.84
% Employee's Contribution to Pension	11.4%	11.4%
<u>Deputy Chief Executive & Director of Resources</u>		
Salary, Fees & Allowances	105,441.96	109,045.14
Expenses Allowances	0.00	74.99
Employer's Contribution to Pension	18,452.36	18,729.06
% Employee's Contribution to Pension	10.5%	10.5%
<u>Director of Governance & Organisational Development - Left August 2021</u>		
Salary, Fees & Allowances	85,923.96	28,872.30
Expenses Allowances	0.00	0.00
Employer's Contribution to Pension	15,036.70	5,052.66
% Employee's Contribution to Pension	9.9%	9.9%
<u>Director of Customer Services & Organisational Development - Started August 2021</u>		
Salary, Fees & Allowances		75,333.64
Expenses Allowances		0.00
Employer's Contribution to Pension		13,052.82
% Employee's Contribution to Pension		9.9%
<u>Director of Communities & Environment</u>		
Salary, Fees & Allowances	85,923.96	87,212.04
Expenses Allowances	32.85	86.40
Employer's Contribution to Pension	15,036.70	15,262.13
% Employee's Contribution to Pension	9.9%	9.9%
<u>Director of Planning & Growth (Previously titled Growth & Regeneration)</u>		
Salary, Fees & Allowances	85,298.22	87,212.04
Expenses Allowances	0.00	0.00
Employer's Contribution to Pension	14,927.22	15,262.13
% Employee's Contribution to Pension	9.9%	9.9%
<u>Director of Health & Welbeing - Started in April 2020</u>		
Salary, Fees & Allowances	77,461.04	89,719.57
Expenses Allowances	0.00	0.00
Employer's Contribution to Pension	13,555.69	14,817.62
% Employee's Contribution to Pension	9.9%	9.9%

The number of exit packages with total cost per band and total cost of the compulsory and other redundancies are set out in the following table.

Exit Package Cost Band	No of Compulsory Redundancies		No of Other Agreed Departures		Total No of Exit Packages		Total Cost of Exit Packages	
	2021/22	2020/21	2021/22	2020/21	2021/22	2020/21	2021/22 £'000	2020/21 £'000
£0 to £20,000	4	8	0	2	4	10	15	66
£20,001 to £40,000	0	3	1	0	1	3	30	81
£40,001 to £60,000	0	0	0	0	0	0	0	0
£60,001 to £80,000	0	0	0	0	0	0	0	0
£80,001 plus	0	0	0	0	0	0	0	0
Total	4	11	1	2	5	13	45	147

The number of employees, including senior employees as disclosed above, whose remuneration, excluding pension contributions, was £50,000 or more in bands of £5,000 were:-

	Number of Employees 2021/2022	Employees Included in 2021/22 leaving in same year	Number of Employees 2020/21
£50,000 to £54,999	5	0	7
£55,000 to £59,999	5	0	3
£60,000 to £64,999	2	0	4
£65,000 to £69,999	5	0	1
£70,000 to £74,999	0	0	0
£75,000 to £79,999	1	0	1
£80,000 to £84,999	0	0	0
£85,000 to £89,999	3	0	3
£90,000 to £94,999	0	0	0
£95,000 to £99,999	0	0	0
£100,000 to £104,999	0	0	0
£105,000 to £174,999	2	0	2
£175,000 to £179,999	0	0	0
Total	23	0	21

18 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. Disclosure of these transactions allows an assessment of the extent to which the council might have been constrained in its ability to operate independently or might have secured the ability to limit another party's ability to bargain freely with the Council.

Most transactions with related parties are disclosed elsewhere in the Statement of Accounts as follows:

UK Party	Disclosure
•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 of the transactions the Council has with other parties.	Comprehensive Income and Expenditure Statement Cash Flow Statement
•Members of the council have direct control over the council's financial and operating policies.	Note 19 Members Allowances
•Precepts from other Local Authorities.	Collection Fund Accounts
•Arkwood Developments Ltd is a wholly owned subsidiary of the Council.	Group Accounts
•Active4Today Ltd is a wholly owned subsidiary of the Council.	Group Accounts
•RHH Newark Ltd is a 50% owned joint venture of the Council.	Group Accounts
•The Council has joint control of Mansfield Crematorium.	Note 38 Joint Crematorium Committee
•The Council appoints the majority of trustees of the Southwell Leisure Centre Trust.	Note 6 Material Interests in Joint Bodies

During 2021/22 the following transactions occurred with companies and organisations in which Members, Officers and their close family members, had an interest.

	Receipts £'000	Payments £'000
Gilstrap	4	0
Newark on Trent Twinning Association	1	0

19 MEMBERS ALLOWANCES

2020/21 £'000	2021/22 £'000
59 Special Responsibility Payments	61
194 Basic Allowances	192
1 Travel and Subsistence	3
254 Total	256

20 GRANT INCOME

The Council credited the following grants and contributions to the Comprehensive Income and Expenditure Statement.

2020/21 £'000	2021/22 £'000
<u>Credited to Taxation and Non Specific Grant</u>	
-84 Revenue Support Grant	-85
-1,741 New Homes Bonus Grant	-1,187
-1,764 DCLG Grant	-1,002
-437 New Burdens Grant	-131
-84 Council Tax s31 Grant	-19
-38 Rural Services Delivery Grant	-40
-490 Income Support Scheme	-119
-281 Section 106	-14
<u>Capital Related;</u>	
-756 Supported Housing	-1,303
-475 Developers Contributions (Net of Payments)	-5,419
-1,134 Other Grants and Contributions	-1,616
-7,284 Total	-10,935
<u>Credited to Services</u>	
-10,523 Housing Benefits Subsidy - Rent Allowances	-9,685
-8,938 Housing Benefits Subsidy - Rent Rebates	-8,539
-287 Housing Benefits Administration Grant	-266
-112 Council Tax Support Grant	-110
-811 Council Tax Hardship Grant	0
-1,239 Covid-19 Discretionary Grant	0
-3,345 Covid-19 Additional Restrictions Grant	-1,262
-480 Local Restrictions Support Grants - Open	-2
-96 NHS Test & Trace Support	-260
-367 Covid Compliance Tier 3	-160
-56 Compliance & Enforcement Grant	0
0 Levelling Up Fund	-125
-162 Towns Fund	-69
-70 Reopening High Street Grant	-146
-16 Safer Streets	-25
-252 National Leisure Recovery Fund	0
-35 Arts Council Grant	-33
-23 High Street Heritage Action Zone	-42

-188 Homelessness grant	-293
-16 Rough Sleepers	-35
-1 New Apprentice Grants	-17
-3 LGA's Cyber Security Programme	0
-6 Warm Homes on Prescription Admin Grant	0
-243 Furlough/Jrs Grant Income	-76
-95 New Burdens Grant	-48
-7 Electoral Registration	-38
0 Emergency Assistance Fund for Food	-23
0 Cultural Recovery Fund	-62
0 Vulnerable Renters	-47
-6 Apprentice Levy	-7
0 Domestic Abuse Support	-31
-6 DCLG Flooding grant	-10
0 Biodiversity Net Gain	-10
-23 Land Charges	-86
0 DEFRA environmental schemes	-9
0 Newark Castle	-4
0 Max Literacy Award	-8
Capital Related;	
-644 Private Sector Disabled Facilities	-688
0 Towns Fund	-2,599
-28,050 Total	-24,815

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 could require the monies or property to be returned to the giver. The balances at the year-end are as follows:

CURRENT LIABILITIES - GRANTS RECEIPTS IN ADVANCE

2020/21 £'000	2021/22 £'000
<u>Capital Related;</u>	
-1,347 Government	-10,651
-574 Other Third Parties	-544
0 Section 106	-509
<u>Revenue Related;</u>	
-322 Government	-483
-38 Other Third Parties	-9
0 Section 106	-1
-2,281	-12,197

Section 106 of the Town and Country Planning Act 1990 relates to money paid by developers to Local Planning Authorities in order to offset the costs of the external effects of development.

LONG TERM LIABILITIES - GRANTS RECEIPTS IN ADVANCE

2020/21 £'000	2021/22 £'000
<i>Capital Related:</i>	
-6,048 Government	-572
0 Section 106	-7,225
-524 Other Third Parties	0
<i>Revenue Related:</i>	
-106 Government	-126
0 Section 106	-4
-54 Other Third Parties	-54
-6,732	-7,981

21 AUDIT FEE

For 2021/2022 Newark and Sherwood District Council incurred the following fee in relation to the audit of the Statement of Accounts:

2020/21 £'000	2021/22 £'000
Fees Payable to Mazars LLP in respect of:	
37 External Audit Services	37
9 Other Services	3
46 Total	40

In addition, audit fees of £21,067 (£15,099 2020/21) were paid which related to work undertaken in prior financial years.

£'000	£'000
Fees Payable to other auditors in respect of:	
0 KPMG - Housing Benefit Subsidy	13
0 Total	13

22 PROPERTY PLANT AND EQUIPMENT

Movements in 2021/22								
	Council Dwellings £'000	Other Land and Buildings £'000	Vehicles Plant Equipment £'000	Infrastruct- ure Assets £'000	Commun- ity Assets £'000	Surplus Assets £'000	Assets Under Constru- ction £'000	Total £'000
Cost or Valuation								
At April 2021	291,092	77,729	11,870	448	415	0	12,227	393,781
Additions	3,704	2,404	1,195	0	2	0	8,033	15,338
Donations	0	1,119	0	0	0	0	0	1,119
Revaluation increases/decreases(-) to Revaluation Reserve	25,416	12,220	0	0	0	0	0	37,636
Revaluation increases/decreases(-) to Surplus/Deficit on the Provision of Services	-5,949	-1,354	0	0	-46	0	0	-7,349
Derecognition - Disposals	-170	-1,879	-368	0	0	0	0	-2,417
Derecognition - Other	0	0	0	0	0	0	0	0
Assets reclassified to(-)/from Held for Sale	-2,075	-3,282	0	0	0	0	0	-5,357
Reclassifications - Other	11,668	825	0	0	-251	0	-12,267	-25
At 31 March 2022	323,686	87,782	12,697	448	120	0	7,993	432,726
Accumulated Depreciation & Impairment								
At April 2021	0	1,489	5,680	82	94	0	0	7,345
Depreciation charge	4,610	1,058	1,143	35	0	0	0	6,846
Depreciation written out to the Revaluation Reserve	-4,358	-1,581	0	0	0	0	0	-5,939
Depreciation written out to the Surplus/Deficit on the Provision of Services	-249	-115	0	0	0	0	0	-364
Impairment losses/reversals(-) to Revaluation Reserve	0	0	0	0	0	0	0	0
Impairment losses/reversals(-) to Surplus/Deficit on the Provision of Services	0	0	0	0	0	0	0	0
Derecognition - Disposals	-3	-50	-363	0	0	0	0	-416
Reclassifications	0	94	0	0	-94	0	0	0
At 31 March 2022	0	895	6,460	117	0	0	0	7,472
Net Book Value								
at 31 March 2022	323,686	86,887	6,237	331	120	0	7,993	425,254
at 31 March 2021	291,092	76,240	6,190	366	321	0	12,227	386,436

Comparative Movements in 2019/20								Assets Under	
	Council Dwellings	Other Land and Buildings	Vehicles Plant Equipment	Infrastruct. Assets	Communi. Assets	Surplus Assets	Constru ction	Total	
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	
Cost or Valuation									
At April 2020	287,490	75,144	11,284	448	335	0	4,887	379,588	
Additions	6,695	7,294	1,254	0	80	222	9,024	24,569	
Donations	0	0	0	0	0	178	0	178	
Revaluation increases/decreases(-)to Revaluation Reserve	464	5,335	0	0	0	0	0	5,799	
Revaluation increases/decreases(-) to Surplus/Deficit on the Provision of Services	-3,629	-2,618	0	0	0	-222	0	-6,469	
Derecognition - Disposals	-124	-4,720	-668	0	0	0	0	-5,512	
Derecognition - Other	0	0	0	0	0	0	0	0	
Assets reclassified to(-)/from Held for Sale	-1,666	-2,706	0	0	0	0	0	-4,372	
Reclassifications - Other	1,862	0	0	0	0	-178	-1,684	0	
At 31 March 2021	291,092	77,729	11,870	448	415	0	12,227	393,781	
Accumulated Depreciation & Impairment									
At April 2020	0	2,393	5,139	47	85	0	0	7,664	
Depreciation charge	4,588	968	1,139	35	9	0	0	6,739	
Depreciation written out to the Revaluation Reserve	-4,244	-1,265	0	0	0	0	0	-5,509	
Depreciation written out to the Surplus/Deficit on the Provision of Services	-343	-597	0	0	0	0	0	-940	
Impairment losses/reversals(-) to Revaluation Reserve	0	0	0	0	0	0	0	0	
Impairment losses/reversals(-) to Surplus/Deficit on the Provision of Services	0	0	0	0	0	0	0	0	
Derecognition - Disposals	-1	-10	-598	0	0	0	0	-609	
Reclassifications	0	0	0	0	0	0	0	0	
At 31 March 2021	0	1,489	5,680	82	94	0	0	7,345	
Net Book Value									
at 31 March 2021	291,092	76,240	6,190	366	321	0	12,227	386,436	
at 31 March 2020	287,490	72,751	6,145	401	250	0	4,887	371,924	

DEPRECIATION

The following useful lives and depreciation rates have been used in the calculation of depreciation:

- Council Dwellings - 2-75 years
- Other Land and Buildings - 9-75 years
- Vehicles, Plant, Furniture and Equipment - 3-25 years
- Infrastructure - 10-190 years
- Surplus - 20-98 years

CAPITAL COMMITMENTS

The Council has a Capital Programme for 5 years of which £15.355m is contractually committed as at 31 March 2022. Whilst there are a number of other commitments in the Capital Programme, the below are financial Commitments.

2020/21 £'000	2021/22 £'000
22,219 New Council House Build	15,355
22,219 Total	15,355

REVALUATIONS

The Council 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. All 2021/2022 valuations were carried out by the Council's appointed surveyors, Wilks Head and Eve, who are suitably qualified and experienced for this purpose. Valuations 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. Plant and machinery is included implicitly in the valuation of the buildings. Properties regarded by the Council as operational were valued on the basis of open market value for the existing use or, where this could not be assessed because there was no market for the asset, the depreciated replacement cost. Properties regarded by the Council as non-operational have been valued on the basis of open market value.

The significant assumptions applied in estimating the fair values are:

- Good title can be shown and all valid planning permissions and statutory approvals are in place.
- The property is connected and has a right to use mains services and that sewers, main services and roads giving access to it have been adopted.
- An inspection of those parts not inspected would not reveal defects that would affect the valuation.
- The testing of electrical or other services would not reveal defects that would cause the valuation to alter.
- There are no deleterious or hazardous materials or existing or potential environmental factors that would affect the valuation.

The following statement shows the progress of the Council's rolling programme for the revaluation of non current assets.

	Council Dwellings £'000	Other Land & Buildings £'000	Vehicles Plant & Equipment £'000	Infra- Structure £'000	Community Assets Construction £'000	Assets Under £'000	Surplus £'000	Total £'000
Valued at Historical Cost	0	0	12,697	448	120	7,993	0	21,258
Valued at Current Value in:								
2021/2022	323,686	52,902	0	0	0	0	0	376,588
2020/2021	0	13,472	0	0	0	0	0	13,472
2019/2020	0	9,640	0	0	0	0	0	9,640
2018/2019	0	7,553	0	0	0	0	0	7,553
2017/2018	0	247	0	0	0	0	0	247
	323,686	83,814	12,697	448	120	7,993	0	428,758
Non Revaluation adjustments	0	3,968	0	0	0	0	0	3,968
Gross Book Value	323,686	87,782	12,697	448	120	7,993	0	432,726

Note - non revaluation adjustments relates to all movements in Gross Book Value that don't relate to a revaluation .i.e. acquisitions and disposals.

23 LEASES - DISCLOSURE AS LESSEE

Finance Leases

The Council has three finance leases, a 125 year lease on Clipstone Holding Centre, a 25 year lease on the Beaumont Cross site, for the hotel and retail units and a 25 year lease on Southwell Leisure Centre. The assets are included on the Balance Sheet under Property, Plant and Equipment.

The following amounts are included within Other Land and Building assets Note 22 for the Property, Plant and Equipment held under finance leases:

2020/21 £'000	2021/22 £'000
179 Balance at 1 April	1,111
5,285 Additions	1,190
140 Revaluations	-71
-15 Depreciation	-28
-4,478 Disposals	0
0 Reclassifications	0
1,111 Net Book Value at 31 March	2,202

The Council is committed to making minimum payments under the leases comprising settlement of the long term liability for the interest in the property acquired by the authority in future years while the liability remains outstanding. The minimum lease payments are made up of the following amounts:

2020/21 £'000	2021/22 £'000
Finance Lease Liabilities (net present value of minimum lease payments)	
136 • Current	140
5,374 • Non Current	5,233
4,871 Finance costs payable in future years minimum lease payments	4,672
10,381 Minimum Lease Repayments	10,045

The minimum lease payments will be payable over the following periods:

2020/21			2021/22	
Minimum Lease Payments	Finance Lease Liabilities (NPV)		Minimum Lease Payments	Finance Lease Liabilities (NPV)
£'000	£'000		£'000	£'000
335	136	Not later than one year	335	140
1,650	592	Later than one year and not later than five years	1,315	612
8,396	4,782	Later than five years	8,396	4,621
10,381	5,510	Total	10,046	5,373

The Council has sub-let Clipstone Holding Centre units held under the finance lease. The annual minimum payments expected to be received is £0.049m (£0.044m in 2020/2021).

The Council sub-lets the hotel asset on the Beaumont Cross site held under the finance lease. The annual minimum payments are detailed in note 24 as the sub lease is classified as a finance lease.

Operating Leases

The authority has no leases for Vehicles, Plant, Furniture and Equipment

Land and Buildings - the Council leases several items of land. The leasing arrangements for each being accounted for as operating leases.

Future minimum lease payments due in future years are:

2020/21		2021/22
£'000		£'000
31	Not later than one year	31
126	Later than one year and not later than five years	126
2,194	Later than five years	2,163
2,351	Total Operating Lease Costs	2,320

The expenditure charged to services in the Comprehensive Income and Expenditure Statement during the year in relation to these leases was:

2020/21		2021/22
£'000		£'000
38	Minimum lease payments	53
38	Total Operating Lease Costs	53

24 DISCLOSURE AS LESSOR

Finance Leases

With effect from April 2015, under the Devolution agreement with Newark Town Council, the Council has leased Newark Market Place and the Arena toilets and retail unit, Tolney Lane, Newark to Newark Town Council. The leases are for a peppercorn rent and therefore there will be no lease payments receivable from these arrangements. The leases have been accounted for as finance leases and the asset values have transferred to Newark Town Council.

	Fair Value at inception of lease April 2015	Lease Term
Newark Market Place	£56,450	99 years
Arena toilets and retail unit, Tolney Lane, Newark	£209,186	25 years

The Council Sub lets the hotel asset on the Beaumont Cross site, on a finance lease with a remaining term of 25 years.

