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Tuesday, 19 July 2022

Chairman: Councillor Mrs S Michael

Vice-Chairman: Councillor R Crowe

Members of the Committee:

Councillor R Blaney

Councillor Mrs B Brooks

Councillor D Cumberlidge

Councillor P Harris

Councillor S Haynes

Councillor J Kellas

Councillor B Laughton

Councillor J Lee

Councillor T Smith

MEETING: Audit and Governance Committee

DATE: Wednesday, 27 July 2022 at 6.00 pm

**VENUE: Civic Suite, Castle House, Great North Road,
Newark, 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

	<u>Page Nos.</u>
1. Apologies for Absence	
2. Declarations of Interest from Members and Officers	
3. Notification to those present that the meeting will be recorded and streamed online	
4. Minutes of the Meeting held on 27 April 2022	3 - 8
5. Audit & Governance Committee Work Plan	9 - 12
6. Audit Report - London Road Municipal Buildings	13 - 51
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9. Going Concern Status of the Council	92 - 97
10. Unaudited Statement of Accounts 2021/22	98 - 248
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12. Fraud Risk Assessment	250 - 277
13. Internal Audit Progress Report 2022/23	278 - 303
14. Annual Standards Report For The Period 1 April 2021 - 31 March 2022	304 - 306
15. Committee Member Training	307 - 308
16. Exclusion of the Press and Public	
<p>To consider resolving that, under section 100A (4) of the Local Government Act 1972, the public be excluded from the meeting for the following items of business on the grounds that they involve the likely disclosure of exempt information as defined in Part 1 of Schedule 12A of the Act.</p>	
17. Fraud Risk Assessment Appendix A Exempt	309 - 310
18. Date of Next Meeting - Wednesday 30 November 2022	

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, 27 April 2022 at 10.00 am.

PRESENT: Councillor Mrs S Michael (Chairman)

Councillor Mrs B Brooks, Councillor R Crowe and Councillor M Brown

APOLOGIES FOR ABSENCE: Councillor D Cumberlidge (Committee Member) and Councillor J Lee (Committee Member)

51 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.

52 DECLARATION OF ANY INTENTIONS TO RECORD THE MEETING

There were no declarations of intention to record the meeting.

53 MINUTES OF THE MEETING HELD ON 2 FEBRUARY 2022

AGREED that the Minutes of the meeting held on 2 February 2022 be approved as a correct record and signed by the Chairman.

54 REVIEW OF THE LONDON ROAD CAR PARK EXTENSION SCHEME – PRESENTATION BY ASSURANCE LINCOLNSHIRE

The Committee were provided with an update from Assurance Lincolnshire on the progress of the review work having been asked by statutory officers to undertake a review of lessons learnt around the sale of the municipal building and extension of the London Road car park.

The report, currently being drafted by Assurance Lincolnshire, is expected to provide details on their findings. The report is currently being finalised and should be received within the next four weeks.

55 UPDATE ON THE STRATEGIC RISK MANAGEMENT PROCESS AND REGISTER

The Committee considered the report from the Safety and Risk Manager providing an update to Members on the status of the Council's 2022/23 Strategic Risk Register, as well as providing an update to Members regarding the Risk Management Policy.

The report informed Members that all strategic risks are formally reviewed quarterly by the risk owner, in conjunction with relevant officers, facilitated by the Safety and Risk Manager and SLT.

The review of the new register commences in the first quarter April to June 2022. Any

amendments or alterations identified will be incorporated within the first formal review of each risk.

The Business Manager for Financial Services reminded the Committee that the Council has signed up to the Better Governance Forum, where training on Risk Management is available.

AGREED (unanimously) that:

- a) the Committee noted the amendments to the Strategic Risk Register; and
- b) the Committee noted the review of the Strategic Risk Policy.

56 INTERNAL AUDIT PROGRESS REPORT

The Committee considered the internal audit progress report (Annex A) from Assurance Lincolnshire to provide a summary of Internal Audit work undertaken during 2021/22 against the agreed audit plan.

The Audit Plan for 2021/22 had been agreed by the Audit & Accounts Committee in February 2021 and then throughout the year reports are provided on the progress made and any changes to the plan are brought to the Committee.

The information provided in the report was for work completed to February 2022 referencing that 73% of the audit plan had been completed up until that point, further updates provided at the meeting.

The report contained details of an outstanding recommendation for approval by the Committee to extend, having already been extended by the Director. The Director for Housing, Health and Wellbeing attended the meeting to update the Committee and the Chairman requested that the Director attend the next meeting in July to provide a further update.

AGREED (unanimously) that:

- a) the Committee considered the latest internal audit progress report; and
- b) the Committee approved the extension to the NSH 2019/20-05 – Gas Servicing to 30 September 2022.

57 COMBINED ASSURANCE REPORT

The Committee considered the Combined Assurance Report for the 2021/22 financial year from Assurance Lincolnshire.

The Combined Assurance report is produced by Internal Audit working with Business Managers and SLT. The report demonstrates the level of assurance the Council has in its activities at a set point in time, identifying any gaps. The information is then used to inform the annual Internal Audit Plan for the next financial year. The Committee discussed the report and thanked those involved in producing it.

AGREED (unanimously) that the Committee considered the Combined Assurance report.

58 ANNUAL INTERNAL AUDIT PLAN

The Committee considered the Internal Audit Plan (Appendix A) from Assurance Lincolnshire which set out the proposed work of Internal audit for 2022/23.

The report reminded Members that the Internal Audit plan is developed to demonstrate how assurance can be given on:

- Financial Governance
- Governance and Risk
- Critical Activities
- Project Assurance
- ICT
- Key Controls
- Combined Assurance
- Consultancy Assurance

Appendix A of the report set out in detail Assurance Lincolnshire's approach and what is intended to be reviewed in 2022/23. It is a 'flexible plan' which is subject to change as the year progresses to reflect the current risk environment. Any changes to the plan during the year will be agreed with the Business Manager for Financial Services and then subsequently notified to the Audit and Governance Committee.

The Committee discussed the report and the Chairman confirmed with Members that they were happy as to what had been included on the plan.

AGREED (unanimously) that the Audit & Accounts Committee approved the Internal Audit Plan.

59 STATEMENT OF ACCOUNTING POLICIES 2021/2022

The Committee considered the report from the Assistant Business Manager for Financial Services providing Members with updates made to the Council's accounting policies in relation to the closedown of the 2021/2022 financial year.

The report advised before the completion of the Statement of Accounts for 2021/2022 it is important that Members are given the opportunity to discuss and comment on the accounting policies to be used in the production of the financial statements. These policies will be applied to the treatment of all transactions that make up the figures in the Statement of Accounts to ensure the accounts present a true and fair view of the financial position of the Council as at 31 March 2022.

AGREED (unanimously) that the Committee approved the amended Statement of Accounting Policies for 2021/2022.

60 UNDERLYING PENSION ASSUMPTIONS FOR 2021/2022 STATEMENT OF ACCOUNTS

The Committee considered the report from the Assistant Business Manager for Financial Services to provide Members 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 2021/2022 Statement of Accounts.

The Committee were advised that the Actuary's report for 2021/2022 was received on 11 April 2022, however due to the timeliness of the report the Asset valuations were only based up to 31 December 2021. Therefore a revised IAS19 report is expected to be received mid-May with the Asset values at 31 March 2022.

The current Actuary report was comprehensive and provided as an attachment to the report at appendix A.

AGREED (unanimously) that the Committee noted and approved the assumptions used in the calculation of pension figures for 2021/2022.

61 UNDERLYING VALUATION ASSUMPTIONS FOR 2021/2022 STATEMENT OF ACCOUNTS

The Committee considered the report from the Assistant Business Manager for Financial Services to provide Members with information regarding the assumptions made by the Valuers in calculating the figures to be reported in the 2021/22 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 Committee were advised that the Council's dwelling assets are revalued every year due to the volatility and the group value of the assets nature. Each financial year a desktop review is undertaken to account for the changes in the valuations, however once every five years a full revaluation will take place on a beacon basis.

Financial year 2021/22 is the final year for a desktop review as the last full revaluation took place in 2017/18. The valuation report was found at Appendix C which included all their assumptions used to ascertain a valuation figure.

AGREED (unanimously) that the Committee noted and approved the assumptions used in the calculation of asset valuation figures for 2021/2022.

62 COUNTER-FRAUD ACTIVITIES FROM 30 SEPTEMBER 2021 TO 31 MARCH 2022

The Committee considered the report from the Business Manager for Financial Services informing Members of counter-fraud activity undertaken since the last update reported on 1 December 2021.

The report highlighted that the element of the role of the Audit & Accounts Committee is to provide assurance to the Council that its anti-fraud arrangements are operating effectively. In order to do this, counter-fraud activity reports are brought to the Committee twice a year. These reports detail the number of cases detected, amounts lost, the outcome of cases and amounts recovered, together with any other counter fraud work that has been undertaken.

The annual full review of the Fraud Risk Register has been commissioned with Assurance Lincolnshire and this took place during April 2022. The results of this will be brought to the July Audit and Governance Committee.

The Chairman enquired as to how fraud numbers rate in comparison with other authorities, this information was not available at the meeting but would be provided to the Committee.

AGREED (unanimously) that Members noted the content of the report.

63 APPOINTMENT OF NON-VOTING INDEPENDENT MEMBER ON AUDIT & GOVERNANCE COMMITTEE

The Committee considered the appointment of Clive Richardson as a non-voting Independent member of the Audit & Governance Committee provided in the report from the Business Manager for Financial Services.

The previous non-voting Independent member attended the July 2021 meeting but then tendered their resignation prior to the September meeting following a promotion in their main occupation.

A panel consisting of the Chair of the Audit & Accounts Committee, Committee Member Councillor Cumberlandidge and the Business Manager for Financial Services then met with the applicant on 25 February 2022 to assess their suitability for the role.

The Committee were in agreement that they fully supported the appointment of Clive Richardson to Audit and Governance as a non-voting independent member. Clive Richardson will bring a wealth of experience to Audit & Governance from his role as a Headteacher. He has years of experience of working with School Governors and understands the value that is brought to any committee by asking the right questions. He has a range of transferable skills and has worked for years with budgets, finance and risks assessments.

The Committee understood that he has not only the time to commit to this position but also dedication, respect for everyone, integrity, impartiality and the desire to do something for the community.

AGREED (unanimously) that the Committee recommend to Full Council that the appointment of Clive Richardson to the position of non-voting Independent member on the Audit & Governance Committee be approved.

64 ANY OTHER BUSINESS

The Business Manager for Financial Services advised that the Work Plan would be provided at the next meeting of the new Committee for Audit & Governance in July.

A Training report would also be provided at the July meeting, the same as for last year having signed up to the Better Governance Forum as part of the self-

assessment. The Business Manager for Financial Services to email the details for the Training Plan and Training Programme for Members and Officers noting that 12 pre-paid places are available. Introductory sessions provided by CIPFA would be provided for those Councillors who have not been on an Audit Committee before, with the remaining places to consider for the existing Committee Members.

The Business Manager for Financial Services also advised that in preparation for the next Committee meeting, a session will take place in June for a couple of hours to consider the year end accounts, noting the June date to be confirmed.

The Chairman of the Committee confirmed this was the last meeting in its current format and that the new Committee would be Audit & Governance. The Chairman thanked all the Members, Internal Audit, External Audit and Officers for their attendance and input into the life time of the Committee and would look forward to seeing these Members going into Audit & Governance.

Meeting closed at 11.12 am.

Chairman



Report to: Audit & Governance Committee Meeting - 27 July 2022

Director or Business Manager Lead: Nick Wilson, Business Manager – Financial Services
Sue Bearman, Assistant Director - Legal & Democratic Services

Report Summary	
Report Title	Audit & Governance Committee Work Plan
Purpose of Report	Work Plan attached for consideration and approval
Recommendations	That the Audit & Governance Committee consider the Work Plan for approval.

AUDIT & GOVERNANCE COMMITTEE**MEETING DATE 27th JULY 2022****WORK PLAN**

Meeting date at which action to be undertaken	Subject and Brief Description	Who will present the report	Intended Outcome
30 November 2022	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 2022/23	McJoy Nkhoma/Emma Bee (Assurance Lincolnshire)	Understand the level of assurance for audited activities and ensure management progress recommended actions to mitigate identified risks
	Counter-Fraud Activity Report	Nick Wilson	Gain assurance that counter-fraud activity is appropriately targeted and effective
	Statement of Accounts 2021/22 & Annual Governance Statement	Nick Wilson	Gain assurance on the integrity of financial reporting By considering the assurance gained through its activities throughout the previous year, to give assurance that the Council's Annual Governance Statement accurately represents governance arrangements, that future risks are identified, and that arrangements in place support the achievement of the Council's objectives
	Risk Management report	Richard Bates	Gain assurance that appropriate risk management arrangements are in place
	Review of new Governance Arrangements adopted by Full Council in May 2022	Sue Bearman	To consider the effectiveness of Executive Arrangements (the Cabinet System) and whether any Constitutional changes should be recommended to Full Council
	Local Government and Social Care Ombudsman (LGSCO) Annual Report	Jill Baker	To consider the annual report regarding complaints submitted to the LGSCO

1 February 2023	Annual Audit Letter 2021/22	David Hoose (Mazars)	Gain assurance on the Council's Statement of Accounts and arrangements for achieving Value for Money
	Draft Treasury Strategy 2023/24	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 2023/24	Andrew Snape	Outlines the principles and framework that shape the Council's capital proposals
	Draft Investment Strategy 2023/24	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 2022/23	McJoy Nkhoma/Emma Bee (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
	Regulation of Investigatory Powers Act Annual Report	Sue Bearman	To provide details of any RIPA activity undertaken in 2022/3
26 April 2023	Risk Management report	Richard Bates	Gain assurance that appropriate risk management arrangements are in place
	Statement of Accounting Policies 2022/23	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
	IAS19 Pension Assumptions 2022/23	Andrew Snape	Gain assurance that the pension assumptions used by the actuary to produce the figures in

			the Statement of Accounts are appropriate for the Council's circumstances
	Property, Plant and Equipment Valuation Assumptions 2022/23	Andrew Snape	Gain assurance that the assumptions used by the Council's valuers to produce the figures in the Statement of Accounts are appropriate for the Council's circumstances
	Annual Internal Audit Plan 2023/24	McJoy Nkhoma/Emma Bee (Assurance Lincolnshire)	Ensure that an appropriate plan is in place which will provide assurance on the Council's activities
	Internal Audit Progress Report 2022/23	McJoy Nkhoma/Emma Bee (Assurance Lincolnshire)	Understand the level of assurance for audited activities and ensure management progress recommended actions to mitigate identified risks
	Standards Annual Report	Sue Bearman	To provide details of Code of Conduct complaints received in 2022/23



Report to: Audit & Governance Committee
Date: 27 July 2022
Report Author: Chief Executive
Lead Officer: John Robinson: john.robinson@newark-sherwooddc.gov.uk

Report Summary	
Report Title	Audit Report – London Road Municipal Buildings
Purpose of Report	This report appends the findings and suggested improvements from Assurance Lincolnshire following their audit of decision-making surrounding the sale of Municipal Buildings and proposed extension to London Road car park.
Recommendations	To approve the action plan set out at Appendix 2 to this report in response to the audit.

1.0 Background

At an extraordinary meeting of Full Council held on 24 November 2021, it was agreed to rescind a previous decision taken by the Council on 12 October 2021 to proceed with an extension to London Road car park.

The circumstances leading up to this decision are covered in the attached audit report from Assurance Lincolnshire and two aspects are of particular note. Firstly, the high profile and substantial public campaign against the loss of trees to facilitate the proposed car park extension scheme, which generated substantial media attention and damaged the Council's relationship with some members of its community. Secondly and, in order to dispose of its contractual obligation to construct the car park, the significant financial impact on the Council to purchase the freehold of part of the land it had previously sold.

Given the considerable reputational and financial impact on the Council, Assurance Lincolnshire were commissioned to provide an independent review of the facts surrounding the decision-making process and to identify any lessons learnt.

The specific objectives of the review are set out below:-

- To review and assess the decisions taken, and reasons for those decisions, in relation to the sale and lease of land and buildings at London Road, Newark
- To review and assess the quality and timeliness of information that was provided to decision makers
- To identify any omissions or failures in practice and procedure relating to decisions made and negotiations that took place in relation to the sale and lease of land and buildings at London Road, Newark
- To make recommendations on lessons to be learnt and improvements to be made on Council practice, policies and procedures

In advance of the Audit and Governance Committee, the report has been shared with the two external organisations that Assurance Lincolnshire consulted as part of the review – Newark Civic Trust and Protect Newark Green Spaces.

It is understood that concerns have been raised that the audit report does not give attention to the public campaign against the loss of the trees and, in particular, the events of the public protest that took place on the site. It is important to emphasise that this does not in any way lessen the significance or the impact of that protest, rather the focus of the review was on the decisions that led to the creation of this situation, not the situation itself.

2.0 Comments of the Deputy Chief Executive and Section 151 Officer

The recommendations from Assurance Lincolnshire on areas of improvement are set out in Appendix 2. All recommendations have been accepted by management. A number of these actions pertaining to finance, assets, project management and content of business cases have already been implemented.

Since 2018, all reports to formal meetings of members include a section on financial implications with a unique, trackable, reference number. A standard template for business cases includes the five key components recommended by Assurance Lincolnshire and all business cases for major projects follow this standard template. Every key project also now starts with a Project Initiation Document (PID) which maps out the decision making process, stipulates the project sponsor, project manager, project team, required resources, interdependencies and risks. The council also now has a Corporate Asset Management Strategy and an Acquisition and Disposal Policy.

The remaining areas of improvement will be addressed and actions implemented within this financial year.

3.0 Comments of the Assistant Director of Legal and Democratic Services and the Council's Monitoring Officer

The Audit Report Action Plan makes some suggestions for improvement which can be incorporated into the Council's review of its new governance arrangements; the Council adopted Executive Arrangements, also known as the Cabinet System, in May 2022. Audit and Governance Committee is due to receive a 6-month review report in

November 2022. Report templates for the new governance arrangements will also be kept under review.

Any proposed changes to arrangements in relation to declarations of interest will be reported to Audit and Governance Committee. For information, all declarations made by Members in formal meetings are already published on the relevant Members' page on the Council's website, as well as being included in meeting minutes.

Training suggestions will be implemented as set out in the Action Plan.

Background Papers and Published Documents

Report to Full Council dated 24 November 2021

London Road Car Park Final Report 27.06.22



London Road Car
Park - Final ReportV1

Appendix 2



London Road Action
Plan - June 2022.pdf



Audit Report –Lessons Learnt

London Road Municipal Buildings

27th June 2022

What we do best...

Innovative assurance services

Specialists at internal audit

Comprehensive risk management

Experts in countering fraud

...and what sets us apart

Unrivalled best value to our customers

Existing strong regional public sector partnership

Auditors with the knowledge and expertise to get the job done

Already working extensively with the not-for-profit and third sector

Disclaimer

The matters raised in this report are only those which came to our attention during our internal audit work. Our quality assurance processes ensure that our work is conducted in conformance with the UK Public Sector Internal Audit Standards and that the information contained in this report is as accurate as possible – we do not provide absolute assurance that material errors, fraud or loss do not exist.

The Head of Audit is only responsible for the due professional care in developing the advice offered to managers on risk, control and governance issues. Where managers accept our advice, they accept the accountability for the consequences of implementing the advice. Internal Auditors working in partnership with managers during the consultancy assignment will not take part in any sign off decision.

This report has been prepared solely for the use of Members and Management of Newark and Sherwood District Council. Details may be made available to specified external organisations, including external auditors, but otherwise the report should not be used or referred to in whole or in part without prior consent. No responsibility to any third party is accepted as the report has not been prepared and is not intended for any other purpose.

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Distribution

- Chief Executive
- Deputy Chief Executive & Director of Resources (Council's S151 Officer)
- Monitoring Officer
- Audit and Governance Committee

The contacts at Assurance Lincolnshire:

Lucy Pledge CMIIA, QIAL
Head of Internal Audit
Lucy.pledge@lincolnshire.gov.uk



- 1.1 We have been asked by the Chief Executive, Deputy Chief Executive and Director of Resources (the Council's Section 151 Officer) and the Council's Monitoring Officer to provide some independent insight / review on the facts surrounding the decision-making process and any lessons learnt on the:
- sale of the Municipal Buildings (2013 to 2019)
 - London Road car park extension – lease and planning application (2017 to 2019)
 - London Road car park extension – option appraisal around implementing (2019 to 2021).

It should be noted that these officers were not in post when most of the key decisions were made.

- 1.2 We have approached this review with a strong emphasis on governance. To fulfil the brief, we have focussed on process, advice, governance and decision making - identifying organisational learning rather than apportioning blame and this approach has shaped how we have reported our findings – focussing on the good governance principles set out in – 'Delivering Good Governance in Local Government: A Framework 2016'¹ Edition (CIPFA.SOLACE).
- 1.3 The Framework enables the Council to test its governance arrangements for compliance. The Council is expected to act over and above legal requirements to ensure that the Council's business is run well. The good governance principles set out in the Framework advocate that to maintain public trust and confidence the Council should be as open as possible about all its decisions, actions, plans and use of resources.
- 1.4 Within Appendix A of the report, we have provided a summary of key events from 2013 to 2021. During 2020 onwards the Council and its officers were responding to the pandemic – playing a vital role in the Nottinghamshire Resilience Forum - supporting communities and businesses. This placed significant pressures on all officers involved and impacted the timeliness of some of the actions around the implementation of the London Road car park extension.
- 1.5 It is our view that the reality of the circumstances generated a different (and sometimes) conflicting set of external and internal constraints – that affected the governance arrangements the Council followed. These did not always conform to good governance principles expected in local government nor clearly demonstrate value for money. It is acknowledged that other social and environmental factors were considered as well as financial factors. Overall, the sale of the Municipal Building and adjoining land, the lease back of the land and the subsequent buy back

¹ The Framework has been in place since 2007 with core principles and best practice requirements fundamentally remaining the same in the 2016 edition.

of the land has cost the Council over £500K (including stamp duty land tax, legal costs and lease payments for the duration of the lease). The outcome of our work is designed to improve the Council's governance arrangements going forward. These are explored more fully in the following paragraphs and we acknowledge that improvement actions have already been taken by the Council.

Principle A - Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law

- 1.6 It is essential that there is confidence that both members and officers put the public interest first and do not (or are perceived not to be) benefiting their own financial or other interests. It is vital that interests are declared at all meetings where matters are being discussed affecting personal interests. The Council has a code of conduct for both members and officers that sets out the requirements for declaration of interests. Individuals are personally responsible for disclosing a potential conflict of interest in a meeting – it is also helpful to know early if others think that a potential conflict might arise. This ensures that there remains public trust and confidence in the integrity of the decision-making process.
- 1.7 We found that where a declaration of interest had been made (actual and potential conflicts of interests) – there was not always evidence that they were acted upon appropriately throughout the decision-making process – both through the formal and informal processes. Individuals are personally responsible for disclosing a potential conflict of interest in a meeting and ensuring that appropriate actions are taken as a result.
- 1.8 An officer declared an interest during the process for the sale of the municipal building in February 2015. We acknowledge that the conflict did not relate to the eventual buyer and that this sale process fell through, but we could find no evidence of actions followed through to minimise the conflict of interest declared and they remained involved in the process. We did not find any evidence of financial irregularities from the evidence and documents examined².
- 1.9 We confirmed that appropriate Member declarations were made for both the sale of the Municipal Buildings & land in Sept 2016 and the London Road car park extension in November 2017 – with actions taken ie the member did not take part in the agenda item and left the room. Declarations were made even though the pecuniary interest no longer applied (August 2019 – November 2021). Our review identified

² We are confident that we have sufficient and reliable evidence to support our findings and conclusions but caveat this given the timeline of the events and that many of the officers no longer work at the Council. We can only comment upon the evidence we have been seen.

the need for better recording, retention and accessibility of declared interests.

Principle B - Ensuring openness & comprehensive stakeholder engagement

- 1.10 Local government is run for the public good - Council's should therefore ensure openness in their activities. This promotes clear and trusted channels for communication to engage effectively with all groups and stakeholders. Whilst we acknowledge the commercial sensitivity of the matters under consideration – key stakeholders had very little opportunity to effectively engage with the Council in the early stages of the process. In our view, the Council could have developed an effective consultation plan to support the process without compromising commercial sensitivities. Impact analysis and business cases focussed on financial returns – not environment or social challenges.
- 1.11 We found that the reports for both the sale of the Municipal Building (2013 – 2016) and London Road car park extension (2019) were presented to Committee as exempt items with no information other than the planning applications being reported in the public domain. The Council, more recently, in 2020 and 2021, when considering the options for the London Road car park extension to do nothing, build out the car park or purchase the land back has published redacted versions of these reports and reviewed its use of exemptions. Committee papers are now published - with commercial or exempt items redacted.
- 1.12 There was no engagement plan in 2016/2017 over the sale of the Municipal Building or consultation on the proposal or need for additional parking within the London Road car park extension.
- 1.13 Information was requested by interested parties through the Freedom of Information process. Statutory duties were met but responses to the interested parties were sometimes delayed and brief resulting in further queries being raised.

Principle C - Defining outcomes in terms of sustainable economic, social, and environmental benefits

- 1.14 The long-term nature and impact of many of the Council's responsibilities mean that it should define and plan outcomes and that these should be sustainable. Decisions should further the Council's purpose and contribute to intended benefits and outcomes. We could find no substantial analysis shared with members as part of the decision-making process nor explicit links to any corporate strategy or asset management policy/plan - for both the sale of the Municipal Building and extension to London Road car park.

- 1.15 We noted that the Council agreed to accept an offer to sell the Municipal Building in April 2013. Documentation did not state the use of the buildings - whether offices, residential or a mixture of both. We could find no link to a corporate plan or asset management policy/plan but noted reference to the SMART Focus programme as part of the Council's consideration of future Council accommodation in December 2013. The report in December 2013 did not provide information on the sale offer or the business case for the sale.
- 1.16 A member task and finish group on the 'Future Council Accommodation' was set up in September 2014. This group did consider the options available for the Municipal building in October & December 2014 – considering a report from consultants on prospects of selling the building or using it for office accommodation. There was no reference to the previous offer in 2013.
- 1.17 Option appraisal and sound business case is a key feature of robust decision making and something that should be routinely evidenced in Council decision papers. In the case of the sale of the Municipal Building (2013 & 2016) and the extended London Road car park in 2017, this did not happen. It is recognised that the outcome may not have changed, however this level of analysis is needed before significant policy decisions are being made.
- 1.18 The Cabinet approved the sale of Municipal Building on the 11th April 2013. The proposal to sell the building was made before the building was vacated or a valuation had been completed.
- 1.19 Policy and Finance Committee on the 30th November 2017 – London Road car park extension paper included a business case but this only focused on the financial impact and was not supported by evidence of need, commercial case or environmental impacts. Inaccuracies were found in the initial case and a further updated detailed case was not submitted through Corporate Management Team prior to Committee.
- 1.20 Environmental and social impact was not considered in making the decision to sell the building and adjoining land. Whilst the reports referred to considering these factors there was no evidence that they had been fully considered in the decision-making process for the sale.

Principle D - Determining the interventions necessary to optimise the achievement of the intended outcomes

- 1.21 Council activities achieve their intended outcome by providing a mixture of legal, regulatory and practical courses of action. Determining the right mix of these courses of action is a critically important strategic choice. They need robust decision-making mechanisms to ensure that their defined outcome can be achieved. We note that many of the decisions were delegated to Officers but we found little evidence of effective scrutiny contribution to the sale of the Municipal Building and London Road car park extension.
- 1.22 Members rely on officers to follow proper processes and to present accurate information when they are asked to give a political steer or make a decision. Our review identified insufficient due diligence was undertaken around the sale of the municipal building in 2016 and London Road car park extension in 2017.
- 1.23 The report to Policy and Finance Committee on the 22nd July 2016 relating to the sale of the Municipal Building did not contain comments from the legal or finance business units. We noted that other reports presented on this agenda included comments from Business Manager & Chief Financial Officer – Financial Services.
- 1.24 There was no asset management plan or disposal policy in place to guide the decision on the future of the Municipal Buildings. These are now in place.
- 1.25 The final sale ‘deal’ in September 2016 was initially led by third parties. Whilst opportunities should be seized the ‘deal’ needs to be commercially viable and strategically fit with the Council’s corporate plan. The urgency surrounding the ‘deal’, in our view, placed limitations around the level of due diligence undertaken and affected the level of analysis, advice and officer decision making. The decision reports surrounding the sale did not include comments from legal or finance business units.
- 1.26 The proposal to sell the building was made before the building was vacated or a valuation had been completed which impacted on the project overall - extending the timeframe. Each time the sale of the building fell through a report was presented to Members on the proposed next step - delaying the process.
- 1.27 The project management process has been strengthened and a team put in place to manage/oversee and advise on projects. This process requires that detailed Business Cases are required and all decisions for major projects go through the Senior Leadership Team.

Principle F - Managing risks & performance through robust internal control & strong public financial management

- 1.28 A strong system of financial management and accountability is essential for the implementation of policies and the achievement of intended outcomes. We found that the papers presented for decision making or informal briefing on the sale in 2016 did not include comments from key professional disciplines, namely the Section 151 Officer and legal services providing assurance that best consideration / value was being achieved and the lawfulness of the decision. The situation the Council found itself in at the end of the transaction for the London Road car park extension (2021) meant that it was in a position of moving forward with a 'least worst' option – which was not necessarily the best value option in financial terms. On the 24th November 2021 Council approval was given to purchase back the land only for £450k and not to build the car park extension. The Municipal Building and land were sold for £450k in November 2016. This decision minimised the social and environmental impact but overall, the 'deal' has cost the Council over £500k (including stamp duty, legal costs and lease payments for the duration of the lease).
- 1.29 We found that the planned sale process approved by the Policy and Finance Committee on the 30th June 2016 was not followed for the disposal of the Municipal Buildings and adjoining land which led to a process which was buyer led – refer to para 1.25 above.
- 1.30 Legal instruments contained in the original sale agreement in 2016 were put in place. An overage³ for the adjoining land in the definition of the 'property'. A covenant⁴ for office use only was placed on the Municipal Building. As residential use has more value than office space this may have contributed to a potential loss of capital receipt.
- 1.31 On the 19th January 2021, the Deputy Chief Executive & Director of Resources under delegated powers and following strong legal advice - released the covenant on the Municipal Building formally approved by Officers under delegated powers on the 2nd September 2016 and noted by the Policy & Finance Committee on the 22nd September 2016.

³ An overage obligation requires the buyer to make a further payment to the seller, representing a share of the increased value of the property after the occurrence of an agreed trigger event".

⁴ A restrictive covenant affecting freehold land consists of an agreement in a deed that one party will restrict the use of its land in some way for the benefit of another's land. The restrictive covenant may be enforceable by one party's successors in title against the other's successors in title, as well as between the original contracting parties" ie. it applies to the original purchaser (Datch Properties Ltd) and to anyone who buys from that purchaser (JAJ Developments Ltd)

- 1.32 There was no asset management plan or disposal policy in place during 2013 - 2016 to guide the decision on the future of the Municipal Buildings. There was a protracted period over which the building was empty and deteriorating potentially reducing its value (2013 – 2016). The asset management plan and asset disposal policy are now in place.
- 1.33 Valuations were not carried out at the appropriate times based on its potential use.
- 1.34 The Policy and Finance Committee decision on the 30th November 2017 to enter into the lease agreement with DD for the land in order to extend the London Road car park was entered into without the necessary due diligence being undertaken. Financial comments were provided but these needed updating at the meeting and the wider strategic review of need was not considered.
- 1.35 The reports/decision also relied on information being ascertained from other Committee meetings or local knowledge such as the need for additional car parking in London Road. Committee reports should contain all of the information necessary for an informed decision to be made.

Principle G - Implementing good practices in transparency, reporting, and audit to deliver effective accountability

- 1.36 Effective accountability is concerned not only with reporting on actions completed, but also ensuring that stakeholders are able to respond as the Council plans and carries out its activities. The Council missed opportunities to effectively engage with key stakeholders.
- 1.37 Whilst the urgent decision made on the 2nd September 2016 to agree the final sale complied with the financial procedure rules, its close proximity to the next Committee meeting on the 22nd September 2016 (twenty days) questions the necessity for an urgent decision to be taken.
- 1.38 The following pages within the report provide the detailed findings of the review and provide an action plan for those areas which could be further improved.

The following section of the report sets out our recommendations for suggested improvements in the Council's governance arrangements – some of which may have already been actioned by management given our interim feedback during the review.

Principle A - Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law

- 2.1 On-going training is provided to Officers and Members concerning the need to declare an interest and what could constitute an interest or potential conflict of interest. They are also reminded that declarations relate to any decision-making process including those made outside of Committee meetings.
- 2.2 The Council should review how it retains information on declarations of interest made – ensuring that they are transparent and accessible. Actions taken to mitigate potential conflicts of interest should be recorded and acted upon.
- 2.3 Review members briefing when seeking a steer, sharing ideas and acting as a sounding board should well documented – ensuring that both officers and members are clear on the 'informal' and 'formal' decision making process and that appropriate due diligence is undertaken and evidenced.

Principle B - Ensuring openness & comprehensive stakeholder engagement

- 2.4 As part of key projects a communication and engagement strategy is developed and where appropriate a communication plan put in place identifying who is responsible for communicating to whom. As part of this a communication log is set up to record significant communication including details of telephone conversations.

Principle C - Defining outcomes in terms of sustainable economic, social, and environmental benefits

- 2.5 The Council should ensure that appropriate due diligence is undertaken for all key decisions and projects so that decision makers are satisfied that all possible alternatives have been considered and fully assessed.
- 2.6 The Council should ensure business cases clearly consider five key questions:
 - **Strategic case** - is there strategic fit and a strong case for change?
 - **Economic case** - has a wide range of options been considered and can we demonstrate value for money?
 - **Commercial case** - is the service delivery commercially viable and what does the deal(s) look like?

- **Financial case** - is the proposal affordable and where are the funds coming from?
- **Management case** - what is the plan for successful delivery of the proposal?

Principle D - Determining the interventions necessary to optimise the achievement of the intended outcomes

- 2.7 All decision papers should clearly align with the Council's policy framework and corporate / financial plans. They should clearly set out the business case, risks and impacts (financial and other impacts) – including consultees.
- 2.8 The Council should ensure that its forward plan (outlining key decisions) should minimise the need for urgent items – ensuring sufficient time and information is provided to members to fully consider items.
- 2.9 Key projects should map a decision-making route / plan at the outset, identifying key decisions, decision makers, timing and reporting requirements. Early assessment around specialist advice should ensure that the right people with the right skills, knowledge and experience are adequately engaged at the outset eg finance, legal, property and commercial.

