



*Castle House
Great North Road
Newark
NG24 1BY*

Tel: 01636 650000

www.newark-sherwooddc.gov.uk

Tuesday, 21 September 2021

Chairman: Councillor Mrs S Michael

Members of the Committee:

**Councillor Mrs B Brooks
Councillor M Brown
Councillor R Crowe
Councillor D Cumberlidge
Councillor J Lee**

MEETING: Audit & Accounts Committee

DATE: Wednesday, 29 September 2021 at 10.00 am

**VENUE: Civic Suite, Castle House, Great North Road,
Newark, Notts, NG24 1BY**

**You are hereby requested to attend the above Meeting to be held at the time/place
and on the date mentioned above for the purpose of transacting the
business on the Agenda as overleaf.**

If you have any queries please contact Karen Langford on Karen.Langford@newark-sherwooddc.gov.uk.

Any questions relating to the agenda items should be submitted to Nick Wilson- Business Manager - Financial Services, at least 24 hours prior to the meeting in order that a full response can be provided.

AGENDA

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1. Apologies for Absence	
2. Declarations of Interest by Members and Officers and as to the Party Whip	
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10. Date of Next Meeting	
Wednesday 1 December 2021	

Agenda Item 4

NEWARK AND SHERWOOD DISTRICT COUNCIL

Minutes of the Meeting of **Audit & Accounts Committee** held in the Civic Suite, Castle House, Great North Road, Newark, Notts, NG24 1BY on Wednesday, 28 July 2021 at 10.00 am.

PRESENT: Councillor Mrs S Michael (Chairman)

Councillor R Crowe, Councillor D Cumberlidge and Councillor J Lee

APOLOGIES FOR ABSENCE: Councillor Mrs B Brooks (Committee Member) and Councillor M Brown (Committee Member)

1 DECLARATIONS OF INTEREST BY MEMBERS AND OFFICERS AND AS TO THE PARTY WHIP

That no Member or Officer declared any interest pursuant to any statutory requirement in any matter discussed or voted upon at the meeting.

2 DECLARATION OF ANY INTENTIONS TO RECORD THE MEETING

There were no declarations of intention to record the meeting.

3 MINUTES OF THE MEETING HELD ON 21 APRIL 2021

that the Minutes of the meeting held on 21 April 2021 be approved as a correct record and signed by the Chairman.

The Chairman welcomed Stuart Turner to his first meeting as an Independent Member for the Audit & Accounts Committee.

4 AUDIT COMMITTEE WORK PLAN

The Committee noted the Work Plan provided by the Business Manager for Financial Services.

5 TREASURY MANAGEMENT OUTTURN REPORT 2020/21

The Committee considered the report from the Assistant Business Manager for Financial Services providing Members with the opportunity to review the annual Treasury Outturn report at Appendix A.

The report to then be presented to Council on 12 October 2021 and recommended for approval.

The Committee were informed of an error at 3.1 of the appendix at page 16 of the agenda referring to the Borrowing Strategy figures in brackets, they are an increase not a decrease, therefore no brackets.

The Council delegates responsibility for the implementation and regular monitoring of its treasury management policies and practices to the Audit & Accounts Committee and for the execution and administration of treasury management decisions to the section 151 officer, who will act in accordance with the Council's policies and practices.

The Treasury Strategy and Prudential Indicators for 2020/21 were approved by Council on 9 March 2020 and the Outturn report is the last report for the financial year, required by the CIPFA Code of Practice.

The Committee to receive the half-yearly report at the December meeting of Audit & Accounts.

AGREED (unanimously) that the Treasury Outturn position for 2020/21 be considered.

6 ANNUAL INTERNAL AUDIT REPORT

The Committee considered the Annual Internal Audit report from Assurance Lincolnshire, Annex A of the report providing a summary of Internal Audit work undertaken during 2020/2021 to support the Annual Governance Statement by providing an opinion on the organisation's governance, risk, financial and internal control environment.

The report highlighted the improvement from the last financial year to governance, risk, financial and internal control with all areas on an upward trend.

Audit Lincolnshire had observed that the Senior Leadership Team (SLT) and political leadership had embraced and are driving a positive change in culture. There is a clear message and commitment from the top to transform services and focus on the delivery of meaningful performance targets and outcomes which will help support and improve the Council's governance arrangements over the next year.

The Chairman did request that Governance be revisited with Assurance Lincolnshire again in October.

AGREED (unanimously) that the Committee considered and gave comment upon the Annual Internal Audit report.

7 GOING CONCERN STATUS OF THE COUNCIL

The Committee considered the report from Business Manager for Financial Services setting out the Council's assessment by the Council's Section 151 Officer of the Council's Going Concern status.

The report explained that the concept of a 'going concern' assumes that an authority, its functions and services will continue in operational existence for the foreseeable future. This assumption underpins the accounts drawn up under the Local Authority Code of Accounting Practice and is made because local authorities carry out functions essential to the local community and are themselves revenue-raising bodies (with

limits on their revenue-raising powers arising only at the discretion of central government).

AGREED (unanimously) that the Committee noted the conclusion of the assessment made of the Council's status as a going concern for the purposes of the Statement of Accounts 2020/21.

8 ANNUAL EXTERNAL AUDIT STRATEGY MEMORANDUM 2020/21

The Committee received the External Audit Strategy Memorandum for the 2020/21 Statement of Accounts work and Value for Money conclusion.

The Mazars representative presented to the Committee the External Audit Strategy Memorandum at Appendix A that set out the proposed work of the Council's external auditors for 2020/21, relating to the audit of the Financial Statements and the Value for Money conclusion.

The strategy had described the audit approach, the key financial statement audit risks and the Value for Money audit approach. It detailed the audit team, the deliverables from the work, the timeline and the planned audit fee.

The Mazars representative highlighted following the audit field work in July there had not been anything significant to bring to the Audit & Accounts Committee's attention.

AGREED (unanimously) that the Committee noted the External Audit Strategy Memorandum.

Councillor Lee joined the meeting at this point and the Chairman welcomed Councillor Lee to the Audit & Accounts Committee.

9 UNDERLYING PENSION ASSUMPTIONS FOR 2020/2021 STATEMENT OF ACCOUNTS

The Committee considered the report from the Assistant Business Manager for Financial Services providing the Committee with information regarding the assumptions made by the pension fund actuary in calculating the IAS 19 (International Accounting Standard 19 – Employee Benefits) figures to be reported in the 2020/2021 Statement of Accounts.

The report reminded the Committee that IAS 19 - Employee Benefits is one of the financial reporting standards with which the Council must comply when producing its annual Statement of Accounts.

AGREED (unanimously) that the Members noted and approved the assumptions used in the calculation of pension figures for 2020/2021.

10 UNDERLYING VALUATION ASSUMPTIONS FOR 2020/2021 STATEMENT OF ACCOUNTS

The Committee considered the report from the Assistant Business Manager for Financial Services providing the Committee with information regarding the assumptions made by the Valuers in calculating the figures to be reported in the

2020/21 Statement of Accounts, as per the revaluation model approach taken by the Council under IAS 16 (International Accounting Standard 16 – Property, Plant and Equipment).

The report reminded the Committee that IAS 16 – Property, Plant and Equipment is one of the financial reporting standards with which the Council must comply with when producing its annual Statement of Accounts.

Those assets included in the Balance Sheet at current value are revalued where there have been material changes in the value, but as a minimum once every five years on a rolling programme.

AGREED (unanimously) that the Members noted and approved the assumptions used in the calculation of asset valuation figures for 2020/2021.

11 UNAUDITED STATEMENT OF ACCOUNTS

The Committee considered the report from the Business Manager for Financial Services to review the Council's draft Statutory Accounts for the financial year ended 31 March 2021.

The draft statement of accounts as part of this report had been issued to the Members the week before the Audit & Accounts Committee provided as part of a training session covering the Statement of Accounts & Mazars Role & Responsibilities of Audit Committees.

The Council's external auditors, Mazars, had commenced the audit of the accounts in June 2021 however the audit timetable will not be due to be completed until the end of August or early September. On completion there is a requirement that the external auditor provides details of any amendments made within the financial statement compared with the draft accounts produced. This report is the Audit Completion report and will be brought to the Committee in September along with the final audited Statement of Accounts for approval.

The Committee accepted that the accounts would be taken to the extraordinary meeting of the Audit & Accounts Committee in September.

AGREED (unanimously) that:

- a) Members noted the Annual Governance Statement for the financial year ended 31 March 2021; and
- b) Members noted the draft Statement of Accounts for the financial year ended 31 March 2021 and agreed to them being submitted to the external auditor (Mazars) for audit and certification.

12 INTERNAL AUDIT PROGRESS REPORT

The Committee considered the internal audit progress report at Annex A from Assurance Lincolnshire to provide a summary of Internal Audit work undertaken

during 2021/22 against the agreed audit plan and any remaining reports from 2020/21.

The report informed the Committee that internal audit had completed 92% of the revised 2020/21 annual audit plan and that work had already begun on the 2021/22 annual audit plan.

The Committee noted from the report that Key Control Testing training would be provided later in the year.

Improvements are expected by the Committee for the Key Performance Indicators (KPIs) highlighted in the report and to look to the next financial year to hit targets.

AGREED that the Committee considered and gave comment upon the latest Internal Audit progress report and approved the extensions to the implementation dates.

13 COMMITTEE MEMBER TRAINING AND BI-ANNUAL REVIEW OF EFFECTIVENESS OF THE INTERNAL AUDIT FUNCTION AND THE COMMITTEE

The Committee considered the report from the Business Manager for Financial Services providing Members with an update to the recent skills questionnaire circulated to all Committee members, to propose a training programme for members of the Committee and to update members on the Bi-annual review of effectiveness of the Internal Audit function and the Committee.

During the last Committee meeting on 21 April 2021 Assurance Lincolnshire reported that they were collating responses to the skills questionnaire that had been circulated to Members during March.

There had been three of the six Members who had responded to the questionnaire and from these the majority of the responses were positive in nature and from this a broad programme of activity had been suggested for Members to take part in.

The newest Member of the Committee requested a compact course, it was also suggested that this be offered to all Members even if not on the Audit & Accounts Committee for future reference, if joining that Committee.

AGREED (unanimously) that:

- a) Members approved the training programme as described at paragraph 3.2; and
- b) Members nominated Councillor Crowe as the representative to accompany the Chairman and the Business Manager for Financial Services in the review of the effectiveness of Internal Audit and the Committee.

14 FINANCIAL MANAGEMENT CODE OF PRACTICE SELF-ASSESSMENT

The Committee considered the report from the Business Manager for Financial Services informing the Committee of CIPFA's Financial Management Code which is

applicable from 2021/22.

The Business Manager for Financial Services referred the Committee to an error at 1.1 of the report noting it incorrectly informed 'SLT' although the report had been take to SLT initially for consideration. In the Committee report it should have informed 'Audit & Accounts Committee Members'.

The report informed the Committee that the Chartered Institute of Public Finance & Accountancy (CIPFA) had introduced a new Financial Management Code (FM Code). This sets out for the first time, the standards of financial management for local authorities. The FM Code is designed to support good practice in financial management and to assist local authorities to demonstrate their financial sustainability.

AGREED (unanimously) that the Committee noted the assurance that NSDC meet the standards of CIPFA's Financial Management Code as evidenced from the self-assessment and accept the actions required to be undertaken.

15 DATE OF NEXT MEETING

The next meeting would be held on Wednesday 22 September 2021.

Meeting closed at 11.45 am.

Chairman

AUDIT & ACCOUNTS COMMITTEE**29 SEPTEMBER 2021****WORK PLAN**

Meeting at which action to be undertaken	Subject and Brief Description	Who will present the report	Intended Outcome
1 December 2021	Biannual Review of the Effectiveness of the Internal Audit Function	Nick Wilson	To consider whether the Internal Audit function is operating effectively and produce an action plan to address any required improvements
	Risk Management report	Richard Bates	Gain assurance that appropriate risk management arrangements are in place
	Treasury Performance half-yearly report	Andrew Snape	Gain assurance that treasury management activities are in line with the current Treasury Management Strategy
	Internal Audit Progress Report 2021/22	Lucy Pledge/Emma Bee (Assurance Lincolnshire)	Understand the level of assurance for audited activities and ensure management progress recommended actions to mitigate identified risks
	Annual Audit Letter 2020/21	TBC(Mazars)	Gain assurance on the Council's Statement of Accounts and arrangements for achieving Value for Money
	Counter-Fraud Activity Report	Nick Wilson	Gain assurance that counter-fraud activity is appropriately targeted and effective
2 February 2022	Partnership Register (Annual Report)	Natalie Cook	In order to gain assurance that the Council is managing the partnerships that it is involved within effectively
	Draft Treasury Strategy 2022/23	Andrew Snape	Gain assurance that risks in relation to the Council's treasury management activities are to be managed in accordance with need and the Council's risk appetite
	Draft Capital Strategy 2022/22	Andrew Snape	Outlines the principles and framework that shape the Council's capital proposals
	Draft Investment Strategy 2022/23	Andrew Snape	The investment strategy is a new report for 2019/20, meeting the requirements of statutory guidance issued by the government.

	Internal Audit Progress Report 2021/22	Lucy Pledge/John Sketchley (Assurance Lincolnshire)	Understand the level of assurance for audited activities and ensure management progress recommended actions to mitigate identified risks
	Review of significant internal control issues highlighted in the Annual Governance Statement	Nick Wilson	Gain assurance that the Council is making progress on any governance issues that were raised in the AGS
27 April 2022	Risk Management report	Richard Bates	Gain assurance that appropriate risk management arrangements are in place
	Statement of Accounting Policies 2021/22	Andrew Snape	Gain assurance that the Council has appropriate accounting policies in place that reflect the way items are treated in the annual Statement of Accounts
	Counter-Fraud Activity Report	Nick Wilson	Gain assurance that counter-fraud activity is appropriately targeted and effective
	Fraud Risk Assessment	Nick Wilson	Gain assurance that the Council understands its fraud risks and that actions are put in place to address them

AUDIT & ACCOUNTS COMMITTEE
29 SEPTEMBER 2021

EXTERNAL AUDITORS' ANNUAL AUDIT COMPLETION REPORT

1.0 Purpose of Report

1.1 To present the External Auditors Annual Audit Completion Report, this is attached at Appendix A.

2.0 Background Information

2.1 The external auditor issues an Annual Audit Completion Report in compliance with the International Standards on Auditing. The significant findings from the audit are reported in the Annual Audit Completion Report, together with the action taken in respect of these findings. The report also gives the auditor's proposed opinion on the Statement of Accounts.

2.2 While the accounts have been substantially audited, final confirmation of an unqualified opinion cannot be concluded until all audited areas are finalised and the final report has been commissioned from the external auditors of the Nottinghamshire Pension Fund due to the materiality of the Council's pension liability. Therefore, the conclusions on the Statement of Accounts is an anticipated conclusion and will be finalised in a further supplementary report to the next committee.

3.0 Statement of Accounts

3.1 The Council's Audited Draft Statement of Accounts for 2020/21 is considered elsewhere on this agenda.

3.2 The report confirms that the external auditor anticipates issuing an unqualified opinion, without modification, of the 2020/21 Statement of Accounts.

3.3 The report asks the Committee to:

- consider the matters raised in the report before approving the audited draft financial statements;
- take note of the adjustments to the audited draft financial statements included in the report;

3.4 The management of representation letter requires to be authorised at the same time of the finalising of the statement of accounts, this isn't anticipated to change and this report seeks the committee to note the letter and give delegation to the S151 Officer and Chairman of this committee to approve the letter of representation on behalf of the Council at the time of finalising the accounts, as per Appendix B.

3.5 Once all the audited areas are finalised a supplementary letter and report will be presented to the next committee detailing any further amendments.

4.0 RECOMMENDATIONS that:-

- (a) the Committee receives the External Auditors Annual Audit Completion Report for 2020/21;**
- (b) the Committee notes the adjustments to the audited draft financial statements set out in the report; and**
- (c) the letter of representation be noted and delegation given to the s151 Officer and the Chairman to sign and date the letter as the accounts are finalised as per para 3.4.**

Background Papers

Nil

For further information please contact Nick Wilson, Business Manager - Financial Services on extension 5317.

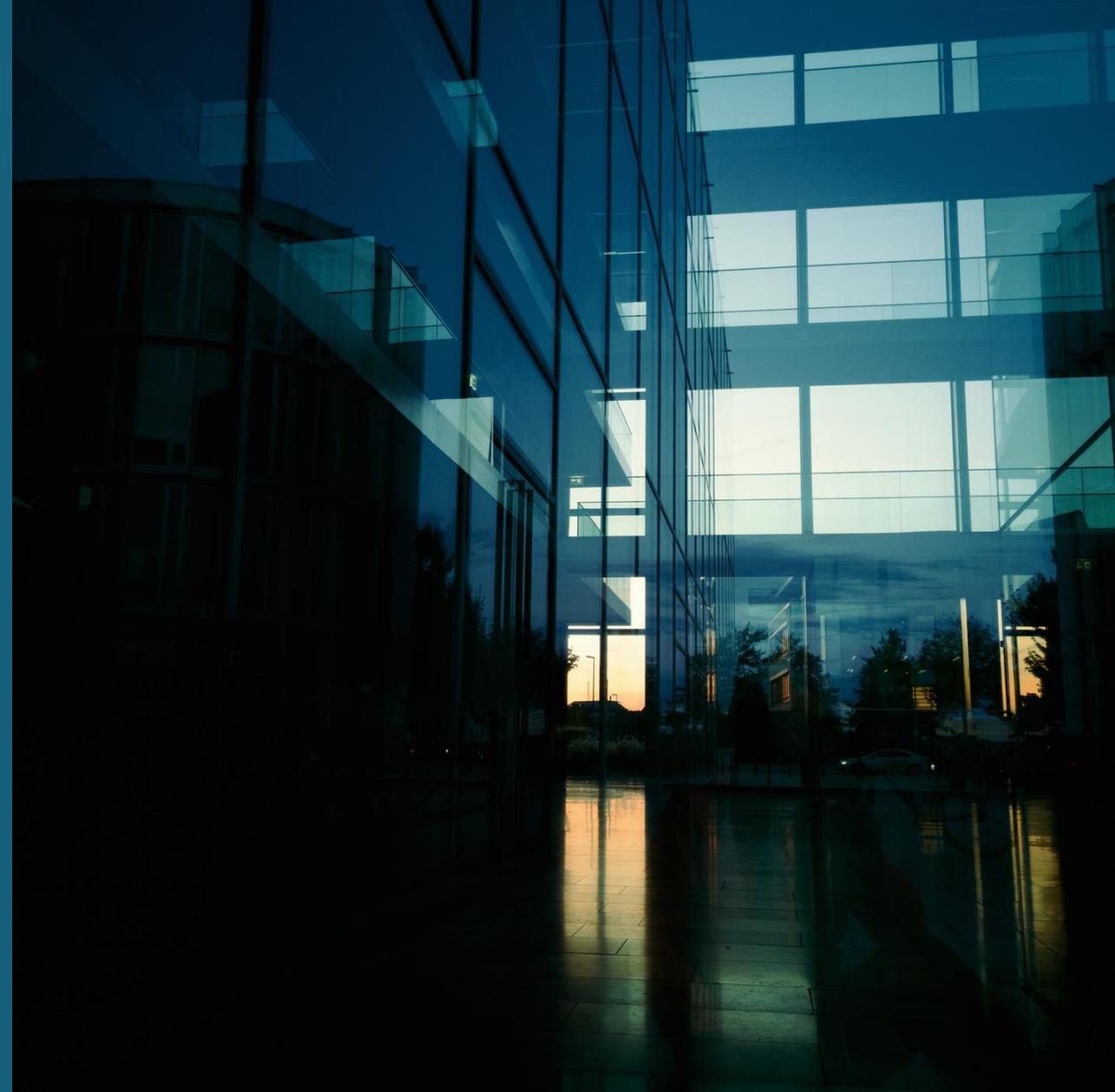
Nick Wilson
Business Manager - Financial Services

Audit Completion Report

Newark and Sherwood District Council -
Year ended 31 March 2021

September 2021

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Appendix B: Draft audit report

Appendix C: Independence

Appendix D: Other communications

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Our reports are prepared in the context of the 'Statement of Responsibilities of auditors and audited bodies' and the 'Appointing Person Terms of Appointment' issued by Public Sector Audit Appointments Limited. Reports and letters prepared by appointed auditors and addressed to the Newark & Sherwood District Council are prepared for the sole use of the Newark & Sherwood District Council and we take no responsibility to any member or officer in their individual capacity or to any third party. Mazars LLP is the UK firm of Mazars, an international advisory and accountancy group. Mazars LLP is registered by the Institute of Chartered Accountants in England and Wales.

Audit and Accounts Committee Members
Newark and Sherwood District Council
Castle House
Great North Road
Newark
Nottinghamshire
NG24 1BY

14 September 2021

Dear Committee Members

Audit Completion Report – Year ended 31 March 2021

We are pleased to present our Audit Completion Report for the year ended 31 March 2021. The purpose of this document is to summarise our audit conclusions.

The scope of our work, including identified significant audit risks and other areas of management judgement, was outlined in our Audit Strategy Memorandum which we presented earlier in the year. We have reviewed our Audit Strategy Memorandum and concluded that the original significant audit risks and other areas of management judgement remain appropriate.

We would like to express our thanks for the assistance of your team during our audit.

If you would like to discuss any matters in more detail then please do not hesitate to contact me on 0115 964 4779 or at David.Hoose@mazars.co.uk.

Yours faithfully

David Hoose

Mazars LLP

01

Section 01:

Executive summary

1. Executive summary

Principal conclusions and significant findings

The detailed scope of our work as your appointed auditor for 2020/21 is set out in the National Audit Office's (NAO) Code of Audit Practice. Our responsibilities and powers are derived from the Local Audit and Accountability Act 2014 and, as outlined in our Audit Strategy Memorandum, our audit has been conducted in accordance with International Standards on Auditing (UK) and means we focus on audit risks that we have assessed as resulting in a higher risk of material misstatement.

In section 4 of this report we have set out our conclusions and significant findings from our audit. This section includes our conclusions on the audit risks and areas of management judgement in our Audit Strategy Memorandum, which include:

- Management override of controls;
- Valuation of net pension liability;
- Valuation of property, plant and equipment and assets held for sale;
- Valuation and recognition of COVID Grants throughout 2020/21.

Section 5 sets out internal control recommendations and section 6 sets out audit misstatements; unadjusted misstatements total £244,700. Section 7 outlines our work on the Council's arrangements to achieve economy, efficiency and effectiveness in its use of resources.

Status and audit opinion

We have substantially completed our audit in respect of the financial statements for the year ended 31 March 2021. At the time of preparing this report there are a small number of areas where work is still in progress and these are summarised at Section 2. We will provide an update to you in relation to any significant matters identified at Section 2 as outstanding through our normal follow up letter.



Audit opinion

We anticipate issuing an unqualified opinion on the financial statements. Our proposed audit opinion is included in the draft auditor's report in Appendix B.



Value for Money

Our work in respect of Value for Money is ongoing. Our conclusions in this area will be set out in our Annual Auditors' Report which will be issued at a later date.



Whole of Government Accounts (WGA)

We have not yet received group instructions from the National Audit Office in respect of our work on the Council's WGA submission. We are unable to commence our work in this area until such instructions have been received.



Wider powers

The 2014 Act requires us to give an elector, or any representative of the elector, the opportunity to question us about the accounting records of the Council's and to consider any objection made to the accounts.



02

Section 02:

Status of the audit

2. Status of the audit

Our work is substantially complete and there are currently no matters of which we are aware that would require modification of our audit opinion, subject to the outstanding matters detailed below.