The Council has a gross investment in the lease of minimum lease payments expected to be received over the remaining term. The minimum lease payments comprise settlement of the long-term debtor for the interest in the property acquired by the lessee and finance income that will be earned by the Council in future years while the debtor remains outstanding. The gross investment is made up of the following amounts:

2020/21 £'000	2021/22 £'000
Finance Lease Debtor (net present value of minimum lease payments)	
103 • Current	107
4,562 • Non Current	4,455
2,966 Unearned Finance Income	2,763
7,631 Minimum Lease Repayments	7,325

The gross investment in the lease and the minimum lease payments will be received over the following periods:

2020/21			2021/22	
Minimum Lease Payments £'000	Gross Invest- ment in the Lease £'000		Minimum Lease Payments £'000	Gross Invest- ment in the Lease £'000
305	103	Not later than one year	305	107
1,221	460	Later than one year and not later than five years	1,221	482
6,105	4,102	Later than five years	5,800	3,973
7,631	4,665	Total	7,326	4,562

Operating Leases

The Council has granted leases in respect of a range of industrial units, lorry wash and other commercial land and buildings. A number of village halls are also included. All arrangements are accounted for as operating leases with the village halls being charged peppercorn rents. All the leases as lessor are land and buildings. The Council does not currently lease any vehicle, plant or equipment.

Aggregate rentals received by the Council in its capacity as lessor for 2021/22 was £1,151k (£1,010k 2020/21).

The total future lease commitments are:

2020/21 £'000	2021/22 £'000
990 Not later than one year	1,080
2,505 Later than one year and not later than five years	2,697
1,327 Later than five years	1,210
4,822 Total Operating Lease Costs	4,987

25 CASH AND CASH EQUIVALENTS

2020/21 £'000	2021/22 £'000
4 Cash held by the Council	4
-63 Cash in transit	55
544 Bank current accounts	796
22,776 Short-term deposits with Money Market Funds	26,803
23,261 Total Cash and Cash Equivalents	27,658

26 HERITAGE ASSETS

The following table shows the reconciliation of the carrying value of the heritage assets held by the Council.

	Museum Collection £'000	Other Assets £'000	Total Assets £'000
Cost or Valuation			
At 1 April 2021	1,930	90	2,020
Additions	0	0	0
Revaluations	0	0	0
At 31 March 2022	1,930	90	2,020
Cost or Valuation			
At 1 April 2020	1,930	90	2,020
Additions	0	0	0
Revaluations	0	0	0
At 31 March 2021	1,930	90	2,020

The Council's heritage assets held on the Balance Sheet have been split into the following categories:

Museum Collection – The Council has an extensive museum collection comprising art, civil war artefacts, clocks, coins and tokens and other items of interest. The museum was established in 1912 and the majority of artefacts have been donated by local residents over the course of the years. All exhibits are either on display at the National Civil War Centre in Newark or held at the Council's resource centre; however, all items at the resource centre are available for viewing by appointment. The collection is the responsibility of the Heritage, Culture and Visitors Business Manager and is kept in a controlled environment to ensure minimal deterioration. Should any remedial conservation be required this is contracted out to specialist third parties on an as and when basis. Items are valued for insurance purposes at a minimum of every five years and held on the balance sheet at this value. The assets held within the museum collection are deemed to have indeterminate lives and as such are not depreciated.

A significant item of the collection is the Newark Torc, a complete Iron Age gold alloy neck ring which was purchased by a combination of council funding, grant funding and public donations in 2006. The torc is on display at the National Civil War Centre.

Other – other heritage assets held by the Council include various sculptures which have been commissioned and are on display in the Council's parks and gardens and the Chairman's chains of office. Items are valued on an annual basis for insurance purposes and held on the balance sheet at this value.

The Council also owns heritage assets which are not shown on the Balance Sheet as detailed:

Newark Castle – the castle was built in the 12th century and is a scheduled ancient monument. The castle was partly destroyed at the end of the English Civil War but has a number of rooms which are open to the public as part of a guided tour and is sited in a public garden. The Council does not consider that reliable cost or valuation information can be obtained for the castle due to the age and state of the building. A fund is in place to cover the costs of any future repairs and renewals.

Queen's Sconce – this scheduled ancient monument is one of the few remaining earthworks from the English Civil War. It is distinctively star shaped and is considered an internationally important heritage feature, surrounded by open space and playing fields. The Council does not consider that reliable cost or valuation information can be obtained for the sconce due to the age and nature of the structure. A fund is in place to cover the costs of any future repairs and renewals.

27 ASSETS HELD FOR SALE

Strict requirements are identified in the Code regarding the classification of an asset as Held for Sale. If an asset does not meet these requirements then it would continue to be classified within the standard classification, either as Property Plant and Equipment or as Investment Property. The Council holds the following current assets with the intent of selling them within 12 months of the balance sheet date.

2020/21 £'000	2021/22 £'000
1,170	1,233
Balance outstanding at start of year	
Assets newly classified as held for sale:	
4,469	5,543
Transfer from Property, Plant and Equipment	
Assets declassified as held for sale:	
-4,309	-2,172
Assets Sold	
-97	-186
Transfer back to Property, Plant and Equipment	
1,233	4,418
Balance outstanding at year-end	

28 INTANGIBLE ASSETS

During 2021/2022 the Council's intangible assets consisted of computer software. These were considered to have significant long term value to justify inclusion within the Balance Sheet. They are amortised on a straight line basis over the estimated period of economic benefit to the Council which varies between 5 and 10 years depending on the particular system. The amortisation amount is charged to the relevant revenue service and is included within the (Surplus)/Deficit on Continuing Operations.

2020/21 £'000	2021/22 £'000
Balance at start of year:	
1,526	1,637
Gross carrying amounts	
-1,258	-1,325
Accumulated amortisation	
268	312
Net carrying amount at start of year	
Movements:	
111	60
Purchases	
0	0
Other disposals	
-67	-60
Amortisation for the period	
0	25
Reclassifications	
312	337
Net carrying amount at end of year	
Comprising:	
1,637	1,722
Gross carrying amounts	
-1,325	-1,385
Accumulated amortisation	
312	337
Net carrying amount at end of year	

29 CAPITAL EXPENDITURE AND FINANCING

The total amount of capital expenditure incurred in the year is shown in the table below, 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 Council, the expenditure results in an increase in the Capital Financing Requirement (CFR), a measure of the capital expenditure incurred historically by the Council that has yet to be financed. The movement on the CFR is analysed in the second part of this note.

2020/21 £'000	2021/22 £'000
132,900	138,162
Opening Capital Financing Requirement	
<u>Capital Investment:</u>	
19,462	15,338
Property, Plant and Equipment	
2,439	-2,385
Capital Loans and Shares	
111	59
Intangible Assets	
1,449	4,928
Revenue Expenditure Funded from Capital Under Statute	
<u>Sources of Finance</u>	
-3,134	-3,146
Capital Receipts	
-2,948	-7,355
Government Grants and Contributions	
-12,738	-9,180
Sums set aside from Revenue (inc MRP and finance leases)	
<u>Finance Leases</u>	
5,285	1,119
Assets acquired under finance leases	
-4,664	0
Assets leased out under finance leases	
138,162	137,540
Closing Capital Financing Requirements	
Explanation of Movements in Year	
9,832	3,262
Increase in underlying need to borrow (unsupported by Government financial assistance)	
-4,570	-3,884
Other Movements (MRP including finance leases)	
5,262	-622
Increase in Capital Financing Requirement	
Split on Capital Financing Requirement between General Fund and Housing Revenue Account	
29,139	26,546
General Fund	
109,023	110,994
Housing Revenue Account	
138,162	137,540

30 ANALYSIS OF DEBTORS

The amounts due to the Council were:-

2020/21 £'000	2021/22 £'000
Amounts falling due within one year:-	
1,920	2,003
Trade Receivables	
361	926
Prepayments	
19,815	16,872
Other Receivable Amounts	
-2,797	-2,532
Less Loss Allowance	
19,299	17,269
Total Short Term Debtors	
2,400	3,143
Other Entities and Individuals	
2,400	3,143
Total Long Term Debtors	
21,699	20,412
Total Debtors	

DEBTORS FOR LOCAL TAXATION

The past due but not impaired amount for local taxation (council tax and non-domestic rates) within the total debtors figure is analysed below;

2020/21 £'000	2021/22 £'000
713 Council Tax	757
269 Non-Domestic Rates	370
982 Total Debtors for Local Taxation	1,127

31 ANALYSIS OF CREDITORS

The amounts owed by the Council were:-

2020/21 £'000	2021/22 £'000
Amounts falling due within one year:-	
4,998 Trade Payables	5,121
20,274 Other Payables	22,413
25,272 Short Term Creditors	27,534
8,567 Other Payables	0
8,567 Long Term Creditors	0
33,839 Total	27,534

32 PROVISIONS

2020/21 £'000	Non Domestic Rate Appeals £'000	2021/22 Total £'000
391 Short Term Balance at 1 April	229	229
-1,457 Amounts used in year	-1,965	-1,965
1,295 Transfer from Long Term	1,744	1,744
229 Short Term Balance at 31 March	8	8
1,288 Long Term Balance at 1 April	1,538	1,538
1,545 Additional provisions made in year	1,670	1,670
-1,295 Transfer to Short Term	-1,744	-1,744
1,538 Long Term Balance at 31 March	1,464	1,464

New arrangements for the retention of business rates came into force on 1 April 2013 whereby local authorities have assumed the liability for refunding ratepayers who have successfully appealed against the rateable value of their properties on the rating list. This includes amounts that were paid over to Central Government in respect of 2012/2013 and prior years. Previously such amounts would not have been recognised as income by the authorities but would have been transferred to DLUHC. A provision has been made for the possible settlement of refunds, based on consideration of the type and history of appeals awarded in the past, and the length of time normally taken for the appeal process.

33 USABLE RESERVES

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

34 UNUSABLE RESERVES

2020/21 £'000	2021/22 £'000
98,035 Revaluation Reserve	138,233
155,940 Capital Adjustment Account	156,449
-114 Financial Instruments Adjustment Account	-110
-96,575 Pensions Reserve	-85,489
-163 Crematorium Pension Reserve	-155
7,014 Deferred Capital Receipts Reserve	6,912
-566 Pooled Investment Adjustment Account	156
-6,508 Collection Fund Adjustment Account	-5,402
-91 Accumulated Absences Account	-91
156,972 Total Unusable Reserves	210,503

REVALUATION RESERVE

The Revaluation Reserve contains the gains made by the Council arising from increases in the value of its Property, Plant and Equipment. The balance is reduced when assets with accumulated gains are:

- Revalued downwards or impaired and the gains are lost.
- Used in the provision of services and the gains are consumed through depreciation.
- Disposed of and the gains are realised.

The reserve contains only revaluation gains accumulated since 1 April 2007, the date the reserve was created. Accumulated gains arising before that date are consolidated into the balance in the Capital Adjustment Account.

2020/21 £'000	2021/22 £'000
89,726 Balance at 1 April	98,035
13,856 Upward revaluations of assets	47,864
-2,548 Downward revaluation of assets and impairment losses not charged to the Surplus/Deficit on the Provision of Services	-4,289
11,308 Surplus or deficit(-) on revaluation of non-current assets not posted to the Surplus or Deficit on the Provision of Services	43,575
-1,418 Difference between fair value depreciation and historical cost depreciation	-1,574
-1,581 Accumulated gains on assets sold or scrapped	-1,803
-2,999 Amount written off to the Capital Adjustment Account	-3,377
98,035 Balance at 31 March	138,233

CAPITAL ADJUSTMENT ACCOUNT

The Capital Adjustment Account absorbs the timing differences arising from the different arrangements for the consumption of non-current assets and for financing the acquisition, construction or enhancement of those assets under statutory provisions. The account is debited with the cost of acquisition, construction or enhancement as depreciation, impairment losses and amortisation are charged to the Comprehensive Income and Expenditure Statement. The account is credited with the amounts set aside by the Council as finance for the costs of acquisition, construction and enhancement.

The account contains accumulated gains and losses on Investment Properties and revaluation gains on Property, Plant and Equipment before 1 April 2007, the date the Revaluation Reserve was created to hold such gains.

2020/21 £'000	2021/22 £'000
157,295	155,940
Balance as at 1st April	
Reversal of items relating to capital expenditure debited or credited to the CIES:	
-6,739	-6,847
Charges for depreciation and impairment of non-current assets	
-5,528	-6,985
Revaluation losses on Property, Plant and Equipment	
-67	-60
Amortisation of intangible assets	
-178	342
Revaluation on Financial Instrument classed as capital	
-1,449	-4,928
Revenue expenditure funded from capital under statute	
-9,212	-4,173
Amounts of non-current assets written off on disposal or sale as part of the gain(-)/loss on disposal to the CIES	
-23,173	-22,651
1,581	1,803
Adjusting amounts written out of the Revaluation Reserve	
-21,592	-20,848
Net written out amount of the cost of non-current assets consumed in the year	
Capital financing applied in the year:	
3,134	3,146
Use of Capital Receipts Reserve to finance new capital expenditure	
5,853	2,136
Use of Major Repairs Reserve to finance new capital expenditure	
2,689	6,713
Capital grants and contributions credited to the CIES that have been applied to capital financing	
259	642
Applications of grants to capital financing from the Capital Grant Unapplied Account	
0	102
Use of Capital Receipts for repayment of debt on Finance Lease	
4,570	3,883
Statutory provision for the financing of capital investment charged against the General Fund and HRA balances	
2,314	3,161
Capital expenditure charged against the General Fund and HRA balances	
18,819	19,783
1,418	1,574
Adjustment between Capital Adjustment Account and Revaluation Reserve for depreciation that relates to the revaluation balance rather than historic cost	
155,940	156,449
Balance at 31 March	

FINANCIAL INSTRUMENT ADJUSTMENT ACCOUNT

The Financial Instrument Adjustment Account absorbs the timing difference arising from the different arrangements for accounting for income and expenditure relating to certain financial instruments and for bearing losses or benefitting from gains per statutory provision. The Council uses the account to manage premiums paid on the early redemption of loans. Premiums are debited to the Comprehensive Income and Expenditure Statement when they are incurred but reversed out of the General Fund balance to this account in the Movement in Reserves Statement. Over time the expense is posted back to the General Fund balance in accordance with statutory arrangements for spreading the burden on the council tax payer.

2020/21 £'000	2021/22 £'000
-117 Balance at 1 April	-114
3 Differences between statutory debits/credits and amounts recognised as income and expenditure in relation to financial instruments	4
-114 Balance at 31 March	-110

PENSIONS RESERVE

The Pensions Reserve absorbs the timing differences arising from the different arrangements for accounting for post employment benefits and for funding benefits in accordance with statutory provisions. 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 reserve therefore shows a substantial shortfall in the benefits earned by past and current employees and the resources the Council has set aside to meet them. The statutory arrangements will ensure that funding will have been set aside by the time the benefits come to be paid.

2020/21 £'000	2021/22 £'000
-71,357 Balance at 1 April	-96,575
-20,387 Remeasurements of the net defined benefit liability/(asset)	16,588
-8,203 Reversal of items relating to retirement benefits debited or credited to the Surplus or Deficit on the Provision of Services in the CIES	-8,922
3,372 Employers pensions contributions and direct payments to pensioners payable in the year	3,420
-96,575 Balance at 31 March	-85,489

CREMATORIUM PENSION RESERVE

The total assets and liabilities of the Mansfield and District Joint Crematorium Pension Account are apportioned between Newark and Sherwood District Council, Ashfield District Council and Mansfield District Council. The balance held in the Crematorium Pension Account represents Newark and Sherwood District Council's proportion of the assets and liabilities of the scheme.

2020/21 £'000	2021/22 £'000
-1,141 Balance at 1 April	-1,687
-499 Remeasurements of the net defined benefit liability/(asset)	230
-112 Reversal of items relating to retirement benefits debited or credited to the Surplus or Deficit on the Provision of Services in the CIES	-180
65 Employers pensions contributions and direct payments to pensioners payable in the year	75
-1,687 Balance at 31 March	-1,562
Balance split by Authority:	
-163 Newark and Sherwood District Council's proportion	-155
-759 Ashfield District Council's Proportion	-706
-765 Mansfield District Council's Proportion	-701
-1,687 Balance at 31 March	-1,562

DEFERRED CAPITAL RECEIPTS RESERVE

The Deferred Capital Receipts Reserve holds the gains recognised on the disposal of non-current assets but for which cash settlement has yet to take place. Under statutory arrangements, the Council does not treat these gains as usable for financing new capital expenditure until they are backed by cash receipts. When the deferred cash settlement eventually takes place, amounts are transferred to the Capital Receipts Reserve.

2020/21 £'000	2021/22 £'000
0 Balance at 1 April	7,014
7,014 Transfer of deferred capital receipt repayable credited as part of the gain(-)/loss on disposal to the CIES	0
0 Transfer to Capital Receipts Reserve	-102
7,014 Balance at 31 March	6,912

POOLED INVESTMENT FUNDS ADJUSTMENT ACCOUNT

The pooled investment fund adjustment account represents the fair value movement in the value of its investments that are measured at fair value through profit and loss. Under regulation 30k of SI2018/1207 the fair value movement can continue to be reversed until the period ending 31 March 2023. After that period the value of the movement will then be charged against the general fund balance.

2020/21 £'000	2021/22 £'000
-798 Balance at 1 April	-566
258 Upward revaluation of investments	722
-26 Downward revaluation of investments	0
0 Accumulated gains or losses on assets sold and maturing assets written out to the comprehensive income and expenditure statement as part of other investment income	0
0 Accumulated gains or losses on assets sold and maturing assets written out to the general fund balances for financial assets designated to fair value through other comprehensive income	0
-566 Balance at 31 March	156

COLLECTION FUND ADJUSTMENT ACCOUNT

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

2020/21 £'000	2021/22 £'000
2,559 Balance at 1 April	-6,508
-9,067 Amount by which council tax and non-domestic rating income credited to the CIES is different from council tax and non-domestic rating income calculated for the year in accordance with statutory requirements	1,106
-6,508 Balance at 31 March	-5,402

ACCUMULATED ABSENCES ACCOUNT

The Accumulated Absences Account absorbs the differences that would otherwise arise on the General Fund Balance from accruing for compensated absences earned but not taken in the year, eg annual leave entitlement carried forward at 31 March. Statutory arrangements require that the impact on the General Fund Balance is neutralised by transfers to or from the Account.

2020/21 £'000	2021/22 £'000
-91 Balance at 1 April	-91
0 Settlement or cancellation of accrual made at the end of the preceding year	0
0 Amount by which officer remuneration charged to the CIES on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	0
-91 Balance at 31 March	-91

35 CONTINGENT ASSETS AND LIABILITIES

There are no contingent assets or liabilities to disclose.

