

# Audited Statement of Accounts and Narrative Report 2020 / 2021



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### Contact Us

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**Email:** [customerservices@newark-sherwooddc.gov.uk](mailto: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

# Foreword



**John Robinson**  
**Chief Executive**

Welcome to our Annual Statement of Accounts for 2020/21, which details our financial performance this year. Over the past year, the District Council has been at the forefront of the local response to the COVID pandemic while continuing to make significant progress in delivering on its top priorities.

In addition to ensuring effective oversight of our own planned expenditure, we have consistently featured as a national top performer in distributing the Government's COVID related financial assistance to local businesses, allocating £45 million to date. We have also secured £25 million in funding from the Government's Towns Fund to regenerate Newark Town Centre and have significantly moved along a number of high profile and strategically significant initiatives, including the 'in sourcing' of Newark and Sherwood Homes; construction of a new Travelodge hotel through a new joint venture; construction of a new swimming pool and delivery of our first homes through Arkwood, the District Council's housing development company.

During a year in which we have had numerous new and short-term funding allocations to contend with, as well as large and unanticipated fluctuations in our own income and expenditure, I am hugely grateful to our Financial Services colleagues and the Audit and Accounts Committee for the careful and creative ways in which they have governed the District Council's finances. Looking forward and with economic recovery at the very top of our priorities, there can be no letting up on our increasing commercial approach to delivering on our ambitious Community Plan.

**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 due 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 second year of our new Community Plan and we remain as committed as ever to improving residents' quality of life and enable those who live, work and invest in Newark and Sherwood to prosper and fulfill 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 Accounts Committee, I am aware of the future challenges that the District Council faces, especially given the impact the pandemic has had on our community. We have listened to what our residents have said 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, despite 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 2020/21. 2020/21 saw the second year of our new Community Plan which will span the next four years until 2023. This report represents the performance at the end of the second 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.

<b>Part one</b>	Introduction to Newark and Sherwood
<b>Part two</b>	Our purpose - why the District Council is here
<b>Part three</b>	How the District Council works
<b>Part four</b>	Community Plan delivery
<b>Part five</b>	Financial performance for the year 2020/21 summarising the information within the main Statement of Accounts document
<b>Part six</b>	Looking forward at the adopted Community Plan and Medium Term Financial Plan
<b>Part seven</b>	Identified corporate risks
<b>Part eight</b>	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 adverse 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 122,421, made up of 50.7% female (62,101) and 49.3% male (60,320). Newark and Sherwood covers an area of 65,132 hectares.
The predominant age band for the district is '50-54' with 9,430 people out of the total population of 122,421 (7.7%).
14,516 households in the district have dependent children of all ages. That represents 29.7% of the district's households.
There are 48,773 households in the district, which represent 14.59% of Nottinghamshire's 334,303 households.
The District Council, as social housing landlord, manages 5,506 properties.

### 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 to reach the capital. The neighbouring areas of Yorkshire, the Peak District and the east coast resorts are also easily accessible.

With low cost housing, the promise of investment from the Government under their Towns Fund initiative, excellent communication links and an enviable range of local attractions, including Newark Castle, 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 more of 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.

#### Our values

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. In 2020, we re-examined our Community Plan to take into account the changing landscape of our district post COVID-19. As part of the Community Plan re-refresh, we have revisited the District Council's Purpose and Values to make it clear what we are here to do and how we will go about it.

#### 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**

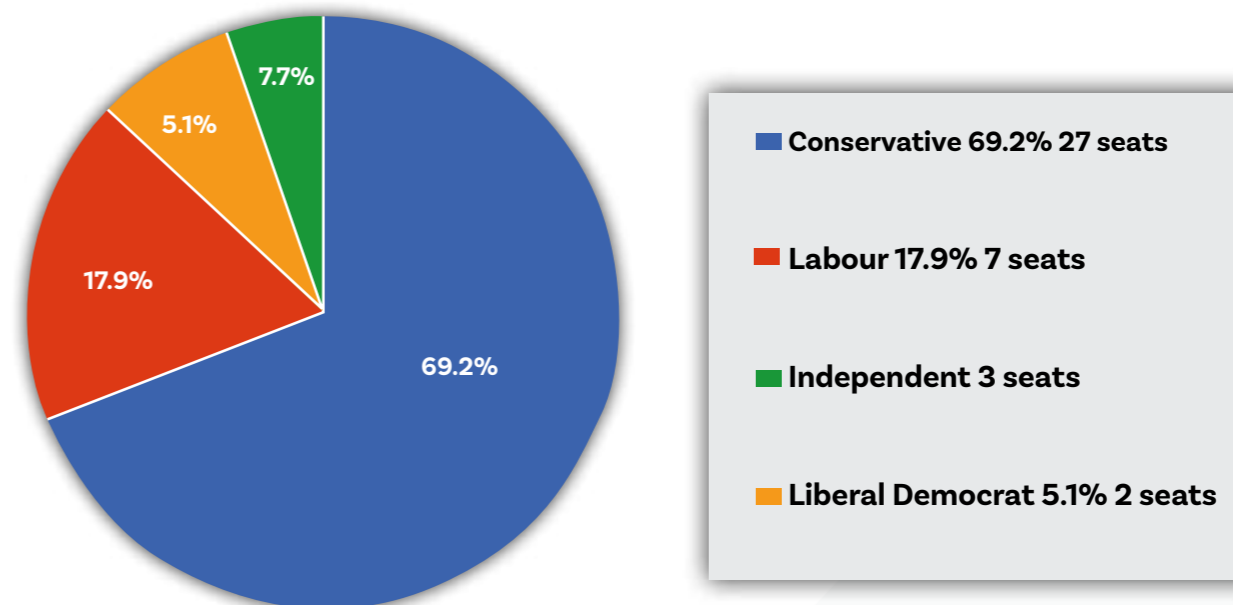
Approachable, open to feedback and challenge and swift to act.



## Part three

### How the District Council works

Residents of Newark and Sherwood are represented by 39 elected members. The political make-up of the District Council from May 2021, so for the financial period 2020/2021 (prior to elections on 6 May 2021 and any subsequent bi-elections) is shown below:



Councillors are elected by the community to decide how the District Council should carry out its 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 District Council meetings (held virtually this year due to COVID-19 guidance), by telephone calls, or surgeries (only where COVID-secure arrangements could be put in place and where restrictions permitted).

Councillors appoint a Leader and Deputy Leader to provide political leadership and direction for the Council as a whole.

Each year, Councillors also appoint a Chairman to undertake civic responsibilities on behalf of the whole Council.

Find out more about our Councillors here: [Your Councillors](#)

All Councillors meet together as the Full Council and these meetings are open to the public, albeit for they have been held virtually this year due to COVID-19 restrictions.

## How the District Council works: committee structure

The District Council has 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 District Council 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 Council also has four regulatory committees:



### **Audit and Accounts Committee**

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

**Councillor Mrs Sylvia Michael, Chairman of Audit and Accounts**



### **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 Shareholders committee:



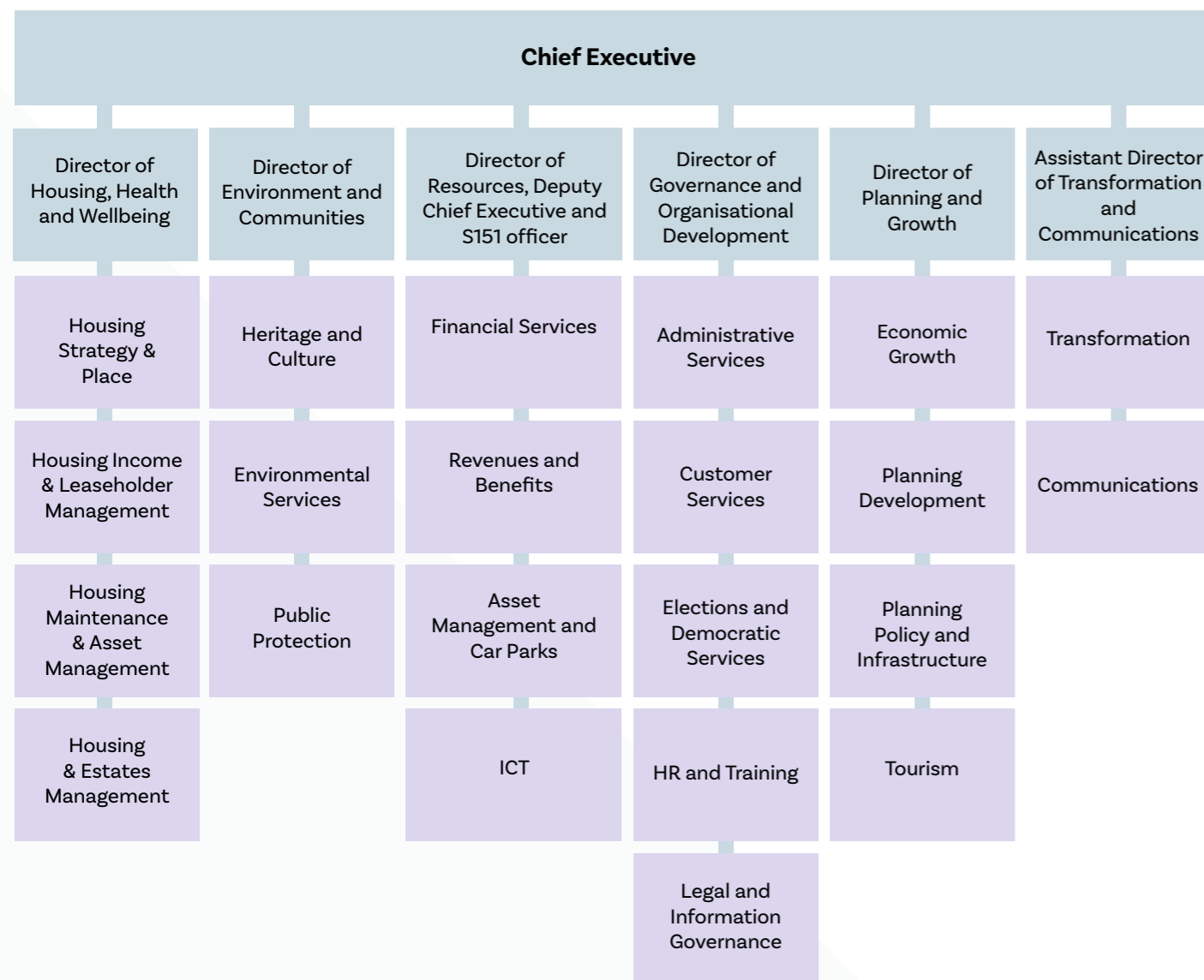
### **Shareholders Committee**

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

**Councillor David Lloyd, Chairman of Shareholders 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.



## Part four

### Community Plan Delivery

In light of the COVID-19 outbreak in 2020, Newark and Sherwood District Council has refreshed its Community Plan to better reflect the change in circumstances brought about by the pandemic. The revised plan has seven objectives guiding the work it does between 2020 and 2023.

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

So far, we have:

- Responded to 1,475 HART (Humanitarian Assistance Response Team) requests including the delivery of vital food parcels and collections of medical prescriptions for the vulnerable during the COVID-19 outbreak
- Supported the 2020 Parish Council Conference
- Live streamed District Council Committees online for residents to view the meetings.

#### 2 Deliver inclusive and sustainable economic growth.

So far, we have:

- Created a High Street Diversification Fund to support more than 150 independent retailers in adapting during the pandemic and helping sustain their businesses and jobs
- Been named in the top 10 per cent of local authorities for paying out business support grants to businesses affected by COVID-19 quickly and efficiently
- Supported 50 young people with job placements in partnership with DWP and Newark College Group
- Newark Towns Fund Board has been awarded £25 million as part of the Government's Towns Fund scheme which will see some exciting developments coming to Newark
- Completed the Robin Hood development, including a brand new hotel and three high quality retail units in the town centre, while securing a purchaser for the freehold of the site in order that there was no financial impact on the District Council for the development.

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

So far, we have:

- Exceeded targets for market and affordable house building
- Attended to 100% of emergency repairs on District Council properties within 24 hours
- Cleared a backlog of 900 non-essential repairs caused by the COVID-19 lockdowns
- Established a housing advisory group.



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

So far, we have:

- Increased recycling rates of garden waste within the district, generating an additional 1,200 customers in the first year of bringing the service in-house
- Obtained an injunction to safeguard public spaces in Newark from unauthorised occupation, protecting public spaces for use by the public
- Exceeded the District Council's target to have responded to fly-tipping reports within 2.5 days
- New Street Scene Officers have been recruited who will work on a seven day rota basis to cover the area's litter hotspots
- Brought the housing grounds maintenance service back in-house, creating better consistency, accountability and standards across the District.

#### 5 Enhance and protect the District's natural environment

So far, we have:

- Retained four green flag awards for four of our parks and open spaces (Scone and Devon, Vicar Water, Sherwood Heath and Newark Castle Gardens)
- Had a successful bid to the Urban Tree Challenge, which has enabled thousands of new trees to be planted
- Developed a Climate Emergency Strategy and Action Plan with the aim of making Newark and Sherwood District Council carbon net neutral by 2035.

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

So far, we have:

- Achieved a safer parking Park Mark status in all District Council managed pay and display car parks
- Participated in three joint police and local authority operations to address anti-social behaviour
- Delivered five nights of action to monitor COVID-19 controls within the hospitality sector
- Developed a Community Speed Watch scheme, which provides a proactive solution to excessive speeding, improving the safety and quality of life for our communities
- In partnership, successfully bid for and delivered a Safer Streets project for two communities in Newark in what is being hailed as national exemplar.

#### 7 Improve the health and wellbeing of local residents

So far, we have:

- Provided energy advice to 369 residents who made direct enquiries with us
- Secured funding for Rough Sleeper Initiative and Next Steps Accommodation Programme
- Contacted more than 3,000 vulnerable people within the District to complete a welfare check
- Successfully secured grant funding from British Cycling for a new Places to Ride community cycling facility at Thoresby Vale
- Substantially completed the building of a new swimming pool at the Dukeries Leisure Centre, Ollerton.

## COVID-19 response

In addition to work undertaken within the seven objectives listed above, we have met a number of additional challenges head on this year including:

- On 25 March 2020 the majority of District Council officers transitioned to home working
- Managed the closure and re-opening of COVID-secure leisure facilities due to national lockdowns
- The District Council procured accommodation for rough sleepers as part of the 'Everyone In' campaign to ensure that there were no rough sleepers in the district at risk of COVID-19
- The District Council rolled out a scheme for an additional council tax reduction of £150 for those already in receipt of Local Council tax Support (3700 households qualified). This was funded by a Central Government Hardship Fund of £0.811m
- Waste crews were re-organised and operating models changed to ensure they allowed for safe working within COVID-19 guidelines. Working 'bubbles' were established to limit interactions
- Car parks managed by the District Council were made free of charge for a period to assist key workers and residents
- Within 6 weeks into the first lockdown the District Council released a video explaining it had delivered;
  - 3,264 Coronavirus support related calls received and actioned
  - 3,100 tonnes of household kerbside waste collected
  - 560 tonnes of dry kerbside recycling collected
  - 230 tonnes of debris cleaned from the streets
  - 160 emergency repairs completed for District Council tenants
  - 66 environmental health reports actioned
  - 50 anti-social behaviour reports actioned
  - Three virtual District Council committee meetings broadcasted; and
  - One prohibition notice served to a local hotel breaching rules
- During 2020 / 21 the District Council had made 6,047 relief payments to local businesses with a value of approximately £42.889m
- Since June 2020, the District Council has made telephone contact with 3,124 vulnerable people over the age of 69, living within the District (excluding those with dementia). The purpose of these calls was to ensure residents and tenants had support in place during the pandemic. Following these telephone calls, 276 'safe and well' checks (8% of total calls made) were referred to the HART for further welfare checks. HART carried out 100% of the checks required and worked with individuals to get them the support they needed.





# Part five

## 2020 - 21 financial performance

### Overall Outturn

The Comprehensive Income and Expenditure Statement shows the District Council's 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 an increase in reserves of £11.804m in general fund reserves and £0.705m in HRA reserves. It should be noted (as detailed below) that the increase in general reserves of £11.804m, includes £8.161m of s31 grants relating to business rates relief that is not a surplus as there is a corresponding deficit in the collection fund arising from Government policy, which will need funding in 2021/22.

	Balance at 31 March 2020	Increase / decrease in year	Balance at 31 March 2021
<b>General fund working balance</b>	£1.5m	£0	£1.5m
<b>General fund earmarked reserves</b>	£24.036m	£11.804m	£35.840m
<b>HRA working balance</b>	£2m	£0	£2m
<b>HRA earmarked reserves</b>	£4.756m	£0.705m	£5.461m



### General Fund Revenue

The General Fund supports the day-to-day running of the District Council's services (excluding housing). The District Council set its General Fund budget for the 2020/21 financial year on 9 March 2020. The budget report pack can be seen [here](#)

This shows a total budget of £15.863m of which £14.521m was to deliver core services. The increase in budget for core services amounted to £6.761m. This is mainly related to increases in capital financing (£2.918m) and pension costs (£2.324m) in year and Coronavirus emergency funding for local government (£1.322m). The net cost of District Council services outweighed the revised budget by £0.082m. The table below describes the variance between actual cost compared with revised budget:

	2020/21 variance (£)
<b>Economic Development</b>	
Car parks: reduced income due to COVID-19	£0.602m
Development management: vacant posts and increased income	-£0.228m
District Council properties: reduced income due to COVID-19	£0.083m
Former Marks and Spencer Building: non-domestic rates (NDR) payable for the year due to change in budgeted assumptions	£0.080m
Newark lorry park: increased income	-£0.071m
Growth / technical support; planning policy and economic growth: vacant posts	-£0.067m
Heritage and Culture: additional grant and furlough income	-£0.051m
Promotion of tourism: events cancelled due to COVID-19	-£0.038m
Local development framework: change in budgeted assumptions	-£0.031m
Community infrastructure levy: development-related administration fee income	-£0.010m
Other small variances	-£0.066m
<b>Sub-total: adverse variance</b>	<b>£0.203m</b>
<b>Homes and Communities</b>	
Housing options: reduced recharge costs and additional grant income	-£0.053m
Licensing admin: reduced income due to COVID-19	£0.038m
Strategic housing and customer services: vacant posts	-£0.032m
Other small variances	-£0.017m
<b>Sub-total: favourable variance</b>	<b>-£0.064m</b>
<b>Leisure and Environment</b>	
Newark livestock market: income not received post-termination of tenant's occupancy	£0.370m
Street scene street cleansing: vacant posts and budgeted cost of restructured service more than required	-£0.102m
Waste and recycling: increased net garden waste and recycling income; reduced net waste disposal and trade refuse income	-£0.071m
Environmental health: grant-funded employee costs	-£0.055m
Health and community relations: vacant posts	-£0.047m
Vehicle pool and workshop: reduced recharge income	£0.038m
Brunel Drive depot: reduced premises-related costs (such as utilities)	-£0.014m

Arts and community development: reduced spend due to COVID-19	-£0.014m
Other small variances	-£0.006m
Sub-total: adverse variance	£0.099m
Policy and Finance	
Budgeted saving from District Council-wide in-year vacancies	£0.504m
Coronavirus costs: timing of usage of grant not aligned with receipt of cash	-£0.363m
Corporate property: vacant posts, and officers appointed at lower rates than budgeted	-£0.155m
Housing benefit admin: vacant posts and additional grant income	-£0.079m
Elections and democratic services: reduced spend due to COVID-19	-£0.065m
Rent allowances / rent rebates: additional payments made in-year	£0.054m
Administration services: vacant posts	-£0.051m
ICT: lower than anticipated in-year charges	-£0.043m
Human resources: reduced recharge costs	£0.040m
Bank charges: increased number of transactions due to COVID-19	£0.012m
Other small variances	-£0.010m
Sub-total: favourable variance	-£0.156m
<b>Total from all committees: adverse variance</b>	<b>£0.082m</b>

Service variances combined with non-service related income and expenditure variances has meant that overall the Council has increased its reserves by £11.804m

This increase has been identified as being generated due to:

Unfavourable variances on services	<b>-£0.082m</b>
Net variance on interest mainly due to anticipated in year borrowing not required	<b>£0.017m</b>
Additional grant income through new burdens/sales, fees and charges and the tranche four of COVID-19 delivery grant	<b>£1.357m</b>
Additional business rates income (mainly through s31)	<b>£9.115m</b>
Other small variants	<b>£0.006m</b>
Budgeted movements as identified in revenue budget approved on 9 March 2020	<b>£3.082m</b>
In year usage of reserves	<b>-£1.691m</b>
<b>Total increase in reserves</b>	<b>£11.804m</b>

The additional grants that have been received were to mitigate additional cost pressures and losses in income due to the pandemic. The District Council has been reliant on this grant income to fund services, albeit during the year there have been substantial savings and additional income generated in other service areas, hence the grants have shown as the variance.