Audit area	Status	Description of the outstanding matters
Leases		Our audit work is undergoing final stages of review by the Engagement Lead and further quality and compliance checks.
Pensions		We are awaiting evidence in respect of our testing of Pensions valuations and our testing of actuarial assumptions used in the valuation of the pensions liability is ongoing.
Capital valuation		We are working on performing additional audit procedures as a result of the duplicate asset found in the fixed asset register. We are currently working with management to consider whether this was an isolated error. Dependent on the outcome, we may extend our audit sample.
Whole of Government Accounts (WGA)		NAO Group Instructions for local authority audits are not yet available and WGA returns and audit certificate cannot be issued at the present time.
Audit Quality Control and Completion Procedures		Our audit work is undergoing final stages of review by the Engagement Lead and further quality and compliance checks. In addition, there are residual procedures to complete, including updating post balance sheet event considerations to the point of issuing the opinion, agreeing the final changes to the financial statements and obtaining final management representations.

-  Likely to result in material adjustment or significant change to disclosures within the financial statements.
-  Potential to result in material adjustment or significant change to disclosures within the financial statements.
-  Not considered likely to result in material adjustment or change to disclosures within the financial statements.

We will provide the Audit and Accounts Committee with an update in relation to these outstanding matters in a follow-up letter, prior to signing the auditor's report.



03

Section 03: **Audit approach**

3. Audit approach

Changes to our audit approach

We provided details of our intended audit approach in our Audit Strategy Memorandum in July 2021. We have not made any changes to our audit approach since we presented our Audit Strategy Memorandum.

Materiality

Our provisional materiality at the planning stage of the audit was set at £2.3m using a benchmark of 2% of gross operating expenditure. Our final assessment of materiality, based on the final financial statements is £2.1m using the same benchmark.

Use of experts

In our Audit Strategy Memorandum we identified the following experts planned to be used by management in preparing the financial statements, and by ourselves in carrying out our audit. There are no changes to the planned approach or matters arising to report.

Item of account	Management's expert	Our expert
Pensions liability	Barnett Waddingham LLP <i>Actuary for Nottinghamshire Pension Fund</i>	PwC LLP <i>Consulting actuary appointed by the NAO</i>
Property, plant and equipment valuation	Wilks, Head and Eve LLP <i>The Council's external valuer</i>	Not applicable
Business rate appeals provisions	InformCPI <i>External rating specialist</i>	Not applicable
Financial instrument disclosures	Link Asset Service <i>Treasury management advisors</i>	Not applicable

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Service organisations

International Auditing Standards (UK) define service organisations as third party organisations that provide services to the Council that are part of its information systems relevant to financial reporting. We are required to obtain an understanding of the services provided by service organisations as well as evaluating the design and implementation of controls over those services. In our Audit strategy Memorandum we reported the below service organisations and our planned audit approach. This is still the case and there are no changes to the planned approach or matters arising to report.

Items of account	Service organisation	Audit approach
Pensions liability	Nottinghamshire Pension Fund <i>The IAS 19 pension entries that form part of the Council's financial statements are material and are derived from actuarial valuations. The process of obtaining these is coordinated by and uses information held and processed by the service organization.</i>	We will review the controls operating at the Council over these transactions to gain an understanding of the services provided by the service organisation. Where we conclude that we do not have a sufficient understanding of the services provided by the service organisation we will seek to obtain assurance by using another auditor to perform procedures that will provide the necessary information about the relevant controls at the service organisation.



3. Audit approach

Group audit approach

The Council's group structure for 2020/21 includes the subsidiaries and associated entities noted below. In the prior year, the Council changed its group boundaries, with the merger of a former wholly owned subsidiary and the establishment of two new entities. The group consists of itself, two wholly owned subsidiary companies and a 50% stake in a single purpose joint venture company and will require to be considered for group accounting and reporting requirements. The Council has consolidated three entities into its Group financial statements, Active4Today Limited, Arkwood Developments Limited (both 100% owned) and RHH Newark Limited (50% owned). In auditing these accounts we needed to obtain assurances over the transactions and balances within the Group relating to the subsidiaries.

Our approach has reflected the size and complexity of the transactions and balances within the subsidiary company that are consolidated into the Council's Group financial statements. Based on our planning discussions and review of the year's accounts, we did not consider the subsidiaries to be a significant component. Our plan, based on our understanding and the values reported in the prior year's financial statements was to again obtain assurance from analytical procedures supported by a review of the council's consolidation processes. We did not need to seek specific assurances over transactions and balances from the component auditors of the subsidiary company.

We did not identify any significant audit risks for Group accounts purposes in relation to this component.

Group component	Approach adopted	Key points or other matters to report
Active4Today Limited	●	100% control (voting rights)
Arkwood Developments Limited	●	100% owned (share capital)
RHH Newark Limited	●	50% owned (share capital), 50% control (voting rights)
Mansfield Crematorium	●	Joint arrangement with Mansfield District Council and Ashfield District Council (33% control – appoints 3 of the 6 trustees)
Southwell Leisure Centre Trust	●	Unregistered company without share capital registered as a charity (67% control – appoints 6 of the 9 trustees)

- 
Full audit
 Performance of an audit of the component's financial information prepared for group reporting purposes using component materiality
- 
Audit of balances and/or disclosures
 Performance of an audit of specific balances and/or disclosures included in the component's financial information prepared for group reporting purposes, using component materiality
- 
Specific audit procedures
 Performance of specific audit procedures on the component's financial information
- 
Review procedures
 Review of the component's financial information prepared for group reporting purposes using the component materiality assigned

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04

Section 04: **Significant findings**

4. Significant findings

In this section we outline the significant findings from our audit. These findings include:

- our audit conclusions regarding other significant risks and key areas of management judgement outlined in the Audit Strategy Memorandum;
- our comments in respect of the accounting policies and disclosures that you have adopted in the financial statements. We have concluded whether the financial statements have been prepared in accordance with the financial reporting framework and commented on any significant accounting policy changes that have been made during the year;
- any further significant matters discussed with management;
- any significant difficulties we experienced during the audit; and
- modifications required to our audit report

As part of our planning procedures we considered the risks of material misstatement in the Council's financial statements that required special audit consideration. Although we report identified significant risks at the planning stage of the audit in our Audit Strategy Memorandum, our risk assessment is a continuous process and we regularly consider whether new significant risks have arisen and how we intend to respond to these risks. No new risks have been identified since we issued our Audit Strategy Memorandum.

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Significant risks

Management override of controls]	Description of the risk
	In all entities, management at various levels within an organisation are in a unique position to perpetrate fraud because of their ability to manipulate accounting records and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively. Due to the unpredictable way in which such override could occur, we consider there to be a risk of material misstatement due to fraud and thus a significant risk on all audits.
	How we addressed this risk We addressed this risk through performing audit work over accounting estimates impacting amounts included in the financial statements, testing of journal entries, considering the existence of any significant transactions outside the normal course of business or otherwise unusual.
	Audit conclusion Our audit procedures have not identified any material errors or uncertainties in the financial statements, or other matters that we wish to bring to Members' attention in relation to management override of controls.



4. Significant findings

Net defined benefit pension liability valuation

Description of the risk

The Council's accounts contain material liabilities relating to the local government pension scheme. The Council uses an actuary to provide an annual valuation of these liabilities in line with the requirements of IAS 19 Employee Benefits. Due to the high degree of estimation uncertainty associated with this valuation, we determined there was a significant risk in this area.

How we addressed this risk

To address this risk we have:

- Critically assessed the competency, objectivity and independence of the Nottinghamshire County Council Pension Fund's Actuary, Barnett Waddingham LLP;
- Liaised with the auditors of the Nottinghamshire County Council Pension Fund to gain assurance that the controls in place at the Pension Fund are operating effectively. This included the processes and controls in place to ensure data provided to the Actuary by the Pension Fund for the purposes of the IAS 19 valuation was complete and accurate;
- Tested payroll transactions at the Council to provide assurance over the pension contributions which were deducted and paid to the Pension Fund by the Council;
- Reviewed the appropriateness of the Pension Asset and Liability valuation methodologies applied by the Pension Fund Actuary, and the key assumptions included within the valuation. This included comparing them to expected ranges, utilising information provided by PWC, the consulting actuary engaged by the National Audit Office; and
- Agreed the data in the IAS 19 valuation report provided by the Fund Actuary for accounting purposes to the pension accounting entries and disclosures in the Council's financial statements

Audit conclusion

Part of our assurance over the net pensions liability is derived from specified procedures commissioned from the external auditors of the Nottinghamshire County Council Pension Fund. We are yet to receive their final report for our consideration and completion of the testing required. Our audit procedures to date have not identified any material errors or uncertainties in the financial statements, or other matters that we wish to bring to Members' attention in relation to the valuation of the net defined benefit pension liability.

Valuation of property, plant, equipment (land & buildings)

Description of the risk

The Council's accounts contain material balances and disclosures relating to its holding of property, plant and equipment, and investment properties with the majority of land and building and investment property assets required to be carried at valuation. Due to high degree of estimation uncertainty associated with those held at valuation, we have determined there is a significant risk in this area.

How we addressed this risk

To address this risk we have:

- Critically assessed the Council's valuer's scope of work, qualifications, objectivity and independence to carry out the required programme of revaluations;
- Considered whether the overall revaluation methodologies used by the Council's valuer's are in line with industry practice, the CIPFA Code of Practice and the Council's accounting policies;
- Critically assessed the treatment of the upward and downward revaluations in the Council's financial statements with regards to the requirements of the CIPFA Code of Practice;
- Critically assessed the approach that the Council adopts to ensure that any assets not subject to revaluation in 2020/21 were materially correct; and
- Considered movement in market indices between revaluation dates and the year end in order to determine whether these indicated that fair values have moved materially over that time.

Audit conclusion

Our audit procedures have not to date identified any material errors or uncertainties in the financial statements, or other matters that we wish to bring to Members' attention in relation to the valuation of land, buildings and investment property assets. We are working with management to complete the remaining work in this area.

4. Significant findings

Significant risks (continued)

Covid-19 grant recognition	<p>Description of the risk</p> <p>Throughout 2020/21, the Government has provided substantial sums of financial support to local authorities. A lack of clarity exists in respect of the expected accounting treatment over this income source. We therefore identified the completeness and accuracy of the this income as a risk.</p>
	<p>How we addressed this risk</p> <p>To address this risk we have:</p> <ul style="list-style-type: none"> • Reviewed the Council’s approach in determining whether grants are or are not ringfenced for specified areas of expenditure; • Tested grant income recorded in the ledger to grant allocations/notifications; and • Reviewed a sample of grants to ensure conditions to recognise the income in 2020/21 have or have not been met.
	<p>Audit conclusion</p> <p>We have some residual audit work to clear but our audit procedures have not so far identified any material errors or uncertainties in the financial statements, or other matters that we wish to bring to Members’ attention in relation to the accounting for the Council’s Covid-19 grants.</p>

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4. Significant findings

Qualitative aspects of the Council’s accounting practices

We have reviewed the Council’s accounting policies and disclosures and concluded they comply with the 2020/21 Code of Practice on Local Authority Accounting, appropriately tailored to the Council’s circumstances.

Draft accounts were received from the Council on June 2021 and were of a good quality.

Significant matters discussed with management

Significant matters discussed with management during the year include the on-going impact of Covid-19 on the Council's business, including any potential impact on risks of material misstatement. This included the disclosures required regarding the key sources of estimation uncertainty that management has made in preparing the Statement of Accounts. There are no matters that we need to highlight in this report.

Significant difficulties during the audit

During the course of the audit we have had the full co-operation of management. The audit was again carried out remotely but there were no significant difficulties in carrying out our normal audit procedures and obtaining the audit evidence required to complete the audit. We continue to work with management to complete any remaining audit work and resolve audit queries and are grateful for the co-operation and support provided

Wider responsibilities

Our powers and responsibilities under the 2014 Act are broad and include the ability to:

- issue a report in the public interest;
- make statutory recommendations that must be considered and responded to publicly;
- apply to the court for a declaration that an item of account is contrary to law; and
- issue an advisory notice under schedule 8 of the 2014 Act.

We have not exercised any of these powers as part of our 2020/21 audit.

The 2014 Act also gives rights to local electors and other parties, such as the right to ask questions of the auditor and the right to make an objection to an item of account. No such objections have been raised.

Modifications required to our audit report

Our draft audit report has not needed to be modified and is set out in Appendix B.



05

Section 05:

Internal control recommendations

5. Internal control recommendations

The purpose of our audit was to express an opinion on the financial statements. As part of our audit we have considered the internal controls in place relevant to the preparation of the financial statements in order to design audit procedures to allow us to express an opinion on the financial statements but not for the purpose of expressing an opinion on the effectiveness of internal control or to identify any significant deficiencies in their design or operation.

The matters reported are limited to those deficiencies and other control recommendations that we have identified during our normal audit procedures and that we consider to be of sufficient importance to merit being reported. If we had performed more extensive procedures on internal control we might have identified more deficiencies to be reported or concluded that some of the reported deficiencies need not in fact have been reported. Our comments should not be regarded as a comprehensive record of all deficiencies that may exist or improvements that could be made.

Our findings and recommendations are set out below. We have assigned priority rankings to each of them to reflect the importance that we consider each poses to your organisation and, hence, our recommendation in terms of the urgency of required action. In summary, the matters arising fall into the following categories:

Priority ranking	Description	Number of issues
1 (high)	In our view, there is potential for financial loss, damage to reputation or loss of information. This may have implications for the achievement of business strategic objectives. The recommendation should be taken into consideration by management immediately.	1
2 (medium)	In our view, there is a need to strengthen internal control or enhance business efficiency. The recommendations should be actioned in the near future.	1
3 (low)	In our view, internal control should be strengthened in these additional areas when practicable.	1



5. Internal control recommendations

Significant deficiencies in internal control – Level 1

Description of deficiency

Per review of internal audit reports for COVID 19 business grants it was noted that two grants of £10,000 each had been paid in error and a further two of £10,000 each had been claimed fraudulently. Recovery action has been taken with two of the four having been repaid, one is in the process of being recovered through the sundry debtors whilst the other relates to a claimant who the council cannot currently trace his whereabouts to enable instigation of a recovery action.

Potential effects

Grants paid to fraudulent claimants may not be recovered.

Recommendation

Recovery action continues against the claimants who received grants fraudulently

Management response

Every effort will be made to retrieve the funds paid in error. We will continue to trace the individual who cannot currently be located. Updates will be brought to SLT through the quarterly debtors report when appropriate. Please note, this issue has already been highlighted by internal audit and communicated to audit committee. As a result, action on this deficiency has taken place.

Other deficiencies in internal control – Level 2

Description of deficiency

No declaration of interest forms have been received from most of the members of the council. The lack of declarations from members are due to members working from home and not in the office.

Potential effects

Transactions within the council may be related party transactions, which may lead to incorrect disclosure.

Recommendation

Ensure all declaration forms are received.

Management response

Management have continued to chase Council members for their declaration submission. For those who continue to not respond, management performed additional checks including officer checks as recorded in Companies House and assessing any interest declared prior year and for changes this year. Going forward, management shall send submission requests earlier with regular chase up (which should involve face to face contact as working from home is becomes less of a thing).

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5. Internal control recommendations

Other recommendations in internal control – Level 3

Description of deficiency

Three remittances for the housing benefit subsidy were unable to be located.

Potential effects

Allocation of the subsidy on the nominal ledger may be incorrect and lack of audit trail.

Recommendation

Ensure all remittances are retained and filed for future.

Management response

Management have confirmed all remittances are to be retained and filed for future reference.

Follow up on previous internal control points

Description of deficiency

N/A – no significant control deficiencies identified in the prior year.

Potential effects

N/A

Recommendation

N/A

2020/21 update

N/A

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06

Section 06:

Summary of misstatements

6. Summary of misstatements

This section outlines the misstatements identified during the course of the audit, above the trivial threshold for adjustment of £68,000. The first table outlines the misstatements that were identified during the course of our audit which management has assessed as not being material either individually or in aggregate to the financial statements and does not currently plan to adjust.

The second table outlines the misstatements that have been adjusted by management during the course of the audit.

Unadjusted misstatements

	Comprehensive Income and Expenditure Statement		Balance Sheet	
	Dr (£'000)	Cr (£'000)	Dr (£'000)	Cr (£'000)
1	Dr: Prepayments		136,700	
	Cr: Other service expenses	136,700		
	In relation to an invoice from Arthur J. Gallagher Insurance Brokers Limited, 10 out of 12 months of the insurance invoice relates to 01/02/2021 - 31/01/2022 and not included in prepayment listing. The client has not included this in the prepayment schedule because when they previously received this insurance a few years ago they did not include 10 months of the balance as prepayment as an error. So every year since then they only wanted to recognise 12 months of the cost in one year so did not include 10 months in prepayments. The above journal corrects the overstatement for 2021/22 only.			
2	Dr: Reserves		108,000	
	Cr: Property, plant and equipment	108,000		
	It was discovered that a community control centre was recorded twice in the fixed asset register. This adjustment is to remove the overstatement.			
Total unadjusted misstatements		244,700	244,700	

6. Summary of misstatements

Adjusted misstatements

		Comprehensive Income and Expenditure Statement		Balance Sheet	
		Dr (£'000)	Cr (£'000)	Dr (£'000)	Cr (£'000)
1	Dr: Creditors			1,060,643	
	Cr: Debtors				1,060,643
<p>This adjustment relates to a correction of an error that has led to a overstatement due to a double inputting of the accruals for debtors and creditors. This has been reviewed and confirmed as being in relation to an isolated event that shows no signs of a systematic issue with any account balance. Client has double entries both sides of the creditors and debtors in relation to HRA.</p>					
2	Dr: Revaluation reserve			781,777	
	Dr: Property, plant and equipment – OLB depreciation			92,668	
	Cr: Property, plant and equipment – OLB GBV				874,445
<p>This relates to the valuation of an asset for which a demolition notice had been served. The value of the asset was based upon the land only, rather than the land and buildings. The adjustment was charged to the Revaluation Reserve and did not affect the outturn position</p>					
Total adjusted misstatements				1,935,088	1,935,088

Disclosure amendments

CO20 Grants amendment 1:

The Council has not included this in the key management judgements in the financial statements. This is not a requirement per CIPFA. However, is a recommendation for clarity purposes as grants which are not included in the accounts but referenced in the narrative report could look odd to external readers. This has been added to the misstatements as a discussion point for management.

CO20 Grants amendment 2:

The back and trace grant disclosure needs amending to show the split as follows: Mandatory: £137k, Discretionary: £45k.



Appendices

A: Draft management representation letter

B: Draft audit report

C: Independence

D: Other communications

Appendix A: Draft management representation letter

Mazars LLP
Park View House, 58 The Ropewalk
Nottingham
NG1 5DW

[] 2021

Dear Sirs

Newark and Sherwood District Council - audit for year ended 31 March 2021

This representation letter is provided in connection with your audit of the financial statements of Newark and Sherwood District Council (the Council) for the year ended 31 March 2021 for the purpose of expressing an opinion as to whether the financial statements give a true and fair view in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2020/21 (the Code) and applicable law.

I confirm that the following representations are made on the basis of enquiries of management and staff with relevant knowledge and experience (and, where appropriate, inspection of supporting documentation) sufficient to satisfy ourselves that I can properly make each of the following representations to you.

My responsibility for the financial statements and accounting information

I believe that I have fulfilled my responsibilities for the true and fair presentation and preparation of the financial statements in accordance with the Code and applicable law.

My responsibility to provide and disclose relevant information

I have provided you with:

- Access to all information of which we are aware that is relevant to the preparation of the financial statements such as records, documentation and other material;
- Additional information that you have requested from us for the purpose of the audit; and
- Unrestricted access to individuals within the Council and Group you determined it was necessary to contact in order to obtain audit evidence.

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Appendix A: Draft management representation letter

I confirm as S151 Officer that I have taken all the necessary steps to make me aware of any relevant audit information and to establish that you, as auditors, are aware of this information.

As far as I am aware there is no relevant audit information of which you, as auditors, are unaware.

Accounting records

I confirm that all transactions that have a material effect on the financial statements have been recorded in the accounting records and are reflected in the financial statements. All other records and related information, including minutes of all Council and committee meetings, have been made available to you.

Accounting policies

I confirm that I have reviewed the accounting policies applied during the year in accordance with the Code and International Accounting Standard 8 and consider these policies to faithfully represent the effects of transactions, other events or conditions on the Council's financial position, financial performance and cash flows.

Accounting estimates, including those measured at fair value

I confirm that any significant assumptions used by the Council in making accounting estimates, including those measured at current or fair value, are reasonable.

I confirm that I am satisfied that the actuarial assumptions underlying the valuation of pension scheme liabilities for IAS19 disclosures are consistent with my knowledge. I confirm that all settlements and curtailments have been identified and properly accounted for. I confirm that all significant retirement benefits have been identified and properly accounted for (including any arrangements that are statutory, contractual or implicit in the employer's actions, that arise in the UK or overseas, that are funded or unfunded).



Appendix A: Draft management representation letter

Contingencies

There are no material contingent losses including pending or potential litigation that should be accrued where:

- information presently available indicates that it is probable that an asset has been impaired or a liability had been incurred at the balance sheet date; and
- the amount of the loss can be reasonably estimated.

There are no material contingent losses that should be disclosed where, although either or both the conditions specified above are not met, there is a reasonable possibility that a loss, or a loss greater than that accrued, may have been incurred at the balance sheet date.

There are no contingent gains which should be disclosed.

All material matters, including unasserted claims, that may result in litigation against the Council have been brought to your attention. All known actual or possible litigation and claims whose effects should be considered when preparing the financial statements have been disclosed to you and accounted for and disclosed in accordance with the Code and applicable law.

Laws and regulations

I confirm that I have disclosed to you all those events of which I am aware which involve known or suspected non-compliance with laws and regulations, together with the actual or contingent consequences which may arise therefrom.

The Council has complied with all aspects of contractual agreements that would have a material effect on the accounts in the event of non-compliance.

Fraud and error

I acknowledge my responsibility as Chief Finance Officer for the design, implementation and maintenance of internal control to prevent and detect fraud and error.

I have disclosed to you:

All the results of my assessment of the risk that the financial statements may be materially misstated as a result of fraud;

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Appendix A: Draft management representation letter

- All knowledge of fraud or suspected fraud affecting the Council involving:
 - management and those charged with governance;
 - employees who have significant roles in internal control; and
 - others where fraud could have a material effect on the financial statements.

I have disclosed to you all information in relation to any allegations of fraud, or suspected fraud, affecting the Council’s financial statements communicated by employees, former employees, analysts, regulators or others.

Related party transactions

I confirm that all related party relationships, transactions and balances, have been appropriately accounted for and disclosed to you in accordance with the requirements of the Code and applicable law.

I have disclosed the identity of the Council’s related parties and all related party relationships and transactions of which I am aware.

Impairment review

To the best of my knowledge, there is nothing to indicate that there is a permanent reduction in the recoverable amount of the property, plant and equipment and intangible assets below their carrying value at the balance sheet date. I have considered the impact of Covid-19 on the Council’s Investment Properties. An impairment review is therefore not considered necessary.

Charges on assets

All the Council’s assets are free from any charges exercisable by third parties except as disclosed within the financial statements.

Future commitments

I am not aware of any plans, intentions or commitments that may materially affect the carrying value or classification of assets and liabilities or give rise to additional liabilities.

Subsequent events

I confirm all events subsequent to the date of the financial statements, and for which the Code and applicable law require adjustment or disclosure, have been adjusted or disclosed.

Should further material events occur after the date of this letter which may necessitate revision of the figures included in the financial statements or inclusion of a note thereto, I will advise you accordingly.

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Appendix A: Draft management representation letter

Covid-19

We confirm that we have carried out an assessment of the on-going impact of the Covid-19 Virus pandemic on the Council, including the impact of mitigation measures and uncertainties, and that the disclosure in the Statement of Accounts fairly reflects that assessment.

Brexit

We confirm that we have carried out an assessment of the potential impact of the United Kingdom leaving the European Union, including the potential outcomes at the end of the Implementation Period, and that the disclosure in the Statement of Accounts fairly reflects that assessment.

Going concern

To the best of my knowledge there is nothing to indicate that the Council and Group will not continue as a going concern in the foreseeable future. The period to which I have paid particular attention in assessing the appropriateness of the going concern basis is not less than twelve months from the date of approval of the accounts.