36 CASH FLOW STATEMENTS

A Cash Flow Statement - Adjustment To Net Surplus Or Deficit On The Provision Of Services For Non Cash Movements

2020/21 £'000	2021/22 £'000
402 Net Surplus or Deficit(-) on the Provision of Services	1,091
Adjust net surplus or deficit on the provision of services for non-cash movements	
6,739 Depreciation of Property, Plant and Equipment	6,847
5,528 Impairment and downward valuations	6,985
67 Amortisation of Intangible Assets	60
178 Material impairment losses on Investments debited to surplus or deficit on the provision of services in year	-342
-231 Adjustment for movements in fair value of investments classified as Fair Value through Profit & Loss a/c	-722
-12 Increase/Decrease(-) in interest Creditors	22
3,575 Increase/Decrease(-) in Creditors	5,296
36 Increase(-)/Decrease in interest and dividend Debtors	-35
5,909 Increase(-)/Decrease in Debtors	-611
9 Increase(-)/Decrease in Inventories	-118
2,599 Pension Liability	5,508
89 Increase/Decrease(-) in Provisions	-294
9,212 Carrying amount of non-current assets and non-current Assets Held For Sale, sold or derecognised	4,173
0 Amounts posted from the Donated Assets Account (or direct donated assets in year)	-1,119
33,698 Total	25,650
Adjust for items included in the net surplus or deficit on the provision of services that are investing or financing activities	
0 Proceeds from short-term (not considered to be cash equivalents) and long-term investments (includes investments in associates, joint ventures and subsidiaries)	0
-9,177 Capital Grants credited to surplus or deficit on the Provision of Services	-10,507
-3,271 Proceeds from the sale of Property Plant and Equipment, Investment Property and Intangible Assets	-2,458
-12,448 Total	-12,965
21,652 Net Cash Flows from Operating Activities	13,776

B Cash Flow Statement - Operating Activities

The cash flows for operating activities include the following items:

2020/21 £'000	2021/22 £'000
967 Interest received	933
-3,384 Interest paid	-3,702
-2,417 Total	-2,769

C Cash Flow Statement - Investing Activities

2020/21 £'000		2021/22 £'000
-17,927	Purchase of Property, Plant and Equipment, Investment Property and Intangible Assets	-15,430
-54,785	Purchase of short-term and long-term Investments	-39,900
-2,462	Other payments for investing activities	-752
2,164	Proceeds from the sale of Property, Plant and Equipment, Investment Property and Intangible Assets	2,560
45,785	Proceeds from short-term and long-term Investments	28,900
5,020	Other receipts from investing activities	15,722
-22,205	Net cash flows from investing activities	-8,900

D Financing Activities

2020/21 £'000		2021/22 £'000
9,197	Cash receipts for short and long-term Borrowing	10,933
0	Other receipts from financing activities	0
0	Cash payments for the reduction of the outstanding liabilities relating to Finance Leases	-136
-6,412	Repayments of short and long-term Borrowing	-9,034
-2,490	Other payments for financing activities	-2,242
295	Net cash flows from financing activities	-479

37 RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

	2021/22 1 April £'000	Financing Cash Flows £'000	Non-cash changes		2021/22 31 March £'000
			Acquisit- ion £'000	Other non- cash changes £'000	
Long-term borrowings	85,001	5,471	0	-3,503	86,969
Short-term borrowings	10,211	-3,573	0	3,503	10,141
Lease Liabilities	5,510	-136	0	0	5,374
Total Liabilities from financing activities	100,722	1,762	0	0	102,484

38 JOINT CREMATORIUM COMMITTEE

The Council, along with Ashfield District Council and Mansfield District Council, operates the Mansfield and District Joint Crematorium.

The Council's share of income, expenditure, assets and liabilities in respect of the Joint Crematorium Committee is as follow;

2020/21			2021/22	
Total	NSDC	Comprehensive Income and Expenditure Statement	Total	NSDC
£'000	Share £'000		£'000	Share £'000
-2,084	-119	Gross Income	-2,001	-128
1,288	73	Gross Expenditure (includes surplus distribution)	1,472	94
-796	-46	Charged to Other Operating Income and Expenditure before Surplus Distribution	-529	-34
728	42	Surplus Distribution	813	52
-68	-4	Total Charged to Other Operating Income and Expenditure	284	18
24	1	Financing and Investment Income and Expenditure	31	2
-44	-3	Surplus (-) or Deficit on Provision of Services	315	20
499	28	Remeasurements of the Net Defined Benefit Liability (Asset)	-230	-14
455	25	Total Comprehensive Income and Expenditure	85	6

2020/21			2021/22	
Total	NSDC	Balance Sheet	Total	NSDC
£'000	Share £'000		£'000	Share £'000
2,043	240	Property, Plant and Equipment	1,914	231
2,043	240	Long Term Assets	1,914	231
504	42	Short Term Debtors	329	31
1,651	190	Cash and Cash Equivalents	1,709	194
2,155	232	Current Assets	2,038	225
-951	-84	Short Term Creditors	-898	-81
-951	-84	Current Liabilities	-898	-81
-1,655	-161	Pensions	-1,546	-154
-1,655	-161	Long Term Liabilities	-1,546	-154
1,592	227	Net Assets	1,508	221
Financed By:				
1,236	150	General and Capital Reserve	1,156	145
-1,687	-163	Pension Reserve	-1,562	-155
1,619	206	Capital Adjustment Account	1,508	199
424	34	Revaluation Reserve	406	32
1,592	227	Total Reserves	1,508	221

39 POST EMPLOYMENT BENEFITS

As part of the terms and conditions of employment of its officers and other employees, the authority offers retirement benefits. Although these benefits will not actually be payable until employees retire, the authority has a commitment to make the payments that need to be disclosed at the time that employees earn their future entitlement. The authority participates in the Local Government Pension Scheme, administered by Nottinghamshire County Council. This is a funded defined benefit final salary scheme, meaning the authority and employees pay contributions into a fund, calculated at a level intended to balance the pensions liabilities with investment assets.

The cost of retirement benefits is recognised in the (Surplus)/Deficit on Continuing Operations when they are earned by employees rather than when the benefits are eventually paid as pensions. However, the charge required to be made against the council tax is based on the cash payable in the year, so the real cost of retirement benefit is reversed out of the Comprehensive Income and Expenditure Statement after the (Surplus)/Deficit on Provision of Services.

These transactions are as follows:-

2020/21 £'000	2021/22 £'000
Comprehensive Income and Expenditure Statement	
<u>Cost of Services</u>	
6,329 Current service cost	6,951
204 Past service costs	90
0 (Gain)/loss from settlements	0
<u>Financing and Investment Income and Expenditure</u>	
1,628 Net interest expense	1,828
48 Administration costs	64
8,209 Total charged to Surplus/Deficit on Provision of Services	8,933
<u>Remeasurement of the net defined benefit liability</u>	
20,007 Return on plan assets	7,423
0 Other actuarial gains/(losses)	0
-44,553 Changes in financial assumptions	9,702
1,904 Changes in demographic assumptions	0
2,227 Experience gains/(losses)	-523
-20,415 Total charged to Other Comprehensive Income and Expenditure	16,602
-12,206 Total charged to Comprehensive Income and Expenditure Statement	25,535
Movement in Reserves Statement	
-3,342 Reversal of net charges made for retirement benefits	-6,255
Actual amount charged against the General Fund Balance	
4,867 Employers' contributions payable to scheme	2,678

Assets and liabilities in relation to retirement benefits

Reconciliation of present value of the scheme liabilities:

2020/21 £'000	2021/22 £'000
171,331 1st April	216,468
6,329 Current service cost	6,951
3,247 Interest cost	4,116
875 Contributions by scheme participants	922
<i>Remeasurement (gains)/losses</i>	
-1,904 Changes in demographic assumptions	0
44,553 Changes in financial assumptions	-9,702
-2,227 Other	523
204 Past service cost	90
0 Losses (gains) on curtailment	0
-5,940 Benefits paid	-5,815
216,468 31st March	213,553

Reconciliation of fair value of the scheme assets:

2020/21 £'000	2021/22 £'000
99,842 1st April	121,222
1,618 Interest income	2,287
<i>Remeasurement gain/(loss)</i>	
20,007 Return on plan assets	7,423
0 Other	0
4,868 Contributions from employer	2,679
875 Contributions from scheme participants	922
-5,940 Benefits paid	-5,815
-48 Administration costs	-64
0 Settlement Paid	0
121,222 31st March	128,654

Pension Assets and Liabilities Recognised in Balance Sheet

Assets	2021/22 £'000	2020/21 £'000	2019/20 £'000	2018/19 £'000	2017/18 £'000
Present value of liabilities	-213,553	-216,468	-171,331	-183,598	-179,053
Fair value of assets	128,654	121,222	99,842	108,230	99,856
Net liability	-84,899	-95,246	-71,489	-75,368	-79,197

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 scheme liabilities have been assessed by Barnett Waddingham LLP, an independent firm of actuaries, the estimates for the County Council Fund being based on the latest full valuation of the scheme as at 31st March 2019.

The principal assumptions used by the actuary have been:

2020/21 £'000		2021/22 £'000
<u>Mortality Assumptions</u>		
Longevity at 65 for current pensioners		
21.6	Men	21.6
24.3	Women	24.3
Longevity at 65 for future pensioners		
22.9	Men	23.0
25.7	Women	25.8
Rate of inflation – Retail Price Index		
Rate of inflation – Consumer Price index		
3.80%	Rate of increase in salaries	4.20%
2.80%	Rate of increase in pensions	3.20%
2.00%	Rate for discounting scheme liabilities	2.60%
Take up of option to convert annual pension into retirement		
50%	lump sum	50%
10%	Take up of option to pay 50% contributions for 50% benefits	10%

The estimation of the defined benefit obligations is sensitive to the actuarial assumptions set out in the table above. The sensitivity analysis below has 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 estimations in the sensitivity analysis have followed the accounting policies for the scheme.

<u>Impact on the defined benefit obligation</u>	Adjustment	Increase in assumption £'000	Decrease in assumption £'000
Discount Rate	+/- 0.1%	-4,158	4,245
Salary Increase	+/- 0.1%	369	-366
Pension Increase	+/- 0.1%	3,847	-3,772
Mortality Age	+/- 1 year	9,957	-9,489

The Pension Scheme's assets consist of the following categories, by proportion of the total assets held.

2020/21 £'000		Quoted	Unquoted	2021/22 £'000
	Equity Investment			
30,275	UK investment	27,276	0	27,276
44,551	Overseas investment	45,459	0	45,459
3,692	Private equity investment	0	5,195	5,195
78,518				77,930
	Gilts			
4,073	UK fixed interest	3,788	0	3,788
4,073				3,788
	Other Bonds			
2,047	UK corporates	2,507	0	2,507
6,261	Overseas corporates	6,266	0	6,266
8,308				8,773
12,383	Property	0	16,528	16,528
5,512	Cash/Credit/Unit Trust	0	7,200	7,200
5,865	Inflation-linked pooled fund	0	6,777	6,777
6,556	Infrastructure	0	7,643	7,643
121,215		85,296	43,343	128,639

Projected Pension Expense for the Year to 31 March 2023

	Year to 31-Mar-23 £'000
Projection for Year to 31 March 2023	
Service cost	6,435
Net Interest on the defined liability (asset)	2,169
Administration expenses	63
Total	8,667
Employer contributions	2,538

Note that these figures exclude the capitalised cost of any early retirements or augmentations which may occur after 31 March 2022. These projections are based on the assumptions as at 31 March 2022.

Upfront pension payment

The Council is liable to make contributions towards the cost of post-employment benefits. For the 3-year period 2020/21 – 2022/23, the Council agreed with the Nottinghamshire County Council Pension Fund that the employer secondary rate contributions payable to the Local Government Pension Scheme (LGPS) could be paid as a single up-front payment. Subsequently, in April 2021 the Council paid £2.235m rather than the £2.400m quoted to be paid in installments over the 3 year period. In line with the Council's accounting policies, in 2020/21 the amounts relating to 2021/22 and 2022/23 have been offset against the pension liability on the balance sheet. These amounts will be charged to the General Fund balance in the years to which they relate.

At the close of the triennial period the pension reserve and the pension liability will be brought into line with each other once the charges for 2021/22 and 2022/23 have been charged to the General Fund balance.

Figures in the table below excludes the Councils element of their apportionment of Mansfield and District Joint Crematorium Pension liability.

	Upfront Payment £'000	3 year lump sum apportionment		
		2020/21 £'000	2021/22 £'000	2022/23 £'000
3 year lump sum payment	2,235	745	745	745
Council's Pension Reserve	85,489			
Council's Pension Liability	84,744			
Variance is 22/23 contributions	745			

40 FINANCIAL INSTRUMENTS – RISK AND RISK MANAGEMENT

Disclosure of nature and extent of Risk arising from Financial Instruments

The Council's activities expose it to a variety of financial risks, the key risks being:

- Credit risk – the possibility that other parties might fail to pay amounts due to the Council.
- Liquidity risk – the possibility that the Council might not have funds available to meet its commitments to make payments.
- Market risk – the possibility that financial loss might arise for the Council as a result of changes in such measures as interest rate movements.

Overall Procedures for Managing Risk

The Council's overall risk management programme focuses on the unpredictability of financial markets, and seeks to minimise potential adverse effects on the resources available to fund services.

The Council complies with CIPFA's Code of Practice on Treasury Management and Prudential Code for Capital Finance in Local Authorities, both revised in December 2017.

In line with the Treasury Management Code, the Council approves a Treasury Management Strategy before the commencement of each financial year. The Strategy sets out the parameters for the management of risks associated with financial instruments. The Council also produces Treasury Management Practices specifying the practical arrangements to be followed to manage these risks.

The Treasury Management Strategy includes an Investment Strategy in compliance with the Ministry for Housing, Communities and Local Government Guidance on Local Government Investments. This Guidance emphasises that priority is to be given to security and liquidity, rather than yield. The Council's Treasury Management Strategy and its Treasury Management Practices seek to achieve a suitable balance between risk and return or cost.

Credit Risk: Treasury Investment

The Council manages credit risk by ensuring that treasury investments are only placed with organisations of high credit quality as set out in the Treasury Management Strategy. These include commercial entities with a minimum long-term credit rating of A-, the UK government, other local authorities, and organisations without credit ratings upon which the Council has received independent investment advice. Recognising that credit ratings are imperfect predictors of default, the Council has regard to other measures including credit default swap and equity prices when selecting commercial entities for investment.

A limit of £15m of the total portfolio is placed on the amount of money that can be invested with a single counterparty (other than the UK government). For unsecured investments in banks, building societies and companies, a smaller limit of £5m applies. The Council also sets limits on investments in certain sectors. No more than £15m in total can be invested for a period longer than one year.

A summary of the credit quality of the Council's investments at 31 March 2022 is shown below:

2020/21			2021/22	
Fair Value through Profit & Loss £'000	Investments (Amortised Cost) £'000	Credit Rating	Fair Value through Profit & Loss £'000	Investments (Amortised Cost) £'000
0	18,120	AAA	0	22,140
0	0	AA+	0	0
0	0	AA	0	0
0	9,650	AA-	0	4,650
0	5,000	A+	0	16,000
0	5,000	A	0	5,000
0	2,000	A-	0	2,000
10,589	0	N/A	16,653	0
10,589	39,770	Total	16,653	49,790

Credit Risk: Amounts arising from Expected Credit Losses

The loss allowance for investments at amortised cost during the year are as follows:

Investment at Amortised Cost	Principal Amount £'000	Historic Risk of Default	Lifetime Expected Credit Losses – not credit impaired £
<u>Money Market Funds</u>			
Deutsche	0	0.000%	0
Invesco	12,000	0.000%	0
CCLA	2,240	0.000%	0
Goldmans Sachs	7,900	0.000%	0
<u>Other Investments</u>			
Standard Chartered	3,000	0.005%	159
Goldman Sachs	5,000	0.005%	272
Lloyds 95 day notice	5,000	0.012%	600
Santander UK Plc - 180 day notice a/c	5,000	0.023%	1,137
Standard Chartered	3,000	0.032%	974
Close Brothers	2,000	0.034%	675
Handelsbanken	4,650	0.000%	3
Total	49,790		3,820

Please note that we are currently using Historic Default Rates from 1990-2021 for Fitch, 1983-2021 for Moody's and 1981-2021 for S&P. Under IFRS 9 please be aware that the Code does not recognise a loss allowance where the counterparty is central government or a local authority since relevant statutory provisions prevent default. For these instruments, the Expected Credit Loss will be nil.

Due to the immaterial amount calculated on the lifetime expected credit losses the transaction has not been reflected within the accounts.

The loss allowance requirements do not apply to financial assets classified as 'fair value through profit or loss', as current market prices are considered to be an appropriate reflection of credit risk,

with all movements in fair value (including those relating to credit risk) impacting on the carrying amount and being posted to the Surplus or Deficit on the Provision of Services as they arise.

Credit Risk: Trade Receivables

The following analysis summarises the Council's potential maximum exposure to credit risk on other financial assets based on experience of default.

	Amount at 31st March 2022 £'000	Historical Experience of Default %	Adjustment for Market 31st March 2022 %	Estimated Maximum Exposure to Default 31st March 2022 £'000	Estimated Maximum Exposure to Default 31st March 2021 £'000
Trade Receivables	2,004	4.8	4.8	96	92
	2,004			96	92

The following analysis summarises the Council's trade receivables, by due date. Only those receivables meeting the definition of a financial asset are included. The Council does not generally allow credit to its trade debtors, such that £1.307m of the £2.004m balance is past its due date for payment. The past due amount can be analysed by age as follows:

2020/21 £'000	2021/22 £'000
Debtor Analysis	
82 Up to 30 days	572
10 31 to 60 days	11
11 61 to 90 days	2
1,121 Greater than 90 days	722
1,224 Total	1,307

Community Infrastructure Levy and section 106 receivables have payment terms of 90 days before recovery action is taken. £0.546m of the £0.722m debt which is over 90 days old relates to these debtors.

Collateral – During the reporting period the Council held no collateral as security.

Liquidity Risk

The Council manages its liquidity position through the risk management procedures above (the setting and approval of prudential indicators and the approval of the treasury and investment strategy reports), as well as through a comprehensive cash flow management system, as required by the Code of Practice. This seeks to ensure that cash is available when it is needed.

The Council has ready access to redeem funds invested from the money market to cover any day to day cash flow need, and the Public Works Loan Board provides access to longer term borrowing funds. The Council is also required to provide a balanced budget through the Local Government Finance Act 1992, which ensures sufficient monies are raised to cover annual expenditure. There is, therefore, no significant risk that it will be unable to raise finance to meet its commitments under financial instruments. This risk is managed by maintaining a spread of fixed rate loans and ensuring that no more than 15% of the Council's borrowing matures in any one financial year.

The maturity analysis of financial instruments is as follows:

2020/21				2021/22		
Liabilities	Assets	Net		Liabilities	Assets	Net
£'000	£'000	£'000	Time to Maturity (years)	£'000	£'000	£'000
6,711	42,963	36,252	Not over 1	6,638	49,803	43,165
6,500	13	-6,487	Over 1 but not over 2	5,500	0	-5,500
13,500	10,589	-2,911	Over 2 but not over 5	11,000	16,653	5,653
24,861	0	-24,861	Over 5 but not over 10	21,942	0	-21,942
40,140	0	-40,140	Over 10	48,530	0	-48,530
3,500	0	-3,500	Uncertain date*	3,500	0	-3,500
95,212	53,565	-41,647	Total	97,110	66,456	-30,654

* The Council has £3.5m (2020: £3.5m) of “Lender’s option, borrower’s option” (LOBO) loans where the lender has the option to propose an increase in the rate payable; the Council will then have the option to accept the new rate or repay the loan without penalty. Due to current low interest rates, in the unlikely event that the lender exercises its option, the Council is likely to repay these loans. The maturity date is therefore uncertain.

Market Risk: Interest Rate Risk

Interest Rate Risk – The Council is exposed to interest rate movements on its borrowings and investments. Movements in interest rates have a complex impact on the Council, depending on how variable and fixed interest rates move across differing financial instrument periods. For instance, a rise in variable and fixed interest rates would have the following effects:

- Borrowings at variable rates – the interest expense charged to the Comprehensive Income and Expenditure Statement will rise.
- Borrowings at fixed rates – the fair value of the borrowing will fall.
- Investments at variable rates – the interest income credited to the Comprehensive Income and Expenditure Statement will rise.
- Investments at fixed rates – the fair value of the assets will fall.

Investments measured at amortised cost and loans borrowed are not carried at fair value, so changes in their fair value will have no impact on the Comprehensive Income and Expenditure Statement. However, changes in interest payable and receivable on variable rate borrowings and investments will be posted to the Surplus or Deficit on the Provision of Services. Movements in the fair value of fixed rate investments measured at fair value will be reflected in Other Comprehensive Income or the Surplus or Deficit on the Provision of Services as appropriate.