The additional income from business rates relates to £0.954m in unbudgeted growth from the Nottinghamshire business rates pool together with £8.161m in additional Government funding due to their policy decisions around business rates relief. As the funding is distributed to local authorities as a s31 Grant (Local Government Act 2003 relating to the power to pay grant) it must be receipted into the District Council's general fund rather than the collection fund. Therefore the additional s31 grant that has been received is not an in year surplus, but must be earmarked in order to fund the deficit that has arisen in the collection fund as a result of the policy decision by Government. The budget for the 2021/22 year was built on this basis. This figure also includes funding support through the local tax income guarantee scheme which is similar to the above, in that an expectation of the amount was included in the budget for 2021 - 22 and hence the amount in the table above must be earmarked in order to fund the budget for the 2021/22 financial year.

This increase of £11.805m has been allocated in the following way:

Budgeted movements as identified in revenue budget approved on 9 March 2020	£3.082m
Allocation towards creation of COVID-19 pressures fund	£0.200m
Allocation towards future organisational development initiatives	£1.636m
Allocation towards future collection fund deficits	£8.571m
Usage of reserves	<b>-£1.685m</b>
<b>Total increase in reserves</b>	<b>£11.804m</b>



## Housing Revenue Account (HRA)

The HRA is a ring-fenced landlords account for the running of the Council's housing stock.

The budget was approved on the 11th February 2020 ([here](#)). This shows the generation of £2.912m in income over and above expenditure that is ring-fenced to be spent on the Council's housing stock. This over achievement of income will be re-invested into the Council's 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 housing needs for the district.

The year ended 31st March 2021 was the first full year that the Council was responsible for the direct management of the housing service following its decision in September 2019 to bring the housing management service back in-house from its ALMO Newark and Sherwood Homes Limited. Newark and Sherwood Homes Limited was subsequently closed during March 2021.

The Service outturn position compared to budget amounted to a surplus of £2.279m with an overall outturn position of £2.175m:

A number of posts remaining vacant throughout the financial year	-£0.716m
Net efficiencies generated from the decision to	-£0.691m
Additional rental income compared with budget	-£0.522m
Lower than anticipated recharge to General Fund in relation to vacant posts	-£0.143m
Favourable variance on utilities, postage, telephones and training	-£0.099m
Reduced spend on responsive repairs due to Covid-19	-£0.057m
Other Variances	-£0.051m
<b>Services Total</b>	<b>-£2.279m</b>
Additional interest expenditure compared with budget	£0.119m
Other Variances	-£0.015m
<b>Overall Outturn</b>	<b>-£2.175m</b>

Of this outturn position £0.705m has been transferred into Earmarked reserves. This relates to the balance of unspent efficiencies generated as a result of bringing the services back in house, together with a grant from Efficiency East Midlands specifically for community development. The remaining £1.470m has been added to the Major Repairs Reserve in order to contribute to the continued maintenance and development of the Council's housing stock.

## Grants Received in Year

The District Council has been responsible for administering and distributing a number of grant schemes over the course of the COVID-19 pandemic. This included grants to businesses to support them during periods of lockdown, grants to support those residents that could be put into financial difficulty when mandated to self-isolate, grants to support the safe re-opening of the high street at the end of the first lockdown and specific local authority grants to assist with ensuring compliance with the imposed restrictions over the course of the financial year.

For a number of these centrally funded grants the District Council has had discretion of use including values to distribute, whilst for other grants the government mandated the value and eligibility criteria of distribution. Where the District Council could exercise its discretion over the grant, the expenditure and income have been recorded within the Comprehensive Income and Expenditure Statement (CIES). For grants mandated by government, these have been recorded on the Balance Sheet as the net balance of expenditure compared with the original allocation received. In relation to the Small Business and Retail, Hospitality and Leisure Grants, £7.45m was distributed within the 2019/20 financial year, as the District Council used its own surplus cash balances to support businesses in need of cash flow at the beginning of the pandemic. As the eligibility criteria had already been announced and commitment of funding had already been received from government of the level of support, this decision posed no risk to the District Council.

The table below shows a summary of the grants and where they have been recorded as of 31 March 2021:

Grant Name	Allocation	Description	Financial Statements
Small Business Rates/Retail, Hospitality and Leisure including Local Authority Discretionary Scheme	£28.752m	£10,000 grants to businesses in receipt of Small Business Rates relief and £10,000 and £25,000 grants for businesses in the Retail, Hospitality and Leisure sector depending on their rateable value. In addition to this 5% of the overall allocation was given to local authorities to fund a scheme at their discretion	Balance Sheet
Additional Restrictions Grant	£3.536m	A discretionary scheme for local authorities to fund businesses based on their knowledge of their local economy	CIES
Local Restrictions Support Grant Closed	£9.012m	A mandatory grant for those businesses mandated to close during the lockdowns with set eligibility criteria running throughout October 20 to March 21	Balance Sheet
Local Restrictions Support Grant Open	£0.481m	A discretionary grant for those businesses that were not mandated to close during the lockdowns	CIES
Closed Business Support Payment for Wet Led Pubs	£0.077m	A £1,000 grant for those hospitality venues whereby less than 50% of their income was generated by food sales	Balance Sheet
National Lockdown Grant	£5.877m	A one-off allocation during January 21 for those businesses mandated to close during the lockdown announced on the 4 <sup>th</sup> January 21	Balance Sheet
<b>Sub-total Business Grants</b>	<b>£47.735m</b>		
NHS Test and Trace Mandatory	£0.093m	A £500 grant for those residents that were in receipt of a relevant benefit as described within the governments eligibility criteria, where they were required to self-isolate due to a positive COVID-19 test for them or their children	Balance Sheet

## Capital Spending

Capital monies are spent on building or enhancing the District Council's 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 of the District Council. During 2020/21, the District Council spent £23.449m on Capital works.

Key projects are listed below:

- The District Council, in partnership with MF Strawson Ltd, set up a joint venture company, RHH Ltd as a vehicle for the redevelopment of the former Robin Hood Hotel. Both parties agreed to make a capital contribution by way of a loan, which has amounted to £2.439m for the District Council in 2020/21 (a total of £3.147m including 2019/20 spend of £0.708m). A capital receipt of £3.250m to repay the District Council contribution (following practical completion) was received in early April 2021
- The District Council was successful in being awarded a grant of £0.387m to contribute to the purchase of six properties for our vision in addressing rough sleeping and supporting those at risk of rough sleeping, as 'First Steps' accommodation, resulting in spend of £0.709m
- £0.400m spend on Disabled Facilities Grants following referrals from an occupational therapist
- As part of the annual Vehicles, Plant and Equipment replacement programme 2020/21, the District Council spent £1.027m to replace 16 vehicles or equipment ranging from ride on mowers, to refuse collection vehicles
- The District Council spent £1.347m on a new swimming pool facility at the Dukeries Leisure Centre, which is due for completion and opening in June 2021. The scheme is supported by Sports England and will provide a much-needed wet side facility in the west of the district. This new pool will be managed by Active4Today, which manage the District Council's other leisure centres
- Newark Towns Fund board, with the guiding support of the District Council, was successful in its bid to Central Government for Towns Fund money. In 2020/21, accelerated funds were released to the value of £0.750m. £0.674m of this was spent in 2020/21, with the remaining £0.076m committed to works that are being carried out in April/ May 2021. Spend was incurred on works at 32 Stodman Street, the Construction College and in relation to the IASTI (International Air and Space Training Institute).
- Investment in existing District Council dwellings to maintain a decent standard. Costs incurred in 2020/21 of £3.193m
- The District Council is progressing a 5 year housing development programme to deliver 335 additional District Council homes across the district to meet the housing needs of local residents. Phase 3 will deliver 40 units, with 17 units completed in 2020/21 and the remaining 23 due for completion within the financial year 2021/22. Phase 4 is due to deliver in the region of 50 units (depending on sites obtaining planning permission), however 8 units started on site in March 2020. Total spend during 2020 - 21 £4.169m
- Boughton Extra Care Facility is progressing to deliver 40 units, comprising of 30 apartments and 10 bungalows. These homes are for people who may need some level of on-site care and support but are designed to help them remain independent. This is due for completion in summer 2021. Expenditure incurred in 2020/21 £5.954m.
- 9 Properties on Lincoln court were acquired to facilitate the Yorke Drive Regeneration project, costing £0.595m. The properties were initially built by another registered provider and were part funded by Homes England grant. A condition of the purchase was that £0.485 was put aside by the Council to be recycled in the future on another project fitting Homes England criteria

NHS Test and Trace Discretionary	£0.137m	A £500 grant for those residents who met the local authorities discretionary eligibility criteria, where they were required to self-isolate due to a positive COVID-19 test for them or their children	CIES
<b>Sub-total Test and Trace Grants</b>	<b>£0.230m</b>		
Compliance and Enforcement Grant	£0.056m	Funding to support additional compliance and enforcement activities	CIES
Contain Outbreak Management Fund	£0.367m	Funding to support costs associated with the public health and outbreak management costs of COVID-19	CIES
Reopening Highstreets Safely Fund	£0.109m	Funding to allow local authorities to put in place additional measures to establish a safe trading environment for businesses and customers	CIES
Coronavirus Emergency funding for local government	£1.821m	Throughout the financial year, government distributed £4.607bn in funding to local authorities as emergency funding to combat funding pressures	CIES
Sales, fees and charges	£0.489m	To recompense local authorities for irrecoverable and unavoidable losses from sales, fees and charges income generated through the delivery of services. This has been extended into the first quarter of 2021 - 22	CIES
<b>Sub-total LA Assistance funding</b>	<b>£2.842m</b>		
Local Income Tax Guarantee Scheme	£0.403m	The government outlined that it will compensate local authorities for 75% of irrecoverable losses in council tax and business rates income in respect of 2020 - 21	CIES
COVID-19 Hardship fund	£0.811m	£500m of funding was provided to support economically vulnerable people and households within local areas	CIES
Business Rate Relief s31 Grant	£7.518m	Compensation from government for the cost of additional reliefs to businesses granted in year	CIES
<b>Sub-total Council Tax/ Business Rates funding</b>	<b>£8.732m</b>		

The total funding for the Local Authority funded grants provided support for additional costs and losses of income seen in year and hence this has directly been allocated to the general fund to support the additional responsibilities local authorities have been engaged with in year.

The total funding for Council Tax/Business Rates relates to reductions in income receivable through either government policy decisions (the extended retail relief scheme meant that no business within the Retail, Hospitality and Leisure sector paid business rates during the year regardless of their size). These have been described earlier within this document.

## Major Movements on the Balance Sheet

### Property, Plant and Equipment

Property, Plant and Equipment has increased by £14.512m. £24.729m has been added through the capital programme whilst the economic use of assets has reduced the value by £6,739m. £4.469m worth of assets met the criteria to be transferred to assets held for sale. The District Council has also disposed of assets to the value of £4.903m and assets have had their values increased by £5.894m.

### Long Term Debtors

The increase of £1.600m relates mainly to the increase of £2.350m as a result of the District Council's sale of the land at Bowbridge Road, Newark to its subsidiary, Arkwood Developments Ltd on deferred payment terms. £0.712m was also transferred into short term debtors as a result of the District Council's receipt of £3.250m during April 2021 for its investment in the Joint Venture to redevelop the former Robin Hood Hotel. The District Council had originally contributed £3.174m overall to that project.

### Finance Lease Liability and Receivable

The increase in these balances relate to the long term lease of the Travelodge at Beaumont Cross. The net balance of £0.587m relates to the long term liability of servicing the rent on the whole of the site, compared with the sub lease of hotel. Once the three units have been let, it is anticipated that this will generate a positive net balance across these two balances.

### Short Term Debtors

The increase of £3.492m relates mainly to an increase of £3.174m that was received during April 2021 as the return of the District Council's investment in the Robin Hood Hotel joint venture. There is also an increase of £1.334m due from Nottinghamshire County and Fire as a result of the deficit arising within the collection fund in year.

### Short and Long Term borrowing

The overall increase of borrowing relates to £7.500m worth of loans taken out in year to finance capital expenditure incurred in previous years, together with the repayment of £4.715m worth of loans that had come to the maturity date.

### Short Term Creditors

At year end £3.822m of the cash received from central Government in relation to the business grants schemes remained undistributed and hence increased this balance. £5.269m of additional s31 grants were received and are due to be repaid as the Government passed 100% of the s31 grants to billing authorities to ensure cash flow was available throughout the year in order to pay the major preceptors.

### Short Term Grants Receipts in Advance

The District Council received in year an additional £1.383m in grants where conditions are yet to be met and therefore are yet to be applied to the CIES. £1.039m is made up through a grant from the Local Enterprise Partnership in relation to the Buttermarket (£0.483m) and in relation to the Better Care Fund (£0.556m).

### Long Term Creditors

The increase of £1.357m relates to additional cash received from housing developers for their community infrastructure obligations which is yet to be utilised.

### Other Long Term Liabilities

The increase of £23.757m relates mainly to the District Council's future pension fund liabilities. This change has arisen from an increase in the anticipated liabilities of £45.099m together with an offsetting increase in the value of the District Council's portion of the overall fund assets of £21.371m.

## Part six

### Looking forward

#### Community Plan

The Community Plan 2020/2023 was refreshed, updated and approved by Full Council on 13 October 2020. It is available on our website at: [Community Plan](#)

The District Council objectives are shown below:



## Medium term financial plan (MTFP)

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, but these were delayed to 2021/22 in light of Brexit. Subsequently, these reforms have now been further delayed again to 2022/23 at the earliest, as a result of COVID-19. Given the additional year's delay, the Government plans to roll forward the 2020/21 settlement to 2021/22.

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 2020/21 and 2021/22 is around £3m more in each year than was expected in the 2019/23 MTFP approved on 7 March 2019. This includes surpluses not forecasted for within the 2019/23 MTFP.

The final Local Government Finance Settlement for the 2021/22 financial year was approved by ministers on 4 February 2021. The headline increase in Core Spending Power (CSP) of 4.6% for local authorities is predicated on 87% of this increase being funded from council tax increases. The CSP assumes that authorities will increase council tax by the maximum amounts available to them (without triggering referenda), as well as tax base increases based on optimistic forecast housing growth.

The table below outlines the Government's anticipated CSP for NSDC:

Funding Type	2020/21	2021/22
Settlement Funding Assessment	£3.909m	£3.954m
Council tax	£7.018m	£7.305m
New Homes Bonus	£1.741m	£1.187m
Lower Tier Services Grant	£0.000	£0.220m
Rural Services Delivery Grant	£0.038m	£0.040m
<b>Total</b>	<b>£12.706m</b>	<b>£12.706m</b>

This shows that, using the Government's assumptions regarding housing growth and increases in the average band D Council tax amount, the Council's CSP for 2021/22 is the same in cash terms as for 2020/21. Together with employee and other costs increasing due to inflation, the table above shows that the District Council's funding has actually reduced in real terms.

The above is based solely on the Government's projections. The reality around Council tax is somewhat different from this. The table below shows that the actual Council tax the District Council expects to be able to generate during 2021/22 will be £7.282m; £23,000 less than the Government's forecast. Factoring £7.282m into the table above, the District Council's total spending power for 2021 - 22 is £12.683m; a reduction of 0.2%.

During the 2019/20 and 2020/21 financial years, the District Council received £1.821m in funding to mitigate the additional expenditure relating to COVID-19 and has been allocated an additional £0.620m during 2021/22. This has been built into the budget for the 2021/22 financial year, together with additional costs that are likely to arise while the country continues to battle and recover from the pandemic.

Despite all of the financial challenges described above, the District Council continues on with the delivery of its Community Plan whereby the MTFP describes how this will be delivered in financial terms. The table below shows the high level budget projections for the next four financial years.

	2021/22	2022/23	2023/24	2024/25
Net Service Expenditure (less capital charges)	£14.839m	£13.425m	£13.668m	£14.138m
Total Other Expenditure	£1.079m	£1.513m	£2.256m	£2.526m
<b>Total Expenditure</b>	<b>£15.917m</b>	<b>£14.938m</b>	<b>£15.924m</b>	<b>£16.664m</b>
Business rates: receivable annually	-£6.744m	-£5.742m	-£5.840m	-£5.938m
Business rates: previous surpluses	-£1.022m	£0.000	£0.000	£0.000
Business rates: other adjustments	£0.200m	£0.000	£0.000	£0.000
Council tax: receivable annually	-£7.282m	-£7.516m	-£7.757m	-£8.007m
Council tax: previous surpluses	-£0.475m	£0.000	£0.000	£0.000
Council tax: other adjustments	£0.063m	£0.000	£0.000	£0.000
Other Grants	-£1.117m	£0.000	£0.000	£0.000
<b>Contribution -to or from Reserves</b>	<b>-£0.459m</b>	<b>£1.680m</b>	<b>£2.327m</b>	<b>£2.719m</b>

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

The table below demonstrates how the District Council anticipates funding the gaps in each financial year:

	2021/22	2022/23	2023/24	2024/25
<b>Contribution -to or from reserves</b>	<b>-£0.459m</b>	<b>£1.680m</b>	<b>£2.327m</b>	<b>£2.719m</b>
Use of MTFP reserve to offset contributions from reserves in future years	£0.459m	-£1.580m	-£1.527m	-£0.394m
Dividends from Arkwood Developments Ltd	-	-	-£0.500m	-£0.500m
Savings from service reviews	-	-£0.100m	-£0.100m	-£0.200m
Savings/efficiencies from making business processes more efficient	-	-	-£0.100m	-£0.200m
Increased income from the council becoming more commercial	-	-	-£0.100m	-£0.200m
Rental income from town centre regeneration	-	-	-	-£0.150m
<b>Contribution -to or from reserves, after proposed mitigations above</b>	<b>£0.000</b>	<b>£0.000</b>	<b>£0.000</b>	<b>£1.075m</b>

The longer term impact of COVID-19 and the changes in cultures and behaviours will have a wide range of effects for local Government. It will put additional pressures on service delivery and there will be the potential loss of income through fees and charges for services. The length of co-existence with COVID-19 and the lasting changes in social behaviours will determine whether this has a material impact on local Government finances.

The District Council will continue to monitor the national picture, while reviewing the MTFP, to ensure that resources are available to deliver the services that are needed to our residents and businesses alike.

## Part seven

### Corporate risks

A risk management strategy is in place to identify and evaluate risk. There are clearly defined steps to support better decision making through 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 the District Council's corporate risk register.

Risk	Description	Controls
Financial Sustainability General Fund	Ensuring financial sustainability of the general fund to allow the Council to undertake its core functions, deliver services, meet its corporate priorities and objectives	<ul style="list-style-type: none"> <li>Annual review of budgets</li> <li>Medium term financial planning</li> <li>Council approved capital programme</li> <li>Consultation and communication plan to manage political and public expectations.</li> <li>Quarterly budget monitoring report tabled at Senior Leadership Team (SLT) and Policy and Finance Committee.</li> </ul>
Financial Sustainability - 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"> <li>Quarterly budget monitoring report tabled at SLT and Policy and Finance Committee</li> <li>Quarterly capital monitoring meetings.</li> <li>Financial implications added to Committee reports by Financial Services.</li> <li>Financial strategies and budget reviewed through Policy and Finance Committee annually</li> </ul>
Safeguarding	Maintaining corporate safeguarding arrangements to ensure suitable and appropriate management of the District Council's safeguarding duties	<ul style="list-style-type: none"> <li>Annual Review and Update of the Council's Safeguarding Policy</li> <li>Annual review and report to Senior Leadership Team</li> <li>Nottinghamshire wide network for referring information relating to PREVENT</li> </ul>
Failure to deliver growth infrastructure	Facilitating the provision of local infrastructure to ensure growth within the District to meet agreed plans and corporate priorities	<ul style="list-style-type: none"> <li>Continued liaison with Highways England to monitor progression of SLR and A1 overbridge</li> <li>Well defined growth objectives within the approved Community Plan</li> <li>Community Infrastructure Levy charging schedule and defined infrastructure list</li> </ul>
Contract/supply failure	Managing contracts with key suppliers, including the District Council's wholly owned 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"> <li>Procurement advice provided through Welland procurement</li> <li>Contract managers named for each</li> <li>Regular contract management meetings in place</li> </ul>

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"> <li>Business planning embedded throughout the District Council with clear links to community planning and performance framework</li> <li>Partnership approach with recognised trade unions to support organisational change and current pandemic crisis (and any other similar extraordinary event)</li> <li>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)</li> </ul>
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"> <li>Emergency plans in place and securely stored</li> <li>Annual stock take of equipment in our emergency stores</li> <li>Agile working arrangements in place to ensure business continuity where an emergency incident occurs</li> </ul>
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"> <li>Annual internal review of the fraud risk register to carry out proactive work, check on internal controls and is reported to members</li> <li>Corporate Governance self-assessment against the code of Corporate Governance undertaken periodically</li> <li>Periodic review of governance by 3 statutory officers</li> </ul>
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"> <li>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</li> <li>Public Sector Network and Cyber Essentials compliant</li> <li>Information security and governance is monitored and reviewed by the corporate information governance group on a monthly basis</li> </ul>
Arkwood Developments	Managing performance and the relationship between the District Council and Arkwood Developments in accordance with the governance agreement	<ul style="list-style-type: none"> <li>Shareholder Committee established and membership agreed</li> <li>Inclusion of risk register by company with business cases</li> <li>Monthly officer contract meetings between Arkwood and the District Council</li> </ul>
Brexit	Effects of Brexit on the District Council's ability to deliver services and to the sustainability of its communities	<ul style="list-style-type: none"> <li>Full participation and engagement with the Local Resilience Forum</li> <li>Responsive risk review in light of central Government information</li> </ul>

# **Part eight**

## **Explanation of Financial Statements**

The Statement of Accounts sets out the District Council's income and expenditure for the year, as well as its financial position at 31 March 2021. 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 20/2021, which in turn is underpinned by International Financial Reporting Standards.