I have updated our going concern assessment in light of the on-going Covid-19 pandemic. I continue to believe that the Council's financial statements should be prepared on a going concern basis and have not identified any material uncertainties related to going concern on the grounds that current and future sources of funding or support will be more than adequate for the Council's needs. We believe that no further disclosures relating to the Council's ability to continue as a going concern need to be made in the financial statements.

Annual Governance Statement

I am satisfied that the Annual Governance Statement (AGS) fairly reflects the Council's risk assurance and governance framework and I confirm that I am not aware of any significant risks that are not disclosed within the AGS.

Narrative report

The disclosures within the Narrative Report fairly reflect my understanding of the Council's financial and operating performance over the period covered by the financial statements.

Ultimate parent company

I confirm that the ultimate parent company for the Council is Newark and Sherwood District Council.

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Appendix A: Draft management representation letter

Unadjusted misstatements

I confirm that the effects of the uncorrected misstatements are immaterial, both individually and in aggregate, to the financial statements as a whole.

Yours faithfully

Sanjiv Kohli
Deputy Chief Executive and
Director of Resources

Councillor Sylvia Michael
Chair – Audit and Accounts Committee

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Appendix B: Draft audit report

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 subsidiary (“the Group”) for the year ended 31 March 2021, which comprise the Council and Group Comprehensive Income and Expenditure Statement, the Council and Group Movement in Reserves Statement, the Council and Group Balance Sheet, the Council and Group Cash Flow Statement, the Council’s Collection Fund, the Council’s Housing Revenue Account and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2020/21.

In our opinion, the financial statements:

- give a true and fair view of the financial position of the Council and the Group as at 31st March 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.

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Appendix B: Draft audit report

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Head of Finance and 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 Head of Finance and Resources with respect to going concern are described in the relevant sections of this report.

Other information

The Head of Finance and 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 Head of Finance and Resources for the financial statements

As explained more fully in the Statement of the Head of Finance and Resources' Responsibilities, the Head of Finance and 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 Head of Finance and Resources is also responsible for such internal control as the Head of Finance and Resources determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

The Head of Finance and 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 Head of Finance and 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.

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Appendix B: Draft audit report

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 Audit and Accountability Act 2014 (and associated regulations made under section 32) and the Local Government Finance Act 1988 (as amended) and we considered the extent to which non-compliance might have a material effect on the financial statements.

We evaluated the Head of Finance and 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 Audit and Accounts 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 Audit and Accounts 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.

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Appendix B: Draft audit report

There are inherent limitations in the audit procedures described above and the primary responsibility for the prevention and detection of irregularities including fraud rests with management and the Audit and Corporate Governance Scrutiny 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 Head of Finance and 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. 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 view 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 nothing to report in this respect.

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.]

Appendix B: Draft audit report

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.

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

Park View House

58 The Ropewalk
Nottingham
NG1 5DW

[] 2021

Executive summary

Status of audit

Audit approach

Significant findings

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recommendations

Summary of
misstatements

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Appendices

Appendix C: Independence

As part of our ongoing risk assessment we monitor our relationships with you to identify any new actual or perceived threats to our independence within the regulatory or professional requirements governing us as your auditors.

We can confirm that no new threats to independence have been identified since issuing the Audit Strategy Memorandum and therefore we remain independent.

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Appendix D: Other communications

Other communication	Response
Compliance with Laws and Regulations	<p>We have not identified any significant matters involving actual or suspected non-compliance with laws and regulations.</p> <p>We will obtain written representations from management that all known instances of non-compliance or suspected non-compliance with laws and regulations whose effects should be considered when preparing financial statements have been disclosed.</p>
External confirmations	<p>We did not experience any issues with respect to obtaining external confirmations.</p>
Related parties	<p>We did not identify any significant matters relating to the audit of related parties.</p> <p>We will obtain written representations from management confirming that:</p> <ul style="list-style-type: none"> a. they have disclosed to us the identity of related parties and all the related party relationships and transactions of which they are aware; and b. they have appropriately accounted for and disclosed such relationships and transactions in accordance with the requirements of the applicable financial reporting framework.
Going Concern	<p>We have not identified any evidence to cause us to disagree with the Sanjiv Kohli that Newark and Sherwood District Council will be a going concern, and therefore we consider that the use of the going concern assumption is appropriate in the preparation of the financial statements.</p> <p>We will obtain written representations from management, confirming that all relevant information covering a period of at least 12 months from the date of approval of the financial statements has been taken into account in assessing the appropriateness of the going concern basis of preparation of the financial statements.</p>

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Appendix D: Other communications

Other communication	Response
Subsequent events	<p>We are required to obtain evidence about whether events occurring between the date of the financial statements and the date of the auditor’s report that require adjustment of, or disclosure in, the financial statements are appropriately reflected in those financial statements in accordance with the applicable financial reporting framework.</p> <p>We will obtain written representations from management that all events occurring subsequent to the date of the financial statements and for which the applicable financial reporting framework requires adjustment or disclosure have been adjusted or disclosed.</p>
Matters related to fraud	<p>We have designed our audit approach to obtain reasonable assurance whether the financial statements as a whole are free from material misstatement due to fraud. In addition to the work performed by us, we will obtain written representations from management, and the Audit and Accounts Committee, confirming that</p> <ul style="list-style-type: none"> a. they acknowledge their responsibility for the design, implementation and maintenance of internal control to prevent and detect fraud; b. they have disclosed to the auditor the results of management’s assessment of the risk that the financial statements may be materially misstated as a result of fraud; c. they have disclosed to the auditor their knowledge of fraud or suspected fraud affecting the entity involving: <ul style="list-style-type: none"> i. Management; ii. Employees who have significant roles in internal control; or iii. Others where the fraud could have a material effect on the financial statements; and d. they have disclosed to the auditor their knowledge of any allegations of fraud, or suspected fraud, affecting the entity’s financial statements communicated by employees, former employees, analysts, regulators or others.

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David Hoose, Partner

David.Hoose@mazars.co.uk

Mazars

Park View House,

58 The Ropewalk,

Nottingham,

NG1 5DW

Mazars is an internationally integrated partnership, specialising in audit, accountancy, advisory, tax and legal services*. Operating in over 90 countries and territories around the world, we draw on the expertise of 40,400 professionals – 24,400 in Mazars' integrated partnership and 16,000 via the Mazars North America Alliance – to assist clients of all sizes at every stage in their development.

*where permitted under applicable country laws.

Mazars LLP
Park View House
58 The Ropewalk
Nottingham
NG1 5DW

Telephone: 01636 655303
Email: Sanjiv.Kohli@newark-sherwooddc.gov.uk

Date (to be in line with the accounts)

Dear Sirs,

Newark and Sherwood District Council - audit for year ended 31 March 2021

This representation letter is provided in connection with your audit of the financial statements of Newark and Sherwood District Council (the Council) for the year ended 31 March 2021 for the purpose of expressing an opinion as to whether the financial statements give a true and fair view in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2020/21 (the Code) and applicable law.

I confirm that the following representations are made on the basis of enquiries of management and staff with relevant knowledge and experience (and, where appropriate, inspection of supporting documentation) sufficient to satisfy ourselves that I can properly make each of the following representations to you.

My responsibility for the financial statements and accounting information

I believe that I have fulfilled my responsibilities for the true and fair presentation and preparation of the financial statements in accordance with the Code and applicable law.

My responsibility to provide and disclose relevant information

I have provided you with:

- Access to all information of which we are aware that is relevant to the preparation of the financial statements such as records, documentation and other material;
- Additional information that you have requested from us for the purpose of the audit; and
- Unrestricted access to individuals within the Council and Group you determined it was necessary to contact in order to obtain audit evidence.

I confirm as Deputy Chief Executive, Director of Resources and s151 Officer that I have taken all the necessary steps to make me aware of any relevant audit information and to establish that you, as auditors, are aware of this information.

As far as I am aware there is no relevant audit information of which you, as auditors, are unaware.

Accounting records

I confirm that all transactions that have a material effect on the financial statements have been recorded in the accounting records and are reflected in the financial statements. All other records and related information, including minutes of all Council and committee meetings, have been made available to you.

Accounting policies

I confirm that I have reviewed the accounting policies applied during the year in accordance with the Code and International Accounting Standard 8 and consider these policies to faithfully represent the effects of transactions, other events or conditions on the Council's financial position, financial performance and cash flows.

Accounting estimates, including those measured at fair value

I confirm that any significant assumptions used by the Council (and Group) in making accounting estimates, including those measured at current or fair value, are reasonable.

I confirm that I am satisfied that the actuarial assumptions underlying the valuation of pension scheme liabilities for IAS19 disclosures are consistent with my knowledge. I confirm that all settlements and curtailments have been identified and properly accounted for. I confirm that all significant retirement benefits have been identified and properly accounted for (including any arrangements that are statutory, contractual or implicit in the employer's actions, that arise in the UK or overseas, that are funded or unfunded).

Contingencies

There are no material contingent losses including pending or potential litigation that should be accrued where:

- information presently available indicates that it is probable that an asset has been impaired or a liability had been incurred at the balance sheet date; and
- the amount of the loss can be reasonably estimated.

There are no material contingent losses that should be disclosed where, although either or both the conditions specified above are not met, there is a reasonable possibility that a loss, or a loss greater than that accrued, may have been incurred at the balance sheet date.

There are no contingent gains which should be disclosed.

All material matters, including unasserted claims, that may result in litigation against the Council have been brought to your attention. All known actual or possible litigation and claims whose effects should be considered when preparing the financial statements have been disclosed to you and accounted for and disclosed in accordance with the Code and applicable law.

Laws and regulations

I confirm that I have disclosed to you all those events of which I am aware which involve known or suspected non-compliance with laws and regulations, together with the actual or contingent consequences which may arise therefrom.

The Council has complied with all aspects of contractual agreements that would have a material effect on the accounts in the event of non-compliance.

Fraud and error

I acknowledge my responsibility as Deputy Chief Executive, Director of Resources and s151 Officer for the design, implementation and maintenance of internal control to prevent and detect fraud and error.

I have disclosed to you:

- All the results of my assessment of the risk that the financial statements may be materially misstated as a result of fraud;
- All knowledge of fraud or suspected fraud affecting the Council involving:
 - management and those charged with governance;
 - employees who have significant roles in internal control; and
 - others where fraud could have a material effect on the financial statements.

I have disclosed to you all information in relation to any allegations of fraud, or suspected fraud, affecting the Council's financial statements communicated by employees, former employees, analysts, regulators or others.

Related party transactions

I confirm that all related party relationships, transactions and balances, have been appropriately accounted for and disclosed in accordance with the requirements of the Code and applicable law.

I have disclosed identity of the Council's related parties and all related party relationships and transactions of which I am aware.

Impairment review

To the best of my knowledge, there is nothing to indicate that there is a permanent reduction in the recoverable amount of the property, plant and equipment and intangible assets below their carrying value at the balance sheet date. I have considered the impact of Covid-19 on the Council's Investment Properties. An impairment review is therefore not considered necessary.

Charges on assets

All the Council's assets are free from any charges exercisable by third parties except as disclosed within the financial statements.

Future commitments

I am not aware of any plans, intentions or commitments that may materially affect the carrying value or classification of assets and liabilities or give rise to additional liabilities.

Subsequent events

I confirm all events subsequent to the date of the financial statements and for which the Code and applicable law, require adjustment or disclosure have been adjusted or disclosed.

Should further material events occur after the date of this letter which may necessitate revision of the figures included in the financial statements or inclusion of a note thereto, I will advise you accordingly.

Covid-19

We confirm that we have carried out an assessment of the potential impact of the Covid-19 Virus pandemic on the Council, including the impact of mitigation measures and uncertainties, and that the disclosure in the Statement of Accounts fairly reflects that assessment.

Brexit

We confirm that we have carried out an assessment of the potential impact of the United Kingdom leaving the European Union, including the potential outcomes at the end of the Implementation Period, and that the disclosure in the Statement of Accounts fairly reflects that assessment.

Going concern

To the best of my knowledge there is nothing to indicate that the Council and Group will not continue as a going concern in the foreseeable future. The period to which I have paid particular attention in assessing the appropriateness of the going concern basis is not less than twelve months from the date of approval of the accounts.

I have updated our going concern assessment in light of the on-going Covid-19 pandemic. I continue to believe that the Council's financial statements should be prepared on a going concern basis and have not identified any material uncertainties related to going concern on the grounds that current and future sources of funding or support will be more than adequate for the Council's needs. We believe that no further disclosures relating to the Council's ability to continue as a going concern need to be made in the financial statements.

Annual Governance Statement

I am satisfied that the Annual Governance Statement (AGS) fairly reflects the Council's risk assurance and governance framework and I confirm that I am not aware of any significant risks that are not disclosed within the AGS.

Narrative Report

The disclosures within the Narrative Report fairly reflect my understanding of the Council's financial and operating performance over the period covered by the financial statements.

Ultimate parent company

I confirm that the ultimate parent company for the Council is Newark and Sherwood District Council.

Unadjusted misstatements

I confirm that the effects of the uncorrected misstatements are immaterial, both individually and in aggregate, to the financial statements as a whole.

Yours faithfully

Sanjiv Kohli
Deputy Chief Executive, Director of Resources and s151 Officer

Councillor Sylvia Michael
Chair – Audit and Accounts Committee

AUDIT & ACCOUNTS COMMITTEE
29 SEPTEMBER 2021

APPROVAL OF THE STATEMENT OF ACCOUNTS

1.0 Purpose of Report

- 1.1 To obtain approval of the Council's Statutory Accounts for the financial year ended 31 March 2021.

2.0 Introduction

- 2.1 In accordance with the Accounts and Audit Regulations 2015 there is a legal requirement that the Statement of Accounts for the Council receive approval by an appropriate Committee by the 31 July following the end of the financial year to which the Accounts relate. However due to disruption caused by the COVID 19 virus, legislation (Amended by 2020/404 & 2021/263) was passed to change the statutory publication date to 30 September. In accordance with the Council's Constitution and the remit of this Committee, the Statement of Accounts is brought to this Committee for approval.
- 2.2 The contents of the accounts are largely determined by statutory requirements and mandatory professional standards as set out within the 'Code of Practice on Local Authority Accounting' and 'Standard of Professional Practice on Financial Reporting' published by the Chartered Institute of Public Finance and Accountancy (CIPFA). The CIPFA Code of Practice is based on International Financial Reporting Standards (IFRS).

3.0 Approval of the Accounts

- 3.1 Although the regulations require the accounts to be approved by a resolution of a Committee it should be noted that approval in this context has, to some extent, a different meaning from other Committee resolutions. The Responsible Financial Officer (RFO) for the District Council, the Deputy Chief Executive/Director of Resources – S151 Officer, retains responsibility for the preparation of the annual accounts and is required to certify that they present a true and fair view of the financial position of the Council at 31 March 2021.
- 3.2 The aim of the Regulations is for Members to demonstrate ownership of the accounting statements. In order to assist Members in doing this a training session for members of the Committee on the Unaudited Statement of Accounts and Annual Governance Statement was completed on 21 July 2021 together with the document being presented at the Committee on the 28th July 2021.
- 3.3 There is a statutory requirement for the accounts of Arkwood Developments Ltd and Active4Today Ltd, the Council's two subsidiary companies, to be combined with the District Council's accounts to produce Group accounts which also have to be approved by the 30 September. Also this year the Council has been required to include its 50% ownership in the group accounts of the joint venture in the company RHH Newark Ltd.

4.0 Audit of the Accounts

- 4.1 The Council's external auditors, Mazars, commenced the audit of the accounts in June 2021. As the Council relies on other external factors to influence balances and transactions within the Accounts, the statements presented are the draft set of accounts, which have substantially been audited. As Members will see during the Audit Completion Report (earlier on this agenda) there are areas of the audit that the external auditors has not yet finalised the audit work on, however they are substantially complete. Hence the statements presented in this report can only be draft.
- 4.2 One area still to be completed that is out of the Councils control is the testing of the Pensions valuations that are held on our behalf with the Nottinghamshire Pension Fund. As the Council's external auditors are unable to gain satisfactory assurance over the net pension liability figure within our accounts themselves, assurance work from the External Auditors of the Pension Fund is required, which is still outstanding. As the net pension liability figure within the Councils accounts is £95.246m, this represents a significant amount on the Council's Balance Sheet which therefore requires the assurance from the external suppliers of the figure.
- 4.3 There is a requirement that the external auditor, Mazars, provides details of all of the errors in the financial statements that need amendment within the Report. Their full Audit Completion Report can be found under agenda item 'External Auditors Audit Completion Report' and Appendix A, section 6 of the appendix fully details the summary of misstatements.
- 4.4 In the event that the accounts are required to be amended, due to a change required by the auditors, after the approval given within this report, this report recommends that delegation be given to the S151 Officer and Chairman of this committee to be able to approve the amendment.

5.0 Changes made to the Statements

- 5.1 The audit identified only two significant misstatement:
- One relates to the duplicate inputting of an HRA accrual for debtors and creditors. This meant that the Debtors and Creditors balances within the Balance Sheet were overstated. This change did not affect the outturn position.
 - The second amendment relates to the valuation of an asset for which a demolition notice had been served. The value of the asset was based upon the land only, rather than the land and buildings, albeit as at the 31st March 2021, the building had not had the demolition notice served. The adjustment was charged to the Revaluation Reserve and did not affect the outturn position.
- 5.2 All relevant statements and notes have been adjusted for the two above misstatements.

6.0 Annual Governance Statement

6.1 The Audit and Account Regulations 2015 require the Council to carry out an annual review of the effectiveness of its system of internal control. Having considered the findings of the review members are then required to approve an Annual Governance Statement, prepared in accordance with proper practices in relation to internal control. The Annual Governance Statement has been reviewed and updated for 2020/2021 and is included in the Statement of Accounts. The Statement of Accounts is appended at Appendix A.

7.0 Letter of Representation

7.1 The Council's letter of representation to the external auditor attests to the accuracy of the financial statements submitted to the auditors for their analysis. In essence the letter states that all of the information submitted is accurate and that all material information has been disclosed to the auditors. The letter must be signed by the Chairman of the Audit and Accounts Committee and the Responsible Financial Officer. A copy of the letter is attached for information at Appendix B.

8.0 RECOMMENDATIONS that:

- (a) Members approve the Annual Governance Statement for the financial year ended 31 March 2021; and**
- (b) Members approve the draft audited Statement of Accounts for the financial year ended 31 March 2021;**
- (c) Members give delegation to the s151 Officer and the Chairman to sign a revised set of accounts if required as per para 4.4; and**
- (d) Members note that as per the previous report the s151 Officer and the Chairman have been given delegation to sign the Letter of Representation.**

Background Papers

Nil.

For further information contact Nick Wilson on extension 5317 or Andrew Snape, Assistant Business Manager Financial Services on extension 5523.

Statement of Accounts and Narrative Report 2020 / 2021



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Contact Us

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

Telephone: 01636 650000

Email: customerservices@newark-sherwooddc.gov.uk

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

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

Social media:  /NSDCouncil  @NSDCouncil  @NSDCouncil  @Newark and Sherwood District Council

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.

Part one	Introduction to Newark and Sherwood
Part two	Our purpose - why the District Council is here
Part three	How the District Council works
Part four	Community Plan delivery
Part five	Financial performance for the year 2020/21 summarising the information within the main Statement of Accounts document
Part six	Looking forward at the adopted Community Plan and Medium Term Financial Plan
Part seven	Identified corporate risks
Part eight	Explanation of the Financial Statements to help navigate through what is at times quite a technical document.

In considering this report, it should be noted that the 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

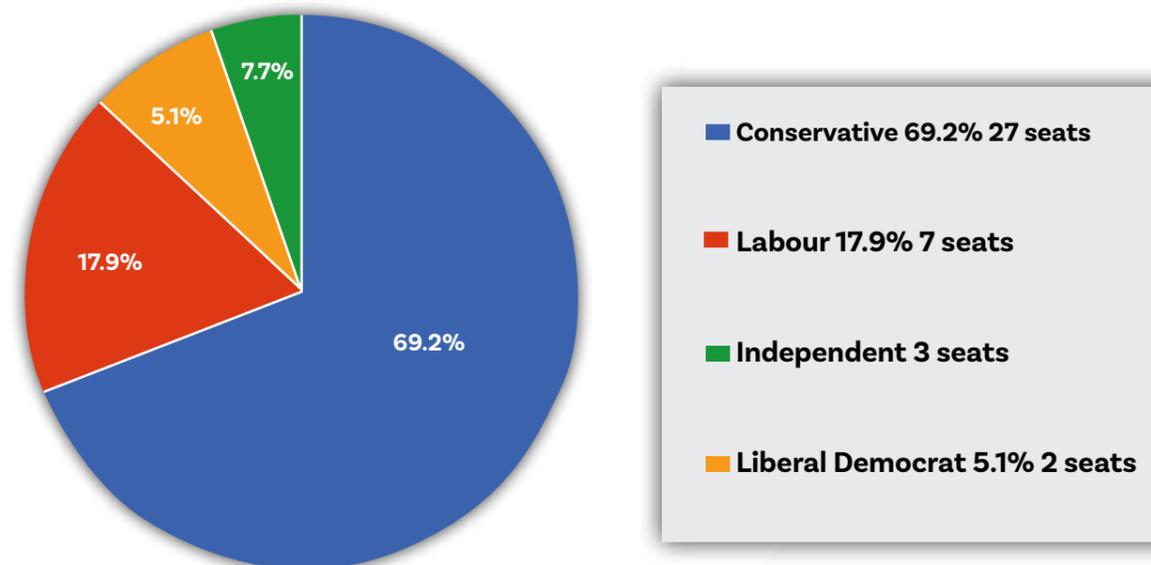
Approachable, open to feedback and challenge and swift to act.