The Treasury Management Strategy aims to mitigate these risks by setting upper limits on its net exposures to fixed and variable interest rates.

If all interest rates had been 1% higher (with all other variables held constant) the financial effect would be:

	£'000
Increase in interest payable on variable rate borrowings	0
Increase in interest receivable on variable rate investments	-614
Impact on Surplus or Deficit on the Provision of Services	-614
Decrease in fair value of fixed rate borrowings liabilities (no impact on the Surplus(-) or Deficit on the Provision of Services or Other Comprehensive Income and Expenditure)	13,705

The impact of a 1% fall in interest rates would be as above but with the movements being reversed.

Market Risk: Price Risk

The Council, excluding the pension fund, does not generally invest in equity shares or marketable bonds.

However, it does have shareholdings to the value of £4m in Arkwood Developments Ltd (100% Council owned). Whilst these holding are generally illiquid, the Council is exposed to gains or losses arising from movements in the price of the shares.

The shares in this company are not traded in an active market and fair value has been based on valuation techniques that are not based on observable current market transactions or available market data. The valuation has been made based on the net assets in the company's latest audited accounts.

The £4m shares are all classified at fair value through profit or loss, however as the transaction is a classed as capital all pricing movements will be reversed to the Capital Adjustment Account to remove impact on the tax payer. The carrying value as at 31 March 2022 is £3.931m.

The Council also holds £12.5m in the CCLA property fund and diversified income fund that has a carrying value as at 31 March 2022 of £12.655m. However, any movements in price will not impact on the General Fund Balance as regulations are currently in force to remove the impact of the fair value movements on the tax payer.

41 FINANCIAL INSTRUMENTS – BALANCES

The following categories of financial instrument are carried in the balance sheet:

	Long Term		Current	
	2021/22 £'000	2020/21 £'000	2021/22 £'000	2020/21 £'000
Financial Assets				
Investments				
Principal at amortised cost	0	0	23,000	17,000
Accrued Interest	0	0	121	67
Fair Value through Profit and Loss	16,653	10,589	0	0
Total Financial Assets	16,653	10,589	23,121	17,067
Cash and Cash Equivalents				
Cash (including bank accounts)	0	0	795	546
Cash equivalents at amortised cost	0	0	26,790	22,770
Accrued interest	0	0	13	6
Total Cash and Cash Equivalents	0	0	27,598	23,322
Loans and Receivables				
Trade Debtors	0	0	2,004	1,920
Other Debtors	7,597	6,949	1,140	1,695
Loans	0	13	13	3,193
Total Loans and Receivables	7,597	6,962	3,157	6,808
Total	24,250	17,551	53,876	47,197

	Long Term		Current	
	2021/22	2020/21	2021/22	2020/21
	£'000	£'000	£'000	£'000
Financial Liabilities				
Principal sum borrowed at Amortised cost	86,972	85,001	10,138	10,211
Accrued Interest	0	0	762	739
Fair Value through Profit and Loss	0	0	0	0
Total Financial Liabilities	86,972	85,001	10,900	10,950
Trade Creditors	0	0	4,066	4,036
Other Creditors	0	0	8,858	4,270
Finance Lease Liability	5,233	5,374	140	136
Provisions	0	0	0	0
Total Non-Financial Liabilities	5,233	5,374	13,064	8,442
Total	92,205	90,375	23,964	19,392

Note – Fair value has been measured by:

- Direct reference to published price quotations in an active market; and/or
- Estimating using a valuation technique.

42 FINANCIAL INSTRUMENTS – GAINS/LOSSES

The gains and losses recognised in the Comprehensive Income and Expenditure Statement in relation to financial instruments are made up as follows:

	Financial Liabilities		Financial Assets	
	2021/22	2020/21	2021/22	2020/21
	£'000	£'000	£'000	£'000
Net gains/losses on:				
• Financial assets measured at fair value through profit and loss via Surplus or Deficit on Provision of Services	0	0	-1,064	-53
Total Net (Gains) / Losses	0	0	-1,064	-53
Interest expense	3,903	3,958	0	0
Interest Payable and Similar Charges	3,903	3,958	0	0
Interest income	0	0	-1,019	-932
Interest and Investment Income	0	0	-1,019	-932
Fee Expense	0	0	31	21
Total Fee Expense	0	0	31	21

43 FINANCIAL INSTRUMENTS – FAIR VALUES

Basis for recurring fair value measurements:

- Level 1 Inputs – quoted prices (unadjusted) in active markets for identical assets or liabilities that the Council can access at the measurement date.
- Level 2 Inputs – inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3 Inputs – unobservable inputs for the asset or liability.

Fair Value of Financial Assets

Some of the Council's financial assets are measured at fair value on a recurring basis and are described in the following table, including the valuation techniques used to measure them.

Financial assets measured at fair value	Input Level in Fair Value Hierarchy	Valuation technique used to measure fair value	2021/22 £'000	2020/21 £'000
<i>Fair Value through Profit and Loss</i>				
Equity shareholdings in Arkwood Developments Ltd	Level 3	Net Assets valuation (see * below)	3,997	3,655
CCLA Property Fund	Level 1	Unadjusted quoted prices in active markets for identical shares	7,263	3,620
CCLA Diversified Income Fund (DIF)	Level 1	Unadjusted quoted prices in active markets for identical shares	5,393	3,314
Total			16,653	10,589

*Equity Shareholding in Arkwood Developments Ltd

The Council's shareholding in Arkwood Developments Ltd – the shares in this company are not traded in an active market and fair value of £3.997m has been based on valuation techniques that are not based on observable current market transactions or available market data. The valuation has been made based on an analysis of the net assets in the company's latest audited accounts.

History of Fair Value Movements of Financial Assets

	Opening Principal 1.4.21 £'000	In Year Principal Movement £'000	Closing Principal 31.3.22 £'000	Opening Fair Value Adj 1.4.21 £'000	In year Movement £'000	Closing Fair Value Adj 31.3.22 £'000	Carrying Value 31.3.22 £'000
Equity in Arkwood Developments Ltd	4,000	0	4,000	-345	342	-3	3,997
CCLA Property Fund	4,000	3,000	7,000	-380	643	263	7,263
CCLA Diversified Income	3,500	2,000	5,500	-186	79	-107	5,393
Total	11,500	5,000	16,500	-911	1,064	153	16,653

Transfers between Levels of the Fair Value Hierarchy

There were no transfers between input levels 1 and 2 during the year.

Changes in the Valuation Technique

There has been no change in the valuation technique used during the year for the financial instruments.

Reconciliation of Fair Value Measurements for Financial Assets Carried at Fair Value Categorised within Level 3 of the Fair Value Hierarchy for Financial Assets

	2021/22 £'000	2020/21 £'000
Opening balance	3,655	3,833
Transfers into Level 3	0	0
Transfers out of Level 3	0	0
<i>Total gains or loss (-) for the period:</i>		
• Included in Surplus or Deficit on the Provision of Services	342	-178
• Included in Other Comprehensive Income and Expenditure	0	0
Additions	0	0
Disposals	0	0
Closing Balance	3,997	3,655

Gains and losses included in the Surplus or Deficit on the Provision of Services for the current and the previous year relate to the unquoted shares in Arkwood Developments Ltd.

The Fair Values of Financial Assets and Financial Liabilities that are not measured at Fair Value (but for which Fair Value Disclosures are required)

Except for the financial assets carried at fair value (described in the table above), all other financial liabilities and financial assets represented by amortised cost and long-term debtors and creditors are carried on the balance sheet at amortised cost. Their fair value can be assessed by calculating the present value of the cash flows that take place over the remaining life of the instruments, using the following assumptions:

- For loans from the Public Works Loan Board (PWLB) and other loans payable, premature repayment rates from the PWLB have been applied to provide the fair value under PWLB debt redemption procedures.
- For loans receivable prevailing the benchmark market rates have been used to provide the fair value.
- No early repayment or impairment is recognised.
- Where an instrument has a maturity of less than 12 months or is a trade or other receivable, the fair value is taken to be the carrying amount or the billed amount.
- The fair value of trade and other receivables is taken to be the invoiced or billed amount.

The fair values calculated are as follows:

Fair values of financial liabilities:	2021/22		2020/21		
	Fair Value Level	£'000 Balance Sheet £'000	£'000 Fair value £'000	£'000 Balance Sheet £'000	£'000 Fair value £'000
<i>Financial Liabilities held at amortised cost:</i>					
Public Works Loans Board	2	81,082	85,817	75,572	87,967
Non PWLB debt	2	16,790	24,191	20,379	30,166
Total		97,872	110,008	95,951	118,133
<i>Liabilities for which fair value is not disclosed:</i>					
Short-term creditors		12,924	12,924	8,306	8,306
Long term Creditors		0	0	0	0
Other Long Term Liabilities - Finance Lease		5,233	5,233	5,374	5,374
Total		18,157	18,157	13,680	13,680
Total Liabilities		116,029	128,165	109,631	131,813

The fair value of borrowings is higher than the carrying amount because the Council's portfolio of loans includes a number of fixed rate loans where the interest rate payable is higher than the prevailing rates at the balance sheet date. This shows a notional future loss (based on economic conditions at 31 March 2022) arising from a commitment to pay interest to lenders above current market rates.

The fair value for financial liabilities and financial assets that are not measured at fair value included in Levels 2 and 3 in the table above have been arrived at using a discounted cash flow analysis with the most significant inputs being the discount rate detailed above.

The fair value for financial liabilities and financial assets that are not measured at fair value can be assessed by calculating the present value of the cash flows that will take place over the remaining term of the instruments, using the assumptions detailed above, primarily for financial liabilities the fair value is arrived at by applying the discounted cash flow calculations based on the PWLB premium/discount calculations

Fair values of financial assets:	2021/22		2020/21		
	Fair Value Level	£'000 Balance Sheet £'000	£'000 Fair value £'000	£'000 Balance Sheet £'000	£'000 Fair value £'000
<i>Financial assets held at amortised cost:</i>					
Long term investments	2	0	0	0	0
Total		0	0	0	0
<i>Assets for which fair value is not disclosed:</i>					
Short term Debtors		3,157	3,157	6,808	6,808
Long term Debtors		7,597	7,597	6,962	6,962
Short term investments		23,121	23,121	17,067	17,067
Cash and Cash Equivalents		27,598	27,598	23,322	23,322
Total		61,473	61,473	54,159	54,159
Total Assets		61,473	61,473	54,159	54,159

HOUSING REVENUE ACCOUNT

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. Authorities 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 Housing Revenue Account Statement.

2020/21 £'000	Note	2021/22 £'000
<u>Income</u>		
-22,189 Dwelling Rent		-22,682
-135 Garages		-122
-31 Shops		-22
-22,355 Gross Rental Income		-22,826
-976 Charges for Services and Facilities		-1,027
-1,017 Contributions towards Expenditure		-1,015
0 Other Income		0
-24,348 Total Income		-24,868
<u>Expenditure</u>		
7,390 Supervision and Management		5,680
2,352 Repairs and Maintenance		4,921
689 Rents, Rates, Taxes and Other Charges		567
105 Revenue Expenditure Funded by Capital		191
Depreciation of non current assets		
4,588 On dwellings		4,611
271 On other assets		306
0 Impairment of non current assets		0
Revaluation of non current assets		
3,286 On dwellings		5,700
-31 On other assets		172
12 Debt Management Expenses		13
18,662 Total Expenditure		22,161
44 HRA share of other amounts included in the whole authority net expenditure of continuing operations but not allocated to specific services		21
-5,642 Net Cost of HRA Services as included in the whole authority		-2,686
Comprehensive Income and Expenditure Statement		
428 (Gain)/Loss on sale of HRA non current assets		482
4,264 Interest Payable and Similar Charges		4,254
0 HRA Interest and Investment Income		-1
52 Loss Allowance		-259
-355 Capital grants and contributions		-1,741
-1,253 Surplus(-)/Deficit for the year on HRA Services		49

MOVEMENT ON THE HOUSING REVENUE ACCOUNT STATEMENT

2020/21 £'000		2021/22 £'000
-6,756	HRA Balance brought forward	-7,461
-1,253	Surplus(-)/Deficit on the HRA Income and Expenditure Statement	49
<u>Adjustments between Accounting Basis and Funding Basis under Regulations:</u>		
<u>Adjustments to the Revenue Resources</u>		
-1,029	Pensions costs (transferred to (or from) the Pensions Reserve)	-1,166
-10,347	Reversal of entries included in the Surplus or Deficit on the Provision of Services in relation to capital expenditure (these items are charged to Capital):	-11,405
<u>Adjustments between Revenue and Capital Resources</u>		
2,091	Transfer of non-current asset sale proceeds from revenue to the Capital Receipts Reserve	1,711
-35	Administrative costs of non-current asset disposals (funded by a contribution from the Capital Receipts Reserve)	-27
0	Capital expenditure funded by the Housing Revenue Account	79
9,868	Posting of HRA resources from revenue to the Major Repairs Reserve	10,926
548		118
-705	Increase(-)/Decrease in year in the HRA	167
-7,461	HRA Balance carried forward, including HRA Earmarked Reserves	-7,294

H1 HOUSING STOCK

The Council was responsible for managing an average of 5,544 dwellings during 2021/22 (5,506 2020/21). The stock was made up as follows:

Total 2020/21 No		Pre 1945 No	1945- 1964 No	1965- 1974 No	1975- 2013 No	Total 2021/22 No
<u>Traditional/Non Traditional Houses and Bungalows</u>						
2,034	1 - 2 Bedrooms	60	787	496	709	2,052
1,948	3+ Bedrooms	377	1,102	272	180	1,931
<u>Flats</u>						
1,495	Low Rise (1-2 storeys)	22	694	437	379	1,532
29	Medium Rise (3-5	0	4	9	16	29
5,506	Total	459	2,587	1,214	1,284	5,544

H2 HOUSING REVENUE ACCOUNT ASSETS

The total Balance Sheet valuations of land, houses and other property within the HRA are as follows:-

2020/21 £'000	2021/22 £'000
291,092 Dwellings	323,686
8,872 Other Land and Buildings	9,112
0 Investment Properties	0
10,314 Assets Under Construction	6,205
0 Surplus Assets	0
87 Community Assets	87
325 Infrastructure Assets	293
2,050 Vehicle, Plant and Equipment	2,083
312,740 Total HRA Property, Plant and Equipment	341,466
547 Assets Held for Sale	976
313,287 Total HRA Assets on Balance Sheet	342,442

The vacant possession value of dwellings within the authority's HRA (values in accordance with the guidance) is shown below. The difference between the vacant possession value and the Balance Sheet value of dwellings within the HRA show the economic cost to the government of providing council housing at less than market rents.

2020/21 £'000	2021/22 £'000
693,076 Dwellings	770,681
693,076 Total	770,681

The council dwellings valuations have been arrived at using a valuation report prepared by the Council's appointed surveyors, Wilks Head and Eve. The valuation was carried out as at the 31 March 2022. The values have been applied to council houses on a beacon property base whereby similar properties in similar areas are all given the same value. Property valuations have moved in line with the current domestic property market.

H3 MOVEMENTS ON THE MAJOR REPAIRS RESERVE

2020/21 £'000	2021/22 £'000
11,700 Balance Brought Forward 1st April	11,689
Transfers to Reserve re Depreciation	
4,588 Dwellings	4,675
271 Non Dwellings	242
Transfers to the HRA:	
2,749 HRA Revenue Contribution	5,419
2,260 Additional transfer to Reserve	590
-4,026 Repayment of Debt	-3,029
-5,853 Amounts used to finance Capital Expenditure	-2,136
11,689 Balance Carried Forward 31st March	17,450

H4 CAPITAL EXPENDITURE AND FINANCING

2020/21 £'000	2021/22 £'000
64 Structural Maintenance	56
428 Roofing Works	406
0 Asbestos and Fire Safety	227
773 Kitchens and Bathrooms	784
117 Garage Forecourts	145
292 External Works	197
317 Electrical Works	370
506 Disabled Facilities Provision	736
383 Heating Systems	516
18 Energy Efficiency Works	0
295 Environmental Works	61
12,018 Affordable Housing	8,501
0 Other works	19
15,211 Total	12,018
<u>Financing</u>	
6,411 Borrowing	5,000
5,853 Major Repairs Reserve	2,136
143 Government Grants	1,303
437 Contributions	540
0 Capital Provision	0
2,367 Capital Receipts	3,039
15,211 Total	12,018

H5 CAPITAL RECEIPTS

2020/21 £'000	2021/22 £'000
93 Land and Other Property	66
1,997 Sold Council Houses through Right to Buy	1,646
-35 Less administration costs on sale of Council Houses	-27
2,055 Total	1,685
0 Reallocation of Receipts	0
-443 Less amount paid to Government Pool	-443
1,612 Total	1,242

Under the Local Authorities (Capital Finance and Accounting) (England) Regulations 2003 as amended, the Council has to make a payment to the Secretary of State in respect of housing capital receipts. The amount payable is dependent on a number of factors:

- Sale price net of discount.
- Debt value assumed for the property under the self-financing settlement.
- Value of the authority's actual debt attributable to the property.
- The respective values of the authority's and Government's share capital.
- The number of properties sold in each quarter.

The Council has signed an agreement allowing it to retain additional Right to Buy receipts to fund new or acquired affordable housing.

H6 DEPRECIATION CHARGES

The total depreciation charge for land, houses and other property within the authority's HRA are as follows:

2020/21 £'000	2021/22 £'000
4,588 Council Houses	4,611
271 Land and Buildings	306
4,859 Total	4,917

H7 REVENUE EXPENDITURE FUNDED FROM CAPITAL UNDER STATUTE

Revenue Expenditure Funded from Capital under Statute is created when expenditure has been incurred on items that are not capitalised as fixed assets and have been financed from capital resources. Revenue Expenditure Funded from Capital under Statute is written down to the Housing Revenue Account over an appropriate period, usually in the same year in which the expenditure has been incurred.

The total amount of Revenue Expenditure Funded from Capital under Statute totals £0.191m for 2021/22 (£0.105m in 2020/21).

H8 IMPAIRMENT CHARGES

During the financial year 2021/22 there were no impairment charges.

H9 RENT ARREARS

The total amount of rent arrears as at 31st March 2022 was £649,475 (2020/21 £677,356). Included in the doubtful debt provision is the amount of £649,475 (2020/21 £677,356) relating to rent arrears.

H10 CONTRIBUTIONS TOWARDS EXPENDITURE

The income of £1,015,284 (£1,017,297 in 2020/21) primarily relates to contributions:

- to the Housing Revenue Account (HRA) capital programme for associated staff costs;
- for electricity generated by the photovoltaic (PV) panels on HRA properties; and
- to the HRA from the General Fund for the upkeep of communal amenities.

COLLECTION FUND

The Collection Fund is an agent's statement that reflects the statutory obligation for billing authorities 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.