A glossary of key terms in the Statement of Accounts document can be found at [newark-sherwooddc.gov.uk/finance/statementofaccounts](http://newark-sherwooddc.gov.uk/finance/statementofaccounts)

### **The core statements are:**

#### **The Comprehensive Income and Expenditure Statement**

This records all of the District Council's income and expenditure for the year. The top half of the statement provides an analysis by the District Council's internal management structure. The bottom half of the statement deals with corporate transactions and funding. Expenditure represents a combination of: Services and activities that the District Council is 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 the District Council, 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**

Is a "snapshot" of the District Council's assets, liabilities, cash balances and reserves at the year-end date.

#### **The Cash Flow Statement**

Shows the reason for the changes in the District Council's 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 of the District Council and its key internal controls.

The Housing Revenue Account which separately identifies the District Council's 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 Council collects these taxes.

The Group Accounts which consolidate the Council's accounts together with Active4Today Ltd and Arkwood Development Ltd, which are both wholly owned by the District Council. In addition to the above companies, the District Council has consolidated its 50% share of RHH Limited into its 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 was the Deputy Chief Executive and Director of Resources and at the date of signing the statement of accounts, the Chief Financial Officer is the Deputy Chief Executive and Director of Resources.
- 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 2021 and its income and expenditure for the year then ended.

**Signed: S KOHLI**

**Sanjiv Kohli, CPFA  
Director of Resources, S151 Officer**

**Date 23 December 2021**

**Signed: S MICHAEL**

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

**Date 23 December 2021**

## COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT

2019/20			2020/21			
Gross Expenditure £'000	Gross Income £'000	Net Expenditure £'000		Gross Expenditure £'000	Gross Income £'000	Net Expenditure £'000
7,584	-5,334	2,250	Economic Development	14,426	-9,028	5,398
4,544	-1,797	2,747	Homes and Communities	3,748	-1,610	2,138
6,714	-1,710	5,004	Leisure and Environment	8,764	-1,961	6,803
28,558	-23,689	4,869	Policy and Finance	29,807	-22,782	7,025
19,789	-24,433	-4,644	Housing Revenue Account	15,420	-24,348	-8,928
18,534	0	18,534	- Revaluation Movement on Council Dwellings	3,286	0	3,286
<b>85,723</b>	<b>-56,963</b>	<b>28,760</b>	<b>Cost of Services</b>	<b>75,451</b>	<b>-59,729</b>	<b>15,722</b>
14,874	-2,309	12,565	Other Operating Income and Expenditure Note 14	13,735	-9,342	4,393
6,666	-1,067	5,599	Financing and Investment Income and Expenditure Note 15	5,602	-936	4,666
14,424	-46,294	-31,870	Taxation and Non Specific Grant Income Note 16	13,872	-39,055	-25,183
<b>121,687</b>	<b>-106,633</b>	<b>15,054</b>	<b>Surplus (-) or Deficit on Provision of Services</b>	<b>108,660</b>	<b>-109,062</b>	<b>-402</b>
		-28,454	Surplus(-) or Deficit on Revaluation of Non Current Assets			-11,308
		-10,205	Remeasurements of the Net Defined Benefit Liability (Asset)			20,415
		<b>-38,659</b>	<b>Other Comprehensive Income and Expenditure</b>			<b>9,107</b>
		<b>-23,605</b>	<b>Total Comprehensive Income and Expenditure</b>			<b>8,705</b>

## 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					
<b>Movement in reserves 2020/21</b>	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>Balance at 31 March 2020 carried forward</b>	<b>1,500</b>	<b>24,035</b>	<b>2,000</b>	<b>4,756</b>	<b>11,700</b>	<b>8,458</b>	<b>5,454</b>	<b>57,903</b>	<b>177,085</b>	<b>234,988</b>	
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	
<b>Net Increase/Decrease(-) before Transfers to Earmarked Reserves</b>	<b>11,804</b>	<b>0</b>	<b>705</b>	<b>0</b>	<b>-11</b>	<b>323</b>	<b>-1,413</b>	<b>11,408</b>	<b>-20,113</b>	<b>-8,705</b>	
Transfers to/from(-) Earmarked Reserves(Note 13)	-11,804	11,804	-705	705	0	0	0	0	0	0	
<b>Increase/Decrease(-) in 2020/21</b>	<b>0</b>	<b>11,804</b>	<b>0</b>	<b>705</b>	<b>-11</b>	<b>323</b>	<b>-1,413</b>	<b>11,408</b>	<b>-20,113</b>	<b>-8,705</b>	
<b>Balance at 31 March 2021 carried forward</b>	<b>1,500</b>	<b>35,839</b>	<b>2,000</b>	<b>5,461</b>	<b>11,689</b>	<b>8,781</b>	<b>4,041</b>	<b>69,311</b>	<b>156,972</b>	<b>226,283</b>	

	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					
<b>Movement in reserves 2019/20</b>	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>Balance at 31 March 2019 carried forward</b>	<b>1,500</b>	<b>25,124</b>	<b>2,000</b>	<b>4,398</b>	<b>10,107</b>	<b>6,991</b>	<b>9,673</b>	<b>59,793</b>	<b>151,590</b>	<b>211,383</b>	
Total Comprehensive Income and Expenditure	1,760	0	-16,814	0	0	0	0	-15,054	38,659	23,605	
Adjustment between accounting basis & funding basis under regulations (Note 12)	-2,849	0	17,172	0	1,593	1,467	-4,219	13,164	-13,164	0	
<b>Net Increase/Decrease(-) before Transfers to Earmarked Reserves</b>	<b>-1,089</b>	<b>0</b>	<b>358</b>	<b>0</b>	<b>1,593</b>	<b>1,467</b>	<b>-4,219</b>	<b>-1,890</b>	<b>25,495</b>	<b>23,605</b>	
Transfers to/from(-) Earmarked Reserves(Note 13)	1,089	-1,089	-358	358	0	0	0	0	0	0	
<b>Increase/Decrease(-) in 2019/20</b>	<b>0</b>	<b>-1,089</b>	<b>0</b>	<b>358</b>	<b>1,593</b>	<b>1,467</b>	<b>-4,219</b>	<b>-1,890</b>	<b>25,495</b>	<b>23,605</b>	
<b>Balance at 31 March 2020 carried forward</b>	<b>1,500</b>	<b>24,035</b>	<b>2,000</b>	<b>4,756</b>	<b>11,700</b>	<b>8,458</b>	<b>5,454</b>	<b>57,903</b>	<b>177,085</b>	<b>234,988</b>	

<b>BALANCE SHEET</b>
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31 March 2020 £'000	Notes	31 March 2021 £'000
371,924 Property, Plant & Equipment	22	386,436
2,020 Heritage Assets	26	2,020
268 Intangible Assets	28	312
10,536 Long Term Investments - Fair Value through Profit and Loss	41	10,589
801 Long Term Debtors	30	2,400
0 Long Term Finance Lease Debtor	24	4,562
<b>385,549 TOTAL LONG TERM ASSETS</b>		<b>406,319</b>
8,076 Short Term Investments	41	17,067
305 Inventories		294
15,807 Short Term Debtors	30	19,299
1,170 Assets Held For Sale	27	1,233
23,519 Cash and Cash Equivalents	25	23,261
<b>48,877 TOTAL CURRENT ASSETS</b>		<b>61,154</b>
-9,350 Short Term Borrowings	41	-10,950
-18,591 Short Term Creditors	31	-25,272
-391 Provisions Short Term	32	-229
-898 Grants Receipts in Advance	20	-2,281
<b>-29,230 TOTAL CURRENT LIABILITIES</b>		<b>-38,732</b>
-7,210 Long Term Creditors	31	-8,567
-1,288 Provisions Long Term	32	-1,538
-224 Long Term Finance Lease Liability	23	-5,374
-83,830 Long Term Borrowing	41	-85,001
-71,489 Pensions Liability	39	-95,246
-6,167 Grants Receipts in Advance	20	-6,732
<b>-170,208 TOTAL LONG TERM LIABILITIES</b>		<b>-202,458</b>
<b>234,988 TOTAL NET ASSETS</b>		<b>226,283</b>
57,903 Usable Reserves	33	69,311
177,085 Unusable Reserves	34	156,972
<b>234,988 TOTAL RESERVES</b>		<b>226,283</b>

<b>CASH FLOW STATEMENT</b>
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2019/20 £'000	Notes	2020/21 £'000
<b>-15,054 Net Surplus/Deficit(-) on the Provision of Services</b>		<b>402</b>
31,608 Adjustment to Surplus or Deficit on the Provision of Services for Non-Cash Movements	36A	33,698
-6,828 Adjust for Item Included in the Net Surplus or Deficit on the Provision of Services that are Investing and Financing Activities	36A	-12,448
<b>9,726 Net Cash Flows from Operating Activities</b>		<b>21,652</b>
-21,080 Investing Activities	36C	-22,205
2,214 Financing Activities	36D	295
<b>-9,140 Net Increase or Decrease(-) in Cash and Cash Equivalents</b>		<b>-258</b>
Cash and Cash Equivalents at the Beginning of the Reporting Period		23,519
<b>23,519 Cash and Cash Equivalents at the End of the Reporting Period</b>	25	<b>23,261</b>

## 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 2020/2021 financial year and its position at the year-end of 31 March 2021. It has been prepared in accordance with the Code of Practice on Local Council Accounting in the United Kingdom 2020/2021 (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 2021, 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 2021:

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

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.
- 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 2021 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>The Covid-19 pandemic has impacted on global financial markets and market activity is being impacted in many sectors. Whilst property markets are mostly functioning again, retail and specific trading related assets/sectors such as Car Parks continue to be faced with an unprecedented set of circumstances caused by Covid-19. Our valuer informs us in their valuation report that there is an absence of relevant/sufficient market evidence for the external valuers to base their judgement and that these assets are therefore reported as being subject to 'material valuation uncertainty' as set out in VPS 3 and VPGA 10 for the RICS Valuation - Global Standards. The year-end valuations for these assets, which represent £3.5m of the Council's £387.2m total Plant, Property and Equipment balance, therefore have less certainty and should be viewed with a higher degree of caution than what would normally be the case.</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.</p> <p>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 2020/21 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 2021.</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.

Pensions Liability	Estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets. A firm of consulting actuaries is engaged to provide the Council with expert advice about the assumptions to be applied.	The effects on the net pension liability of changes in individual assumptions can be measured; however, the assumptions interact in complex ways. During 2020/21, the Council's actuaries advised that the net pensions liability had increased by £20.4m attributable to updating of the assumptions.  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.
Arrears	At 31 March 2021, the Council had a balance of short term debtors totalling £20.906m. A review of significant balances suggested that a loss allowance of £2.797m 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 £2.797m to set aside as an allowance.

## 5 MATERIAL ITEMS OF INCOME AND EXPENDITURE

During 2020/2021 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 £0.133m in 2020/2021 (2019/2020 £0.133m). 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 £0.045m (2019/2020 £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 29 September 2021. 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 2021, 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.

2019/20			2020/21			
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
1,111	1,139	2,250	Economic Development	2,232	3,166	5,398
2,337	410	2,747	Homes and Communities	1,696	442	2,138
3,680	1,324	5,004	Leisure and Environment	4,444	2,359	6,803
4,416	453	4,869	Policy and Finance	5,601	1,424	7,025
-13,325	27,215	13,890	Housing Revenue Account	-14,533	8,891	-5,642
<b>-1,781</b>	<b>30,541</b>	<b>28,760</b>	<b>Net Cost of Services</b>	<b>-560</b>	<b>16,282</b>	<b>15,722</b>
2,512	-16,218	-13,706	Other Income and Expenditure	-11,949	-4,175	-16,124
<b>731</b>	<b>14,323</b>	<b>15,054</b>	<b>Surplus(-)/Deficit</b>	<b>-12,509</b>	<b>12,107</b>	<b>-402</b>

General Fund & Earmarked Reserve £'000	HRA & Earmarked Reserve £'000	Total £'000		General Fund & Earmarked Reserve £'000	HRA & Earmarked Reserve £'000	Total £'000
-26,624	-6,398	-33,022	Opening Balance	-25,535	-6,756	-32,291
1,089	-358	731	Surplus(-) or Deficit on Balances in Year	-11,804	-705	-12,509
<b>-25,535</b>	<b>-6,756</b>	<b>-32,291</b>	<b>Closing Balance at 31 March</b>	<b>-37,339</b>	<b>-7,461</b>	<b>-44,800</b>
Closing Balances Split by Reserve:						
-1,500	-2,000	-3,500	Working Reserve	-1,500	-2,000	-3,500
-24,035	-4,756	-28,791	Earmarked Reserve	-35,839	-5,461	-41,300
<b>-25,535</b>	<b>-6,756</b>	<b>-32,291</b>	<b>Closing Balance at 31 March</b>	<b>-37,339</b>	<b>-7,461</b>	<b>-44,800</b>

## 10 NOTE TO THE EXPENDITURE AND FUNDING ANALYSIS

**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	<b>3,166</b>
Homes and Communities	167	275	0	<b>442</b>
Leisure and Environment	1,744	615	0	<b>2,359</b>
Policy and Finance	391	1,033	0	<b>1,424</b>
Housing Revenue Account	8,219	672	0	<b>8,891</b>
<b>Net Cost of Services</b>	<b>13,124</b>	<b>3,158</b>	<b>0</b>	<b>16,282</b>
Other income and expenditure from the Expenditure and Funding Analysis	-14,860	1,675	9,010	<b>-4,175</b>
<b>Difference between General Fund surplus or deficit and Comprehensive Income and Expenditure Statement Surplus or Deficit on the Provision of Services</b>	<b>-1,736</b>	<b>4,833</b>	<b>9,010</b>	<b>12,107</b>

**Adjustments between Funding and Accounting Basis 2019/20**

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	978	114	47	<b>1,139</b>
Homes and Communities	344	83	-17	<b>410</b>
Leisure and Environment	1,225	136	-37	<b>1,324</b>
Policy and Finance	206	290	-43	<b>453</b>
Housing Revenue Account	23,116	4,099	0	<b>27,215</b>
<b>Net Cost of Services</b>	<b>25,869</b>	<b>4,722</b>	<b>-50</b>	<b>30,541</b>
Other income and expenditure from the Expenditure and Funding Analysis	-16,992	1,606	-832	<b>-16,218</b>
<b>Difference between General Fund surplus or deficit and Comprehensive Income and Expenditure Statement Surplus or Deficit on the Provision of Services</b>	<b>8,877</b>	<b>6,328</b>	<b>-882</b>	<b>14,323</b>

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 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	<b>-31,679</b>
Income on Joint Associates	0	0	0	0	0	-121	<b>-121</b>
Interest and Investment Income	0	0	0	0	0	-936	<b>-936</b>
Income from Council Tax	0	0	0	0	0	-10,154	<b>-10,154</b>
Income from Non Domestic Rates	0	0	0	0	0	-21,042	<b>-21,042</b>
Business COVID-19 grants	-5,064	0	0	-96	0	0	<b>-5,160</b>
Housing Benefit Subsidy Rent Allowance	0	0	0	-10,523	0	0	<b>-10,523</b>
Housing Benefit Subsidy Rent Rebates	0	0	0	-8,938	0	0	<b>-8,938</b>
Grants and Contributions	-500	-932	-282	-1,687	-28	-7,859	<b>-11,288</b>
Disposal of Assets	0	0	0	0	0	-9,221	<b>-9,221</b>
<b>Total Income</b>	<b>-9,028</b>	<b>-1,610</b>	<b>-1,961</b>	<b>-22,782</b>	<b>-24,348</b>	<b>-49,333</b>	<b>-109,062</b>
Employee Expenses	4,066	2,007	4,330	6,847	4,844	0	<b>22,094</b>
Other Service Expenses	3,208	1,593	2,857	3,027	5,736	216	<b>16,637</b>
Housing Benefit Rent Allowance	0	0	0	10,528	0	0	<b>10,528</b>
Housing Benefit Rent Rebates	0	0	0	8,969	0	0	<b>8,969</b>
Expenditure on Joint Associates	0	0	0	0	0	118	<b>118</b>
Developers Contribution Payment	0	0	0	0	0	575	<b>575</b>
Depreciation, Amortisation and Impairment	2,088	148	1,577	391	8,114	0	<b>12,318</b>
Changes in Fair Value	0	0	0	0	0	-53	<b>-53</b>
Interest Payments	0	0	0	0	12	5,654	<b>5,666</b>
Non Domestic Rates Tariff & Deficit	0	0	0	0	0	13,297	<b>13,297</b>
Precepts and Levies	0	0	0	0	0	3,704	<b>3,704</b>
Business COVID-19 grant payments	5,064	0	0	45	0	0	<b>5,109</b>
Payments to Housing Capital Receipts Pool	0	0	0	0	0	443	<b>443</b>
Disposal of Assets	0	0	0	0	0	9,255	<b>9,255</b>
<b>Total Operating Expenses</b>	<b>14,426</b>	<b>3,748</b>	<b>8,764</b>	<b>29,807</b>	<b>18,706</b>	<b>33,209</b>	<b>108,660</b>
<b>Surplus(-)/Deficit on Provision of Services</b>	<b>5,398</b>	<b>2,138</b>	<b>6,803</b>	<b>7,025</b>	<b>-5,642</b>	<b>-16,124</b>	<b>-402</b>

Expenditure/Income 2019/20	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	-5,277	-973	-1,710	-2,601	-24,433	0	<b>-34,994</b>
Income on Joint Associates	0	0	0	0	0	-127	<b>-127</b>
Interest and Investment Income	0	0	0	0	0	-1,067	<b>-1,067</b>
Income from Council Tax	0	0	0	0	0	-9,765	<b>-9,765</b>
Income from Non Domestic Rates	0	0	0	0	0	-22,814	<b>-22,814</b>
Business COVID-19 grants	0	0	0	0	0	-7,450	<b>-7,450</b>
Housing Benefit Subsidy Rent Allowance	0	0	0	-11,089	0	0	<b>-11,089</b>
Housing Benefit Subsidy Rent Rebates	0	0	0	-9,510	0	0	<b>-9,510</b>
Government Grants and Contributions	-57	-824	0	-489	0	-6,265	<b>-7,635</b>
Disposal of Assets	0	0	0	0	0	-2,182	<b>-2,182</b>
<b>Total Income</b>	<b>-5,334</b>	<b>-1,797</b>	<b>-1,710</b>	<b>-23,689</b>	<b>-24,433</b>	<b>-49,670</b>	<b>-106,633</b>
Employee Expenses	3,299	2,417	3,688	4,811	9,275	0	<b>23,490</b>
Other Service Expenses	3,333	1,783	2,116	2,836	5,889	615	<b>16,572</b>
Housing Benefit Rent Allowance	0	0	0	11,145	0	0	<b>11,145</b>
Housing Benefit Rent Rebates	0	0	0	9,560	0	0	<b>9,560</b>
Expenditure on Joint Associates	0	0	0	0	0	144	<b>144</b>
Developers Contribution Payment	0	0	0	0	0	461	<b>461</b>
Depreciation, Amortisation and Impairment	952	344	910	206	23,077	0	<b>25,489</b>
Changes in Fair Value	0	0	0	0	0	964	<b>964</b>
Interest Payments	0	0	0	0	82	5,700	<b>5,782</b>
Non Domestic Rates Tariff & Deficit	0	0	0	0	0	13,963	<b>13,963</b>
Precepts and Levies	0	0	0	0	0	3,471	<b>3,471</b>
Business COVID-19 grant payments	0	0	0	0	0	7,450	<b>7,450</b>
Payments to Housing Capital Receipts Pool	0	0	0	0	0	443	<b>443</b>
Disposal of Assets	0	0	0	0	0	2,753	<b>2,753</b>
<b>Total Operating Expenses</b>	<b>7,584</b>	<b>4,544</b>	<b>6,714</b>	<b>28,558</b>	<b>38,323</b>	<b>35,964</b>	<b>121,687</b>
<b>Surplus(-)/Deficit on Provision of Services</b>	<b>2,250</b>	<b>2,747</b>	<b>5,004</b>	<b>4,869</b>	<b>13,890</b>	<b>-13,706</b>	<b>15,054</b>