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:



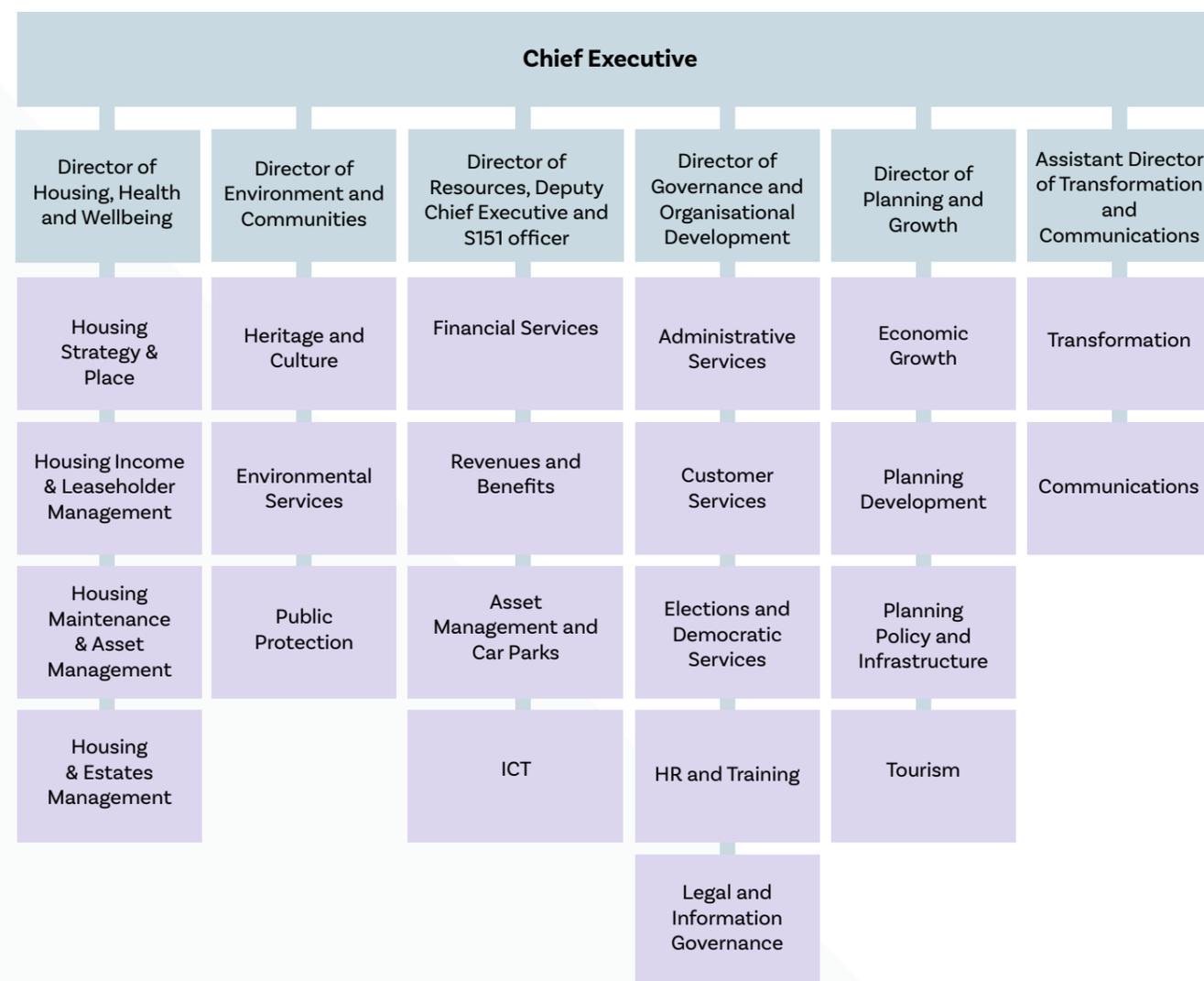
Shareholders Committee

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
General fund working balance	£1.5m	£0	£1.5m
General fund earmarked reserves	£24.036m	£11.804m	£35.840m
HRA working balance	£2m	£0	£2m
HRA earmarked reserves	£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 (£)
Economic Development	
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
Sub-total: adverse variance	£0.203m
Homes and Communities	
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
Sub-total: favourable variance	-£0.064m
Leisure and Environment	
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
Total from all committees: adverse variance	£0.082m

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

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	-£1.685m
Total increase in reserves	£11.804m



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
Services Total	-£2.279m
Additional interest expenditure compared with budget	£0.119m
Other Variances	-£0.015m
Overall Outturn	-£2.175m

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 th January 21	Balance Sheet
Sub-total Business Grants	£47.735m		
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
Sub-total Test and Trace Grants	£0.230m		
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
Sub-total LA Assistance funding	£2.842m		
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
Sub-total Council Tax/ Business Rates funding	£8.732m		

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
Total	£12.706m	£12.706m

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
Total Expenditure	£15.917m	£14.938m	£15.924m	£16.664m
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
Contribution -to or from Reserves	-£0.459m	£1.680m	£2.327m	£2.719m

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
Contribution -to or from reserves	-£0.459m	£1.680m	£2.327m	£2.719m
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
Contribution -to or from reserves, after proposed mitigations above	£0.000	£0.000	£0.000	£1.075m

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"> Annual review of budgets Medium term financial planning Council approved capital programme Consultation and communication plan to manage political and public expectations. Quarterly budget monitoring report tabled at Senior Leadership Team (SLT) and Policy and Finance Committee.
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"> Quarterly budget monitoring report tabled at SLT and Policy and Finance Committee Quarterly capital monitoring meetings. Financial implications added to Committee reports by Financial Services. Financial strategies and budget reviewed through Policy and Finance Committee annually
Safeguarding	Maintaining corporate safeguarding arrangements to ensure suitable and appropriate management of the District Council's safeguarding duties	<ul style="list-style-type: none"> Annual Review and Update of the Council's Safeguarding Policy Annual review and report to Senior Leadership Team Nottinghamshire wide network for referring information relating to PREVENT
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"> Continued liaison with Highways England to monitor progression of SLR and A1 overbridge Well defined growth objectives within the approved Community Plan Community Infrastructure Levy charging schedule and defined infrastructure list
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"> Procurement advice provided through Welland procurement Contract managers named for each Regular contract management meetings in place

Workforce	Ensuring the District Council is able to recruit, maintain and retain appropriate staffing resource to ensure it is able to deliver its services and meet its corporate objectives	<ul style="list-style-type: none"> Business planning embedded throughout the District Council with clear links to community planning and performance framework Partnership approach with recognised trade unions to support organisational change and current pandemic crisis (and any other similar extraordinary event) 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)
Emergency response	The District Council's ability to effectively respond as a category one responder to a major emergency and maintain a suitable response without affecting essential service delivery.	<ul style="list-style-type: none"> Emergency plans in place and securely stored Annual stock take of equipment in our emergency stores Agile working arrangements in place to ensure business continuity where an emergency incident occurs
Corporate governance	Risk of failure in systems of governance within the District Council, District Council owned/ influenced organisations and partnerships or other collaborative arrangements.	<ul style="list-style-type: none"> Annual internal review of the fraud risk register to carry out proactive work, check on internal controls and is reported to members Corporate Governance self-assessment against the code of Corporate Governance undertaken periodically Periodic review of governance by 3 statutory officers
Data management and security	Deliberate or unintentional loss/disclosure of personal, sensitive, confidential, business critical information or breach of information governance legislation	<ul style="list-style-type: none"> Data protection and cyber awareness training including a section on information security and targeted training ongoing for staff located elsewhere and forms part of the induction process Public Sector Network and Cyber Essentials compliant Information security and governance is monitored and reviewed by the corporate information governance group on a monthly basis
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"> Shareholder Committee established and membership agreed Inclusion of risk register by company with business cases Monthly officer contract meetings between Arkwood and the District Council
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"> Full participation and engagement with the Local Resilience Forum Responsive risk review in light of central Government information

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

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:

Sanjiv Kohli, CPFA
Director of Resources, S151 Officer

Date

Signed:

Councillor Sylvia Michael
Chair - Audit and Accounts Committee

Date

COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT

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	-5,334	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
85,723	-56,963	28,760	Cost of Services	75,451	-59,729	15,722
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
121,687	-106,633	15,054	Surplus (-) or Deficit on Provision of Services	108,660	-109,062	-402
		-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
		-38,659	Other Comprehensive Income and Expenditure			9,107
		-23,605	Total Comprehensive Income and Expenditure			8,705

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

	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					
Movement in reserves 2019/20	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Balance at 31 March 2019 carried forward	1,500	25,124	2,000	4,398	10,107	6,991	9,673	59,793	151,590	211,383	
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	
Net Increase/Decrease(-) before Transfers to Earmarked Reserves	-1,089	0	358	0	1,593	1,467	-4,219	-1,890	25,495	23,605	
Transfers to/from(-) Earmarked Reserves(Note 13)	1,089	-1,089	-358	358	0	0	0	0	0	0	
Increase/Decrease(-) in 2019/20	0	-1,089	0	358	1,593	1,467	-4,219	-1,890	25,495	23,605	
Balance at 31 March 2020 carried forward	1,500	24,035	2,000	4,756	11,700	8,458	5,454	57,903	177,085	234,988	

BALANCE SHEET

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
385,549 TOTAL LONG TERM ASSETS		406,319
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
48,877 TOTAL CURRENT ASSETS		61,154
-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
-29,230 TOTAL CURRENT LIABILITIES		-38,732
-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
-170,208 TOTAL LONG TERM LIABILITIES		-202,458
234,988 TOTAL NET ASSETS		226,283
57,903 Usable Reserves	33	69,311
177,085 Unusable Reserves	34	156,972
234,988 TOTAL RESERVES		226,283

CASH FLOW STATEMENT

2019/20 £'000	Notes	2020/21 £'000
-15,054 Net Surplus/Deficit(-) on the Provision of Services		402
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
9,726 Net Cash Flows from Operating Activities		21,652
-21,080 Investing Activities	36C	-22,205
2,214 Financing Activities	36D	295
-9,140 Net Increase or Decrease(-) in Cash and Cash Equivalents		-258
Cash and Cash Equivalents at the Beginning of the Reporting Period		23,519
23,519 Cash and Cash Equivalents at the End of the Reporting Period	25	23,261

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	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.	If the useful life of assets is reduced, depreciation increases and the carrying amount of the assets falls.
Fair Value Measurements	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.	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. The significant unobservable inputs used in the fair value measurement include management assumptions regarding rent growth, occupancy levels, floor area repairs backlogs, beacon classifications and others. Significant changes in any of the unobservable inputs would result in a significantly lower or higher fair value measurement for these assets.
Provision - Business Rates	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. Estimation of backdated appeals was provided by Analyse Local. This assumes that various amounts of appeals are received, and then subsequently agreed.	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.
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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	
-1,781	30,541	28,760	Net Cost of Services	-560	16,282	15,722	
2,512	-16,218	-13,706	Other Income and Expenditure	-11,949	-4,175	-16,124	
731	14,323	15,054	Surplus(-)/Deficit	-12,509	12,107	-402	

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	
-25,535	-6,756	-32,291	Closing Balance at 31 March	-37,339	-7,461	-44,800	
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	
-25,535	-6,756	-32,291	Closing Balance at 31 March	-37,339	-7,461	-44,800	

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

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

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

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	-34,994
Income on Joint Associates	0	0	0	0	0	-127	-127
Interest and Investment Income	0	0	0	0	0	-1,067	-1,067
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
Business COVID-19 grants	0	0	0	0	0	-7,450	-7,450
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	-6,265	-7,635
Disposal of Assets	0	0	0	0	0	-2,182	-2,182
Total Income	-5,334	-1,797	-1,710	-23,689	-24,433	-49,670	-106,633
Employee Expenses	3,299	2,417	3,688	4,811	9,275	0	23,490
Other Service Expenses	3,333	1,783	2,116	2,836	5,889	615	16,572
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	964	964
Interest Payments	0	0	0	0	82	5,700	5,782
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
Business COVID-19 grant payments	0	0	0	0	0	7,450	7,450
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
Total Operating Expenses	7,584	4,544	6,714	28,558	38,323	35,964	121,687
Surplus(-)/Deficit on Provision of Services	2,250	2,747	5,004	4,869	13,890	-13,706	15,054

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

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

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
General Fund for known pressures Reserves					
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
Total for known pressures Reserves	11,265	-1,940	9,325	11,882	21,207
Change Management	12,747	587	13,334	-221	13,113
Total General Fund Revenue	24,012	-1,353	22,659	11,661	34,320

<u>Capital Reserves</u>					
Capital Provision	1,112	264	1,376	143	1,519
Total General Fund Capital	1,112	264	1,376	143	1,519
Total General Fund Earmarked Reserves	25,124	-1,089	24,035	11,804	35,839
<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
Total HRA Revenue	4,398	358	4,756	705	5,461
Total General Fund and HRA Earmarked Reserves	29,522	-731	28,791	12,509	41,300

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
12,565 Total	4,393

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
5,599 Total	4,666

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
-31,870 Total	-25,183

17 OFFICIALS' EMOLUMENTS

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

	2019/20 £	2020/21 £
<u>Chief Executive</u>		
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%
<u>Deputy Chief Executive & Director of Resources</u>		
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%
<u>Director of Governance & Organisational Development</u>		
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%
<u>Director of Communities & Environment</u>		
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%
<u>Director of Growth & Regeneration</u>		
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%
<u>Director of Health & Welbeing - Started in April 2020</u>		
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	2019/20
							£'000	£'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
Total	11	4	2	4	13	8	147	133

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
Total	21	1	16

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
250 Total	254

20 GRANT INCOME

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

2019/20 £'000	2020/21 £'000
<u>Credited to Taxation and Non Specific Grant</u>	
-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
<u>Capital Related;</u>	
-2,062 Supported Housing	-756
-1,574 Developers Contributions (Net of Payments)	-475
-232 Other Grants and Contributions	-1,134
-13,254 Total	-7,284
<u>Credited to Services</u>	
-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
Capital Related;	
-750 Private Sector Disabled Facilities	-644
-21,969 Total	-28,050

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
-898	-2,281

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
-6,167	-6,732

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
43 Total	46

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

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

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	2020/21
£'000	£'000
26,276 New Council House Build	22,219
26,276 Total	22,219

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	9,512	202	317	11,997	0	22,028
Valued at Current Value in:								
2020/2021	291,092	2,717	0	0	0	0	-222	293,587
2019/2020	0	3,876	0	0	0	0	0	3,876
2018/2019	0	13,049	0	0	0	0	318	13,367
2017/2018	0	17,696	0	0	0	0	0	17,696
2016/2017	0	18,594	0	0	0	0	0	18,594
	291,092	55,932	9,512	202	317	11,997	96	369,148
Non Revaluation adjustments	0	21,797	2,358	246	98	230	-96	24,633
Gross Book Value	291,092	77,729	11,870	448	415	12,227	0	393,781

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

23 LEASES - DISCLOSURE AS LESSEE

Finance Leases

The Council has 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
95 Balance at 1 April	179
0 Additions	5,285
95 Revaluations	140
-11 Depreciation	-15
0 Disposals	-4,478
0 Reclassifications	0
179 Net Book Value at 31 March	1,111

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
2,656 Minimum Lease Repayments	10,381

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
2,656	224	Total	10,381	5,510

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
2,383	Total Operating Lease Costs	2,351

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
35	Total Operating Lease Costs	38

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
0 Minimum Lease Repayments	7,631

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
0	0	7,631	4,665

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
4,761 Total Operating Lease Costs	4,822

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
23,519 Total Cash and Cash Equivalents	23,261

26 HERITAGE ASSETS

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

	Museum Collection £'000	Other Assets £'000	Total Assets £'000
Cost or Valuation			
At 1 April 2020	1,930	90	2,020
Additions	0	0	0
Revaluations	0	0	0
At 31 March 2021	1,930	90	2,020
Cost or Valuation			
At 1 April 2019	1,937	98	2,035
Additions	0	0	0
Revaluations	-7	-8	-15
At 31 March 2020	1,930	90	2,020

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

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

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

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

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

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

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

27 ASSETS HELD FOR SALE

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

2019/20 £'000	2020/21 £'000
1,120 Balance outstanding at start of year	1,170
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
1,170 Balance outstanding at year-end	1,233

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
Balance at start of year:	
1,458 Gross carrying amounts	1,526
-1,170 Accumulated amortisation	-1,258
288 Net carrying amount at start of year	268
Movements:	
68 Purchases	111
0 Other disposals	0
-88 Amortisation for the period	-67
0 Reclassifications	0
268 Net carrying amount at end of year	312
Comprising:	
1,526 Gross carrying amounts	1,637
-1,258 Accumulated amortisation	-1,325
268 Net carrying amount at end of year	312

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
131,624	132,900
Opening Capital Financing Requirement	
<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
132,900	138,162
Closing Capital Financing Requirements	
Explanation of Movements in Year	
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)	
1,276	5,262
Increase in Capital Financing Requirement	
Split on Capital Financing Requirement between General Fund and Housing Revenue Account	
26,262	29,139
106,638	109,023
132,900	138,162

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	
15,807	19,299
Total Short Term Debtors	
801	2,400
Other Entities and Individuals	
801	2,400
Total Long Term Debtors	
16,608	21,699
Total Debtors	

DEBTORS FOR LOCAL TAXATION

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

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

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
18,591 Short Term Creditors	25,272
7,210 Other Payables	8,567
7,210 Long Term Creditors	8,567
25,801 Total	33,839

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
1,457 Short Term Balance at 1 April	391	391
-1,337 Amounts used in year	-1,457	-1,457
271 Transfer from Long Term	1,295	1,295
391 Short Term Balance at 31 March	229	229
1,948 Long Term Balance at 1 April	1,288	1,288
-389 Additional provisions made in year	1,545	1,545
-271 Transfer to Short Term	-1,295	-1,295
1,288 Long Term Balance at 31 March	1,538	1,538

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
177,085 Total Unusable Reserves	156,972

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
63,183 Balance at 1 April	89,726
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
28,454 Surplus or deficit(-) on revaluation of non-current assets not posted to the Surplus or Deficit on the Provision of Services	11,308
-1,067 Difference between fair value depreciation and historical cost depreciation	-1,418
-844 Accumulated gains on assets sold or scrapped	-1,581
-1,911 Amount written off to the Capital Adjustment Account	-2,999
89,726 Balance at 31 March	98,035

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
163,267	157,295
Balance as at 1st April	
Reversal of items relating to capital expenditure debited or credited to the CIES:	
-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	
-29,503	-23,173
Adjusting amounts written out of the Revaluation Reserve	
844	1,581
-28,659	-21,592
Net written out amount of the cost of non-current assets consumed in the year	
Capital financing applied in the year:	
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	
21,620	18,819
1,067	1,418
Adjustment between Capital Adjustment Account and Revaluation Reserve for depreciation that relates to the revaluation balance rather than historic cost	
157,295	155,940
Balance at 31 March	

FINANCIAL INSTRUMENT ADJUSTMENT ACCOUNT

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

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

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
-75,226 Balance at 1 April	-71,357
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
-71,357 Balance at 31 March	-96,575

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
-1,245 Balance at 1 April	-1,141
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
-1,141 Balance at 31 March	-1,687
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
-1,141 Balance at 31 March	-1,687

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
0 Balance at 1 April	0
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
0 Balance at 31 March	7,014

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
0 Balance at 1 April	-798
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
-798 Balance at 31 March	-566

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
2,559 Balance at 31 March	-6,508

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
-91 Balance at 31 March	-91

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
Total	33

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
-15,054	Net Surplus or Deficit(-) on the Provision of Services	402
	Adjust net surplus or deficit on the provision of services for non-cash movements	
6,339	Depreciation of Property, Plant and Equipment	6,739
19,071	Impairment and downward valuations	5,528
88	Amortisation of Intangible Assets	67
167	Material impairment losses on Investments debited to surplus or deficit on the provision of services in year	178
797	Adjustment for movements in fair value of investments classified as Fair Value through Profit & Loss a/c	-231
10	Increase/Decrease(-) in interest Creditors	-12
6,901	Increase/Decrease(-) in Creditors	3,575
-25	Increase(-)/Decrease in interest and dividend Debtors	36
-9,053	Increase(-)/Decrease in Debtors	5,909
2	Increase(-)/Decrease in Inventories	9
6,328	Pension Liability	2,599
-1,726	Increase/Decrease(-) in Provisions	89
2,709	Carrying amount of non-current assets and non-current Assets Held For Sale, sold or derecognised	9,212
0	Other non-cash items charged to the net surplus or deficit on the provision of services	0
31,608	Total	33,698
	Adjust for items included in the net surplus or deficit on the provision of services that are investing or financing activities	
0	Proceeds from short-term (not considered to be cash equivalents) and long-term investments (includes investments in associates, joint ventures and subsidiaries)	0
-4,691	Capital Grants credited to surplus or deficit on the Provision of Services	-9,177
-2,137	Proceeds from the sale of Property Plant and Equipment, Investment Property and Intangible Assets	-3,271
-6,828	Total	-12,448
9,726	Net Cash Flows from Operating Activities	21,652

B Cash Flow Statement - Operating Activities

The cash flows for operating activities include the following items:

2019/20 £'000		2020/21 £'000
1,038	Interest received	967
-3,428	Interest paid	-3,384
-2,390	Total	-2,417

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
-21,080	Net cash flows from investing activities	-22,205

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
2,214	Net cash flows from financing activities	295

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
Total Liabilities from financing activities	92,651	2,785	5,286	0	100,722

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

2019/20			2020/21	
Total	NSDC	Balance Sheet	Total	NSDC
£'000	Share £'000		£'000	Share £'000
2,151	247	Property, Plant and Equipment	2,043	240
2,151	247	Long Term Assets	2,043	240
228	26	Short Term Debtors	504	42
1,676	192	Cash and Cash Equivalents	1,651	190
1,904	218	Current Assets	2,155	232
-867	-79	Short Term Creditors	-951	-84
-867	-79	Current Liabilities	-951	-84
-1,141	-132	Pensions	-1,655	-161
-1,141	-132	Long Term Liabilities	-1,655	-161
2,047	254	Net Assets	1,592	227
Financed By:				
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
2,047	254	Total Reserves	1,592	227

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
Comprehensive Income and Expenditure Statement	
<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
9,655 Total charged to Surplus/Deficit on Provision of Services	8,209
<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
10,205 Total charged to Other Comprehensive Income and Expenditure	-20,415
19,860 Total charged to Comprehensive Income and Expenditure Statement	-12,206
Movement in Reserves Statement	
-6,330 Reversal of net charges made for retirement benefits	-3,342
Actual amount charged against the General Fund Balance	
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
183,598	1st April	171,331
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
171,331	31st March	216,468

Reconciliation of fair value of the scheme assets:

2019/20 £'000		2020/21 £'000
108,230	1st April	99,842
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
99,842	31st March	121,222

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
Net liability	-95,246	-71,489	-75,368	-79,197	-56,759

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
	Equity Investment			
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
57,623				78,518
	Gilts			
4,149	UK fixed interest	4,073	0	4,073
4,149				4,073
	Other Bonds			
3,490	UK corporates	2,047	0	2,047
5,684	Overseas corporates	6,261	0	6,261
9,174				8,308
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
99,844		87,207	34,008	121,215

Projected Pension Expense for the Year to 31 March 2022

	Year to 31-Mar-22 £'000
Projection for Year to 31 March 2019	
Service cost	6,676
Net Interest on the defined liability (asset)	1,876
Administration expenses	59
Total	8,611
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	
10,536	30,959	Total	10,589	39,770	

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
Total	39,770		1,314

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
	1,920			92	108

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
Debtor Analysis	
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
1,994 Total	1,224

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
92,427	42,334	-50,093	95,212	53,565	-41,647

* 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
Impact on Surplus or Deficit on the Provision of Services	-606
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	2019/20	2020/21	2019/20
	£'000	£'000	£'000	£'000
Financial Assets				
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
Total Financial Assets	10,589	10,536	17,067	8,076
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
Total Cash and Cash Equivalents	0	0	23,322	23,543
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
Total Loans and Receivables	6,962	801	6,808	5,046
Total	17,551	11,337	47,197	36,665

	Long Term		Current	
	2020/21 £'000	2019/20 £'000	2020/21 £'000	2019/20 £'000
Financial Liabilities				
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
Total Financial Liabilities	85,001	83,830	10,950	9,350
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
Total Non-Financial Liabilities	5,374	224	8,442	3,465
Total	90,375	84,054	19,392	12,815

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
Total Net (Gains) / Losses	0	0	-53	964
Interest expense	3,958	4,087	0	0
Interest Payable and Similar Charges	3,958	4,087	0	0
Interest income	0	0	-932	-1,067
Interest and Investment Income	0	0	-932	-1,067
Fee Expense	0	0	21	13
Total Fee Expense	0	0	21	13

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
Total			10,589	10,536

*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
Total	11,500	0	11,500	-964	53	-911	10,589

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
Opening balance	3,833	0
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
Closing Balance	3,655	3,833

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
Total		95,951	118,133	93,180	112,380
<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
Total		13,680	13,680	3,689	3,689
Total Liabilities		109,631	131,813	96,869	116,069

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
Total		0	0	0	0
<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
Total		54,159	54,159	37,466	37,466
Total Assets		54,159	54,159	37,466	37,466

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
<u>Income</u>		
-21,879 Dwelling Rent		-22,189
-152 Garages		-135
-32 Shops		-31
-22,063 Gross Rental Income		-22,355
-1,028 Charges for Services and Facilities		-976
-1,342 Contributions towards Expenditure		-1,017
0 Other Income		0
-24,433 Total Income		-24,348
<u>Expenditure</u>		
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
34,070 Total Expenditure		18,662
4,253 HRA share of other amounts included in the whole authority net expenditure of continuing operations but not allocated to specific services		44
13,890 Net Cost of HRA Services as included in the whole authority		-5,642
Comprehensive Income and Expenditure Statement		
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
16,814 Surplus(-)/Deficit for the year on HRA Services		-1,253

MOVEMENT ON THE HOUSING REVENUE ACCOUNT STATEMENT

2019/20 £'000		2020/21 £'000
-6,398	HRA Balance brought forward	-6,756
16,814	Surplus(-)/Deficit on the HRA Income and Expenditure Statement	-1,253
<u>Adjustments between Accounting Basis and Funding Basis under Regulations:</u>		
<u>Adjustments to the Revenue Resources</u>		
-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
<u>Adjustments between Revenue and Capital Resources</u>		
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
-17,172		548
-358	Increase(-)/Decrease in year in the HRA	-705
-6,756	HRA Balance carried forward, including HRA Earmarked Reserves	-7,461

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	2,034
3,442	3+ Bedrooms	381	1,114	274	179	1,948
<u>Flats</u>						
1,544	Low Rise (1-2 storeys)	22	695	437	341	1,495
29	Medium Rise (3-5)	0	4	9	16	29
5,497	Total	467	2,601	1,216	1,222	5,506

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
302,598 Total HRA Property, Plant and Equipment	312,740
1,010 Assets Held for Sale	547
303,608 Total HRA Assets on Balance Sheet	313,287

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
684,502 Total	693,076

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
10,107 Balance Brought Forward 1st April	11,700
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
11,700 Balance Carried Forward 31st March	11,689

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
13,717 Total	15,211
<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
13,717 Total	15,211

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
1,825 Total	2,055
-350 Reallocation of Receipts	0
-443 Less amount paid to Government Pool	-443
1,032 Total	1,612

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
4,452 Total	4,859

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.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	-24,878	0	-24,878
-79,882	0	-83,135	-83,135
0	-153	0	-153
0	0	-715	-715
-122,323	-25,031	-83,850	-108,881
<u>Expenditure</u>			
Council Tax Precepts and Demands:			
57,229	0	60,216	60,216
8,504	0	8,996	8,996
3,094	0	3,192	3,192
6,730	0	7,018	7,018
2,925	0	3,109	3,109
Non Domestic Rates:			
20,640	21,958	0	21,958
16,512	17,567	0	17,567
3,715	3,953	0	3,953
413	439	0	439
Share of NDR1 deficit(-)/Surplus:			
938	1,144	0	1,144
750	915	0	915
169	206	0	206
19	23	0	23
-1,026	0	0	0
163	162	0	162
0	0	0	0
731	388	1,066	1,454
-4,315	222	0	222
738	593	0	593
117,929	47,570	83,597	131,167
-4,394	22,539	-253	22,286
-4,600	-5,121	-3,873	-8,994
-8,994	17,418	-4,126	13,292

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
Total	54,914	44,702.58		39,696.70	39,299.76	38,771.61

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.