2020/21 £'000	Domestic Rates £'000	2021/22 Council Tax £'000	Total £'000	
Amounts required by statute to be credited to the collection fund				
-24,878	Income from Business Ratepayers	-32,567	0	-32,567
-83,135	Council Tax	0	-88,413	-88,413
-153	Transitional Protection Payment	0	0	0
-715	Transfers from General Fund - council tax	0	-1	-1
Contributions towards previous year's estimated collection fund deficit:				
0	Newark and Sherwood District Council	-6,347	0	-6,347
0	Nottinghamshire County Council	-1,428	0	-1,428
0	Nottinghamshire Police - council tax	0	0	0
0	Nottinghamshire Fire and Rescue	-159	0	-159
0	Central Government - non-domestic rates	-7,934	0	-7,934
-108,881	Total Income	-48,435	-88,414	-136,849
Amounts required by statute to be debited to the collection fund				
Council Tax Precepts and Demands:				
60,216	Nottinghamshire County Council	0	63,237	63,237
8,996	Nottinghamshire Police Authority	0	9,771	9,771
3,192	Nottinghamshire Fire Authority	0	3,318	3,318
7,018	Newark and Sherwood District Council	0	7,282	7,282
3,109	Parishes	0	3,237	3,237
Non Domestic Rates:				
21,958	Payable to Government	21,783	0	21,783
17,567	Newark and Sherwood District Council	17,427	0	17,427
3,953	Nottinghamshire County Council	3,921	0	3,921
439	Nottinghamshire Fire Authority	436	0	436
Share of NDR1 deficit(-)/Surplus:				
1,144	Payable to Government	0	0	0
915	Newark and Sherwood District Council	0	428	428
206	Nottinghamshire County Council	0	2,547	2,547
23	Nottinghamshire Fire Authority	0	135	135
0	Nottinghamshire Police Authority	0	381	381
0	Transitional Payment Protection	1,496	0	1,496
162	Costs of Collection	164	0	164
0	Interest Payments on Refunds	0	0	0
1,454	Provision for Uncollectable Debts	21	800	821
222	Provision for Appeals	-735	0	-735
593	Renewable Energy Retention	939	0	939
131,167	Total Expenditure	45,452	91,136	136,588
22,286	Net Surplus(-)/Deficit for year	-2,983	2,722	-261
-8,994	Fund Balance as at 1st April - Surplus(-)/Deficit	17,418	-4,126	13,292
13,292	Fund Balance as at 31st March - Surplus(-)/Deficit	14,435	-1,404	13,031

C1 ACCOUNTING POLICIES

- (a) Revenue Support Grant is paid directly to all billing and precepting authorities and will be included within Taxation and Non Specific Grant Income on the Comprehensive Income and Expenditure Statement.
- (b) Parish precepts are paid from the General Fund of billing authorities and will be included within Other Operating Expenditure on the Comprehensive Income and Expenditure Statement.
- (c) The year-end surplus of £1.404m on the Council Tax collection fund is distributed between billing and precepting authorities on the basis of estimates, made on 15 January, of the year-end balance.
- (d) The year end deficit of £14.435m on the Non Domestic Rate collection fund is distributed between billing and precepting authorities on the basis of prescribed shares between central government and precepting authorities.

C2 INCOME FROM BUSINESS RATES

Under the arrangements regarding Uniform Business Rates, the Council collects non domestic rates for its area which are based on local rateable values multiplied by a uniform rate which for 2021/22 was 51.2p (2020/21: 51.2p). In 2021/2022 the Small Business Rate Relief reduced the multiplier to 49.9p where it applies. The system for funding Local Authority expenditure changed in 2013/2014 with a share of the proceeds of Non Domestic Rate income being retained by billing and precepting authorities.

The non-domestic rateable value at the 31st March 2022 was £106,508,392 (31st March 2021: £107,960,171).

C3 COUNCIL TAX

Council Tax is set by calculating the Council Tax base, and then dividing this into the precepts levied by the district, county, parish councils, Nottinghamshire Fire Authority and Nottinghamshire Police Authority. The tax base is the amount that setting a Council Tax of £1 for Band D properties (the standard band) would raise in revenue. The methodology and the factors taken into consideration are complex and are reported in detail when the tax base is set by the Council in December or January.

The Council Tax base for 2021/2022 is as follows:

Band	Adjusted for			Band D Equivalents	2020/2021 Band D Equivalents
	Total Dwellings	Relief and Exemptions	Ratio		
A	23,684	16,927.89	6/9	11,285.26	11,120.75
B	8,364	6,787.81	7/9	5,279.41	5,173.75
C	8,978	7,875.06	8/9	7,000.05	6,888.53
D	6,097	5,566.47	9/9	5,566.47	5,446.82
E	4,201	3,892.61	11/9	4,757.64	4,650.24
F	2,679	2,523.61	13/9	3,645.22	3,576.93
G	1,441	1,359.60	15/9	2,266.00	2,236.33
H	127	101.00	18/9	202.00	206.41
Total	55,571	45,034.05		40,002.05	39,299.76

GROUP ACCOUNTS

The Council is required under the Local Government Act 2003 to produce a set of Group accounts where it has subsidiaries, joint ventures or associates. The criteria for deciding if the Council has such relationships is laid down by the Code of Practice on Local Authority Accounting in the United Kingdom 2021/22 based on International Financial Reporting Standards (referred to within these accounts as “the Code”). The Code has been developed to bring Council accounts in line with the International Financial Reporting Standards (IFRS) which other reporting bodies have to comply with and to assist users of the accounts to understand better the Council’s overall financial position.

The Council has undertaken a review of all its relationships with other bodies and is required to consolidate its accounts with Active4Today Ltd, Arkwood Developments Ltd and RHH Newark Ltd.

Active4Today Ltd is a wholly owned subsidiary of the authority. Active4Today Ltd manages and operates the Council’s leisure services including leisure centres and sports development activities. The General Fund includes a £0.831m management fee paid to Active4Today Ltd. The management agreement came into effect on 1 June 2015.

Active4Today Ltd produces a set of accounts with a year end of 31 March. The accounts for 2021/2022, which have been consolidated here, have been produced by Active4Today’s external accountant under the Financial Reporting Standard for Smaller Entities and have been audited by Active4Today’s auditors and have been given an unqualified audit opinion. Active4Today’s auditors for 2021/22 are Streets Audit LLP, Tower House, Lucy Tower Street, Lincoln, LN1 1XW. Consolidation adjustments have been made to align these accounts with the Code of Practice on Local Authority Accounting in the United Kingdom 2021/2022. Active4Today Ltd publishes an Annual Report which may be viewed at their offices at Newark Sports and Fitness Centre, Bowbridge Road, Newark on Trent, Notts, NG24 4DH. The company is limited by guarantee and does not have any share capital.

Arkwood Development Ltd is a wholly owned subsidiary of the Council. The purpose of Arkwood is to build new housing developments in the district which can then be sold at market value.

Arkwood Development Ltd produce a set of company accounts with a year end of 31 March. The accounts for 2021/2022, which have been consolidated here, have been audited by Arkwood’s auditors and have been given an unqualified audit opinion. Arkwood’s auditors for 2021/22 are Wright Vigar Ltd, 15 Newland, Lincoln, Lincolnshire, LN1 1XG. Arkwood Development Ltd publish an Annual Report which may be viewed at their offices at Castle House, Great North Road, Newark, Notts, NG24 1BY. The company does have share capital, all of which is owned by the Council.

RHH Newark Ltd is a 50% owned joint venture of the Council. The principal activity of the company is the development of the former Robin Hood Hotel site on Beumont Cross, Lombard Street,

RHH Newark Ltd produce a set of company accounts with a year end of 31 March. The accounts for 2021/2022, which only the Council’s 50% share have been consolidated here, have been audited by RHH Newark Ltd auditors and have been given an unqualified audit opinion. RHH Newark’s auditors for 2020/21 are Wright Vigar Ltd, 15 Newland, Lincoln, Lincolnshire, LN1 1XG. The company does have share capital, of which 50% is owned by the Council.

ACCOUNTING POLICIES

The following notes detail any variations from the accounting policies used by the Council and should be read in conjunction with the relevant notes within the Council's accounts. The consolidation has been done on a merger basis as Active4Today Ltd and Arkwood are 100% owned by NSDC and RHH Newark are 50% owned by NSDC.

TAXATION

Active4Today Ltd, Arkwood and RHH Newark are all subject to a charge for taxation which is based on the result for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes. Except where otherwise required full provision is made without discounting in respect of all timing differences which have arisen but not reversed by the Balance Sheet date, except as otherwise required by IAS 12.

GROUP COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT

2020/21			2021/22			
Gross Expenditure £'000	Gross Income £'000	Net Expenditure £'000		Gross Expenditure £'000	Gross Income £'000	Net Expenditure £'000
14,426	-9,026	5,400	Economic Development	12,378	-9,032	3,346
3,326	-3,506	-180	Economic Development - RHH	2	0	2
3,744	-1,511	2,233	Homes and Communities	4,370	-1,959	2,411
7,760	-1,961	5,799	Leisure and Environment	8,314	-2,248	6,066
2,340	-1,195	1,145	Leisure and Environment - Active4today	5,470	-3,548	1,922
29,780	-22,755	7,025	Policy and Finance	29,670	-20,983	8,687
15,420	-24,348	-8,928	Housing Revenue Account	16,479	-24,868	-8,389
245	19	264	Housing - Arkwood	2,860	-3,386	-526
3,286	0	3,286	- Revaluation Movement on Council Dwellings	5,700	0	5,700
80,327	-64,283	16,044	Cost of Services	85,243	-66,024	19,219
13,735	-6,990	6,745	Other Operating Income and Expenditure Note G1	11,708	-5,762	5,946
5,419	-901	4,518	Financing and Investment Income and Expenditure Note G1	5,281	-1,010	4,271
0	-4	-4	Financing and Investment Income and Expenditure Note G1 - Arkwood	28	0	28
70	0	70	Financing and Investment Income and Expenditure Note G1 - A4T	134	0	134
39	0	39	Financing and Investment Income and Expenditure Note G1 - RHH	0	0	0
13,872	-39,055	-25,183	Taxation and Non Specific Grant Income Note G1	15,085	-43,581	-28,496
113,462	-111,233	2,229	Surplus (-) or Deficit on Provision of Services	117,479	-116,377	1,102
0	0	0	Corporation Tax - A4T	0	0	0
-81	0	-81	Corporation Tax - Arkwood	80	0	80
21	0	21	Corporation Tax - RHH	0	0	0
113,402	-111,233	2,169	Group Surplus(-)/Deficit	117,559	-116,377	1,182
		-11,309	Surplus(-) or Deficit on Revaluation of Non Current Assets			-43,577
		20,415	Remeasurements of the Net Defined Benefit Liability (Asset)			-16,603
		2,416	Benefit Liability (Asset) - Active4today			-1,355
		11,522	Other Comprehensive Income and Expenditure			-61,535
		13,691	Total Comprehensive Income and Expenditure			-60,353

GROUP MOVEMENT IN RESERVES

Movement in reserves during 2021/22

	A4T Arkwood RHH Council				A4T Council									
	General Fund Balance	Earmarked Reserves	Earmarked Reserves	Earmarked Reserves	Earmarked General Fund Reserves	Housing Revenue Account	Housing Revenue Account Earmarked Reserves	Major Repairs Reserve	Capital Grants Unapplied	Capital Receipts Reserve	Total Usable Reserves	Unusable Reserves	Unusable Reserves	Total Reserves
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Balance at 31 March 2021	1,500	200	-345	90	35,839	2,000	5,461	11,688	8,737	4,041	69,211	-5,680	154,965	218,496
Total Comprehensive Income and Expenditure	798	0	0	0	0	-49	0	0	0	0	749	1,355	60,178	62,282
Adjustment between Group Accounts and Authority accounts	0	-2,315	342	-1	0	0	0	0	45	0	-1,929	0	0	-1,929
Adjustment between accounting basis & funding basis under regulations	-1,794	2,446	0	0	0	-118	0	5,761	4,271	-1,131	9,435	-2,446	-6,989	0
Net Increase/Decrease(-) before Transfers to Earmarked	-996	131	342	-1	0	-167	0	5,761	4,316	-1,131	8,255	-1,091	53,189	60,353
Transfers to/from(-) Earmarked Reserves	996	0	0	0	-996	167	-167	0	0	0	0	0	0	0
Dividends Issued	0	0	0	-81	0	0	0	0	0	0	-81	0	0	-81
Increase/Decrease(-) in 2021/22	0	131	342	-82	-996	0	-167	5,761	4,316	-1,131	8,174	-1,091	53,189	60,272
Balance at 31 March 2022	1,500	331	-3	8	34,843	2,000	5,294	17,449	13,053	2,910	77,385	-6,771	208,154	278,768

Movement in reserves during 2020/21

	A4T Arkwood RHH Council				A4T Council									
	General Fund Balance	Earmarked Reserves	Earmarked Reserves	Earmarked Reserves	Earmarked General Fund Reserves	Housing Revenue Account Reserves	Housing Revenue Account Earmarked Reserves	Major Repairs Reserve	Capital Grants Unapplied	Capital Receipts Reserve	Total Usable Reserves	Unusable Reserves	Unusable Reserves	Total Reserves
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Balance at 31 March 2020	1,500	397	-167	-1	24,035	2,000	4,756	11,699	8,414	5,454	58,087	-3,152	177,252	232,187
Total Comprehensive Income and Expenditure	-673	0	0	0	0	1,253	0	0	0	0	580	-2,416	-9,107	-10,943
Adjustment between Group Accounts and Authority accounts	0	-309	-178	91	0	0	0	0	0	0	-396	0	-2,352	-2,748
Adjustment between accounting basis & funding basis under regulations	12,477	112	0	0	0	-548	0	-11	323	-1,413	10,940	-112	-10,828	0
Net Increase/Decrease(-) before Transfers to Earmarked	11,804	-197	-178	91	0	705	0	-11	323	-1,413	11,124	-2,528	-22,287	-13,691
Transfers to/from(-) Earmarked Reserves	-11,804	0	0	0	11,804	-705	705	0	0	0	0	0	0	0
Transfer to Unusable Reserves	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Increase/Decrease(-) in 2020/21	0	-197	-178	91	11,804	0	705	-11	323	-1,413	11,124	-2,528	-22,287	-13,691
Balance at 31 March 2021	1,500	200	-345	90	35,839	2,000	5,461	11,688	8,737	4,041	69,211	-5,680	154,965	218,496

GROUP BALANCE SHEET

31 March 2021 £'000	2021/22					Inter 31 March Comp Adj £'000	31 March 2022 £'000
	NSDC £'000	Active4 today £'000	Arkwood £'000	RHH £'000			
386,436 Property, Plant & Equipment	425,254	0	0	0	0	3,232	428,486
2,020 Heritage Assets	2,020	0	0	0	0	0	2,020
0 Investment Properties	0	0	0	0	0	0	0
312 Intangible Assets	337	0	0	0	0	0	337
6,934 Long Term Investments	16,653	0	0	0	0	-3,997	12,656
48 Long Term Debtors	3,143	0	0	0	0	-3,113	30
4,562 Long Term Finance Lease Debtor	4,455	0	0	0	0	0	4,455
400,312 TOTAL LONG TERM ASSETS	451,862	0	0	0	0	-3,878	447,984
17,067 Short Term Investments	23,121	0	0	0	0	0	23,121
3,203 Inventories	412	3	7,817	0	0	-2,352	5,880
19,499 Short Term Debtors	17,269	896	119	23	0	-1,057	17,250
1,233 Assets Held For Sale	4,418	0	0	0	0	-3,232	1,186
24,844 Cash and Cash Equivalent	27,658	49	185	25	0	0	27,917
65,846 TOTAL CURRENT ASSETS	72,878	948	8,121	48	0	-6,641	75,354
-10,591 Short Term Borrowings	-10,900	0	0	0	0	110	-10,790
-26,423 Short Term Creditors	-27,534	-618	-1,011	-39	0	947	-28,255
-229 Provisions Short Term	-8	0	0	0	0	0	-8
-2,281 Grants Receipts in Advance	-12,197	0	0	0	0	0	-12,197
-39,524 TOTAL CURRENT LIABILITIES	-50,639	-618	-1,011	-39	0	1,057	-51,250
-8,567 Long Term Creditors	0	0	-3,113	0	0	3,113	0
-1,538 Provisions Long Term	-1,464	0	0	0	0	0	-1,464
-5,374 Long Term Finance Lease	-5,233	0	0	0	0	0	-5,233
-85,001 Long Term Borrowing	-86,972	0	0	0	0	0	-86,972
-100,926 Pensions Liability	-84,899	-6,771	0	0	0	0	-91,670
-6,732 Grants Receipts in Advance	-7,981	0	0	0	0	0	-7,981
-208,138 TOTAL LONG TERM LIABILITIES	-186,549	-6,771	-3,113	0	0	3,113	-193,320
218,496 TOTAL NET ASSETS	287,552	-6,441	3,997	9	0	-6,349	278,768
69,211 Usable Reserves	77,049	330	3,997	9	0	-4,000	77,385
149,285 Unusable Reserves	210,503	-6,771	0	0	0	-2,349	201,383
218,496 TOTAL RESERVES	287,552	-6,441	3,997	9	0	-6,349	278,768

GROUP CASH FLOW STATEMENT

2020/21 £'000	NSDC	Active4 today	Arkwood	RHH	Inter 31 Comp Adj March	2022
	£'000	£'000	£'000	£'000	£'000	£'000
-2,169 Net Surplus/Deficit(-) on the Provision of Services	1,091	-2,316	342	-2	-297	-1,182
29,279 Adjustment to Surplus or Deficit on the Provision of Services for Non-Cash Movements	25,650	2,348	-2,469	93	-294	25,328
-10,274 Adjust for Item Included in the Net Surplus or Deficit on the Provision of Services that are Investing and Financing Activities	-12,965	0	0	-80	342	-12,703
16,836 Net Cash Flows from Operating Activities	13,776	32	-2,127	11	-249	11,443
-19,853 Investing Activities	-8,900	0	0		761	-8,139
460 Financing Activities	-479	0	761		-512	-230
-2,557 Net Increase or Decrease(-) in Cash and Cash Equivalents	4,397	32	-1,366	11	0	3,074
27,401 Cash and Cash Equivalents at the Beginning of the Reporting Period	23,261	18	1,551	13	0	24,843
24,844 Cash and Cash Equivalents at the End of the Reporting Period	27,658	50	185	24	0	27,917

GROUP ACCOUNT NOTES

The following notes have been prepared on an exception basis, with only those items which have changed from the District Council's Statement of Accounts being included. For all other items, reference should be made to the Council's Comprehensive Income and Expenditure Statement and Balance Sheet and the appropriate note.

G1 INTER COMPANY TRANSACTIONS

The Group Accounts exclude transactions between the two organisations; this ensures that expenditure and income is only reflected once within the accounts. The elements of the accounts adjusted for inter company transactions are detailed below.