## 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.

2020/21 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
<b>Adjustments to the Revenue Resources</b>						
<b>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:</b>						
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
<b>Total Adjustments to Revenue Resources</b>	<b>-22,193</b>	<b>-11,376</b>	<b>0</b>	<b>-582</b>	<b>0</b>	<b>34,151</b>
<b>Adjustments between Revenue and Capital Resources</b>						
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
<b>Total Adjustments between Revenue and Capital Resources</b>	<b>9,538</b>	<b>11,924</b>	<b>-5,842</b>	<b>0</b>	<b>-1,722</b>	<b>-13,898</b>
<b>Adjustments to Capital Resources</b>						
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
<b>Total Adjustments to Capital Resources</b>	<b>0</b>	<b>0</b>	<b>5,853</b>	<b>259</b>	<b>3,135</b>	<b>-9,247</b>
<b>Total Adjustments</b>	<b>-12,655</b>	<b>548</b>	<b>11</b>	<b>-323</b>	<b>1,413</b>	<b>11,006</b>



	General Fund Balance £'000	Housing Revenue Account £'000	Major Repairs Reserve £'000	Capital Grants Unapplied £'000	Capital Receipts in Reserve £'000	Movement in Unusable Reserves £'000
<b>2019/20 Usable Reserves</b>						
<b>Adjustments to the Revenue Resources</b>						
<b>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:</b>						
Pensions costs (transferred to (or from) the Pensions Reserve)	-1,942	-4,386	0	0	0	<b>6,328</b>
Financial instruments (transferred to the Financial Instruments Adjustments	-908	0	0	0	0	<b>908</b>
Council tax and NDR (transfers to or from Collection Fund)	1,741	0	0	0	0	<b>-1,741</b>
Holiday pay (transferred to the Accumulated Absences Reserve)	50	0	0	0	0	<b>-50</b>
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):	-1,221	-23,425	0	-1,650	0	<b>26,296</b>
<b>Total Adjustments to Revenue Resources</b>	<b>-2,280</b>	<b>-27,811</b>	<b>0</b>	<b>-1,650</b>	<b>0</b>	<b>31,741</b>
<b>Adjustments between Revenue and Capital Resources</b>						
Transfer of non-current asset sale proceeds from revenue to the Capital Receipts Reserve	63	2,113	0	0	-2,176	<b>0</b>
Administrative costs of non-current asset disposals (funded by a contribution from the Capital Receipts Reserve)	0	-39	0	0	39	<b>0</b>
Payments to the government housing receipts pool (funded by a transfer from the Capital Receipts Reserve)	-443	0	0	0	443	<b>0</b>
Posting of HRA resources from revenue to the Major Repairs Reserve	0	8,565	-8,565	0	0	<b>0</b>
Statutory provision for the repayment of debt (transfer from the CAA)	519	0	2,024	0	0	<b>-2,543</b>
Capital expenditure financed from revenue balances (transfer to the CAA)	4,990	0	0	0	0	<b>-4,990</b>
<b>Total Adjustments between Revenue and Capital Resources</b>	<b>5,129</b>	<b>10,639</b>	<b>-6,541</b>	<b>0</b>	<b>-1,694</b>	<b>-7,533</b>
<b>Adjustments to Capital Resources</b>						
Use of the Capital Receipts Reserve to finance capital expenditure	0	0	0	0	5,913	<b>-5,913</b>
Use of the Major Repairs Reserve to finance capital expenditure	0	0	4,948	0	0	<b>-4,948</b>
Application of capital grants to finance capital expenditure	0	0	0	183	0	<b>-183</b>
Cash payments in relation to deferred capital receipts	0	0	0	0	0	<b>0</b>
<b>Total Adjustments to Capital Resources</b>	<b>0</b>	<b>0</b>	<b>4,948</b>	<b>183</b>	<b>5,913</b>	<b>-11,044</b>
<b>Total Adjustments</b>	<b>2,849</b>	<b>-17,172</b>	<b>-1,593</b>	<b>-1,467</b>	<b>4,219</b>	<b>13,164</b>

### 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 2019 £'000	Movement in Year £'000	Balance as at 31st March 2020 £'000	Movement in Year £'000	Balance as at 31st March 2021 £'000
<b>General Fund for known pressures Reserves</b>					
Financial Instruments Revaluation	92	-1	91	0	91
Election Expenses	150	-117	33	40	73
Insurance	337	-31	306	-36	270
Renewal and Repairs	2,380	-18	2,362	-128	2,234
Building Control	15	18	33	24	57
Museum Purchases	11	11	22	10	32
Training Provision	153	-25	128	32	160
Community Safety Fund	194	-28	166	-25	141
Restructuring & Pay	100	115	215	-62	153
Court Costs	59	-1	58	0	58
Planning Costs	201	0	201	0	201
Unlawful Occupation of Land	9	-9	0	0	0
Fly tipping	55	-55	0	0	0
Homelessness Fund	456	120	576	-173	403
Fuel and Energy Reserve	70	0	70	-8	62
Refuse Bin Purchase	15	0	15	0	15
Energy and Home Support	121	-18	103	0	103
Growth and Prosperity	513	-386	127	0	127
Emergency Planning Reserve	50	0	50	-7	43
Welfare Reform Reserve	58	-58	0	0	0
Other Earmarked Reserves	22	3	25	0	25
Management Carry Forward	343	333	676	-12	664
Development Company	4,000	-4,000	0	0	0
Mansfield Crematorium	139	0	139	11	150
CSG/Enforcement Reserve	95	0	95	-11	84
Flood Defence Reserve	250	0	250	0	250
NNDR Volatility Reserve	0	793	793	0	793
Community Initiative Fund	0	200	200	-5	195
MTFP Reserve	1,085	275	1,360	2,684	4,044
Asset Management Fund	0	250	250	250	500
Capital Projects Feasibility Fund	0	250	250	151	401
Community Engagement Fund	0	300	300	-14	286
COVID Pressures	0	0	0	200	200
Collection Fund Budget	0	0	0	8,571	8,571
COVID Compliance	0	0	0	281	281
Unapplied Revenue Grants and Contributions	292	139	431	109	540
<b>Total for known pressures Reserves</b>	<b>11,265</b>	<b>-1,940</b>	<b>9,325</b>	<b>11,882</b>	<b>21,207</b>
Change Management	12,747	587	13,334	-221	13,113
<b>Total General Fund Revenue</b>	<b>24,012</b>	<b>-1,353</b>	<b>22,659</b>	<b>11,661</b>	<b>34,320</b>

<u>Capital Reserves</u>					
Capital Provision	1,112	264	1,376	143	1,519
<b>Total General Fund Capital</b>	<b>1,112</b>	<b>264</b>	<b>1,376</b>	<b>143</b>	<b>1,519</b>
<b>Total General Fund Earmarked Reserves</b>	<b>25,124</b>	<b>-1,089</b>	<b>24,035</b>	<b>11,804</b>	<b>35,839</b>
<u>Housing Revenue Reserves</u>					
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	0	281
Restructuring & Pay	100	0	100	0	100
Other Earmarked Reserves	0	32	32	705	737
Future Rents Bad Debt	0	326	326	0	326
<b>Total HRA Revenue</b>	<b>4,398</b>	<b>358</b>	<b>4,756</b>	<b>705</b>	<b>5,461</b>
<b>Total General Fund and HRA Earmarked Reserves</b>	<b>29,522</b>	<b>-731</b>	<b>28,791</b>	<b>12,509</b>	<b>41,300</b>

**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**

2019/20 £'000	2020/21 £'000
2,925 Parish Council Precepts	3,109
546 Levies	595
443 Payments to the Government Housing Capital Receipts Pool	443
7,450 Business COVID-19 grant payments	0
571 Gains(-)/losses on the disposal of non-current assets	34
615 Loss Allowance	216
15 Mansfield Crematorium - Net Cost of Service	-4
<b>12,565 Total</b>	<b>4,393</b>

**15 FINANCING AND INVESTMENT INCOME AND EXPENDITURE**

2019/20 £'000	2020/21 £'000
4,100 Interest payable and similar charges	3,979
1,600 Net interest on the net defined benefit liability (asset)	1,675
-1,067 Interest receivable and similar income	-936
964 Net (gains)/losses on financial assets at fair value through profit and loss	-53
2 Mansfield Crematorium - Financing and Investment Income and Expenditure	1
<b>5,599 Total</b>	<b>4,666</b>

**16 TAXATION AND NON-SPECIFIC GRANT INCOME AND EXPENDITURE**

2019/20 £'000	2020/21 £'000
-9,765 Council tax income	-10,154
-8,851 Non-Domestic Rates income and expenditure	-7,745
-1,835 Non ring-fenced Government grants	-4,638
-7,450 Business COVID-19 grants	0
-101 Revenue Developers grants & contributions	-281
-1,574 Capital Developers grants & contributions	-475
-2,294 Capital grants and contributions	-1,890
<b>-31,870 Total</b>	<b>-25,183</b>

## 17 OFFICIALS' EMOLUMENTS

Amounts payable to senior employees in 2020/2021 are disclosed below.

	2019/20 £	2020/21 £
<b><u>Chief Executive</u></b>		
Salary	124,848.00	128,280.96
Expenses, Allowances and Other Benefits	794.05	647.10
Employer's Contribution to Pension	18,102.96	22,449.14
% Employee's Contribution to Pension	11.4%	11.4%
<b><u>Deputy Chief Executive &amp; Director of Resources</u></b>		
Salary	102,620.04	105,441.96
Expenses, Allowances and Other Benefits	515.25	0.00
Employer's Contribution to Pension	14,879.88	18,452.36
% Employee's Contribution to Pension	10.5%	10.5%
<b><u>Director of Governance &amp; Organisational Development</u></b>		
Salary	83,625.00	85,923.96
Expenses, Allowances and Other Benefits	106.25	0.00
Employer's Contribution to Pension	12,125.64	15,036.70
% Employee's Contribution to Pension	9.9%	9.9%
<b><u>Director of Communities &amp; Environment</u></b>		
Salary	83,625.00	85,923.96
Expenses, Allowances and Other Benefits	395.40	32.85
Employer's Contribution to Pension	12,125.64	15,036.70
% Employee's Contribution to Pension	9.9%	9.9%
<b><u>Director of Growth &amp; Regeneration</u></b>		
Salary	77,427.19	85,298.22
Expenses, Allowances and Other Benefits	0.00	0.00
Employer's Contribution to Pension	11,226.92	14,927.22
% Employee's Contribution to Pension	9.9%	9.9%
<b><u>Director of Health &amp; Welbeing - Started in April 2020</u></b>		
Salary		77,461.04
Expenses, Allowances and Other Benefits		0.00
Employer's Contribution to Pension		13,555.69
% Employee's Contribution to Pension		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	
	2020/21	2019/20	2020/21	2019/20	2020/21	2019/20	2020/21 £'000	2019/20 £'000
£0 to £20,000	8	4	2	2	10	6	66	66
£20,001 to £40,000	3	0	0	1	3	1	81	22
£40,001 to £60,000	0	0	0	1	0	1	0	45
£60,001 to £80,000	0	0	0	0	0	0	0	0
£80,001 plus	0	0	0	0	0	0	0	0
<b>Total</b>	<b>11</b>	<b>4</b>	<b>2</b>	<b>4</b>	<b>13</b>	<b>8</b>	<b>147</b>	<b>133</b>

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 2020/2021	Employees Included in 2020/21 leaving in same year	Number of Employees 2019/20
£50,000 to £54,999	7	1	5
£55,000 to £59,999	3	0	2
£60,000 to £64,999	4	0	3
£65,000 to £69,999	1	0	0
£70,000 to £74,999	0	0	0
£75,000 to £79,999	1	0	1
£80,000 to £84,999	0	0	2
£85,000 to £89,999	3	0	0
£90,000 to £94,999	0	0	0
£95,000 to £99,999	0	0	0
£100,000 to £104,999	0	0	1
£105,000 to £174,999	2	0	2
£175,000 to £179,999	0	0	0
<b>Total</b>	<b>21</b>	<b>1</b>	<b>16</b>

## 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 2020/21 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	7	0
Newark and Sherwood Community and Voluntary Service	0	39
Bilsthorpe Community Green Spaces Group	0	2
Newark & Notts Agricultural Society Trading Limited	4	6

## 19 MEMBERS ALLOWANCES

2019/20 £'000	2020/21 £'000
55 Special Responsibility Payments	59
189 Basic Allowances	194
6 Travel and Subsistence	1
<b>250 Total</b>	<b>254</b>

## 20 GRANT INCOME

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

2019/20 £'000	2020/21 £'000
<b><u>Credited to Taxation and Non Specific Grant</u></b>	
-83 Revenue Support Grant	-84
-1,580 New Homes Bonus Grant	-1,741
-7,450 Business COVID-19 grants	0
-115 DCLG Grant	-1,764
-18 New Burdens Grant	-437
0 Council Tax s31 Grant	-84
-38 Rural Services Delivery Grant	-38
0 Income Support Scheme	-490
-102 Section 106	-281
<b><u>Capital Related;</u></b>	
-2,062 Supported Housing	-756
-1,574 Developers Contributions (Net of Payments)	-475
-232 Other Grants and Contributions	-1,134
<b>-13,254 Total</b>	<b>-7,284</b>
<b><u>Credited to Services</u></b>	
-11,089 Housing Benefits Subsidy - Rent Allowances	-10,523
-9,510 Housing Benefits Subsidy - Rent Rebates	-8,938
-265 Housing Benefits Administration Grant	-287
-113 Council Tax Support Grant	-112
0 Council Tax Hardship Grant	-811
0 Covid-19 Discretionary Grant	-1,239
0 Covid-19 Additional Restrictions Grant	-3,345
0 Local Restrictions Support Grants - Open	-480
0 NHS Test & Trace Support	-96
0 Covid Compliance Tier 3	-367
0 Compliance & Enforcement Grant	-56
0 Towns Fund	-162
0 Reopening High Street Grant	-70
0 Safer Streets	-16
0 National Leisure Recovery Fund	-252
0 Arts Council Grant	-35
0 High Street Heritage Action Zone	-23



0 Homelessness grant	-188
0 Rough Sleepers	-16
0 New Apprentice Grants	-1
0 LGA's Cyber Security Programme	-3
0 Warm Homes on Prescription Admin Grant	-6
0 Furlough/Jrs Grant Income	-243
-96 New Burdens Grant	-95
-13 Electoral Registration	-7
-2 Welfare Reform	0
-4 Apprentice Levy	-6
-15 Custom Build Grant	0
-73 DCLG Flooding grant	-6
-19 Neighbourhood Planning grant	0
-20 Land Charges	-23
<b>Capital Related;</b>	
-750 Private Sector Disabled Facilities	-644
<b>-21,969 Total</b>	<b>-28,050</b>

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

2019/20 £'000	2020/21 £'000
<u>Capital Related:</u>	
-723 Government	-1,347
0 Other Third Parties	-574
0 Section 106	0
<u>Revenue Related:</u>	
-162 Government	-322
-13 Other Third Parties	-38
0 Section 106	0
<b>-898</b>	<b>-2,281</b>

#### LONG TERM LIABILITIES - GRANTS RECEIPTS IN ADVANCE

2019/20 £'000	2020/21 £'000
<u>Capital Related:</u>	
-6,048 Government	-6,048
0 Nottinghamshire County Council	0
0 Other Third Parties	-524
<u>Revenue Related:</u>	
-65 Government	-106
0 Nottinghamshire County Council	0
-54 Other Third Parties	-54
<b>-6,167</b>	<b>-6,732</b>

## 21 AUDIT FEE

For 2020/2021 Newark and Sherwood District Council incurred the following fee in relation to the audit of the Statement of Accounts:

2019/20 £'000	Fees Payable to Mazars LLP in respect of:	2020/21 £'000
37	External Audit Services	37
6	Other Services	9
<b>43</b>	<b>Total</b>	<b>46</b>

In addition, audit fees of £15,099 (£0 2019/20) were paid which related to work undertaken in prior financial years.

## 22 PROPERTY PLANT AND EQUIPMENT

Movements in 2020/21									
	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	
<b>Cost or Valuation</b>									
<b>At April 2020</b>	<b>287,490</b>	<b>75,144</b>	<b>11,284</b>	<b>448</b>	<b>335</b>	<b>0</b>	<b>4,887</b>	<b>379,588</b>	
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	
<b>At 31 March 2021</b>	<b>291,092</b>	<b>77,729</b>	<b>11,870</b>	<b>448</b>	<b>415</b>	<b>0</b>	<b>12,227</b>	<b>393,781</b>	
<b>Accumulated Depreciation &amp; Impairment</b>									
<b>At April 2020</b>	<b>0</b>	<b>2,393</b>	<b>5,139</b>	<b>47</b>	<b>85</b>	<b>0</b>	<b>0</b>	<b>7,664</b>	
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	
<b>At 31 March 2021</b>	<b>0</b>	<b>1,489</b>	<b>5,680</b>	<b>82</b>	<b>94</b>	<b>0</b>	<b>0</b>	<b>7,345</b>	
<b>Net Book Value</b>									
<b>at 31 March 2021</b>	<b>291,092</b>	<b>76,240</b>	<b>6,190</b>	<b>366</b>	<b>321</b>	<b>0</b>	<b>12,227</b>	<b>386,436</b>	
<b>at 31 March 2020</b>	<b>287,490</b>	<b>72,751</b>	<b>6,145</b>	<b>401</b>	<b>250</b>	<b>0</b>	<b>4,887</b>	<b>371,924</b>	

Comparative Movements in 2019/20								
	Council Dwellings £'000	Other Land and Buildings £'000	Vehicles Plant Equipment £'000	Infrastructure Assets £'000	Community Assets £'000	Surplus Assets £'000	Assets Under Construction £'000	Total £'000
<b>Cost or Valuation</b>								
<b>At April 2019</b>	<b>279,209</b>	<b>69,262</b>	<b>10,602</b>	<b>448</b>	<b>335</b>	<b>185</b>	<b>2,974</b>	<b>363,015</b>
Additions	9,783	1,886	1,366	0	0	0	3,955	<b>16,990</b>
Revaluation increases/decreases(-) to Revaluation Reserve	18,522	4,512	0	0	0	0	0	<b>23,034</b>
Revaluation increases/decreases(-) to Surplus/Deficit on the Provision of Services	-19,368	-636	0	0	0	0	0	<b>-20,004</b>
Derecognition - Disposals	0	0	0	0	0	0	0	<b>0</b>
Derecognition - Other	0	-454	-684	0	0	-185	0	<b>-1,323</b>
Assets reclassified to(-)/from Held for Sale	-2,124	0	0	0	0	0	0	<b>-2,124</b>
Reclassifications - Other	1,468	574	0	0	0	0	-2,042	<b>0</b>
<b>At 31 March 2020</b>	<b>287,490</b>	<b>75,144</b>	<b>11,284</b>	<b>448</b>	<b>335</b>	<b>0</b>	<b>4,887</b>	<b>379,588</b>
<b>Accumulated Depreciation &amp; Impairment</b>								
<b>At April 2019</b>	<b>1,734</b>	<b>2,048</b>	<b>4,511</b>	<b>12</b>	<b>76</b>	<b>0</b>	<b>0</b>	<b>8,381</b>
Depreciation charge	4,004	979	1,312	35	9	0	0	<b>6,339</b>
Depreciation written out to the Revaluation Reserve	-4,904	-530	0	0	0	0	0	<b>-5,434</b>
Depreciation written out to the Surplus/Deficit on the Provision of Services	-834	-99	0	0	0	0	0	<b>-933</b>
Impairment losses/reversals(-) to Revaluation Reserve	0	0	0	0	0	0	0	<b>0</b>
Impairment losses/reversals(-) to Surplus/Deficit on the Provision of Services	0	0	0	0	0	0	0	<b>0</b>
Derecognition - Disposals	0	-5	-684	0	0	0	0	<b>-689</b>
Reclassifications	0	0	0	0	0	0	0	<b>0</b>
<b>At 31 March 2020</b>	<b>0</b>	<b>2,393</b>	<b>5,139</b>	<b>47</b>	<b>85</b>	<b>0</b>	<b>0</b>	<b>7,664</b>
<b>Net Book Value</b>								
<b>at 31 March 2020</b>	<b>287,490</b>	<b>72,751</b>	<b>6,145</b>	<b>401</b>	<b>250</b>	<b>0</b>	<b>4,887</b>	<b>371,924</b>
<b>at 31 March 2019</b>	<b>277,475</b>	<b>67,214</b>	<b>6,091</b>	<b>436</b>	<b>259</b>	<b>185</b>	<b>2,974</b>	<b>354,634</b>

## 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 £22.219m is contractually committed as at 31 March 2021. Whilst there are a number of other commitments in the Capital Programme, the below are financial Commitments.