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

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

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	1	0	1
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
88,364	-59,221	29,143	Cost of Services	77,002	-60,777	16,225
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	35	0	35
14,424	-46,248	-31,824	Taxation and Non Specific Grant Income Note G1	13,872	-39,055	-25,183
124,224	-108,862	15,362	Surplus (-) or Deficit on Provision of Services	110,133	-107,727	2,406
1	0	1	Corporation Tax - A4T	0	0	0
0	0	0	Corporation Tax - Arkwood	-81	0	-81
124,225	-108,862	15,363	Group Surplus(-)/Deficit	110,052	-107,727	2,325
		-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
		-38,849	Other Comprehensive Income and Expenditure			11,522
		-23,486	Total Comprehensive Income and Expenditure			13,847

GROUP MOVEMENT IN RESERVES

Movement in reserves during 2020/21

		A4T	Arkwood	RHH	Council							A4T	Council	
	General Fund Balance £'000	Earmarked Reserves £'000	Earmarked Reserves £'000	Earmarked Reserves £'000	Earmarked General Fund Reserves £'000	Housing Revenue Account Reserves £'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	Total Reserves £'000
Balance at 31 March 2020	1,500	397	-167	-1	24,035	2,000	4,756	11,699	8,414	5,454	58,087	-3,152	177,252	232,187
Total Comprehensive Income and Expenditure	-673	0	0	0	0	1,253	0	0	0	0	580	-2,416	-9,107	-10,943
Adjustment between Group Accounts and Authority accounts	0	-309	-178	-65	0	0	0	0	0	0	-552	0	-2,352	-2,904
Adjustment between accounting basis & funding basis under regulations	12,477	112	0	0	0	-548	0	-11	323	-1,413	10,940	-112	-10,828	0
Net Increase/Decrease(-) before Transfers to Earmarked	11,804	-197	-178	-65	0	705	0	-11	323	-1,413	10,968	-2,528	-22,287	-13,847
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
Increase/Decrease(-) in 2020/21	0	-197	-178	-65	11,804	0	705	-11	323	-1,413	10,968	-2,528	-22,287	-13,847
Balance at 31 March 2021	1,500	200	-345	-66	35,839	2,000	5,461	11,688	8,737	4,041	69,055	-5,680	154,965	218,340

Movement in reserves during 2019/20

RESTATED	2019/20											2020/21		Total Reserves £'000
	General Fund Balance £'000	A4T Earmarked Reserves £'000	Arkwood Earmarked Reserves £'000	RHH Earmarked Reserves £'000	Council Earmarked General Fund Reserves £'000	Housing Revenue Account Reserves £'000	Housing Revenue Account Earmarked £'000	Major Repairs Reserve £'000	Capital Grants Unapplied £'000	Capital Receipts Reserve £'000	Total Usable Reserves £'000	A4T Unusable Reserves £'000	Council Unusable Reserves £'000	
Balance at 31 March 2019	1,500	400	-33	0	25,124	2,000	4,398	10,107	6,991	9,673	60,160	-3,049	151,590	208,701
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
Net Increase/Decrease(-) Before Transfers to Earmarked	-1,089	-3	-134	-1	0	358	0	1,592	1,423	-4,219	-2,073	-103	25,662	23,486
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
Increase/Decrease(-) in 2019/20	0	-3	-134	-1	-1,089	0	358	1,592	1,423	-4,219	-2,073	-103	25,662	23,486
Balance at 31 March 2020	1,500	397	-167	-1	24,035	2,000	4,756	11,699	8,414	5,454	58,087	-3,152	177,252	232,187

GROUP BALANCE SHEET

RESTATED 31 March 2020 £'000	2020/21					Inter 31 March Comp Adj £'000	31 March 2021 £'000
	NSDC £'000	Active4 today £'000	Arkwood £'000	RHH £'000			
371,924 Property, Plant & Equipment	386,436	0	0	0	0	0	386,436
2,020 Heritage Assets	2,020	0	0	0	0	0	2,020
0 Investment Properties	0	0	0	0	0	0	0
268 Intangible Assets	312	0	0	0	0	0	312
6,703 Long Term Investments	10,589	0	0	0	-3,655	6,934	6,934
276 Long Term Debtors	2,400	0	0	0	-2,352	48	48
0 Long Term Finance Lease Debtor	4,562	0	0	0	0	4,562	4,562
381,191 TOTAL LONG TERM ASSETS	406,319	0	0	0	-6,007	400,312	400,312
8,076 Short Term Investments	17,067	0	0	0	0	17,067	17,067
1,261 Inventories	294	1	5,260	3,190	-2,397	6,348	6,348
15,669 Short Term Debtors	19,299	486	90	129	-3,960	16,044	16,044
1,170 Assets Held For Sale	1,233	0	0	0	0	1,233	1,233
27,401 Cash and Cash Equivalents	23,261	18	1,551	14	0	24,844	24,844
53,577 TOTAL CURRENT ASSETS	61,154	505	6,901	3,333	-6,357	65,536	65,536
-8,826 Short Term Borrowings	-10,950	0	0	0	359	-10,591	-10,591
-19,106 Short Term Creditors	-25,272	-305	-894	-3,399	3,601	-26,269	-26,269
-391 Provisions Short Term	-229	0	0	0	0	-229	-229
-898 Grants Receipts in Advance	-2,281	0	0	0	0	-2,281	-2,281
-29,221 TOTAL CURRENT LIABILITIES	-38,732	-305	-894	-3,399	3,960	-39,370	-39,370
-7,210 Long Term Creditors	-8,567	0	-2,352	0	2,352	-8,567	-8,567
-1,288 Provisions Long Term	-1,538	0	0	0	0	-1,538	-1,538
-224 Long Term Finance Lease	-5,374	0	0	0	0	-5,374	-5,374
-83,830 Long Term Borrowing	-85,001	0	0	0	0	-85,001	-85,001
-74,641 Pensions Liability	-95,246	-5,680	0	0	0	-100,926	-100,926
-6,167 Grants Receipts in Advance	-6,732	0	0	0	0	-6,732	-6,732
-173,360 TOTAL LONG TERM LIABILITIES	-202,458	-5,680	-2,352	0	2,352	-208,138	-208,138
232,187 TOTAL NET ASSETS	226,283	-5,480	3,655	-66	-6,052	218,340	218,340
58,087 Usable Reserves	69,311	200	3,655	-66	-4,045	69,055	69,055
174,100 Unusable Reserves	156,972	-5,680	0	0	-2,007	149,285	149,285
232,187 TOTAL RESERVES	226,283	-5,480	3,655	-66	-6,052	218,340	218,340

GROUP CASH FLOW STATEMENT

RESTATED 2019/20 £'000	NSDC £'000	Active4 today £'000	Arkwood £'000	RHH £'000	Inter 31 Comp Adj £'000	March 2021 £'000
-15,363	403	-309	-178	-67	-2,174	-2,325
Net Surplus/Deficit(-) on the Provision of Services						
35,733	33,698	264	-4,441	79	-165	29,435
Adjustment to Surplus or Deficit on the Provision of Services for Non-Cash Movements						
-6,950	-12,448	0	0	0	2,174	-10,274
Adjust for Item Included in the Net Surplus or Deficit on the Provision of Services that are Investing and Financing Activities						
13,420	21,653	-45	-4,619	12	-165	16,836
Net Cash Flows from Operating Activities						
-21,079	-22,205	0	2,352		0	-19,853
Investing Activities						
2,251	295	0	0		165	460
Financing Activities						
-5,408	-257	-45	-2,267	12	0	-2,557
Net Increase or Decrease(-) in Cash and Cash Equivalents						
32,809	23,519	63	3,818	1	0	27,401
Cash and Cash Equivalents at the Beginning of the Reporting Period						
27,401	23,262	18	1,551	13	0	24,844
Cash and Cash Equivalents at the End of the Reporting Period						

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	-5	6	1
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
Cost of Services	15,723	239	263	-5	5	16,225
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	70	-35	35
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
Group Surplus(-)/Deficit	1,773	309	178	65	0	2,325

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	1	0	1
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
-1,618	30,761	29,143	Net Cost of Services	-99	16,324	16,225
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	35	0	35
1	0	1	Corporation Tax - A4T	0	0	0
0	0	0	Corporation Tax - Arkwood	-81	0	-81
869	14,494	15,363	Surplus(-)/Deficit	-12,068	14,393	2,325
General Fund & Earmarked Reserve £'000	HRA & Earmarked Reserve £'000	Total £'000		General Fund & Earmarked Reserve £'000	HRA & Earmarked Reserve £'000	Total £'000
-26,991	-6,398	-33,389	Opening Balance	-25,764	-6,756	-32,520
1,227	-358	869	Surplus(-) or Deficit on Balances in Year	-11,364	-705	-12,069
-25,764	-6,756	-32,520	Closing Balance at 31 March	-37,128	-7,461	-44,589
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	-35,628	-5,461	-41,089
-25,764	-6,756	-32,520	Closing Balance at 31 March	-37,128	-7,461	-44,589

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

Adjustments between Funding and Accounting Basis 2019/20

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

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	-3,471	-678	-3,884	-1,538	-24,330	0	-33,901
Income on Joint Associates	0	0	0	0	0	-121	-121
Interest and Investment Income	0	0	0	0	0	-940	-940
Income from Council Tax	0	0	0	0	0	-10,154	-10,154
Income from Non Domestic Rates	0	0	0	0	0	-21,042	-21,042
Housing Benefit Subsidy Rent Allowance	0	0	0	-10,523	0	0	-10,523
Housing Benefit Subsidy Rent Rebates	0	0	0	-8,938	0	0	-8,938
Government Grants and Contributions	-5,564	-932	-282	-1,783	-28	-7,859	-16,448
Disposal of Assets	0	0	0	0	0	-6,869	-6,869
Adjustment for Group Transactions	9	99	1,010	27	29	35	1,209
Total Income	-9,026	-1,511	-3,156	-22,755	-24,329	-46,950	-107,727
Employee Expenses	4,066	2,007	4,330	6,847	4,844	0	22,094
Other Service Expenses	8,273	1,592	5,303	3,073	6,009	216	24,466
Housing Benefit Rent Allowance	0	0	0	10,528	0	0	10,528
Housing Benefit Rent Rebates	0	0	0	8,969	0	0	8,969
Expenditure on Joint Associates	0	0	0	0	0	118	118
Support Service Recharges	0	0	0	0	0	575	575
Depreciation, Amortisation and Impairment	2,088	148	1,577	391	8,114	0	12,318
Changes in Fair Value	0	0	0	0	0	-231	-231
Interest Payments	0	0	0	0	12	5,794	5,806
Non Domestic Rates Tariff & Deficit	0	0	0	0	0	13,297	13,297
Precepts and Levies	0	0	0	0	0	3,704	3,704
Payments to Housing Capital Receipts Pool	0	0	0	0	0	443	443
Disposal of Assets	0	0	0	0	0	9,255	9,255
Corporation Tax	0	0	0	0	0	-81	-81
Adjustment for Group Transactions	0	-3	-1,110	-28	-28	-40	-1,209
Total Operating Expenses	14,427	3,744	10,100	29,780	18,951	33,050	110,052
Surplus(-)/Deficit on Provision of Services	5,401	2,233	6,944	7,025	-5,378	-13,900	2,325

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
Total Income	-5,333	-1,644	-4,540	-23,271	-24,433	-49,641	-108,862
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
Total Operating Expenses	7,585	4,543	9,222	28,547	38,467	35,861	124,225
Surplus(-)/Deficit on Provision of Services	2,252	2,899	4,682	5,276	14,034	-13,780	15,363

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		Active4			Group	
£'000	NSDC	today	Arkwood	RHH	Total	
	£'000	£'000	£'000	£'000	£'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	3,145	6,053
1,261	Total	294	1	2,908	3,145	6,348

G6 SHORT TERM DEBTORS

The amounts due to the Group were:-

RESTATED						
2019/20		Active4			Group	
£'000	NSDC	today	Arkwood	RHH	Total	
	£'000	£'000	£'000	£'000	£'000	
Amounts falling due within one year:-						
2,314	Trade Receivables	1,920	0	0	129	2,049
220	Prepayments	361	8	0	0	369
-857	Inter Company Transactions	-434	-359	0	-3,167	-3,960
16,426	Other Receivable Amounts	19,815	478	90	0	20,383
18,103	Total	21,662	127	90	-3,038	18,841
-2,434	Less Loss Allowance	-2,797	0	0	0	-2,797
15,669	Total Short Term Debtors	18,865	127	90	-3,038	16,044

G7 SHORT TERM CREDITORS

The amounts owed by the Group were:-

RESTATED						
2019/20		Active4			Group	
£'000	NSDC	today	Arkwood	RHH	Total	
	£'000	£'000	£'000	£'000	£'000	
Amounts falling due within one year:-						
5,962	Trade Payables	4,998	0	0	0	4,998
14,002	Other Payables	21,881	305	894	3,399	24,872
-858	Inter Company Transactions	0	-118	-316	-3,167	-3,601
19,106	Total Short Term Creditors	25,272	187	578	232	26,269

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
27,401 Current Assets	23,261	18	1,551	14	24,844
0 Cash in transit	0	0	0	0	0
0 Bank current accounts (overdraft)	0	0	0	0	0
0 Current Liabilities	0	0	0	0	0
27,401 Total Cash and Cash Equivalents	23,261	18	1,551	14	24,844

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	
78,417 Deficit at 1 April	71,489	3,152	0	0	74,641
<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
74,641 Deficit at 31 March	95,246	5,680	0	0	100,926

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
-15,363	-1,772	-309	-178	-66	-2,325
Net Surplus or Deficit(-) on the Provision of Services					
Adjust net surplus or deficit on the provision of services for non-cash movements					
6,339	6,739	0	0	0	6,739
Depreciation of Property, Plant and Equipment					
19,072	5,528	0	0	0	5,528
Impairment and downward valuations					
88	67	0	0	0	67
Amortisation of Intangible Assets					
7,842	1,995	-4	768	4,337	7,056
Increase/Decrease(-) in Creditors					
10	10	0	0	0	10
Increase(-)/Decrease in interest Debtors					
-9,188	7,543	-9	-73	-190	7,271
Increase(-)/Decrease in Debtors					
-997	9	0	-5,136	-4,068	-9,195
Increase(-)/Decrease in Inventories					
6,620	2,599	112	0	0	2,711
Pension Liability					
2,709	9,212	0	0	0	9,212
Carrying amount of non-current assets, sold or derecognised					
3,238	36	0	0	0	36
Other non-cash items charged to the net surplus or deficit on the provision of services					
35,733	33,698	99	-4,441	79	29,435
Adjust for items included in the net surplus or deficit on the provision of services that are investing or financing activities					
-166	-178	0	0	0	-178
Proceeds from short-term (not considered to be cash equivalents) and long-term investments (includes investments in joint ventures and subsidiaries)					
-4,646	-3,270	0	0	0	-3,270
Capital Grants credited to surplus or deficit on the Provision of Services					
-2,138	-6,826	0	0	0	-6,826
Proceeds from the sale of non-current assets					
-6,950	-10,274	0	0	0	-10,274
13,420	21,652	-210	-4,619	13	16,836
Net Cash Flows from Operating Activities					

RESTATED 2019/20 £'000		NSDC £'000	Active4 today £'000	Arkwood £'000	RHH £'000	2020/21 £'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
-21,079	Net cash flows from investing activities	-22,205	0	2,352	0	-19,853

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

During 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 31st March 2020 and the Policy and Finance Committee 2nd 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>Development Company</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>Re-integration of Housing Management Function</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 1st 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 25th 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.	
<p>Yorke Drive Development</p> <p>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.</p>	<p>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.</p>	<p>Director – Housing, Health and Wellbeing</p>

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
 Chief Executive
 1st September 2021

D. Lloyd
 Leader of the Council
 1st September 2021

Mazars LLP
Park View House
58 The Ropewalk
Nottingham
NG1 5DW

Telephone: 01636 655303
Email: Sanjiv.Kohli@newark-sherwooddc.gov.uk

Date 29th September 2021

Dear Sirs,

Newark and Sherwood District Council - audit for year ended 31 March 2021

This representation letter is provided in connection with your audit of the financial statements of Newark and Sherwood District Council (the Council) for the year ended 31 March 2021 for the purpose of expressing an opinion as to whether the financial statements give a true and fair view in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2020/21 (the Code) and applicable law.

I confirm that the following representations are made on the basis of enquiries of management and staff with relevant knowledge and experience (and, where appropriate, inspection of supporting documentation) sufficient to satisfy ourselves that I can properly make each of the following representations to you.

My responsibility for the financial statements and accounting information

I believe that I have fulfilled my responsibilities for the true and fair presentation and preparation of the financial statements in accordance with the Code and applicable law.

My responsibility to provide and disclose relevant information

I have provided you with:

- Access to all information of which we are aware that is relevant to the preparation of the financial statements such as records, documentation and other material;
- Additional information that you have requested from us for the purpose of the audit; and
- Unrestricted access to individuals within the Council and Group you determined it was necessary to contact in order to obtain audit evidence.

I confirm as Deputy Chief Executive, Director of Resources and s151 Officer that I have taken all the necessary steps to make me aware of any relevant audit information and to establish that you, as auditors, are aware of this information.

As far as I am aware there is no relevant audit information of which you, as auditors, are unaware.

Accounting records

I confirm that all transactions that have a material effect on the financial statements have been recorded in the accounting records and are reflected in the financial statements. All other records and related information, including minutes of all Council and committee meetings, have been made available to you.

Accounting policies

I confirm that I have reviewed the accounting policies applied during the year in accordance with the Code and International Accounting Standard 8 and consider these policies to faithfully represent the effects of transactions, other events or conditions on the Council's financial position, financial performance and cash flows.

Accounting estimates, including those measured at fair value

I confirm that any significant assumptions used by the Council (and Group) in making accounting estimates, including those measured at current or fair value, are reasonable.

I confirm that I am satisfied that the actuarial assumptions underlying the valuation of pension scheme liabilities for IAS19 disclosures are consistent with my knowledge. I confirm that all settlements and curtailments have been identified and properly accounted for. I confirm that all significant retirement benefits have been identified and properly accounted for (including any arrangements that are statutory, contractual or implicit in the employer's actions, that arise in the UK or overseas, that are funded or unfunded).

Contingencies

There are no material contingent losses including pending or potential litigation that should be accrued where:

- information presently available indicates that it is probable that an asset has been impaired or a liability had been incurred at the balance sheet date; and
- the amount of the loss can be reasonably estimated.

There are no material contingent losses that should be disclosed where, although either or both the conditions specified above are not met, there is a reasonable possibility that a loss, or a loss greater than that accrued, may have been incurred at the balance sheet date.

There are no contingent gains which should be disclosed.

All material matters, including unasserted claims, that may result in litigation against the Council have been brought to your attention. All known actual or possible litigation and claims whose effects should be considered when preparing the financial statements have been disclosed to you and accounted for and disclosed in accordance with the Code and applicable law.

Laws and regulations

I confirm that I have disclosed to you all those events of which I am aware which involve known or suspected non-compliance with laws and regulations, together with the actual or contingent consequences which may arise therefrom.

The Council has complied with all aspects of contractual agreements that would have a material effect on the accounts in the event of non-compliance.

Fraud and error

I acknowledge my responsibility as Deputy Chief Executive, Director of Resources and s151 Officer for the design, implementation and maintenance of internal control to prevent and detect fraud and error.

I have disclosed to you:

- All the results of my assessment of the risk that the financial statements may be materially misstated as a result of fraud;
- All knowledge of fraud or suspected fraud affecting the Council involving:
 - management and those charged with governance;
 - employees who have significant roles in internal control; and
 - others where fraud could have a material effect on the financial statements.

I have disclosed to you all information in relation to any allegations of fraud, or suspected fraud, affecting the Council's financial statements communicated by employees, former employees, analysts, regulators or others.

Related party transactions

I confirm that all related party relationships, transactions and balances, have been appropriately accounted for and disclosed in accordance with the requirements of the Code and applicable law.

I have disclosed identity of the Council's related parties and all related party relationships and transactions of which I am aware.

Impairment review

To the best of my knowledge, there is nothing to indicate that there is a permanent reduction in the recoverable amount of the property, plant and equipment and intangible assets below their carrying value at the balance sheet date. I have considered the impact of Covid-19 on the Council's Investment Properties. An impairment review is therefore not considered necessary.

Charges on assets

All the Council's assets are free from any charges exercisable by third parties except as disclosed within the financial statements.

Future commitments

I am not aware of any plans, intentions or commitments that may materially affect the carrying value or classification of assets and liabilities or give rise to additional liabilities.

Subsequent events

I confirm all events subsequent to the date of the financial statements and for which the Code and applicable law, require adjustment or disclosure have been adjusted or disclosed.

Should further material events occur after the date of this letter which may necessitate revision of the figures included in the financial statements or inclusion of a note thereto, I will advise you accordingly.

Covid-19

We confirm that we have carried out an assessment of the potential impact of the Covid-19 Virus pandemic on the Council, including the impact of mitigation measures and uncertainties, and that the disclosure in the Statement of Accounts fairly reflects that assessment.

Brexit

We confirm that we have carried out an assessment of the potential impact of the United Kingdom leaving the European Union, including the potential outcomes at the end of the Implementation Period, and that the disclosure in the Statement of Accounts fairly reflects that assessment.

Going concern

To the best of my knowledge there is nothing to indicate that the Council and Group will not continue as a going concern in the foreseeable future. The period to which I have paid particular attention in assessing the appropriateness of the going concern basis is not less than twelve months from the date of approval of the accounts.

I have updated our going concern assessment in light of the on-going Covid-19 pandemic. I continue to believe that the Council's financial statements should be prepared on a going concern basis and have not identified any material uncertainties related to going concern on the grounds that current and future sources of funding or support will be more than adequate for the Council's needs. We believe that no further disclosures relating to the Council's ability to continue as a going concern need to be made in the financial statements.