Principle F - Managing risks & performance through robust internal control & strong public financial management

- 2.10 All decision reports should include comments from finance, legal and consultees.
- 2.11 Consider a review of committee reporting guidance and training ensuring that its standards on content, option appraisal, clarity and transparency of risks, impact and recommendations is followed. The review should assess the quality of policy impact assessments. All staff who write reports should attend this training.
- 2.12 Consideration should be given to how the Council can ensure 'corporate memory' on covenants imposed for previously owned assets could be retained and flagged when invoked and / or through the planning process (if appropriate).

Principle G - Implementing good practices in transparency, reporting, and audit to deliver effective accountability

- 2.13 All projects follow the Council's project management process - regardless of the lead officer.
- 2.14 The Council should ensure suitable evidence is retained for all stages of property deals / projects – including appropriate impact assessments, option appraisals and analysis.
- 2.15 Following the implementation of the new governance framework for the Council – effective scrutiny training should be provided for both officers and members.
- 2.16 A review of the effectiveness of the Council's scrutiny arrangements should be undertaken in 2023/24.
- 2.17 Consideration should be given to the current Constitutional arrangements relating to revocation of Council / Committee decisions.

3.1 We have been asked to provide the Chief Executive, Deputy Chief Executive & Director of Resources and Monitoring Officer with some independent insight / review on the facts surrounding the decision-making process and governance and any lessons learnt - ensuring that the Council's Constitution and Code of Conduct(s) have been complied with.

Objectives of the review were: -

- To review and assess the decisions taken, and reasons for those decisions, in relation to the sale and lease of land and buildings at London Road, Newark
- To review and assess the quality and timeliness of information that was provided to decisions makers
- To identify any omissions or failures in practice and procedure relating to decisions made and negotiations that took place in relation to the sale and lease of land and buildings at London Road, Newark
- To make recommendations on lessons to be learnt and improvements to be made on Council practice, policies and procedures

3.2 We approached this review in two phases. During phase one – *information gathering* – we held discussions with the following people / organisations:

- Deputy Chief Executive & Director of Resources
- Director of Planning & Growth
- Principal Legal Officer
- Business Manager – Economic Growth & Visitor Economy
- Business Manager- Finance
- Councillor R Blaney
- Councillor D Lloyd
- Councillor P Peacock
- Newark Civic Trust
- Protect Newark Green Spaces

3.3 We also examined the following documentation:

- Committee records (Full Council, Policy & Finance, Scrutiny, Cabinet, Planning)
- Electronic records and emails
- Ad hoc information provided by interviewees

3.4 Completion of phase one culminated in the production of a chronology of key events enabling the Council to gain a full understanding of the facts and decision-making timeline.

3.5 Phase two of the review involved:

- analysis of the results
- an outcome report
- identification of organisational learning (considering improvement actions already taken)

3.6 This outcome report will be considered by the Council's Audit and Governance Committee who will identify any improvements to the Council's governance framework.

3.7 We have approached this review with a strong emphasis on governance. To fulfil the brief, we have focussed on process, advice, governance and decision making - identifying organisational learning rather than apportioning blame and this approach has shaped how we have reported our findings– focussing on the good governance principles set out in – 'Delivering Good Governance in Local Government: A Framework 2016 Edition (CIPFA.SOLACE).

3.8 During our meetings there were issues raised which we have not covered in detail within this review as they were not within the scope. These included: -

- Freedom of Information process
- Health & Safety
- Planning Regulatory Committee
- The behaviour of council contractors during the protests, including the health and safety concerns
- Detailed review of the protest and actions taken
- Complaint's process

- 4.1 In 1974 Newark and Sherwood District Council became the owners of the Municipal Building and Land at London Road, Newark, following local government re-organisation. The building was then leased to Nottinghamshire County Council through a series of leases from 1974 for use as office accommodation and a Registry Office. Nottinghamshire County Council gave notice that they wished to terminate the latest lease when it expired. The land and building remained empty from May 2013 until it was sold to Datch Property Services Ltd in November 2016 for conversion into offices.
- 4.2 Following the sale a proposal was put to the Council by the new owner to convert the land between the Municipal Building and the Library into a car park extension. Planning permission was granted in November 2018 with work to commence within three years. The Council entered into a lease with the owner to lease the land and construct the car park. Prior to commencement of the works further concern was raised by local groups and petitions were received concerning the removal of a number of trees from the site to build the car park. A number of Freedom of Information requests were made, e-mails sent and discussions held between various parties to resolve the issues. Following negotiations with the land owner in November 2021 the Council decided to purchase the land back from the land owner to cancel the lease and agreed not to construct the car park.
- 4.3 The process covered several years and most of the officers involved in the original decisions to sell the Municipal Building and adjoining land (2013 – 2016) are no longer employed by the Council. Following the raising of concerns over the sale of the Municipal Buildings and Land and the subsequent planned London Road car park extension lease, the new management team commissioned Assurance Lincolnshire to undertake a review of the process and report on lessons which can be learnt from this.
- 4.4 A summary of key events is detailed in Appendix A to assist with context, understanding and significance.

Sale of the Municipal Building and land

Date	Event/Decision	Decision/Action	Decision made by
2012/13	Nottinghamshire County Council gave notice that they wished to terminate the lease on the Municipal Buildings.	N/A	N/A
2013	The Council did not have a revised asset management plan in place and had not made a decision on the future of the building when they were approached with an offer of £615k for the building and land.	N/A	N/A
08/04/13	<p>Exempt report recommending agreement to recommend to Cabinet that the offer to purchase the former Municipal Offices at Baldertongate in the sum of £615k be supported subject to the Council obtaining an independent third party valuation and the purchasers agreeing to allowing Nottinghamshire County Council to remain as tenant until 31st December 2013.</p> <p>Note: the report did not specify the use of the building eg as offices or accommodation.</p> <p>Members discussed whether, given the Council's stated intention to vacate Kelham Hall, the former Municipal Offices would provide potential suitable office accommodation for the Council. It was noted that the property was a grade II listed building which would make alteration and adaptation of the internal layout more complex, repairs and running costs would be significant particularly as the property was not currently in a good state of repair particularly on the upper floors and some new build would be required as the building was not large enough to accommodate the Council's requirements.</p> <p>It was agreed that the premises would not provide suitable accommodation for a new Council headquarters and the proposal to sell was supported.</p> <p>This was the same report presented to Cabinet on the 11/04/13.</p> <p>Note: Director of Resources comments included and supported the recommendation in the Cabinet report.</p>	Recommend go to Cabinet for approval	Policy, Overview and Scrutiny Committee
11/04/13	Exempt report agreed recommendation made by Policy Overview and Scrutiny Committee that the offer to purchase the former municipal offices in the sum of £615k be accepted subject to the Council first obtaining an independent third party valuation and the purchasers agreeing to allow Nottinghamshire County Council to remain as tenant at the existing rent of £49.5k per annum until 31st March 2014;	Cabinet approval	Cabinet

Appendix A – Chronology of Key Events & Decisions

Date	Event/Decision	Decision/ Action	Decision made by
	<p>and Cabinet agree that the former municipal offices at Baldertongate, Newark, are not suitable for use as District Council Headquarters based on the information provided by officers.</p> <p>This item was considered by the Policy Overview and Scrutiny Committee at their meeting held on 8th April 2013. The Committee determined that the premises would not provide suitable accommodation for a new Council headquarters and the proposal to sell the property was supported.</p> <p>No independent or in-depth review was undertaken to support this - no option appraisal provided linked to strategic plans. These were undertaken as part of task and finish group in 2014.</p> <p>Note: Director of Resources comments included and supported the recommendation.</p>		
May 2013	<p>Independent valuation provided by Richard Watkinson of £725k referred to in a later report to Members (29/01/15).</p> <p>This was not reported at the time and no evidence of going back to the purchaser or Members as significantly different to the offer.</p>	N/A	N/A
May 2013	<p>Council moved to a Committee style of governance with the Policy and Finance Committee being the main decision making Committee.</p>	N/A	N/A
05/12/13	<p>Exempt report on the future Council accommodation.</p> <p>The report set out the options for relocating the Council's offices from Kelham Hall - identified as a possibility as part of the SMART Focus programme. This report provided an analysis of the implications for the Council.</p> <p>Four options were identified for the replacement of the Council's offices:</p> <ol style="list-style-type: none"> 1. Building on land already in the Council's ownership. 2. Building on land in external ownership (purchasing land or alternatively entering into a pre-let or pre-purchase agreement with a landowner/developer). 3. Occupying a property which is a refurbished or extended property already in the Council's ownership. 4. Renting or purchasing an existing property from a third party. 	Committee Approval	Policy Committee

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Date	Event/Decision	Decision/ Action	Decision made by
	<p>It stated that a report was undertaken by Asset Management to examine these options (April 2013 updated August 2013). It concluded that the third and fourth options were not achievable because the suitable property was not available on the open market or already in the Council's ownership.</p> <p>No reference to Asset Management Plan or Corporate Plan – although noted reference to SMART Focus programme.</p> <p>Background papers referenced:</p> <ul style="list-style-type: none"> • Kelham Hall report and valuation August 2013 – Savills • New offices – Options Appraisal Overview August 2013 • Feasibility Study for potential relocation of NSDC offices 5/5/2011 <p>Note: The report contained no legal or resources comments / advice to members. The report was co-authored by the Chief Executive and Director of Resources.</p>		
06/03/14	<p>Emails - Following more detailed inspections by the purchaser and a reduced offer being made, the purchaser pulled out of the sale due to the identification of structural issues, asbestos and damage to the roof.</p>	N/A	N/A
03/07/2014	<p>Report providing an update to the future Council accommodation progress approved at the Policy Committee meeting held on 5th December 2013. It covered the following issues:</p> <ol style="list-style-type: none"> a) The sale of Kelham Hall. b) Further consideration of the feasibility of locating the new offices on alternative sites and buildings. c) The progress made following the decision, in principle, to relocate to new offices on the site adjacent to Castle Station. d) Updated comment on costs for the continued occupation of Kelham Hall in the longer term. <p>Within the report of 5th December 2013, it was made clear that there was no single existing site option capable of incorporating the Council's entire requirements within a single property. Option B was therefore excluded from further consideration but completeness, the report reviews the current availability of alternative buildings.</p>	Committee Approval	Policy Committee

Appendix A – Chronology of Key Events & Decisions

Date	Event/Decision	Decision/Action	Decision made by
	<p>The report included the Municipal Building but made no reference to the previous sale offer.</p> <p>There was no reference to up-to-date asset management / corporate plans.</p> <p>No background papers but referenced the 5th December 2013.</p> <p>Note: Report provided option appraisals and included comments by the CEX and Director of Resources.</p>		
10/09/14	First meeting of the Future Accommodation Task and Finish Group. Considered a report from consultants setting out the options including the Municipal Buildings.	Not decision making group	Policy Committee July 2014
08/10/14	<p>Future Council Accommodation Task and Finish Group report on the Municipal Buildings including summary details of the consultants report and an update on dilapidations negotiations, prospects for selling the building, interest in the building and prospects for NSDC use.</p> <p>Concluded that whilst the building could form part of a multi-site solution there were ongoing repair costs and high running costs and this needs to be considered against the potential benefits of selling or leasing the building.</p>	Conclusions noted	N/A
04/12/14	<p>Future Council Accommodation Task and Finish Group report on agreement of dilapidations with the County Council and three viable options for purchase received.</p> <p>There is no record of the reporting of the previous sale falling through or seeking a decision on the action to take ie seeking new buyers.</p>	Requested to be updated on any sale.	N/A
29/01/15	<p>Exempt report sets out the receipt of three offers from £500k to £450k for use as offices or mixed residential and offices. The report set out that the valuation in May 2013 had been £725k but the building had deteriorated and the initial valuation did not consider the state of disrepair.</p> <p>The report suggested that the Committee may wish to consider evaluating the offers on the basis of credibility and track record of purchaser, nature of scheme including social, economic and environmental benefits in addition to value.</p> <p>Agreed that the former Municipal Building, be market tested with final offers being invited not later than Friday, 13th February 2015, with a view to a firm recommendation</p>	Committee Approval	Policy and Finance Committee

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Date	Event/Decision	Decision/Action	Decision made by
	<p>as to sale being made to the Policy & Finance Committee on Wednesday, 25th February 2015.</p> <p>Any transfer includes appropriate safeguards in respect of the dilapidations sum or, alternatively, this is factored into the evaluation of bids received; and the criteria set out in the report, be used in the evaluation of offers received.</p> <p>Note: The report contained no legal or resources comments / advice to members.</p>		
18/02/15	Email – officer declaring an interest with one of the firms placing an offer (not related to Datch Properties Ltd). As author of the report they asked another officer to sign off the report.	N/A	N/A
25/02/15	<p>An exempt report detailing five offers between £523k and £450k was presented – mixture of offices and residential. A supplementary report outlined some changes to bids received after the closing date, increasing one to £705k and removing another. The Committee passed delegated authority to the Officers to contact all the bidders requesting final offers and following consultation with all Members of the Committee to conclude the sale.</p> <p>Note: The report referenced no background papers and had neither legal or resource comments / advice.</p>	Committee Approval	Policy and Finance Committee
19/03/15	<p>An informal meeting was held between the Chief Executive and Members of the Policy and Finance Committee. Agreed to take proposals back to the Policy and Finance Committee as it was only a few days away.</p>	Consultation	Chief Executive
26/03/15	<p>An exempt report provided details of five offers between £705k and £400k – a mixture of office and residential – the highest being offices. Consideration was given on two offers based on the evaluation criteria and it was approved for the highest offer to be accepted passing over delegated responsibility to Officers to take the steps necessary to effect the sale and impose suitable provisions to ensure conversion and occupation as offices and complete within four weeks.</p> <p>Whilst the evaluation criteria was set there was no scoring mechanism used and the report did not evidence a full review against the criteria; it just set out the details of the offer and included a paragraph setting out the factors for</p>	Committee Approval	Policy and Finance Committee

Appendix A – Chronology of Key Events & Decisions

Date	Event/Decision	Decision/Action	Decision made by
	<p>the two preferred offers. There was no reason given for the four week deadline.</p> <p>We also noted that the report stated: ‘An informal meeting of the Policy & Finance Committee was held on Thursday, 19th March when the revised proposals were considered. However, in view of the fact that there was a scheduled meeting of the Policy and Finance Committee on Thursday, 26th March it was agreed that a final decision should be made at that meeting.’</p> <p>Note: The report contained no legal or resources comments / advice to members.</p>		
10/09/15	<p>An exempt report stated that the sale had fallen through due to queries over the requirement to convert to offices as soon as possible and the condition of the building. It was recommended to remarket the property under private treaty with Richard Watkinson acting on the Council’s behalf.</p> <p>Note: The report contained no legal or resources comments / advice to members.</p>		Policy and Finance Committee
30/06/16	<p>Exempt paper (released in public domain 6th April 2017). Providing update on previous sales of Municipal Buildings & Land which had fallen through.</p> <p>Presented 3 options to consider:</p> <ol style="list-style-type: none"> 1. Go back to remaining interested parties 2. Retest the market 3. Undertake basic maintenance and let out as offices <p>Approved retesting the market – Officers had delegated authority to determine sale approach – informal tender or way of private treaty.</p>	Approval	Policy and Finance Committee
22/08/16	<p>E-mail from DD offering £400k and agreeing to the terms for the covenant and clawback. Suggests exchange 12 weeks or sooner.</p>	N/A	N/A
02/09/16	<p>E-mail. Revised offer of £450k received from DD. Suggested that the covenant run for the same term as the claw back agreement (25 years). Wishes to an exchange and complete to ensure there is no further deterioration as move into the Autumn / Winter weather.</p>	N/A	N/A

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Date	Event/Decision	Decision/ Action	Decision made by
02/09/16	<p>Urgent Decision. That the property be sold to DD in the sum of £450k subject to a covenant requiring that it be used for office accommodation only and subject to a clawback provision in the event of the car park area being redeveloped, such conditions to apply for a 25 year term from the date of the transfer.</p> <p>The reason for the urgency is that the purchaser is keen to complete the purchase in order to undertake works to render the property wind and watertight prior to the onset of the winter months. He is prepared to offer an enhanced purchase price on the proviso that the sale is agreed, and the transfer completed quickly.</p> <p>Note: The decision notice contained no reference to legal or Finance comments / advice obtained.</p>	Signed by CEX in consultation with Leader and Leader of Opposition	n/a
05/09/16	<p>E-mail stating completed Urgent Decision notice for sale to DD for £450k.</p> <p>It stated that details of the covenant over the building and the clawback/overage on the land.</p> <p>It sets out some concerns over the price offered based on previous valuations but confirmed that the Council had gone back to the valuer who confirmed that for offices the value was about £450k whereas for residential it would be £600k. Valuers' strong recommendation was - given that DD was prepared to accept the covenant re office use – the offer was reasonable.</p> <p>Note: The email also stated this would be confirmed in writing – email / document not located.</p>		
22/09/16	<p>Exempt report for noting to the Policy and Finance Committee 'Urgent Decision', the Council agreed to sell the land (car park and green space known to some as the library garden) and building, to the value of £450k. The decision was classed as urgent as work was required to make the property wind and water tight prior to winter and the purchaser was prepared to make an enhanced offer on the proviso that the sale is agreed and transfer completed quickly.</p>	Note – urgent decision already taken	Leader and Leader of the opposition

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Date	Event/Decision	Decision/ Action	Decision made by
	<p>Committee agreed that as part of the sale a restriction (by way of a covenant) would be required that the buildings and land could only be used for office space and ancillary use for 25 years. Plus a clawback provision on the land to the side of the building which was used as a car park for the building requiring that the Council receive an overage payment (of 50% of the difference between the enhanced value and base value) on each occasion during the overage period that the buyer implements a Planning permission.</p> <p>The constitution allows for urgent decisions to be made and require signatures from the Leader, Opposition Spokesperson and the Chairman of the appropriate Committee. The urgent decision document was dated 2 September which is only a few weeks away from the Committee meeting.</p> <p>There was no reference to Corporate Strategies or town center plans.</p> <p>Note: The report contained no legal or finance comments / advice to members.</p> <p>Other agenda item reports included comments from the Business Manager & Chief Financial Officer – Financial Services.</p>		
01/11/16	<p>Sale to Datch Properties Limited completed.</p> <p>Overage Deed – on the land to the side of the building currently used as a car park not the building.</p> <p>The covenant for office use on the Municipal Building.</p>	N/A	N/A
24/06/19	<p>Sold building for £375k (The Move Market website) to JAJ Developments Limited.</p>	N/A	N/A
19/11/19	<p>Planning application to convert the property into residential flats approved by officer delegation. Submitted 06/08/19 by Mr Andrew Derry.</p> <p>It is the landowner's responsibility to comply with covenants - JAJ Developments Limited.</p>	Approved	Officer delegation

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Date	Event/Decision	Decision/Action	Decision made by
	It's not for the planning authority to police or enforce covenants.		
Nov 2020	E-mail/Telephone – DD (Datch Properties Ltd) contacted the Council concerning the covenant on the Municipal Building as it had been converted into flats which was not in accordance with the overage deed & covenant.	N/A	N/A
19/01/21	<p>Authority given under delegated authority to release the covenant - which was agreed by Officer Urgency Decision on 02/9/16 (and noted by the Policy and Finance Committee on 22.9.16).</p> <p>Decision was taken by the Director of Resources & Deputy Chief Executive under delegated powers which gives him and other Directors the power to take action in respect of covenants and legal matters.</p> <p>The decision was based on strong internal legal advice and involved discussion with the Leader of the Council, Chief Executive, Director of Development, Officers and Datch Properties Ltd.</p>	Covenant released	The Director of Resources & Deputy Chief Executive
14/10/21	E-mail – from Councillor Blaney to the Chief Executive querying why the covenant was released and the terms of release.	Query	N/A
11/11/21	E-mail response from Assistant Director Legal and Democratic Services to Members clarify position on the covenant following queries raised at the meeting on the 1.11.21.	N/A	N/A
11/11/21	E-mail response from Councillor Blaney to above e-mail setting out his disappointment and questioning the decision.	N/A	N/A

London Road Car Park Extension

Date	Event/Decision	Decision Type	Decision made by
August 2017	<p>The new owner of the building and land, Datch Properties Ltd, contacted the Council with a proposition for them to build a car park extension on the land at the rear of the property for public use enabling them to finance the re-development of the building. They suggested that the Council may wish to lease back the land at a cost of £30k per year over a 25-year term.</p> <p>The Council already had an agreement with Datch Properties Ltd to lease the current car park to the side of the building on a shared income basis accessing it through London Road car park.</p>		

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Date	Event/Decision	Decision Type	Decision made by
11/07/17	Car parking at Municipal Buildings discussed at CMT. Drafting a profit share arrangement for decision by CMT before taking to DD.	Information	N/A
25/10/17	Meeting with DD to discuss the proposal.	N/A	N/A
30/11/17	<p>Report seeking approval to create additional car parking at the rear of the former Municipal Buildings, subject to lease arrangements and planning approval.</p> <p>There was no reference to Corporate Strategies, wider car parking strategy or town center plans. The report was vague in assumptions – using terminology such as ‘it is likely that the car park will be extremely well used’. The report also referenced the loss of landscaped area and loss of two mature trees. It made no reference to potential interested parties – other than the owner of the municipal buildings and land.</p> <p>Officers was given delegated authority to seek planning permission and subject to planning permission approval enter into a lease with the owner of the land.</p> <p>Note: Report included comments from Director of Resources & Section 151 Officer around financial capital costs & income. It referenced a calculated business case – which only provided financial analysis.</p> <p>There was no legal comments / advice.</p> <p>Note: Declaration of Interest by Cllr D Lloyd – who left the meeting for this agenda item.</p>	Approval	Policy and Finance Committee
28/05/18	Agreement for lease entered into setting out the next steps before the actual lease was entered into. This bound the Council to the lease once planning permission was obtained. However, there was a clause added which gave both parties the option to terminate if planning permission was not obtained by the due date.	N/A	N/A
31/07/18	E-mail from the Council to DD turning down opportunity for the additional car parking on the grounds that the terms don’t stack up. Refers to an internal meeting held to discuss it.	N/A	N/A
20/11/18	<p>Planning application submitted and was approved (8 votes for, 5 votes against and 1 abstention) with a requirement to start within three years of the decision.</p> <p>Consultees included letters sent to occupiers of thirty three properties, Newark Town Council, NSDC Conservation, NSDC Environmental Health, NCC Highways, Archaeological Officer, Newark Civic Trust, NSDC Access and Equalities Officer, Tree</p>	Approval	Planning Committee

Appendix A – Chronology of Key Events & Decisions

Date	Event/Decision	Decision Type	Decision made by
	<p>Officer and Historic England. Two recommended rejection and there were a number of points raised generally concerning the loss of trees, loss of green space and the need for additional car parking.</p> <p>The report by the Business Manager detailed the reasons behind the recommendation for approval taking on board the comments made and various policies. Further correspondence was reported as received after the agenda was published from the Newark and Sherwood Green Party and the Planning Case Officer. A petition with 712 signatures was also presented for refusal.</p>		
04/12/18	<p>Letter from Council to Datch Properties Ltd clarifying the overage position on the car park extension.</p> <ul style="list-style-type: none"> that the provisions in the Overage Deed dated 1 November 2016 have not been triggered by virtue of the proposal to construct additional car parking at the rear of the former Municipal Buildings. majority of the land which will form the new car parking area formerly comprised the rear garden of the Municipal Buildings and this area of land was not included within the Overage Deed. There is a small area to the side which is included in the Overage Deed but as this formerly constituted car parking and does not trigger an overage payment. 	N/A	N/A
10/12/18	Newark Civic Trust send in a request for information relating to the planning application and lease.	N/A	N/A
17/01/19	<p>Council responds treating as a Freedom of Information Request and will send through some of the information but not the lease as this this is classed as exempt under section 43(2).</p> <p>Confirms no formal written Business case for the car park but comprehensive financial projections were made. The design and access statement explains how busy the car park is and the congestion caused. No traffic study, traffic movements were observed and members of the public who use the car park spoken to.</p> <p>All responses only consider this car park, there is no reference to the other car parks within the Town Centre to get a more strategic view and no evidence of other factors other than financial.</p>		Information Governance Officer
22/01/19	Following receipt of planning approval, the lease between the Council and Datch Properties Ltd was signed and became effective on 22 January 2019 for twenty five years. This bound the Council to build the car park and pay the annual lease	N/A	N/A

Appendix A – Chronology of Key Events & Decisions

Date	Event/Decision	Decision Type	Decision made by
	instalments of £30k from January 2021 until at least the first break clause in fifteen years time (2034).		
10/02/19	A complaint raising concerns over the approval of the planning application was submitted to the Council on behalf of Newark Civic Trust, Newark Sports Association, Professionals in Newark and Newark Green Party. A further Stage 2 compliant was raised in April 2019 and a response made in May 2019.	N/A	N/A
07/03/19	During Full Council meeting NSDC received a petition from 1,700 constituents objecting to the building of the car park. Following receipt of this it was agreed that the project be halted so that a review of the scheme could be undertaken. The Director Growth and Regeneration was given responsibility to review the scheme.	Decision on way forward	Full Council
11/03/19	Council responded to the compliant with further information provided. Provided information including numbers of spaces, clarification of consultation carried out and declined knowledge of the impending sale of the Municipal Building until after the lease was signed. Referred to Council meeting and project being halted.	N/A	Deputy Chief Executive
19/06/19	Paper to Senior Leadership Team setting out the proposed scope of the review of council plans for London Road car park extension on grass and treed area on land at the former Municipal car park.	N/A	N/A
26/09/19	<p>London Road Car Park Extension – Options Appraisal</p> <p>Exempt paper – (<i>withdrawn see below</i>) – on the options for the project and undertaken at the request by the Council on the 7th March 2019.</p> <p>Councillor D Lloyd proposed that Exempt Agenda Item No. 28 – London Road Car Park Extension Options Appraisal be withdrawn from the agenda given the recent announcement of the availability of significant funding through the Government’s towns fund initiative and the need to undertake a wider strategic review of car parking in Newark.</p> <p>AGREED (unanimously) that this item be withdrawn from the agenda.</p> <p>Note: Item not considered again by the Policy & Finance Committee until 23rd September 2021 when they referred it for consideration by Full Council on the 12th October 2021.</p> <p>No declaration of interests declared for this item.</p>	N/A	Policy & Finance Committee

Appendix A – Chronology of Key Events & Decisions

Date	Event/Decision	Decision Type	Decision made by
19/06/20	Email from Director – Planning & Growth to Newark Civic Trust confirming: <ul style="list-style-type: none"> Car parking remains part of the Newark Place Strategy – which is likely to be completed No decision made to implement the car park until the matter is considered by the Policy and Finance Committee for a decision (next available committee date September 2020). No plans to undertake work beyond planned maintenance. 	N/A	N/A
April 2021 to July 2021	Procurement process initiated to ascertain costs for London Road car park extension project.	N/A	N/A
25/05/21	Email from Newark Civic Trust asking for an update on London Road car park extension development. Follow up questions on the 27/05/21 if car park strategy completed and adopted as part of review.	N/A	N/A
27/05/21	Email from Director – Planning & Growth to Newark Civic Trust stating that project on hold to allow review – review complete and will be presented to Policy and Finance Committee 24 th June 2021 for a decision.	N/A	N/A
07/06/21	Email from Newark Civic Trust to Director – Planning & Growth and Business Manager – Economic Growth requesting the following information: <ol style="list-style-type: none"> When the plans were suspended at the back end of 2019 you wrote to the Civic Trust explaining that there would be a full car park strategy review and this would include local stakeholders, possibly the Civic Trust. Has the car park strategy been completed and/or adopted by NSDC? Is the review on the 24th a review of the works to the green space only or is it a review of car parking across the town/district? Finally, you stated that my presumption about NSDC being eager to develop the space was incorrect. If that is the case, can you explain why the works are being tendered with a contract start just three weeks after the Committee are meeting? 	N/A	N/A
25/07/21	Meeting with DD and NC at NSDC to discuss a way forward. A proposal submitted to create a new lease covering the current car parking area and re-siting the car parking for the residents.	N/A	N/A

Appendix A – Chronology of Key Events & Decisions

Date	Event/Decision	Decision Type	Decision made by
23/09/21	<p>Director – Planning and Growth presented a report on the London Road car park Extension Scheme Options which was requested by full Council on the 7th March 2019.</p> <p>Agenda Item 18 (open report) providing background and options headlines re London Road car park Extension and Agenda item 27 (exempt) which provided detailed confidential information on the options.</p> <p>Recommended Option B - Do the scheme as proposed (including removal of trees).</p> <p>At the meeting Committee advised that an approach had been made by the site owner which:</p> <ul style="list-style-type: none"> impacted option A and didn't require building on the green space new option around lease terms. <p>Committee agreed that given the significance of proposal and that more time needed to consider the information that the report be considered by full Council on the 12th October 2021.</p> <p>Note: Subsequently the Council as published supplementary reports on London Road car park - redacted version of exempt report – agenda item 27.</p> <p>Declaration of interest – Cllr D Lloyd – not present for this agenda item.</p>	N/A	Policy & Finance
12/10/21	<p>On 12 October 2021 at a meeting of the Full Council a proposal was made to continue with building the car park and this was agreed.</p> <p>At the meeting Councillors called for '<i>a thorough investigation into the information that was presented to members; initially for selling the municipal buildings and then the leasing back of the land</i>' between the municipal building and the library.</p> <p>Declaration of interest – Cllr D Lloyd – not present for this agenda item. Cllr D Lloyd confirmed that he had taken no part in the debate or discussions on the development of the report on London Road car park extension. He stated that he worked for</p>	Approval	Full Council

Appendix A – Chronology of Key Events & Decisions

Date	Event/Decision	Decision Type	Decision made by
	<p>Appletree Ltd – a director being DD who is also a Director of Datch Properties Ltd.</p> <p>We confirmed that Cllr D Lloyd made the appropriate declarations of interest for when we worked</p>		
<p>October 2021 to November 2021</p>	<p>Various media coverage on the London Road car park extension and demonstrations re the campaign to protect the green space and stop the car park extension.</p> <p>On-line petition – ‘stop the chop and save our trees’</p> <p>Protect Newark Green Spaces & Newark Civic Trust</p>		
<p>24/11/21</p>	<p>Report on the current progress of the project.</p> <p>Officers made progress to implement the car park extension with an updated ecology survey undertaken and fencing installed. An online petition had now reached 6,081 signatories.</p> <p>Datch Properties Ltd made an improved offer of £450k for the Council to purchase the site (£150k less than the previous offer). The condition was that the land was not converted into a car park but retained as green space.</p> <p>The report recommended that the previous decision (12/10/21) by the Council is rescinded and proposed that the Council agreed to purchase the freehold land known as London Road car park extension for £450k.</p> <p>This did not represent value to the taxpayer as in November 2016, the Municipal Buildings and the land were sold for £450k. The revised offer is just for the land.</p> <p>However, Members accepted that the land has social and environmental value and there is public support to retain the four trees and green space.</p> <p>Approval was given to purchase the land back and agree not to build the car park.</p> <p>Declaration of interest – Cllr D Lloyd – not present for this agenda item.</p>	<p>Approval</p>	<p>Extraordinary Full Council</p>

London Road Municipal Buildings

Audit Report – Action Plan

Suggested Improvement		Management Action	Timescales	Action Owner
Principle A - Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law				
2.1	On-going training is provided to Officers and Members concerning the need to declare an interest and what could constitute an interest or potential conflict of interest. They are also reminded that declarations relate to any decision-making process including those made outside of Committee meetings.	<p>Members: training was provided for all Members in 2021 when the Council adopted the Local Government Association’s revised Model Code of Conduct. The Local Government Association has since produced a suite of training materials; these will be referenced for future training, in particular for new Member induction following the 2023 District Council elections. In the meantime the findings of this Audit Report will be disseminated for Members.</p> <p>Officers: training on Code of Conduct is included as part of the employee induction process. A reminder regarding the Code was issued to Business Managers in 2021. Refresher training will be included as a requirement as part of the annual appraisal process from 2023. In the meantime the findings of this Audit Report will be disseminated to Managers.</p>	<p>Dissemination of key learning from this Audit Report – July 2022</p> <p>Refresh of Member training – May 2023</p> <p>Refresh of Officer training – March/April 2023</p>	Assistant Director Legal & Democratic Services (Monitoring Officer)
2.2	The Council should review how it retains information on declarations of interest made – ensuring that they are transparent and accessible. Actions taken to mitigate potential conflicts of interest should be recorded and acted upon.	<p>Members: declarations made in formal meetings are retained in meeting minutes indefinitely. The Member Register of interests is retained in accordance with legislative requirements; consideration will be given as to whether it would be appropriate to retain for longer.</p> <p>Officers: declarations are recorded and maintained in the HR system in accordance with</p>	<p>Register of Interests – August 2022</p> <p>Recording of mitigation actions on HR system – November 2022</p>	Assistant Director Legal & Democratic Services (Monitoring Officer)

London Road Municipal Buildings

Audit Report – Action Plan

Suggested Improvement		Management Action	Timescales	Action Owner
		a retention schedule for employee information. Consideration will be given to recording mitigation actions where conflicts are identified.	(once upgrade to HR system complete)	
2.3	Review members briefing when seeking a steer, sharing ideas and acting as a sounding board should well documented – ensuring that both officers and members are clear on the ‘informal’ and ‘formal’ decision making process and that appropriate due diligence is undertaken and evidenced.	Officers were briefed on maintaining an audit trail of decision-making at the April/May 2022 new governance system training.	Complete but part of ongoing training.	Assistant Director Legal & Democratic Services (Monitoring Officer)
Principle B - Ensuring openness & comprehensive stakeholder engagement				
2.4	As part of key projects a communication and engagement strategy is developed and where appropriate a communication plan put in place identifying who is responsible for communicating to whom. As part of this a communication log is set up to record significant communication including details of telephone conversations.	The Council has in place a Consultation and Engagement strategy which is currently under review, and this will include guidance as to when it would be appropriate to have a communication plan and a communication log.	November 2022	Director Customer Services and Organisational Development
Principle C - Defining outcomes in terms of sustainable economic, social, and environmental benefits				
2.5	The Council should ensure that appropriate due diligence is undertaken for all key decisions and projects so that decision makers are satisfied that all possible alternatives have been considered and fully assessed.	Report templates for the new Governance arrangements require this.	Complete	Assistant Director Legal & Democratic Services (Monitoring Officer)