2019/20 £'000	2020/21 £'000
26,276 New Council House Build	22,219
<b>26,276 Total</b>	<b>22,219</b>

## 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 2020/2021 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 £'000	Assets Under Construction £'000	Surplus £'000	Total £'000
Valued at Historical Cost	0	0	6,190	366	321	12,227	0	<b>19,104</b>
Valued at Current Value in:								
2020/2021	291,092	27,756	0	0	0	0	0	<b>318,848</b>
2019/2020	0	16,889	0	0	0	0	0	<b>16,889</b>
2018/2019	0	10,253	0	0	0	0	0	<b>10,253</b>
2017/2018	0	19,296	0	0	0	0	0	<b>19,296</b>
2016/2017	0	2,046	0	0	0	0	0	<b>2,046</b>
<b>Net Book Value</b>	<b>291,092</b>	<b>76,240</b>	<b>6,190</b>	<b>366</b>	<b>321</b>	<b>12,227</b>	<b>0</b>	<b>386,436</b>

## 23 LEASES - DISCLOSURE AS LESSEE

### Finance Leases

The Council has two finance leases, one is a 125 year lease on Clipstone Holding Centre and the other is a 25 year lease on the Beaumont Cross site, for the hotel and retail units. 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:

2019/20 £'000	2020/21 £'000
<b>95 Balance at 1 April</b>	<b>179</b>
0 Additions	5,285
95 Revaluations	140
-11 Depreciation	-15
0 Disposals	-4,478
0 Reclassifications	0
<b>179 Net Book Value at 31 March</b>	<b>1,111</b>

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:

2019/20 £'000	2020/21 £'000
Finance Lease Liabilities (net present value of minimum lease payments)	
0 • Current	136
224 • Non Current	5,374
2,432 Finance costs payable in future years minimum lease payments	4,871
<b>2,656 Minimum Lease Repayments</b>	<b>10,381</b>

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

2019/20			2020/21	
Minimum Lease Payments	Finance Lease Liabilities (NPV)		Minimum Lease Payments	Finance Lease Liabilities (NPV)
£'000	£'000		£'000	£'000
25	0	Not later than one year	335	136
100	0	Later than one year and not later than five years	1,340	592
2,531	224	Later than five years	8,706	4,782
<b>2,656</b>	<b>224</b>	<b>Total</b>	<b>10,381</b>	<b>5,510</b>

The Council has sub-let Clipstone Holding Centre units held under the finance lease. The annual minimum payments expected to be received is £0.044m (£0.053m in 2019/2020).

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:

2019/20		2020/21
£'000		£'000
31	Not later than one year	31
126	Later than one year and not later than five years	126
2,226	Later than five years	2,194
<b>2,383</b>	<b>Total Operating Lease Costs</b>	<b>2,351</b>

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

2019/20		2020/21
£'000		£'000
35	Minimum lease payments	38
<b>35</b>	<b>Total Operating Lease Costs</b>	<b>38</b>

## 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:

2019/20 £'000	2020/21 £'000
Finance Lease Debtor (net present value of minimum lease payments)	
0 • Current	103
0 • Non Current	4,562
0 Unearned Finance Income	2,966
<b>0 Minimum Lease Repayments</b>	<b>7,631</b>

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

2019/20		2020/21	
Minimum Lease Payments £'000	Gross Invest- ment in the Lease £'000	Minimum Lease Payments £'000	Gross Invest- ment in the Lease £'000
0	0	305	103
0	0	1,221	460
0	0	6,105	4,102
<b>0</b>	<b>0</b>	<b>7,631</b>	<b>4,665</b>



## 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 2020/2021 was £1.010m (£1.052m 2019/2020).

The total future lease commitments are:

2019/20 £'000	2020/21 £'000
896 Not later than one year	990
2,410 Later than one year and not later than five years	2,505
1,455 Later than five years	1,327
<b>4,761 Total Operating Lease Costs</b>	<b>4,822</b>

## 25 CASH AND CASH EQUIVALENTS

2019/20 £'000	2020/21 £'000
4 Cash held by the Council	4
-26 Cash in transit	-63
560 Bank current accounts	544
22,981 Short-term deposits with Money Market Funds	22,776
<b>23,519 Total Cash and Cash Equivalents</b>	<b>23,261</b>

## 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
<b>Cost or Valuation</b>			
<b>At 1 April 2020</b>	<b>1,930</b>	<b>90</b>	<b>2,020</b>
Additions	0	0	0
Revaluations	0	0	0
<b>At 31 March 2021</b>	<b>1,930</b>	<b>90</b>	<b>2,020</b>
<b>Cost or Valuation</b>			
<b>At 1 April 2019</b>	<b>1,937</b>	<b>98</b>	<b>2,035</b>
Additions	0	0	0
Revaluations	-7	-8	-15
<b>At 31 March 2020</b>	<b>1,930</b>	<b>90</b>	<b>2,020</b>

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.

2019/20 £'000	2020/21 £'000
<b>1,120 Balance outstanding at start of year</b>	<b>1,170</b>
Assets newly classified as held for sale:	
2,124 Transfer from Property, Plant and Equipment	4,469
Assets declassified as held for sale:	
-2,074 Assets Sold	-4,309
0 Transfer back to Property, Plant and Equipment	-97
<b>1,170 Balance outstanding at year-end</b>	<b>1,233</b>

## 28 INTANGIBLE ASSETS

During 2020/2021 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.

2019/20 £'000	2020/21 £'000
<b>Balance at start of year:</b>	
1,458 Gross carrying amounts	1,526
-1,170 Accumulated amortisation	-1,258
<b>288 Net carrying amount at start of year</b>	<b>268</b>
Movements:	
68 Purchases	111
0 Other disposals	0
-88 Amortisation for the period	-67
0 Reclassifications	0
<b>268 Net carrying amount at end of year</b>	<b>312</b>
Comprising:	
1,526 Gross carrying amounts	1,637
-1,258 Accumulated amortisation	-1,325
<b>268 Net carrying amount at end of year</b>	<b>312</b>

## 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.

2019/20 £'000	2020/21 £'000
<b>131,624</b>	<b>132,900</b>
<b>Opening Capital Financing Requirement</b>	
<u>Capital Investment:</u>	
16,990	19,462
4,708	2,439
68	111
1,129	1,449
<u>Sources of Finance</u>	
-5,915	-3,134
-3,225	-2,948
-12,479	-12,738
<u>Finance Leases</u>	
0	5,285
0	-4,664
<b>132,900</b>	<b>138,162</b>
<b>Closing Capital Financing Requirements</b>	
<b>Explanation of Movements in Year</b>	
3,819	9,832
Increase in underlying need to borrow (unsupported by Government financial assistance)	
-2,543	-4,570
Other Movements (MRP including finance leases)	
<b>1,276</b>	<b>5,262</b>
<b>Increase in Capital Financing Requirement</b>	
<b>Split on Capital Financing Requirement between General Fund and Housing Revenue Account</b>	
26,262	29,139
106,638	109,023
<b>132,900</b>	<b>138,162</b>

## 30 ANALYSIS OF DEBTORS

The amounts due to the Council were:-

2019/20 £'000	2020/21 £'000
Amounts falling due within one year:-	
2,253	1,920
Trade Receivables	
211	361
Prepayments	
15,777	19,815
Other Receivable Amounts	
-2,434	-2,797
Less Loss Allowance	
<b>15,807</b>	<b>19,299</b>
<b>Total Short Term Debtors</b>	
801	2,400
Other Entities and Individuals	
<b>801</b>	<b>2,400</b>
<b>Total Long Term Debtors</b>	
<b>16,608</b>	<b>21,699</b>
<b>Total Debtors</b>	

**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;

2019/20 £'000	2020/21 £'000
737 Council Tax	713
282 Non-Domestic Rates	269
<b>1,019 Total Debtors for Local Taxation</b>	<b>982</b>

**31 ANALYSIS OF CREDITORS**

The amounts owed by the Council were:-

2019/20 £'000	2020/21 £'000
Amounts falling due within one year:-	
5,962 Trade Payables	4,998
12,629 Other Payables	20,274
<b>18,591 Short Term Creditors</b>	<b>25,272</b>
7,210 Other Payables	8,567
<b>7,210 Long Term Creditors</b>	<b>8,567</b>
<b>25,801 Total</b>	<b>33,839</b>

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.

**32 PROVISIONS**

2019/20 £'000	Non Domestic Rate Appeals £'000	2020/21 Total £'000
<b>1,457 Short Term Balance at 1 April</b>	<b>391</b>	<b>391</b>
-1,337 Amounts used in year	-1,457	-1,457
271 Transfer from Long Term	1,295	1,295
<b>391 Short Term Balance at 31 March</b>	<b>229</b>	<b>229</b>
<b>1,948 Long Term Balance at 1 April</b>	<b>1,288</b>	<b>1,288</b>
-389 Additional provisions made in year	1,545	1,545
-271 Transfer to Short Term	-1,295	-1,295
<b>1,288 Long Term Balance at 31 March</b>	<b>1,538</b>	<b>1,538</b>

Following Business Rates localisation, introduced in 2013, the Council has had to set aside a provision for any future successful ratepayer appeals against rateable valuations. The Council currently has 22 appeals outstanding. For the 2017 valuation list a check, challenge and appeal process was introduced in order to create a structured way of allowing ratepayers to appeal against their valuation. The council currently has 260 challenges outstanding. The table above demonstrates the Council's share of the overall future liability.

### 33 USABLE RESERVES

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

### 34 UNUSABLE RESERVES

2019/20 £'000	2020/21 £'000
89,726 Revaluation Reserve	98,035
157,295 Capital Adjustment Account	155,940
-117 Financial Instruments Adjustment Account	-114
-71,357 Pensions Reserve	-96,575
-132 Crematorium Pension Reserve	-163
0 Deferred Capital Receipts Reserve	7,014
-798 Pooled Investment Adjustment Account	-566
2,559 Collection Fund Adjustment Account	-6,508
-91 Accumulated Absences Account	-91
<b>177,085 Total Unusable Reserves</b>	<b>156,972</b>

#### 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.

2019/20 £'000	2020/21 £'000
<b>63,183 Balance at 1 April</b>	<b>89,726</b>
36,786 Upward revaluations of assets	13,856
-8,332 Downward revaluation of assets and impairment losses not charged to the Surplus/Deficit on the Provision of Services	-2,548
<b>28,454 Surplus or deficit(-) on revaluation of non-current assets not posted to the Surplus or Deficit on the Provision of Services</b>	<b>11,308</b>
-1,067 Difference between fair value depreciation and historical cost depreciation	-1,418
-844 Accumulated gains on assets sold or scrapped	-1,581
<b>-1,911 Amount written off to the Capital Adjustment Account</b>	<b>-2,999</b>
<b>89,726 Balance at 31 March</b>	<b>98,035</b>

## 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.

2019/20 £'000	2020/21 £'000
<b>163,267</b>	<b>157,295</b>
<b>Balance as at 1st April</b>	
<b>Reversal of items relating to capital expenditure debited or credited to the CIES:</b>	
-6,339	-6,739
Charges for depreciation and impairment of non-current assets	
-19,071	-5,528
Revaluation losses on Property, Plant and Equipment	
-88	-67
Amortisation of intangible assets	
-167	-178
Revaluation on Financial Instrument classed as capital	
-1,129	-1,449
Revenue expenditure funded from capital under statute	
-2,709	-9,212
Amounts of non-current assets written off on disposal or sale as part of the gain(-)/loss on disposal to the CIES	
<b>-29,503</b>	<b>-23,173</b>
<b>Adjusting amounts written out of the Revaluation Reserve</b>	
844	1,581
<b>-28,659</b>	<b>-21,592</b>
<b>Net written out amount of the cost of non-current assets consumed in the year</b>	
<b>Capital financing applied in the year:</b>	
5,915	3,134
Use of Capital Receipts Reserve to finance new capital expenditure	
4,947	5,853
Use of Major Repairs Reserve to finance new capital expenditure	
3,042	2,689
Capital grants and contributions credited to the CIES that have been applied to capital financing	
183	259
Applications of grants to capital financing from the Capital Grant Unapplied Account	
2,543	4,570
Statutory provision for the financing of capital investment charged against the General Fund and HRA balances	
4,990	2,314
Capital expenditure charged against the General Fund and HRA balances	
<b>21,620</b>	<b>18,819</b>
1,067	1,418
Adjustment between Capital Adjustment Account and Revaluation Reserve for depreciation that relates to the revaluation balance rather than historic cost	
<b>157,295</b>	<b>155,940</b>
<b>Balance at 31 March</b>	



## 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.

2019/20 £'000	2020/21 £'000
<b>-172 Balance at 1 April</b>	<b>-117</b>
55 Differences between statutory debits/credits and amounts recognised as income and expenditure in relation to financial instruments	3
<b>-117 Balance at 31 March</b>	<b>-114</b>

## 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.

2019/20 £'000	2020/21 £'000
<b>-75,226 Balance at 1 April</b>	<b>-71,357</b>
10,191 Remeasurements of the net defined benefit liability/(asset)	-20,387
-9,644 Reversal of items relating to retirement benefits debited or credited to the Surplus or Deficit on the Provision of Services in the CIES	-8,203
3,322 Employers pensions contributions and direct payments to pensioners payable in the year	3,372
<b>-71,357 Balance at 31 March</b>	<b>-96,575</b>

## 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.

2019/20 £'000	2020/21 £'000
<b>-1,245 Balance at 1 April</b>	<b>-1,141</b>
191 Remeasurements of the net defined benefit liability/(asset)	-499
-133 Reversal of items relating to retirement benefits debited or credited to the Surplus or Deficit on the Provision of Services in the CIES	-112
46 Employers pensions contributions and direct payments to pensioners payable in the year	65
<b>-1,141 Balance at 31 March</b>	<b>-1,687</b>
Balance split by Authority:	
-132 Newark and Sherwood District Council's proportion	-163
-515 Ashfield District Council's Proportion	-759
-494 Mansfield District Council's Proportion	-765
<b>-1,141 Balance at 31 March</b>	<b>-1,687</b>

## 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.

2019/20 £'000	2020/21 £'000
<b>0 Balance at 1 April</b>	<b>0</b>
0 Transfer of deferred capital receipt repayable credited as part of the gain(-)/loss on disposal to the CIES	7,014
0 Transfer to Capital Receipts Reserve	0
<b>0 Balance at 31 March</b>	<b>7,014</b>

## 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.

2019/20 £'000	2020/21 £'000
<b>0 Balance at 1 April</b>	<b>-798</b>
0 Upward revaluation of investments	258
-798 Downward revaluation of investments	-26
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
<b>-798 Balance at 31 March</b>	<b>-566</b>

## 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.

2019/20 £'000	2020/21 £'000
818 Balance at 1 April	2,559
1,741 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	-9,067
<b>2,559 Balance at 31 March</b>	<b>-6,508</b>

## 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.

2019/20 £'000	2020/21 £'000
-141 Balance at 1 April	-91
141 Settlement or cancellation of accrual made at the end of the preceding year	0
-91 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
<b>-91 Balance at 31 March</b>	<b>-91</b>

## 35 CONTINGENT ASSETS AND LIABILITIES

The Council has made claims where either the policy of Her Majesty's Revenue and Customs (HMRC) has changed, or where legal judgements have changed the Value Added Tax (VAT) treatment of a service.

At 31 March 2021, the Council had contingent assets relating to just one VAT claims which is not material to the Council:

Nature and Value of Claim	Amount £'000
Postage Services	33
<b>Total</b>	<b>33</b>

There are no contingent 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

2019/20 £'000	2020/21 £'000
<b>-15,054</b>	<b>402</b>
<b>Net Surplus or Deficit(-) on the Provision of Services</b>	
<b>Adjust net surplus or deficit on the provision of services for non-cash movements</b>	
6,339	6,739
19,071	5,528
88	67
167	178
797	-231
10	-12
6,901	3,575
-25	36
-9,053	5,909
2	9
6,328	2,599
-1,726	89
2,709	9,212
0	0
<b>31,608</b>	<b>33,698</b>
<b>Total</b>	
<b>Adjust for items included in the net surplus or deficit on the provision of services that are investing or financing activities</b>	
0	0
-4,691	-9,177
-2,137	-3,271
-6,828	-12,448
<b>9,726</b>	<b>21,652</b>
<b>Net Cash Flows from Operating Activities</b>	

### B Cash Flow Statement - Operating Activities

The cash flows for operating activities include the following items:

2019/20 £'000	2020/21 £'000
1,038	967
-3,428	-3,384
<b>-2,390</b>	<b>-2,417</b>
<b>Total</b>	

### C Cash Flow Statement - Investing Activities

2019/20 £'000		2020/21 £'000
-17,928	Purchase of Property, Plant and Equipment, Investment Property and Intangible Assets	-17,927
-46,000	Purchase of short-term and long-term Investments	-54,785
-712	Other payments for investing activities	-2,462
2,138	Proceeds from the sale of Property, Plant and Equipment, Investment Property and Intangible Assets	2,164
36,400	Proceeds from short-term and long-term Investments	45,785
5,022	Other receipts from investing activities	5,020
<b>-21,080</b>	<b>Net cash flows from investing activities</b>	<b>-22,205</b>

### D Financing Activities

2019/20 £'000		2020/21 £'000
7,100	Cash receipts for short and long-term Borrowing	9,197
569	Other receipts from financing activities	0
0	Cash payments for the reduction of the outstanding liabilities relating to Finance Leases	0
-5,455	Repayments of short and long-term Borrowing	-6,412
0	Other payments for financing activities	-2,490
<b>2,214</b>	<b>Net cash flows from financing activities</b>	<b>295</b>

## 37 RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

	2020/21 1 April £'000	Financing Cash Flows £'000	Non-cash changes		2020/21 31 March £'000
			Acquisit- ion £'000	Other non- cash changes £'000	
Long-term borrowings	84,556	3,474	0	-3,029	85,001
Short-term borrowings	7,871	-689	0	3,029	10,211
Lease Liabilities	224	0	5,286	0	5,510
<b>Total Liabilities from financing activities</b>	<b>92,651</b>	<b>2,785</b>	<b>5,286</b>	<b>0</b>	<b>100,722</b>

### 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;

2019/20			2020/21	
Total	NSDC Share	Comprehensive Income and Expenditure	Total	NSDC Share
£'000	£'000	Statement	£'000	£'000
-1,743	-127	Gross Income	-2,084	-119
1,105	80	Gross Expenditure (includes surplus distribution)	1,288	73
<b>-638</b>	<b>-47</b>	<b>Charged to Other Operating Income and Expenditure before Surplus Distribution</b>	<b>-796</b>	<b>-46</b>
843	62	Surplus Distribution	728	42
<b>205</b>	<b>15</b>	<b>Total Charged to Other Operating Income and Expenditure</b>	<b>-68</b>	<b>-4</b>
20	2	Financing and Investment Income and Expenditure	24	1
<b>225</b>	<b>17</b>	<b>Surplus (-) or Deficit on Provision of Services</b>	<b>-44</b>	<b>-3</b>
-191	-14	Remeasurements of the Net Defined Benefit Liability (Asset)	499	28
<b>34</b>	<b>3</b>	<b>Total Comprehensive Income and Expenditure</b>	<b>455</b>	<b>25</b>

2019/20			2020/21	
Total	NSDC Share	Balance Sheet	Total	NSDC Share
£'000	£'000		£'000	£'000
2,151	247	Property, Plant and Equipment	2,043	240
<b>2,151</b>	<b>247</b>	<b>Long Term Assets</b>	<b>2,043</b>	<b>240</b>
228	26	Short Term Debtors	504	42
1,676	192	Cash and Cash Equivalents	1,651	190
<b>1,904</b>	<b>218</b>	<b>Current Assets</b>	<b>2,155</b>	<b>232</b>
-867	-79	Short Term Creditors	-951	-84
<b>-867</b>	<b>-79</b>	<b>Current Liabilities</b>	<b>-951</b>	<b>-84</b>
-1,141	-132	Pensions	-1,655	-161
<b>-1,141</b>	<b>-132</b>	<b>Long Term Liabilities</b>	<b>-1,655</b>	<b>-161</b>
<b>2,047</b>	<b>254</b>	<b>Net Assets</b>	<b>1,592</b>	<b>227</b>
<b>Financed By:</b>				
1,037	139	General and Capital Reserve	1,236	150
-1,141	-132	Pension Reserve	-1,687	-163
1,708	211	Capital Adjustment Account	1,619	206
443	36	Revaluation Reserve	424	34
<b>2,047</b>	<b>254</b>	<b>Total Reserves</b>	<b>1,592</b>	<b>227</b>

## 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:-

2019/20 £'000	2020/21 £'000
<b>Comprehensive Income and Expenditure Statement</b>	
<u>Cost of Services</u>	
3,921 Current service cost	6,329
169 Past service costs	204
3,963 (Gain)/loss from settlements	0
<u>Financing and Investment Income and Expenditure</u>	
1,568 Net interest expense	1,628
34 Administration costs	48
<b>9,655 Total charged to Surplus/Deficit on Provision of Services</b>	<b>8,209</b>
<u>Remeasurement of the net defined benefit liability</u>	
-11,328 Return on plan assets	20,007
-278 Other actuarial gains/(losses)	0
21,074 Changes in financial assumptions	-44,553
2,860 Changes in demographic assumptions	1,904
-2,123 Experience gains/(losses)	2,227
<b>10,205 Total charged to Other Comprehensive Income and Expenditure</b>	<b>-20,415</b>
<b>19,860 Total charged to Comprehensive Income and Expenditure Statement</b>	<b>-12,206</b>
<b>Movement in Reserves Statement</b>	
-6,330 Reversal of net charges made for retirement benefits	-3,342
<b>Actual amount charged against the General Fund Balance</b>	
3,325 Employers' contributions payable to scheme	4,867