Annual Governance Statement

I am satisfied that the Annual Governance Statement (AGS) fairly reflects the Council's risk assurance and governance framework and I confirm that I am not aware of any significant risks that are not disclosed within the AGS.

Narrative Report

The disclosures within the Narrative Report fairly reflect my understanding of the Council's financial and operating performance over the period covered by the financial statements.

Ultimate parent company

I confirm that the ultimate parent company for the Council is Newark and Sherwood District Council.

Unadjusted misstatements

I confirm that the effects of the uncorrected misstatements are immaterial, both individually and in aggregate, to the financial statements as a whole.

Yours faithfully

Sanjiv Kohli
Deputy Chief Executive, Director of Resources and s151 Officer

Councillor Sylvia Michael
Chair – Audit and Accounts Committee

AUDIT & ACCOUNTS COMMITTEE
29 SEPTEMBER 2021

AUDIT & ACCOUNTS COMMITTEE ANNUAL REPORT

1.0 Purpose of Report

1.1 To inform Members of the activity undertaken by the Audit and Accounts Committee during the 2020/21 financial year.

2.0 Background Information

2.1 As part of the bi-annual review of the effectiveness of the Audit Committee which was undertaken during July 2019, an action plan was presented to the Audit and Accounts Committee at the meeting in November 2019. One of the actions identified within that plan was to produce an annual report of the activity of the Audit and Accounts Committee.

2.2 Part 2 of the constitution sets out the remit of the Committee which is:

- To approve the Authority's statement of accounts
- To review the Council's corporate governance arrangements
- To receive reports/presentations from the Council's internal audit manager
- To receive and consider the external auditor's opinion and reports
- To ensure that there are effective relationships between external and internal audit
- Consider the effectiveness and adequacy of the authority's risk management arrangements, the control environment and associated anti-fraud and anti-corruption arrangements
- Be satisfied that the authority's assurance statements properly reflect the risk environment and any controls in place to manage it
- Ensure effective scrutiny of the Council's Treasury Management Strategy and Policies.

3.0 Activity undertaken during the year

3.1 During the year, the Committee discharged its responsibilities as described within the Constitution by:

30th September 2020

3.2 Due to the pandemic the meetings during April and July 2020 were cancelled. Due to this the agenda for the meeting on the 30th September 2020 was expanded compared with the usual size.

3.3 Assurance Lincolnshire presented their Annual Audit report for the year 2019/20. The report detailed the four areas that the Head of Internal Audit offers an opinion on being:

Governance
Risk
Internal Control
Financial Control

- 3.4 All areas were assessed as Performing Adequately, which meant that the areas of Risk and Financial Control had reduced from the previous year of Performing Well. The main reasons for the downward trends were in relation to the uncertainties of risk around Covid-19 both from a response and recovery perspective around Risk and financial health in respect of Financial Control.
- 3.5 Within the year there had been a 16% increase in low and limited assurance reports compared with the previous year. 78% of the revised plan had been delivered albeit a number of reports were in progress at the 31st March 2020, but due to the pandemic were not completed when the annual report was written. These were however duly completed.
- 3.6 The Treasury Management Outturn report was presented for 2019/20. As the Committee responsible for overseeing the Councils treasury activities, it reviewed the report and noted that no breaches to the approved prudential indicators were made during 2019/20. The report was therefore recommended to Council for approval.
- 3.7 With the April and July meetings cancelled, the External Audit Strategy Memorandum was presented to the committee at this time, for the 2019/20 financial year. This report considered the arrangements for how the Council's external auditors – Mazars, would conclude their Statement of Accounts and Value for Money work. This report was duly noted by the Committee.
- 3.8 The External Auditors audit completion report was also tabled on this agenda as the audit was on-going due to the pandemic. The national deadlines for the approval and publication of the audited financial statements had been reviewed and re-set to 30 November due to the impact of the pandemic.
- 3.9 The Committee were made aware that although the accounts had been audited, final confirmation of an unqualified opinion cannot be concluded until the final report has been commissioned from the external auditors of the Nottinghamshire Pension Fund due to the materiality of the Council's pension liability. Therefore, the conclusions on the Statement of Accounts and Value for Money would be anticipated conclusions and to be finalised in a further report to the November Committee.
- 3.10 Alongside the External Auditors audit completion report, the Committee were presented with the audited draft statement of accounts for the year 2019/20.
- 3.11 The report informed the Committee that the audit had identified only one significant misstatement due to an allowance for 2020/21 financial years' provision against revaluation of the business rates debt being held at 31 March 2020. This debt was not held on the balance sheet at that date therefore the provision would not be held and the Committee were aware that all relevant notes were adjusted for the misstatement.
- 3.12 The Committee also received reports on:
- The Audit and Accounts Committees annual report for the year to March 2020
 - An Internal Audit progress report to date for the year 2020/21
 - The results of the fraud risk assessment undertaken during February 2020
 - The Counter-Fraud activities undertaken during November 2019 to August 2020

- An urgency item relating to a Homes England Compliance Audit Report in respect of the 5-year HRA Development programme.

25th November 2020

- 3.13 The Committee began with a training session provided by Rob Baxter from Link Group, the Council's treasury advisors. This annual training is to ensure that the Committee have the knowledge and skills to effectively challenge and understand the various treasury reports that are presented to them for them to recommend to Council for approval.
- 3.14 The Committee received a supplementary letter to the External Auditors audit completion report, which was presented to the Committee at the 30th Septembers Committee. This identified that 3 out of the 4 outstanding audit items had been completed with no matters to report, the audit area for Pension was ongoing. This was due to the lateness of the IAS19 assurance letters and the audited financial statements being made available and therefore the Council's external auditors were unable to gain satisfactory assurance over the net pension liability figure within the accounts.
- 3.15 Whilst this is out of the Council's control, the auditors advised the Committee that they were hoping to issue the audit report by the second week of December. This was also impacting on other Councils within Nottinghamshire in the same way.
- 3.16 As a result of the pandemic, and the ongoing uncertainties around local government funding, the Council produced a report on the Going Concern status of the Council.
- 3.17 The concept of a 'going concern' assumes that an authority, its functions and services will continue in operational existence for the foreseeable future. The report was able to conclude in regard to the Council's arrangements and those factors as highlighted in the report, that the Council remained a going concern.
- 3.18 The audited statement of accounts were presented to the Committee for approval post the External Auditors supplementary letter to the audit completion report. Members of the Committee approved the Statement of Accounts, including the Annual Governance Statement.
- 3.19 The Committee considered a report from the Business Manager for Financial Services, summarising the review conducted by Sir Tony Redmond on the arrangements in place to support the transparency and quality of local authority financial reporting and external audit in England.

The review recommended 23 recommendations across a range of areas. Based on the recommendations contained within the report, there would likely be major changes to the financial reporting and external audit framework over the coming years. Officers will continue to monitor the external environment to ensure that if and when these recommendations are approved for use by the relevant organisations, the Council ensures the relevant provisions are in place to accommodate the change.

The Committee then discussed the pros and cons as to recruiting an Independent person to assist the Committee and from this a job description to be prepared and approved prior to

any advertising. A report to be taken to the next Audit & Accounts Committee providing more information for Members to consider.

3.20 The Committee also received reports on:

- Strategic Risk Management
- Internal Audit progress report to date
- The mid-year Treasury Management report for the 2020/21 financial year.

3rd February 2021

3.21 The Committee received a report on the Internal Audit Plan for the financial year 2021/22. It detailed the planned activity for Internal audit and the focus areas of audit for the 2021/22 financial year. In addition to this report, Assurance Lincolnshire made members aware that a questionnaire would be distributed to Members in order to assess their knowledge as skills in order to populate a training plan.

3.22 The Committee also considered three reports relating to the Council's Treasury and capital activities for the 2021/22 financial year. These were the Treasury Management Strategy, the Investment Strategy and the Capital Strategy. Members noted the content of all of these and recommended to Council for their approval.

3.23 Based on the recommendation by the Committee at the meeting on the 25th November 2020 a report was received in relation to the potential appointment of an Independent Member.

3.24 The report advised that at present there were no statutory requirements on the authority to appoint an Independent Member to the Audit and Accounts Committee.

The NAO had recommended that further work be done by government with local authorities and other stakeholders to examine how the use of independent members on audit committees can be increased. This has also been supplemented by the recommendation by Sir Tony Redmond within his review.

The guidance from CIPFA notes both positive and cautionary reasons for such appointments and decisions of this nature need to take account of each local authority's own circumstances.

The Committee discussed how it would be preferable to have a 4 year cycle in place as is also carried out with the Auditors. This would be included when providing to Council.

3.25 The Committee also received reports on:

- The External Auditors annual audit letter for 2019/20
- A review of significant governance issues in the Annual Governance Statement
- Internal Audit progress report to date

21st April 2021

3.26 The Committee received an audit report from Homes England regarding compliance against its grant programme as part of the Council 5-year HRA development programme. The Committee noted its findings.

3.27 The Safety and Risk Management Officer presented a report on the status of the 2021/22 Strategic Risk Register. The report provided a table illustrating the significant changes agreed by SLT to the 2021/22 strategic risk register and a table illustrating the current status of all current strategic risks.

Individual groups working through the risks to develop bespoke action plans and reviewing the current risks as well as setting target risks to identify the potential for lowering the risks once the actions are delivered and management controls put in place.

3.28 The Committee also received reports on:

- Internal audit progress report to date
- Statement of Accounting policies for inclusion within the Statement of Accounts 2020/21
- Counter-Fraud activities between September 2020 and March 2021
- Fraud Risk Assessment undertaken in February

4.0 Conclusion

4.1 As can be seen from the account of the year, the Committee has discharged its responsibilities as per the Constitution.

4.2 The Committee has added value to the organisation, by recommending to Council and appointing an Independent member to the committee. This will add skills to the Committee which will benefit the whole organisation as further scrutiny over the reports presented to the committee will be achieved.

5.0 RECOMMENDATIONS:

That the Committee:

- (a) notes this report of the activity within the year and refer on to Council for noting;

Background Papers

Committee agenda packs
Committee meeting minutes

For further information please contact Nick Wilson, Business Manager – Financial Services on Ext 5317

Nick Wilson
Business Manager – Financial Services

AUDIT & ACCOUNTS COMMITTEE

29 SEPTEMBER 2021

INTERNAL AUDIT CHARTER

1.0 Purpose of Report

1.1 To inform members of the updates to the Internal Audit Charter.

2.0 Background

2.1 The Internal Audit Charter formally defines Internal Audit's purpose, authority and responsibility. It establishes Internal Audit's position with the Council and defines the scope of Internal Audit activities.

2.2 As part of the professional standards that auditors must abide by, an Internal Audit Charter must be in place in order to define those items in scope above.

2.3 Due to updates in the professional standards it is relevant at this point to update the document and seek approval from this Committee for its operational use.

2.4 The changes in this document from the previous version are minor and concentrate on recent updates on the Public Sector Internal Audit Standards.

3.0 Proposals

3.1 That the Committee review the Charter as appended at Appendix A and provide any comments to this.

4.0 Equalities Implications

4.1 There are no specific equalities implications arising from the details set out within this report. Where appropriate equalities are considered as part of the risk management process and where appropriate these are noted against the relevant risk and mitigation put in place to manage the risk along with any other risks identified.

5.0 Financial Implications

5.1 None arising from this report.

6.0 Digital Implications

6.1 None arising from this report.

7.0 RECOMMENDATION

Members of the Committee are asked to approve the Internal Audit Charter for operational use

Reason for Recommendations

To update the Committee on the Council's update of the Internal Audit Charter in order to comply with the most recent updates to the Public Sector Internal Audit Standards.

Background Papers

Nil.

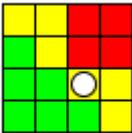
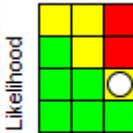
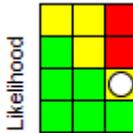
For further information please contact Nick Wilson on extension 5317.

Nick Wilson

Business Manager – Financial Services

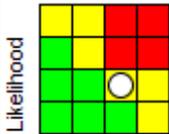
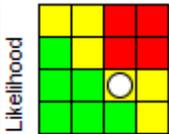
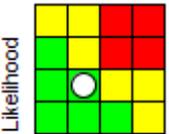
Appendix 1

Current Strategic Risk Register

Code & Title	SR101 Financial sustainability – General Fund		Owner	Kohli, Sanjiv (SLT)	
Description	Ensuring financial sustainability of the general fund to allow the council to undertake its core functions, deliver services, meet its corporate priorities and objectives		Assigned To	Wilson, Nick (BM – FIN)	
Original Risk Matrix	Current Risk Matrix	Target Risk Matrix	Reviewed Date	Target Date	Management
 <p>Likelihood</p> <p>Impact</p>	 <p>Likelihood</p> <p>Impact</p>	 <p>Likelihood</p> <p>Impact</p>	13-Aug-2020	31-Mar-2020	Controlled

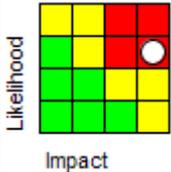
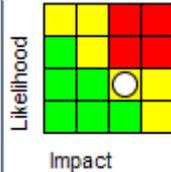
Controls/Actions In Place	<p>Quarterly Capital monitoring meetings</p> <p>Investments approved in line with the annually agreed Treasury Management Strategy</p> <p>Annual refresh of Medium Term Financial Plan including management of reserves</p> <p>Council approved Capital programme</p> <p>Financial implications added to Committee reports by Financial Services</p> <p>Financial strategies and budget reviewed through Policy and Finance Committee annually</p> <p>Use of external Medium Term Financial Plan tool which assists with forecasting future Business Rates income</p> <p>Assigned project manager for each major project the Council is embarking on</p> <p>Corporate Projects Team established to identify business opportunities in service areas</p> <p>Director/Business Unit Manager quarterly meetings reviewing Directorate financial position</p> <p>Approved Commercial strategy to support objectives set out in the MTFP</p> <p>Approved Investment Plan to support the objectives set out in the Commercial Strategy</p> <p>Nottinghamshire Business Rates Pool mitigating large impacts of reductions in Business Rates. This is kept under review by Nottinghamshire S151 officers</p> <p>Quarterly budget monitoring report tabled at SLT and Policy and Finance Committee</p> <p>Annual Financial Regulations training in place</p> <p>Government covering 72% of income lost due to COVID19</p> <p>Allocation of £1.483m in additional funding from the £3.3bn Central Government Fund</p> <p>Working with SDCT, DC and LGA to acquire additional income support</p> <p>Government returns completed identifying direct cost of COVID 19 and losses incurred</p> <p>Sharing of information/comparison with LRF COVID finance Cell. Also joint lobbying with the LRF cell for leisure centre income losses to be covered.</p> <p>Monitoring and forecasting of COVID related losses.</p> <p>Weekly COVID 19 Recovery Group updates to identify additional costs and allocation of costs</p>
Vulnerability	<p>Financial</p> <p>Meeting corporate objectives</p> <p>Service delivery</p> <p>Reputation</p>

	Governance Compliance
Trigger/Event	<p>Unforeseen rise in interest rates over forecasted levels</p> <p>Changes in national policy eg. fair funding review, change to government political parties</p> <p>Banking crisis</p> <p>Over reliance and poor decision making on investments</p> <p>Member priorities diverging from corporate priorities</p> <p>Increase CPI/RPI figures</p> <p>Failure of subsidiaries</p> <p>Major contract failure</p> <p>Failure of HRA</p> <p>Reduction in Business Rates 2.</p> <p>Poor decision making and business planning</p> <p>Budgeted income levels not meeting target</p> <p>Impact on promised funding not as expected</p> <p>Change in significant income/funding</p> <p>Failure in compliance/ governance</p> <p>Fraud</p> <p>Global Pandemic</p>
Impact	<p>Inability to deliver services</p> <p>Inability to meet corporate priorities</p> <p>Inability to meet legislative requirements</p> <p>External auditors review</p> <p>Government taskforce</p> <p>Negative media/reputation</p> <p>Loss of ability to make local decisions</p> <p>Division between members and officers</p> <p>Greater division between political parties</p> <p>Staff morale and loss of key staff</p> <p>Fines/ enforcement</p> <p>S151 officer issues S114 notice</p> <p>GF fails due to third party failure, i.e. HRA/subsidiaries</p> <p>Impact on residents and communities</p>

Code & Title	SR102 Financial sustainability – HRA		Owner	Kohli, Sanjiv (SLT)	
Description	Financial sustainability of the HRA to ensure the council is able to provide, maintain and develop its housing stock.		Assigned To	Wilson, Nick (BM – FIN)	
Original Risk Matrix	Current Risk Matrix	Target Risk Matrix	Reviewed Date	Target Date	Management
 Likelihood Impact	 Likelihood Impact	 Likelihood Impact	13-Aug-2020	31-Mar-2020	Control Pending

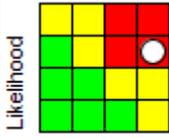
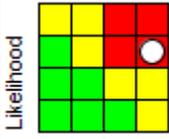
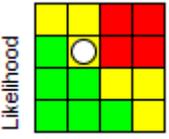
Controls/Actions In Place	<p>Controls copied from General Fund Financial Sustainability Risk – NW to review</p> <p>Quarterly Capital monitoring meetings</p> <p>Investments approved in line with the annually agreed Treasury Management Strategy</p> <p>Annual refresh of MTFP including management of reserves</p> <p>Council approved Capital programme</p> <p>Financial implications added to Committee reports by Financial Services</p> <p>Financial strategies and budget reviewed through Policy and Finance Committee annually</p> <p>Use of external MTFP tool which assists with forecasting future Business Rates income</p> <p>Assigned project manager for each major project the Council is embarking on</p> <p>Corporate Projects Team established to identify business opportunities in service areas</p> <p>Director/Business Unit Manager quarterly meetings reviewing Directorate financial position</p> <p>Approved Commercial strategy to support objectives set out in the MTFP</p> <p>Approved Investment Plan to support the objectives set out in the Commercial Strategy</p> <p>Nottinghamshire Business Rates Pool mitigating large impacts of reductions in Business Rates. This is kept under review by Nottinghamshire S151 officers</p> <p>Quarterly budget monitoring report tabled at SLT and Policy and Finance Committee</p> <p>Annual Financial Regulations training in place</p>
Vulnerability	<p>Financial</p> <p>Meeting corporate objectives</p> <p>Service delivery</p> <p>Reputation</p> <p>Governance</p> <p>Regulation and compliance</p>
Trigger/Event	<p>Change in national policy</p> <p>Increase in interest rates</p> <p>Increased rent arrears</p> <p>Increased voids</p> <p>Suitability of stock meeting future standards</p> <p>Increase or change in standards required</p> <p>Current stock does not meeting housing needs</p> <p>Workforce issues</p> <p>Housing management review and implementation</p> <p>Failing to ensure compliance with relevant legislation causing regulatory bodies to intervene</p> <p>Noncompliance with rent standard</p>

	<p>Meeting tenant priorities Ineffective strategic decision making and business planning Key HRA major projects failure Ineffective management of housing maintenance function Loss of critical income streams Fraud Failure to manage critical income streams/ invest Global Pandemic Supplier/contractor cost increases due to COVID 19 demand/supply issues</p>
<p>Impact</p>	<p>Inability to maintain stock to acceptable level including development of future stock Budget unable to address changes in national policy Reprioritisation of service delivery including resource delivery Cash reserves used to right off rent arrears and voids Substandard housing stock Loss of morale and high staff turnover Fines, notices, court cases and legal fees Moratorium of services Dissatisfaction with service delivery Greater scrutiny on service slowing decision making Poor local housing policy Project failure Contract disputes S151 officer issues S114 notice Failure to service debt Legislative requirements not met Impact on residents and tenants</p>

Code & Title	SR103 Safeguarding		Owner	Finch, Matthew (SLT)	
Description	Preventing failures within safeguarding arrangements to ensure protection of vulnerable persons		Assigned To	Batty, Alan (BM – PPR)	
Original Risk Matrix	Current Risk Matrix	Target Risk Matrix	Reviewed Date	Target Date	Management
			27-Jul-2020	31-Mar-2020	Controlled

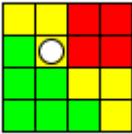
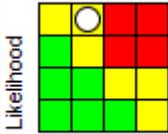
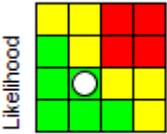
Controls/Actions In Place	<p><u>LEAD OFFICER: Director of Communities & Environment – M Finch</u></p> <p>Countywide safeguarding policy adopted – and reviewed / updated March 2018 Disciplinary policy Annual Review and Update of the Council’s Safeguarding Policy Key Staff already undertaken E–Learning BMs and safeguarding specific training PREVENT introduction to safeguarding training rolled out to all staff Staff Induction training organised Member training Officer represented on the Notts Safeguarding Children’s Board and Notts Safeguarding Adults Local procedures in place Corporate safeguarding group meet quarterly Safeguarding Support Officers in place Shared safeguarding email Annual completion of Section 11 return Annual review and report to SLT DBS notification process Internal Audit Notts wide network for referring information relating to PREVENT Participating in serious case reviews as required Learning from serious case reviews Annual assurance report to committee with exception reporting if require Undertake domestic homicide reviews as directed by CSP</p> <p>RECENTLY COMPLETED ACTIONS FOR REVIEW Develop and review current action plan from corporate group objectives plan Elected member training as part of the induction process following elections Update report to SLT on Child Safeguarding arrangements at county level</p>
Vulnerability	Compliance /Legislation Reputation Financial Resourcing Partnerships Governance Vulnerable persons

Trigger/Event	<p>Reduction of Managers means that relevant officers may not be available</p> <p>Lack of Training</p> <p>Turnover of staff resulting in loss of continuity</p> <p>Failure to identify a serious case</p> <p>Resurrection of a historic case</p> <p>Lack of resources to respond to the safeguarding process (identification through to investigation and report)</p> <p>Inappropriate response to a case</p> <p>Lack of corporate awareness and culture (members and officers)</p> <p>lack of communication / Partnership failure</p> <p>Non adherence to corporate policy, not escalating and not reporting</p>
Impact	<p>Foreseeable and avoidable harm is suffered by a vulnerable person</p> <p>Serious case review by Nottinghamshire safeguarding board</p> <p>Litigation (criminal and civil)</p> <p>Disruption caused by targeting by group/individual</p> <p>Possible effect on future insurance costs depending on liability and claims history</p> <p>Personal Liability</p> <p>Staff Morale</p> <p>Radicalisation</p> <p>Reputational damage with community e.g. negative media</p> <p>Resourcing any additional works</p> <p>Child exploitation, domestic abuse, radicalisation, modern day slavery</p> <p>Organisational abuse (e.g. older people in care homes)</p>

Code & Title	SR104 Failure to deliver growth infrastructure		Owner	Lamb, Matt (SLT)	
Description	Facilitating the provision of local infrastructure to ensure growth within the district to meet agreed plans & corporate priorities		Assigned To	Business Manager (BM – HSR); Hughes, Lisa (BM – PDV); Norton, Matthew (BM – PPO)	
Original Risk Matrix	Current Risk Matrix	Target Risk Matrix	Reviewed Date	Target Date	Management
 Likelihood Impact	 Likelihood Impact	 Likelihood Impact	20-Jul-2020		Control Pending

Controls/Actions In Place	<p>Community Plan</p> <p>Infrastructure delivery plan</p> <p>CIL charging schedule and infrastructure list</p> <p>Development plan (Amended Core Strategy and Allocations and Development Management DPD)</p> <p>Local Development Framework Task Group</p> <p>Economic Development Committee and Full Council</p> <p>Planning Committee</p> <p>High performing planning service</p> <p>Active Lobbying</p> <p>Engagement with Developers, Stakeholders & Partners</p> <p>Economic Growth Strategy</p>
Vulnerability	<p>Inability to deliver infrastructure to support growth</p> <p>Political</p> <p>Reputation</p> <p>Financial</p> <p>Partners and stakeholders</p>
Trigger/Event	<p>Government change in policy</p> <p>Government funding withdrawn</p> <p>Funding reduced</p> <p>Funding bid failure</p> <p>Housing development stalls</p> <p>Change in leadership</p> <p>Poor strategic decision making</p> <p>Change in partnership priorities</p> <p>Withdrawal of Partners</p> <p>Failure of other related major infrastructure projects</p>
Impact	<p>Infrastructure not delivered</p> <p>Inappropriate infrastructure delivered</p> <p>Growth within district affected</p> <p>Inadequate service provision</p> <p>Government sanctions for inability to deliver housing growth</p> <p>Housing development stalls</p> <p>Social Inequality</p>