Audit Report – Action Plan

Suggested Improvement		Management Action	Timescales	Action Owner
2.6	<p>The Council should ensure business cases clearly consider five key questions:</p> <ul style="list-style-type: none"> • Strategic case - is there strategic fit and a strong case for change? • Economic case - has a wide range of options been considered and can we demonstrate value for money? • Commercial case - is the service delivery commercially viable and what does the deal(s) look like? • Financial case - is the proposal affordable and where are the funds coming from? • Management case - what is the plan for successful delivery of the proposal? 	<p>The most recent Business Case template covers these areas and recent Business Plans presented have included all of these 5 areas.</p> <p>Since 2018, all business cases have followed the principles of the 5 key areas within the business case.</p>	Complete	Director Customer Services and Organisational Development
Principle D - Determining the interventions necessary to optimise the achievement of the intended outcomes				
2.7	<p>All decision papers should clearly align with the Council's policy framework and corporate / financial plans. They should clearly set out the business case, risks and impacts (financial and other impacts) – including consultees.</p>	<p>As above, this is covered by the new report template.</p> <p>Since 2018, all decision papers have clearly aligned with the Council's policy framework and corporate/financial plans.</p>	Complete	Assistant Director Legal & Democratic Services (Monitoring Officer)
2.8	<p>The Council should ensure that its forward plan (outlining key decisions) should minimise the need for urgent items – ensuring sufficient time and information is provided to members to fully consider items.</p>	<p>Agreed. The Council's forward plan is supplemented by an executive decision making work programme, which will ensure that urgent items are kept to a minimum.</p>	Complete	Chief Executive

London Road Municipal Buildings

Audit Report – Action Plan

Suggested Improvement		Management Action	Timescales	Action Owner
2.9	Key projects should map a decision-making route / plan at the outset, identifying key decisions, decision makers, timing and reporting requirements. Early assessment around specialist advice should ensure that the right people with the right skills, knowledge and experience are adequately engaged at the outset e.g. finance, legal, property and commercial.	Each decision has a Project Initiation Document containing all these requirements.	Complete	Director Customer Services and Organisational Development
Principle F - Managing risks & performance through robust internal control & strong public financial management				
2.10	All decision reports should include comments from finance, legal and consultees.	Standard template prompts report authors to consider these matters. Currently all decision reports include finance implications and comments from consultees. Legal comments are obtained where relevant.	Complete	Assistant Director Legal & Democratic Services (Monitoring Officer)
2.11	Consider a review of committee reporting guidance and training ensuring that its standards on content, option appraisal, clarity and transparency of risks, impact and recommendations is followed. The review should assess the quality of policy impact assessments. All staff who write reports should attend this training.	Report writing guidance was issued in May 2022 as part of the new governance arrangements – training is under development.	31 March 2023	Assistant Director Legal & Democratic Services (Monitoring Officer)
2.12	Consideration should be given to how the Council can ensure 'corporate memory' on covenants imposed for previously owned assets could be retained and flagged when invoked and / or through the planning process (if appropriate).	The Council is exploring the possibility of introducing an automated process.	31 March 2023	Director Resources and Deputy Chief Executive (Section 151 Officer)

London Road Municipal Buildings

Audit Report – Action Plan

Suggested Improvement		Management Action	Timescales	Action Owner
Principle G - Implementing good practices in transparency, reporting, and audit to deliver effective accountability				
2.13	All projects follow the Council's project management process - regardless of the lead officer.	Agreed and the Council now has a project management process and project toolkit which it follows on every project.	Complete	Director Customer Services and Organisational Development
2.14	The Council should ensure suitable evidence is retained for all stages of property deals / projects – including appropriate impact assessments, option appraisals and analysis.	This has been the Council's custom and practice and is incorporated in the Council's Acquisition and Disposal Policy.	Complete	Director Resources and Deputy Chief Executive (Section 151 Officer)
2.15	Following the implementation of the new governance framework for the Council – effective scrutiny training should be provided for both officers and members.	Scrutiny training provided for Officers and Members between March and May 2022 and will be provided on an ongoing basis.	Complete and ongoing	Assistant Director Legal & Democratic Services (Monitoring Officer)
2.16	A review of the effectiveness of the Council's scrutiny arrangements should be undertaken in 2023/24.	Agreed, captured as part of the 6 month review of the new governance arrangements.	December 2022	Assistant Director Legal & Democratic Services (Monitoring Officer)
2.17	Consideration should be given to the current Constitutional arrangements relating to revocation of Council / Committee decisions.	Agreed and will be picked up as part of the 6 month review of the Council's Constitution.	December 2022	Assistant Director Legal & Democratic Services (Monitoring Officer)



Report to: Audit & Governance Committee Meeting 27 July 2022

Director or Business Manager Lead: Nick Wilson, Business Manager – Financial Services

Lead Officer: Lucy Pledge, Head of Internal Audit (Assurance Lincolnshire) contact: 01522 553692

Report Summary	
Report Title	Annual Internal Audit Report
Purpose of Report	To provide a summary of Internal Audit work undertaken during 2021/22 and to support the Annual Governance Statement by providing an opinion on the organisation’s governance, risk, financial and internal control environment.
Recommendations	That the Audit & Governance Committee consider and comment upon the annual internal audit report and note its content.
Reason for Recommendation	In order to understand the internal audit work undertaken throughout the 2021/22 financial year which will assist in supporting the Annual Governance Statement

1.0 Background

1.1 The Annual Internal Audit Report:-

- Includes an opinion on the overall adequacy and effectiveness of the organisation’s governance, risk, financial and internal control environments.
- Discloses any qualifications to that opinion, together with the reasons for the qualification.
- Summarises audit work undertaken, including reliance placed on the work of other assurance bodies where applicable.
- Draws attention to any issues that are particularly relevant to the Annual Governance Statement.
- Summarises the performance of the internal audit function against its key performance measures.
- Comments on compliance with standards.

- 1.2 Whilst we cannot provide absolute assurance on the governance, risk, finance and internal control environments we can provide reasonable assurance that it is working as intended.
- 1.3 The opinion on all four of the areas (described above) remains unchanged since the 2020/21 financial year, it is acknowledged that the direction of travel is positive in all four areas.
- 1.4 The opinion should be considered as part of the process to prepare the Annual Governance Statement by the Audit and Accounts Committee and relevant Council officers.

2.0 Proposals

- 2.1 To receive and comment upon the Annual Internal Audit Report 2021/22 and note its content.

Background Papers and Published Documents

NIL

Internal Audit Annual Report 2021/22



Newark and Sherwood District Council

What we do best...

Innovative assurance services
Specialists in internal audit
Comprehensive risk management
Experts in countering fraud

...and what sets us apart

Unrivalled best value to our customers
**Existing strong regional public sector
partnership**
**Auditors with the knowledge and expertise to
get the job done**
**Already working extensively with the not for
profit and third sector**

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This report has been prepared solely for the use of Members and Management of Newark and Sherwood District Council. Details may be made available to specified external organisations, including external auditors, but otherwise the report should not be used or referred to in whole or in part without prior consent. No responsibility to any third party is accepted as the report has not been prepared, and is not intended for any other purpose.

The matters raised in this report are only those that came to our attention during the course of our work – there may be weaknesses in governance, risk management and the system of internal control that we are not aware of because they did not form part of our work programme, were excluded from the scope of individual audit engagements or were not bought to our attention. The opinion is based solely the work undertaken as part of the agreed internal audit plan.

Purpose of Annual Report

The purpose of the Annual Internal Audit Report is to meet the Head of Internal Audit annual reporting requirements set out in the Public Sector Internal Audit Standards (PSIAS) and the Accounts and Audit Regulations 2020. In particular:-

- Include an opinion on the overall adequacy of and effectiveness of the Council's governance risk and control framework and therefore the extent to which the Council can rely on it
- Inform how the plan was discharged and the overall outcomes of the work undertaken that supports the opinion
- A statement on conformance with the PSIAS and the results of the internal audit quality assurance)
- Draw attention to any issues particularly relevant to the Annual Governance Statement

Introduction

For the twelve months since the last Annual Report in July 2021, the Council's arrangements for governance, risk management and control framework have continued to support delivery of its corporate objectives and priorities. During the period, and following the recommendations made in the Peer Review, there have been significant developments and changes in the governance structure of for the Council including the reinstatement of the Executive or Cabinet style structure. A Policy and Performance Improvement Committee is in place, which provides Scrutiny functions, and the Council is also supported by other committees and the Boards. The new governance model is now operational with an effective date of 17th May 2022.

The Council's Audit and Governance Committee replaced the Audit and Accounts Committee and where decisions and matters presented in this report were carried out by the former committee, we have made reference to the Audit and Accounts Committee to provide the context.









Other significant changes included the finalisation of the Council's corporate restructure to provide capacity and capability to deliver its Community Plan objectives and future focused ambitions which include delivery of major projects in the years ahead.

It has been another challenging year for the Council – responding, supporting and recovering from the pandemic. Its systems and processes have operated effectively during this time both remotely and more latterly in a hybrid way – with staff working at home and in the office.

My opinion needs to consider the impact of all this on the Council's governance, risk and control environment. Our work primarily commenced in quarter 2 and during the year, as the risks faced by the Council changed, we reviewed and revised our audit plan where necessary to reflect the impact of these.

Annual opinion

Based on the work we have undertaken and information from other sources of assurance, my opinion on the adequacy and effectiveness of the Council's arrangements for governance, risk management and control is:-

Area	Opinion	Direction of Travel
Governance 	Performing Adequately – Some improvements identified over the Council's governance and control framework	 Improved
Risk 	Performing Well – No concerns that significantly affect the risk management framework	 Improved
Internal Control 	Performing Adequately – Some improvement required to manage a high risk in a specific business area and medium risks across the Council.	 Improved
Financial Control 	Performing Well – No concerns that significantly affect the financial control framework	 Improved



It is comprised of systems, processes, culture and values, by which the Council is directed and controlled and through which they account to, engage with, and where appropriate, lead their communities.

Each year the Council is required to reflect on how its governance arrangements have worked – identifying any significant governance issues that it feels should be drawn to the attention of the public – in the interests of accountability and transparency.

The Council's Combined Assurance report provides a key element of its governance and assurance arrangements. It provides the Senior Leadership Team and the Audit and Governance Committee with better understanding regarding the assurances across all the Council's critical services, key risks, significant projects and partnerships identifying any areas for greater oversight, improvement and assurance gaps.

Overall, there is a positive assurance picture for the Council but one that reflects the complex environment in which it operates. As a learning Council that seeks continuous improvements, there is recognition that some areas of the combined assurance will be red and amber on which an action plan is required to address any identified concerns.

The Council continues to refresh and monitor performance against its four-year Community Plan. The current plan (2020-2023) sets out the Council's seven objectives and how these will be achieved. The plan was last updated in September 2020.

Following the Full Council's resolution to adopt a Leader and Cabinet style of governance in May 2021, a working group of Members has worked and refined the proposed structure of the new governance arrangements.

The Executive has five Portfolio Holders and includes the leader of the largest opposition party as a voting member.

The new governance arrangements will enable decisions to be made more quickly and reduce some of the bureaucracy that resulted from the Committee system. There is a Call-In Sub-Committee which provides a mechanism for elected members to intervene in exceptional circumstances when they feel that the Executive decision needs to be revisited.

All key staff and elected members have received training around the new governance arrangements. This provides clarity on responsibilities and accountabilities. An internal management led review is planned after six months of implementing the new governance model to assess its effectiveness.

The Council had an established Shareholder Committee that had oversight over the governance arrangements of its wholly owned company Arkwood Development whilst Leisure and Environment committee had oversight of the Active 4 Today. Under the new model, oversight of the Council's companies will be an Executive function with support from officers as required. The working group reached the view that it would not be appropriate for a single Shareholder committee to discharge shareholder responsibilities in relation to the Council's wholly owned companies.

The Council works collaboratively with several partners towards the achievement of some identified 2020 – 2023 Community Plan objectives. During the year, full Council approved adoption of Nottingham and Nottinghamshire Compact. The Compact, asks public sector partners and the Voluntary Community Service (VCS) to commit to a set of shared values and principles which support long-term development of effective partnerships.



"Achieving the Intended Outcomes While Acting in the Public Interest at all Times"

It is comprised of systems, processes, culture and values, by which the Council is directed and controlled and through which they account to, engage with, and where appropriate, lead their communities.

The Council has two wholly owned Companies and several significant projects for which strong governance arrangements are fundamental especially given some of the recent high-profile failings locally and nationally. We planned to undertake the Companies governance review during 2021/22. A change in the Council's governance arrangement affected completion of the review and this is now planned during 2022/23. We are not aware of any significant governance concerns in this.

The Council has successfully secured grants for Levelling-Up (£20m) and the Towns Fund for Newark (£25.6m).

The Department for Transport has also confirmed approval of the outline business case, allocating £24.4m to the Ollerton Roundabout Improvement scheme. The scheme is designed to support growth and development through reduced congestion at key intersections, improving the predictability of journey times and providing more traffic capacity for future growth. The Council is not the Accountable Body for this scheme but is a key partner.

These are significant projects requiring robust governance arrangements to ensure their successful delivery.

We suggest that appropriate governance review for these schemes is included in the Annual Governance Statement.

During the year, the Council reviewed the significant governance issues identified in the 2020/21 Annual Governance Statement.

It was noted that significant progress had been made against all three governance issues which included one of its two Companies, the re-integration of Housing Management Function and Yorke Drive Development programme.

One significant governance issue has been identified regarding a change in the system of Governance. A review is planned during 2022/23 to evaluate whether the new governance arrangements are working effectively. The Member Working Group will be reconvened to undertake the review and a report will be presented to the Audit and Governance Committee.

We continue to observe that the Senior Leadership Team (SLT) and political leadership are embracing and driving a positive change in culture. There is evidence that the Council proactively seeks to learn lessons from past experiences to strengthen decision making process.

We carried out a review of the decisions made in relation to the London Road Municipal Buildings at the request of the Senior Leadership Team. Our findings from that report indicate that the Council's arrangements for decision making have improved significantly since that period. We focused on the Council's compliance with good governance principles presented in Appendix 1.

We have made some suggestions to improve the governance arrangements and decision-making process going forward – many of which have already been actioned by the Council.

Governance



"Achieving the Intended Outcomes While Acting in the Public Interest at all Times"

It is comprised of systems, processes, culture and values, by which the Council is directed and controlled and through which they account to, engage with, and where appropriate, lead their communities.

The Audit and Governance Committee plays a key role in the Council's governance framework. There have been changes to the membership of the committee. The new Committee has more members, which potentially strengthens members' collective role to challenge and increase the officers' accountability. There is also a potential for increased focus on the wider governance issues than the previous arrangement.

The Council ensures continued existence of a non-voting Independent member at the Audit and Governance Committee to further strengthen the members' critical friend role. Full Council has oversight over the appointment of any Independent Members.

To ensure improved transparency, full Council requested that a Members Independent Remuneration Panel reconvenes with a view to writing a further report for Full Council to enable a new Scheme of Members Allowances to be adopted from May 2022 to account for the new governance arrangements.

In 2022-23, we will be undertaking several audits which will give additional assurance around the effectiveness of the Council's governance arrangements. The audits include:-

- Newark Towns Funds & Levelling Up Funds
- Company Governance (Arkwood Development and Active 4 Today)
- Planning Applications (Decision Making)
- Governance Review (Health Check)

The above information helped inform the Head of Internal Audit's opinion.

Governance assurance



Assessed as Performing Adequately

Risk



Good risk management is part of the way we work. It is about taking the right risks when making decisions or where we need to encourage innovation in times of major change – balancing risk, quality, cost and affordability. This puts us in a stronger position to deliver our goals and provide excellent services.

Overall, the Council's risk management arrangements are well-managed. A facilitated strategic risk workshop was undertaken with the Council's Senior Leadership Team in February 2022 to review the risks and the effectiveness of the associated mitigating measures. The review covered key risks that are prevalent within the current operating environment.

Currently, there are 13 strategic risks (7 amber and 6 red) which the Council monitors. The red risks mainly relate to new areas and SLT and the relevant directorates regularly carry out risk reviews and appropriate mitigating controls are put in place to manage the risks. The strategic risks are aligned with the corporate objectives set out in the Community plan.

The Council has also reviewed its operational risks establishing new service risks where appropriate. All operational risks requiring attention will continue to be reported quarterly to both the Risk Management Group and SLT in line with the existing management assurance processes.

There is a refreshed Risk Management Strategy which governs the Council's Risk Management arrangements and sets out the Council's risk appetite. The strategy has been reviewed by the SLT and approved by the Audit and Accounts Committee.

During the year we reviewed three strategic risks:-

Financial sustainability – General Fund

We carried out a review of the Strategic Risk covering the Financial Resilience for the General Fund. We did not identify any concerns and we gave a **High Assurance** opinion around the Council's financial resilience.

Environment

One of the Council's commitment is to become carbon neutral by 2035. We completed an audit of the Climate Change Emergency and Substantial assurance was given. There were processes and arrangements to support the delivery of the carbon neutral action plan. Delivery of the associated programmes is underway and progressing well.

Workforce strategy

Recruitment and retention of skilled workforce continues to present a local and national challenge. The Council has reflected on the challenges it faces and has carried out a well researched review. The review has provided insights of the key issues faced and a comprehensive action plan is being implemented.

We also completed a review of the Council's Health and Safety activity and we gave **Substantial Assurance** on the Health and Safety Audit.

Risk management is intrinsically linked and embedded within business planning and decision-making processes across the Council. We have not identified any additional significant risks requiring inclusion on the risk registers during the delivery of our audit work.

In 2022-23 audit plan, we will be undertaking two audits to review the effectiveness of the implementation of the Workforce Strategy Action Plan. An audit is also included in the plan to review the Council's strategic risk around the Growth Infrastructure. The reviews will provide further assurance on the Council's management of its significant risks.

Risk



Good risk management is part of the way we work. It is about taking the right risks when making decisions or where we need to encourage innovation in times of major change – balancing risk, quality, cost and affordability. This puts us in a stronger position to deliver our goals and provide excellent services.

Emerging issues

From the 2021-22 Combined Assurance work, the Council demonstrated greater awareness of the emerging risks e.g. changes in government policy and regulations. Appropriate action is taken to ensure the affected key service areas are prepared to embrace the anticipated changes.

During the year, we completed two audits (the Landlord Compliance and Project Strategy), which were both given Limited Assurance. Progress is being made to address the identified issues. The assurance level for the Project Strategy is indicative.

Fraud Risk

During the year, Assurance Lincolnshire's Counter Fraud Team facilitated a full fraud risk workshop which supported the review and update of the fraud risk register and no areas of concern were identified.

There were no new cases of significant fraud that occurred or were reported during the year which required investigations except those that were being concluded from the previous years.

Where the Council experiences fraud incidents, action is taken to ensure the incidents are appropriately investigated and lessons learned. Where there is substantial evidence that a crime has been committed, referrals are made to the police authority. Members of the Audit and Accounts Committee are kept updated on the progress of the fraud investigation.

The above information helped inform the Head of Internal Audit opinion on the effectiveness of the Council's risk management arrangement.

Risk Management assurance



Assessed as Performing Well

Internal Control



We take account of the outcome of our audit work during the 2021/22 year. As our audit plans include different activities each year it is not unexpected that assurance varies. However the assurance levels still give insight into the Council's control environment.

Our opinion is based on several sources of intelligence including the outcome of our internal audit work presented in Appendix 2 and 3, the combined assurance work and other sources of intelligence.

Overall, there is a positive assurance picture for the Council but one that reflects the complex environment in which it operates – recognising that some areas will remain Amber.

This year's overall assessment of the level of assurance resulted in the identification of 3% Red, 37% Amber and 58% Green assurance ratings. These are presented on page 10. This has provided a realistic assessment of the Council's Internal Control status and supported the formulation and agreement of the 2022-23 audit plan.

We are anticipating that we will issue three Limited assurance reports for our 2021-22 audit work. Two of these are within the Housing, Health and Wellbeing and one in the Resources directorate. The percentage of the Limited reports is lower than the previous year and we have presented the outcomes on page 16.

The outcome of our work during 2021/22 which directly supports our evaluation of Internal Control is presented in the following tables:-

Audit area	Assurance level
Combined Assurance	Consultancy
Housing Options	Substantial
Capability and Capacity (ICT)	High
Cyber Security Follow-up	Substantial
Cloud Hosted Services	Substantial
Covid Related Impacts	High
Strategic Risk - Financial Resilience	High
Community Lottery	Substantial
Grounds Maintenance and Cleansing Services	Substantial
Climate Change Emergency	Substantial
Careline Service	Substantial
Workforce Planning	Consultancy
Policies and Procedures	Substantial

Internal Control



We take account of the outcome of our audit work during the 2020/21 year. As our audit plans include different activities each year it is not unexpected that assurance varies. However the assurance levels still give insight into the Council's control environment.

Audit area	Assurance level
London Road Municipal Buildings	Consultancy
ICT - Physical and Environmental Security	Substantial
Health and Safety	Substantial***
Contract Management (General)	Substantial***
Project Strategy	Limited***
Landlord Compliance	Limited
Social Housing Charter	Consultancy
*** Indicative Assurance Level	

The number of audits receiving High assurance increased during the year by **25%** in comparison to the previous year. There was also a decrease of **37.5%** over the previous year in the number of audits given a Limited assurance. The number of audits given substantial increased by **2.9%**.

During the year we made **79 High/Medium** recommendations for improvement and agreed **52 related improvement actions**. 35 of these actions were due for implementation during the year and 24 actions (**69%**) **have been implemented presenting 2.8% reduction** in the number of in-year actions implemented.

Currently, there are 11 actions that are due for implementation. Further details are presented in Appendix 4.

We continue to monitor all outstanding audit

actions and updates are regularly provided in the Internal Audit Progress reports which we presented to the Audit and Accounts Committee. We will continue presenting progress to the new Audit and Governance Committee.

Our recent planned audits of the follow-ups have shown that a significant proportion of the agreed actions which we selected for review had been satisfactorily implemented (**88% in 2021/22 and 86% in the previous year**).

During the year, we attended and observed several directorate meetings where we confirmed that matters of internal control are discussed, and actions are taken where appropriate to address areas of concern.

The Senior Leadership Team continues to embrace a culture of openness and proactively seeks to strengthen areas of weaknesses identified from our audit and investigation work.

Internal Control assurance

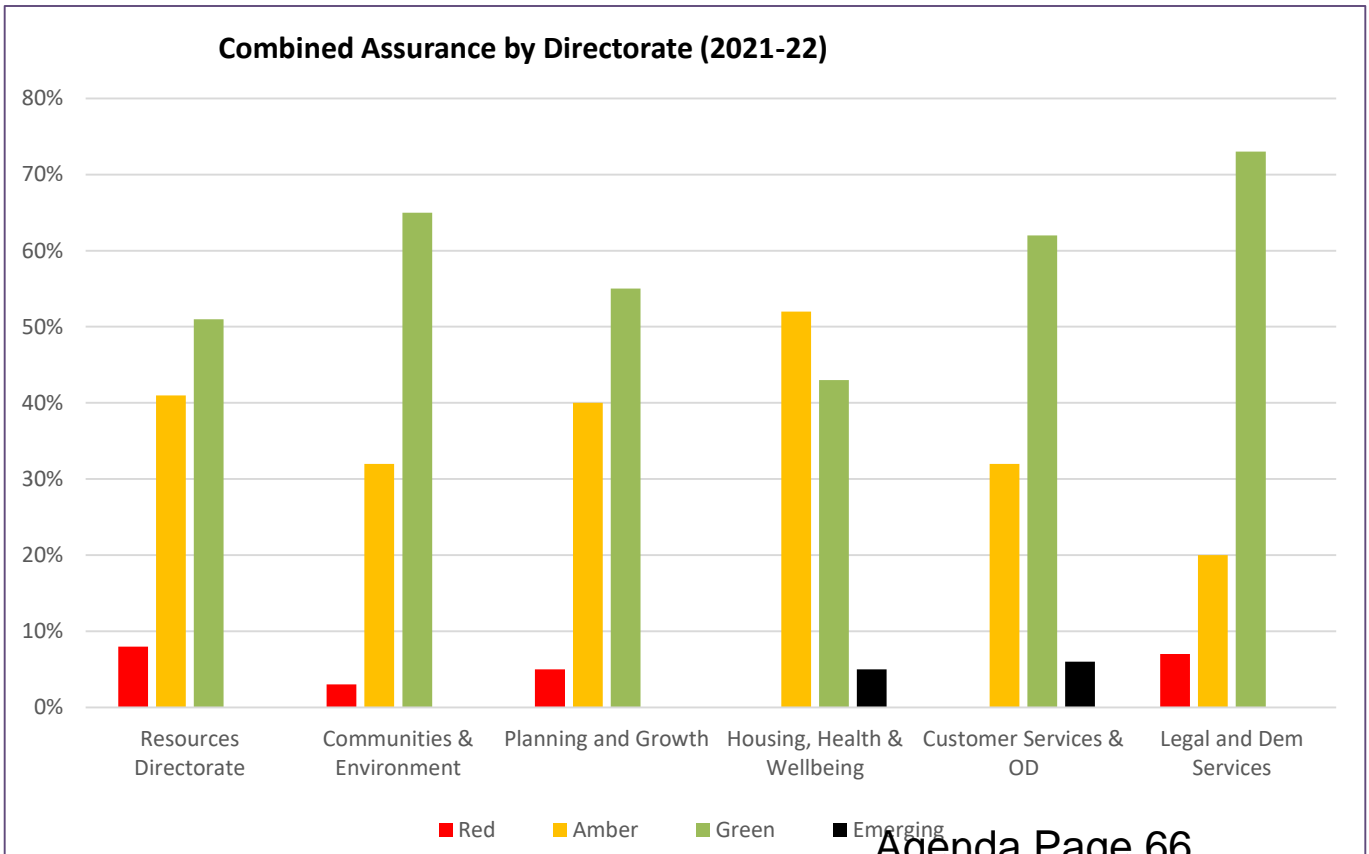
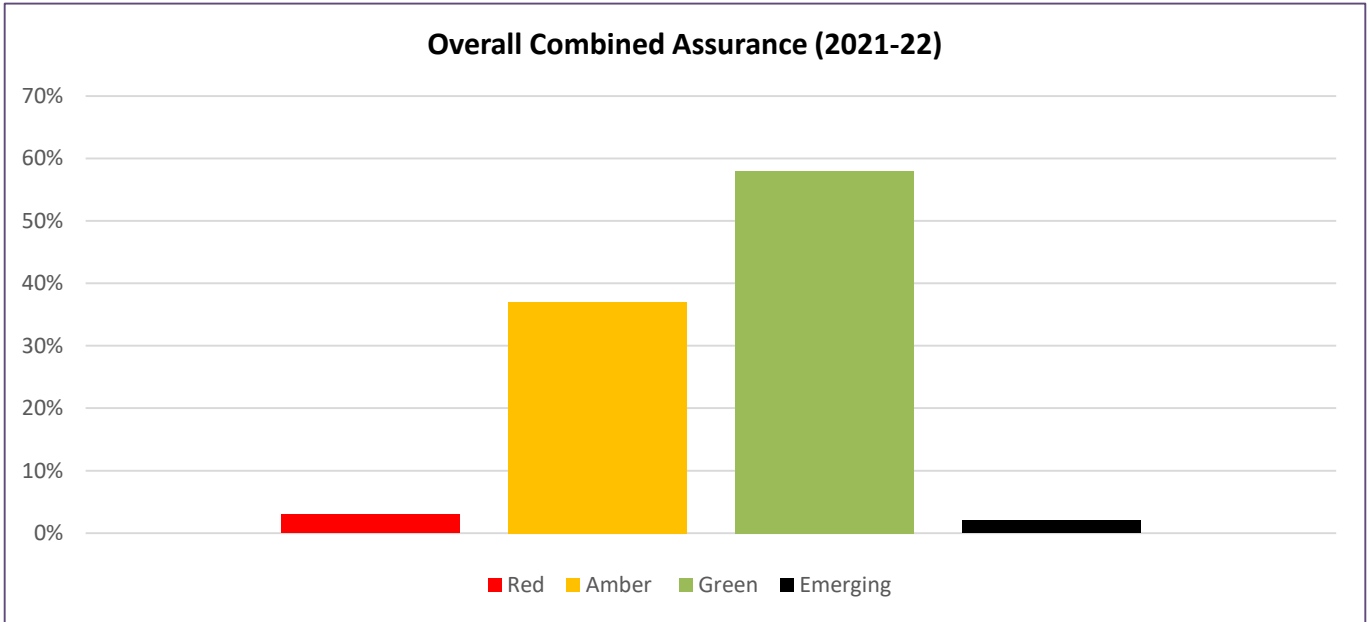


Assessed as Performing Adequately

Internal Control



A Combined Assurance Status report is produced by the Council’s managers on the level of confidence they can provide on service delivery arrangements, management of risks, operation of controls and performance for their area of responsibility. These reports are reviewed by the Audit Committee and provide key assurance evidence to support the Head of Internal Audit opinion.





Our audit plans include providing assurance over our key financial systems, the level of risk influences frequency.

Our work provides an important assurance element to support the External Auditor’s opinion on the Council’s Statement of Accounts.

During the year we reviewed the following audits which directly contributed to our assessment of the Council’s Financial Control. We did not identify any areas of concern.

Audit area	Assurance level
Section 106 (Developer Contributions)	Consultancy
Debt Management	Substantial
Follow-ups 2020/21 and 2021/22)	Substantial
Flood Grant (2020/21 and 2021/22)	Positive opinion
Housing Benefits and Council Tax Reduction	High
Mansfield Crematorium	Positive opinion
Gilstrap Accounts	Positive opinion
Test and Trace Support Payment	Positive opinion
Culture Recovery Funds (CRF1, 2 and3)	Positive opinion
Key Control Testing (2021/22)	Substantial***
*** Indicative assurance	

Our review of the Covid Related Impacts had given us a High assurance highlighting the following:-
“The Medium-Term Financial Plan (MTFP) has also been updated to reflect changes in income and expenditure due to Covid-19.

Detailed and regular budget/financial monitoring has taken place to identify the impact of the pandemic on individual service areas and the Council as a whole. Covid-19 grants/funding have been appropriately claimed and allocated, minimising the financial impact of the pandemic on service area budgets...”

The Council’s External Auditors published their Annual Report in January 2022 for the year ended 31st March 2021. They concluded that there were no significant weaknesses in the Council’s value for money arrangements around:

- Financial sustainability
- Governance
- Improving economy, efficiency and effectiveness

The External Auditors’ VFM conclusions for the year ended 31st March 2022 has not been completed. We do not anticipate any significant changes given the assurance intelligence gathered in forming the Head of Internal Audit opinion.

CIPFA’s Financial Management Code sets out 17 Financial Management Standards against which Councils are required to undertake a self-assessment to ensure compliance. The Council’s self-assessment confirmed that 15 of the 17 standards are fully achieved (Green assurance) whilst two standards were assessed as Amber.

8 improvement actions were identified, and implementation is progressing well. Appendix 7 provides a progress update on the identified actions.

Financial Control



Our audit plans include providing assurance over our key financial systems, the level of risk influences frequency.

Our work provides an important assurance element to support the External Auditor's opinion on the Council's Statement of Accounts.

There are two strategic risks in place covering the Council's Financial sustainability and resilience for both the General Fund and the Housing Revenue Account. These risks are regularly reviewed, and their current risk rating is Amber. Which is in line with the Council's risk appetite.

The Council is in the process of replacing its Selima HR and Payroll integrated system with iTrent system with an expected go live date of November 2022. We are assured that good project management processes are in place to ensure successful implementation of the new system.

The Combined Assurance work undertaken during the year did not identify any significant concerns in the key financial systems.

The outcome of our internal audit work and the intelligence gathered through other sources of assurance has helped inform the Head of Internal Audit's opinion on Financial Control.

Financial Control assurance



Assessed as Performing Well

Our Work



The Council is responsible for establishing and maintaining risk management processes, control systems and governance arrangements. Internal Audit plays a vital role in providing *independent risk based and objective assurance* and *insight* on how these arrangements are working. Internal Audit forms part of the Council's assurance framework.

Scope of Work

Our risk based internal audit plan was prepared taking into account the critical activities and key risks to support the basis of my annual opinion. It has remained flexible to enable us to respond to emerging risks and maintain effective focus.

The Audit & Accounts Committee approved the 2021/22 original audit plan of **285 days** in February 2021. During the year, we completed several grant certification audits and consultancy work which increased our direct planned audit days by 14.7% to 327 days.

We have delivered **95%** of the revised audit plan and more details on the plan can be found in Appendix 1.

There have been some delays encountered in the provision of information through our work with the Council. This issue has contributed to the decline in performance in finalising both audit and committee reports. The issue has been raised through discussions at Directorate meetings and support has been provided by the Deputy Section 151 Officer.

Restriction on Scope

In carrying out our work we identified no unexpected restrictions to the scope of our work.

We have worked closely with the Council's Senior Leadership Team to agree audit scopes.

I do not consider the restrictions and changes to the plan to have had an adverse effect on my ability to deliver my overall opinion.

We have not experienced any impairment to our independence or objectivity during the conduct and delivery of the Internal Audit Plan.



We recognise the importance of meeting customer expectations as well as conforming to the UK Public Sector Internal Audit Standards (PSIAS). We continually focus on delivering high quality audit to our clients – seeking opportunities to improve where we can.

Quality Assurance

Our commitment to quality begins with ensuring that we recruit develop and assign appropriately skilled and experienced people to undertake your audits.

Having skilled and effective people remains at the heart of our workforce strategy. The team has provision for 23 full time equivalent posts – established to deliver both the County Council and external contracts internal audit plans.

Building capacity & resilience remains a key issue facing the partnership. We have secured additional temporary resources with external contractors and a further recruitment is planned in 2022.

During 2022/23 we will continue to build upon the strong focus on developing the next generation of audit and risk professionals. We will:

- Continue with our apprenticeship scheme for our audit team.
- worked closely with the University of Lincoln to restart the year long professional practice year placement in audit and finance.
- Set up a graduate training programme – working with our finance team

Our audit practice includes ongoing quality reviews for all our assignments. These reviews examine all areas of the work undertaken, from initial planning through to completion and reporting. Key targets have been specified - that the assignment has been completed on time, within budget and to the required quality standard.

There is a financial commitment for training and developing staff. Training provision is continually reviewed through the appraisal process and monthly one to one meetings.

All public sector internal audit services are required to measure how well they conform to the UK Public Sector Internal Audit Standards. An External Quality Assessment must be undertaken every 5 years – Assurance Lincolnshire’s second external assessment was undertaken in February 2022. They concluded that:

“the Assurance Lincolnshire Partnership’s self-assessment is accurate and as such we conclude that they FULLY CONFORM to the requirements of the Public Sector Internal Audit Standards and the CIPFA Local Government Application Note”.

No significant improvement recommendations were made. The final report from the External Quality Assessment will be shared with the Committee.