Group Comprehensive Income and Expenditure	NSDC £'000	Active4 Arkwood today £'000	RHH £'000	Inter Comp Adj £'000	2021/22 Group £'000	
Economic Development	3,332	0	0	0	13	3,345
Economic Development - RHH	0	0	0	2	0	2
Homes and Communities	2,177	0	0	0	234	2,411
Leisure and Environment	6,088	0	0	0	-21	6,067
Leisure and Environment - Active4today	0	2,181	0	0	-259	1,922
Policy and Finance	8,589	0	0	0	98	8,687
Housing Revenue Account	-8,386	0	0	0	-3	-8,389
Housing - Arkwood	0	0	-450	0	-76	-526
- Revaluation Movement on Council Dwellings	5,700	0	0	0	0	5,700
Cost of Services	17,500	2,181	-450	2	-14	19,219
Other Operating Income and Expenditure	5,946	0	0	0	0	5,946
Financing and Investment Income and Expenditure	4,257	0	0	0	14	4,271
Financing and Investment Income and Expenditure - Arkwood	0	0	28	0	0	28
Interest payable and similar charges - A4T	0	134	0	0	0	134
Interest payable and similar charges - RHH	0	0	0	0	0	0
Taxation and Non Specific Grant Income	-28,496	0	0	0	0	-28,496
Corporation Tax - A4T	0	0	0	0	0	0
Corporation Tax - Arkwood	0	0	80	0	0	80
Group Surplus(-)/Deficit	-793	2,315	-342	2	0	1,182

G2 GROUP EXPENDITURE AND FUNDING ANALYSIS

2020/21			2021/22		
Net Expenditure Chargeable to the General Fund and HRA Balances £'000	Adjustment between the Funding and Accounting Basis £'000	Net Expenditure in the Comprehensive Income and Expenditure Statement £'000	Net Expenditure Chargeable to the General Fund and HRA Balances £'000	Adjustment between the Funding and Accounting Basis £'000	Net Expenditure in the Comprehensive Income and Expenditure Statement £'000
2,234	3,166	5,400	-1,488	4,834	3,346
-180	0	-180	2	0	2
1,791	442	2,233	1,881	530	2,411
3,440	2,359	5,799	7,228	-1,162	6,066
1,103	42	1,145	-391	2,313	1,922
5,601	1,424	7,025	5,507	3,180	8,687
-14,533	8,891	-5,642	-14,435	11,746	-2,689
264	0	264	-526	0	-526
-280	16,324	16,044	-2,222	21,441	19,219
-11,919	-2,001	-13,920	2,806	-21,085	-18,279
-4	0	-4	28	0	28
0	70	70	0	134	134
39	0	39	0	0	0
-81	0	-81	80	0	80
21	0	21	0	0	0
-12,224	14,393	2,169	692	490	1,182
General Fund & Earmarked Reserve £'000	HRA & Earmarked Reserve £'000	Total £'000	General Fund & Earmarked Reserve £'000	HRA & Earmarked Reserve £'000	Total £'000
-25,764	-6,756	-32,520	-37,284	-7,461	-44,745
-11,520	-705	-12,225	525	167	692
0	0	0	80	0	80
-37,284	-7,461	-44,745	-36,679	-7,294	-43,973
-1,500	-2,000	-3,500	-1,500	-2,000	-3,500
-35,784	-5,461	-41,245	-35,179	-5,294	-40,473
-37,284	-7,461	-44,745	-36,679	-7,294	-43,973

G3 NOTE TO THE EXPENDITURE AND FUNDING ANALYSIS

Adjustments between Funding and Accounting Basis 2021/22

Adjustments from General Fund to arrive at the Comprehensive Income and Expenditure Statement amounts	Adjustment for Capital Purposes (Note 1) £'000	Net change for the Pensions Adjustment (Note 2) £'000	Other Differences (Note 3) £'000	Total Adjustments £'000
Economic Development	4,296	538	0	4,834
Homes and Communities	166	364	0	530
Leisure and Environment	-2,000	838	0	-1,162
Leisure - Active4today	0	2,313	0	2,313
Policy and Finance	2,073	1,107	0	3,180
Housing Revenue Account	10,981	765	0	11,746
Housing - Arkwood	0	0	0	0
Net Cost of Services	15,516	5,925	0	21,441
Other income and expenditure from the Expenditure and Funding Analysis	-21,150	1,897	-1,832	-21,085
Other Income and Expenditure	0	134	0	134
Difference between General Fund surplus or deficit and Comprehensive Income and Expenditure Statement Surplus or Deficit on the Provision of Services	-5,634	7,956	-1,832	490

Adjustments between Funding and Accounting Basis 2020/21

Adjustments from General Fund to arrive at the Comprehensive Income and Expenditure Statement amounts	Adjustment for Capital Purposes (Note 1) £'000	Net change for the Pensions Adjustment (Note 2) £'000	Other Differences (Note 3) £'000	Total Adjustments £'000
Economic Development	2,603	563	0	3,166
Homes and Communities	167	275	0	442
Leisure and Environment	1,744	615	0	2,359
Leisure - Active4today	0	42	0	42
Policy and Finance	391	1,033	0	1,424
Housing Revenue Account	8,219	672	0	8,891
Housing - Arkwood	0	0	0	0
Net Cost of Services	13,124	3,200	0	16,324
Other income and expenditure from the Expenditure and Funding Analysis	-12,508	1,675	8,832	-2,001
Other Income and Expenditure	0	70	0	70
Difference between General Fund surplus or deficit and Comprehensive Income and Expenditure Statement Surplus or Deficit on the Provision of Services	616	4,945	8,832	14,393

Note 1 Adjustments for Capital Purposes

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 – adjustments 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 ie 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.

Note 2 Net Change for the Pensions Adjustments

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 Council as allowed by statute and the replacement with current service costs and past service
- For Financing and investment income and expenditure – the net interest on the defined benefit liability is charged to the CIES.

Note 3 Other Differences

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 NDR 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.

G4 EXPENDITURE AND INCOME ANALYSED BY NATURE

Expenditure/Income 2021/22	Economic Development	Homes and Communities	Leisure and Environment	Policy and Finance	Housing Revenue Account	Corporate Amounts	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Fees, Charges and Other Service Income	-4,528	-1,034	-5,853	-2,012	-28,235	0	-41,662
Income on Joint Associates	0	0	0	0	0	-128	-128
Interest and Investment Income	0	0	0	0	0	-1,024	-1,024
Income from Council Tax	0	0	0	0	0	-10,615	-10,615
Income from Non Domestic Rates	0	0	0	0	0	-19,610	-19,610
Housing Benefit Subsidy Rent Allowance	0	0	0	-9,685	0	0	-9,685
Housing Benefit Subsidy Rent Rebates	0	0	0	-8,539	0	0	-8,539
Government Grants and Contributions	-4,520	-1,160	-9	-886	-19	-13,356	-19,950
Disposal of Assets	0	0	0	0	0	-5,634	-5,634
Adjustment for Group Transactions	16	235	66	139	0	14	470
Total Income	-9,032	-1,959	-5,796	-20,983	-28,254	-50,353	-116,377
Employee Expenses	3,454	2,386	5,410	7,047	4,963	0	23,260
Other Service Expenses	8,418	2,043	8,158	2,280	9,352	-100	30,151
Housing Benefit Rent Allowance	0	0	0	9,729	0	0	9,729
Housing Benefit Rent Rebates	0	0	0	8,585	0	0	8,585
Expenditure on Joint Associates	0	0	0	0	0	148	148
Support Service Recharges	0	0	0	0	0	2,376	2,376
Depreciation, Amortisation and Impairment	511	-58	563	2,069	10,789	0	13,874
Changes in Fair Value						-722	-722
Interest Payments	0	0	0	0	13	6,163	6,176
Non Domestic Rates Tariff & Deficit	0	0	0	0	0	12,709	12,709
Precepts and Levies	0	0	0	0	0	3,871	3,871
Payments to Housing Capital Receipts Pool	0	0	0	0	0	443	443
Disposal of Assets	0	0	0	0	0	7,349	7,349
Corporation Tax	0	0	0	0	0	80	80
Adjustment for Group Transactions	-3	-1	-347	-40	-78	-1	-470
Total Operating Expenses	12,380	4,370	13,784	29,670	25,039	32,316	117,559
Surplus(-)/Deficit on Provision of Services	3,348	2,411	7,988	8,687	-3,215	-18,037	1,182

Expenditure/Income 2020/21	Economic Development	Homes and Communities	Leisure and Environment	Policy and Finance	Housing Revenue Account	Corporate Amounts	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Fees, Charges and Other Service Income	-6,977	-678	-3,884	-1,538	-24,330	0	-37,407
Income on Joint Associates	0	0	0	0	0	-121	-121
Interest and Investment Income	0	0	0	0	0	-940	-940
Income from Council Tax	0	0	0	0	0	-10,154	-10,154
Income from Non Domestic Rates	0	0	0	0	0	-21,042	-21,042
Housing Benefit Subsidy Rent Allowance	0	0	0	-10,523	0	0	-10,523
Housing Benefit Subsidy Rent Rebates	0	0	0	-8,938	0	0	-8,938
Government Grants and Contributions	-5,564	-932	-282	-1,783	-28	-7,859	-16,448
Disposal of Assets	0	0	0	0	0	-6,869	-6,869
Adjustment for Group Transactions	9	99	1,010	27	29	35	1,209
Total Income	-12,532	-1,511	-3,156	-22,755	-24,329	-46,950	-111,233
Employee Expenses	4,066	2,007	4,330	6,847	4,844	0	22,094
Other Service Expenses	11,598	1,592	5,303	3,073	6,009	216	27,791
Housing Benefit Rent Allowance	0	0	0	10,528	0	0	10,528
Housing Benefit Rent Rebates	0	0	0	8,969	0	0	8,969
Expenditure on Joint Associates	0	0	0	0	0	118	118
Developers Contribution Payment	0	0	0	0	0	575	575
Depreciation, Amortisation and Impairment	2,088	148	1,577	391	8,114	0	12,318
Changes in Fair Value	0	0	0	0	0	-231	-231
Interest Payments	0	0	0	0	12	5,798	5,810
Non Domestic Rates Tariff & Deficit	0	0	0	0	0	13,297	13,297
Precepts and Levies	0	0	0	0	0	3,704	3,704
Payments to Housing Capital Receipts Pool	0	0	0	0	0	443	443
Disposal of Assets	0	0	0	0	0	9,255	9,255
Corporation Tax	0	0	0	0	0	-60	-60
Adjustment for Group Transactions	0	-3	-1,110	-28	-28	-40	-1,209
Total Operating Expenses	17,752	3,744	10,100	29,780	18,951	33,075	113,402
Surplus(-)/Deficit on Provision of Services	5,220	2,233	6,944	7,025	-5,378	-13,875	2,169

G5 INVENTORIES

The stocks held by the Group valued using the First in First out method of valuation can be analysed as follows:-

2020/21 £'000	Active4				2021/22 £'000
	NSDC £'000	today £'000	Arkwood £'000	RHH £'000	
34 Heritage and Visitor Centres	29	0	0	0	29
8 Administrative Stores	57	0	0	0	57
51 Transport Stores	68	0	0	0	68
65 Stock (Van and Leisure Centre)	64	3	0	0	67
137 Raw Materials and Consumables	194	0	0	0	194
2,908 Works in Progress - Project 1	0	0	5,465	0	5,465
3,203 Total	412	3	5,465	0	5,880

G6 SHORT TERM DEBTORS

The amounts due to the Group were:-

2020/21 £'000	Active4				2021/22 £'000
	NSDC £'000	today £'000	Arkwood £'000	RHH £'000	
Amounts falling due within one year:-					
5,549 Trade Receivables	2,003	0	0	23	2,026
369 Prepayments	926	0	0	0	926
-4,005 Inter Company Transactions	-193	-841	0	-23	-1,057
20,383 Other Receivable Amounts	16,872	896	119	0	17,887
22,296 Total	19,608	55	119	0	19,782
-2,797 Less Loss Allowance	-2,532	0	0	0	-2,532
19,499 Total Short Term Debtors	17,076	55	119	0	17,250

G7 SHORT TERM CREDITORS

The amounts owed by the Group were:-

2020/21 £'000	Active4				2021/22 £'000
	NSDC £'000	today £'000	Arkwood £'000	RHH £'000	
Amounts falling due within one year:-					
4,998 Trade Payables	5,121	0	0	0	5,121
25,026 Other Payables	22,413	618	1,010	40	24,081
-3,601 Inter Company Transactions	-755	-15	-177	0	-947
26,423 Total Short Term Creditors	26,779	603	833	40	28,255

G8 CASH AND CASH EQUIVALENTS

2020/21 £'000	Active4				2021/22 £'000
	NSDC £'000	today £'000	Arkwood £'000	RHH £'000	
4 Cash held by the Council	4	0	0	0	4
-63 Cash in transit	55	0	0	0	55
2,127 Bank current accounts	796	49	185	25	1,055
22,776 Short-term deposits with Money Market Funds	26,803	0	0	0	26,803
0 Inter Company Adjustments	0	0	0	0	0
24,844 Current Assets	27,658	49	185	25	27,917
0 Cash in transit	0	0	0	0	0
0 Bank current accounts (overdraft)	0	0	0	0	0
0 Current Liabilities	0	0	0	0	0
24,844 Total Cash and Cash Equivalents	27,658	49	185	25	27,917

G9 PENSIONS

A pension deficit of £6.850m for Active4Today Ltd has been consolidated into the group accounts. Arkwood only operates a contribution pension plan so don't accumulate a pension liability.

2020/21 £'000	Active4				2021/22 £'000
	NSDC £'000	today £'000	Arkwood £'000	RHH £'000	
74,641 Deficit at 1 April	95,246	5,680	0	0	100,926
<i>Cost of Service</i>					
6,712 Current Service Cost	6,951	626	0	0	7,577
<i>Financing and Investment Income and Expenditure</i>					
1,699 Net Interest Expense	1,829	134	0	0	1,963
49 Admin Expense	64	2	0	0	66
204 Past Service Cost	90	0	0	0	90
22,831 Remeasurement of net defined benefit liability	-16,602	-1,355	0	0	-17,957
0 Gain/(loss) from settlements	0	2,046	0	0	2,046
-5,210 Employer Contributions	-2,679	-361	0	0	-3,040
100,926 Deficit at 31 March	84,899	6,772	0	0	91,671

G10 RECONCILIATION OF (SURPLUS)/DEFICIT ON PROVISION OF SERVICES TO OPERATING ACTIVITIES NET CASH FLOW

2020/21 £'000		Active4			2021/22 £'000	
		NSDC £'000	today £'000	Arkwood £'000		RHH £'000
-2,169	Net Surplus or Deficit(-) on the Provision of Services	794	-2,316	342	-2	-1,182
	Adjust net surplus or deficit on the provision of services for non-cash movements					
6,739	Depreciation of Property, Plant and Equipment	6,847	0	0	0	6,847
5,528	Impairment and downward valuations	6,985	0	0	0	6,985
67	Amortisation of Intangible Assets	60	0	0	0	60
7,210	Increase/Decrease(-) in Creditors	5,319	313	116	-3,514	2,234
10	Increase(-)/Decrease in interest Debtors	10	0	0	0	10
3,771	Increase(-)/Decrease in Debtors	-700	-660	-29	3,606	2,217
-6,005	Increase(-)/Decrease in Inventories	-118	-2	-2,557	0	-2,677
2,711	Pension Liability	5,509	2,447	0	0	7,956
9,212	Carrying amount of non-current assets, sold or derecognised	4,173	0	0	0	4,173
36	Other non-cash items charged to the net surplus or deficit on the provision of services	-2,477	0	0	0	-2,477
29,279	Adjust for items included in the net surplus or deficit on the provision of services that are investing or financing activities	25,608	2,098	-2,470	92	25,328
-178	Proceeds from short-term (not considered to be cash equivalents) and long-term investments (includes investments in joint ventures and subsidiaries)	342	0	0	0	342
-3,270	Capital Grants credited to surplus or deficit on the Provision of Services	-10,506	0	0	0	-10,506
-6,826	Proceeds from the sale of non-current assets	-2,458	0	0	-81	-2,539
-10,274		-12,622	0	0	-81	-12,703
16,836	Net Cash Flows from Operating Activities	13,780	-218	-2,128	9	11,443

2020/21 £'000		Active4			2021/22 £'000	
		NSDC £'000	today £'000	Arkwood £'000		RHH £'000
-17,927	Purchase of Property, Plant and Equipment and Intangible Assets	-15,430	0	0	0	-15,430
-54,785	Purchase of short-term and long-term Investments	-39,900	0	0	0	-39,900
-2,462	Other payments for investing activities	9	0	0	0	9
2,164	Proceeds from the sale of Property, Plant and Equipment and Intangible Assets	2,561	0	0	0	2,561
48,137	Proceeds from short-term and long-term Investments	28,900	0	0	0	28,900
5,020	Other receipts from investing activities	15,721	0	0	0	15,721
-19,853	Net cash flows from investing activities	-8,139	0	0	0	-8,139

GLOSSARY OF TERMS

PLEASE NOTE: This glossary provides an explanation of terms, not precise definitions. It should not be used as a substitute for the more detailed and specific definitions given in statute, codes of practice and technical guidance. It should be used in conjunction with explanations provided within and supporting the accounting statements.

ACCOUNTING POLICIES

Those principles, bases, conventions, rules and practices applied by an entity that specify how the effects of transactions and other events are to be reflected in its financial statements through:

- Recognising
- Selecting measurement bases for, and
- Presenting assets, liabilities, gains, losses and changes to reserves.

Accounting policies do not include estimation techniques.

Accounting policies define the process whereby transactions and other events are reflected in financial statements. For example, an accounting policy for a particular type of expenditure may specify whether an asset or loss is to be recognised, the basis on which it is to be measured, and where in the revenue account or Balance Sheet it is to be presented.

ACCRUALS

Sums included in the final accounts of the Council to cover income or expenditure attributable to the accounting period for which payments have not been received/made in the financial year. Local authorities accrue for both revenue and capital expenditure.

ADMINISTRATIVE BUILDINGS

Buildings that either have a shared use or are not charged directly to a service. The costs relating to all such buildings are allocated to the users of the buildings on some appropriate basis (usually the floor area occupied by each user).

AMORTISATION

The measure of the consumption or other reduction in the useful life of an intangible asset, charged annually to service revenue accounts.

ARMS LENGTH MANAGEMENT COMPANY

The Council is the sole shareholder of this company that it created solely for the purpose of managing its Housing stock.

BALANCES

Surplus of income over expenditure that may be used to finance expenditure. Balances can be earmarked in the accounts for specific purposes. Those that are not, represent resources set aside for such purposes as general contingencies and cash flow management.

BALANCE SHEET

A statement of the recorded assets, liabilities and other balances at a specific date at the end of an accounting period.

BILLING AUTHORITIES

Those authorities that set the Council Tax and collect the Council Tax and Non-Domestic Rates.

CAPITAL ADJUSTMENT ACCOUNT

This provides a balancing mechanism between the different rates at which assets depreciated under the Code and are financed through the capital controls system. It should be noted that this account and the Revaluation Reserve are matched by fixed assets within the Balance Sheet - they are not resources available to the Council, and are therefore termed Unusable Reserves.

CAPITAL CHARGES

Annual charges to service revenue accounts to reflect the cost of fixed assets used in the provision of services.

CAPITAL EXPENDITURE

Spending that produces or enhances an asset, like land, buildings, roads, vehicles, plant and machinery. Definitions are set out in Section 40 of the Local Government and Housing Act 1989. Any expenditure that does not fall within the definition must be charged to a revenue account.

CAPITAL PROGRAMME

The capital projects a Council proposes to undertake over a set period of time. The usual period covered by a capital programme is three to five years.

CAPITAL RECEIPTS

The proceeds from the sale of fixed assets such as land and buildings. Capital receipts can be used to repay any outstanding debt on fixed assets or to finance new capital expenditure within rules set down by Government. Capital receipts cannot, however, be used to finance revenue expenditure.

CHARTERED INSTITUTE OF PUBLIC FINANCE AND ACCOUNTANCY (CIPFA)

The professional accountancy body concerned with local authorities and the public sector.

COLLECTION FUND

The Collection Fund is a statutory fund set up under the provisions of the National Local Government Finance Act 1988. It includes the transactions of the charging Council in relation to Non-Domestic Rates and Council Tax and illustrates the way in which the fund balance is distributed to Central Government, preceptors and the General Fund.

COMMUNITY ASSETS

These are assets that the Council intends to hold in perpetuity, that have no determinable useful life and that may have restrictions on their disposal. Examples of community assets are parks and historic buildings not used in the direct provision of services. It also covers items of Civic Regalia.

CONTINGENT LIABILITIES

Potential losses for which a future event will establish whether a liability exists and for which it is inappropriate to set up a provision in the accounts.

COUNCIL TAX

The main source of local taxation to local authorities. Council Tax is levied on households within its area by the billing Council and the proceeds are paid into its Collection Fund for distribution to precepting authorities and for use by its own General Fund.