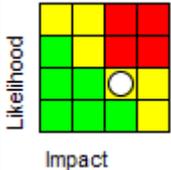
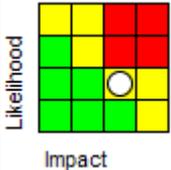
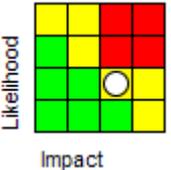
	Large Employer relocating outside district Inward investment stalls
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Code & Title	SR105 Contract/supply failure		Owner	Johnson, Deb (BM – TRC); Cook, Natalie (BM_TRC)	
Description	Managing contracts with key suppliers, including NSDC wholly own companies, to ensure the continued delivery of an effective service and ensure delivery of the council's priorities and objectives.		Assigned To	Wilson, Nick (BM – FIN); Business Manager (BM – HSR); Batty, Alan (BM – PPR)	
Original Risk Matrix	Current Risk Matrix	Target Risk Matrix	Reviewed Date	Target Date	Management
 Likelihood Impact	 Likelihood Impact	 Likelihood Impact	28-Sep-2020	31-Mar-2020	Control Pending

Controls/Actions In Place	<p>CONTRACT INCEPTION & MANAGEMENT</p> <ul style="list-style-type: none"> . Contract register developed using Pro-Contract and actively managed by OD team (not fully populated or embedded yet see action) . Contact renewal early warning provided by OD at quarterly meetings . Procurement advice provided through Welland procurement . Call off contract arrangements/template devised . SLA template devised for consistency . SLAs all reviewed . SLA register devised and actively managed by OD . Comprehensive audit undertaken of contracts <p>WHOLLY OWNED COMPANIES</p> <ul style="list-style-type: none"> . Management agreements regularly reviewed . Contract managers named for each . Regular contract management meetings in place . Active partnership approach embedded <p>TRAINING</p> <ul style="list-style-type: none"> . Session delivered to BMs on contract management . Session delivered to members on contract management <p>RECENTLY COMPLETED ACTIONS FOR REVIEW</p> <ul style="list-style-type: none"> . Legal advice on developing contract templates
Vulnerability	<p>Service delivery</p> <p>Financial</p> <p>Compliance (Regulatory, Health & Safety, Legislative)</p> <p>Governance</p> <p>Resources</p> <p>Reputational</p>

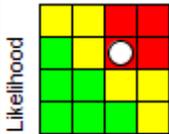
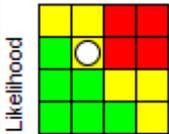
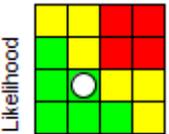
Trigger/Event	<p>CONTRACT INCEPTION</p> <ul style="list-style-type: none"> . Lack of understanding of requirements and different provision mechanisms available . Lack of commercial approach and knowledge . Inadequate/ambiguous specification . Inadequate/ambiguous control/performance measures . Inadequate/ambiguous exit arrangements . Failure to engage relevant specialists in contract design . Contract is not signed and saved in corporate register . Limited market supply . Over reliance on single supplier(s) . Lack of competence in procurement . Lack of resource dedicated to procurement . Lack of preplanning for contracts . Lack of appropriate exit strategies <p>CONTRACT MANAGEMENT</p> <ul style="list-style-type: none"> . No assigned contract manager . Contract manager is not appropriately trained/skilled . Contract manager resource is insufficient . Ineffective performance monitoring and reviews . Evergreen contracts in place . Change control/variations are not appropriately managed . Lack of ongoing challenge throughout the contract . Loss of key personnel/ key resilience . Relationship breakdown . Contractor fails to deliver/ isn't able to deliver (bankruptcy) <p>WHOLLY OWNED COMPANIES</p> <ul style="list-style-type: none"> . Management agreement not robust . Governance and oversight not appropriate . Inadequate/ambiguous governance arrangement . Contract management resource is insufficient/ unsuitable . Inadequate/ambiguous control/performance measures . Relationship breakdown and – objectives do not align . Lack of ongoing challenge throughout the contract . Board directors do not perform within required parameters . Lack of appropriate review of purpose of contract <p>OTHER</p> <ul style="list-style-type: none"> . Financial management not embedded as part of contract management process . Impact of Brexit (link to STRAT SR012 Brexit) . Business continuity/Emergency incident . Contracts not entered on contract register . Provision commences before contract is in place . Lack of appropriate overview of contract management . Pandemic
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	<ul style="list-style-type: none"> . Link to SR106 – Workforce
Impact	<p>FINANCIAL IMPACT</p> <ul style="list-style-type: none"> . Additional costs to council (hidden costs, increased costs) . Best value not achieved . Fines <p>SERVICE DELIVERY IMPACT</p> <ul style="list-style-type: none"> . Provision is not timely/delayed . Poor/declining quality of service/provision . Increased unplanned demand . Inability to scale up/scale down provision to meet demand . Service failure . Not aligned to corporate objectives <p>LEGISLATIVE IMPACT</p> <ul style="list-style-type: none"> . Data loss/GDPR compromised . Council’s legislative obligations not met . Providers are not able to be challenged as contract not in place when service is commenced <p>REPUTATIONAL IMPACT</p> <ul style="list-style-type: none"> . Customer/service user complaints increase . Member complaints increase . Negative media coverage <p>RESOURCE</p> <ul style="list-style-type: none"> . Contract manager resource requirement is increased (leading to impact on other duties) . Other officer resource required to manage impacts (leading to impact on other duties)

Code & Title	SR106 Workforce		Owner	White, Karen (SLT)	
Description	Ensuring the 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.		Assigned To	Glass, Caroline (BM – HR & Training)	
Original Risk Matrix	Current Risk Matrix	Target Risk Matrix	Reviewed Date	Target Date	Management
			18-Dec-2019	31-Mar-2020	Controlled

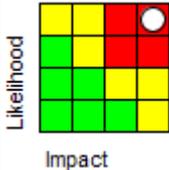
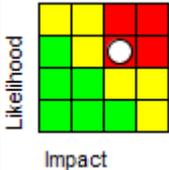
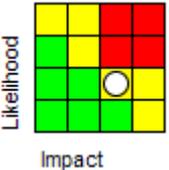
Controls/Actions In Place	<p>Business Managers have individual development plans to help them manage change and risk.</p> <p>Senior HR Officers provide support to Business Managers to manage staffing issues, e.g. sickness absence, capability etc.</p> <p>Effective communication arrangements are in place.</p> <p>Rolling programme of review for HR policies to ensure they remain robust and fit for purpose.</p> <p>Selima system provides Business Managers with ownership / control over staff sickness/Holiday approval etc. and provides corporate overview HR working closely with Business Managers to support organisational change.</p> <p>Partnership approach with recognised trade unions to support organisational change.</p> <p>Counselling/therapy and welfare support services in place for staff.</p> <p>Visible leadership.</p> <p>Annual employee planning process.</p> <p>Training and development programme to support ongoing development of skills and competencies and BM and other staff change management such as recruitment.</p> <p>Review of training requirements linked to appraisal process to ensure that appropriate development is sourced and implemented for staff to include facilitation of succession management.</p> <p>Incentivised terms and conditions, e.g. agile and flexible working</p> <p>Use of Apprenticeships to support service areas and support succession management.</p> <p>Approved corporate priorities within the Community Plan 2019-23</p> <p>Annual financial planning Project team and plan in place for housing implementation</p>
Vulnerability	<p>Service delivery and resources</p> <p>Financial</p> <p>Compliance</p> <p>Governance</p> <p>Reputational</p> <p>Competence and Capability</p> <p>Leadership</p>
Trigger/Event	<p>Key staff leaving e.g. with specific qualifications and/or experience and membership of professional body</p> <p>Number of staff leaving from one area/high turnover</p> <p>Inability to recruitment to key posts</p> <p>Lack of development opportunity</p>

	<p>Lack of team cohesion Lack of alignment with corporate values/behaviours/culture Pressure of work Demand in a specific skill set Uncompetitive in the job market place Poor industrial relations Working environment Key member of staff goes on long term sick Organisational restructure</p>
<p>Impact</p>	<p>Service delivery impact Reputational impact through poor service Reputation as an employer resulting in inability to recruit staff Loss of capacity/under resourced Loss of expertise and corporate memory High recruitment costs Additional time required to support introduction of new staff and development thereof Additional training costs Impact on morale, culture and team performance Increased levels of staff absence Loss of opportunity through loss of networks Inability to operate in accordance with statutory requirements Increase in accidents Impact of potential civil claim (e.g. employment tribunal. insurance) or criminal actions Increased demand on corporate services (e.g. HR)</p>

Code & Title	SR107 Loss of community cohesion		Owner	Finch, Matthew (SLT)	
Description	The risk of vulnerable communities with NSDC feeling disengaged, excluded or being unable to access available services and opportunities.		Assigned To	Baker, Jill (BM – CSC); Monger, Leanne (BM – HHC); Batty, Alan (BM – PPR)	
Original Risk Matrix	Current Risk Matrix	Target Risk Matrix	Reviewed Date	Target Date	Management
 Impact	 Impact	 Impact	09-Dec-2019	31-Mar-2020	Control Pending

Controls/Actions In Place	<p>Diversionary activities</p> <p>Days of Action</p> <p>Development of community database</p> <p>Residents surveys</p> <p>Diverting resources into vulnerable communities</p> <p>Supporting national initiatives, e.g. Hate Crime Awareness Week</p> <p>Community Engagement Strategy</p> <p>Actions within the Community Plan working around vulnerable communities</p> <p>Place based community relations.</p> <p>Cultural orientation training</p> <p>LMAPS (local multi agency partnership)</p> <p>Community Safety Partnership Work</p> <p>Severe weather and new winter shelter.</p> <p>Tolney Lane working group.</p>
Vulnerability	<p>Disengagement</p> <p>Partners and stakeholders</p> <p>Reputation</p> <p>Community leadership</p> <p>Vulnerable persons</p>
Trigger/Event	<p>Lack of understanding of communities' needs and consequent actions</p> <p>Not meeting expectations of communities</p> <p>New unforeseen incident or situation</p> <p>Poor judgement in making decisions</p> <p>Loss of key partner in delivering key service</p> <p>Change in partners funding/delivery priorities</p> <p>Unilateral decisions by partners</p> <p>National decision or event</p> <p>Internal community issue</p> <p>Lack of engagement with key community leaders outside of democratically elected</p> <p>Non representative community leader</p> <p>Withdrawal or reduction of services</p>
Impact	<p>Diversion of resources to address problems</p> <p>Isolation of vulnerable groups</p> <p>Loss of confidence in the council and other agencies</p>

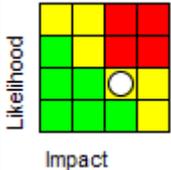
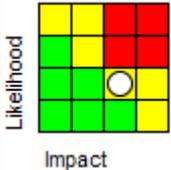
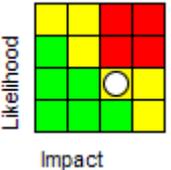
	Reputation Engaging with the wrong people Physical unrest Civil disobedience Divided communities Economic loss Hate Crime
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Code & Title	SR108 Emergency response		Owner	Finch, Matthew (SLT)	
Description	The Council's ability to effectively respond as a category 1 responder to a major emergency and maintain a suitable response without affecting essential service delivery.		Assigned To	Richardson, Dave (BM – ICT); Batty, Alan (BM – PPR)	
Original Risk Matrix	Current Risk Matrix	Target Risk Matrix	Reviewed Date	Target Date	Management
			18-Dec-2019		Control Pending

Controls/Actions In Place	<p>LEAD OFFICER – Matthew Finch</p> <p><u>Emergency Plan/ Business Continuity</u> Emergency plans in place and securely stored on Resilience Direct Incident specific emergency plans in place. The plan is regularly reviewed and tested. Periodic review of key services by EPO e.g. Emergency Planning and Business Continuity. Management shows support for BCM through regular discussions in key meetings. Business Continuity is a regular agenda item. Management shows support to appropriately prepare, maintain and exercise a Business Continuity Plan by assigning adequate resources, people and budgeted funds. Periodic review of documents e.g. Emergency Plan, Business Continuity Plan. Business Continuity Audit Review. There is a Business Continuity Management (BCM) Policy and it is updated periodically. – Managers and staff have been made aware of BCP and BCM and their responsibilities. Managers have been consulted in developing the plan and key individuals who input is more important than others have been identified. The Business Continuity Plan identifies all critical areas of the authority There is an up to date Business Continuity Plan.</p> <p><u>Financial</u> Corporate budget available to support flood alleviation schemes. Council maintaining budget figure and reserve up to Belwin amount to cover emergency incidents. Facilitation of government grant scheme in flood affected areas to enhance future resilience.</p> <p><u>Equipment/ Resources</u> Flood stores in some communities with provisions to self help and therefore not be as reliant on council. Agile working arrangements. Cyber security arrangements Use and Audit of Resilience Direct as a Document Management System/repository Load key documents onto Resilience Direct Annual stock take of equipment in our Emergency Stores. exercise carried out gap analysis of the testing.</p>
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	<p>Training & LRF Training Improved understanding of snow implications and therefore better plans in place. Memorandum of Understanding for mutual aid. Local Resilience Forum and annual risk assessment. Produced BCP BCM training timetable Offering of Health & Wellbeing advice e.g. offering flu vaccinations</p> <p><u>Partners/Public</u> Work with EA (Environment Agency) on flood resilience work has mitigated/reduced the risk in some areas. Improved monitoring systems by EA for earlier warning for floods. Raised awareness of flood risk, therefore increased understanding self help and increasing resilience.</p> <p>Develop emergency response management tool i.e. Meritech (AB) Deliver One off workshop for BMs on BCP Implement the training of BCP & BCM and general training for all staff – Production of induction training package</p> <p>RECENTLY COMPLETED ACTIONS FOR REVIEW Identify users of the emergency response management tool (Meritech) and delivery. Meritech emergency planning module system training and testing Provide initial report to SLT re: Business Impact Analysis carried out Report to SLT re updated emergency plan to be SLT to decide how to deal with allowing JDs to be amended (including their own) to include an explicit responsibility for BC Promotion to LRF of 20 ways in 30 days in the Notts area Testing to take place of the Control Room at Castle House</p>
Vulnerability	<p>Resourcing Reputation Expectations Partners Financial Suitability of response Service delivery</p>
Trigger/Event	<p>Extreme weather event of greater frequency and severity. Unpredictable district/regional/national emergency events. Council headquarters or key facilities are damaged. Pandemic Flu Cyber Attack Counter terrorist Attack Partners not playing part/full role Failure of resources / suppliers / supply chain Availability and resilience of key personnel A "no deal" Brexit (further information see Strategic Risk Brexit) Insufficient time given to BMs/SLT to deliver appropriately considered BCPs</p>
Impact	<p>Drain on services and resources to provide an immediate and appropriate response. Managing and resourcing the longer term recovery process</p>

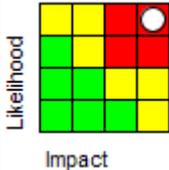
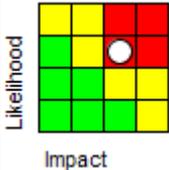
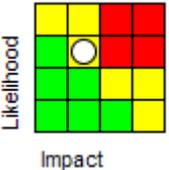
Business Continuity issues at Castle House and other council facilities – centres could be flooded, staff unable to get into work – loss of resources i.e. vehicles, premises.
Reputational damage due to perceived failure to respond to emergency or maintain services
Reputational damage to the District and attraction to place to live/work
Failure to maintain critical services day to day
Manage financial requirements of the emergency event
Financial issues of being unable to claim back funding spent on assisting communities
Financial implication of up front costs required during an emergency.
Less likely to receive long term support to obtain government flood grants compared with high density areas due to cost benefit ratio.
Effect on communities (commercial or domestic)
Loss of key/ critical systems
Inability to support critical projects and projects at a critical stage

Code & Title	SR109 Corporate governance		Owner	White, Karen (SLT)	
Description	Risk of failure in systems of governance within the council, council owned/influenced organisations and partnerships or other collaborative arrangements.		Assigned To	Hill, Nigel (BM – EDS); Wilson, Nick (BM – FIN)	
Original Risk Matrix	Current Risk Matrix	Target Risk Matrix	Reviewed Date	Target Date	Management
			27-Dec-2019		Controlled

Controls/Actions In Place	<p>LEAD OFFICER – Karen White</p> <p>Code of corporate governance created, maintained and monitored in accordance with CIPFA guidance.</p> <ul style="list-style-type: none"> . Corporate Governance self-assessment against the code of Corporate Governance undertaken periodically. . Periodic review of governance by 3 statutory officers. <p>Annual review of Constitution which includes fit for purpose and up to date:</p> <ul style="list-style-type: none"> . Officer code of conduct. . Officer registers of interests – Related third party transactions. . Section 151 officer/Monitoring officer/Head of Paid Service. . Gifts and hospitality – policy and register place. . Council Financial regulations and procedures, . Contract procedure rules . Whistle blowing policy . Anti-fraud and corruptions strategy <p>Annual governance statement reviewed annually and reported to Audit and Accounts Committee. Annual Governance Statement goes to Feb meeting of Committee Creation of annual combined assurance report in conjunction with SLT and BMs.</p> <p>Internal Audit work including risk based Audit Plan. Effective use of External Auditor. Scrutiny by Audit and Accounts Committee</p> <p>Staff and member training in place</p> <ul style="list-style-type: none"> . Training on governance issues including anti-fraud and financial regulations. . Counter fraud training delivered. . Member induction at the start of each new Council cycle. <p>Complaints:</p> <ul style="list-style-type: none"> . Localised standards framework and effective arrangements for dealing with complaints overseen by Policy and Finance Committee.
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	<p>. Internal complaints procedure.</p> <p>Fraud</p> <ul style="list-style-type: none"> . Annual internal review of the Fraud Risk register to carry out proactive work, check on internal controls and is reported to members . Participation with National Fraud Initiative process . Options appraisal for counter fraud and implementation of preferred option. <p>Appropriate insurance cover including Fidelity Guarantee.</p> <p>Oversight of Active4Today, Newark and Sherwood Homes, Arkwood and East Midlands Building Control.</p> <ul style="list-style-type: none"> . Appropriate monitoring of performance of the third party or alternative service delivery methods. <p>HR policies in place</p> <p>Recruitment process controls, e.g. References, Immigration, DBS.</p> <p>Horizon scanning at Business Manager briefings and effective communication between SLT and business managers.</p> <p>Measures in place to ensure IR35 compliance</p> <p>Schedules review of Corporate Governance (Q4 19/20)</p> <p>Governance review ongoing with support from LGA</p>
<p>Vulnerability</p>	<p>Service delivery</p> <p>Governance</p> <p>Fraud</p> <p>Poor decision making/leadership</p> <p>Reputation</p> <p>Financial</p> <p>Legal compliance</p> <p>Partners/stakeholders</p>
<p>Trigger/Event</p>	<p>Failure to communicate, define, review and uphold governance standards policies to ensure fitness for purpose.</p> <p>Failure of staff and councillors to understand their governance roles and responsibilities.</p> <p>Failure to observe good governance.</p> <p>Failure to adequately manage risk or monitor performance.</p> <p>Failure in Policy adherence (All policies).</p> <p>Malicious event eg. Fraud, money laundering, etc.</p> <p>Reduction in capacity and loss of key personnel and resources</p> <p>Failure to adequately oversee governance standards of partnerships and other entities that the Council is involved in.</p> <p>Failure of governance in partnership organisations</p>
<p>Impact</p>	<p>Financial resource loss.</p> <p>Service delivery issues.</p> <p>Criminal or civil liability.</p> <p>Government or peer intervention.</p>

	<p>Reputational risk to the Council.</p> <p>Negative media coverage.</p> <p>Policies could be open to challenge.</p> <p>Excessive legal costs incurred.</p> <p>Poor or inadequate decision making.</p> <p>Poor staff morale.</p> <p>High staff turnover.</p> <p>Regulator finding fault eg. Internal Audit, External Audit, Ombudsman.</p> <p>Community disengagement.</p> <p>Capacity redirected to address failures.</p> <p>Loss of opportunity and ability to meet corporate priorities</p> <p>Inappropriate use</p> <p>Fraud and corrupt practice identified.</p> <p>Fraud and corruption practices not identified or dealt with leading to an incident of fraud and corruption.</p> <p>Failure of partnerships</p>
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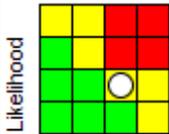
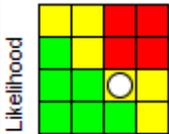
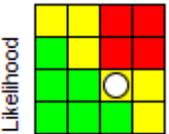
Code & Title	SR110 Data management and security		Owner	Kohli, Sanjiv (SLT)	
Description	Deliberate or unintentional loss/disclosure of personal, sensitive, confidential, business critical information or breach of information governance legislation		Assigned To	Baker, Jill (BM – CSC); Wilson, Nick (BM – FIN); Richardson, Dave (BM – ICT)	
Original Risk Matrix	Current Risk Matrix	Target Risk Matrix	Reviewed Date	Target Date	Management
			24-Aug-2020	31-Mar-2020	Control Pending

Controls/Actions In Place	<p><u>LEAD OFFICER – Sanjiv Kohli</u></p> <p><u>Training/ Guidance/ Compliance/ Agreements</u> Data protection training including a section on information security and targeted training ongoing for staff located elsewhere and forms part of the induction process. Guidance and training available for elected members. 3 GDPR sessions provided for newly elected members.</p> <p>Guidance on security breach procedures for Business Managers as Information Asset Owners. Ongoing training for all staff taking payments in line with PCI-DSS requirements. Relevant training for ICT staff. Weekly review of ICO guidance. Compliance with the governments security arrangements. PSN compliant data & internet connections implemented. Compliance with new Cabinet Office email standards achieved. Information governance check on furniture that is being disposed of. Information E Training completed by all staff. Cyber Security now standing agenda item on monthly business unit management meetings. Annual review of Information Asset Register. Annual mandatory GDPR and cyber/phising online training for all staff and councillors. Governance arrangements established through CIGG with monthly review.</p> <p><u>ICT/Equipment</u> External Audit on ICT security annually. Encryption for mobile devices. VASCO tokens and Google Authenticator. Quarterly ICT security checks internally. Penetration test annually for external company – monthly scans of servers for weaknesses, monthly server updates and monthly scans of Microsoft Office and Windows. Perimeter software – eg. mailmarshall & webmarshall. Hardening test on new virtual servers. Documents scanned reducing the need for paper. Secure server room. East Midlands WARP membership – alerting networking facility regarding any breaches.</p>
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	<p>Monthly updates of Adobe products. Program in place to ensure the continual maintenance & upgrade of the ICT environment. Secure portal for Members to access the Extranet. Airwatch MDM (Mobile Device Management) implementation for mobile devices. DMark, DKim SPF and TLS secure email authentication software. Cryptshare for encrypting secure emails and large files for email. Report & record all cyber-attacks/attempts and escalate to CMT where appropriate Users own devices cannot connect to network ‘Consent’ tick box on appropriate forms.</p> <p><u>Policies/Audit</u> Information management framework incorporating Security Policy and Security Breach Policy. Annual SIRO audit. Retention of document policy. Data Protection policy. Confidential waste handling procedure. Review of policies and procedures to ensure compliance with latest Payment Card Industry- Data Security Standard (PCI-DSS) Data security part of consideration as part of future strategic projects. All aspects of GDPR action plan completed including compulsory e-learning for all staff. SIRO audit completed confirming processes in place for identifying risks associated with any new project/process. CIGG meeting every two months to review any new risks. Periodic PCI/DSS compliance checks – see Corporate risk for further details. Data Privacy Impact Assessment.</p> <p><u>Partners/ Stakeholders/ Staff</u> Non-disclosure agreements in place for third party access. Use of data processing and agreements with partners. CIO/SIRO/DPO appointed. CIGG in place. Use of licensed Confidential waste handler. Letters sent to all third parties who process personal data on behalf of NSDC advising of additional responsibilities under GDPR and data processing agreements in place. Actions arising from report to SLT on third party users implemented.</p> <p>RECENTLY COMPLETED ACTIONS FOR REVIEW Developing Comms strategy to deal with a data breach</p>
Vulnerability	<p>Loss of vulnerable, personal, sensitive valuable data Legal compliance Reputation Financial Partners/stakeholders Disruption of service from a cyber attack</p>
Trigger/Event	<p>Personal, confidential or corporately sensitive/business critical information disclosed unintentionally or through error of judgement when responding to requests for information, data breach – intentional (malicious) or unintentional. Theft or loss of equipment/papers/data belonging to the council, partners or third party companies.</p>