## Assets and liabilities in relation to retirement benefits

Reconciliation of present value of the scheme liabilities:

2019/20 £'000		2020/21 £'000
<b>183,598</b>	<b>1st April</b>	<b>171,331</b>
3,921	Current service cost	6,329
3,541	Interest cost	3,247
651	Contributions by scheme participants	875
	<i>Remeasurement (gains)/losses</i>	
-2,861	Changes in demographic assumptions	-1,904
-21,074	Changes in financial assumptions	44,553
2,123	Other	-2,227
169	Past service cost	204
5,562	Losses (gains) on curtailment	0
-4,299	Benefits paid	-5,940
<b>171,331</b>	<b>31st March</b>	<b>216,468</b>

Reconciliation of fair value of the scheme assets:

2019/20 £'000		2020/21 £'000
<b>108,230</b>	<b>1st April</b>	<b>99,842</b>
1,972	Interest income	1,618
	<i>Remeasurement gain/(loss)</i>	
-11,328	Return on plan assets	20,007
-278	Other	0
3,325	Contributions from employer	4,868
651	Contributions from scheme participants	875
-4,295	Benefits paid	-5,940
-34	Administration costs	-48
1,599	Settlement Paid	0
<b>99,842</b>	<b>31st March</b>	<b>121,222</b>

## Pension Assets and Liabilities Recognised in Balance Sheet

Assets	2020/21 £'000	2019/20 £'000	2018/19 £'000	2017/18 £'000	2016/17 £'000
Present value of liabilities	-216,468	-171,331	-183,598	-179,053	-121,249
Fair value of assets	121,222	99,842	108,230	99,856	64,490
<b>Net liability</b>	<b>-95,246</b>	<b>-71,489</b>	<b>-75,368</b>	<b>-79,197</b>	<b>-56,759</b>

## 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:

2019/20 £'000		2020/21 £'000
<u>Mortality Assumptions</u>		
Longevity at 65 for current pensioners		
21.8	Men	21.6
24.4	Women	24.3
Longevity at 65 for future pensioners		
23.2	Men	22.9
25.8	Women	25.7
Rate of inflation – Retail Price Index		
Rate of inflation – Consumer Price index		
2.90%	Rate of increase in salaries	3.80%
1.90%	Rate of increase in pensions	2.80%
2.35%	Rate for discounting scheme liabilities	2.00%
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%	-4,240	4,329
Salary Increase	+/- 0.1%	391	-388
Pension Increase	+/- 0.1%	3,899	-3,823
Mortality Age	+/- 1 year	10,094	-9,629

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

2019/20 £'000		Quoted	Unquoted	2020/21 £'000
	<b>Equity Investment</b>			
22,131	UK investment	30,275	0	30,275
32,330	Overseas investment	44,551	0	44,551
3,162	Private equity investment	0	3,692	3,692
<b>57,623</b>				<b>78,518</b>
	<b>Gilts</b>			
4,149	UK fixed interest	4,073	0	4,073
<b>4,149</b>				<b>4,073</b>
	<b>Other Bonds</b>			
3,490	UK corporates	2,047	0	2,047
5,684	Overseas corporates	6,261	0	6,261
<b>9,174</b>				<b>8,308</b>
14,887	Property	0	12,383	12,383
4,069	Cash/Credit/Unit Trust	0	5,512	5,512
3,730	Inflation-linked pooled fund	0	5,865	5,865
6,212	Infrastructure	0	6,556	6,556
<b>99,844</b>		<b>87,207</b>	<b>34,008</b>	<b>121,215</b>

Projected Pension Expense for the Year to 31 March 2022

	Year to 31-Mar-22 £'000
<b>Projection for Year to 31 March 2019</b>	
Service cost	6,676
Net Interest on the defined liability (asset)	1,876
Administration expenses	59
<b>Total</b>	<b>8,611</b>
Employer contributions	2,421

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

## 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	96,575			
Council's Pension Liability	95,085			
Variance is 21/22 & 22/23 contributions	1,490			

## 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 2021 is shown below:

2019/20			2020/21		
Fair Value through Profit & Loss	Investments (Amortised Cost)	Credit Rating	Fair Value through Profit & Loss	Investments (Amortised Cost)	Credit Rating
£'000	£'000		£'000	£'000	
0	22,959	AAA	0	18,120	
0	0	AA+	0	0	
0	0	AA	0	0	
0	0	AA-	0	9,650	
0	0	A+	0	5,000	
0	5,000	A	0	5,000	
0	0	A-	0	2,000	
10,536	3,000	N/A	10,589	0	
<b>10,536</b>	<b>30,959</b>	<b>Total</b>	<b>10,589</b>	<b>39,770</b>	

### 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	5	0.000%	0
Invesco	10,850	0.000%	0
CCLA	7,240	0.000%	0
Goldmans Sachs	25	0.000%	0
<u>Other Investments</u>			
Santander UK Plc - 180 day notice a/c	5,000	0.001%	6
Lloyds 95 day notice	5,000	0.012%	614
Close Brothers	2,000	0.034%	690
Handelsbanken	4,650	0.001%	3
Other Local Authority	5,000	0.010%	1
<b>Total</b>	<b>39,770</b>		<b>1,314</b>

Please note that we are currently using Historic Default Rates from 1990-2020 for Fitch, 1983-2020 for Moody's and 1981-2020 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 2021 £'000	Historical Experience of Default %	Adjustment for Market 31st March 2021 %	Estimated Maximum Exposure to Default 31st March 2021 £'000	Estimated Maximum Exposure to Default 31st March 2020 £'000
Trade Receivables	1,920	4.8	4.8	92	108
	<b>1,920</b>			<b>92</b>	<b>108</b>

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 £1.224m of the £1.920m balance is past its due date for payment. The past due amount can be analysed by age as follows:

2019/20 £'000	2020/21 £'000
<b>Debtor Analysis</b>	
290 Up to 30 days	82
25 31 to 60 days	10
20 61 to 90 days	11
1,659 Greater than 90 days	1,121
<b>1,994 Total</b>	<b>1,224</b>

Community Infrastructure Levy and section 106 receivables have payment terms of 90 days before recovery action is taken. £0.475m of the £1.121m 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:

2019/20			2020/21		
Liabilities	Assets	Net	Liabilities	Assets	Net
£'000	£'000	£'000	£'000	£'000	£'000
5,097	31,045	25,948	6,711	42,963	36,252
6,300	41	-6,259	6,500	13	-6,487
15,000	11,248	-3,752	13,500	10,589	-2,911
24,087	0	-24,087	24,861	0	-24,861
38,443	0	-38,443	40,140	0	-40,140
3,500	0	-3,500	3,500	0	-3,500
<b>92,427</b>	<b>42,334</b>	<b>-50,093</b>	<b>95,212</b>	<b>53,565</b>	<b>-41,647</b>

\* The Council has £3.5m (2019: £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	-606
<b>Impact on Surplus or Deficit on the Provision of Services</b>	<b>-606</b>
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)	14,078

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 2021 is £3.655m.

The Council also holds £7.5m in the CCLA property fund and diversified income fund that has a carrying value as at 31 March 2021 of £6.934m. 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	
	2020/21 £'000	2019/20 £'000	2020/21 £'000	2019/20 £'000
<b>Financial Assets</b>				
Investments				
Principal at amortised cost	0	0	17,000	8,000
Accrued Interest	0	0	67	76
Fair Value through Profit and Loss	10,589	10,536	0	0
<b>Total Financial Assets</b>	<b>10,589</b>	<b>10,536</b>	<b>17,067</b>	<b>8,076</b>
Cash and Cash Equivalents				
Cash (including bank accounts)	0	0	546	563
Cash equivalents at amortised cost	0	0	22,770	22,958
Accrued interest	0	0	6	22
<b>Total Cash and Cash Equivalents</b>	<b>0</b>	<b>0</b>	<b>23,322</b>	<b>23,543</b>
Loans and Receivables				
Trade Debtors	0	0	1,920	2,253
Other Debtors	6,949	48	1,695	2,707
Loans	13	753	3,193	86
<b>Total Loans and Receivables</b>	<b>6,962</b>	<b>801</b>	<b>6,808</b>	<b>5,046</b>
<b>Total</b>	<b>17,551</b>	<b>11,337</b>	<b>47,197</b>	<b>36,665</b>

	Long Term		Current	
	2020/21 £'000	2019/20 £'000	2020/21 £'000	2019/20 £'000
<b>Financial Liabilities</b>				
Principal sum borrowed at Amortised cost	85,001	83,830	10,211	8,597
Accrued Interest	0	0	739	753
Fair Value through Profit and Loss	0	0	0	0
<b>Total Financial Liabilities</b>	<b>85,001</b>	<b>83,830</b>	<b>10,950</b>	<b>9,350</b>
Trade Creditors	0	0	4,036	3,059
Other Creditors	0	0	4,270	406
Finance Lease Liability	5,374	224	136	0
Provisions	0	0	0	0
<b>Total Non-Financial Liabilities</b>	<b>5,374</b>	<b>224</b>	<b>8,442</b>	<b>3,465</b>
<b>Total</b>	<b>90,375</b>	<b>84,054</b>	<b>19,392</b>	<b>12,815</b>

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	
	2020/21 £'000	2019/20 £'000	2020/21 £'000	2019/20 £'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	-53	964
<b>Total Net (Gains) / Losses</b>	<b>0</b>	<b>0</b>	<b>-53</b>	<b>964</b>
Interest expense	3,958	4,087	0	0
<b>Interest Payable and Similar Charges</b>	<b>3,958</b>	<b>4,087</b>	<b>0</b>	<b>0</b>
Interest income	0	0	-932	-1,067
<b>Interest and Investment Income</b>	<b>0</b>	<b>0</b>	<b>-932</b>	<b>-1,067</b>
Fee Expense	0	0	21	13
<b>Total Fee Expense</b>	<b>0</b>	<b>0</b>	<b>21</b>	<b>13</b>

## 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	2020/21 £'000	2019/20 £'000
<i>Fair Value through Profit and Loss</i>				
Equity shareholdings in Arkwood Developments Ltd	Level 3	Net Assets valuation (see * below)	3,655	3,833
CCLA Property Fund	Level 1	Unadjusted quoted prices in active markets for identical shares	3,620	3,646
CCLA Diversified Income Fund (DIF)	Level 1	Unadjusted quoted prices in active markets for identical shares	3,314	3,057
<b>Total</b>			<b>10,589</b>	<b>10,536</b>

\*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 £3.655m 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 1.4.20 £'000	In Year Principal Movement £'000	Closing Principal 31.3.21 £'000	Opening Fair Value Adj 1.4.20 £'000	In year Movemen t £'000	Closing Fair Value Adj 31.3.21 £'000	Carrying Value 31.3.21 £'000
Equity in Arkwood Developments Ltd	4,000	0	4,000	-167	-178	-345	3,655
CCLA Property Fund	4,000	0	4,000	-354	-26	-380	3,620
CCLA Diversified Income	3,500	0	3,500	-443	257	-186	3,314
<b>Total</b>	<b>11,500</b>	<b>0</b>	<b>11,500</b>	<b>-964</b>	<b>53</b>	<b>-911</b>	<b>10,589</b>

## 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

	2020/21 £'000	2019/20 £'000
<b>Opening balance</b>	<b>3,833</b>	<b>0</b>
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	-178	-167
• Included in Other Comprehensive Income and Expenditure	0	0
Additions	0	4,000
Disposals	0	0
<b>Closing Balance</b>	<b>3,655</b>	<b>3,833</b>

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:	Fair Value Level	2020/21		2019/20	
		£'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	75,572	87,967	72,103	82,453
Non PWLB debt	2	20,379	30,166	21,077	29,927
<b>Total</b>		<b>95,951</b>	<b>118,133</b>	<b>93,180</b>	<b>112,380</b>
<i>Liabilities for which fair value is not disclosed:</i>					
Short-term creditors		8,306	8,306	3,465	3,465
Long term Creditors		0	0	0	0
Other Long Term Liabilities - Finance Lease		5,374	5,374	224	224
<b>Total</b>		<b>13,680</b>	<b>13,680</b>	<b>3,689</b>	<b>3,689</b>
<b>Total Liabilities</b>		<b>109,631</b>	<b>131,813</b>	<b>96,869</b>	<b>116,069</b>

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 2021) 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:	Fair Value Level	2020/21		2019/20	
		£'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
<b>Total</b>		<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<i>Assets for which fair value is not disclosed:</i>					
Short term Debtors		6,808	6,808	5,046	5,046
Long term Debtors		6,962	6,962	801	801
Short term investments		17,067	17,067	8,076	8,076
Cash and Cash Equivalents		23,322	23,322	23,543	23,543
<b>Total</b>		<b>54,159</b>	<b>54,159</b>	<b>37,466</b>	<b>37,466</b>
<b>Total Assets</b>		<b>54,159</b>	<b>54,159</b>	<b>37,466</b>	<b>37,466</b>

## 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.

2019/20 £'000	Note	2020/21 £'000
<b><u>Income</u></b>		
-21,879 Dwelling Rent		-22,189
-152 Garages		-135
-32 Shops		-31
<b>-22,063 Gross Rental Income</b>		<b>-22,355</b>
-1,028 Charges for Services and Facilities		-976
-1,342 Contributions towards Expenditure		-1,017
0 Other Income		0
<b>-24,433 Total Income</b>		<b>-24,348</b>
<b><u>Expenditure</u></b>		
7,881 Supervision and Management		7,390
2,076 Repairs and Maintenance		2,352
914 Rents, Rates, Taxes and Other Charges		689
39 Revenue Expenditure Funded by Capital		105
Depreciation of non current assets		
4,004 On dwellings		4,588
448 On other assets		271
0 Impairment of non current assets		0
Revaluation of non current assets		
18,534 On dwellings		3,286
92 On other assets		-31
82 Debt Management Expenses		12
<b>34,070 Total Expenditure</b>		<b>18,662</b>
4,253 HRA share of other amounts included in the whole authority net expenditure of continuing operations but not allocated to specific services		44
<b>13,890 Net Cost of HRA Services as included in the whole authority</b>		<b>-5,642</b>
<b>Comprehensive Income and Expenditure Statement</b>		
508 (Gain)/Loss on sale of HRA non current assets		428
4,324 Interest Payable and Similar Charges		4,264
-10 HRA Interest and Investment Income		0
375 Loss Allowance		52
-2,273 Capital grants and contributions		-355
<b>16,814 Surplus(-)/Deficit for the year on HRA Services</b>		<b>-1,253</b>

## MOVEMENT ON THE HOUSING REVENUE ACCOUNT STATEMENT

2019/20 £'000		2020/21 £'000
<b>-6,398</b>	<b>HRA Balance brought forward</b>	<b>-6,756</b>
16,814	Surplus(-)/Deficit on the HRA Income and Expenditure Statement	-1,253
<i><u>Adjustments between Accounting Basis and Funding Basis under Regulations:</u></i>		
<i><u>Adjustments to the Revenue Resources</u></i>		
-4,386	Pensions costs (transferred to (or from) the Pensions Reserve)	-1,029
-23,425	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):	-10,347
<i><u>Adjustments between Revenue and Capital Resources</u></i>		
2,113	Transfer of non-current asset sale proceeds from revenue to the Capital Receipts Reserve	2,091
-39	Administrative costs of non-current asset disposals (funded by a contribution from the Capital Receipts Reserve)	-35
8,565	Posting of HRA resources from revenue to the Major Repairs Reserve	9,868
<b>-17,172</b>		<b>548</b>
-358	Increase(-)/Decrease in year in the HRA	-705
<b>-6,756</b>	<b>HRA Balance carried forward, including HRA Earmarked Reserves</b>	<b>-7,461</b>

## H1 HOUSING STOCK

The Council was responsible for managing 5,506 dwellings during 2020/2021 (5,497 2019/2020). The stock was made up as follows:

Total 2019/20 No		Pre 1945 No	1945- 1964 No	1965- 1974 No	1975- 2013 No	Total 2020/21 No
<u>Traditional/Non Traditional Houses and Bungalows</u>						
482	1 - 2 Bedrooms	64	788	496	686	<b>2,034</b>
3,442	3+ Bedrooms	381	1,114	274	179	<b>1,948</b>
<u>Flats</u>						
1,544	Low Rise (1-2 storeys)	22	695	437	341	<b>1,495</b>
29	Medium Rise (3-5)	0	4	9	16	<b>29</b>
<b>5,497</b>	<b>Total</b>	<b>467</b>	<b>2,601</b>	<b>1,216</b>	<b>1,222</b>	<b>5,506</b>

## H2 HOUSING REVENUE ACCOUNT ASSETS

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

2019/20 £'000	2020/21 £'000
287,490 Dwellings	291,092
7,450 Other Land and Buildings	8,872
0 Investment Properties	0
4,545 Assets Under Construction	10,314
0 Surplus Assets	0
78 Community Assets	87
357 Infrastructure Assets	325
2,678 Vehicle, Plant and Equipment	2,050
<b>302,598 Total HRA Property, Plant and Equipment</b>	<b>312,740</b>
1,010 Assets Held for Sale	547
<b>303,608 Total HRA Assets on Balance Sheet</b>	<b>313,287</b>

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.

2019/20 £'000	2020/21 £'000
684,502 Dwellings	693,076
<b>684,502 Total</b>	<b>693,076</b>

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 2021. 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

2019/20 £'000	2020/21 £'000
<b>10,107 Balance Brought Forward 1st April</b>	<b>11,700</b>
Transfers to Reserve re Depreciation	
4,004 Dwellings	4,588
448 Non Dwellings	271
Transfers to the HRA:	
2,889 HRA Revenue Contribution	2,749
1,223 Additional transfer to Reserve	2,260
-2,024 Repayment of Debt	-4,026
-4,947 Amounts used to finance Capital Expenditure	-5,853
<b>11,700 Balance Carried Forward 31st March</b>	<b>11,689</b>



## H4 CAPITAL EXPENDITURE AND FINANCING

2019/20 £'000	2020/21 £'000
63 Structural Maintenance	64
452 Roofing Works	428
74 Asbestos and Fire Safety	0
1,667 Kitchens and Bathrooms	773
89 Garage Forecourts	117
414 External Works	292
593 Electrical Works	317
619 Disabled Facilities Provision	506
730 Heating Systems	383
11 Energy Efficiency Works	18
233 Environmental Works	295
8,770 Affordable Housing	12,018
2 Other works	0
<b>13,717 Total</b>	<b>15,211</b>
<u>Financing</u>	
1,853 Borrowing	6,411
4,947 Major Repairs Reserve	5,853
2,245 Government Grants	143
0 Contributions	437
0 Capital Provision	0
4,672 Capital Receipts	2,367
<b>13,717 Total</b>	<b>15,211</b>

## H5 CAPITAL RECEIPTS

2019/20 £'000	2020/21 £'000
0 Land and Other Property	93
1,864 Sold Council Houses through Right to Buy	1,997
-39 Less administration costs on sale of Council Houses	-35
<b>1,825 Total</b>	<b>2,055</b>
-350 Reallocation of Receipts	0
-443 Less amount paid to Government Pool	-443
<b>1,032 Total</b>	<b>1,612</b>

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:

2019/20 £'000	2020/21 £'000
4,004 Council Houses	4,588
448 Land and Buildings	271
<b>4,452 Total</b>	<b>4,859</b>

## 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 £0.105m for 2020/21 (£0.039m in 2019/20).

## H8 IMPAIRMENT CHARGES

During the financial year 2020/21 there were no impairment charges.

## H9 RENT ARREARS

The total amount of rent arrears as at 31st March 2021 was £677,356 (2019/20 £754,899). Included in the doubtful debt provision is the amount of £677,356 (2019/20 £754,899) relating to rent arrears.

## H10 CONTRIBUTIONS TOWARDS EXPENDITURE

The income of £1,017,297 (£1,342,207 in 2019/20) 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.