We recognise the importance of meeting customer expectations as well as conforming to the UK Public Sector Internal Audit Standards (PSIAS). We continually focus on delivering high quality audit to our clients – seeking opportunities to improve where we can.

Quality Assurance

Our quality assurance framework helps us maintain a continuous improvement plan., which includes the following:

- **Workforce strategy** – building capacity and growing our own talent in both leadership and professional skills
- **Improving the audit process** - working with client senior management to improve progress and delivery of audits in a remote (hybrid) working environment
- **Continuing professional development** - around new and emerging practice guidance
- **Enhance digital capabilities** - in line with our digital strategy, including data analytics

External Audit

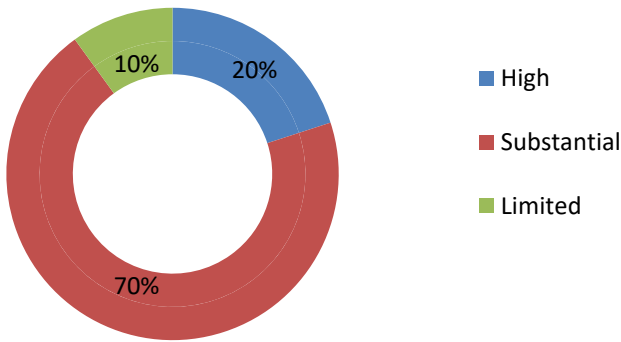
Although internal and external auditors carry out their work with different objectives in mind, many of the processes are similar and it is good professional practice that they should work together closely. Wherever possible, External Audit will use the results of internal audit work where it is appropriate.



Our audit plan includes different activities each year – it is therefore not unexpected that these vary; however, the assurance levels do give an insight on the application of the Council's control environment and forms part of the evidence that helped inform the overall annual opinion.

Assurances

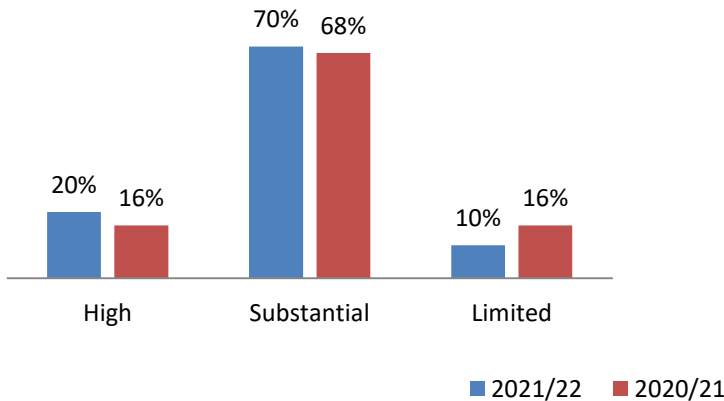
Summary of Audit Assurance (2021/22)



25% increase in High Assurance on last year



Comparison of Audit Assurances



2.9% increase in Substantial Assurance reports this year



37.5% decrease in Limited Assurance reports this year



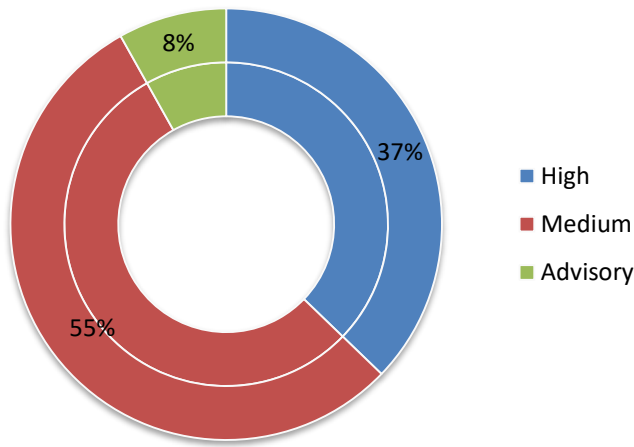
Further details can be found at [Page 72](#)



Our audit plan includes different activities each year – it is therefore not unexpected that these vary; however, the assurance levels do give an insight on the application of the Council's control environment and forms part of the evidence that helped inform the overall annual opinion.

Recommendations

Summary of Audit recommendations 2021/22



27.6% increase in High recommendations during the period



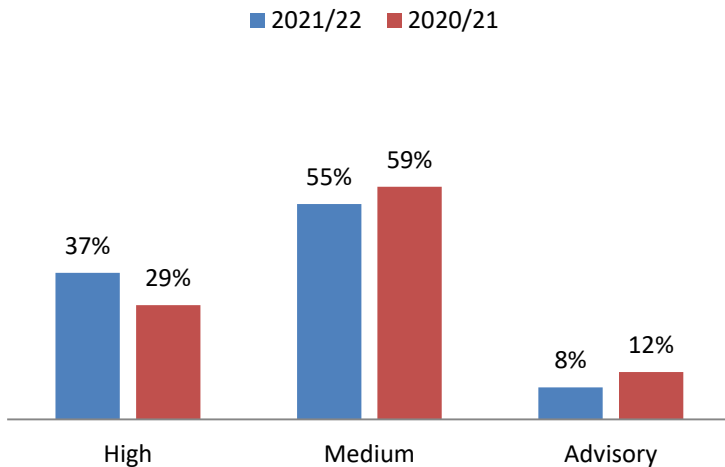
6.8% reduction in Medium recommendations raised during the period



33.3% reduction in advisory recommendations raised during the period



Comparison of Audit Recommendations

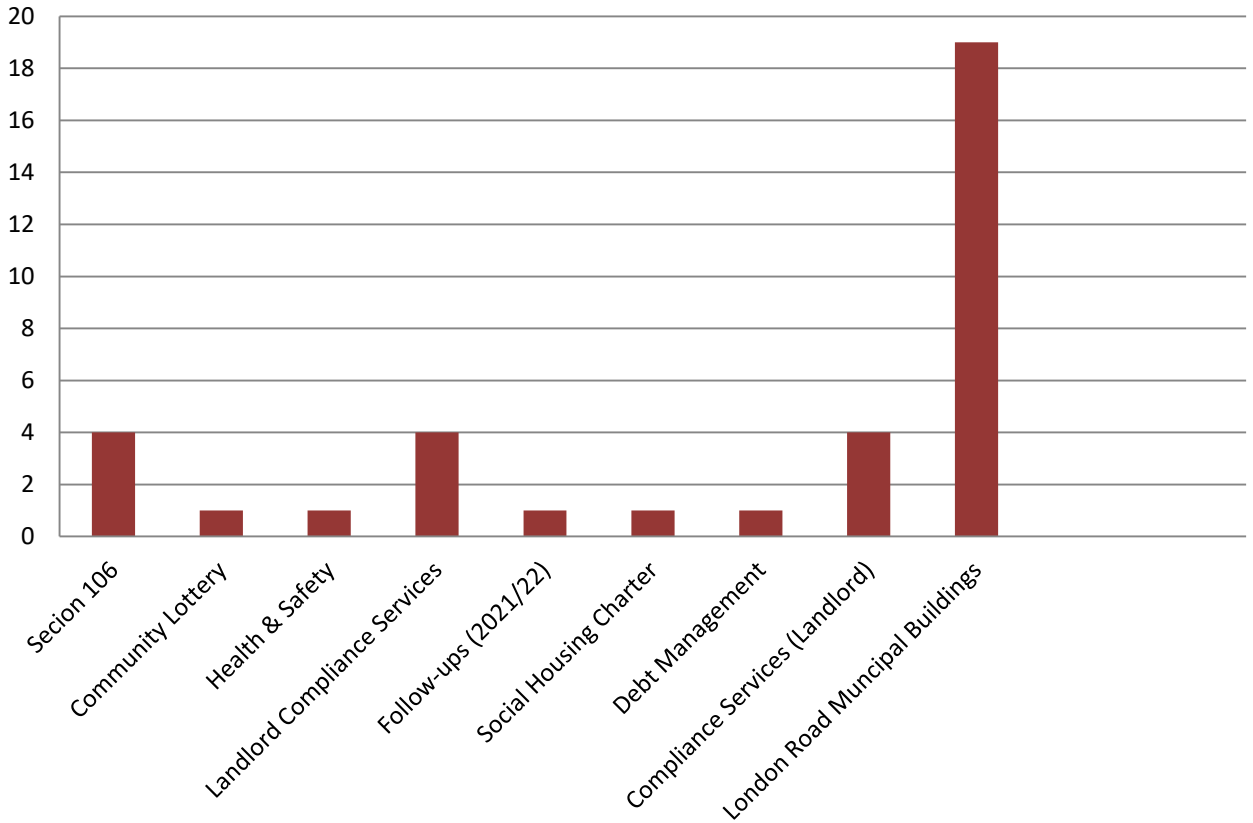




Our audit plan includes different activities each year – it is therefore not unexpected that these vary; however, the assurance levels do give an insight on the application of the Council's control environment and forms part of the evidence that helped inform the overall annual opinion.

Analysis of High Recommendations by area

High Recommendations (2021/22)





Internal Audit's performance is measured against a range of indicators. The table at Appendix 4 shows our performance on key indicators at the end of the year. We are pleased to report a good level of achievement in delivery of the revised plan and the added value of our work.

Performance on Key Indicators

95%

**Of revised
plan delivered**

69%

**of in-year agreed
actions
implemented**

100%

**Of key
financial
systems
delivered**

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

Audit	Rating	Type of audit	Status	High	Medium	Advisory	Total
NSDC 2019/20-16 - Housing Options	Substantial Assurance	Assurance	Completed	0	8	0	8
NSDC 2019/20-31 - S106	N/A - consultancy	Consultancy	Completed	4	2	0	6
NSDC 2020/21-14 - Debt Management	Substantial Assurance	Assurance	Completed	1	3	0	4
NSDC 2020/21-19 - Capability and Capacity	High Assurance	Assurance	Completed	0	0	0	0
NSDC 2020/21-20 - Follow-ups	Substantial Assurance	Assurance	Cancelled	0	0	1	1
NSDC 2020/21-26 - Flood Grant (2020/21 and 2021/22)	N/A	Grant Certification	Completed	0	0	0	0
NSDC 2020/21-27 - Cyber Security Follow-up	High Assurance	Assurance	Completed	0	2	0	2
NSDC 2020/21-28 - Covid Related Impacts	N/A	Assurance	Completed	0	0	0	0
NSDC 2021/22-01 - Housing Benefits and Council Tax Reduction	High Assurance	Assurance	Completed	0	0	0	0
NSDC 2021/22-02 - Strategic Risk - Financial Resilience	High Assurance	Assurance	Completed	0	1	0	1
NSDC 2021/22-04 - Value for Money	N/A	Assurance	Cancelled	N/a	N/a	N/a	0
NSDC 2021/22-05 - Community Lottery	Substantial Assurance	Assurance	Completed	1	0	0	1
NSDC 2021/22-06 - Digital Strategy	N/A	Assurance	Cancelled	N/a	N/a	N/a	0
NSDC 2021/22-07 - Newark Civil War Museum and Palace Theatre	Deferred to 2022/23	Assurance	Planning	N/a	N/a	N/a	0
NSDC 2021/22-08 - Grounds Maintenance and Cleansing Services	Substantial Assurance	Assurance	Completed	0	3	0	3

Audit	Rating	Type of audit	Status	High	Medium	Advisory	Total
NSDC 2021/22-09 - Strategic Asset Management	TBC	Assurance	Deferred to 2022/23	N/a	N/a	N/a	N/a
NSDC 2021/22-10 - Climate Change Emergency	Substantial Assurance	Assurance	Completed	0	3	0	3
NSDC 2021/22-11 - Customer Services	TBC	Assurance	Fieldwork	N/a	N/a	N/a	0
NSDC 2021/22-12 - Contract Management (General)	Substantial Assurance***	Assurance	Completed	0	4	1	5
NSDC 2021/22-13 - Careline Service	Substantial Assurance	Assurance	Completed	0	3	0	3
NSDC 2021/22-14 - Workforce Planning	N/A	Consultancy	Completed	0	0	0	0
NSDC 2021/22-15 - Project Strategy	Limited Assurance***	Assurance	Fieldwork	N/a	N/a	N/a	0
NSDC 2021/22-16 - ICT - Physical and Environmental Security	Substantial Assurance	Assurance	Completed	0	2	1	3
NSDC 2021/22-17 - Health and Safety	Substantial Assurance***	Assurance	Completed	1	3	0	4
NSDC 2021/22-18 - Landlord Compliance	Limited Assurance	Assurance	Completed	4	5	0	9
NSDC 2021/22-19 - Mansfield Crematorium	N/A	Other - Financial	Completed	N/a	N/a	N/a	0
NSDC 2021/22-20 - Follow-Ups (2020/21)	Substantial Assurance***	Assurance	Completed	1	1	1	3
NSDC 2021/22-21 - Social Housing Charter	Consultancy	Assurance	Completed	1	2	0	3
NSDC 2021/22-22 - Policies and Procedures	Substantial Assurance	Assurance	Completed	0	1	3	4

Audit	Rating	Type of audit	Status	High	Medium	Advisory	Total
NSDC 2021/22-23 - Gilstrap	N/A	Other - Financial	Completed	0	0	0	0
NSDC 2021/22-24 - Combined Assurance	N/A	Other - significant work	Completed	0	0	0	0
NSDC 2021/22-25 - Key Control Testing	Substantial Assurance***	Assurance	Drafting Report	N/a	N/a	N/a	0
NSDC 2021/22-27 - Cloud Hosted Services	Substantial Assurance	Assurance	Draft Report	0	4	0	4
NSDC 2021/22-28 - Test and Trace Support Payment (Round 1)	N/A	Grant certification	Completed	N/a	N/a	N/a	0
NSDC 2021/22-29 - Culture Recovery Fund (CRFG1)	N/A	Grant certification	Completed	N/a	N/a	N/a	0
NSDC 2021/22-30 - London Road Municipal Buildings	N/A	Consultancy	Draft Report	17	0	0	17
NSDC 2021/22-31 - Culture Recovery Fund (CRF2 & 3)	N/A	Grant certification	Completed	N/a	N/a	N/a	0
*** Indicative Assurance Level							

The following audits were removed from the original audit plan due to re-prioritising audit resources to those areas of highest risk.

- Selima HR/Payroll – the system is being replaced by iTrent and a review of the new system is included in the 2022/23 annual plan.
- Value for Money – the external auditors had undertaken work in this area. There were no issues identified and we have placed reliance on their work.
- Digital Strategy – replaced by Cloud Hosted Services.

The following audits have been deferred and included in the 2022/23 plan due to client capacity:-

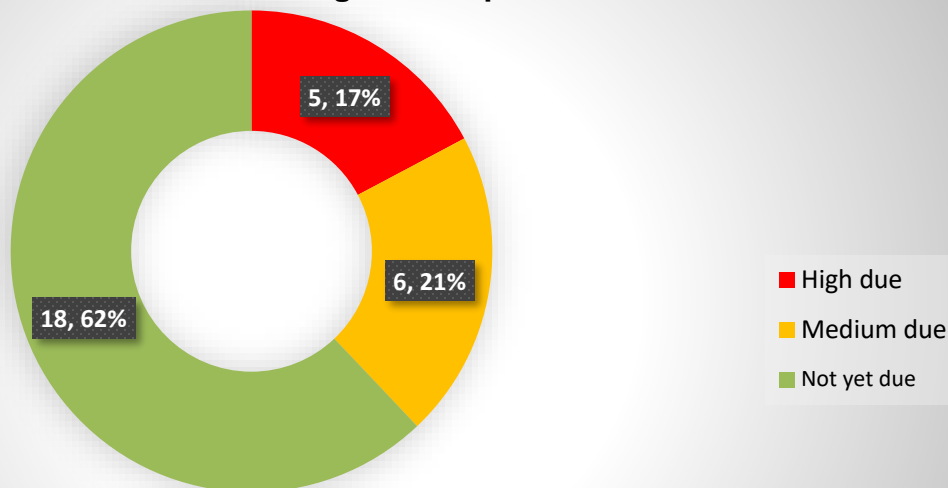
- Strategic Asset Management (deferred until 2022/23 due to capacity within the business unit)
- Company Governance (Arkwood Development and Active 4 Today) - deferred until 2022/23 as this area would be affected by the changes in the Council's governance structure from the Committee system to the Executive model.
- Newark Civil War Museum and Palace Theatre (deferred until 2022/23 to allow enabling internal work to be completed.

During the year we were requested to undertake the following additional work:

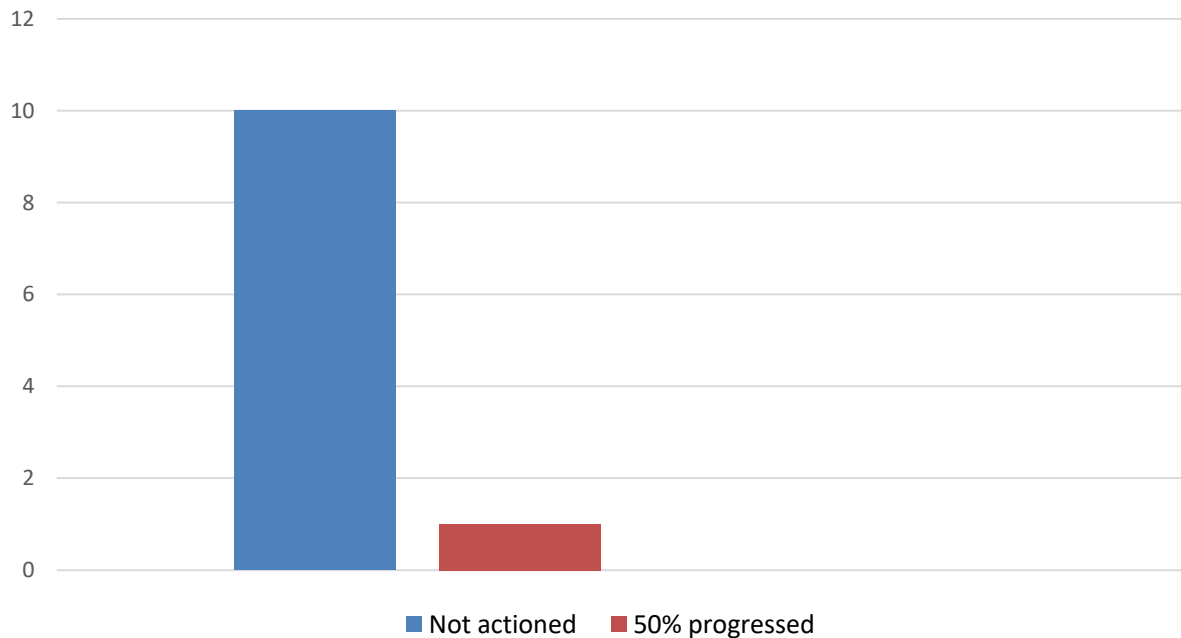
- Test and Trace Support Payments grant certification
- Culture Recovery Funds (Rounds 1, 2 and 3) grant certification
- Flood Grants certification (Rounds 1 and 2)
- London Road Municipal Buildings

The annual audit plan remains flexible with a process to postpone and change audits. This means we can adapt our plan and coverage to emerging risks but maintain control and transparency on changes which must be reviewed by management and ratified by the Audit and Governance Committee.

Actions remaining to be implemented



Actions due for implementation implemented (11) - progress update



High

Our critical review or assessment on the activity gives us a high level of confidence on service delivery arrangements, management of risks, and the operation of controls and / or performance.

The risk of the activity not achieving its objectives or outcomes is low. Controls have been evaluated as adequate, appropriate and are operating effectively.

Substantial

Our critical review or assessment on the activity gives us a substantial level of confidence (assurance) on service delivery arrangements, management of risks, and operation of controls and / or performance.

There are some improvements needed in the application of controls to manage risks. However, the controls have been evaluated as adequate, appropriate and operating sufficiently so that the risk of the activity not achieving its objectives is medium to low.

Limited

Our critical review or assessment on the activity gives us a limited level of confidence on service delivery arrangements, management of risks, and operation of controls and/or performance.

The controls to manage the key risks were found not always to be operating or are inadequate. Therefore, the controls evaluated are unlikely to give a reasonable level of confidence (assurance) that the risks are being managed effectively. It is unlikely that the activity will achieve its objectives.

Advisory

Our critical review or assessment on the activity identified significant concerns on service delivery arrangements, management of risks, and operation of controls and / or performance.

There are either gaps in the control framework managing the key risks or the controls have been evaluated as not adequate, appropriate or are not being effectively operated. Therefore the risk of the activity not achieving its objectives is high.

Identified action	Progress against the action
1. Embed fully the new performance management framework*	Complete – reports are now been taken through Policy and Performance Improvement Committee and Cabinet.
2. Complete actions identified within the VFM self-assessment*	None actually identified – this was the Mazars VFM toolkit that they used to assess VFM
3. Internal Audit progress reports to be tabled at SLT meetings from July 2021	These are now being taken through SLT
4. Review project management toolkit to ensure this includes a section on how to undertake an options appraisal*	This has recently been completed by the Transformation Business Manager
5. Review of Financial Procedure Rules to allow for the transfer of budget by Directors, within their directorate area, up to a cumulative limit of £50,000 in conjunction with the wider review of Governance	This has now been completed and updated within Financial Procedure Rules as part of the review of the system of Governance
6. Development of Asset Management Strategy to supplement the Capital Strategy	This is yet to be completed. This will be taken to Cabinet in July for approval.
7. Develop a Workforce Planning Strategy which meets the needs of the organisation, supports the delivery of the Community Plan and which represents value for money*	This has been completed.
8. Further work needed to align budget monitoring reporting to service performance management reporting.	This has been completed. Reporting to Cabinet will be aligned on both topics.
* Actions relating to the areas of AMBER assurance rating	

Significance

The relative importance of a matter within the context in which it is being considered, including quantitative and qualitative factors, such as magnitude, nature, effect, relevance and impact. Professional judgment assists internal auditors when evaluating the significance of matters within the context of the relevant objectives.

Head of Internal Audit Annual Opinion

The rating, conclusion and/or other description of results provided by the Head of Internal Audit addressing, at a broad level, governance, risk management and/or control processes of the organisation. An overall opinion is the professional judgement of the Head of Internal Audit based on the results of a number of individual engagements and other activities for a specific time interval.

Governance

Comprises the arrangements (including political, economic, social, environmental, administrative, legal and other arrangements) put in place to ensure that the outcomes for intended stakeholders are defined and achieved.

Risk

The possibility of an event occurring that will have an impact on the achievement of objectives. Risk is measured in terms of impact and likelihood.

Control

Any action taken by management, the board and other parties to manage risk and increase the likelihood that established objectives and goals will be achieved. Management - plans, organises and directs the performance of sufficient actions to provide reasonable assurance that objectives and goals will be achieved.

Impairment

Impairment to organisational independence and individual objectivity may include personal conflict of interest, scope limitations, restrictions on access to records, personnel and properties and resource limitations (funding).



Report to: Audit & Governance Committee Meeting 27 July 2022

Director or Business Manager Lead: Sanjiv Kohli Deputy Chief Executive / Director – Resources and Section 151 Officer

Lead Officer: Andrew Snape, Assistant Business Manager Financial Services on ext 5331

Report Summary	
Report Title	Treasury Management Outturn Report 2021/22
Purpose of Report	To give Members the opportunity to review the Annual Treasury Outturn report, which will be presented to Council on 18 October 2022.
Recommendations	That the Treasury Outturn position for 2021/22 be considered.
Reason for Recommendation	To allow Members to consider the Treasury Outturn position.

1.0 Background

- 1.1 In January 2010 the Council formally adopted the CIPFA Code of Practice on Treasury Management which requires that the Council receives regular reports on its treasury management activities including, as a minimum, an annual strategy and plan in advance of the year, a mid-year review and an annual report after its close.
- 1.2 The Council delegates responsibility for the implementation and regular monitoring of its treasury management policies and practices to the Audit & Governance 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.
- 1.3 The Treasury Management Strategy Statement for 2021/22 was approved by Full Council on 9 March 2021, and the Outturn report is the last report for the financial year, as required by the Code. It has been prepared based on the draft final accounts, which appear elsewhere on the agenda. If there are significant changes resulting from the audit of the accounts, they will be reported at the next meeting of this Committee.

2.0 Summary of Treasury Balances as at 31 March 2022

2.1 Below is a summary of the Councils borrowing position as at 31 March 2022. Further detail can be found in appendix A at section 4.

Balance on 01/04/2021 £m		Balance on 31/03/2022 £m
95.212	Total Borrowings	97.110
5.510	Total Other Long Term Liabilities	5.373
100.722	Total External Debt	102.483

2.2 Below is a summary of the Councils investment position as at 31 March 2022. Further detail can be found in appendix A at section 5.

Balance on 01/04/2021 £m		Balance on 31/03/2022 £m
39.770	Total Short Term Investments	49.790
7.500	Total Long Term Investments	12.500
47.270	Total Investments	62.290

2.3 There have been no breaches of the approved prudential indicators during 2021/22. Further information can be found at section 6 of appendix A.

Background Papers and Published Documents

Nil.

ANNUAL TREASURY REPORT 2021/22

1. Background

- 1.1 This Council is required by regulations issued under the Local Government Act 2003 to produce an annual treasury management review of activities and the actual prudential and treasury indicators for 2021/22. This report meets the requirements of both the CIPFA Code of Practice on Treasury Management, (the Code), and the CIPFA Prudential Code for Capital Finance in Local Authorities, (the Prudential Code).
- 1.2 Treasury management is defined as: ‘The management of the local authority’s investments and cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks.’
- 1.3 Overall responsibility for treasury management remains with the Council. No treasury management activity is without risk; the effective identification and management of risk are integral to the Council’s treasury management strategy.

2.0 Economic Background

- 2.1 **UK. Economy.** Over the last two years, the coronavirus outbreak has done huge economic damage to the UK and to economies around the world. After the Bank of England took emergency action in March 2020 to cut Bank Rate to 0.10%, it left Bank Rate unchanged at its subsequent meetings until raising it to 0.25% at its meeting on 16 December 2021, 0.50% at its meeting of 4 February 2022 and then to 0.75% in March 2022.
- 2.2 The UK economy has endured several false dawns through 2021/22, but with most of the economy now opened up and nearly back to business-as-usual, the GDP numbers have been robust (9% y/y Q1 2022) and sufficient for the MPC to focus on tackling the second-round effects of inflation.
- 2.3 Gilt yields fell towards the back end of 2021, but despite the war in Ukraine gilt yields have shot higher in early 2022. At 1.38%, 2-year yields remain close to their recent 11-year high and 10-year yields of 1.65% are close to their recent six-year high. These rises have been part of a global trend as central banks have suggested they will continue to raise interest rates to contain inflation.
- 2.4 Historically, a further rise in US Treasury yields will probably drag UK gilt yields higher. There is a strong correlation between the two factors. However, the squeeze on real household disposable incomes arising from the 54% leap in April utilities prices as well as rises in council tax, water prices and many phone contract prices, are strong headwinds for any economy to deal with. In addition, from 1 April 2022, employees also pay 1.25% more in National Insurance tax. Consequently, inflation will be a bigger drag on real incomes in 2022 than in any year since records began in 1955.

- 2.5 **Average inflation targeting.** This was the major change in 2020/21 adopted by the Bank of England in terms of implementing its inflation target of 2%. The key addition to the Bank's forward guidance in August 2020 was a new phrase in the policy statement, namely that "it does not intend to tighten monetary policy until there is clear evidence that significant progress is being made in eliminating spare capacity and *achieving the 2% target sustainably*". That mantra now seems very dated. Inflation is the "genie" that has escaped the bottle, and a perfect storm of supply side shortages, labour shortages, commodity price inflation, the impact of Russia's invasion of Ukraine and subsequent Western sanctions all point to inflation being at elevated levels until well into 2023.
- 2.6 **Central banks' monetary policy.** During the pandemic, the governments of western countries have provided massive fiscal support to their economies, which has resulted in a big increase in total government debt in each country. It is therefore very important that bond yields stay low while debt to GDP ratios slowly subside under the impact of economic growth. This provides governments with a good reason to amend the mandates given to central banks to allow higher average levels of inflation than we have generally seen over the last couple of decades. Both the Fed and Bank of England have already changed their policy towards implementing their existing mandates on inflation (and full employment), to hitting an average level of inflation. Greater emphasis could also be placed on hitting subsidiary targets e.g. full employment before raising rates. Higher average rates of inflation would also help to erode the real value of government debt more quickly.

Local Context

- 3.1 During 2021/22, the Council maintained an under-borrowed position. This meant that the capital borrowing need (the Capital Financing Requirement), was not fully funded with loan debt, as cash supporting the Council's reserves, balances and cash flow was used as an interim measure. This strategy was prudent as investment returns were low and minimising counterparty risk on placing investments also needed to be considered.
- 3.2 A cost of carry remained during the year on any new long-term borrowing that was not immediately used to finance capital expenditure, as it would have caused a temporary increase in cash balances; this would have incurred a revenue cost – the difference between (higher) borrowing costs and (lower) investment returns.
- 3.3 The policy of avoiding new borrowing by running down spare cash balances, has served well over the last few years. However, this was kept under review to avoid incurring higher borrowing costs in the future when this authority may not be able to avoid new borrowing to finance capital expenditure and/or the refinancing of maturing debt.
- 3.2 The Council's Capital Financing Requirement (CFR) at 31 March 2022 was £137.541m, while usable reserves and working capital which are the underlying resources available for investment were £65.566m.

3.3 The Council has an increasing CFR over the next 2 years of £34m, due to the borrowing requirement of £43.4m (GF £27.4m / HRA £16m) for financing the capital programme over the forecast period, if reserve levels permit internal borrowing will be considered. The CFR reduces when Minimum Revenue Provision (MRP) are made and the repayment of debt, over the forecast period there are two loans due for repayment with a combined total value of £6.5m.

4 **Borrowing Strategy**

4.1 Borrowing Activity in 2021/22

	Balance 1/4/21 £m	New Borrowing £m	Debt Maturing £m	Balance 31/3/22 £m
CFR	138.162			137.541
Short Term Borrowing	10.211	2.440	2.513	10.138
Long Term Borrowing	85.001	8.500	6.529	86.972
Total Borrowing	95.212	10.940	9.042	97.110
Other Long Term Liabilities – Finance Lease Liability	5.510	0	0	5.373
Total External Debt	100.722	10.940	9.042	102.483
Increase/(Decrease) in Borrowing £000				1.761

4.2 The Council's chief objective when borrowing has been to strike an appropriately low risk balance between securing low interest costs and achieving cost certainty over the period for which funds are required, with flexibility to renegotiate loans should the Authority's long-term plans change being a secondary objective.

4.3 The Council has an increasing CFR due to the capital programme and an estimated borrowing requirement as determined by the Liability Benchmark, which also takes into account usable reserves and working capital. Having considered the appropriate duration and structure of the Council's borrowing need based on realistic projections, it was decided to take a combination of medium-term borrowing maturity loan during the year, details of which are below.

Long-dated Loans borrowed	Amount £m	Rate %	Term
PWLB	5.000	1.640	50 Years
PWLB	3.500	1.470	49 Years

4.4 **LOBOs:** The Council holds £3.5m of LOBO (Lender's Option Borrower's Option) loans where the lender has the option to propose an increase in the interest rate at set dates, following which the Council has the option to either accept the new rate or to repay the loan at no additional cost. All of the £3.5m of LOBOs had options during the year, none of which were exercised by the lender.

4.5 **Debt Rescheduling:** The premium charge for early repayment of PWLB debt remained relatively expensive for the loans in the Council's portfolio and therefore unattractive for debt rescheduling activity. No rescheduling activity was undertaken as a consequence.

5 Investment Activity

- 5.1 The Council's investment policy is governed by MHCLG investment guidance, which has been implemented in the annual investment strategy approved by the Council on 9 March 2021. The policy sets out the approach for choosing investment counterparties, and is based on credit ratings provided by the three main credit rating agencies, supplemented by additional market data, (such as rating outlooks, credit default swaps, bank share prices etc.). During 2021/22 the Council's investment balances have ranged between £49.35 and £81.19 million.

	Balance 1/4/21 £m	New Investments £m	Investments Redeemed £m	Balance 31/3/22 £m
Short Term Investments	39.770	200.180	190.160	49.790
Long Term Investments	7.500	5.000	0	12.500
Total Investments	47.270	205.180	190.160	62.290
Increase/(Decrease) in Investments £000				15.020

- 5.2 Security of capital remained the Council's main objective. This was maintained by following the Council's counterparty policy as set out in its Treasury Management Strategy Statement for 2021/22.
- 5.3 Counterparty credit quality is assessed and monitored by Link the Council's treasury advisors, with reference to credit ratings; credit default swap prices, financial statements, information on potential government support and reports in the quality financial press. Link provide recommendations for suitable counterparties and maximum investment periods.

6 Compliance with Prudential Indicators

- 6.1 The Council has complied with its Prudential Indicators for 2021/22, which were set on 9 March 2021 as part of the Council's Treasury Management Strategy Statement.
- 6.2 **Interest Rate Exposure:** These indicators allow the Council to manage the extent to which it is exposed to changes in interest rates for both borrowing and investments. The upper limit for variable rate exposure allows for the use of variable rate debt to offset exposure to changes in short-term rates on our portfolio of investments.

	Approved Limit for 2021/22 %	Maximum during 2021/22 £m
<u>Fixed Rate</u>		
Borrowing	100%	99.89%
Investments	75%	36.92%
<i>Compliance with Limit</i>		<i>Yes</i>
<u>Variable Rate</u>		
Borrowing	20%	0.11%
Investments	100%	63.08%
<i>Compliance with Limit</i>		<i>Yes</i>

- 6.3 **Maturity Structure of Fixed Rate Borrowing.** This indicator is to limit large concentrations of fixed rate debt and control the Council's exposure to refinancing risk.

	Upper Limit %	Fixed Rate Borrowing 31/03/22 £m	Fixed Rate Borrowing 31/3/22 %	Compliance?
Under 12 months	15%	10.000	10.31%	Yes
12 months to 2 years	15%	5.500	5.67%	Yes
2 years to 5 years	30%	11.000	11.34%	Yes
5 years to 10 years	100%	21.970	22.65%	Yes
10 years and above	100%	48.530	50.03%	Yes

- 6.4 **Principal Sums Invested for over 364 Days.** The purpose of this indicator is to control the Council's exposure to the risk of incurring losses by seeking early repayment of its investments.

Price Risk Indicator	Limit 2021/22	Actual 31/03/22	Compliance?
Limit on principal invested beyond year end	£15m	£12.5m	Yes

- 6.5 **Authorised Limit and Operational Boundary for External Debt.** The Local Government Act 2003 requires the Council to set an Affordable Borrowing Limit, irrespective of their indebted status. This is a statutory limit which should not be breached. The Operational Boundary is based on the same estimates as the Authorised Limit but reflects the most likely, prudent but not worst case scenario without the additional headroom included within the Authorised Limit. The s151 Officer confirms that there were no breaches to the Authorised Limit and the Operational Boundary during 2021/22; borrowing at its peak was £104m.