COUNCIL TAX BASE

The council tax base of an area is equal to the number of band "D" equivalent properties. It is calculated by counting the number of properties in each of the eight Council Tax bands and then converting this into an equivalent number of band "D" properties (e.g. a band "H" property pays twice as much Council Tax as a band "D" property and therefore is equivalent to two band "D" properties). For the purpose of calculating Formula Grant, the Government assumes a 100% collection rate. For the purpose of calculations made by a local Council of the basic amount of Council Tax for its area for each financial year, the Council makes an estimate of its collection rate and reflects this in the tax base.

CURRENT EXPENDITURE

Expenditure on running costs such as that in respect of employees, premises and supplies and services.

DEFERRED CAPITAL RECEIPTS

Amounts derived from the sale of assets that will be received in instalments over agreed periods of time. These arise mainly from mortgages on the sale of council houses.

DEFERRED CREDITORS

This term applies to the monies owed by the Council more than 12 months from the Balance Sheet date.

DEPRECIATION

Charges reflecting the wearing out, consumption or other reduction in the useful life of a fixed asset.

EARMARKED RESERVES

These are reserves set aside for a specific purpose or a particular service, or type of expenditure.

EMOLUMENTS

All sums paid to or receivable by an employee and any sums due by way of expenses allowance (as far as those sums are chargeable to UK income tax) and the money value of any other benefits received other than in cash. Pension contributions payable by either employee or employer are excluded.

EXTERNAL AUDIT

The independent examination of the activities and accounts of local authorities to ensure that the accounts have been prepared in accordance with legislative requirements and proper practices, to ensure that the Council has proper arrangements in place for securing financial resilience and to challenge how it secures economy, efficiency and effectiveness in its use of resources.

FEES AND CHARGES

Income raised by charging users of services for the facilities. For example, Councils usually make charges for the use of leisure facilities, car parks and the collection of trade refuse etc.

FINANCE LEASE

Arrangement whereby the lessee is treated as owner of the leased asset and is required to include such assets within fixed assets on the Balance Sheet.

FINANCIAL INSTRUMENT

Contracts which give rise to a financial asset of one organisation and a financial liability.

FINANCIAL INSTRUMENT ADJUSTMENT ACCOUNT

An account that holds the accumulated difference between the financing costs included in the Comprehensive Income and Expenditure Account and the accumulated financing costs required in accordance with regulations to be charged to the General Fund Balance.

FINANCIAL REPORTING STANDARD (FRS)

A statement of accounting practice issued by the Accounting Standards Board.

FINANCIAL YEAR

The Council's financial year commences on 1 April and ends on 31 March the following year.

GAAP

Generally Accepted Accounting Principles is the standard framework of guidelines for financial accounting. It includes the standards, conventions and rules accountants follow in recording and summarising transactions and in the preparation of financial statements.

GENERAL FUND

The main revenue fund of a billing Council. Day to day spending on services is met from this Fund. Spending on the provision of council housing must be charged to a separate Housing Revenue Account.

GROSS EXPENDITURE

The total cost of providing Council services before taking into account income from government grants and fees and charges for services.

HERITAGE ASSETS

An asset with historical, artistic, scientific, technological, geophysical or environmental qualities that is held and maintained principally for its contribution to knowledge and culture.

HOUSING BENEFIT

Financial help given to Council's or private tenants whose income is below prescribed amounts. The Government finances approximately 100% of the cost of benefits to non HRA tenants ("rent allowances") and HRA tenants (through the rent rebate element of housing subsidy).

HOUSING REVENUE ACCOUNT

A Council's statutory account covering revenue income and expenditure on the housing services relating to its housing stock.

IMPAIRMENT

Impairment occurs when the value of an asset has reduced. This can be either as a result of a general fall in prices or by a clear consumption of economic benefits such as by physical damage to the asset.

INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS)

Accounting standards adopted from 1 April 2010 for Local Government entities.

INFRASTRUCTURE ASSETS

Expenditure on works of construction or improvement but which have no tangible value, such as construction of, or improvement to highways.

INTERNAL AUDIT

An independent appraisal function established by the management of an organisation for the review of the internal control system as a service to the organisation. It objectively examines, evaluates and reports on the adequacy of internal control as a contribution to the proper economic, efficient and effective use of resources. Every Council is required to maintain an adequate and efficient internal audit. A review of the effectiveness of the internal audit function of a Council has to be considered and approved by the Council's Members each year.

INVESTMENTS

Deposits with approved institutions, usually for less than one year.

LONG TERM DEBTORS

Amounts due to the Council more than one year after the Balance Sheet date.

MINIMUM REVENUE PROVISION (MRP)

The minimum annual provision from revenue towards a reduction in a Council's overall borrowing requirement.

NON DOMESTIC RATE (NDR)

The Council collects Non Domestic Rates for its area based on local rateable values, multiplied by a national uniform rate. The total amount, less certain relief's and deductions, including Council Tax benefit, is shared between Central Government (50%), District Councils (40%), County Council (9%) and Fire Authority (1%).

NET EXPENDITURE

Gross expenditure less gross income.

NON-OPERATIONAL ASSET

Fixed assets held by the Council but not directly used or consumed in the delivery of its services. This would include properties and land that are Held For Sale or Surplus.

OPERATIONAL ASSET

Fixed assets held by the Council and used or consumed in the delivery of its services.

OPERATIONAL LEASE

An arrangement whereby the risks and rewards of ownership of the leased asset remain with the leasing company, or lessor.

PENSION FUND

An employees' pension fund maintained by a Council, or a group of authorities, in order to make pension payments on retirement of participants. It is financed from contributions from the employing Council, the employee and investment income.

PRECEPT

The levy made by precepting authorities on billing authorities, requiring the latter to collect income from council taxpayers on their behalf.

PRECEPTING AUTHORITIES

Those authorities that are not billing authorities (i.e. do not collect Council Tax or NDR) and precept upon the billing Council, which then collects it on their behalf. Nottinghamshire County Council, Nottinghamshire Police and Crime Commissioner, Nottinghamshire Fire and Rescue Authority and Parish Councils all precept upon Newark and Sherwood District Council.

PROVISIONS

Sums set aside to meet future expenditure where a specific liability is known to exist but that cannot be measured accurately.

PUBLIC WORK LOANS BOARD (PWLB)

A Government body that meets part of the Council's loan finance for capital purposes.

RELATED PARTIES

Two or more parties are related parties when at any one time in the financial period:

- One party has direct or indirect control of the other party;
- The parties are subject to common control from the same source;
- One party has influence over the financial or operational policies of the other party to an extent that the other party might be inhibited from pursuing at all times its own separate interests;
- The parties, in entering a transaction are subject to influence from the same source to such an extent that one of the parties to the transaction has subordinated its own separate interests.

Examples of related parties of an Council include:

- UK Central Government;
- Local authorities and other bodies precepting or levying demands on the Council Tax;
- Its subsidiary and associated companies;
- Its joint ventures and joint venture partners;
- Its Members;
- Its Senior Officers.

For individuals identified as related parties, the following are also presumed to be related parties:

- Members of close family, or the same household;
- Partnerships, companies, trusts and other entities in which the individual, or a member of their close family or the same household, has a controlling interest.

REVALUATION RESERVE

This records unrealised revaluation gains arising since 1st April 2007 from holding assets. It should be noted that this reserve and the Capital Adjustment Account are matched by fixed assets within the Balance Sheet. They are not resources available to the Council and are therefore termed 'Unusable'.

REVENUE EXPENDITURE FUNDED FROM CAPITAL UNDER STATUTE

Expenditure of a capital nature for which there is no tangible asset acquired by the Council. This would include capital grants or renovation grants to private persons.

REVENUE SUPPORT GRANT (RSG)

This funding is the Government grant provided by the Ministry of Housing, Communities and Local Government's (MHCLG) that is based on the Government's assessment as to what should be spent on local services. The amount provided by the MHCLG is fixed at the beginning of each financial year, and is announced as part of the Comprehensive Spending Review.

SOFT LOANS

A "soft loan" is where a loan has been made for policy reasons, rather than as a financial instrument. These loans may be interest free or at rates below prevailing market rates. Commonly, such loans are made to local organisations that undertake activities that the Council considers will have benefit to the local population.

STATEMENT OF ACCOUNTS

Local authorities are required to prepare, in accordance with proper practices, a Statement of Accounts in respect of each financial year, which contains prescribed financial statements and associated notes. Members of the Council must approve the Statement by 30 September following the end of the financial year.

STATEMENT OF RECOMMENDED PRACTICE (CODE)

The accounts have been produced in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom: A Statement of Recommended Practice.

TOTAL COST

The total cost of a service or activity includes all costs that relate to the provision of the service (directly or bought in) or to the undertaking of the activity. Gross total cost includes employee costs, expenditure relating to premises and transport, supplies and services, third party payments, transfer payments, support services and depreciation charges. This includes an appropriate share of all support services and overheads that need to be apportioned.

TRADING SERVICES

Services that are, or are generally intended to be, financed mainly from charges levied on the users of the service.

USABLE CAPITAL RECEIPTS

Amounts available to finance capital expenditure in future years.

USABLE RESERVES

Amounts set aside in the accounts for future purposes that fall outside the definition of provisions. They include general balances and reserves that have been earmarked for specific purposes. Expenditure is not charged directly to a reserve, but to the appropriate service revenue account.

UNUSABLE RESERVES

Represent gains and losses yet to be realised and which are not available to support services.

NEWARK AND SHERWOOD DISTRICT COUNCIL

ANNUAL GOVERNANCE STATEMENT

1 Scope of responsibility

Newark and Sherwood District Council is responsible for ensuring that the Authority's own and, (with the addition of Active4Today Ltd and Arkwood Developments Ltd), its Group business is conducted in accordance with the law and proper standards; that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively. Newark and Sherwood District Council also has a duty under the Local Government Act 1999 to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.

In discharging this overall responsibility, Newark and Sherwood District Council is responsible for putting in place proper arrangements for the governance of its affairs and facilitating the effective exercise of its functions, including arrangements for the management of risk.

2 The purpose of the governance framework

The governance framework comprises the systems, processes, culture and values by which the authority is directed and controlled. The framework also includes activities through which the authority accounts to, engages with, and leads the communities that it serves. It enables the authority to monitor and assess the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate, cost-effective services.

The system of internal control is a significant part of that framework and is designed to manage risk to a reasonable level. It cannot eliminate all risk of failure to achieve policies, aims and objectives and can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of Newark and Sherwood District Council's policies, aims and objectives, to evaluate the likelihood of those risks materialising and the impact should the risks materialise, and to manage these risks efficiently, effectively and economically.

The governance framework has been in place at Newark and Sherwood District Council for the year ended 31 March 2022. Since May 2013 the Council has operated governance arrangements through the use of a Committee system.

3 The governance framework

The District Council has adopted a Constitution which sets out how the Council operates, how decisions are made and the procedures which are followed to ensure that these are efficient, transparent and accountable. The Constitution is subject to periodic review and change either through national legislation or local decision, and the Governance Framework may be amended accordingly (<https://www.newark-sherwooddc.gov.uk/constitution/>).

Within the Constitution (Part H), the Council has approved and adopted a Code of Corporate Governance (the Code), which is consistent with the principles of the CIPFA/SOLACE Framework *Delivering Good Governance in Local Government*, which was revised in 2016. The Code was also reviewed during 2016 to ensure it complied with the requirements of the revised Framework.

The Code recognises that effective governance is achieved through the 7 core principles as identified in the Framework. These are:

- A. Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law
- B. Ensuring openness and comprehensive stakeholder engagement
- C. Defining outcomes in terms of sustainable economic, social and environmental benefits
- D. Determining the interventions necessary to optimise the achievement of the intended outcomes
- E. Developing the entity's capacity, including the capacity of its leadership and the individuals within it
- F. Managing risks and performance through robust internal control and strong public financial management
- G. Implementing good practices in transparency, reporting and audit to deliver effective accountability

The Code sets out how the Council demonstrates that its governance structures comply with these 7 core principles. A review and refresh is due to be undertaken during financial year 2022-3.

The Annual Governance Statement explains how the Council has complied with the Code annually; and also meets the requirements of *Regulation 6(1)(a) of the Accounts and Audit Regulations 2015* which require an authority to conduct a review at least once in a year of the effectiveness of its system of internal control and include a statement reporting on the review with any published Statement of Accounts.

The Council adopted a new Community Plan for the 2019/20 financial year which was approved at Council on 7th March 2019 and refreshed and updated by the Authority at its meeting on 13th October 2020. The Community Plan spans the medium term from 2019 through to 2023 and sets out Objectives to reflect our communities and priorities (<https://www.newark-sherwooddc.gov.uk/media/newarkandsherwood/imagesandfiles/strategiesandpolicies/pdfs/20190308CommunityPlan2019to23.pdf>). The delivery of these objectives is being conducted in accordance with the Governance framework.

During 2021/22 the Council facilitated policy and decision-making through a Committee system. Meetings are open to the public except where exempt or confidential matters are being considered. In addition, the Council's Constitution gives delegated authority for senior officers of the Council to make decisions in certain specified circumstances.

The District Council has a cross-service Risk Management Group that meets regularly to identify and evaluate all significant risks. Strategic, Corporate and Operational Risk Registers are in place and appropriate staff have been trained in the assessment, management and monitoring of risks. In addition to this, a Fraud Risk Register is in place and a full refresh took place during 2021/22. This was presented to the Audit and Governance Committee at its meeting in July 2022.

Through reviews by external auditors, external agencies, internal auditors, and its performance team the District Council ensures the economic, effective and efficient use of resources, and for securing continuous improvement in the way in which its functions are exercised, having regard to the principles of economy, efficiency and effectiveness.

Services are delivered by trained and experienced officers. All posts have a detailed job description and person specification. Training needs are identified through the Performance Appraisal Scheme, which was reviewed and updated in 2022.

Risk management policies and procedures are in place with the objective of ensuring that the risks facing the authority in achieving its objectives are evaluated, regularly reviewed and mitigation strategies developed.

The statutory role of Monitoring Officer was undertaken by the Assistant Director Legal and Democratic Services for the majority of the 2021/22 financial year (until August 2021 the role was undertaken by the Director of Governance and Organisational Development, who is now retired). It is the function of the Monitoring Officer to ensure compliance with established policies, procedures, laws and regulations. After consulting with the Head of Paid Service and the s151 Officer, the Monitoring Officer will report to the Full Council if she considers that any proposal, decision or omission would give rise to unlawfulness or maladministration. The standards of behaviour for members and employees are defined through Codes of Conduct and the Code of Corporate Governance. The Council also has an Anti-Fraud and Corruption Strategy and a Whistleblowing Policy that enables concerns to be raised confidentially by employees or persons doing business with the Council. A complaints system is also operated by the Council to enable comments on services to be received and investigated.

The Council's financial management arrangements conform to the governance requirements of the CIPFA Statement on the Role of the Chief Financial Officer in Local Government. The Director of Resources post is combined with the Deputy Chief Executive position and has the s151 Officer responsibilities attached to it. The s151 Officer is responsible for the proper administration of the Council's financial affairs including maintenance of financial records, presentation of statutory accounts and budgets, provision of effective internal audit and financial advice to Council. The s151 Officer has a key role in helping the organisation balance local service needs with corporate interests whilst ensuring compliance with all financial, statutory and constitutional requirements. The s151 Officer has a statutory duty to report to Full Council and the District Auditor (after consultation with the Head of Paid Service and the Monitoring Officer) if he feels that there is likely to be any item of unlawful expenditure or an unbalanced budget.

The Governance arrangements in respect of the Council's wholly owned companies (Active 4 Today and Arkwood Developments Ltd) were facilitated through the Committee System.

The Leisure and Environment Committee was responsible for the overview and scrutiny of Active 4 Today during the year for 2021/22. The Company presents its Business Plan for the forthcoming year together with performance monitoring reports throughout the year.

The Shareholders Committee was responsible for the overview and scrutiny of Arkwood Developments Ltd during the year for 2021/22. The Company presents its Business Plan for the forthcoming year, business cases for individual sites for development together with performance monitoring reports throughout the year.

The s151 Officer acts on behalf of the Council as the Accountable Body to the £25m Newark Towns Fund. As Accountable Body the Council is responsible for the proper use and administration of Towns Fund funding, all of which falls under the annual audit of the Council's accounts. The Council has responsibility for ensuring a Local Assurance Framework is in place which meets the standards set out by Government, and that decisions are made in accordance with it. The Local Assurance Framework, adopted by the Council's Policy and Finance Committee in June 2021, sets out how the Newark Towns Fund Board will effectively undertake its role in relation to good governance and allocation of the public funds it is responsible for. Hatch provide consultancy support to each of the project sponsors and Quod provide assurance support to the Council's s151 Officer.

A similar arrangement to the above is in place regarding £20m of Levelling up funding that was awarded to the Council in respect of the Southern Link Road. A monitoring board has been established consisting of officers of the Council, together with representatives from the developer-Urban and Civic, National Highways and Nottinghamshire County Council. The Council is responsible for the proper administration of the funding, and has, through the project, employed an independent quantity surveyor in order to ensure claims of grant from the developer are accurate and proportionate and can be approved by the Council's s151 Officer.

A similar arrangement is in place in respect of £7m of funding from the D2N2 Local Enterprise Partnership in relation to the development of the Southern Link Road. An agreement is in place which releases funds through to the developer once agreed project outputs and targets are met, and have been approved by the Council's s151 Officer.

The District Council communicates with its community and stakeholders through various means. During 2021 / 2022, a number of new communication channels were launched to offer more avenues with which to speak to our residents. This has included a rewrite and redesign of the main Newark and Sherwood District Council website to ensure information was up to date, accurate, easy to find and adheres to new government accessibility legislation. In addition, we have implemented a new system in which we can email regular newsletters to particular demographic groups. Upon implementation the system was used to improve internal communication, with staff newsletters going out every two weeks. Then a resident facing newsletter was introduced with newsletters going out containing important and key information once a month. We have continued to grow and use social media to communicate important messaging but still consider the importance of a positive press release system to be a high priority – the number of media releases issued grew during this year also. The processes and systems within the centralised communications team mean that work is becoming more proactive as opposed to reactive thus gaining better coverage for the District Council. Other channels are also regularly used include the local radio, local and national media outlets, digital communication channels and digital advertising, door to door to communication, television advertising and POS in strategic locations.

During the 2020/21 financial year, the Audit and Accounts Committee approved and recommended to Full Council, the appointment of a non-voting Independent Member to join the Committee. This appointment will supplement the members of the Committee by bringing further technical and analytical skills which will aide in the scrutiny of reports. This together with a training programme for the members of the Committee, which will be tabled at the meeting in July 2022, will continue the development of the Committee to ensure that it continues to meet its roles and responsibilities.

4 Review of effectiveness

Newark and Sherwood District Council has responsibility for conducting, at least annually, a review of the effectiveness of its governance framework including the system of internal control. The review of effectiveness is informed by the work of the Directors within the authority who have responsibility for the development and maintenance of the governance environment, the Internal Audit Manager's annual report, the External Auditor's annual audit and inspection report together with comments made by the External Auditors and other review agencies and inspectorates. Business managers are required to provide assurance to the s151 officer that service areas are compliant with the Council's governance arrangements.

The process that has been applied in maintaining and reviewing the effectiveness of the system of internal control includes:

The Monitoring Officer has a duty to monitor and review the operation of the Constitution to ensure its aims and principles are given full effect.