	<p>Cyber attack: (either targeted such as denial of service or unintentional access to link on another website.</p> <p>Agile Working ie. mobile/remote/home working/home printing/disposal of printed data/ /Outreach posts.</p> <p>Reducing resources with less capacity for processing data.</p> <p>Collaborative working, sharing, outsourcing and partnership working (including external printing and hybrid mail)/involvement in other peoples' data Use of BYOD (Bring your own device).</p> <p>Government integration agenda e.g. Increased working between public bodies Use of suppliers/third parties, etc.</p> <p>Decommissioning of property.</p> <p>Partnership working and sharing new service locations/data sharing issues.</p> <p>Partner's/contractor's/host's poor data management and information security leading to data breach/loss.</p> <p>Devolution/change in service delivery model.</p> <p>Loss of key resources.</p> <p>Third party access to IT systems.</p> <p>New and inexperienced staff/elected members with access to data.</p> <p>Termination of PSN/GCSX standards by the Cabinet Office limiting options for securely sharing with some Public Sector organisations.</p> <p>Failure to comply with relevant standards and legislation including PCI-DSS/Cyber Essentials/NCSC best practice/PSN.</p> <p>Unsupported software/unforseen loss of support</p> <p>Housing management transfer</p> <p>Adoption of unsupported/dated systems from third parties</p>
<p>Impact</p>	<p>Individual loss/damage to an individual where the Council inappropriately released their personal data eg. civil claims.</p> <p>Damage to reputation of the Council/trust by the public.</p> <p>Breach of Access to Information legislation bringing about financial/legal damage – imposed on the Council by the Information Commissioner and other Statutory Bodies.</p> <p>Financial/ resource impact of Information Commissioner investigation.</p> <p>Disciplinary action taken against a member of staff and elected members if a breach is found to be deliberate/malicious.</p> <p>Operational and resource issues eg. service interruption – where focus has to be taken away from service delivery to dealing with the breach.</p> <p>Individual loss/damage to an individual where the Council inappropriately released their personal data eg. civil claims.</p> <p>Drain on resources to process and enable conformity in legislation.</p> <p>Greater demand on existing resource</p> <p>Impact on Agile working – lack of ability to work remotely and available physical resource</p> <p>Cyber attack leading to system downtime/damage/loss of data (Ransom Ware) and financial loss/ resource drain</p> <p>Loss of provision to customers and partners eg. NSH, Active4Today, DWP, CCTV (under current arrangements) leading to disputes over SLAs and contracts and potential loss of income, e.g. partner rent for Castle House.</p> <p>Negative media coverage</p> <p>Less control over data as service delivery models become more complex</p> <p>Loss of partner data where the council is the data processor – subsequent impact on partner's reputation.</p> <p>Loss of confidence with the Council</p>

	<p>Loss of confidence with partners and stakeholders Withdrawal of service from partners and stakeholder Increased demand on existing services</p>
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Code & Title	SR111 Arkwood Development		Owner	White, Karen (SLT)	
Description	Managing performance and the relationship between the Council and Arkwood Developments in accordance with the governance agreement.		Assigned To	Wilson, Nick (BM – FIN)	
Original Risk Matrix	Current Risk Matrix	Target Risk Matrix	Reviewed Date	Target Date	Management
 Impact	 Impact	 Impact	08-Oct-2019		Controlled

Controls/Actions In Place	<p>LEAD OFFICER – Karen. Support: N Cook</p> <p>Shareholder Committee established and membership agreed Shareholder meetings scheduled Shareholder Committee Members training session completed on 17/1/18 Company's Articles and shareholder agreement in place Shareholder Committee approve business plan for company and business case for each development site Monthly officer contract meetings between Arkwood and council Internal Audit Report giving substantial assurance Inclusion of risk register by company with business cases</p> <p>RECENTLY COMPLETED ACTIONS FOR REVIEW SLAs for HR, Finance, ICT, Information Governance and Administration to be agreed between company and council by end of financial year 19/20.</p>
Vulnerability	<p>Financial Reputation Service Delivery Conflict of interest</p>
Trigger/Event	<p><u>Financial</u> Loan repayments from the company are not made Company failure to deliver approved Business Plan Company failure to pay monies to the Council e.g. land transactions costs, SLA costs Company failure to pay monies in a timely way Company failure to manage cash flow</p> <p><u>Reputational</u> Poor leadership Company insolvency Poor quality development leading to customer dissatisfaction Secretary of State call in planning decisions made by council on company developments</p> <p><u>Compliance Issues</u> Operational failure leading to non compliance/legislative failure</p>

	<p>Compliance failure by the Company (ie. legislative & policy)</p> <p><u>Lack of Delivery</u> Failure to adhere to business plan Lack of awareness of company purpose Company failure to secure planning consent on developments</p> <p><u>Market & External Factors</u> Brexit – market volatility Downturn in economy Failure to understand and develop to meet market needs Changes in local and national policy & legislation e.g. restraints in legislation from Council Lack of skills to deliver developments to quality and on time (e.g. skills shortage) Market and external construction prices leading to increased cost of build</p> <p><u>Resource Demand</u> Insufficient resourcing (e.g. internal capacity to deliver) Over resourcing Incorrect or over demanding SLA's Failure to deliver Council objectives due to increased amount of time spent by board of directors on company rather than substantive role</p> <p><u>Relationship with Company</u> Lack of communication between Company and Council Lack of regular updates/ assurance from company Conflict of interest – failure of the council to demonstrate the company's independence</p>
Impact	<p><u>Financial</u> Return on investment to the council not realised Lack of sustainability and viability of company Council not achieving aims & objectives as set out in Council's Commercial strategy</p> <p><u>Resource Demand</u> Substantive council roles of directors compromised Council resource overstretched – poor quality service to council or company</p> <p><u>Reputational</u> Adverse impact on reputation Inability to contribute to local plan housing numbers Impact on reputation with key partners and stakeholders</p> <p><u>Market & External Factors</u> Lack of housing that meets market demand</p> <p><u>Partners/Relationships</u> Relationship breakdown between council and company</p>

Code & Title	SR112 Brexit		Owner	Finch, Matthew (SLT)	
Description	Effects of BREXIT on the council's ability to deliver services and to the sustainability of its communities.		Assigned To	Churchill, Robert (BM – AMP); Baker, Jill (BM – CSC); Wilson, Nick (BM – FIN); Monger, Leanne (BM – HHC); Business Manager (BM – HSR); Richardson, Dave (BM – ICT); Norton, Matthew (BM – PPO); Batty, Alan (BM – PPR); Ward, Phil (BM – R&B); Marshall, Kate – Admin ; Piper, Tracey – Admin	
Original Risk Matrix	Current Risk Matrix	Target Risk Matrix	Reviewed Date	Target Date	Management
 Likelihood Impact	 Likelihood Impact	 Likelihood Impact	18-Dec-2019		Controlled

Controls/Actions In Place	<p><u>LEAD OFFICER – M Finch</u></p> <p>Horizon scanning – look at the key messages relating to Brexit from Central government.</p> <p>Quarterly update reviews with BM's to update a register of risks and associated mitigating actions to be fed into the strategic risk and maintained in risk log.</p> <p>Update Reports to SLT.</p> <p>Plans in place to manage impact on the Lorry Park</p> <p>Market trend analysis report developed to highlight differences between East and West regions of NSDC and reporting to Growth and Prosperity meetings.</p> <p>Communications plan informing media responses</p> <p>Responsive risk review in light of central government information.</p> <p>Full participation and engagement with the Local Resilience Forum.</p> <p>Full participation and engagement with LRF</p> <p>Monitor Risk log quarterly with BM's</p> <p>Responsive risk review in light of central government info</p> <p>Develop market trend analysis report to highlight differences between East and West regions of NSDC (quarterly). Agree key indices to report to Growth & Prosperity meetings to inform a joined up strategic approach around "Prosperity")</p> <p>Updates to be provided by CMT following attendance at conferences (e.g. Solace) regarding implications of Brexit (CMT)</p> <p>Working more closely with NFU to understand implications of Brexit, e.g staffing/funding (JRS)</p> <p>SLT have discussed details and considered wider risks/mitigation</p> <p>Communication updates from Food Standards Agency</p> <p>Evaluation of data undertaken and no data shared across borders.</p>
Vulnerability	<p>Financial</p> <p>Reputation</p> <p>Resource demand</p> <p>Service delivery</p> <p>Communities</p>
Trigger/Event	<u>Economic downturn</u>

	<p>Cost of goods and services increase Lack of investment from businesses in the lead up to Brexit due to uncertainty in the economy Weak currency due to 'drawn out negotiations of Brexit'</p> <p><u>Regulatory impact</u> New legislation/guidance that will be enforced as part of Brexit will cause major delays</p> <p><u>Financial Implications</u> Lack of funding for initiatives which would previously have qualified for EU funding</p> <p><u>Uncertainty</u> Brexit negotiations resulting in uncertainty (e.g. No Deal) Delaying Article 50 leading to uncertainty Leadership contest causing further delay on outcome of Brexit</p> <p><u>Reputational</u> Lack of planning</p> <p><u>Resource Demand</u> Lack of resource (financial and staffing) to maintain services resulting from Brexit</p> <p><u>Service Delivery</u> Lack of awareness of the implications of any Brexit scenario (not sharing crucial data internally) Lack of business continuity planning for any Brexit scenario Delays in announcements on wider Domestic policies such as social care, public transport, homelessness, waste strategy due to Brexit negotiations still ongoing Cyber attack</p> <p>Protests and other actions planned Further electoral activity</p>
Impact	<p><u>Economic Development</u> Cost of living – food prices higher than the price of inflation. Businesses that are offering offers are not making profits. House prices increases as cost of materials increase making housing unaffordable Increase in zero hours contracts</p> <p><u>Uncertainty</u> Civil Unrest Long extension to negotiations may cause local unrest</p> <p><u>Financial Implications</u> Certain initiatives funded by the EU will no longer continue Impact on farming/agriculture (Funding) Impact on HRA development programme Increased use of temporary accommodation and possible legal action to remove households who may no longer qualify for access to the service Additional training required to ensure staff are up to speed with any legal changes following Brexit (e.g. changes in eligibility criteria for housing)</p>

Service Delivery

Increase in homelessness

Increase in those relying on universal credit

Legislative changes impact heavily on how the waste management service is delivered

Blocades may result in lorry park experiencing more demand

Potential for fuel shortages

Increase in negative decisions and households no longer eligible for services

Resource Demand

Lack of workforce in specific roles such as social care, service industry

Skills shortage in key industries

Multi-tier eligibility assessments required of individuals from EEA depending on status and arrival date in UK

Increase in referrals to county council for households no longer eligible for public services

Re-assessment of allocations scheme and eligibility criteria

Impact on residents

Potential for unrest and increase in hate crime

Demographic changes due to shifts in immigration and migration

Democratic implications

Lack of engagement

Internal Audit Charter 2021

Our Mission

To enhance and protect organisational value by providing risk-based and objective assurance, advice and insight to our clients

The Council expects the internal audit service to achieve the mission statement through its overall delivery arrangements – this Charter sets out how this is done.

Internal Audit Charter

Purpose of this Charter

This Charter formally defines Internal Audit's purpose, authority and responsibility. It establishes Internal Audit's position within the Council and defines the scope of Internal Audit activities.

Internal Audit's Purpose

Internal Audit provides an independent, objective assurance and consulting activity that is designed to add value and improve the organisation's operations. It helps the organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes.*

Internal Audit also provides the Audit & Accounts Committee with information necessary for it to fulfil its own responsibilities and duties.

Implicit in Internal Audit's role is that it supports the organisation's management to fulfil its own risk, control and compliance responsibilities.

**This is also the "definition" of internal auditing.*

Internal Audit's Authority

There is a statutory requirement for the Council to have an internal audit of its governance, risk and control processes. The [Accounts and Audit Regulations 2015](#), more specifically require that the audit takes into account the [Public Sector Internal Audit Standards \(The Standards\)](#) or guidance which are mandatory.

These Standards set the basic principles for carrying out internal audit in the public sector and provide criteria against which quality and performance can be evaluated. The Chartered Institute of Public Finance (CIPFA) have also developed an [application note](#) for the Standards – which sets out the proper practice for Internal Audit in local government.

Internal Audit derives its authority from these, from this Charter and from the Council's Constitution, specifically the Financial Procedure Rules

The Head of Internal Audit is the "Chief Audit Executive (CAE)". The CAE and internal audit staff are authorised to:

- Have unrestricted access to all the organisation's records, property, and personnel, management and elected members relevant to the performance of its engagements. Including those relevant to services provided in partnership or under contract with external organisations.
- Receive information and explanations that are sought in the course of audit work
- Obtain the necessary assistance of the organisation's personnel in relevant engagements, as well as other specialised services from within or outside the organisation.

Internal Audit has no authority or management responsibility for any of its engagement subjects.

Internal Audit (and its auditors) will not make any management decisions or engage in any activity which could reasonably be construed to compromise its independence. Auditors are free from operational system involvement or influence.



Internal Audit Charter

Internal Audit's Responsibility

The CAE is responsible for all aspects of Internal Audit activity, including strategy, planning, performance, quality and reporting.

For each Authority, the CAE will:

Strategy

- Develop and maintain an Internal Audit Strategy.
- Review the Internal Audit Strategy at least annually with management and Audit & Accounts Committee.

Planning

- Develop and maintain a risk based Internal Audit Plan
- Engage with Management and consider the organisation's strategic and operational objectives and related risks in the development of the Internal Audit Plan.
- Review the Internal Audit Plan periodically with management to reflect changes in the risk environment and these changes are approved when significant.
- Present the Internal Audit Plan, including updates, to the Audit & Accounts Committee for periodic review and approval.
- Agree an Internal Audit Budget sufficient to fulfil the requirements of this Charter, the Internal Audit Strategy, and the Internal Audit Plan.

- The Internal Audit budget is reported to the Full Council for approval annually as part of the overall Council's budget. The CAE will draw to the attention of the Chief Executive, Section 151 officer and the Audit & Accounts Committee any resourcing issues that potentially impact on the effectiveness of the Internal Audit function.
- Coordinate with and (where relevant) provide oversight of other control, monitoring and assurance functions, including Risk Management, external audit.
- Consider the scope of work of the external auditors (and other assurance providers) for the purpose of providing optimal audit coverage to the organisation.

The CAE should be consulted about significant proposed changes to the internal control system and the implementation of new systems - providing advice on the standards of controls to be applied. This need not prejudice the audit objectivity when reviewing systems at a later date.

In developing the Internal Audit Plan we also take account of the Council's assurance framework – using the Three Lines of Assurance (see below) which is obtained through our Combined Assurance work.

Internal Audit Charter

How do we assure ourselves about how the council is run?

Management
Accountable for delivery

Corporate and third party
External inspections and internal assurance functions

Internal audit
Independent assurance

Speaking to senior and operational managers who have the day to day responsibility for managing and controlling their service activities.

Working with corporate functions and using other third party inspections to provide information on performance, successful delivery and organisational learning.

Using the outcome of internal audit work to provide independent insight and assurance opinions.

Considering other information and business intelligence that feed into and has potential to impact on assurance

Performance

- Implement and deliver the risk based Internal Audit Plan
- Maintain professional resources with sufficient knowledge, skills and experience to meet the requirements of this Charter, the Internal Audit Strategy and the Internal Audit Plan.
- Allocate and manage resources to accomplish Internal Audit engagement objectives.
- Establish and maintain appropriate internal auditing procedures incorporating best practice approaches and techniques.
- Monitor delivery of the Internal Audit Plan using appropriate performance indicators.
- Hold regular senior management / statutory officer liaison meetings.

Quality

- Establish a Quality Assurance Framework to:
 - ✓ Provide a system for monitoring and evaluating our effectiveness and conformance with the **Standards**.
 - ✓ Ensure continuous improvement within the Internal Audit service.
 - ✓ Ensure compliance with professional Standards, Code of Ethics and Council Codes of Conduct.
 - ✓ Meet client expectations / demonstrate our importance to the business.
 - ✓ Facilitate the CAE's statement on conformance with the International Standards for the Professional Practice of Internal Auditing.

Internal Audit Charter

- Undertake annual assessment of the service and its compliance with the UK Public Sector Internal Audit Standards (the **Standards**) – with this assessment being undertaken through an external assessment at least every five years by a suitably qualified, independent assessor.
- Obtain regular feedback on the quality and impact of our work (added value).

The **Standards** are principles-focused and consist of basic requirements for the professional practice of internal auditing and for evaluating the effectiveness of performance. The ten **Core Principles** set out what we must do to be considered effective – all principles must be present and operating effectively to achieve our mission, they are:-

- 1 Demonstrating integrity.
 - 2 Demonstrating competence and due professional care.
 - 3 Being objective and free from undue influence (independent).
 - 4 Aligns with the strategies, objectives and risks of the organisation.
 - 5 To be appropriately positioned and adequately resourced.
 - 6 Demonstrating quality and continuous improvement.
 - 7 Communicating effectively.
- Providing risk based assurance.
Being insightful, proactive and future focused.
Promoting organisational improvement

Reporting

Issue a report to management at the conclusion of each engagement to confirm the results of the engagement and the timetable for the completion of agreed management actions to be taken.

- Provide periodic reports to management and the Audit & Accounts Committee summarising Internal Audit activities and the results of Internal Audit Engagements.
- Provide periodic reports to management and the Audit & Accounts Committee on the status of agreed management actions taken in response to Internal Audit Engagements.
- Report annually to the Audit & Accounts Committee and management on Internal Audit performance against goals and objectives including an annual assurance opinion on governance, risk and control. This will also help inform the Council's Annual Governance statement.
- Report as needed to the Audit & Accounts Committee on management, resource, or budgetary impediments to the fulfilment of this Charter, the Internal Audit Strategy, or the Internal Audit Plan.
- Inform the Audit & Accounts Committee of emerging trends and practices in internal auditing.
- Provide results of the annual review on the effectiveness of internal audit (including outcomes of its Quality Assurance and Improvement programme to both the Management and the Audit & Accounts Committee. This will include a statement on organisational independence of Internal Audit and conformance with the Code of Ethics. Any significant non-conformance must be included in the Annual Governance Statement.
- The CAE will meet informally in private with members of the Audit & Accounts Committee or the Committee as a whole as required.
- Report as necessary any significant risk exposures and control issues, including fraud risks, governance issues, and other matters requiring the attention of, or requested by, the Audit & Accounts Committee or any response to risk by management that may be unacceptable to the organisation.

Internal Audit Charter

Internal Audit's Scope

The scope of Internal Audit activities includes all activities conducted by the organisation - the entire control environment including those services provided in partnership or under contract with external organisations. There are no restrictions.

The Internal Audit Plan identifies those activities that have been identified as the subject of specific Internal Audit engagements.

Assurance engagements involve the objective assessment of evidence to provide an independent opinion or conclusions regarding an entity, operation, function, process, system or other subject matter. The nature and scope of the assurance engagement are **determined by Internal Audit**.

Consulting engagements are advisory in nature and are generally performed at the **specific request of management**. The nature and scope of consulting engagement are subject to **agreement with management** and should assist management in meeting the objectives of the organisation without undermining the key principles of independence and objectivity. Internal Audit should not assume management responsibility.

The CAE will assist with the implementation of the Council's counter fraud policy/strategy and the investigation of fraud and irregularities in line with policy/strategy and the constitution. The CAE must be notified of all suspected or detected fraud, corruption or impropriety

Consultancy engagements should only be performed where resources and skills exist and should focus on governance, risk and control – supporting the CAE's annual opinion. They **should not** replace assurance engagements.

The CAE cannot give total assurance that control weaknesses or irregularities do not exist. Managers are fully responsible for the quality of internal control within their area of accountability. They should ensure that appropriate and adequate risk management, control systems, accounting records, financial processes and governance arrangements exist (the control environment), without depending on internal audit activity to identify weaknesses or control failures.

Independence and Internal Audit's Position within the organisation

To provide for Internal Audit's independence, the CAE reports directly to the Audit and Accounts Committee (The Board) and the Senior Leadership Team and the Chief Executive.

Internal Audit also supports the Chief Finance Officer, Monitoring Officer and the Head of Paid Service discharge statutory responsibilities including those responsibilities set out in the Constitution.

Internal Audit Charter

The CAE has free and full access to the Chair of the Audit & Accounts Committee.

The CAE is employed by Lincolnshire County Council.
The appointment or removal of the CAE will be performed in accordance with established procedures.

Internal Audit service will have an impartial, unbiased attitude and will avoid conflicts of interest.

If the independence or objectivity of the Internal Audit Service is impaired, details of the impairment should be disclosed to either the Section 151 Officer (currently Director of Resources & Deputy Chief Executive), or the Chair of the Audit & Accounts Committee, or both dependent upon the nature of the impairment.

The Internal Audit Service is not authorised to perform any operational duties for the organisation; initiate or approve accounting transactions external to the Internal Audit Service; or direct the activities of any organisation employee not employed by the Internal Auditing Service, except to the extent such employees have been appropriately assigned to Service or to otherwise assist the Internal auditor.

Constructive working relationships make it more likely that internal audit work will be accepted and acted upon – although the internal auditor does not allow their objectivity or impartiality to be impaired.

Audit & Accounts Committee

The Audit & Accounts Committee is a key component of the Council's governance framework providing an independent and high-level focus on the audit, assurance and reporting arrangements that underpin good governance and financial standards. It provides independent assurance to the Council members of the adequacy of the risk management framework, the internal control environment and the integrity of the financial reporting and annual governance processes. It oversees internal audit and external audit, helping to ensure efficient and effective assurance arrangements are in place.

For the purposes of the UK Public Sector Internal Audit Standards the Audit & Accounts Committee performs the role of the 'Board'. The Audit & Accounts Committee complies with CIPFA's best practice standards through their terms of reference and work programme.

The Audit & Accounts Committee will:

- Approve the Internal Audit Charter.
- Approve the risk-based internal audit plan.
- Receive reports from the CAE on internal audit activity's performance relative to its plan and other matters.

Internal Audit Charter

Standards of Internal Audit Practice

Internal Audit will perform its work in accordance with the International Professional Practices Framework of the Chartered Institute of Internal Auditors, and further guided by interpretation provided by the Public Sector Internal Audit Standards (the **Standards**), the CIPFA Local Government Application note and the CIPFA publication on the "Role of the CAE". This Charter is a fundamental requirement of the Framework.

External Work

Assurance Lincolnshire provides internal audit services to a number of public sector external clients.

The nature and extent of work for external clients is kept under review to ensure:

- a) It does not impinge on the audit work carried out for the Council, and;
- b) There is no conflict of interest or impairment of independence arising from this work.

Approval and Validity of this Charter

This charter shall be reviewed and resubmitted periodically. In particular, should there be any changes to Internal Audit arrangements or to the Public Sector Internal Audit Standards. Approval will be sought by Senior Management and by the Audit & Accounts Committee as the Board of the organisation and Council.