	Approved Operational Boundary 2021/22 £m	Authorised Limit 2021/22 £m	Actual External Debt 31/03/22 £m
Borrowing	160.350	167.550	97.110
Other Long Term Liabilities	6.400	6.600	5.373
Total	166.750	174.150	102.483

- 6.6 In compliance with the requirements of the CIPFA Code of Practice this report provides members with a summary of the treasury management activity during 2021/22. A prudent approach has been taken in relation to investment activity with priority being given to security and liquidity over yield.
- 6.7 The Council also confirms that during 2021/22 it complied with its Treasury Management Policy Statement and Treasury Management Practices.



Report to: Audit & Governance Committee Meeting 27 July 2022

Director or Business Manager Lead: Nick Wilson, Business Manager – Financial Services

Lead Officer: Nick Wilson, Business Manager – Financial Services
01636 655317

Report Summary	
Report Title	Going Concern Status of the Council
Purpose of Report	This report sets out the Council’s assessment by the Council’s Section 151 officer of the Council’s Going Concern status.
Recommendations	That Members note the conclusion of the assessment made of the Council’s status as a going concern for the purposes of the Statement of Accounts 2021/22.
Reason for Recommendation	In order to support the approval of the Statement of Accounts for the 2021/22 financial year where this has been produced on a going concern basis.

1.0 Background

- 1.1 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). If an authority experiences extreme financial difficulty, then alternative arrangements might be made by central government either for the continuation of the services it provides, or for assistance with the recovery of a deficit over more than one financial year.
- 1.2 There are a number of implications for the Statement of Accounts where an authority is not considered to be of ‘going concern’. For instance, particular care would be needed in the valuation of assets, as inventories and property, plant and equipment may not be realisable at their book values and provisions may be needed for closure costs or

redundancies. An inability to apply the going concern concept would potentially have a fundamental impact on the financial statements.

- 1.3 Given the significant reduction in funding for local government in recent years and the potential threat to the ongoing viability of one or more councils as a consequence, External Auditors are placing a greater emphasis on local authorities undertaking an assessment of the 'going concern' basis on which they prepare their financial statements. In response the position at Newark and Sherwood District Council is set out within this report.

2.0 Assessment of Going Concern

- 2.1 As with all principal local authorities, the Council is required to compile its Statement of Accounts in accordance with the Code of Practice on Local Authority Accounting for 2021/22 (hereafter referred to as the Code). The Code is published by the Chartered Institute of Public Finance and Accountancy (CIPFA). In accordance with the Code the Council's Statement of Accounts is prepared assuming that the Council will continue to operate in the foreseeable future and that it is able to do so within the current and anticipated resources available. By this, it is meant that the Council will realise its assets and settle its obligations in the normal course of business.

The main factors which underpin the going concern assessment are:

- The Council's current financial position
- The Council's projected financial position
- The Council's governance arrangements
- The regulatory and control environment applicable to the Council as a local authority

These are considered in more detail below.

3.0 The Council's current financial position

- 3.1 The financial outturn position for the General Fund for 2021/22 shows a favourable variance against revised budget of £2.044m. This variance largely relates to a favourable variance on service provision (£1.613m) further details of this are detailed in the Financial Outturn report to 31st March 2022 presented to Cabinet on 12th July 2022.
- 3.2 As at the 31st March 2022, the Council held general fund revenue reserves of £36.345m. Of this, £1.437m relates to funds that are ring-fenced to specific activity (for instance Building Control/Homelessness), £7.398m is earmarked for future known pressures (for instance Repairs and Renewals, Management carry forwards, NNDR Volatility), £12.913m relates to budget funding reserves (Medium Term Financial Plan reserve, Capital Financing Provision reserve and the Collection Fund budget reserve) and £14.597m was un-ringfenced. This balance includes the statutory general fund balance which has been assessed as a prudent level of £1.500m. The remainder of the un-ringfenced reserves relate to the Change Management Fund which provides resource in order to support business transformation and large scale infrastructure projects. Commitments against the Change Management Fund have already been made to

support the delivery of infrastructure projects, leaving £5.755m uncommitted within this fund.

- 3.3 General reserves reflect the ability of the Council to deal with unforeseen events and unexpected financial pressures in any particular year and are a key indicator of the financial resilience of the organisation. As part of the Medium Term Financial Strategy the Chief Finance Officer has assessed that the optimum level of the general reserve to be held by the Council to be at least £1.5m as per the above paragraph.
- 3.4 At 31st March 2022, the Council held £49.790m in the form of either cash or short term investments maturing within the next financial year. The Council also held £16.587m in long term financial assets. These relate to an equity investment in Arkwood Developments Ltd (the Council's wholly owned subsidiary) (£3.931m) together with investments in the CCLA's Property and Diversified Income funds (£12.656m). The Council's cash flow forecast for the future 12 months takes into account the anticipated inflows and outflows of cash. The forecast shows that over the next 12 month period, there will not be a point in which the Council does not have liquid funds available in order to service its liabilities.
- 3.5 Where the Council makes long term financing decisions (through the Capital programme) these can include decisions on forecast borrowing the Council may need to take. Where the Council does decide that borrowing is required, it has access through the Public Works Loan Board (PWLB) (or other market instruments where appropriate) in order to meet the funding requirement.
- 3.6 Regarding capital spending; £19.066m of expenditure was approved within the General Fund capital programme for the 2021/22 financial year (including Revenue Expenditure funded from Capital under Statute). The outturn performance was £9.059m which represents an under-spend, due to delays in capital projects, of £10.008m. Major variances relate to:
- Contribution to the Southern Link Road £1.852m
 - Works to Buttermarket £0.663m
 - Purchase of land at London Road Municipal Buildings £0.468m
 - Southwell flood mitigation scheme £0.453m
 - Photovoltaic Units for LAD2 scheme £0.557m
 - Purchase of Land at Bowbridge Road £1.020m
 - Housing regeneration loan facility £0.538m
 - 32 Stodman Street regeneration (Town's Fund) £0.573m

These, including the remaining reasons, for this shortfall in planned expenditure were outlined within the Council's financial outturn report approved at Cabinet on 12th July 2022.

4.0 The Council's Balance Sheet as at 31st March 2021

- 4.1 The balance sheet shows a net worth of £287.897m which includes a liability worth £84.899m in relation to the future costs of Pensions liabilities. There are statutory

arrangements for funding the pension deficit through increasing contribution over the remaining working life of the employees, as assessed by an independent actuary – Barnett Waddingham for the Nottinghamshire Pension Fund. Therefore, the financial position of the Council remains healthy. Other factors giving rise to this assessment include:

- The adequacy of risk assessed provisions for doubtful debts
- The range of reserves set aside to help manage expenditure
- An adequate risk assessed general reserve to meet unforeseen expenditure

5.0 The Council's projected financial position

5.1 In March 2022, the Council approved a balanced budget for 2022/23. This allows for net spending of £15.536m and a council tax increase of 1.94% (at a Band D level) compared with the 2021/22 financial year. A transfer to reserves of £0.916m was approved which included £1.573m of New Homes Bonus, which is split with 50% contributing towards short life fixed assets (such as refuse freighters and ICT hardware) and 50% to the Change Management reserve. The transfer of £0.657m out of reserves related to:

Reserve	Amount
Additions to:	
Commercial Plan Invest to Save	£0.200m
Workforce Development reserve	£0.200m
Homelessness reserve	£0.232m
Total additions	£0.632m
Use of:	
Spreading Adjustment reserve (Business Rates and Council Tax)	(£0.388m)
Covid Pressures reserve	(£0.179m)
Covid Compliance reserve	(£0.161m)
MTFP reserve	(£0.561m)
Total use of	(£1.289m)
Overall usage of reserves	(£0.657m)

5.2 The Council's Medium Term Financial Plan (MTFP) is updated annually and reflects a four year assessment of the Council's spending plans and associated funding. It includes the ongoing implications of approved budgets and service levels and the revenue costs of the council's capital programme, as well as the management of debt and investments. The latest update, approved at Council in March 2021 showed a cumulative shortfall of £0.896m which occurs in the 2025/26 financial year. This is after a number of initiatives that have been applied to the MTFP in order to bridge the inherent funding gap.

- 5.3 The Council continues to monitor its forecast cash flow going forward in order to ensure that the inflows and outflows of cash are managed by prudent invest and borrowing decisions placed in accordance with the approved Treasury Management Strategy.
- 5.4 The Council is aware of the recent pay claim received from the Trade Unions for the pay award for 2022/23. The budget setting process allowed for a 2% pay award for the current year, with a forecast of 3% throughout the MTFP period. Officers are working through the implications of the potential pay award and the ramifications of the known, and forecast increases, in the National Living Wage. These implications will be incorporated within the update of the MTFP in September 2022.

6.0 The Council's governance arrangements

- 6.1 The Council has a well-established and robust corporate governance framework. This includes the statutory elements like the post of Head of Paid Service, the Monitoring Officer and the Section 151 Officer in addition to the current political arrangements.
- 6.2 An overview of this governance framework is provided within the Annual Governance Statement which is included within the Statement of Accounts and was presented to the Audit and Accounts Committee on 28th July 2021. This includes a detailed review of the effectiveness of the Council's governance arrangements.
- 6.3 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 are now proposals 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.

7.0 The external regulatory and control environment

- 7.1 As a local authority the Council has to operate within a highly legislated and controlled environment. An example of this is the requirement for a balanced budget each year combined with the legal requirement for councils to have regard to consideration of

such matters as the robustness of budget estimates and the adequacy of reserves. In addition to the legal framework and central government control there are other factors such as the role undertaken by External Audit as well as the statutory requirement in some cases for compliance with best practice and guidance published by CIPFA and other relevant bodies.

- 7.2 Against this backdrop it is considered unlikely that a local authority would be 'allowed to fail' with the likelihood being, when faced with such a scenario, that central government would intervene supported by organisations such as the Local Government Association to bring about the required improvements or help maintain service delivery. This has been evidenced with a number of councils, such as in the case of Northamptonshire County Council, and the interventions that have been introduced as a result of the situation that arose.

8.0 Conclusion

- 8.1 Having considered the outturn position to 31 March 2022, Medium Term Financial Plan to 2025/26, levels of earmarked and general reserves and the treasury cash flow position, together with the Council's governance arrangements, the s151 Officer considers that the Council remains a going concern.

Background Papers and Published Documents

Statement of Accounts 2021/22

Annual Governance Statement 2021/22

General Fund and HRA Revenue and Capital Outturn report to 31st March 2022



Report to: Audit & Governance Committee Meeting 27 July 2022

Director or Business Manager Lead: Sanjiv Kohli Deputy Chief Executive / Director – Resources and Section 151 Officer

Lead Officer: Nick Wilson, Business Manager – Financial Services, Ext 5317

Report Summary	
Report Title	Unaudited Statement of Accounts 2021/22
Purpose of Report	For members of the committee to review the Council’s draft Statutory Accounts for the financial year ended 31 March 2022.
Recommendations	(a) Members note the Annual Governance Statement for the financial year ended 31 March 2022; and (b) Members note the draft Statement of Accounts for the financial year ended 31 March 2022 and agree to them being submitted to the external auditor (Mazars) for audit and certification;
Reason for Recommendation	To allow Members to consider the Council’s draft Statutory Accounts for the financial year ended 31 March 2022.

1.0 Introduction

1.1 The Accounts and Audit Regulations 2015 (Amended by 2022/708) require that the authority must prepare and publish its approved draft and audited Statement of Accounts by 31 July and 30 November respectively, both these deadlines are proposed to revert back to 31 May and 30 September, subject to consultation, with effect for the 22/23 accounts onwards. The Regulations only require the Section 151 Officer to sign and certify that the unaudited Statement of Accounts present a true and fair view of the financial position of the Council. However, in the interests of transparency and good governance, these are still being presented to this committee in order to give the members of the committee a chance to review the contents rather than first inspection being when the audited Statement of Accounts need approving in November.

1.2 The Council aims to publish the unaudited Statement of Accounts on their website prior to the deadline of 31 July 2022.

1.3 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).

2.0 Audit of the Accounts

2.1 The Council's external auditors, Mazars, will commence the audit of the accounts in September 2022. On completion there is a requirement that the external auditor provides details of all the errors within the financial statement. This report is the Audit Completion report and will be brought to this committee in November along with the final audited Statement of Accounts for approval.

3.0 Annual Governance Statement

3.1 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 2021/2022 and the draft version is included in the unaudited Statement of Accounts.

Background Papers and Published Documents

Nil.

Unaudited Statement of Accounts and Narrative Report 2021 / 2022



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

Social media:



/NSDCouncil



@NSDCouncil



@NSDCouncil



@Newark and Sherwood District Council



John Robinson
Chief Executive

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

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

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

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

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

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

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



Councillor Sylvia Michael
Chairman Audits and Accounts Committee

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

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

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

Introduction by S151 Officer



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

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

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

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



Part one

Introduction to Newark and Sherwood

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

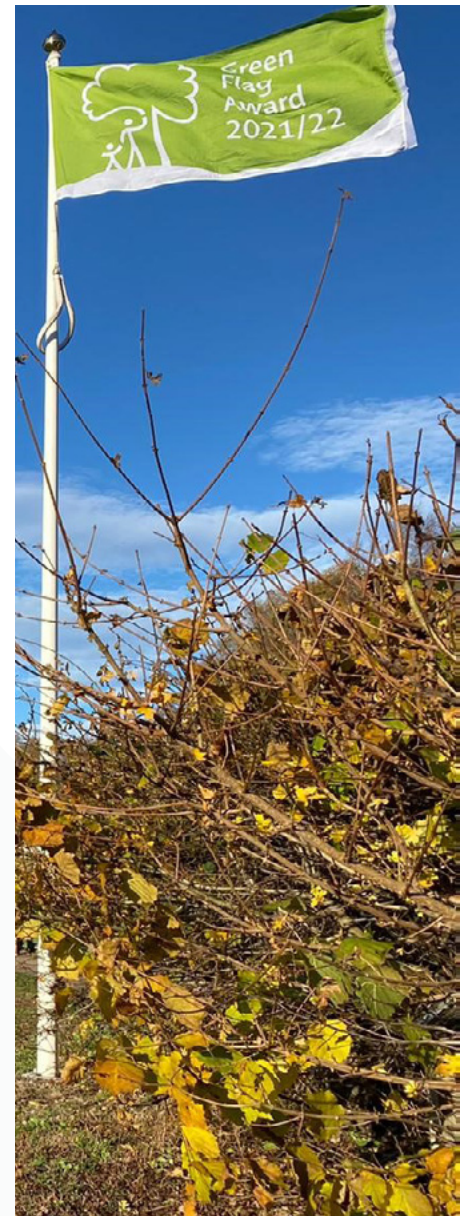


Newark and Sherwood is one of seven districts in Nottinghamshire.
Resident population is 123,127, made up of 50.8% (62,557) female and 49.2% (60,570) male.
Newark and Sherwood covers an area of 65,132 hectares.
The predominant age band for the district is '50-54' with 9,298 people out of the total population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

Our area

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

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



Part two

Our purpose: why the District Council is here

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

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

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

Our purpose: 'Serving people, Improving lives'

Our values:

Ambitious and forward thinking

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

Caring and compassionate

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

Commercial and business-like

Careful and creative with resources; securing value for money.

Professional and trustworthy

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

Welcoming and responsive

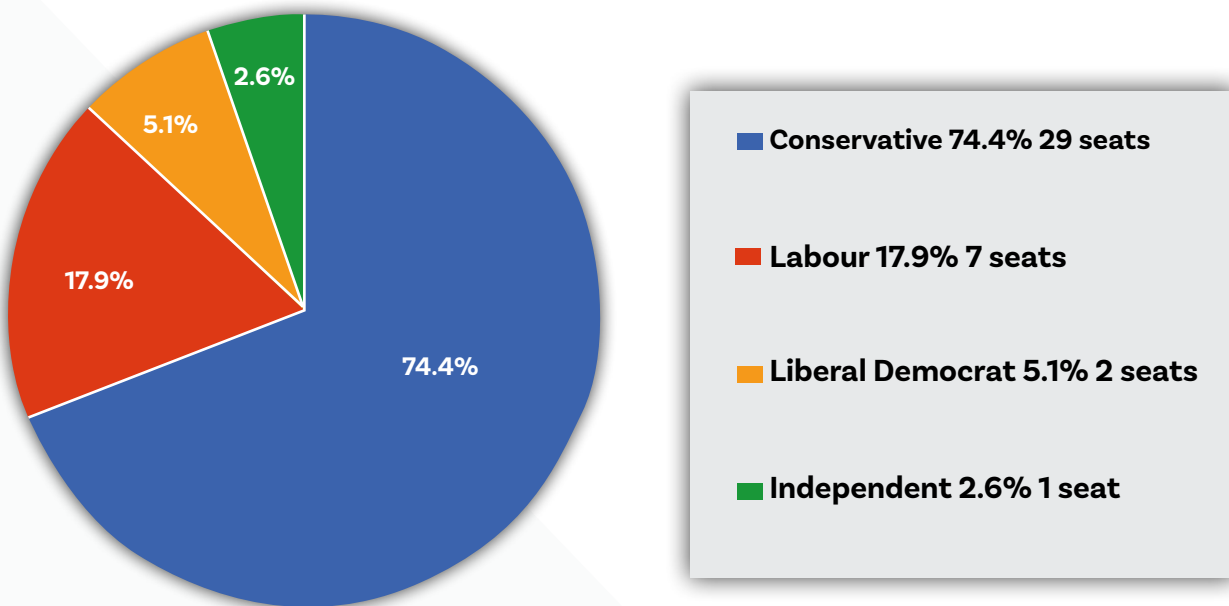
Approachable, open to feedback and challenge and swift to act.



Part three

How the District Council works

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



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

How the District Council works: committee structure

During 2021/22 we had four operational committees:



Policy and Finance Committee

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

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



Economic Development Committee

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

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



Homes and Communities Committee

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

Councillor Timothy Wendels, Chairman of Homes and Communities



Leisure and Environment Committee

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

Councillor Roger Jackson, Chairman of Leisure and Environment

The District Council also has four regulatory committees:



Audit and 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 Shareholder Committee:



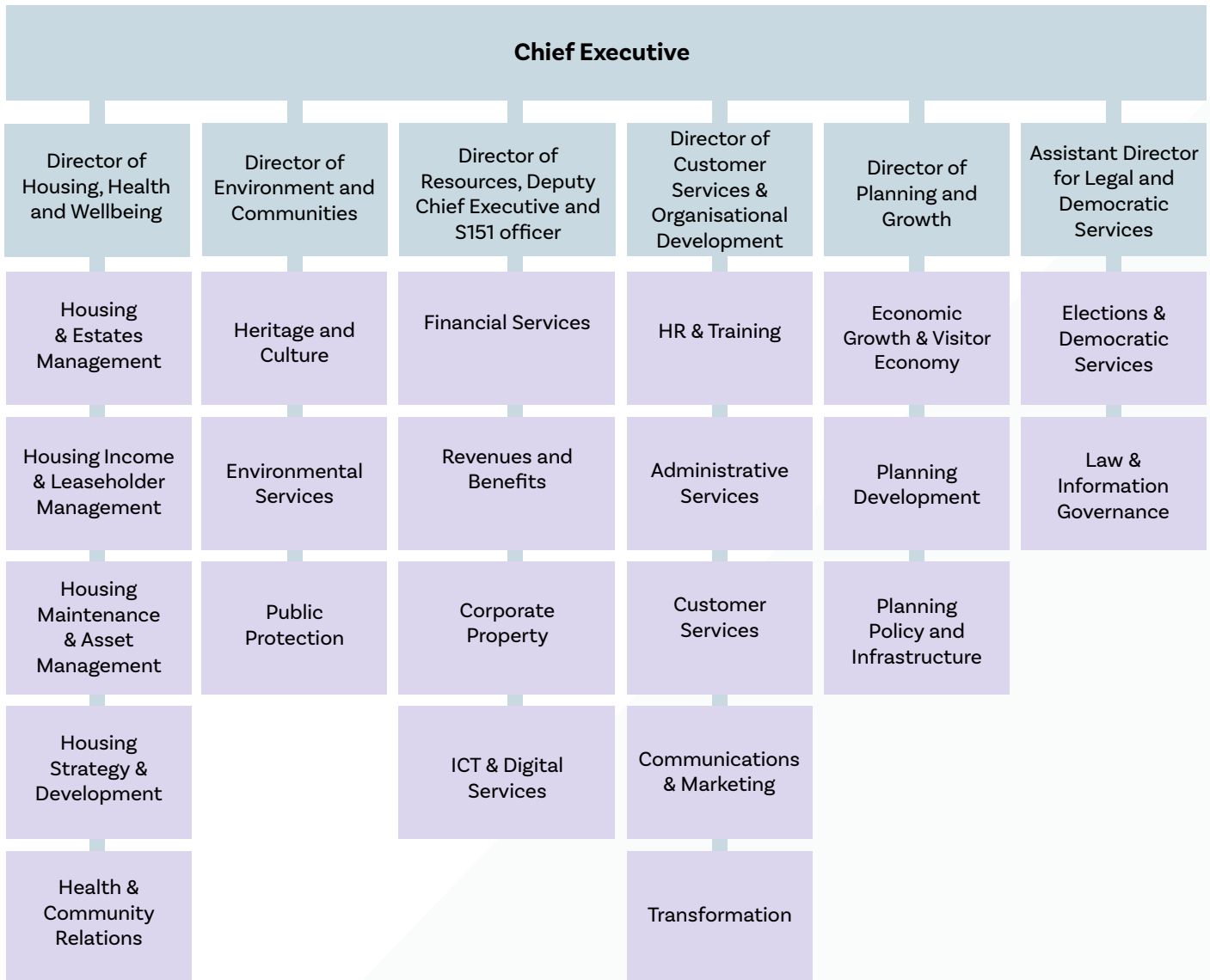
Shareholder Committee

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

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

How the Council works – internal staffing structure

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



How the District Council will work: Cabinet Structure

How did this happen?

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

What is a Cabinet system?

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

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

What does it mean?

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

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

Part four: Community Plan Delivery

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

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

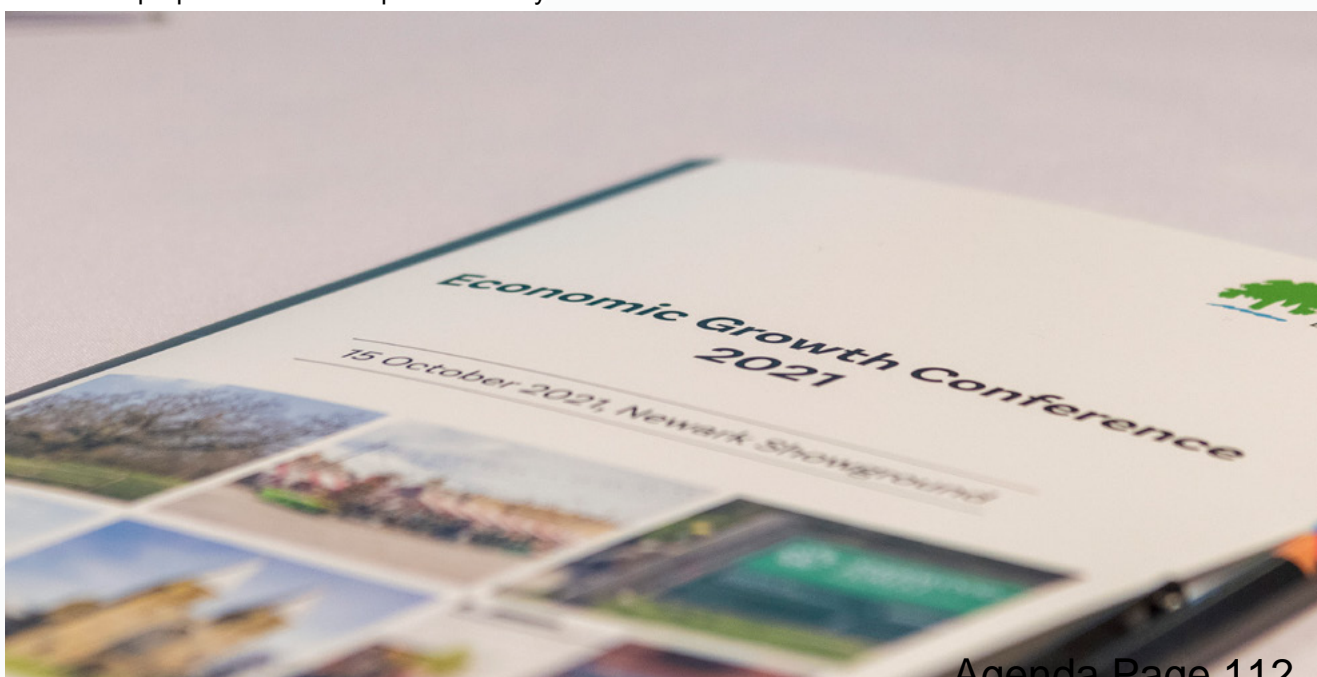
- We are continuing to implement changes to improve tenant participation and now have over 100 engaged tenants.
- Since the launch in May 2021, we have continued to promote the Community Lottery. At the end of March, approximately 37,950 lottery tickets had been sold, generating approximately £19,000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

Deliver inclusive and sustainable economic growth.

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

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

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



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

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

Enhance and protect the district’s natural environment.

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

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

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

Improve the health and wellbeing of local residents.

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



COVID-19 response

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

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



Part five: 2021 / 2022 Financial Performance

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

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

General Fund Revenue

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

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

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

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

This decrease has been identified as being related to:

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

Housing Revenue Account (HRA)

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

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

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

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

Capital Spending

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

Key projects are listed below:

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

Major Movements on the Balance Sheet

Property, Plant and Equipment

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



Long Term Investments – Fair Value through Profit and Loss

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

Short Term Debtors

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

Assets Held For Sale

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

Cash and Cash Equivalents

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

Short and Long Term borrowing

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

Short Term Creditors

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

Short and Long Term Grants Receipts in Advance

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

Long Term Creditors and Grant Receipts in Advance

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

Other Long Term Liabilities

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



Part six: Looking forward

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

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

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

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



Medium Term Financial Plan (MTFP)

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

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

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

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

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

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

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

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

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

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



Part seven: Corporate risks

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

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

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

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

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



Part eight: Explanation of Financial Statements

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

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

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

The core statements are:

The Comprehensive Income and Expenditure Statement

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

The Movements in Reserves Statement

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

The Balance Sheet

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

The Cash Flow Statement

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

The Supplementary Financial Statements are:

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

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

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

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

STATEMENT OF RESPONSIBILITIES FOR THE STATEMENT OF ACCOUNTS

1 The Authority's Responsibilities

The authority is required to:

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

2 Responsibilities of the Chief Financial Officer

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

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

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

The Chief Financial Officer has also:

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

Certificate of the Chief Financial Officer

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

Signed:

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

Date

Signed:

Councillor Sylvia Michael
Chair - Audit and Governance Committee

Date

COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT

2020/21			2021/22			
Gross Expend- iture £'000	Gross Income £'000	Net Expend- iture £'000		Gross Expend- iture £'000	Gross Income £'000	Net Expend- iture £'000
14,426	-9,028	5,398	Economic Development	12,539	-9,047	3,492
3,748	-1,610	2,138	Homes and Communities	4,368	-2,194	2,174
8,764	-1,961	6,803	Leisure and Environment	8,188	-2,248	5,940
29,807	-22,782	7,025	Policy and Finance	29,497	-21,122	8,375
15,420	-24,348	-8,928	Housing Revenue Account	16,341	-24,868	-8,527
3,286	0	3,286	- Revaluation Movement on Council Dwellings	5,505	0	5,505
75,451	-59,729	15,722	Cost of Services	76,438	-59,479	16,959
13,735	-9,342	4,393	Other Operating Income and Expenditure Note 14	10,722	-5,762	4,960
5,602	-936	4,666	Financing and Investment Income and Expenditure Note 15	4,939	-1,024	3,915
13,872	-39,055	-25,183	Taxation and Non Specific Grant Income Note 16	15,085	-43,536	-28,451
108,660	-109,062	-402	Surplus (-) or Deficit on Provision of Services	107,184	-109,801	-2,617
		-11,308	Surplus(-) or Deficit on Revaluation of Non Current Assets			-43,580
		20,415	Remeasurements of the Net Defined Benefit Liability (Asset)			-16,602
		9,107	Other Comprehensive Income and Expenditure			-60,182
		8,705	Total Comprehensive Income and Expenditure			-62,799

MOVEMENT IN RESERVES STATEMENT

	Earmarked			Earmarked			Capital Grants Unapplied	Capital Receipts Reserve	Total Usable Reserves	Total Unusable Reserves	Total Council Reserves
	General Fund Balance	General Fund Reserves	Housing Revenue Account	Housing Revenue Account	Major Repairs Reserve						
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Movement in reserves 2021/22											
Balance at 31 March 2021 carried forward	1,500	35,839	2,000	5,461	11,689	8,781	4,041	69,311	156,972	226,283	
Total Comprehensive Income and Expenditure	2,095	0	522	0	0	0	0	2,617	60,182	62,799	
Adjustment between accounting basis & funding basis under regulations (Note 12)	-3,091	0	-689	0	5,761	4,271	-1,131	5,121	-5,121	0	
Net Increase/Decrease(-) before Transfers to Earmarked Reserves	-996	0	-167	0	5,761	4,271	-1,131	7,738	55,061	62,799	
Transfers to/from(-) Earmarked Reserves(Note 13)	996	-996	167	-167	0	0	0	0	0	0	
Increase/Decrease(-) in 2021/22	0	-996	0	-167	5,761	4,271	-1,131	7,738	55,061	62,799	
Balance at 31 March 2022 carried forward	1,500	34,843	2,000	5,294	17,450	13,052	2,910	77,049	212,033	289,082	

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

BALANCE SHEET

31 March 2021 £'000	Notes	31 March 2022 £'000
386,436 Property, Plant & Equipment	22	426,899
2,020 Heritage Assets	26	2,020
312 Intangible Assets	28	328
10,589 Long Term Investments - Fair Value through Profit and Loss	41	16,653
2,400 Long Term Debtors	30	3,143
4,562 Long Term Finance Lease Debtor	24	4,455
406,319 TOTAL LONG TERM ASSETS		453,498
17,067 Short Term Investments	41	23,121
294 Inventories		412
19,299 Short Term Debtors	30	17,269
1,233 Assets Held For Sale	27	4,312
23,261 Cash and Cash Equivalents	25	27,658
61,154 TOTAL CURRENT ASSETS		72,772
-10,950 Short Term Borrowings	41	-10,900
-25,272 Short Term Creditors	31	-27,534
-229 Provisions Short Term	32	-8
-2,281 Grants Receipts in Advance	20	-12,197
-38,732 TOTAL CURRENT LIABILITIES		-50,639
-8,567 Long Term Creditors	31	0
-1,538 Provisions Long Term	32	-1,464
-5,374 Long Term Finance Lease Liability	23	-5,233
-85,001 Long Term Borrowing	41	-86,972
-95,246 Pensions Liability	39	-84,899
-6,732 Grants Receipts in Advance	20	-7,981
-202,458 TOTAL LONG TERM LIABILITIES		-186,549
226,283 TOTAL NET ASSETS		289,082
69,311 Usable Reserves	33	77,049
156,972 Unusable Reserves	34	212,033
226,283 TOTAL RESERVES		289,082

CASH FLOW STATEMENT

2020/21 £'000	Notes	2021/22 £'000
402 Net Surplus/Deficit(-) on the Provision of Services		2,617
33,698 Adjustment to Surplus or Deficit on the Provision of Services for Non-Cash Movements	36A	24,124
-12,448 Adjust for Item Included in the Net Surplus or Deficit on the Provision of Services that are Investing and Financing Activities	36A	-12,965
21,652 Net Cash Flows from Operating Activities		13,776
-22,205 Investing Activities	36C	-8,900
295 Financing Activities	36D	-479
-258 Net Increase or Decrease(-) in Cash and Cash Equivalents		4,397
23,519 Cash and Cash Equivalents at the Beginning of the Reporting Period		23,261
23,261 Cash and Cash Equivalents at the End of the Reporting Period	25	27,658

NOTES TO THE CORE FINANCIAL STATEMENTS

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

1 ACCOUNTING POLICIES

1.1 General Principles

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

- Relevance
- Reliability
- Comparability
- Understandability
- Materiality

and pervasive accounting concepts:

- Accruals
- Going Concern
- Primacy of legislative requirements

1.2 Accruals of Income and Expenditure

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

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

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

1.3 Cash and Cash Equivalents

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

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

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

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

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

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

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

1.5 Charges to Revenue for Non-Current Assets

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

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

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

1.6 Council Tax and Non-Domestic Rates

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

Accounting for Council Tax and NDR

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

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

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

1.7 Employee Benefits

Benefits Payable During Employment

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

Termination Benefits

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

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

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

Post-employment Benefits

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

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

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

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

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

Service Cost comprising

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

Re-measurements comprising

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

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

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

Discretionary Benefits

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

1.8 Events After the Reporting Period

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

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

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

1.9 Financial Instruments

Financial Liabilities

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

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

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

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

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

Financial Assets

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

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

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

Financial Assets Measured at Amortised Cost

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

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

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

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

Expected Credit Loss Model

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

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

Financial assets measured at fair value through profit or loss

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

Fair value measurements of financial assets

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

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

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

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

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

1.10 Government Grants and Contributions

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

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

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

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

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

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

Community Infrastructure Levy

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

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

1.11 Heritage Assets

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

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

Heritage Assets – General

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

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

1.12 Interests in Companies and Other Entities

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

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

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

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

1.13 Joint Operations

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

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

1.14 Leases

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

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

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

The Council as Lessee

Finance Leases

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

Lease payments are apportioned between:

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

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

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

Operating Leases

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

The Council as Lessor

Finance Leases

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

Lease rentals receivable are apportioned between:

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

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

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

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

Operating Leases

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

1.15 Property, Plant and Equipment

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

Recognition

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

Measurement

Assets are initially measured at cost, comprising:

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

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

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

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

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

Valuation

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

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

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

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

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

Impairment

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

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

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

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

Depreciation

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

Depreciation is calculated on the following bases:

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

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

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

Disposals and Non-current Assets Held for Sale

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

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

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

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

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

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

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

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

1.16 Provisions, Contingent Liabilities and Contingent Assets

Provisions

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

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

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

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

Contingent Liabilities

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

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

Contingent Assets

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

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

1.17 Reserves

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

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

1.18 Revenue Expenditure Funded from Capital under Statute

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

1.19 Value Added Tax

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

1.20 Fair Value Measurement of non-financial assets

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

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

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

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

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

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

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

2 ACCOUNTING STANDARDS THAT HAVE BEEN ISSUED BUT NOT YET ADOPTED

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

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

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

3 CRITICAL JUDGEMENTS IN APPLYING ACCOUNTING POLICIES

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

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

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

The Statement of Accounts contains estimated figures that are based on assumptions made by the Council about the future or that are otherwise uncertain. Estimates are made taking into account historical experience, current trends and other relevant factors. However, because balances cannot be determined with certainty, actual results could be materially different from the assumptions and estimates.