Overview and Scrutiny - During 2021/22 the overview & scrutiny function was undertaken through Committees with overview & scrutiny principles being embedded in the remits of the Policy and Finance Committee and the three functional committees as well as the Audit and Governance Committee.

Councillors' Commission - The Council reviews the Constitution through a dedicated working party of Members called the Councillors' Commission. This working party comprises, senior councillors, (including group leaders), meets on a regular basis, and considers any changes as a result of legislative changes and/or those which will facilitate more effective governance of the Council. In October 2019, the Council undertook a governance review facilitated by an external peer team led by the Local Government Association. The review focussed on three broad areas: what was working well; what could be improved; and what should the Council do next. The report from the peer review made recommendations for the Council to explore the opportunity to improve governance further by looking at a future governance system and structures that delivers:

- a greater focus on outcomes for the community;
- clearer political ownership and accountability for policy and decision making, including opportunities to challenge;
- consideration of where and how policy should be developed;
- greater political and managerial oversight of council performance;
- reducing duplication and inefficiencies;
- improving the speed and transparency of decision-making;
- further and ongoing community and stakeholder engagement, building on the success of the Corporate Plan process

The Councillors' Commission was tasked with taking the review forward in December 2019. This review has progressed and from May 2022 the Council has adopted a new system of Governance. This new system of Governance is based on Executive arrangements (the Cabinet system) and is in place from 17th May 2022. This new system of governance will comprise of:

The Cabinet – which is made up of the Leader, Deputy Leader and a Cabinet of additional Councillors appointed by the Leader. Cabinet Members are responsible for the portfolio of services/functions allocated to them by the Leader. From 17th May 2022 the Cabinet comprises 5 portfolio holders including the Leader and Deputy Leader. The leader of the Council's largest opposition group is a Cabinet Member with voting rights but without portfolio. The Cabinet will have responsibility for oversight of the Council's wholly owned companies, Arkwood Developments Limited and Active 4 Today Limited.

Policy and Performance Improvement Committee – comprises 15 Members and is politically balanced. This will provide the Overview and Scrutiny function but also have a wider role in policy development and performance review.

Audit and Governance Committee – comprises 12 Members and is politically balanced. This will provide the functions of the previous Audit and Accounts Committee, but also wider governance functions that were previously within the remit of the Councillors' Commission and Policy and Finance Committee.

Internal Audit - is responsible for reviewing the quality and effectiveness of systems of internal control. The internal audit function is carried out by Assurance Lincolnshire. During November 2021, a report reviewing the effectiveness of the Internal Audit function was considered by the Audit and Accounts Committee. The results of this review concluded that the Internal Audit function is currently working effectively. Public Sector Internal Audit Standards (Standards) require an External Quality Assessment at least every five years. The Standards aim to promote quality and effectiveness in the internal audit profession across both public and private sectors. They re-affirm how important having a robust, independent and objective internal audit is to the success of the Council and its governance framework. Our Internal Auditors, Assurance Lincolnshire were recently assessed – with the outcome of their External Quality Assessment stating that they 'fully conform' with all areas of the Standards and CIPFA application note. There were no recommended improvements. A report detailing this will be presented to the Audit and Governance Committee in July 2022.

An annual audit plan is approved by the s151 Officer together with the Business Manager for Financial Services and the Senior Leadership Team and reported to the Audit and Governance Committee. The reporting process for Internal Audit requires a report of each audit to be submitted to the relevant Chief Officer and Business Manager. The report includes recommendations for improvements that are included within an action plan and require agreement or rejection by Business Managers. The Audit and Governance Committee receives executive summaries of all internal audit reports and is advised of progress in implementing recommendations. Internal Audit reports are considered by the Council's Senior Leadership Team. The Head of Internal Audit issues an annual opinion on the overall adequacy and effectiveness of the Council's governance, risk and control framework. For the 2021/22 financial year, the opinion of the Head of Internal Audit is that the Council is performing adequately across the areas of Governance and Internal Control which have not changed since the 2020/21 opinion.

For the areas of Financial Control and Risk, these have again been assessed as performing well, which again has not changed since the 2020/21 opinion. All four areas have been further assessed as having an improving direction of travel. Two internal audit reports gave limited assurance (two during 2020/21) relating to:

- Project Strategy – The review identified that within the Corporate Property Business Unit, there was a lack of project methodology and governance hence as such there is a risk that projects are not delivered appropriately. Following the recruitment of a Construction Projects Manager and amalgamation of the Housing Revenue Accounts development team into the Corporate Property Business Unit, a review and implementation of the standardised suite of construction specific project management tools will be conducted.
- Landlord Compliance – This audit took snapshots of outstanding gas inspections; whilst noting reductions in the number of those outstanding. As at November 2021, 74 properties (1.4%) did not have an up-to-date gas certificate. These were in the programme of inspections due to be carried out and their progress was being monitored through regular meetings between management and the Contractor. As at the end of March 2022, 51 properties were out of compliance(0.98%), giving overall compliance at 99.02%.–.This service is under regular scrutiny and officers continue to work with the Legal business unit, whilst new compliance software is implemented to improve our monitoring and performance of all compliance activity.

Recommendations are being implemented to address the weaknesses identified by Internal Audit.

The District Council's communications team have made huge strides during 2021 / 2022 with its communication. Internal communication has improved with regular newsletters, intranet updates and videos going out to all staff. This did not happen previously. In addition 2000 residents are now signed up to receive e-newsletters once month, again something new for 2021 / 2022. Reach, engagement and posts on social media have been higher than ever across the 20 social media platforms owned by the District Council. Using one as an example, the reach (the number of people who saw our content) on Facebook alone was at 5,164,036 against a target of 3,200,000 for the year. Engagement (the number of people who interacted with us on social media) was also the highest to date. The number of followers on Facebook has risen from 12,546 to 13,730 over the year as well. During this year the District Council website was re-written and redesigned to adhere to new accessibility legislation and had on average around 27,500 unique page views each week. The District Council website also rose to position 24 in Q2 2022 in a table of 411 authorities from position 322 Q4 2019 and current score for accessibility and over performance 8.1 out of 10.

The Chartered Institute of Public Finance & Accountancy (CIPFA) has introduced a new Financial Management Code (FM Code). This sets out for the first time, the standards of financial management for local authorities.

The FM Code is designed to support good practice in financial management and to assist local authorities to demonstrate their financial sustainability.

Local government finance in the UK is governed by legislation, regulation and professional standards. The general financial management of a local authority, however, has not, until now, been supported by a professional code. The FM Code has been introduced because of the

exceptional financial pressures faced by local authorities in recent years which have revealed concerns about fundamental weaknesses in financial management and the ability of some organisations to maintain services in the future.

A report was tabled at the Audit and Accounts Committee in July 2021, which scored the Council against the 17 standards. The report identified two areas categorised as Amber with the remaining 15 categorised as Green. The table below shows the two standards categorised as Amber:

Description	Pages of Code	Detail	CFO assessment and actions required	RAG RATING
<p>The leadership team is able to demonstrate that the services provided by the authority provide value for money</p>	<p>17/18</p>	<p>The Leadership team (elected members and senior officers) is able to demonstrate that the services provided by the authority provide value for money, to include:</p> <ul style="list-style-type: none"> • Economy (spending less); • Efficiency (spending well); • Effectiveness (spending wisely); • Equity (spend fairly) <p>The authority has a clear and consistent understanding of what value for money means to it and its leadership team.</p> <p>There are suitable mechanisms in place to promote value for money at a corporate level and at the level of individual services.</p> <p>The authority is able to demonstrate the action that it has taken to promote value for money and what it has achieved.</p>	<p>The Council's Community Plan is refreshed each year and contains the Authority's key objectives based on local needs.</p> <p>The MTFP is revised each year to support the objectives in the Community Plan and is supported by effective risk management and whole of life costing.</p> <p>Directorate Business Plans each year are referenced to the Community Plan Objectives.</p> <p>The MTFP drives the budget for each year.</p> <p>For 2021/22 an annual VFM self-assessment has been completed</p> <p>For 2021/22 improvements have been made to the Performance Management Framework which now aligns with the Community Plan Objectives with key statutory and non-statutory indicators of performance.</p> <p>Action:</p> <ul style="list-style-type: none"> • Embed fully the "new" performance management framework. • Complete actions identified in the VFM self-assessment. • Develop a Workforce Planning Strategy which meets the needs of the organisation, supports the delivery of the Community Plan and which represents value for money 	<p style="background-color: yellow;"> </p>

<p>The authority uses an appropriate documented option appraisal methodology to demonstrate the value for money of its decisions.</p>	<p>31/32</p>	<p>The authority has a documented option appraisal methodology that is consistent with the guidance set out in IFAC/PAIB publication 'Project and Investment Appraisal for Sustainable Value Creation: Principles in Project and Investment Appraisal'.</p> <p>The authority offers guidance to officers as to when an option appraisal should be undertaken.</p> <p>The authority's approach to option appraisal includes appropriate techniques for the qualitative and quantitative assessment of options.</p> <p>The authority's approach to option appraisal includes suitable mechanisms to address risk and uncertainty.</p> <p>The authority reports the results of option appraisals in a clear, robust and informative manner that gives clear recommendations and outlines the risk associated with any preferred option(s).</p>	<p>The Council tables reports to both its Senior Leadership Team and Committees which include options appraisals as part of its decision making process.</p> <p>All items added into the Capital programme have an assessment made against a set of criteria in order to evaluate their value for money. This set of criteria is annually reviewed and approved as part of the Council's Capital Strategy.</p> <p>Projects are managed in accordance with the project management toolkit which was approved for use in May 2019. Within this document a template business case is included which references the sections to be included within a completed business case. The document does not go on to describe how to undertake an options appraisal.</p> <p>Action:</p> <p>Review project management toolkit (due for review May 2022) to ensure this includes a section on how to undertake an options appraisal.</p>	
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In total eight actions were identified in order to ensure that the Council fully complies with the FM Code. Of the actions identified only one is currently outstanding which is identified in the table at section 5 below.

Based on the completion of the other actions, it is felt that the two standards, originally scored as Amber, can be re-scored as green.

5 Future impacts on the Medium Term Financial Plan

The latest version of the Medium Term Financial Plan (MTFP) was approved at Council on 8th March 2022. Since that point there have been a number of implications upon the MTFP from a range of different areas such as:

- Local Government Pay award for the 2022/23 financial year – An assumption of 2% for the 2022/23 financial year and 3% throughout the other years of the MTFP was budgeted. Due to high levels of inflation and the cost of living crisis, these estimated amounts are is likely to be exceeded through the national negotiation process. The final pay settlement is likely to have a material effect on the current assumptions within the MTFP.
- General inflation, utility and fuel costs – The Council is exposed to, as with any other business or personal finances, risk in relation to increases in general inflation, utility and fuel costs. The Budget Strategy for the production of the 2023/24 financial year, approved at Cabinet on 12 July 2022, referred to large percentage increases over the MTFP period. This will be modelled into an updated MTFP to be presented to Cabinet in September 2022.
- A key component of the Council's Local Development Framework (LDF) is to provide sufficient fixed and transient sites for Travellers. A bid of £1m has been submitted to the Department of Levelling Up Housing and Communities. However, the cost of delivering these sites is probably going to require further funding which has not yet been quantified. External cost consultants are advising the Council and the financial implications will need to be incorporated in the next revision of the MTFP.

6 Governance Actions

Issue	Action	Responsible Officer	Completion Date
Completion of the outstanding item from the FM Code of Practice	Development of Asset Management Strategy to supplement the Capital Strategy	Business Manager – Corporate Property	July 2022
Whistleblowing and Gifts & Hospitality policies are outside their review timetable	The two policies mentioned were due for review prior to the pandemic. As officer resource was redirected during the pandemic, these were not updated. These will be reviewed and updated during the course of this financial year	Assistant Director – Legal and Democratic Services	March 2023

Significant governance issue

Issue	Action	Responsible Officer	Completion Date
Change in the system of Governance During May 2022 the Council has changed its system of Governance to an Executive (Cabinet) arrangements. During this year there may be occasions	The Member Working Group who were tasked within formulating the detail of how the new governance arrangements should operate will be reconvened and continue to meet as necessary in order to review the effectiveness of the new arrangements. A report will be presented to the Audit and	Assistant Director Legal and Democratic Services	November 2022

whether the system is not working effectively.	Governance Committee to review the new arrangements		
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We propose over the coming year to take steps to address the above matters to further enhance our governance arrangements. We are satisfied that these steps will address the need for proper governance arrangements to be in place. We will undertake ongoing monitoring of the implementation of any improvements that were identified in our review of effectiveness and as part of our next annual review.

Conclusion

The Council has assessed the governance arrangements in place throughout 2021/22 and whilst it is considered that the current arrangements provide a satisfactory level of assurance, work is continuously underway to ensure that the arrangements remain fit for purpose in an ever changing external environment.

Signed

J Robinson

J. Robinson

Chief Executive

19 December 2022

D Lloyd

D. Lloyd

Leader of the Council

19 December 2022

Independent auditor's report to the members of Newark and Sherwood District Council

Report on the audit of the financial statements

Opinion on the financial statements

We have audited the financial statements of Newark and Sherwood District Council ('the Council') and its subsidiaries ('the Group') for the year ended 31 March 2022, which comprise the Council and Group Comprehensive Income and Expenditure Statements, the Council and Group Movement in Reserves Statements, the Council and Group Balance Sheets, the Council and Group Cash Flow Statements, the Housing Revenue Account, the Collection Fund Account, and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2021/22.

In our opinion, the financial statements:

- give a true and fair view of the financial position of the Council and the Group as at 31st March 2022 and of the Council's and the Group's expenditure and income for the year then ended; and
- have been properly prepared in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2021/22.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities section of our report. We are independent of the Council and the Group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Deputy Chief Executive, Director of Resources and s151 Officer, as Chief Financial Officer's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Council's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Deputy Chief Executive, Director of Resources and s151 Officer with respect to going concern are described in the relevant sections of this report.

Other information

The Deputy Chief Executive, Director of Resources and s151 Officer is responsible for the other information. The other information comprises the information included in the Statement

of Accounts, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements, or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Responsibilities of the Deputy Chief Executive, Director of Resources and s151 Officer as Chief Financial Officer for the financial statements

As explained more fully in the Statement of the Chief Financial Officer's Responsibilities, the Deputy Chief Executive, Director of Resources and s151 Officer is responsible for the preparation of the Statement of Accounts, which includes the financial statements, in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2021/22, and for being satisfied that they give a true and fair view. The Deputy Chief Executive, Director of Resources and s151 Officer is also responsible for such internal control as the Deputy Chief Executive, Director of Resources and s151 Officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

The Deputy Chief Executive, Director of Resources and s151 Officer is required to comply with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2021/22 and prepare the financial statements on a going concern basis on the assumption that the functions of the Council will continue in operational existence for the foreseeable future. The Deputy Chief Executive, Director of Resources and s151 Officer is responsible for assessing each year whether or not it is appropriate for the Council and Group to prepare its accounts on the going concern basis and disclosing, as applicable, matters related to going concern.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. Based on our understanding of the Council, we identified that the principal risks of non-compliance with laws and regulations related to the Local Government Act 2003 (and associated regulations made under section

21), the Local Government Finance Acts of 1988, 1992 and 2012, the Accounts and Audit Regulations 2015, and the Local Government and Housing Act 1989, and we considered the extent to which non-compliance might have a material effect on the financial statements.

We evaluated the Deputy Chief Executive, Director of Resources and s151 Officer's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls) and determined that the principal risks were related to posting manual journal entries to manipulate financial performance, management bias through judgements and assumptions in significant accounting estimates and significant one-off or unusual transactions.

Our audit procedures were designed to respond to those identified risks, including non-compliance with laws and regulations (irregularities) and fraud that are material to the financial statements. Our audit procedures included but were not limited to:

- discussing with management and the Audit and Governance Committee the policies and procedures regarding compliance with laws and regulations;
- communicating identified laws and regulations throughout our engagement team and remaining alert to any indications of non-compliance throughout our audit; and
- considering the risk of acts by the Council and the Group which were contrary to applicable laws and regulations, including fraud

Our audit procedures in relation to fraud included but were not limited to:

- making enquiries of management and the Audit and Governance Committee on whether they had knowledge of any actual, suspected or alleged fraud;
- gaining an understanding of the internal controls established to mitigate risks related to fraud;
- discussing amongst the engagement team the risks of fraud; and
- addressing the risks of fraud through management override of controls by performing journal entry testing.

There are inherent limitations in the audit procedures described above and the primary responsibility for the prevention and detection of irregularities including fraud rests with management and the Audit and Governance Committee. As with any audit, there remained a risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal controls.

We are also required to conclude on whether the Deputy Chief Executive, Director of Resources and s151 Officer's use of the going concern basis of accounting in the preparation of the financial statements is appropriate. We performed our work in accordance with Practice Note 10: Audit of financial statement and regularity of public sector bodies in the United Kingdom, and Supplementary Guidance Note 01, issued by the National Audit Office in September 2021.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Report on the Council's arrangements for securing economy, efficiency and effectiveness in its use of resources

Matter on which we are required to report by exception

We are required to report to you if, in our opinion, we are not satisfied that the Council has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2022.

We have not completed our work on the Council's arrangements. On the basis of our work to date, having regard to the guidance issued by the Comptroller and Auditor General in December 2021, we have not identified any significant weaknesses in arrangements for the year ended 31 March 2022.

We will report the outcome of our work on the Council's arrangements in our commentary on those arrangements within the Auditor's Annual Report. Our audit completion certificate will set out any matters which we are required to report by exception.

Responsibilities of the Council

The Council is responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources, to ensure proper stewardship and governance, and to review regularly the adequacy and effectiveness of these arrangements.

Auditor's responsibilities for the review of arrangements for securing economy, efficiency and effectiveness in the use of resources

We are required under section 20(1)(c) of the Local Audit and Accountability Act 2014 to satisfy ourselves that the Council has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. We are not required to consider, nor have we considered, whether all aspects of the Council's arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively.

We have undertaken our work in accordance with the Code of Audit Practice, having regard to the guidance issued by the Comptroller and Auditor General in December 2021.

Matters on which we are required to report by exception under the Code of Audit Practice

We are required by the Code of Audit Practice to report to you if:

- we issue a report in the public interest under section 24 of the Local Audit and Accountability Act 2014;
- we make a recommendation under section 24 of the Local Audit and Accountability Act 2014; or
- we exercise any other special powers of the auditor under sections 28, 29 or 31 of the Local Audit and Accountability Act 2014.

We have nothing to report in these respects.

Use of the audit report

This report is made solely to the members of Newark and Sherwood District Council, as a body, in accordance with part 5 of the Local Audit and Accountability Act 2014 and as set out in paragraph 44 of the Statement of Responsibilities of Auditors and Audited Bodies published by Public Sector Audit Appointments Limited. Our audit work has been undertaken so that we might state to the members of the Council those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by

law, we do not accept or assume responsibility to anyone other than the members of the Council, as a body, for our audit work, for this report, or for the opinions we have formed.

Delay in certification of completion of the audit

We cannot formally conclude the audit and issue an audit certificate until we have completed

- the work necessary to issue our assurance statement in respect of the Council's Whole of Government Accounts consolidation pack for the year ended 31 March 2022;
- the work necessary to issue our assurance statement in respect of the Council's Whole of Government Accounts consolidation pack for the year ended 31 March 2021, and consequently conclude the audit and issue the certificate for that period; and
- the work necessary to satisfy ourselves that the Council has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources.

D Hoose

David Hoose, Key Audit Partner
For and on behalf of Mazars LLP

Park View House
58 The Ropewalk
Nottingham
NG1 5DW

5 January 2023