2019/20 £'000	Domestic Rates £'000	2020/21 Council Tax £'000	Total £'000	
<u>Income</u>				
-42,441	Income from Business Ratepayers	-24,878	0	-24,878
-79,882	Council Tax	0	-83,135	-83,135
0	Transitional Protection Payment	-153	0	-153
0	Government Grant - Hardship Fund	0	-715	-715
<b>-122,323</b>	<b>Total Income</b>	<b>-25,031</b>	<b>-83,850</b>	<b>-108,881</b>
<u>Expenditure</u>				
Council Tax Precepts and Demands:				
57,229	Nottinghamshire County Council	0	60,216	60,216
8,504	Nottinghamshire Police Authority	0	8,996	8,996
3,094	Nottinghamshire Fire Authority	0	3,192	3,192
6,730	Newark and Sherwood District Council	0	7,018	7,018
2,925	Parishes	0	3,109	3,109
Non Domestic Rates:				
20,640	Payable to Government	21,958	0	21,958
16,512	Newark and Sherwood District Council	17,567	0	17,567
3,715	Nottinghamshire County Council	3,953	0	3,953
413	Nottinghamshire Fire Authority	439	0	439
Share of NDR1 deficit(-)/Surplus:				
938	Payable to Government	1,144	0	1,144
750	Newark and Sherwood District Council	915	0	915
169	Nottinghamshire County Council	206	0	206
19	Nottinghamshire Fire Authority	23	0	23
-1,026	Transitional Payment Protection	0	0	0
163	Costs of Collection	162	0	162
0	Interest Payments on Refunds	0	0	0
731	Provision for Uncollectable Debts	388	1,066	1,454
-4,315	Provision for Appeals	222	0	222
738	Renewable Energy Retention	593	0	593
<b>117,929</b>	<b>Total Expenditure</b>	<b>47,570</b>	<b>83,597</b>	<b>131,167</b>
<b>-4,394</b>	<b>Net Surplus(-)/Deficit for year</b>	<b>22,539</b>	<b>-253</b>	<b>22,286</b>
-4,600	Fund Balance as at 1st April - Surplus(-)/Deficit	-5,121	-3,873	-8,994
<b>-8,994</b>	<b>Fund Balance as at 31st March - Surplus(-)/Deficit</b>	<b>17,418</b>	<b>-4,126</b>	<b>13,292</b>

## 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 £4.126m 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 £17.418m 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 2020/2021 was 51.2p (2019/2020 50.4p). In 2020/2021 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 2021 was £107,960,171 (31st March 2020: £108,055,356).

## 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 2020/2021 is as follows:

Band	Adjusted for			Band D Equivalents	2020/2021	2019/2020
	Total Dwellings	Discounts, Disabled Relief and Exemptions	Ratio		Adjusted for Non Collection	Adjusted for Non Collection
A	23,421	16,849.58	6/9	11,233.05	11,120.75	10,999.94
B	8,254	6,719.16	7/9	5,226.01	5,173.75	5,097.71
C	8,881	7,827.88	8/9	6,958.11	6,888.53	6,773.78
D	6,005	5,501.84	9/9	5,501.84	5,446.82	5,348.67
E	4,148	3,843.17	11/9	4,697.21	4,650.24	4,583.80
F	2,642	2,501.35	13/9	3,613.06	3,576.93	3,553.80
G	1,433	1,355.35	15/9	2,258.92	2,236.33	2,206.51
H	130	104.25	18/9	208.50	206.41	207.40
<b>Total</b>	<b>54,914</b>	<b>44,702.58</b>		<b>39,696.70</b>	<b>39,299.76</b>	<b>38,771.61</b>

## 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 2020/21 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 £0.121m 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 2020/2021, 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 2020/21 are Wright Vigar Ltd, 15 Newland, Lincoln, Lincolnshire, LN1 1XG. Consolidation adjustments have been made to align these accounts with the Code of Practice on Local Authority Accounting in the United Kingdom 2020/2021. 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 2020/2021, which have been consolidated here, have been audited by Arkwood’s auditors and have been given an unqualified audit opinion. Arkwood’s auditors for 2020/21 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 Beumond Cross, Lombard Street, Newark.

RHH Newark Ltd produce a set of company accounts with a year end of 31 March. The accounts for 2020/2021, which only the Council’s 50% share have been consolidated here, have been audited by Arkwood’s 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. 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, 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.

## RESTATEMENT OF 2019/20

Last financial year RHH Newark Lts wasn't included in the Council's group accounts on the grounds of materiality, however as they have now exceeded that value and require to be included within the group accounts, last financial years' group account figures need to be restated to include their 2019/20 accounts.

	2019/20		Net Expend- iture £'000
	Gross Expend- iture £'000	Gross Income £'000	
<b>RHH Newark Comprehensive Income and Expenditure</b>			
RHH Newark Company Total	2	0	2
<b>NSDC Share of Company Totals</b>			
Economic Development - RHH	1	0	1
<b>Net Cost of Service Impact</b>	<b>1</b>	<b>0</b>	<b>1</b>

	Company Total	NSDC Share
	31 March 2020 £'000	31 March 2020 £'000
<b>RHH Newark Balance Sheet</b>		
Stock	1,752	876
Debtors	122	61
Cash and Cash Equivalents	1	0
Short Term Creditors	-1,876	-938
<b>TOTAL NET ASSETS</b>	<b>-1</b>	<b>-1</b>
Usable Reserves	-1	-1
<b>TOTAL RESERVES</b>	<b>-1</b>	<b>-1</b>

## GROUP COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT

RESTATED 2019/20			2020/21			
Gross Expend- iture £'000	Gross Income £'000	Net Expend- iture £'000		Gross Expend- iture £'000	Gross Income £'000	Net Expend- iture £'000
7,584	-5,333	2,251	Economic Development	14,426	-9,026	5,400
1	0	1	Economic Development - RHH	3,326	-3,506	-180
4,543	-1,644	2,899	Homes and Communities	3,744	-1,511	2,233
6,450	-1,710	4,740	Leisure and Environment	7,760	-1,961	5,799
2,772	-2,830	-58	Leisure and Environment - Active4today	2,340	-1,195	1,145
28,547	-23,271	5,276	Policy and Finance	29,780	-22,755	7,025
19,789	-24,433	-4,644	Housing Revenue Account	15,420	-24,348	-8,928
144	0	144	Housing - Arkwood	245	19	264
18,534	0	18,534	- Revaluation Movement on Council Dwellings	3,286	0	3,286
<b>88,364</b>	<b>-59,221</b>	<b>29,143</b>	<b>Cost of Services</b>	<b>80,327</b>	<b>-64,283</b>	<b>16,044</b>
14,874	-2,309	12,565	Other Operating Income and Expenditure Note G1	13,735	-6,990	6,745
6,490	-1,067	5,423	Financing and Investment Income and Expenditure Note G1	5,419	-901	4,518
0	-17	-17	Financing and Investment Income and Expenditure Note G1 - Arkwood	0	-4	-4
72	0	72	Financing and Investment Income and Expenditure Note G1 - A4T	70	0	70
0	0	0	Financing and Investment Income and Expenditure Note G1 - RHH	39	0	39
14,424	-46,248	-31,824	Taxation and Non Specific Grant Income Note G1	13,872	-39,055	-25,183
<b>124,224</b>	<b>-108,862</b>	<b>15,362</b>	<b>Surplus (-) or Deficit on Provision of Services</b>	<b>113,462</b>	<b>-111,233</b>	<b>2,229</b>
1	0	1	Corporation Tax - A4T	0	0	0
0	0	0	Corporation Tax - Arkwood	-81	0	-81
0	0	0	Corporation Tax - RHH	21	0	21
<b>124,225</b>	<b>-108,862</b>	<b>15,363</b>	<b>Group Surplus(-)/Deficit</b>	<b>113,402</b>	<b>-111,233</b>	<b>2,169</b>
		-28,455	Surplus(-) or Deficit on Revaluation of Non Current Assets			-11,309
		-10,205	Remeasurements of the Net Defined Benefit Liability (Asset)			20,415
		-189	Benefit Liability (Asset) - Active4today			2,416
		<b>-38,849</b>	<b>Other Comprehensive Income and Expenditure</b>			<b>11,522</b>
		<b>-23,486</b>	<b>Total Comprehensive Income and Expenditure</b>			<b>13,691</b>

## GROUP MOVEMENT IN RESERVES

### 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	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
<b>Balance at 31 March 2020</b>	<b>1,500</b>	<b>397</b>	<b>-167</b>	<b>-1</b>	<b>24,035</b>	<b>2,000</b>	<b>4,756</b>	<b>11,699</b>	<b>8,414</b>	<b>5,454</b>	<b>58,087</b>	<b>-3,152</b>	<b>177,252</b>	<b>232,187</b>
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
<b>Net Increase/Decrease(-) before Transfers to Earmarked Reserves</b>	<b>11,804</b>	<b>-197</b>	<b>-178</b>	<b>91</b>	<b>0</b>	<b>705</b>	<b>0</b>	<b>-11</b>	<b>323</b>	<b>-1,413</b>	<b>11,124</b>	<b>-2,528</b>	<b>-22,287</b>	<b>-13,691</b>
Transfers to/from(-) Earmarked Reserves	-11,804	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
<b>Increase/Decrease(-) in 2020/21</b>	<b>0</b>	<b>-197</b>	<b>-178</b>	<b>91</b>	<b>11,804</b>	<b>0</b>	<b>705</b>	<b>-11</b>	<b>323</b>	<b>-1,413</b>	<b>11,124</b>	<b>-2,528</b>	<b>-22,287</b>	<b>-13,691</b>
<b>Balance at 31 March 2021</b>	<b>1,500</b>	<b>200</b>	<b>-345</b>	<b>90</b>	<b>35,839</b>	<b>2,000</b>	<b>5,461</b>	<b>11,688</b>	<b>8,737</b>	<b>4,041</b>	<b>69,211</b>	<b>-5,680</b>	<b>154,965</b>	<b>218,496</b>



## Movement in reserves during 2019/20

RESTATED	A4T Arkwood RHH Council											A4T Council		Total Reserves £'000
	General Fund Balance £'000	Earmarked Reserves £'000	Earmarked Reserves £'000	Earmarked Reserves £'000	Earmarked Fund Reserves £'000	Housing Revenue Account £'000	Housing Revenue Account Earmarked Reserves £'000	Major Repairs Reserve £'000	Capital Grants Unapplied £'000	Capital Receipts Reserve £'000	Total Usable Reserves £'000	Unusable Reserves £'000	Unusable Reserves £'000	
<b>Balance at 31 March 2019</b>	<b>1,500</b>	<b>400</b>	<b>-33</b>	<b>0</b>	<b>25,124</b>	<b>2,000</b>	<b>4,398</b>	<b>10,107</b>	<b>6,991</b>	<b>9,673</b>	<b>60,160</b>	<b>-3,049</b>	<b>151,590</b>	<b>208,701</b>
Total Comprehensive Income and Expenditure	1,926	0	0	0	0	-16,814	0	0	0	0	-14,888	189	38,659	23,960
Adjustment between Group Accounts and Authority accounts	0	-295	-134	-1	0	0	0	0	-44	0	-474	0	0	-474
Adjustment between accounting basis & funding basis under regulations	-3,015	292	0	0	0	17,172	0	1,592	1,467	-4,219	13,289	-292	-12,997	0
<b>Net Increase/Decrease(-) before Transfers to Earmarked</b>	<b>-1,089</b>	<b>-3</b>	<b>-134</b>	<b>-1</b>	<b>0</b>	<b>358</b>	<b>0</b>	<b>1,592</b>	<b>1,423</b>	<b>-4,219</b>	<b>-2,073</b>	<b>-103</b>	<b>25,662</b>	<b>23,486</b>
Transfers to/from(-) Earmarked Reserves	1,089	0	0	0	-1,089	-358	358	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
<b>Increase/Decrease(-) in 2019/20</b>	<b>0</b>	<b>-3</b>	<b>-134</b>	<b>-1</b>	<b>-1,089</b>	<b>0</b>	<b>358</b>	<b>1,592</b>	<b>1,423</b>	<b>-4,219</b>	<b>-2,073</b>	<b>-103</b>	<b>25,662</b>	<b>23,486</b>
<b>Balance at 31 March 2020</b>	<b>1,500</b>	<b>397</b>	<b>-167</b>	<b>-1</b>	<b>24,035</b>	<b>2,000</b>	<b>4,756</b>	<b>11,699</b>	<b>8,414</b>	<b>5,454</b>	<b>58,087</b>	<b>-3,152</b>	<b>177,252</b>	<b>232,187</b>

## GROUP BALANCE SHEET

RESTATED 31 March 2020 £'000	2020/21					
	NSDC £'000	Active4 today £'000	Arkwood £'000	RHH £'000	Inter Comp Adj £'000	31 March 2021 £'000
371,924 Property, Plant & Equipment	386,436	0	0	0	0	386,436
2,020 Heritage Assets	2,020	0	0	0	0	2,020
0 Investment Properties	0	0	0	0	0	0
268 Intangible Assets	312	0	0	0	0	312
6,703 Long Term Investments	10,589	0	0	0	-3,655	6,934
276 Long Term Debtors	2,400	0	0	0	-2,352	48
0 Long Term Finance Lease Debtor	4,562	0	0	0	0	4,562
<b>381,191 TOTAL LONG TERM ASSETS</b>	<b>406,319</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>-6,007</b>	<b>400,312</b>
8,076 Short Term Investments	17,067	0	0	0	0	17,067
1,261 Inventories	294	1	5,260	0	-2,352	3,203
15,669 Short Term Debtors	19,299	486	90	3,629	-4,005	19,499
1,170 Assets Held For Sale	1,233	0	0	0	0	1,233
27,401 Cash and Cash Equivalents	23,261	18	1,551	14	0	24,844
<b>53,577 TOTAL CURRENT ASSETS</b>	<b>61,154</b>	<b>505</b>	<b>6,901</b>	<b>3,643</b>	<b>-6,357</b>	<b>65,846</b>
-8,826 Short Term Borrowings	-10,950	0	0	0	359	-10,591
-19,106 Short Term Creditors	-25,272	-305	-894	-3,553	3,601	-26,423
-391 Provisions Short Term	-229	0	0	0	0	-229
-898 Grants Receipts in Advance	-2,281	0	0	0	0	-2,281
<b>-29,221 TOTAL CURRENT LIABILITIES</b>	<b>-38,732</b>	<b>-305</b>	<b>-894</b>	<b>-3,553</b>	<b>3,960</b>	<b>-39,524</b>
-7,210 Long Term Creditors	-8,567	0	-2,352	0	2,352	-8,567
-1,288 Provisions Long Term	-1,538	0	0	0	0	-1,538
-224 Long Term Finance Lease	-5,374	0	0	0	0	-5,374
-83,830 Long Term Borrowing	-85,001	0	0	0	0	-85,001
-74,641 Pensions Liability	-95,246	-5,680	0	0	0	-100,926
-6,167 Grants Receipts in Advance	-6,732	0	0	0	0	-6,732
<b>-173,360 TOTAL LONG TERM LIABILITIES</b>	<b>-202,458</b>	<b>-5,680</b>	<b>-2,352</b>	<b>0</b>	<b>2,352</b>	<b>-208,138</b>
<b>232,187 TOTAL NET ASSETS</b>	<b>226,283</b>	<b>-5,480</b>	<b>3,655</b>	<b>90</b>	<b>-6,052</b>	<b>218,496</b>
58,087 Usable Reserves	69,311	200	3,655	90	-4,045	69,211
174,100 Unusable Reserves	156,972	-5,680	0	0	-2,007	149,285
<b>232,187 TOTAL RESERVES</b>	<b>226,283</b>	<b>-5,480</b>	<b>3,655</b>	<b>90</b>	<b>-6,052</b>	<b>218,496</b>

<b>GROUP CASH FLOW STATEMENT</b>
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RESTATED 2019/20 £'000	NSDC	Active4 today	Arkwood	RHH	Inter 31 Comp Adj	March 2021
	£'000	£'000	£'000	£'000	£'000	£'000
<b>-15,363</b> Net Surplus/Deficit(-) on the Provision of Services	<b>403</b>	<b>-309</b>	<b>-178</b>	<b>89</b>	<b>-2,174</b>	<b>-2,169</b>
35,733 Adjustment to Surplus or Deficit on the Provision of Services for Non-Cash Movements	33,698	264	-4,441	-77	-165	29,279
-6,950 Adjust for Item Included in the Net Surplus or Deficit on the Provision of Services that are Investing and Financing Activities	-12,448	0	0	0	2,174	-10,274
<b>13,420</b> Net Cash Flows from Operating Activities	<b>21,653</b>	<b>-45</b>	<b>-4,619</b>	<b>12</b>	<b>-165</b>	<b>16,836</b>
-21,079 Investing Activities	-22,205	0	2,352		0	-19,853
2,251 Financing Activities	295	0	0		165	460
<b>-5,408</b> Net Increase or Decrease(-) in Cash and Cash Equivalents	<b>-257</b>	<b>-45</b>	<b>-2,267</b>	<b>12</b>	<b>0</b>	<b>-2,557</b>
32,809 Cash and Cash Equivalents at the Beginning of the Reporting Period	23,519	63	3,818	1	0	27,401
<b>27,401</b> Cash and Cash Equivalents at the End of the Reporting Period	<b>23,262</b>	<b>18</b>	<b>1,551</b>	<b>13</b>	<b>0</b>	<b>24,844</b>

## 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 today £'000	Arkwood £'000	RHH £'000	Inter Comp Adj £'000	2020/21 Group £'000
Economic Development	5,398	0	0	0	2	5,400
Economic Development - RHH	0	0	0	-186	6	-180
Homes and Communities	2,138	0	0	0	95	2,233
Leisure and Environment	6,803	0	0	0	-1,004	5,799
Leisure and Environment - Active4today	0	239	0	0	906	1,145
Policy and Finance	7,026	0	0	0	-1	7,025
Housing Revenue Account	-8,928	0	0	0	0	-8,928
Housing - Arkwood	0	0	263	0	1	264
- Revaluation Movement on Council Dwellings	3,286	0	0	0	0	3,286
<b>Cost of Services</b>	<b>15,723</b>	<b>239</b>	<b>263</b>	<b>-186</b>	<b>5</b>	<b>16,044</b>
Other Operating Income and Expenditure	6,745	0	0	0	0	6,745
Financing and Investment Income and Expenditure	4,488	0	0	0	30	4,518
Financing and Investment Income and Expenditure - Arkwood	0	0	-4	0	0	-4
Interest payable and similar charges - A4T	0	70	0	0	0	70
Interest payable and similar charges - RHH	0	0	0	74	-35	39
Taxation and Non Specific Grant Income	-25,183	0	0	0	0	-25,183
Corporation Tax - A4T	0	0	0	0	0	0
Corporation Tax - Arkwood	0	0	-81	0	0	-81
Corporation Tax - RHH	0	0	0	21	0	21
<b>Group Surplus(-)/Deficit</b>	<b>1,773</b>	<b>309</b>	<b>178</b>	<b>-91</b>	<b>0</b>	<b>2,169</b>

## G2 GROUP EXPENDITURE AND FUNDING ANALYSIS

RESTATED 2019/20			2020/21			
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
1,112	1,139	2,251	Economic Development	2,234	3,166	5,400
1	0	1	Economic Development - RHH	-180	0	-180
2,489	410	2,899	Homes and Communities	1,791	442	2,233
3,416	1,324	4,740	Leisure and Environment	3,440	2,359	5,799
-278	220	-58	Leisure - Active4today	1,103	42	1,145
4,823	453	5,276	Policy and Finance	5,601	1,424	7,025
-13,325	27,215	13,890	Housing Revenue Account	-14,533	8,891	-5,642
144	0	144	Housing - Arkwood	264	0	264
<b>-1,618</b>	<b>30,761</b>	<b>29,143</b>	<b>Net Cost of Services</b>	<b>-280</b>	<b>16,324</b>	<b>16,044</b>
2,503	-16,339	-13,836	Other Income and Expenditure (OIES)	-11,919	-2,001	-13,920
-17	0	-17	OIES - Arkwood	-4	0	-4
0	72	72	OIES - A4T	0	70	70
0	0	0	OIES - RHH	39	0	39
1	0	1	Corporation Tax - A4T	0	0	0
0	0	0	Corporation Tax - Arkwood	-81	0	-81
0	0	0	Corporation Tax - RHH	21	0	21
<b>869</b>	<b>14,494</b>	<b>15,363</b>	<b>Surplus(-)/Deficit</b>	<b>-12,224</b>	<b>14,393</b>	<b>2,169</b>

General Fund & Earmarked Reserve £'000	HRA & Earmarked Reserve £'000	Total £'000		General Fund & Earmarked Reserve £'000	HRA & Earmarked Reserve £'000	Total £'000
<b>-26,991</b>	<b>-6,398</b>	<b>-33,389</b>	<b>Opening Balance</b>	<b>-25,764</b>	<b>-6,756</b>	<b>-32,520</b>
1,227	-358	869	Surplus(-) or Deficit on Balances in Year	-11,520	-705	-12,225
<b>-25,764</b>	<b>-6,756</b>	<b>-32,520</b>	<b>Closing Balance at 31 March</b>	<b>-37,284</b>	<b>-7,461</b>	<b>-44,745</b>
Closing Balances Split by Reserve:						
-1,500	-2,000	-3,500	Working Reserve	-1,500	-2,000	-3,500
-24,264	-4,756	-29,020	Earmarked Reserve	-35,784	-5,461	-41,245
<b>-25,764</b>	<b>-6,756</b>	<b>-32,520</b>	<b>Closing Balance at 31 March</b>	<b>-37,284</b>	<b>-7,461</b>	<b>-44,745</b>