The items in the Council's Balance Sheet at 31 March 2022 for which there may be a significant risk of material adjustment in the forthcoming financial year are as follows:

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

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

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

6 MATERIAL INTEREST IN JOINT BODIES

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

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

7 POST BALANCE SHEET EVENT

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

8 TRUST FUNDS

The Council acts as sole trustee for two Trusts:

The W.E. Knight Trust

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

The Gilstrap Endowment

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

9 EXPENDITURE AND FUNDING ANALYSIS

This note shows how annual expenditure is used and funded from resources (government grants, rents, council tax and business rates) by local authorities in comparison with those resources consumed or earned by authorities in accordance with generally accepted accounting practices. It also shows how this expenditure is allocated for decision making purposes between the council's committees. Income and expenditure accounted for under generally accepted accounting practices is presented more fully in the Comprehensive Income and Expenditure Statement.

2020/21			2021/22			
Net Expenditure Chargeable to the General Fund and HRA Balances £'000	Adjustment between the Funding and Accounting Basis £'000	Net Expenditure in the Comprehensive Income and Expenditure Statement £'000		Net Expenditure Chargeable to the General Fund and HRA Balances £'000	Adjustment between the Funding and Accounting Basis £'000	Net Expenditure in the Comprehensive Income and Expenditure Statement £'000
2,232	3,166	5,398	Economic Development	-1,502	4,994	3,492
1,696	442	2,138	Homes and Communities	1,648	526	2,174
4,444	2,359	6,803	Leisure and Environment	7,249	-1,309	5,940
5,601	1,424	7,025	Policy and Finance	5,409	2,966	8,375
-14,533	8,891	-5,642	Housing Revenue Account	-14,432	11,410	-3,022
-560	16,282	15,722	Net Cost of Services	-1,628	18,587	16,959
-11,949	-4,175	-16,124	Other Income and Expenditure	2,791	-22,367	-19,576
-12,509	12,107	-402	Surplus(-)/Deficit	1,163	-3,780	-2,617

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

10 NOTE TO THE EXPENDITURE AND FUNDING ANALYSIS

Adjustments between Funding and Accounting Basis 2021/22

Adjustments from General Fund to arrive at the Comprehensive Income and Expenditure Statement amounts	Adjustments for Capital Purposes (Note 1) £'000	Net change for the Pensions Adjustments (Note 2) £'000	Other Differences (Note 3) £'000	Total Adjustments £'000
Economic Development	4,456	538	0	4,994
Homes and Communities	162	364	0	526
Leisure and Environment	-2,147	838	0	-1,309
Policy and Finance	1,859	1,107	0	2,966
Housing Revenue Account	10,645	765	0	11,410
Net Cost of Services	14,975	3,612	0	18,587
Other income and expenditure from the Expenditure and Funding Analysis	-22,156	1,897	-2,108	-22,367
Difference between General Fund surplus or deficit and Comprehensive Income and Expenditure Statement Surplus or Deficit on the Provision of Services	-7,181	5,509	-2,108	-3,780

Adjustments between Funding and Accounting Basis 2020/21

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

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

Note 1 Adjustments for Capital Purposes

Adjustments for capital purposes – this column adds in depreciation and impairment and revaluation gains and losses in the services line, and for:

- Other operating expenditure – adjustments for capital disposals with a transfer of income on disposal of assets and the amounts written off for those assets.
- Financing and investment income and expenditure – the statutory charges for capital financing ie Minimum Revenue Provision and other revenue contributions are deducted from other income and expenditure as these are not chargeable under generally accepted accounting practices.
- Taxation and non-specific grant income and expenditure – capital grants are adjusted for income not chargeable under generally accepted accounting practices. Revenue grants are adjusted from those receivable in the year to those receivable without conditions or for which conditions were satisfied throughout the year. The Taxation and Non Specific Grant Income and Expenditure line is credited with capital grants receivable in the year without conditions or for which conditions were satisfied in the year.

Note 2 Net Change for the Pensions Adjustments

Net change for the removal of pension contributions and the addition of IAS 19 Employee Benefits pension related expenditure and income:

- For services this represents the removal of the employer pension contributions made by the Council as allowed by statute and the replacement with current service costs and past service costs.
- For Financing and investment income and expenditure – the net interest on the defined benefit liability is charged to the CIES.

Note 3 Other Differences

Other differences between amounts debited/credited to the Comprehensive Income and Expenditure Statement and amounts payable/receivable to be recognised under statute:

- For Financing and investment income and expenditure the other differences column recognises adjustments to the General Fund for the timing differences for premiums and discounts.
- The charge under Taxation and non-specific grant income and expenditure represents the difference between what is chargeable under statutory regulations for council tax and NDR that was projected to be received at the start of the year and the income recognised under generally accepted accounting practices in the Code. This is a timing difference as any difference will be brought forward in future Surpluses or Deficits on the Collection Fund.

11 EXPENDITURE AND INCOME ANALYSED BY NATURE

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

Expenditure/Income 2021/22	Economic Development	Homes and Communities	Leisure and Environment	Policy and Finance	Housing Revenue Account	Corporate Amounts	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Fees, Charges and Other Service Income	-4,527	-1,034	-2,239	-2,012	-24,849	0	-34,661
Income on Joint Associates	0	0	0	0	0	-128	-128
Interest and Investment Income	0	0	0	0	0	-1,024	-1,024
Income from Council Tax	0	0	0	0	0	-10,615	-10,615
Income from Non Domestic Rates	0	0	0	0	0	-19,610	-19,610
Housing Benefit Subsidy Rent Allowance	0	0	0	-9,685	0	0	-9,685
Housing Benefit Subsidy Rent Rebates	0	0	0	-8,539	0	0	-8,539
Grants and Contributions	-4,520	-1,160	-9	-886	-19	-13,311	-19,905
Disposal of Assets	0	0	0	0	0	-5,634	-5,634
Total Income	-9,047	-2,194	-2,248	-21,122	-24,868	-50,322	-109,801
Employee Expenses	3,454	2,386	5,410	7,047	4,963	0	23,260
Other Service Expenses	8,414	2,044	2,362	2,281	6,417	-102	21,416
Housing Benefit Rent Allowance	0	0	0	9,729	0	0	9,729
Housing Benefit Rent Rebates	0	0	0	8,585	0	0	8,585
Expenditure on Joint Associates	0	0	0	0	0	148	148
Developers Contribution Payment	0	0	0	0	0	2,376	2,376
Depreciation, Amortisation and Impairment	671	-62	416	1,855	10,453	0	13,333
Changes in Fair Value	0	0	0	0	0	-1,064	-1,064
Interest Payments	0	0	0	0	13	6,001	6,014
Non Domestic Rates Tariff & Deficit	0	0	0	0	0	12,709	12,709
Precepts and Levies	0	0	0	0	0	3,871	3,871
Payments to Housing Capital Receipts Pool	0	0	0	0	0	443	443
Disposal of Assets	0	0	0	0	0	6,364	6,364
Total Operating Expenses	12,539	4,368	8,188	29,497	21,846	30,746	107,184
Surplus(-)/Deficit on Provision of Services	3,492	2,174	5,940	8,375	-3,022	-19,576	-2,617

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

12 ADJUSTMENTS BETWEEN ACCOUNTING BASIS AND FUNDING BASIS UNDER REGULATIONS

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

General Fund Balance

The General Fund is the statutory fund into which all the receipts of a Council are required to be paid into and which all liabilities of the Council are to be met from, except to the extent that statutory rules might provide otherwise. These rules can also specify the financial year in which liabilities and payments should impact on the General Fund Balance, which is not necessarily in accordance with proper accounting practice. The General Fund Balance therefore summarises the resources that the Council is statutorily empowered to spend on its services or on capital investment (or the deficit of resources that the Council is required to recover) at the end of the financial year. For housing authorities however, the balance is not available to be applied to funding HRA services.

Housing Revenue Account Balance

The Housing Revenue Account Balance reflects the statutory obligation to maintain a revenue account for local authority council housing provision in accordance with Part VI of the Local Government and Housing Act 1989. It contains the balance of income and expenditure as defined by the 1989 Act that is available to fund future expenditure in connection with the Council's landlord function or (where in deficit) that is required to be recovered from tenants in future years.

Major Repairs Reserve

The Council is required to maintain the Major Repairs Reserve, which controls an element of the capital resources, limited to being used on capital expenditure on HRA assets or the financing of historical capital expenditure by the HRA. The balance shows the capital resources that have yet to be applied at the yearend.

Capital Grants Unapplied

The Capital Grants Unapplied Account (Reserve) holds the grants and contributions received towards capital projects for which the Council has met the conditions that would otherwise require repayment of the monies but which have yet to be applied to meet expenditure. The balance is restricted by grant terms as to the capital expenditure against which it can be applied and/or the financial year in which this can take place.

Capital Receipts Reserve

The Capital Receipts Reserve holds the proceeds from the disposal of land or other assets, which are restricted by statute from being used other than to fund new capital expenditure or to be set aside to finance historical capital expenditure. The balance on the reserve shows the resources that have yet to be applied for these purposes at the yearend.

2021/22 Usable Reserves	General Fund Balance £'000	Housing Revenue Account £'000	Major Repairs Reserve £'000	Capital Grants Unapplied £'000	Capital Receipts Reserve £'000	Movement in Unusable Reserves £'000
Adjustments to the Revenue Resources						
Amounts by which income and expenditure included in the Comprehensive Income and Expenditure Statement are different from revenue for the year calculated in accordance with statutory requirements:						
Pensions costs (transferred to (or from) the Pensions Reserve)	-4,343	-1,166	0	0	0	5,509
Financial instruments (transferred to the Financial Instrument Adjustment Account)	4	0	0	0	0	-4
Pooled Investment (transferred to the Pooled Investment Adjustment Account)	722	0	0	0	0	-722
Council tax and NDR (transfers to (or from) Collection Fund)	1,106	0	0	0	0	-1,106
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):	1,335	-10,834	0	-4,913	0	14,412
Total Adjustments to Revenue Resources	-1,176	-12,000	0	-4,913	0	18,089
Adjustments between Revenue and Capital Resources						
Transfer of non-current asset sale proceeds from revenue to the Capital Receipts Reserve	774	1,711	0	0	-2,485	0
Administrative costs of non-current asset disposals (funded by a contribution from the Capital Receipts Reserve)	0	-27	0	0	27	0
Payments to the government housing receipts pool (funded by a transfer from the Capital Receipts Reserve)	-443	0	0	0	443	0
Posting of HRA resources from revenue to the Major Repairs Reserve	0	10,926	-10,926	0	0	0
Statutory provision for the repayment of debt (transfer from the CAA)	854	0	3,029	0	0	-3,883
Capital expenditure financed from revenue balances (transfer to the CAA)	3,082	79	0	0	0	-3,161
Total Adjustments between Revenue and Capital Resources	4,267	12,689	-7,897	0	-2,015	-7,044
Adjustments to Capital Resources						
Use of the Capital Receipts Reserve to finance capital expenditure	0	0	0	0	3,146	-3,146
Use of Capital Receipts to finance repayment of debt on Finance Lease	0	0	0	0	102	-102
Use of the Major Repairs Reserve to finance capital expenditure	0	0	2,136	0	0	-2,136
Application of capital grants to finance capital expenditure	0	0	0	642	0	-642
Cash payments in relation to deferred capital receipts	0	0	0	0	-102	102
Total Adjustments to Capital Resources	0	0	2,136	642	3,146	-5,924
Total Adjustments	3,091	689	-5,761	-4,271	1,131	5,121

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

13 TRANSFERS TO/FROM(-) EARMARKED RESERVES

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

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

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

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

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

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

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

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

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

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

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

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

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

Capital Provision – to support future capital projects.

14 OTHER OPERATING INCOME AND EXPENDITURE

2020/21 £'000	2021/22 £'000
3,109 Parish Council Precepts	3,237
595 Levies	634
443 Payments to the Government Housing Capital Receipts Pool	443
34 Gains(-)/losses on the disposal of non-current assets	730
216 Loss Allowance	-102
-4 Mansfield Crematorium - Net Cost of Service	18
4,393 Total	4,960

15 FINANCING AND INVESTMENT INCOME AND EXPENDITURE

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

16 TAXATION AND NON-SPECIFIC GRANT INCOME AND EXPENDITURE

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

17 OFFICIALS' EMOLUMENTS

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

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

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

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

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

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

18 RELATED PARTY TRANSACTIONS

The Council is required to disclose material transactions with related parties – bodies or individuals that have the potential to control or influence the council or to be controlled or influenced by the council. Disclosure of these transactions allows an assessment of the extent to which the council might have been constrained in its ability to operate independently or might have secured the ability to limit another party's ability to bargain freely with the Council.

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

UK Party	Disclosure
•Central Government has effective control over the general operations of the Council – it is responsible for providing the statutory framework within which the Council operates, provides the majority of its funding in the form of grants and prescribes the terms of many of the transactions the Council has with other parties.	Comprehensive Income and Expenditure Statement Cash Flow Statement
•Members of the council have direct control over the council's financial and operating policies.	Note 19 Members Allowances
•Precepts from other Local Authorities.	Collection Fund Accounts
•Arkwood Developments Ltd is a wholly owned subsidiary of the Council.	Group Accounts
•Active4Today Ltd is a wholly owned subsidiary of the Council.	Group Accounts
•RHH Newark Ltd is a 50% owned joint venture of the Council.	Group Accounts
•The Council has joint control of Mansfield Crematorium.	Note 38 Joint Crematorium Committee
•The Council appoints the majority of trustees of the Southwell Leisure Centre Trust.	Note 6 Material Interests in Joint Bodies

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

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

19 MEMBERS ALLOWANCES

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

20 GRANT INCOME

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

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

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

The Council has received a number of grants and contributions that have yet to be recognised as income as they have conditions attached to them that could require the monies or property to be returned to the giver. The balances at the year-end are as follows:

CURRENT LIABILITIES - GRANTS RECEIPTS IN ADVANCE

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

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

LONG TERM LIABILITIES - GRANTS RECEIPTS IN ADVANCE

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

21 AUDIT FEE

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

2020/21 £'000	2021/22 £'000
Fees Payable to Mazars LLP in respect of:	
37 External Audit Services	37
9 Other Services	16
46 Total	53

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

22 PROPERTY PLANT AND EQUIPMENT

Movements in 2021/22								
	Council Dwellings £'000	Other Land and Buildings £'000	Vehicles Plant Equipment £'000	Infrastruct- ure Assets £'000	Commun- ity Assets £'000	Surplus Assets £'000	Assets Under Constru- ction £'000	Total £'000
Cost or Valuation								
At April 2021	291,092	77,729	11,870	448	415	0	12,227	393,781
Additions	3,731	963	1,195	0	0	0	9,449	15,338
Donations	0	1,119	0	0	0	0	0	1,119
Revaluation increases/decreases(-) to Revaluation Reserve	25,421	12,203	0	0	0	0	0	37,624
Revaluation increases/decreases(-) to Surplus/Deficit on the Provision of Services	-5,753	-1,254	0	0	0	0	0	-7,007
Derecognition - Disposals	-170	-871	-368	0	0	0	0	-1,409
Derecognition - Other	0	0	0	0	0	0	0	0
Assets reclassified to(-)/from Held for Sale	-2,101	-3,150	0	0	0	0	0	-5,251
Reclassifications - Other	11,491	295	0	0	-295	0	-11,491	0
At 31 March 2022	323,711	87,034	12,697	448	120	0	10,185	434,195
Accumulated Depreciation & Impairment								
At April 2021	0	1,489	5,680	82	94	0	0	7,345
Depreciation charge	4,610	1,058	963	35	0	0	0	6,666
Depreciation written out to the Revaluation Reserve	-4,359	-1,597	0	0	0	0	0	-5,956
Depreciation written out to the Surplus/Deficit on the Provision of Services	-248	-118	0	0	0	0	0	-366
Impairment losses/reversals(-) to Revaluation Reserve	0	0	0	0	0	0	0	0
Impairment losses/reversals(-) to Surplus/Deficit on the Provision of Services	0	0	0	0	0	0	0	0
Derecognition - Disposals	-3	-27	-363	0	0	0	0	-393
Reclassifications	0	94	0	0	-94	0	0	0
At 31 March 2022	0	899	6,280	117	0	0	0	7,296
Net Book Value								
at 31 March 2022	323,711	86,135	6,417	331	120	0	10,185	426,899
at 31 March 2021	291,092	76,240	6,190	366	321	0	12,227	386,436

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

DEPRECIATION

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

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

CAPITAL COMMITMENTS

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

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

REVALUATIONS

The Council carries out a rolling programme that ensures that all Property, Plant and Equipment required to be measured at fair value is revalued at least every five years. All 2021/2022 valuations were carried out by the Council's appointed surveyors, Wilks Head and Eve, who are suitably qualified and experienced for this purpose. Valuations were carried out in accordance with the methodologies and bases for estimation set out in the professional standards of the Royal Institution of Chartered Surveyors. Plant and machinery is included implicitly in the valuation of the buildings. Properties regarded by the Council as operational were valued on the basis of open market value for the existing use or, where this could not be assessed because there was no market for the asset, the depreciated replacement cost. Properties regarded by the Council as non-operational have been valued on the basis of open market value.

The significant assumptions applied in estimating the fair values are:

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

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

	Council Dwellings £'000	Other Land & Buildings £'000	Vehicles Plant & Equipment £'000	Infra- Structure £'000	Community Assets Construction £'000	Assets Under £'000	Surplus £'000	Total £'000
Valued at Historical Cost	0	0	6,419	331	120	10,185	0	17,055
Valued at Current Value in:								
2021/2022	323,711	11,710	0	0	0	0	0	335,421
2020/2021	0	27,756	0	0	0	0	0	27,756
2019/2020	0	16,889	0	0	0	0	0	16,889
2018/2019	0	10,253	0	0	0	0	0	10,253
2017/2018	0	19,296	0	0	0	0	0	19,296
	323,711	85,904	6,419	331	120	10,185	0	426,670
Non Revaluation adjustments	0	1,130	6,278	117	0	0	0	7,525
Gross Book Value	323,711	87,034	12,697	448	120	10,185	0	434,195

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

23 LEASES - DISCLOSURE AS LESSEE

Finance Leases

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

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

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

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

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

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

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

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

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

Operating Leases

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

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

Future minimum lease payments due in future years are:

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

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

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

24 DISCLOSURE AS LESSOR

Finance Leases

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

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

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

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

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

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

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

Operating Leases

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

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

The total future lease commitments are:

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

25 CASH AND CASH EQUIVALENTS

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

26 HERITAGE ASSETS

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

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

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

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

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

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

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

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

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

27 ASSETS HELD FOR SALE

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

2020/21 £'000	2021/22 £'000
1,170	1,233
Balance outstanding at start of year	
Assets newly classified as held for sale:	
4,469	5,251
Transfer from Property, Plant and Equipment	
Assets declassified as held for sale:	
-4,309	-2,172
Assets Sold	
-97	0
Transfer back to Property, Plant and Equipment	
1,233	4,312
Balance outstanding at year-end	

28 INTANGIBLE ASSETS

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

2020/21 £'000	2021/22 £'000
Balance at start of year:	
1,526	1,637
Gross carrying amounts	
-1,258	-1,325
Accumulated amortisation	
268	312
Net carrying amount at start of year	
Movements:	
111	60
Purchases	
0	0
Other disposals	
-67	-44
Amortisation for the period	
0	0
Reclassifications	
312	328
Net carrying amount at end of year	
Comprising:	
1,637	1,697
Gross carrying amounts	
-1,325	-1,369
Accumulated amortisation	
312	328
Net carrying amount at end of year	

29 CAPITAL EXPENDITURE AND FINANCING

The total amount of capital expenditure incurred in the year is shown in the table below, together with the resources that have been used to finance it. Where capital expenditure is to be financed in future years by charges to revenue as assets are used by the Council, the expenditure results in an increase in the Capital Financing Requirement (CFR), a measure of the capital expenditure incurred historically by the Council that has yet to be financed. The movement on the CFR is analysed in the second part of this note.

2020/21 £'000	2021/22 £'000
132,900	138,162
Opening Capital Financing Requirement	
<u>Capital Investment:</u>	
19,462	16,457
Property, Plant and Equipment	
2,439	-2,385
Capital Loans and Shares	
111	59
Intangible Assets	
1,449	4,928
Revenue Expenditure Funded from Capital Under Statute	
<u>Sources of Finance</u>	
-3,134	-3,146
Capital Receipts	
-2,948	-7,355
Government Grants and Contributions	
-12,738	-9,180
Sums set aside from Revenue (inc MRP and finance leases)	
<u>Finance Leases</u>	
5,285	0
Assets acquired under finance leases	
-4,664	0
Assets leased out under finance leases	
138,162	137,540
Closing Capital Financing Requirements	
Explanation of Movements in Year	
9,832	3,262
Increase in underlying need to borrow (unsupported by Government financial assistance)	
-4,570	-3,884
Other Movements (MRP including finance leases)	
5,262	-622
Increase in Capital Financing Requirement	
Split on Capital Financing Requirement between General Fund and Housing Revenue Account	
29,139	26,546
General Fund	
109,023	110,994
Housing Revenue Account	
138,162	137,540

30 ANALYSIS OF DEBTORS

The amounts due to the Council were:-

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

DEBTORS FOR LOCAL TAXATION

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

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

31 ANALYSIS OF CREDITORS

The amounts owed by the Council were:-

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

32 PROVISIONS

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

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

33 USABLE RESERVES

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

34 UNUSABLE RESERVES

2020/21 £'000	2021/22 £'000
98,035 Revaluation Reserve	138,526
155,940 Capital Adjustment Account	157,686
-114 Financial Instruments Adjustment Account	-110
-96,575 Pensions Reserve	-85,489
-163 Crematorium Pension Reserve	-155
7,014 Deferred Capital Receipts Reserve	6,912
-566 Pooled Investment Adjustment Account	156
-6,508 Collection Fund Adjustment Account	-5,402
-91 Accumulated Absences Account	-91
156,972 Total Unusable Reserves	212,033

REVALUATION RESERVE

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

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

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

2020/21 £'000	2021/22 £'000
89,726 Balance at 1 April	98,035
13,856 Upward revaluations of assets	47,421
-2,548 Downward revaluation of assets and impairment losses not charged to the Surplus/Deficit on the Provision of Services	-3,841
11,308 Surplus or deficit(-) on revaluation of non-current assets not posted to the Surplus or Deficit on the Provision of Services	43,580
-1,418 Difference between fair value depreciation and historical cost depreciation	-1,574
-1,581 Accumulated gains on assets sold or scrapped	-1,515
-2,999 Amount written off to the Capital Adjustment Account	-3,089
98,035 Balance at 31 March	138,526

CAPITAL ADJUSTMENT ACCOUNT

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

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

2020/21 £'000	2021/22 £'000
157,295	155,940
Balance as at 1st April	
Reversal of items relating to capital expenditure debited or credited to the CIES:	
-6,739	-6,667
Charges for depreciation and impairment of non-current assets	
-5,528	-6,641
Revaluation losses on Property, Plant and Equipment	
-67	-44
Amortisation of intangible assets	
-178	342
Revaluation on Financial Instrument classed as capital	
-1,449	-4,928
Revenue expenditure funded from capital under statute	
-9,212	-3,188
Amounts of non-current assets written off on disposal or sale as part of the gain(-)/loss on disposal to the CIES	
-23,173	-21,126
Adjusting amounts written out of the Revaluation Reserve	
1,581	1,515
Adjusting amounts written out of the Revaluation Reserve	
-21,592	-19,611
Net written out amount of the cost of non-current assets consumed in the year	
Capital financing applied in the year:	
3,134	3,146
Use of Capital Receipts Reserve to finance new capital expenditure	
5,853	2,136
Use of Major Repairs Reserve to finance new capital expenditure	
2,689	6,713
Capital grants and contributions credited to the CIES that have been applied to capital financing	
259	642
Applications of grants to capital financing from the Capital Grant Unapplied Account	
0	102
Use of Capital Receipts for repayment of debt on Finance Lease	
4,570	3,883
Statutory provision for the financing of capital investment charged against the General Fund and HRA balances	
2,314	3,161
Capital expenditure charged against the General Fund and HRA balances	
18,819	19,783
1,418	1,574
Adjustment between Capital Adjustment Account and Revaluation Reserve for depreciation that relates to the revaluation balance rather than historic cost	
155,940	157,686
Balance at 31 March	

FINANCIAL INSTRUMENT ADJUSTMENT ACCOUNT

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

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

PENSIONS RESERVE

The Pensions Reserve absorbs the timing differences arising from the different arrangements for accounting for post employment benefits and for funding benefits in accordance with statutory provisions. The Council accounts for post employment benefits in the Comprehensive Income and Expenditure Statement as the benefits are earned by employees accruing years of service, updating the liabilities recognised to reflect inflation, changing assumptions and investment returns on any resources set aside to meet the costs. However, statutory arrangements require benefits earned to be financed as the Council makes employer's contributions to pension funds or eventually pays any pensions for which it is directly responsible. The debit balance on the reserve therefore shows a substantial shortfall in the benefits earned by past and current employees and the resources the Council has set aside to meet them. The statutory arrangements will ensure that funding will have been set aside by the time the benefits come to be paid.

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

CREMATORIUM PENSION RESERVE

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

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

DEFERRED CAPITAL RECEIPTS RESERVE

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

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

POOLED INVESTMENT FUNDS ADJUSTMENT ACCOUNT

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

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

COLLECTION FUND ADJUSTMENT ACCOUNT

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

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

ACCUMULATED ABSENCES ACCOUNT

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

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

35 CONTINGENT ASSETS AND LIABILITIES

There are no contingent assets or liabilities to disclose.

36 CASH FLOW STATEMENTS

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

2020/21 £'000		2021/22 £'000
402	Net Surplus or Deficit(-) on the Provision of Services	2,617
	Adjust net surplus or deficit on the provision of services for non-cash movements	
6,739	Depreciation of Property, Plant and Equipment	6,667
5,528	Impairment and downward valuations	6,640
67	Amortisation of Intangible Assets	44
178	Material impairment losses on Investments debited to surplus or deficit on the provision of services in year	-342
-231	Adjustment for movements in fair value of investments classified as Fair Value through Profit & Loss a/c	-722
-12	Increase/Decrease(-) in interest Creditors	22
3,575	Increase/Decrease(-) in Creditors	5,296
36	Increase(-)/Decrease in interest and dividend Debtors	-35
5,909	Increase(-)/Decrease in Debtors	-611
9	Increase(-)/Decrease in Inventories	-118
2,599	Pension Liability	5,508
89	Increase/Decrease(-) in Provisions	-294
9,212	Carrying amount of non-current assets and non-current Assets Held For Sale, sold or derecognised	3,188
0	Amounts posted from the Donated Assets Account (or direct donated assets in year)	-1,119
33,698	Total	24,124
	Adjust for items included in the net surplus or deficit on the provision of services that are investing or financing activities	
0	Proceeds from short-term (not considered to be cash equivalents) and long-term investments (includes investments in associates, joint ventures and subsidiaries)	0
-9,177	Capital Grants credited to surplus or deficit on the Provision of Services	-10,507
-3,271	Proceeds from the sale of Property Plant and Equipment, Investment Property and Intangible Assets	-2,458
-12,448	Total	-12,965
21,652	Net Cash Flows from Operating Activities	13,776

B Cash Flow Statement - Operating Activities

The cash flows for operating activities include the following items:

2020/21 £'000		2021/22 £'000
967	Interest received	840
-3,384	Interest paid	-3,636
-2,417	Total	-2,796

C Cash Flow Statement - Investing Activities

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

D Financing Activities

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

37 RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

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

38 JOINT CREMATORIUM COMMITTEE

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

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

2020/21		2021/22	
Total	NSDC	Total	NSDC
£'000	Share	£'000	Share
Comprehensive Income and Expenditure Statement			
-2,084	-119	-2,001	-128
1,288	73	1,472	94
-796	-46	-529	-34
728	42	813	52
-68	-4	284	18
24	1	31	2
-44	-3	315	20
499	28	-230	-14
455	25	85	6

2020/21		2021/22	
Total	NSDC	Total	NSDC
£'000	Share	£'000	Share
Balance Sheet			
2,043	240	1,914	231
2,043	240	1,914	231
504	42	329	31
1,651	190	1,709	194
2,155	232	2,038	225
-951	-84	-898	-81
-951	-84	-898	-81
-1,655	-161	-1,546	-154
-1,655	-161	-1,546	-154
1,592	227	1,508	221
Financed By:			
1,236	150	1,156	145
-1,687	-163	-1,562	-155
1,619	206	1,508	199
424	34	406	32
1,592	227	1,508	221

39 POST EMPLOYMENT BENEFITS

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

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

These transactions are as follows:-

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

Assets and liabilities in relation to retirement benefits

Reconciliation of present value of the scheme liabilities:

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

Reconciliation of fair value of the scheme assets:

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

Pension Assets and Liabilities Recognised in Balance Sheet

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

Basis for estimating assets and liabilities

Liabilities have been assessed on an actuarial basis using the projected unit method, an estimate of the pensions that will be payable in future years dependent on assumptions about mortality rates, salary levels etc. The scheme liabilities have been assessed by Barnett Waddingham LLP, an independent firm of actuaries, the estimates for the County Council Fund being based on the latest full valuation of the scheme as at 31st March 2019.

The principal assumptions used by the actuary have been:

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

The estimation of the defined benefit obligations is sensitive to the actuarial assumptions set out in the table above. The sensitivity analysis below has been determined based on reasonably possible changes of the assumptions occurring at the end of the reporting period and assumes for each change that the assumption analysed changes while all the other assumptions remain constant. The estimations in the sensitivity analysis have followed the accounting policies for the scheme.

<u>Impact on the defined benefit obligation</u>	Adjustment	Increase in assumption £'000	Decrease in assumption £'000
Discount Rate	+/- 0.1%	-4,158	4,245
Salary Increase	+/- 0.1%	369	-366
Pension Increase	+/- 0.1%	3,397	-3,772
Mortality Age	+/- 1 year	9,957	-9,489

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

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

Projected Pension Expense for the Year to 31 March 2023

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

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

Upfront pension payment

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

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

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

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

40 FINANCIAL INSTRUMENTS – RISK AND RISK MANAGEMENT

Disclosure of nature and extent of Risk arising from Financial Instruments

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

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

Overall Procedures for Managing Risk

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

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

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

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

Credit Risk: Treasury Investment

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

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

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

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

Credit Risk: Amounts arising from Expected Credit Losses

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

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

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

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

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

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

Credit Risk: Trade Receivables

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

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

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

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

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

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

Liquidity Risk

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

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

The maturity analysis of financial instruments is as follows:

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

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

Market Risk: Interest Rate Risk

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

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

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

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

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

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

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

Market Risk: Price Risk

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

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

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

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

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

41 FINANCIAL INSTRUMENTS – BALANCES

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

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

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

Note – Fair value has been measured by:

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

42 FINANCIAL INSTRUMENTS – GAINS/LOSSES

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

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

43 FINANCIAL INSTRUMENTS – FAIR VALUES

Basis for recurring fair value measurements:

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

Fair Value of Financial Assets

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

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

*Equity Shareholding in Arkwood Developments Ltd

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

History of Fair Value Movements of Financial Assets

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

Transfers between Levels of the Fair Value Hierarchy

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

Changes in the Valuation Technique

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

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

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

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

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

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

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

The fair values calculated are as follows:

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

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

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

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

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

HOUSING REVENUE ACCOUNT

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

2020/21 £'000	Note	2021/22 £'000
<u>Income</u>		
-22,189 Dwelling Rent		-22,682
-135 Garages		-122
-31 Shops		-22
-22,355 Gross Rental Income		-22,826
-976 Charges for Services and Facilities		-1,027
-1,017 Contributions towards Expenditure		-1,015
0 Other Income		0
-24,348 Total Income		-24,868
<u>Expenditure</u>		
7,390 Supervision and Management		5,680
2,352 Repairs and Maintenance		4,921
689 Rents, Rates, Taxes and Other Charges		567
105 Revenue Expenditure Funded by Capital		191
Depreciation of non current assets		
4,588 On dwellings		4,611
271 On other assets		306
0 Impairment of non current assets		0
Revaluation of non current assets		
3,286 On dwellings		5,505
-31 On other assets		31
12 Debt Management Expenses		13
18,662 Total Expenditure		21,825
44 HRA share of other amounts included in the whole authority net expenditure of continuing operations but not allocated to specific services		21
-5,642 Net Cost of HRA Services as included in the whole authority		-3,022
Comprehensive Income and Expenditure Statement		
428 (Gain)/Loss on sale of HRA non current assets		247
4,264 Interest Payable and Similar Charges		4,254
0 HRA Interest and Investment Income		-1
52 Loss Allowance		-259
-355 Capital grants and contributions		-1,741
-1,253 Surplus(-)/Deficit for the year on HRA Services		-522

MOVEMENT ON THE HOUSING REVENUE ACCOUNT STATEMENT

2020/21 £'000		2021/22 £'000
-6,756	HRA Balance brought forward	-7,461
-1,253	Surplus(-)/Deficit on the HRA Income and Expenditure Statement	-522
<u>Adjustments between Accounting Basis and Funding Basis under Regulations:</u>		
<u>Adjustments to the Revenue Resources</u>		
-1,029	Pensions costs (transferred to (or from) the Pensions Reserve)	-1,166
-10,347	Reversal of entries included in the Surplus or Deficit on the Provision of Services in relation to capital expenditure (these items are charged to Capital):	-10,834
<u>Adjustments between Revenue and Capital Resources</u>		
2,091	Transfer of non-current asset sale proceeds from revenue to the Capital Receipts Reserve	1,711
-35	Administrative costs of non-current asset disposals (funded by a contribution from the Capital Receipts Reserve)	-27
0	Capital expenditure funded by the Housing Revenue Account	79
9,868	Posting of HRA resources from revenue to the Major Repairs Reserve	10,926
548		689
-705	Increase(-)/Decrease in year in the HRA	167
-7,461	HRA Balance carried forward, including HRA Earmarked Reserves	-7,294

H1 HOUSING STOCK

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

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

H2 HOUSING REVENUE ACCOUNT ASSETS

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

2020/21 £'000	2021/22 £'000
291,092 Dwellings	323,710
8,872 Other Land and Buildings	84,785
0 Investment Properties	0
10,314 Assets Under Construction	10,185
0 Surplus Assets	0
87 Community Assets	119
325 Infrastructure Assets	331
2,050 Vehicle, Plant and Equipment	6,418
312,740 Total HRA Property, Plant and Equipment	425,548
547 Assets Held for Sale	4,312
313,287 Total HRA Assets on Balance Sheet	429,860

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

2020/21 £'000	2021/22 £'000
693,076 Dwellings	770,739
693,076 Total	770,739

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

H3 MOVEMENTS ON THE MAJOR REPAIRS RESERVE

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

H4 CAPITAL EXPENDITURE AND FINANCING

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

H5 CAPITAL RECEIPTS

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

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

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

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

H6 DEPRECIATION CHARGES

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

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

H7 REVENUE EXPENDITURE FUNDED FROM CAPITAL UNDER STATUTE

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

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

H8 IMPAIRMENT CHARGES

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

H9 RENT ARREARS

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

H10 CONTRIBUTIONS TOWARDS EXPENDITURE

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

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

COLLECTION FUND

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

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

C1 ACCOUNTING POLICIES

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

C2 INCOME FROM BUSINESS RATES

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

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

C3 COUNCIL TAX

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

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

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

GROUP ACCOUNTS

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

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

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

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

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

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

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

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

ACCOUNTING POLICIES

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

TAXATION

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

GROUP COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT

2020/21			2021/22			
Gross Expenditure £'000	Gross Income £'000	Net Expenditure £'000		Gross Expenditure £'000	Gross Income £'000	Net Expenditure £'000
14,426	-9,026	5,400	Economic Development	12,537	-9,032	3,505
3,326	-3,506	-180	Economic Development - RHH	2	0	2
3,744	-1,511	2,233	Homes and Communities	4,367	-1,959	2,408
7,760	-1,961	5,799	Leisure and Environment	8,168	-2,248	5,920
2,340	-1,195	1,145	Leisure and Environment - Active4today	5,470	-3,548	1,922
29,780	-22,755	7,025	Policy and Finance	29,456	-20,983	8,473
15,420	-24,348	-8,928	Housing Revenue Account	16,338	-24,868	-8,530
245	19	264	Housing - Arkwood	2,860	-3,386	-526
3,286	0	3,286	- Revaluation Movement on Council Dwellings	5,505	0	5,505
80,327	-64,283	16,044	Cost of Services	84,703	-66,024	18,679
13,735	-6,990	6,745	Other Operating Income and Expenditure Note G1	10,722	-5,762	4,960
5,419	-901	4,518	Financing and Investment Income and Expenditure Note G1	5,281	-1,010	4,271
0	-4	-4	Financing and Investment Income and Expenditure Note G1 - Arkwood	28	0	28
70	0	70	Financing and Investment Income and Expenditure Note G1 - A4T	134	0	134
39	0	39	Financing and Investment Income and Expenditure Note G1 - RHH	0	0	0
13,872	-39,055	-25,183	Taxation and Non Specific Grant Income Note G1	15,085	-43,581	-28,496
113,462	-111,233	2,229	Surplus (-) or Deficit on Provision of Services	115,953	-116,377	-424
0	0	0	Corporation Tax - A4T	0	0	0
-81	0	-81	Corporation Tax - Arkwood	80	0	80
21	0	21	Corporation Tax - RHH	0	0	
113,402	-111,233	2,169	Group Surplus(-)/Deficit	116,033	-116,377	-344
		-11,309	Surplus(-) or Deficit on Revaluation of Non Current Assets			-43,581
		20,415	Remeasurements of the Net Defined Benefit Liability (Asset)			-16,603
		2,416	Benefit Liability (Asset) - Active4today			-1,277
		11,522	Other Comprehensive Income and Expenditure			-61,461
		13,691	Total Comprehensive Income and Expenditure			-61,805

GROUP MOVEMENT IN RESERVES

Movement in reserves during 2021/22

	A4T Arkwood RHH Council				A4T Council									
	General Fund Balance	Earmarked Reserves	Earmarked Reserves	Earmarked Reserves	Earmarked General Fund Reserves	Housing Revenue Account	Housing Revenue Account Earmarked Reserves	Major Repairs Reserve	Capital Grants Unapplied	Capital Receipts Reserve	Total Usable Reserves	Unusable Reserves	Unusable Reserves	Total Reserves
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Balance at 31 March 2021	1,500	200	-345	90	35,839	2,000	5,461	11,688	8,737	4,041	69,211	-5,680	154,965	218,496
Total Comprehensive Income and Expenditure	1,753	0	0	0	0	522	0	0	0	0	2,275	1,277	60,182	63,734
Adjustment between Group Accounts and Authority accounts	0	-2,315	342	-1	0	0	0	0	45	0	-1,929	0	0	-1,929
Adjustment between accounting basis & funding basis under regulations	-2,749	2,446	0	0	0	-689	0	5,761	4,271	-1,131	7,909	-2,446	-5,463	0
Net Increase/Decrease(-) before Transfers to Earmarked Reserves	-996	131	342	-1	0	-167	0	5,761	4,316	-1,131	8,255	-1,169	54,719	61,805
Transfers to/from(-) Earmarked Reserves	996	0	0	0	-996	167	-167	0	0	0	0	0	0	0
Dividends Issued	0	0	0	-81	0	0	0	0	0	0	-81	0	0	-81
Increase/Decrease(-) in 2021/22	0	131	342	-82	-996	0	-167	5,761	4,316	-1,131	8,174	-1,169	54,719	61,724
Balance at 31 March 2022	1,500	331	-3	8	34,843	2,000	5,294	17,449	13,053	2,910	77,385	-6,849	209,684	280,220

Movement in reserves during 2020/21

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

GROUP BALANCE SHEET

31 March 2021 £'000	2021/22					Inter 31 March Comp Adj £'000	31 March 2022 £'000
	NSDC £'000	Active4 today £'000	Arkwood £'000	RHH £'000	£'000		
386,436 Property, Plant & Equipment	426,899	0	0	0	0	0	426,899
2,020 Heritage Assets	2,020	0	0	0	0	0	2,020
0 Investment Properties	0	0	0	0	0	0	0
312 Intangible Assets	328	0	0	0	0	0	328
6,934 Long Term Investments	16,653	0	0	0	-3,997	-3,997	12,656
48 Long Term Debtors	3,143	0	0	0	-3,113	-3,113	30
4,562 Long Term Finance Lease Debtor	4,455	0	0	0	0	0	4,455
400,312 TOTAL LONG TERM ASSETS	453,498	0	0	0	-7,110	-7,110	446,388
17,067 Short Term Investments	23,121	0	0	0	0	0	23,121
3,203 Inventories	412	3	7,817	0	-2,352	-2,352	5,880
19,499 Short Term Debtors	17,269	896	119	23	-1,057	-1,057	17,250
1,233 Assets Held For Sale	4,312	0	0	0	0	0	4,312
24,844 Cash and Cash Equivalentents	27,658	49	185	25	0	0	27,917
65,846 TOTAL CURRENT ASSETS	72,772	948	8,121	48	-3,409	-3,409	78,480
-10,591 Short Term Borrowings	-10,900	0	0	0	110	110	-10,790
-26,423 Short Term Creditors	-27,534	-618	-1,011	-39	947	947	-28,255
-229 Provisions Short Term	-8	0	0	0	0	0	-8
-2,281 Grants Receipts in Advance	-12,197	0	0	0	0	0	-12,197
-39,524 TOTAL CURRENT LIABILITIES	-50,639	-618	-1,011	-39	1,057	1,057	-51,250
-8,567 Long Term Creditors	0	0	-3,113	0	3,113	3,113	0
-1,538 Provisions Long Term	-1,464	0	0	0	0	0	-1,464
-5,374 Long Term Finance Lease	-5,233	0	0	0	0	0	-5,233
-85,001 Long Term Borrowing	-86,972	0	0	0	0	0	-86,972
-100,926 Pensions Liability	-84,899	-6,849	0	0	0	0	-91,748
-6,732 Grants Receipts in Advance	-7,981	0	0	0	0	0	-7,981
-208,138 TOTAL LONG TERM LIABILITIES	-186,549	-6,849	-3,113	0	3,113	3,113	-193,398
218,496 TOTAL NET ASSETS	289,082	-6,519	3,997	9	-6,349	-6,349	280,220
69,211 Usable Reserves	77,049	330	3,997	9	-4,000	-4,000	77,385
149,285 Unusable Reserves	212,033	-6,849	0	0	-2,349	-2,349	202,835
218,496 TOTAL RESERVES	289,082	-6,519	3,997	9	-6,349	-6,349	280,220

GROUP CASH FLOW STATEMENT

2020/21 £'000	NSDC	Active4 today	Arkwood	RHH	Inter 31 Comp Adj	March 2022
	£'000	£'000	£'000	£'000	£'000	£'000
-2,169 Net Surplus/Deficit(-) on the Provision of Services	2,617	-2,316	342	-2	-297	344
29,279 Adjustment to Surplus or Deficit on the Provision of Services for Non-Cash Movements	24,124	2,348	-2,469	93	-294	23,802
-10,274 Adjust for Item Included in the Net Surplus or Deficit on the Provision of Services that are Investing and Financing Activities	-12,965	0	0	-80	342	-12,703
16,836 Net Cash Flows from Operating Activities	13,776	32	-2,127	11	-249	11,443
-19,853 Investing Activities	-8,900	0	0		761	-8,139
460 Financing Activities	-479	0	761		-512	-230
-2,557 Net Increase or Decrease(-) in Cash and Cash Equivalents	4,397	32	-1,366	11	0	3,074
27,401 Cash and Cash Equivalents at the Beginning of the Reporting Period	23,261	18	1,551	13	0	24,843
24,844 Cash and Cash Equivalents at the End of the Reporting Period	27,658	50	185	24	0	27,917

GROUP ACCOUNT NOTES

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

G1 INTER COMPANY TRANSACTIONS

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

Group Comprehensive Income and Expenditure	NSDC £'000	Active4 Arkwood today £'000	RHH £'000	Inter Comp Adj £'000	2021/22 Group £'000	
Economic Development	3,492	0	0	0	13	3,505
Economic Development - RHH	0	0	0	2	0	2
Homes and Communities	2,174	0	0	0	234	2,408
Leisure and Environment	5,941	0	0	0	-21	5,920
Leisure and Environment - Active4today	0	2,181	0	0	-259	1,922
Policy and Finance	8,375	0	0	0	98	8,473
Housing Revenue Account	-8,527	0	0	0	-3	-8,530
Housing - Arkwood	0	0	-450	0	-76	-526
- Revaluation Movement on Council Dwellings	5,505	0	0	0	0	5,505
Cost of Services	16,960	2,181	-450	2	-14	18,679
Other Operating Income and Expenditure	4,960	0	0	0	0	4,960
Financing and Investment Income and Expenditure	4,257	0	0	0	14	4,271
Financing and Investment Income and Expenditure - Arkwood	0	0	28	0	0	28
Interest payable and similar charges - A4T	0	134	0	0	0	134
Interest payable and similar charges - RHH	0	0	0	0	0	0
Taxation and Non Specific Grant Income	-28,496	0	0	0	0	-28,496
Corporation Tax - A4T	0	0	0	0	0	0
Corporation Tax - Arkwood	0	0	80	0	0	80
Group Surplus(-)/Deficit	-2,319	2,315	-342	2	0	-344

G2 GROUP EXPENDITURE AND FUNDING ANALYSIS

2020/21			2021/22		
Net Expenditure Chargeable to the General Fund and HRA Balances £'000	Adjustment between the Funding and Accounting Basis £'000	Net Expenditure in the Comprehensive Income and Expenditure Statement £'000	Net Expenditure Chargeable to the General Fund and HRA Balances £'000	Adjustment between the Funding and Accounting Basis £'000	Net Expenditure in the Comprehensive Income and Expenditure Statement £'000
2,234	3,166	5,400	-1,489	4,994	3,505
-180	0	-180	2	0	2
1,791	442	2,233	1,882	526	2,408
3,440	2,359	5,799	7,229	-1,309	5,920
1,103	42	1,145	-391	2,313	1,922
5,601	1,424	7,025	5,507	2,966	8,473
-14,533	8,891	-5,642	-14,435	11,410	-3,025
264	0	264	-526	0	-526
-280	16,324	16,044	-2,221	20,900	18,679
-11,919	-2,001	-13,920	2,805	-22,070	-19,265
-4	0	-4	28	0	28
0	70	70	0	134	134
39	0	39	0	0	0
-81	0	-81	80	0	80
21	0	21	0	0	0
-12,224	14,393	2,169	692	-1,036	-344
General Fund & Earmarked Reserve £'000	HRA & Earmarked Reserve £'000	Total £'000	General Fund & Earmarked Reserve £'000	HRA & Earmarked Reserve £'000	Total £'000
-25,764	-6,756	-32,520	-37,284	-7,461	-44,745
-11,520	-705	-12,225	525	167	692
0	0	0	80	0	80
-37,284	-7,461	-44,745	-36,679	-7,294	-44,053
-1,500	-2,000	-3,500	-1,500	-2,000	-3,500
-35,784	-5,461	-41,245	-35,179	-5,294	-40,473
-37,284	-7,461	-44,745	-36,679	-7,294	-43,973

G3 NOTE TO THE EXPENDITURE AND FUNDING ANALYSIS

Adjustments between Funding and Accounting Basis 2021/22

Adjustments from General Fund to arrive at the Comprehensive Income and Expenditure Statement amounts	Adjustment for Capital Purposes (Note 1) £'000	Net change for the Pensions Adjustment (Note 2) £'000	Other Differences (Note 3) £'000	Total Adjustments £'000
Economic Development	4,456	538	0	4,994
Homes and Communities	162	364	0	526
Leisure and Environment	-2,147	838	0	-1,309
Leisure - Active4today	0	2,313	0	2,313
Policy and Finance	1,859	1,107	0	2,966
Housing Revenue Account	10,645	765	0	11,410
Housing - Arkwood	0	0	0	0
Net Cost of Services	14,975	5,925	0	20,900
Other income and expenditure from the Expenditure and Funding Analysis	-22,135	1,897	-1,832	-22,070
Other Income and Expenditure	0	134	0	134
Difference between General Fund surplus or deficit and Comprehensive Income and Expenditure Statement Surplus or Deficit on the Provision of Services	-7,160	7,956	-1,832	-1,036

Adjustments between Funding and Accounting Basis 2020/21

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

Note 1 Adjustments for Capital Purposes

Adjustments for capital purposes – this column adds in depreciation and impairment and revaluation gains and losses in the services line, and for:

- Other operating expenditure – adjustments for capital disposals with a transfer of income on disposal of assets and the amounts written off for those assets.
- Financing and investment income and expenditure – the statutory charges for capital financing ie Minimum Revenue Provision and other revenue contributions are deducted from other income and expenditure as these are not chargeable under generally accepted accounting practices.
- Taxation and non-specific grant income and expenditure – capital grants are adjusted for income not chargeable under generally accepted accounting practices. Revenue grants are adjusted from those receivable in the year to those receivable without conditions or for which conditions were satisfied throughout the year. The Taxation and Non Specific Grant Income and Expenditure line is credited with capital grants receivable in the year without conditions or for which conditions were satisfied in the year.

Note 2 Net Change for the Pensions Adjustments

Net change for the removal of pension contributions and the addition of IAS 19 Employee Benefits pension related expenditure and income:

- For services this represents the removal of the employer pension contributions made by the Council as allowed by statute and the replacement with current service costs and past service
- For Financing and investment income and expenditure – the net interest on the defined benefit liability is charged to the CIES.

Note 3 Other Differences

Other differences between amounts debited/credited to the Comprehensive Income and Expenditure Statement and amounts payable/receivable to be recognised under statute:

- For Financing and investment income and expenditure the other differences column recognises adjustments to the General Fund for the timing differences for premiums and discounts.
- The charge under Taxation and non-specific grant income and expenditure represents the difference between what is chargeable under statutory regulations for council tax and NDR that was projected to be received at the start of the year and the income recognised under generally accepted accounting practices in the Code. This is a timing difference as any difference will be brought forward in future Surpluses or Deficits on the Collection Fund.

G4 EXPENDITURE AND INCOME ANALYSED BY NATURE

Expenditure/Income 2021/22	Economic Development	Homes and Communities	Leisure and Environment	Policy and Finance	Housing Revenue Account	Corporate Amounts	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Fees, Charges and Other Service Income	-4,528	-1,034	-5,853	-2,012	-28,235	0	-41,662
Income on Joint Associates	0	0	0	0	0	-128	-128
Interest and Investment Income	0	0	0	0	0	-1,024	-1,024
Income from Council Tax	0	0	0	0	0	-10,615	-10,615
Income from Non Domestic Rates	0	0	0	0	0	-19,610	-19,610
Housing Benefit Subsidy Rent Allowance	0	0	0	-9,685	0	0	-9,685
Housing Benefit Subsidy Rent Rebates	0	0	0	-8,539	0	0	-8,539
Government Grants and Contributions	-4,520	-1,160	-9	-886	-19	-13,356	-19,950
Disposal of Assets	0	0	0	0	0	-5,634	-5,634
Adjustment for Group Transactions	16	235	66	139	0	14	470
Total Income	-9,032	-1,959	-5,796	-20,983	-28,254	-50,353	-116,377
Employee Expenses	3,454	2,386	5,410	7,047	4,963	0	23,260
Other Service Expenses	8,417	2,044	8,159	2,280	9,352	-101	30,151
Housing Benefit Rent Allowance	0	0	0	9,729	0	0	9,729
Housing Benefit Rent Rebates	0	0	0	8,585	0	0	8,585
Expenditure on Joint Associates	0	0	0	0	0	148	148
Support Service Recharges	0	0	0	0	0	2,376	2,376
Depreciation, Amortisation and Impairment	671	-62	416	1,855	10,453	0	13,333
Changes in Fair Value	0	0	0	0	0	-722	-722
Interest Payments	0	0	0	0	13	6,163	6,176
Non Domestic Rates Tariff & Deficit	0	0	0	0	0	12,709	12,709
Precepts and Levies	0	0	0	0	0	3,871	3,871
Payments to Housing Capital Receipts Pool	0	0	0	0	0	443	443
Disposal of Assets	0	0	0	0	0	6,364	6,364
Corporation Tax	0	0	0	0	0	80	80
Adjustment for Group Transactions	-3	-1	-347	-40	-78	-1	-470
Total Operating Expenses	12,539	4,367	13,638	29,456	24,703	31,330	116,033
Surplus(-)/Deficit on Provision of Services	3,507	2,408	7,842	8,473	-3,551	-19,023	-344

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

G5 INVENTORIES

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

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

G6 SHORT TERM DEBTORS

The amounts due to the Group were:-

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

G7 SHORT TERM CREDITORS

The amounts owed by the Group were:-

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

G8 CASH AND CASH EQUIVALENTS

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

G9 PENSIONS

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

2020/21 £'000	Active4				2021/22 £'000
	NSDC £'000	today £'000	Arkwood £'000	RHH £'000	
74,641 Deficit at 1 April	95,246	5,680	0	0	100,926
<i>Cost of Service</i>					
6,712 Current Service Cost	6,951	626	0	0	7,577
<i>Financing and Investment Income and Expenditure</i>					
1,699 Net Interest Expense	1,829	134	0	0	1,963
49 Admin Expense	64	2	0	0	66
204 Past Service Cost	90	0	0	0	90
22,831 Remeasurement of net defined benefit liability	-16,602	-1,277	0	0	-17,879
0 Gain/(loss) from settlements	0	2,046	0	0	2,046
-5,210 Employer Contributions	-2,679	-361	0	0	-3,040
100,926 Deficit at 31 March	84,899	6,850	0	0	91,749

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

2020/21 £'000	NSDC £'000	Active4 today £'000	Arkwood £'000	RHH £'000	2021/22 £'000
-2,169	2,320	-2,316	342	-2	344
Net Surplus or Deficit(-) on the Provision of Services					
Adjust net surplus or deficit on the provision of services for non-cash movements					
6,739	6,667	0	0	0	6,667
Depreciation of Property, Plant and Equipment					
5,528	6,641	0	0	0	6,641
Impairment and downward valuations					
67	44	0	0	0	44
Amortisation of Intangible Assets					
7,210	5,318	313	116	-3,514	2,233
Increase/Decrease(-) in Creditors					
10	10	0	0	0	10
Increase(-)/Decrease in interest Debtors					
3,771	-700	-660	-29	3,606	2,217
Increase(-)/Decrease in Debtors					
-6,005	-118	-2	-2,557	0	-2,677
Increase(-)/Decrease in Inventories					
2,711	5,509	2,447	0	0	7,956
Pension Liability					
9,212	3,188	0	0	0	3,188
Carrying amount of non-current assets, sold or derecognised					
36	-2,477	0	0	0	-2,477
Other non-cash items charged to the net surplus or deficit on the provision of services					
29,279	24,082	2,098	-2,470	92	23,802
Adjust for items included in the net surplus or deficit on the provision of services that are investing or financing activities					
-178	342	0	0	0	342
Proceeds from short-term (not considered to be cash equivalents) and long-term investments (includes investments in joint ventures and subsidiaries)					
-3,270	-10,506	0	0	0	-10,506
Capital Grants credited to surplus or deficit on the Provision of Services					
-6,826	-2,458	0	0	-81	-2,539
Proceeds from the sale of non-current assets					
-10,274	-12,622	0	0	-81	-12,703
16,836	13,780	-218	-2,128	9	11,443
Net Cash Flows from Operating Activities					

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

GLOSSARY OF TERMS

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

ACCOUNTING POLICIES

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

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

Accounting policies do not include estimation techniques.

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

ACCRUALS

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

ADMINISTRATIVE BUILDINGS

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

AMORTISATION

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

ARMS LENGTH MANAGEMENT COMPANY

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

BALANCES

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

BALANCE SHEET

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

BILLING AUTHORITIES

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

CAPITAL ADJUSTMENT ACCOUNT

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

CAPITAL CHARGES

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

CAPITAL EXPENDITURE

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

CAPITAL PROGRAMME

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

CAPITAL RECEIPTS

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

CHARTERED INSTITUTE OF PUBLIC FINANCE AND ACCOUNTANCY (CIPFA)

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

COLLECTION FUND

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

COMMUNITY ASSETS

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

CONTINGENT LIABILITIES

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

COUNCIL TAX

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

COUNCIL TAX BASE

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

CURRENT EXPENDITURE

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

DEFERRED CAPITAL RECEIPTS

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

DEFERRED CREDITORS

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

DEPRECIATION

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

EARMARKED RESERVES

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

EMOLUMENTS

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

EXTERNAL AUDIT

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

FEES AND CHARGES

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

FINANCE LEASE

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

FINANCIAL INSTRUMENT

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

FINANCIAL INSTRUMENT ADJUSTMENT ACCOUNT

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

FINANCIAL REPORTING STANDARD (FRS)

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

FINANCIAL YEAR

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

GAAP

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

GENERAL FUND

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

GROSS EXPENDITURE

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

HERITAGE ASSETS

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

HOUSING BENEFIT

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

HOUSING REVENUE ACCOUNT

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

IMPAIRMENT

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

INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS)

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

INFRASTRUCTURE ASSETS

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

INTERNAL AUDIT

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

INVESTMENTS

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

LONG TERM DEBTORS

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

MINIMUM REVENUE PROVISION (MRP)

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

NON DOMESTIC RATE (NDR)

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

NET EXPENDITURE

Gross expenditure less gross income.

NON-OPERATIONAL ASSET

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

OPERATIONAL ASSET

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

OPERATIONAL LEASE

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

PENSION FUND

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

PRECEPT

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

PRECEPTING AUTHORITIES

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

PROVISIONS

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

PUBLIC WORK LOANS BOARD (PWLB)

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

RELATED PARTIES

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

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

Examples of related parties of an Council include:

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

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

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

REVALUATION RESERVE

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

REVENUE EXPENDITURE FUNDED FROM CAPITAL UNDER STATUTE

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

REVENUE SUPPORT GRANT (RSG)

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

SOFT LOANS

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

STATEMENT OF ACCOUNTS

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

STATEMENT OF RECOMMENDED PRACTICE (CODE)

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

TOTAL COST

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

TRADING SERVICES

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

USABLE CAPITAL RECEIPTS

Amounts available to finance capital expenditure in future years.

USABLE RESERVES

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

UNUSABLE RESERVES

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

NEWARK AND SHERWOOD DISTRICT COUNCIL

ANNUAL GOVERNANCE STATEMENT

1 Scope of responsibility

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

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

2 The purpose of the governance framework

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

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

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

3 The governance framework

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

4 Review of effectiveness

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

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

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

Overview and Scrutiny - During 2021/22 the overview & scrutiny function was undertaken through Committees with overview & scrutiny principles being embedded in the remits of the Policy and Finance Committee and the three functional committees as well as the Audit and 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 from May 2022 the Council has adopted a new system of Governance. This new system of Governance is based on Executive arrangements (the Cabinet system) and is in place from 17th May 2022. This new system of governance will comprise of:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

5 Future impacts on the Medium Term Financial Plan

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

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

6 Governance Actions

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

Significant governance issue

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

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

Conclusion

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

Signed

J. Robinson

D. Lloyd

Chief Executive

Leader of the Council



Report to: Audit & Governance Committee Meeting - 27 July 2022

Director Lead: Sanjiv Kohli, Deputy Chief Executive/Director of Resources (S151 Officer)

Lead Officer: Nick Wilson, Business Manager – Financial Services
Ext 5317

Report Summary	
Report Title	Annual External Audit Strategy Memorandum 2021/22
Purpose of Report	To present the External Audit Strategy Memorandum for the 2021/22 Statement of Accounts work.
Recommendations	Members note the External Audit Strategy Memorandum
Reason for Recommendation	To provide Members with details of External Audits work in relation to the Council's Statement of Accounts for 2021/22.

1.0 Introduction

- 1.1 The External Audit Strategy Memorandum (Appendix A) sets out the proposed work of the Council's external auditors for 2021/22, relating to the audit of the financial statements and the commentary on the Council's Value for Money arrangements.
- 1.2 The strategy describes the audit approach, the key financial statement audit risks and the Value for Money audit approach. It details the audit team, the deliverables from the work, the timeline and the proposed audit fee.

3.0 Implications

None.

Background Papers and Published Documents

None.



Report to: Audit & Governance Committee Meeting - 27 July 2022

Director Lead: Sanjiv Kohli, Deputy Chief Executive/Director of Resources (S151 Officer)

Lead Officer: Nick Wilson, Business Manager – Financial Services
Ext 5317

Report Summary	
Report Title	Fraud Risk Assessment
Purpose of Report	To inform Members of the update of the Fraud Risk Register undertaken during April 2022.
Recommendations	Members note the content of the report.
Reason for Recommendation	To promote a strong counter-fraud culture, it is important that Members are aware of the Council’s fraud risks and the controls in place to mitigate them.

1.0 Background

- 1.1 A fraud risk assessment was first undertaken in June 2014 and a fraud risk register produced and presented to the Audit and Accounts Committee.
- 1.2 The fraud risks are reassessed annually and the register updated. The amended Fraud Risk Register as at April 2022 is attached at Appendix A.

2.0 Work Undertaken

- 2.1 All of the existing risks have had an in depth review by the Business Manager – Financial Services, Gillian Martin (Principal Investigator Assurance Lincolnshire) and the risk owner. These were all considered as to whether there are new fraud types within the risk and whether the controls reflected the current environment.
- 2.2 The risk scores were then reviewed to determine whether the impact or likelihood of any of the frauds occurring has changed since the last review.

- 2.3 The final part of the exercise was to consider whether any further actions were appropriate which would lead to further controls being in place. These further actions are measurable and were given a timeframe for completion.

3.0 Results

- 3.1 There are 22 areas of the Council that are deemed to have a fraud risk. The type of risk is dependent on the service. Based on the existing controls, of those risks, seven are currently considered to be medium risk (amber) and fifteen are low risk (green).

- 3.2 During the assessment process, it was felt that three of the risk scores needed to change from the assessment carried out during February 2021. The three that changed were:

Bank Fraud – the controls that are in place mitigate the current risk hence it is felt this is now at its target risk score.

Electoral Fraud (Registration) – As all controls have been put in place, and no further actions have been identified, it is felt that this is now at its target risk score.

Employment Fraud (Recruitment) – It was felt that as there were further actions identified to be completed, and with the impact of the cost of living increases (which could mean officers take second jobs which they don't declare) the likelihood of this risk occurring may increase.

- 3.3 Further actions have been identified, some which are specific to the risk itself, whereas there are some actions which are holistic and overarch a number of the fraud risks. The details of all of the actions together with completion by dates are included within the appendix.

- 3.4 Thirteen of the risks have achieved their target score. For the nine that are still above the target score, there are actions in place to mitigate further.

- 3.5 The Fraud Risk Register will be updated and reported to the Committee annually. The risks, controls, current risk scores and target scores, and further actions, will be added to the Pentana system to ensure regular monitoring is undertaken. Progress on implementing further actions will be reported in the bi-annual Counter-Fraud activity report to the Committee.

4.0 Equalities Implications

None.

5.0 Financial Implications (FIN22-23/4959)

- 5.1 The further actions detailed in the Fraud Risk Register can be achieved without impacting on current Council budgets. Fraud, if it occurs, could be a serious drain on the Council's resources.

Background Papers and Published Documents

None.

NEWARK AND SHERWOOD DISTRICT COUNCIL – FRAUD RISK ASSESSMENT (APRIL 2022)

LIKELIHOOD	4 Almost certain					Occurs several times per year – it will happen
	3 Probable	Employment Fraud : Payment	Housing Benefit Council Tax Support Council Tax Procurement Fraud : Contracts & Payments NDR			It has happened before – and could happen again
	2 Possible	Insurance Fraud Employment Fraud : Recruitment Council Assets (fraudulent use)	Assets : Land and Property Economic & Third Sector fraud Assets : Equipment Development Management Housing Fraud	Cyber Fraud		It may happen but it would be unusual
	1 Hardly ever	Money Laundering Electoral Fraud–Registration Bank Fraud	Electoral Fraud– Elections Credit Income & Refunds	Investment Fraud		Never heard of it occurring – we cannot imagine it occurring
		1 Negligible	2 Minor	3 Major	4 Critical	
	IMPACT					

NEWARK AND SHERWOOD DISTRICT COUNCIL – FRAUD RISK ASSESSMENT (APRIL 2022)

FRAUD RISK	HOUSING BENEFIT FRAUD			
Risk Owner	Business Manager – Revenues and Benefits			
FRAUD TYPES	<ul style="list-style-type: none"> • False applications • False documents • Failing to notify change 			
CONTROLS	<ul style="list-style-type: none"> • Annual participation in National Fraud Initiative alongside real time information reviews that are prioritised daily with information received from DWP and HMRC • Fraud referral process in place with DWP Fraud and Error Service • Ad hoc communication to social landlords on housing benefit matters • Payment of benefit procedures completed as per the Financial Regulations • Experienced benefits staff in place • Combined database with revenues • Annual subscription to National Anti-Fraud Network allows intelligence gathering • DWP led review individual cases to ensure accuracy of award • Whistleblowing Policy in place • Counter-fraud page on website detailing how public can report fraud • Council Tax and Housing teams sharing intelligence to identify potential fraud • Audit of the Subsidy claim whereby individual cases are reviewed - completed by External Audit • Verification of National Insurance number, proof of employment, residence, financial standing and dependents within the household prior to award • Training on Housing Benefits processes to the Housing Management Business Unit • Review website for communications and publicity 			
AGREED ACTIONS	<ul style="list-style-type: none"> • Refresh Housing Benefit Anti-Fraud Strategy by September 2022 • Refresh training session for Benefits staff on counter fraud by September 2022 • Corporate fraud campaign developed by March 2023 • Whistleblowing policy to be updated by September 2022 • Housing Benefit Matching Service Accuracy Initiative to be implemented with DWP by May 2022 			
CURRENT RISK SCORE	AMBER			
TARGET RISK SCORE	GREEN			
TARGET RISK		CURRENT RISK		
		X		

NEWARK AND SHERWOOD DISTRICT COUNCIL – FRAUD RISK ASSESSMENT (APRIL 2022)

X							

NEWARK AND SHERWOOD DISTRICT COUNCIL – FRAUD RISK ASSESSMENT (APRIL 2022)

FRAUD RISK	COUNCIL TAX SUPPORT SCHEME		
Risk Owner	Business Manager – Revenues and Benefits		
FRAUD TYPES	<ul style="list-style-type: none"> • False applications • Failure to notify change in circumstances 		
CONTROLS	<ul style="list-style-type: none"> • Anti-Fraud & Corruption Strategy in place and updated February 2021 • Annually approved Council Tax Support policy last updated January 2022 • Counter-fraud page on website detailing how public can report fraud • Annual participation in National Fraud Initiative alongside real time information reviews that are prioritised daily with information received from DWP and HMRC • Council Tax and Housing share intelligence and identify potential fraud opportunities • Verification of National Insurance number, proof of employment, residence, financial standing and dependents within the household • Experienced benefits staff in place • Annual subscription to National Anti-Fraud Network allows intelligence gathering • Annual participation in National Fraud Initiative alongside real time information reviews daily with information received from DWP and HMRC • Annual Single Person Discount review which will potentially identify fraud or error 		
AGREED ACTIONS	<ul style="list-style-type: none"> • Corporate fraud campaign developed by March 2023 • Whistleblowing policy to be updated by September 2022 		
CURRENT RISK SCORE	AMBER		
TARGET RISK SCORE	GREEN		
TARGET RISK		CURRENT RISK	
	X		

NEWARK AND SHERWOOD DISTRICT COUNCIL – FRAUD RISK ASSESSMENT (APRIL 2022)

FRAUD RISK	COUNCIL TAX FRAUD		
Risk Owner	Business Manager – Revenues and Benefits		
FRAUD TYPES	<ul style="list-style-type: none"> • Single person discount • Avoidance of liability through any other fraudulent claim for council tax discount or exemption • New properties not on the list: <ul style="list-style-type: none"> ○ built without planning permission ○ No notification of properties built and occupied or built and substantially complete 		
CONTROLS	<ul style="list-style-type: none"> • Anti-Fraud & Corruption Strategy updated February 2021 • National Fraud Initiative – data matching. The expanded data matching review is completed every two years • Liaising with the university – access to student lists & annual review of students continued attendance on course • Due diligence completed on every application received • Review planning data in respect of new developments • Visual inspection in respect of new or altered properties • Counter-fraud page on website detailing how public can report fraud • Closer working – Council Tax and Housing to share intelligence and identify potential fraud opportunities • All s13A exemptions and discounts for appropriateness and continued eligibility 		
AGREED ACTIONS	<ul style="list-style-type: none"> • Corporate fraud campaign developed by March 2023 • Whistleblowing policy to be updated by September 2022 		
CURRENT RISK SCORE	AMBER		
TARGET RISK SCORE	GREEN		
TARGET RISK		CURRENT RISK	
	X		