## G3 NOTE TO THE EXPENDITURE AND FUNDING ANALYSIS

## 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	<b>3,166</b>
Homes and Communities	167	275	0	<b>442</b>
Leisure and Environment	1,744	615	0	<b>2,359</b>
Leisure - Active4today	0	42	0	<b>42</b>
Policy and Finance	391	1,033	0	<b>1,424</b>
Housing Revenue Account	8,219	672	0	<b>8,891</b>
Housing - Arkwood	0	0	0	<b>0</b>
<b>Net Cost of Services</b>	<b>13,124</b>	<b>3,200</b>	<b>0</b>	<b>16,324</b>
Other income and expenditure from the Expenditure and Funding Analysis	-12,508	1,675	8,832	<b>-2,001</b>
Other Income and Expenditure	0	70	0	<b>70</b>
<b>Difference between General Fund surplus or deficit and Comprehensive Income and Expenditure Statement Surplus or Deficit on the Provision of Services</b>	<b>616</b>	<b>4,945</b>	<b>8,832</b>	<b>14,393</b>

## Adjustments between Funding and Accounting Basis 2019/20

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
<b>RESTATED</b>				
Economic Development	978	114	47	<b>1,139</b>
Homes and Communities	344	83	-17	<b>410</b>
Leisure and Environment	1,225	136	-37	<b>1,324</b>
Leisure - Active4today	0	220	0	<b>220</b>
Policy and Finance	207	290	-44	<b>453</b>
Housing Revenue Account	23,116	4,099	0	<b>27,215</b>
Housing - Arkwood	0	0	0	<b>0</b>
<b>Net Cost of Services</b>	<b>25,870</b>	<b>4,942</b>	<b>-51</b>	<b>30,761</b>
Other income and expenditure from the Expenditure and Funding Analysis	-16,946	1,606	-999	<b>-16,339</b>
Other Income and Expenditure	0	72	0	<b>72</b>
<b>Difference between General Fund surplus or deficit and Comprehensive Income and Expenditure Statement Surplus or Deficit on the Provision of Services</b>	<b>8,924</b>	<b>6,620</b>	<b>-1,050</b>	<b>14,494</b>

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



Expenditure/Income 2019/20	Economic Development	Homes and Communities	Leisure and Environment	Policy and Finance	Housing Revenue Account	Corporate Amounts	Total
RESTATED	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Fees, Charges and Other Service Income	-5,277	-973	-4,823	-2,601	-24,433	0	-38,107
Income on Joint Associates	0	0	0	0	0	-127	-127
Interest and Investment Income	0	0	0	0	0	-1,084	-1,084
Income from Council Tax	0	0	0	0	0	-9,765	-9,765
Income from Non Domestic Rates	0	0	0	0	0	-22,814	-22,814
Housing Benefit Subsidy Rent Allowance	0	0	0	-11,089	0	0	-11,089
Housing Benefit Subsidy Rent Rebates	0	0	0	-9,510	0	0	-9,510
Government Grants and Contributions	-57	-824	0	-489	0	-13,669	-15,039
Disposal of Assets	0	0	0	0	0	-2,182	-2,182
Adjustment for Group Transactions	1	153	283	418	0	0	855
<b>Total Income</b>	<b>-5,333</b>	<b>-1,644</b>	<b>-4,540</b>	<b>-23,271</b>	<b>-24,433</b>	<b>-49,641</b>	<b>-108,862</b>
Employee Expenses	3,299	2,417	3,688	4,811	9,275	0	23,490
Other Service Expenses	3,334	1,783	5,451	2,837	6,040	8,065	27,510
Housing Benefit Rent Allowance	0	0	0	11,145	0	0	11,145
Housing Benefit Rent Rebates	0	0	0	9,560	0	0	9,560
Expenditure on Joint Associates	0	0	0	0	0	144	144
Developers Contribution Payment	0	0	0	0	0	461	461
Depreciation, Amortisation and Impairment	952	344	910	206	23,077	0	25,489
Changes in Fair Value	0	0	0	0	0	797	797
Interest Payments	0	0	0	0	82	5,771	5,853
Non Domestic Rates Tariff & Deficit	0	0	0	0	0	13,963	13,963
Precepts and Levies	0	0	0	0	0	3,471	3,471
Payments to Housing Capital Receipts Pool	0	0	0	0	0	443	443
Disposal of Assets	0	0	0	0	0	2,753	2,753
Corporation Tax	0	0	0	0	0	1	1
Adjustment for Group Transactions	0	-1	-827	-12	-7	-8	-855
<b>Total Operating Expenses</b>	<b>7,585</b>	<b>4,543</b>	<b>9,222</b>	<b>28,547</b>	<b>38,467</b>	<b>35,861</b>	<b>124,225</b>
<b>Surplus(-)/Deficit on Provision of Services</b>	<b>2,252</b>	<b>2,899</b>	<b>4,682</b>	<b>5,276</b>	<b>14,034</b>	<b>-13,780</b>	<b>15,363</b>

## G5 INVENTORIES

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

RESTATED					
2019/20 £'000	NSDC £'000	Active4 today £'000	Arkwood £'000	RHH £'000	Group Total £'000
38 Heritage and Visitor Centres	34	0	0	0	34
7 Administrative Stores	8	0	0	0	8
47 Transport Stores	51	0	0	0	51
65 Stock (Van and Leisure Centre)	64	1	0	0	65
149 Raw Materials and Consumables	137	0	0	0	137
955 Works in Progress - Project 1	0	0	2,908	0	2,908
<b>1,261 Total</b>	<b>294</b>	<b>1</b>	<b>2,908</b>	<b>0</b>	<b>3,203</b>

## G6 SHORT TERM DEBTORS

The amounts due to the Group were:-

RESTATED					
2019/20 £'000	NSDC £'000	Active4 today £'000	Arkwood £'000	RHH £'000	Group Total £'000
Amounts falling due within one year:-					
2,314 Trade Receivables	1,920	0	0	3,629	<b>5,549</b>
220 Prepayments	361	8	0	0	<b>369</b>
-857 Inter Company Transactions	-434	-359	0	-3,212	<b>-4,005</b>
16,426 Other Receivable Amounts	19,815	478	90	0	<b>20,383</b>
<b>18,103 Total</b>	<b>21,662</b>	<b>127</b>	<b>90</b>	<b>417</b>	<b>22,296</b>
-2,434 Less Loss Allowance	-2,797	0	0	0	<b>-2,797</b>
<b>15,669 Total Short Term Debtors</b>	<b>18,865</b>	<b>127</b>	<b>90</b>	<b>417</b>	<b>19,499</b>

## G7 SHORT TERM CREDITORS

The amounts owed by the Group were:-

RESTATED					
2019/20 £'000	NSDC £'000	Active4 today £'000	Arkwood £'000	RHH £'000	Group Total £'000
Amounts falling due within one year:-					
5,962 Trade Payables	4,998	0	0	0	<b>4,998</b>
14,002 Other Payables	20,274	305	894	3,553	<b>25,026</b>
-858 Inter Company Transactions	0	-118	-316	-3,167	<b>-3,601</b>
<b>19,106 Total Short Term Creditors</b>	<b>25,272</b>	<b>187</b>	<b>578</b>	<b>386</b>	<b>26,423</b>

## G8 CASH AND CASH EQUIVALENTS

2019/20 £'000	Active4				2020/21 £'000
	NSDC £'000	today £'000	Arkwood £'000	RHH £'000	
4 Cash held by the Council	4	0	0	0	4
-26 Cash in transit	-63	0	0	0	-63
4,442 Bank current accounts	544	18	1,551	14	2,127
22,981 Short-term deposits with Money Market Funds	22,776	0	0	0	22,776
0 Inter Company Adjustments	0	0	0	0	0
<b>27,401 Current Assets</b>	<b>23,261</b>	<b>18</b>	<b>1,551</b>	<b>14</b>	<b>24,844</b>
0 Cash in transit	0	0	0	0	0
0 Bank current accounts (overdraft)	0	0	0	0	0
<b>0 Current Liabilities</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>27,401 Total Cash and Cash Equivalents</b>	<b>23,261</b>	<b>18</b>	<b>1,551</b>	<b>14</b>	<b>24,844</b>

## G9 PENSIONS

A pension deficit of £3.183m for Active4Today Ltd has been consolidated into the group accounts. Arkwood only operates a contribution pension plan so don't accumulate a pension liability.

2019/20 £'000	Active4				2020/21 £'000
	NSDC £'000	today £'000	Arkwood £'000	RHH £'000	
<b>78,417 Deficit at 1 April</b>	<b>71,489</b>	<b>3,152</b>	<b>0</b>	<b>0</b>	<b>74,641</b>
<i>Cost of Service</i>					
4,358 Current Service Cost	6,330	382	0	0	6,712
<i>Financing and Investment Income and Expenditure</i>					
1,641 Net Interest Expense	1,629	70	0	0	1,699
35 Admin Expense	48	1	0	0	49
169 Past Service Cost	204	0	0	0	204
-10,394 Remeasurement of net defined benefit liability	20,415	2,416	0	0	22,831
3,963 Gain/(loss) from settlements	0	0	0	0	0
-3,548 Employer Contributions	-4,869	-341	0	0	-5,210
<b>74,641 Deficit at 31 March</b>	<b>95,246</b>	<b>5,680</b>	<b>0</b>	<b>0</b>	<b>100,926</b>

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

RESTATED 2019/20 £'000		NSDC £'000	Active4 today £'000	Arkwood £'000	RHH £'000	2020/21 £'000
<b>-15,363</b>	<b>Net Surplus or Deficit(-) on the Provision of Services</b>	<b>-1,772</b>	<b>-309</b>	<b>-178</b>	<b>90</b>	<b>-2,169</b>
	<b>Adjust net surplus or deficit on the provision of services for non-cash movements</b>					
6,339	Depreciation of Property, Plant and Equipment	6,739	0	0	0	6,739
19,072	Impairment and downward valuations	5,528	0	0	0	5,528
88	Amortisation of Intangible Assets	67	0	0	0	67
7,842	Increase/Decrease(-) in Creditors	1,955	-4	768	4,491	7,210
10	Increase(-)/Decrease in interest Debtors	10	0	0	0	10
-9,188	Increase(-)/Decrease in Debtors	7,543	-9	-73	-3,690	3,771
-997	Increase(-)/Decrease in Inventories	9	0	-5,136	-878	-6,005
6,620	Pension Liability	2,599	112	0	0	2,711
2,709	Carrying amount of non-current assets, sold or derecognised	9,212	0	0	0	9,212
3,238	Other non-cash items charged to the net surplus or deficit on the provision of services	36	0	0	0	36
<b>35,733</b>	<b>Adjust for items included in the net surplus or deficit on the provision of services that are investing or financing activities</b>	<b>33,698</b>	<b>99</b>	<b>-4,441</b>	<b>-77</b>	<b>29,279</b>
-166	Proceeds from short-term (not considered to be cash equivalents) and long-term investments (includes investments in joint ventures and subsidiaries)	-178	0	0	0	-178
-4,646	Capital Grants credited to surplus or deficit on the Provision of Services	-3,270	0	0	0	-3,270
-2,138	Proceeds from the sale of non-current assets	-6,826	0	0	0	-6,826
<b>-6,950</b>		<b>-10,274</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>-10,274</b>
<b>13,420</b>	<b>Net Cash Flows from Operating Activities</b>	<b>21,652</b>	<b>-210</b>	<b>-4,619</b>	<b>13</b>	<b>16,836</b>

RESTATED 2019/20 £'000		Active4				2020/21 £'000
		NSDC £'000	today £'000	Arkwood £'000	RHH £'000	
-17,928	Purchase of Property, Plant and Equipment and Intangible Assets	-17,927	0	0	0	-17,927
-46,001	Purchase of short-term and long-term Investments	-54,785	0	0	0	-54,785
-711	Other payments for investing activities	-2,462	0	0	0	-2,462
2,138	Proceeds from the sale of Property, Plant and Equipment and Intangible Assets	2,164	0	0	0	2,164
36,400	Proceeds from short-term and long-term Investments	45,785	0	2,352	0	48,137
5,023	Other receipts from investing activities	5,020	0	0	0	5,020
<b>-21,079</b>	<b>Net cash flows from investing activities</b>	<b>-22,205</b>	<b>0</b>	<b>2,352</b>	<b>0</b>	<b>-19,853</b>

## 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

- 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**

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

## **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
- 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

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, Arkwood Developments Ltd and RHH 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 2021. Since May 2013 the Council has operated governance arrangements through the use of a Committee system.

### **3 The governance framework**

The key elements of the District Council's governance framework are as follows:

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

The Annual Governance Statement explains how the Council has complied with the code 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 (*England*).

The Council adopted a new Community Plan for the 2019/20 financial year which was approved at Council on 7<sup>th</sup> March 2019 and refreshed and updated by the Authority at its meeting on 13<sup>th</sup> 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 2020/21 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. Throughout this year the Council has utilised "*The Local Authorities and Police and Crime Panels (Coronavirus) (Flexibility of Local Authority and Police and Crime Panel Meetings) (England and Wales) Regulations 2020*" in order to conduct its meetings. This has meant that all Members and Officers, that are presenting reports, have met virtually over Microsoft Teams in order for decision making to continue whilst in a Covid safe manner. As those regulations were not in place during March and early April 2020, the Planning Committee on 31<sup>st</sup> March 2020 and the Policy and Finance Committee 2<sup>nd</sup> April 2020, which met informally virtually recommended decisions to the Chief Executive in order for him to make the required decisions, in accordance with the provisions within the Constitution.

As set out in more detail in paragraph 4 of this document, the Council is currently in the process of a full scale Governance Review that was prompted by a Peer Review, facilitated for the Authority by the Local Government Association in 2019. The Council has resolved to move to a Leader and Cabinet system, shaped and designed to meet the Council's needs and reflect local circumstances – with the new system of working to be implemented with effect from May 2022.

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 2020/21. This was presented to the Audit and Accounts Committee at its meeting in April 2021.

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 principals 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 2019.

The statutory role of Monitoring Officer was undertaken by the Director of Governance and Organisational Development during the 2020/21 financial year. Following that Officer's retirement during July 2021, the role of Monitoring Officer will be undertaken by the Assistant Director Legal and Democratic Services. 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, 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 s151 Officer also acts on behalf of the Council as the Accountable Body to the 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.

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.

The District Council communicates with its community and stakeholders by various means. Due to the nature of the pandemic, the priority for communication during 2020–2021 became providing electronic material, over printed, and included emails, using the website, texting and using our social media platforms more than ever before. In addition where restrictions permitted and there was an urgent need, hard copy leaflets and letters were sent directly to targeted stakeholder groups. This year, we worked more closely with local media, especially local radio and local newspaper. Often these replicated our messages in printed newspapers or on the radio for us free of charge. However when we needed guaranteed coverage we used some paid for adverts or message announcements.

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 2021, 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 2020/21 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 Accounts 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 there is now a Full Council resolution to move to a Leader and Cabinet system, shaped and designed to meet the Council's needs and reflect local circumstances – with the new system of working to be implemented with effect from May 2022.

*The Monitoring Officer* -. Recent changes have been made to the Constitution, specifically the procedures for council/committee meetings and decision making arising from Government Regulations specifically introduced to enable remotely held meetings due to the social distancing rules because of Covid-19. In addition, the Council has commissioned Assurance Lincolnshire, the Council's internal auditors, to undertake an ethics and culture health check. Assurance Lincolnshire have developed a model to review the ethical culture within a local authority to test out how well its rules, procedures and behaviours, around

good ethical governance are embedded within the organisation. The model has been developed to get 'under the surface' and examine the principles and standards that underpin the way in which officers and members interact with others to support excellent service delivery. The review has been delayed due to the Pandemic and is being overseen by the Monitoring Officer and the Audit and Accounts 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 2019, 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. Assurance Lincolnshire conforms to the UK Public Sector Internal Audit Standards. An External Quality Assessment was undertaken in September 2016 and preparations have started for the next required assessment in 2022. No areas of non-compliance with the standards that would affect the overall scope or operation of the internal audit activity was identified.

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 Accounts 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 Accounts 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 2020/21 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 2019/20 opinion. For the areas of Financial Control and Risk, the Head of Internal Audit has felt that progress has been made in these two areas and as such the assurance levels have increased from performing adequately to performing well. Two internal audit reports gave limited assurance (five during 2019/20) relating to:

- Newark Castle – The Castle is an important heritage site within the town of Newark and effective management and maintenance of this site is paramount for the authority. This report identified improvements relating to the lack of a clear and prioritised plan for the Castle together with a number of process changes;
- Housing Key Controls – This report reviewed a number of areas of key controls across a broad spectrum of housing based services whilst the function was managed by Newark and Sherwood Homes. A number of actions were agreed across the breadth of the service were agreed.

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

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.

## **Conclusion**

The Council has assessed the governance arrangements in place throughout 2020/21 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.

**5 Significant governance issues**

Issue	Action	Responsible Officer
<p><b>Development Company</b></p> <p>The Council has approved the formation of a wholly owned development company, Arkwood Developments Limited. The Company’s primary objective is to develop market housing for sale or rent. The Company may also bring forward commercial build.</p>	<p>The Company was incorporated in 2018 and robust governance arrangements are in place to ensure that the Council retains a thorough overview of its wholly owned Company.</p> <p>The Company’s Business Plan and a Business case for its first development site on land at Bowbridge Road have been approved by the Council through its shareholder and Policy and Finance Committees. Equity capital and loan funding (covered by a detailed Loan Agreement) has been approved and released to the Company.</p> <p>The company has progressed development of 87 homes and has to date sold 5 homes off-plan. Progress of the company in meeting the objectives set out in the Shareholders Agreement will be monitored by the Shareholders’ Committee, and by the Policy and Finance Committee.</p>	<p>Chief Executive</p>
<p><b>Re-integration of Housing Management Function</b></p> <p>During 2018/19 the Council reviewed its arrangements regarding the Housing Management function, culminating in the “in principle” decision to bring the service in-house for direct service provision by the Council, subject to tenant consultation.</p>	<p>The Council brought back its Housing Service on the 1<sup>st</sup> February 2020. As part of this, the Council has established a review of tenant engagement. It is a regulatory requirement of housing providers to deliver effective opportunities for tenants to influence the design and delivery of housing services and their homes and to hold their landlord to account. This review will establish the preferred approach to ensure customers (future, present and past) views are used to scrutinise and shape services.</p> <p>A Housing Advisory Group was established by the Homes and Communities Committee and its first meeting was held on 25<sup>th</sup> February 2020.</p> <p>The role of the Housing Advisory Group is to create an informal forum</p>	<p>Director – Housing, Health and Wellbeing</p>

	through which the comments/views of the tenant representatives can be heard on a range of tenant-related matters and then be incorporated into the consideration of these items by the Homes & Communities Committee. The Housing Advisory Group, is effectively a working party of the Committee, and does not have any delegated authority or decision-making powers. It will cease following the implementation of its work and conclusions around the review of tenant involvement and engagement.	
<b>Yorke Drive Development</b> The Council continues to develop the Yorke Drive area of Newark. There remains key risks to address with delivery from a technical and financial perspective.	The project is currently in the preliminary stage, for which site investigations continue and negotiations continue. Officers will continue to work through the issues and provide updates to relevant Committee meetings.	Director – Housing, Health and Wellbeing

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.

### Signed

**J Robinson**

J. Robinson  
Chief Executive  
23 December 2021

**D Lloyd**

D. Lloyd  
Leader of the Council  
23 December 2021

# 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 2021, which comprise the Comprehensive Income and Expenditure Statement, the Movement in Reserves Statement, the Balance Sheet, the Cash Flow Statement, the Collection Fund 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 2020/21.

In our opinion, the financial statements:

- give a true and fair view of the financial position of the Council as at 31<sup>st</sup> March 2021 and of its 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 2020/21.

### 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 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.

### Emphasis of Matter – Effect of the Covid-19 pandemic on the valuations of land and buildings

We draw attention to note 4 of the financial statements, which describes the effects of the Covid-19 pandemic on the valuation of the Council's land and buildings. As disclosed in note 4 of the financial statements, the Council's valuer included a specific 'material valuation uncertainty' declaration in their report in respect of the Council's retail and specific trading related and car park assets in this group of assets. The Council states at note 4 that consequently less certainty and a higher degree of caution should be attached to the asset valuation than what would normally be the case. Our opinion is not modified in respect of this matter.

### Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Deputy Chief Executive and Director of Resources' 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 and Director of Resources' with respect to going concern are described in the relevant sections of this report.

### Other information

The Deputy Chief Executive and Director of Resources' 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 and Director of Resources' for the financial statements**

As explained more fully in the Statement of the Chief Financial Officer's Responsibilities, the Deputy Chief Executive and Director of Resources' 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 2020/21, and for being satisfied that they give a true and fair view. The Deputy Chief Executive and Director of Resources' is also responsible for such internal control as the Deputy Chief Executive and Director of Resources' 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 and Director of Resources' is required to comply with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2020/21 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 and Director of Resources' is responsible for assessing each year whether or not it is appropriate for the Council 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, and the Accounts and Audit Regulations 2015, and we considered the extent to which non-compliance might have a material effect on the financial statements.

We evaluated the Deputy Chief Executive and Director of Resources' 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 Governance and Audit 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 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 Governance and Audit 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 Governance and Audit 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 and Director of Resources' 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 April 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](http://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 2021.

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 April 2021, we have not identified any significant weaknesses in arrangements for the year ended 31 March 2021.

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 April 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;
- 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

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Nottingham  
NG1 5DW

06 January 2022