NEWARK AND SHERWOOD DISTRICT COUNCIL – FRAUD RISK ASSESSMENT (APRIL 2022)

FRAUD RISK	NNDR FRAUD		
Risk Owner	Business Manager – Revenues and Benefits		
FRAUD TYPES	<ul style="list-style-type: none"> • Failure to declare occupation • Companies going into liquidation then setting up as new companies • Avoidance of liability through fraudulent claim for discount or exemption • Empty rate avoidance • New properties not on the list: <ul style="list-style-type: none"> ○ built without planning permission ○ No notification of properties built and occupied or built and substantially complete 		
CONTROLS	<ul style="list-style-type: none"> • Anti-Fraud & Corruption Strategy updated February 2021 • Ensure liable business identified for each assessment on the list • Information sharing with Asset Management and Sundry Debt teams • Inspections of occupied and unoccupied properties • Public complaints • Promptly report new premises to valuation office • Supporting evidence requested during changes in occupation • Counter-fraud page on website detailing how public can report fraud • Use of Analyse Local to review and identify potential undeclared alterations and new properties • Shared inspection resource – NDR along with other Notts Districts employ shared resource to check empty properties, quality assurance for existing properties and identify new and additional properties 		
AGREED ACTIONS	<ul style="list-style-type: none"> • Proactive NNDR review - Use analytical approach to target main business rate payers in line with best practice by March 2023 • Whistleblowing policy to be updated by September 2022 • Corporate fraud campaign developed by March 2023 • Gifts and Hospitality to be updated and approved by November 2022 		
CURRENT RISK SCORE	AMBER		
TARGET RISK SCORE	GREEN		
TARGET RISK		CURRENT RISK	
		X	
	X		

NEWARK AND SHERWOOD DISTRICT COUNCIL – FRAUD RISK ASSESSMENT (APRIL 2022)

FRAUD RISK	PROCUREMENT & CONTRACT FRAUD (CONTRACTS)																																			
Risk Owner	Business Manager – Financial Services																																			
FRAUD TYPES	<ul style="list-style-type: none"> • Bid rigging & cartels – including cover pricing • Bribery of officers or Members involved in contract award • Collusion between officers and contractors involved in tendering • Violation of procedures • Manipulation of accounts • Failure to supply • Failure to supply to contractual standard • Inflating performance information to attract greater payments 																																			
CONTROLS	<ul style="list-style-type: none"> • External Procurement Team independent to the Council assists with procurements • Contract procedure rules updated May 2022 • Financial Regulations updated May 2022 • Contract management toolkit in place • Equifax check on proposed companies to be contracted with • Evaluation teams for award of contracts - individual scoring • Code of Conduct in place • Electronic tender system used for receipt of tenders • Anti-Fraud & Corruption Strategy updated February 2021 • Contract management training • Counter-fraud page on website detailing how public can report fraud • Counter Fraud section on intranet • Annual refresher training on procurement • Procurement guidance on Contract Management on intranet • Housing capital expenditure is now channelled through the Council's e-tendering platform • Spot checks on CPR compliance • All staff received fraud awareness e-learning during 2021, this is now included in the introduction pack and a cyclical requirement • Review of actual invoice payments through the budget monitoring process • Annual review of contract management performance of a selection of key contracts 																																			
AGREED ACTIONS	<ul style="list-style-type: none"> • Whistleblowing policy to be updated by September 2022 • Gifts and Hospitality policy to be updated and approved by November 2022 																																			
CURRENT RISK SCORE	AMBER																																			
TARGET RISK SCORE	GREEN																																			
TARGET RISK		CURRENT RISK																																		
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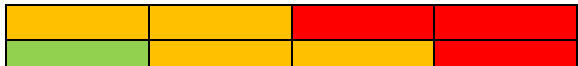
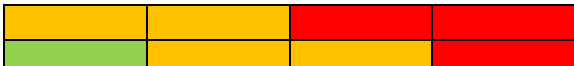
NEWARK AND SHERWOOD DISTRICT COUNCIL – FRAUD RISK ASSESSMENT (APRIL 2022)

FRAUD RISK	PROCUREMENT AND CONTRACT FRAUD (PAYMENTS)			
Risk Owner	Business Manager – Financial Services			
FRAUD TYPES	<ul style="list-style-type: none"> • Credit cards & procurement cards • False invoices & claims • Duplicate payments (false submission) • Senior executive fraud • BACS fraud - fraudulent change of bank details • Mandate fraud • Claiming petty cash for personal items • Records or methods of payment 			
CONTROLS	<ul style="list-style-type: none"> • Financial Regulations updated May 2022 • Anti-Fraud & Corruption Strategy updated February 2021 • Bi-annual review of Accounts Payable through the National Fraud Initiative • Authorisation of orders by authorised officer separate to that requesting the order to be raised • Check/approval on changes to creditor details (to prevent mandate fraud) • Review of actual invoice payments through the budget monitoring process • All procurement cards are owned by an individual officer and details of the card are kept private • All spend over £500 published on the Councils website as part of the Governments Transparency agenda • Counter-fraud page on website detailing how public can report fraud • Counter Fraud section on intranet • Annual Financial Regulations training for all appropriate staff 			
AGREED ACTIONS	<ul style="list-style-type: none"> • Whistleblowing policy to be updated by September 2022 			
CURRENT RISK SCORE	AMBER			
TARGET RISK SCORE	GREEN			
	TARGET RISK		CURRENT RISK	
		X		

NEWARK AND SHERWOOD DISTRICT COUNCIL – FRAUD RISK ASSESSMENT (APRIL 2022)

FRAUD RISK	INVESTMENT FRAUD																																		
Risk Owner	Business Manager – Financial Services																																		
FRAUD TYPES	<ul style="list-style-type: none"> • Fraudulent misappropriation of assets • Loss through breach of procedures • False instruments 																																		
CONTROLS	<ul style="list-style-type: none"> • Annually approved Treasury Management Strategy • Role profiles within the banking system set to ensure separation of duties between those creating the investment and those authorising the investment • Where transaction is greater than £50,000 two authorisers must release the payment • Treasury Management advisers review of current portfolio together with instant communication on counterparty rating changes and review of potential new investment counterparties • Financial Regulations updated May 2022 • Anti-Fraud & Corruption Strategy updated February 2021 • Monthly reconciliations of investment transactions to third party statements • All staff received fraud awareness e-learning during 2021, this is now included in the introduction pack and a cyclical requirement 																																		
ACTIONS	<ul style="list-style-type: none"> • Whistleblowing policy to be updated by September 2022 • Gifts and Hospitality policy to be updated and approved by November 2022 																																		
CURRENT RISK SCORE	GREEN																																		
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NEWARK AND SHERWOOD DISTRICT COUNCIL – FRAUD RISK ASSESSMENT (APRIL 2022)

FRAUD RISK	ASSETS (LAND AND PROPERTY)				
	<ul style="list-style-type: none"> • Business Manager – Corporate Property • Director – Housing, Health and Wellbeing • Business Manager - Strategic Housing • Business Manager – Financial Services 				
FRAUD TYPES	<ul style="list-style-type: none"> • Selling asset for less than market value • Collusion between staff and purchaser – may include provision of insider knowledge (e.g. planning, leases & covenants) • Rental Income Management 				
CONTROLS	<ul style="list-style-type: none"> • Up to date Asset register with valuations based on the Council's 5 year rolling programme of valuations • Council procures Independent valuation where this is to be sold without auction • Sale of land or property assets approved at Cabinet above £300,000, Section 151 Officer delegated below this • Financial Regulations approved at Council May 2022 • Anti-Fraud & Corruption Strategy approved at Council February 2021 • Credit checks on potential purchasers • Counter-fraud page on website detailing how public can report fraud • Counter Fraud section on intranet • Monthly meetings across the portfolio with Corporate Debt Team • Identification and Credit checks on new tenants • New occupier form distributed to relevant departments within the Council (Legal, Business Rates) • Acquisition and Disposal policy adopted November 2021 • Budget monitoring reviews to ensure income being raised 				
AGREED ACTIONS	<ul style="list-style-type: none"> • Adoption of Corporate Asset Management Plan by June 2022 • Estate Rationalisation approved at Cabinet by December 2022 • Whistleblowing policy to be updated by September 2022 • Gifts and Hospitality policy to be updated and approved by November 2022 				
CURRENT RISK SCORE	GREEN				
TARGET RISK SCORE	GREEN				
TARGET RISK		CURRENT RISK			
					

NEWARK AND SHERWOOD DISTRICT COUNCIL – FRAUD RISK ASSESSMENT (APRIL 2022)

	X				X		

FRAUD RISK	ASSETS (EQUIPMENT)																																		
Risk Owner	Business Manager - ICT																																		
FRAUD TYPES	<ul style="list-style-type: none"> Selling asset for less than market value Collusion between staff and purchaser Disposal of assets no longer required by the council 																																		
CONTROLS	<ul style="list-style-type: none"> Annual review of Asset register Up to date Financial Regulations Up to date Anti-Fraud & Corruption Strategy Segregation of duties – between officers procuring new equipment and those disposing of assets Internal Audit reviews Counter-fraud page on website detailing how public can report fraud Counter Fraud section on intranet Financial Regulations training for all appropriate staff All staff received fraud awareness e-learning during 2021, this is now included in the introduction pack and a cyclical requirement Acquisition and Disposal policy adopted November 2021 																																		
ACTIONS	<ul style="list-style-type: none"> Gifts and Hospitality policy to be updated and approved by November 2022 Whistleblowing policy to be updated by September 2022 																																		
CURRENT RISK SCORE	GREEN																																		
TARGET RISK SCORE	GREEN																																		
TARGET RISK	CURRENT RISK																																		
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NEWARK AND SHERWOOD DISTRICT COUNCIL – FRAUD RISK ASSESSMENT (APRIL 2022)

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FRAUD RISK	EMPLOYMENT (RECRUITMENT FRAUD)
Risk Owner	Business Manager – HR
FRAUD TYPES	<ul style="list-style-type: none"> • False identity • Immigration (no right to work or reside) • False qualifications • Failing to disclose previous convictions • Non-disclosure of double job
CONTROLS	<ul style="list-style-type: none"> • Declaration to comply with the Council's Code of Conduct for all new starters at appointment stage • All managers trained in HR policies around recruitment and selection incorporating DBS Code of practice and safeguarding requirements where appropriate • Pre-employment checks by HR including identity verification, right to work in the UK and required qualifications • References sought on all external appointments from referees • Request to see copies of new starters' bank statements to satisfy ourselves that monies paid are receipted into their accounts
AGREED ACTIONS	<ul style="list-style-type: none"> • Ensure Managers know the signs of trafficking so they can raise concern as appropriate by providing annual refresher training by September 2022 • Refresher training on identity validation for all HR and recruiting managers by December 2022 • Validate new starters end date of previous employment by December 2022
CURRENT RISK SCORE	GREEN
TARGET RISK SCORE	GREEN
TARGET RISK	CURRENT RISK

NEWARK AND SHERWOOD DISTRICT COUNCIL – FRAUD RISK ASSESSMENT (APRIL 2022)

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FRAUD RISK	EMPLOYMENT (PAYMENT FRAUD)
Risk Owner	Business Manager – HR Business Manager – Financial Services
FRAUD TYPES	<ul style="list-style-type: none"> Creation of non-existent employees (ghost) Unauthorised changes to payroll Redirection or manipulation of payments False sickness claims Not working required hours or undertaking required duties False declarations of mileage or overtime False supporting documentation Breaches of authorisation and payment procedures Abuse of time
CONTROLS	<ul style="list-style-type: none"> Officer code of conduct in place and declared by all employees which details expected behaviours, corporate policies and potential penalties of wrongdoing. Payments made in accordance with Financial Regulations Anti-Fraud & Corruption Strategy updated February 2021 Separation of duties between HR, Payroll & Business Managers Contract and Job description detail post holder requirements in respect of their role Access controls on HR/Payroll system Management supervision & authorisation of claims Budgetary control devolved to budget managers and monitored on a monthly basis Exception reports produced and reviewed by payroll on a monthly basis Audit trail/personal logins on all systems Any employee changes authorised by relevant Director/Business Manager

NEWARK AND SHERWOOD DISTRICT COUNCIL – FRAUD RISK ASSESSMENT (APRIL 2022)

	<ul style="list-style-type: none"> • Reconciliation of payroll to BACS payments • Probationary periods to ensure suitability in role • Medical certification for sickness and a robust policy to manage attendance • Training for managers on disciplinary, capability and attendance manager processes and refresher training provided when required • Counter-fraud page on website detailing how public can report fraud • Counter Fraud section on intranet • IR35 assessments in place and regular reminders/refreshers sent to all managers on the engagement of agency workers and consultants • All staff received fraud awareness e-learning during 2021, this is now included in the introduction pack and a cyclical requirement 																																
AGREED ACTIONS	<ul style="list-style-type: none"> • Data analysis of payroll information and costs by December 2022 • Whistleblowing policy to be updated and approved by September 2022 																																
CURRENT RISK SCORE	GREEN																																
TARGET RISK SCORE	GREEN																																
TARGET RISK	CURRENT RISK																																
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NEWARK AND SHERWOOD DISTRICT COUNCIL – FRAUD RISK ASSESSMENT (APRIL 2022)

FRAUD RISK	INSURANCE FRAUD																																			
Risk Owner	Business Manager – Financial Services																																			
FRAUD TYPES	<ul style="list-style-type: none"> • False insurance claims • Duplicate or serial claims 																																			
CONTROLS	<ul style="list-style-type: none"> • Small excess on policy, ensuring external claims handlers review each claim individually • External claim handlers have specialist software to identify fraudulent claims • Anti-Fraud & Corruption Strategy in place • monitor prior year information and match against new claims – highlighted onto external claims handlers • Notification of regional and national trend information passed from insurers and brokers through Risk Management Group meetings • Counter-fraud page on website detailing how public can report fraud • Letter included within insurance pack when sent through to claimant detailing their responsibilities regarding fraudulent claims • All staff received fraud awareness e-learning during 2021, this is now included in the introduction pack and a cyclical requirement • Risk Management fund funding schemes to mitigate fraudulent claims 																																			
AGREED ACTIONS	<ul style="list-style-type: none"> • Whistleblowing policy to be updated and approved by September 2022 • Investigate feasibility of the creation of a Countywide Insurance group by July 2022 • Recruitment of a new permanent Insurance officer with a comprehensive training plan by July 2022 • Review the assurance from the insurers regarding fraud by December 2022 																																			
CURRENT RISK SCORE	GREEN																																			
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TARGET RISK		CURRENT RISK																																		
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NEWARK AND SHERWOOD DISTRICT COUNCIL – FRAUD RISK ASSESSMENT (APRIL 2022)

FRAUD RISK	MONEY LAUNDERING																																			
Risk Owner	Business Manager – Financial Services																																			
FRAUD TYPES	<ul style="list-style-type: none"> Using the Council to hide improper transactions – possible links to organized crime 																																			
CONTROLS	<ul style="list-style-type: none"> Up to date Anti-Money Laundering policy Up to date Financial Regulations Cash receipts over £1,500 reported to MLRO Cashless offices Legal checks on Right to Buy purchases Checks on source of credit balances prior to issuing refunds on NNDR and Council Tax and rents All staff received fraud awareness e-learning during 2021, this is now included in the introduction pack and a cyclical requirement 																																			
AGREED ACTIONS	<ul style="list-style-type: none"> Whistleblowing policy to be updated and approved by September 2022 																																			
CURRENT RISK SCORE	GREEN																																			
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NEWARK AND SHERWOOD DISTRICT COUNCIL – FRAUD RISK ASSESSMENT (APRIL 2022)

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FRAUD RISK	ELECTORAL FRAUD (ELECTORAL REGISTRATION)																																
Risk Owner	Business Manager – Democratic Services																																
FRAUD TYPES	<ul style="list-style-type: none"> Fraudulent applications for individual electoral registration (IER) Fraudulent application for absent voting (postal & proxy) Fraudulent acts by staff employed as canvassers 																																
CONTROLS	<ul style="list-style-type: none"> Integrity Plan in place for electoral registration Anti-Fraud & Corruption Strategy updated February 2021 Verification process through the IER digital service Supervisory checks on verification failures Proof of identity is requested where required Application forms scrutinised before processing Controls within Electoral software in order to flag unusual registration activity Training for canvass staff prior to visiting properties 																																
AGREED ACTIONS																																	
CURRENT RISK SCORE	GREEN																																
TARGET RISK SCORE	GREEN																																
TARGET RISK	CURRENT RISK																																
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NEWARK AND SHERWOOD DISTRICT COUNCIL – FRAUD RISK ASSESSMENT (APRIL 2022)

FRAUD RISK	DEVELOPMENT MANAGEMENT
Risk Owner	Business Manager – Development Management
FRAUD TYPES	<p>Corruption and collusion including:</p> <ul style="list-style-type: none"> • Inducements • Conflict of interest/bribery • Planning - S106, affordability and other areas where officers are checking compliance & fines issued etc • Using Planning Process to increase land values • False representation
CONTROLS	<ul style="list-style-type: none"> • Senior officer determination of all planning applications (post case officer work) • Senior Officer one to one discussions with all case officers regarding cases • Open & visible process of all cases open to Team leaders & peers • Planning Committee is a public meeting and hence allows public scrutiny • Report for all applications and pre-application advice with explanation of grant or refusal determined by Senior Officers. All planning application reports are then published (not pre-applications) externally • Reconciliation of planning (including pre-application) fees to the General Ledger • Reconciliation of Land charges fees to the General Ledger • Reconciliation of Street naming and numbering to the General Ledger • Separation of duties in the fee procedure (receipting, banking, planning application) • System flag for duplicated applications • Audit trail on fee income • Enforcement action-reporting & sign off by Senior officer and different officer to the officer investigating • Section 106 – separation of duties, legal agreement, triggers for payment monitored, monitoring group, reconciliation and Officer recommendations based on “CIL regulation 123 tests” • Regular review and update of Constitution including Members conduct re planning • Anti-Fraud & Corruption Strategy updated February 2021

NEWARK AND SHERWOOD DISTRICT COUNCIL – FRAUD RISK ASSESSMENT (APRIL 2022)

	<ul style="list-style-type: none"> • Code of Conduct (officers & Members) • Counter-fraud page on website detailing how public can report fraud • Ombudsman review of approach to planning determinations • Judicial review challenges by interested parties on points of law • Counter Fraud section on intranet • All refunds where the application has been made through the Planning portal, to be refunded through that process, where all other refunds will require an image from the bank account to show originating bank details. These are all authorised by a Senior Officer. 			
ACTIONS	<ul style="list-style-type: none"> • Spot checks of closure of enforcement cases by July 2022 • Gifts and Hospitality to be updated and approved by November 2022 • Whistleblowing policy to be updated and approved by September 2022 • Recap counter fraud training with Planning staff by July 2022 			
CURRENT RISK SCORE	GREEN			
TARGET RISK SCORE	GREEN			
TARGET RISK		CURRENT RISK		
	X			

NEWARK AND SHERWOOD DISTRICT COUNCIL – FRAUD RISK ASSESSMENT (APRIL 2022)

FRAUD RISK	ECONOMIC & THIRD SECTOR FRAUD																																		
Risk Owner	Business Manager – Financial Services																																		
FRAUD TYPES	Any fraud that involves the false payment of grants, loans or any financial support to any private individual or company, charity, or non-governmental organization: <ul style="list-style-type: none"> ○ Fake applications ○ Collusion 																																		
CONTROLS	<ul style="list-style-type: none"> • Substantiate authenticity of application via internal and external sources • Grant eligibility criteria considered before award • Anti-Fraud & Corruption Strategy updated in February 2021 • Whistleblowing Policy • Counter-fraud page on website detailing how public can report fraud • Counter Fraud section on intranet • Application process for non Direct Debit Council Tax payers, which will check to Revenues system to agree the liable person. • Prepayment checks to spotlight to ensure that liable person at correct address agrees to the bank account details quoted on application • Bank statements to be reviewed in exception circumstances 																																		
ACTIONS	<ul style="list-style-type: none"> • Whistleblowing policy to be updated and approved by September 2022 																																		
CURRENT RISK SCORE	GREEN																																		
TARGET RISK SCORE	GREEN																																		
TARGET RISK		CURRENT RISK																																	
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FRAUD RISK	HOUSING FRAUD
Risk Owner	• Director – Housing, Health and Wellbeing

NEWARK AND SHERWOOD DISTRICT COUNCIL – FRAUD RISK ASSESSMENT (APRIL 2022)

	<ul style="list-style-type: none"> • Business Manager - Housing and Estates Management • Assistant Business Manager – Housing and Estate Management
FRAUD TYPES	<ul style="list-style-type: none"> • Fraudulent housing application - false or omitted information • False homelessness applications – false or omitted information • Fraudulent succession or assignment • Unlawful sub-letting • Not using property as main or principle home • Right to Buy - fraudulent application, valuation, etc.
CONTROLS	<ul style="list-style-type: none"> • Participation in the National Fraud Initiative through supply and matching of application, tenancy and Right to Buy data • Robust consideration and investigation into Right to Buy applications; a joint approach is adopted between officers where fraud is suspected • Supporting information requirements at application and offer stage – such as proof of identification, proof of residency and medical evidence • Internal application verification and checking process to check for previous tenancies and former tenancy debt • Tenants are made aware at sign up of their obligations regarding their tenancy agreement and by signing the tenancy agreement show they understand the consequences of being in breach of this • Photographs are taken at sign-up and stored on the in-house management system and reviewed as part of the “Getting to know you visit” • ”Getting to know you visit” programme provides an ongoing detection and prevention of tenancy fraud through, checking, verifying and updating records of tenants and occupants through risk based approach with a minimum of visits every two years • Adhoc usage of information held by other NSDC departments to investigate and detect tenancy fraud • A culture has been developed where all staff are empowered to report cases where they suspect tenancy fraud • Separation of duties in the allocation of homes with annual reports to audit this separation • If allocation of home to a Council officer, this is approved by the Business Manager – Housing and Estates Management • Counter-fraud page on website detailing how public can report fraud • Counter Fraud section on intranet • Experienced, well trained staff carrying out allocations and front line service delivery • Excellent working relationships with agencies who can support with the identification of actions to address tenancy fraud and/or unlawful occupation of properties • Relationship developed between Housing and Revenues and Benefits staff to assist in the detection of fraud
ACTIONS	<ul style="list-style-type: none"> • Inclusion of the annual number of sub-letting reports in the Council's approved performance monitoring framework from April 2022 • Corporate fraud campaign developed by March 2023

NEWARK AND SHERWOOD DISTRICT COUNCIL – FRAUD RISK ASSESSMENT (APRIL 2022)

	<ul style="list-style-type: none"> • Implementation of annual refresh of supporting documentation where applications are older than one year on the housing register by March 2023 • Report on the findings of “Getting to know you visits” to the Portfolio Holder for Housing and Health by March 2023 				
CURRENT RISK SCORE	GREEN				
TARGET RISK SCORE	GREEN				
TARGET RISK		CURRENT RISK			
	X				X

NEWARK AND SHERWOOD DISTRICT COUNCIL – FRAUD RISK ASSESSMENT (APRIL 2022)

FRAUD RISK	FRAUDULENT USE OF COUNCIL ASSETS																																		
Risk Owner	All Directors and Business Managers																																		
FRAUD TYPES	<ul style="list-style-type: none"> • Theft of assets and equipment • Sale of assets and equipment 																																		
CONTROLS	<ul style="list-style-type: none"> • Financial Regulations updated May 2022 • Anti-Fraud & Corruption Strategy in place and updated February 2021 • Guidance for Dealing with Irregularities updated February 2021 • Management controls • Induction process • Security policy • User reports e.g. internet, telephone • Internet use policy • Access controls • Software audit facility • Code of conduct • Inventory checks • Complex passwords • Separation of duties • Staff counter-fraud training • Counter Fraud section on intranet • All staff received fraud awareness e-learning during 2021, this is now included in the introduction pack and a cyclical requirement 																																		
ACTIONS	<ul style="list-style-type: none"> • Whistleblowing policy to be updated and approved by September 2022 																																		
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Report to: Audit & Governance Committee Meeting 27 July 2022

Director or Business Manager Lead: Nick Wilson, Business Manager – Financial Services

Lead Officer: Lucy Pledge, Head of Internal Audit (Assurance Lincolnshire) contact: 01522 553692

Report Summary	
Report Title	Internal Audit Progress Report 2022/23
Purpose of Report	To provide a summary of Internal Audit work undertaken during 2022/23 against the agreed audit plan and any remaining reports from 2021/22.
Recommendations	That the Audit & Governance Committee consider and comment upon the latest internal audit progress report and note its content.
Reason for Recommendation	In order to understand the internal audit work undertaken throughout the 2022/23 financial year.

1.0 Background

- 1.1 The Audit Plan for 2022/23 was agreed at the Audit and Accounts Committee in April 2022. Throughout the year reports on the progress made and changes to the plan are then brought to this committee.
- 1.2 The report contains details of all reports issued within the first part of the financial year 2022/23.

2.0 Proposals

- 2.1 To receive and comment upon the Internal Audit Progress Report 2022/23 and note its content.

Background Papers and Published Documents

NIL

Internal Audit Progress Report



Newark and Sherwood District Council – June 2022

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Detailed Work in Progress

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Actions Summary

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Appendices

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- 2 Changes to 2021-22 Audit Plan
- 3 Details of overdue actions
- 4 2021-22 Audit Plan to date

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This report has been prepared solely for the use of Members and Management of **Newark and Sherwood District Council**. Details may be made available to specified external organisations, including external auditors, but otherwise the report should not be used or referred to in whole or in part without prior consent. No responsibility to any third party is accepted as the report has not been prepared, and is not intended for any other purpose.

The matters raised in this report are only those that came to our attention during the course of our work – there may be weaknesses in governance, risk management and the system of internal control that we are not aware of because they did not form part of our work programme, were excluded from the scope of individual audit engagements or were not bought to our attention. The opinion is based solely on the work undertaken as part of the agreed internal audit plan.

Introduction & Key Messages

The purpose of this report is to:

- Provide details of the audit work during the period March 2022 to June 2022
- Advise on progress of the 2021/22 plan
- Raise any other matters that may be relevant to the Audit Committee role

Key messages

Our audit delivery performance for the 2021/22 plan has increased from 73% to 95%. Since our last progress report in April 2022, we have issued eight assurance reports, two consultancy reports and one grant certification.

Progress on Internal Audit work:-

Assurance work – final reports issued

The following audit work has been completed and a final report issued:

- Careline Services – Substantial assurance
- Community Lottery – Substantial assurance
- ICT - Physical and Environmental Security – Substantial assurance
- Cloud Hosted Services – Substantial assurance
- Landlord Compliance – Limited assurance

Grant certification – final reports issued

- Local Authority Contain Outbreak Management Fund

Assurance work – draft reports issued

- Contract Management (General) – Substantial assurance***
- Health and Safety – Substantial assurance***
- Follow-ups (2021/22) – Substantial assurance***

Consultancy work – draft reports

- London Road Municipal Buildings – draft report (consultancy)
- Social Housing Charter – draft report (consultancy)

Internal Audit Work in Progress

We currently have four audits in progress (three assurance audits and one grant certification).

- Project Strategy – Drafting report (Limited assurance)***
- Key Control Testing – Drafting report (Substantial assurance)***
- Customer Services - Fieldwork
- Flood grants (Phase 2) – Fieldwork almost complete

We currently have further details of these within the body of the report and in Appendix 5.

*** indicative assurance

0
HIGH
ASSURANCE

7
SUBSTANTIAL
ASSURANCE

1
LIMITED
ASSURANCE

0
LOW
ASSURANCE

2
CONSULTANCY

1
GRANT
CERTIFICATION
REPORT

Variations to the 2021/22 audit plan

Whilst we present a plan at the start of the year, we review it periodically throughout the year to reflect changes in risk profiles. This helps to ensure that it covers those areas which are a priority to the Council and there is adequate coverage to inform the Head of Internal Audit's opinion.

Since the last report to the Committee in April 2022, there have been the following changes and Appendix 3 presents more details:-

- Newark Civil War Museum and Palace Theatre – this was deferred until June 2022 to allow management to undertake enabling work. We have now started this review and we will report its progress to the Committee in due course.
- Removed Value for Money (VFM) to avoid duplication with the External Auditor's work which provided VFM conclusions for the financial year ended 31st March 2021 on:-
 - Financial sustainability
 - Governance
 - Improving economy, efficiency and effectiveness

Implementation of agreed actions

There are eleven actions which are due for implementation and there are no overdue actions for the Committee to review (page 13 of this report provides more details).

Note: The assurance expressed is at the time of issue of the report but before the full implementation of the agreed management action plan. The definitions for each level are shown in **Appendix 1**.

Substantial Assurance

The arrangements which are currently in place ensure that the Careline service delivery is sustainable and that the customers are effectively supported.

Value for money (VFM)

There is effective working arrangement with Tunstall that ensures that the service needs and demands are delivered and sufficient resources are allocated to the service to ensure sustained service delivery.

The charging rates for the Careline services are similar to those charged by neighbouring authorities. There are plans to expand the service provision and it is anticipated that in the medium to long term the service will be self sufficient.

There are regular meeting between the operational management and the contractor (Tunstall) where service delivery issues are discussed and resolved. However, the meetings are not documented to provide evidence of any agreed service improvements or issues which may be useful evidence in the event of disputes.

Careline assets

Currently, there is an inaccurate and inconsistent record of the Careline inventory equipment to support monitoring. Management identified that the processes and procedures for recording and monitoring of the inventory was complex and an overhaul was required to make the process fit for purpose. Work had started and progressing well to revise the process and develop a new asset register to enable effective maintenance of the Careline inventory.

Service Invoicing and Financial Administration

We did not identify any concern regarding the raising of Careline invoices and the associated debt recovery. Currently, the Corporate Income Team within the Financial Services raises and recovers the invoices and clear evidence is maintained to support the financial activity.

GDPR compliance and management arrangements

Our review confirmed that there is a contract in place between the Council and Tunstall covering the service provision. An internal review was being undertaken by management regarding the Data sharing agreement and we only carried a high-level review in this area and made one recommendation to ensure the matter is resolved.

Careline Services

Substantial Assurance

Community Lottery

The Community Lottery activity is well managed and key requirements for the scheme have been implemented successfully.

The processes for the approval of good causes are robust ensuring that the identified good causes are assessed against the scheme's terms and conditions and there is oversight by the Council's Senior Leadership.

The activity is proactively advertised to raise awareness and community engagement to support the identified good causes. The Council's Community Plan 2019-2023 highlights a role the Community Lottery scheme plays to contribute towards achievement of one of the seven Community Plan objectives.

All financial activity relating to the scheme is administered and correctly accounted for within the Council's General Ledger and there is a dedicated Accountant who works closely with the operational management to ensure effective financial control.

There are two officers named as the licence holders for the scheme to ensure service continuity in the event that any one of them leaves the Authority. Documented Policies and Procedures are also in place, which support the operational governance of the activity and provides useful guidance to staff managing the activity.

Our review identified one area for improvement to ensure the Council's operational risk register is complete and incorporates the risks facing the Community Lottery activity and we have made one recommendation.

Substantial Assurance

Overall, the security arrangements for the Council's core ICT equipment are generally good.

Perimeter security arrangements are in place for those locations that do not provide for routine public access. Additional controls are in place in key areas such as the Council's main server location where CCTV has a line of sight over each aisle that provides access to the equipment.

Internal rooms that house ICT equipment are also secure and access is generally restricted to key and authorised staff. Dedicated cabinets are used to house the equipment.

We found that the cabinets are not always locked and there were complications which prevented some cabinets from being locked because the units and the associated cabling have increased in volume over time and the space available is constrained to enable the units to be locked. We have made a recommendation to strengthen the security arrangements.

In most locations, the ICT network servers are stored in temperature-controlled environments, and we confirmed that the air-conditioning units had all been serviced in the past year. We observed that the room temperature in one location was noticeably high, and the cleanliness of some network server rooms was poor with high volumes of dust and particles. This exacerbates potential heating issues, presents a fire risk and contributes to possible performance degradation of the system. We have made a recommendation to improve the environment in this area.

ICT - Physical and Environmental Security

Substantial Assurance

The Health and Safety arrangements and processes at the Council are operating effectively to enable a safe working environment for the staff, contractors, partners and other stakeholders.

An up-to-date Health & Safety Policy exists which defines roles and responsibilities and is reviewed regularly and approved at an appropriate level with a designated responsible officer. The policy is published on the Council's Intranet and staff can access the policy easily.

The Council's corporate risk management team provides guidance, and support to Business Units and the Senior Leadership Team (SLT). The team is sufficiently resourced. A Risk Management Group also exists which reviews Health & Safety activities including compliance, performance and issues. Progress of actions are being discussed and any concerns are escalated to management and relevant committee where appropriate.

Health & Safety performance is reported to Joint Consultative Committee (JCC), Housing & Communities Committee, Risk Management Group and Senior Leadership Team (SLT). The JCC and SLT both review the Health & Safety Policy and have greater oversight.

Health and Safety

Appropriate Fire Risk Assessments were in place and these had been carried out by a competent person and any action plans arising from the assessment are implemented or work is commissioned to rectify.

Management have completed a review of all residential buildings and confirmed that all its buildings are below 18 metres in height and a record of the height of all their buildings is maintained. There are no Council owned buildings which are subject to the Cladding Regulations 2018, introduced after the Grenfell disaster.

Our review identified some areas where improvements could be made to strengthen the existing processes and we have made some recommendations to ensure:-

- The arrangements for alarm testing and fire drills and the assessment of overdue risks are improved to ensure safe working environment.
- Mandatory corporate Health and Safety Training is regularly completed by all existing and new staff
- Matters identified by the Housing Services' Compliance Team are communicated to the Corporate Health and Safety to ensure intelligence is shared and appropriate response is given to address any identified areas of concern.

Substantial Assurance

We found that the guidance in place to support contract management provides the flexibility for contracts to be managed on an individual basis based on their specific needs and a sound basis from which to apply the Council's Contract Management Procedure Rules. Overall the contract management arrangements we reviewed were in line with the Council's Contract Management Procedure Rules with good staff awareness of where guidance and support could be obtained.

We have provided a substantial audit opinion because the robustness of the process to maintain the Council's Contract Register can be strengthened. Risk assessment of individual contracts can be improved to support appropriate risk mitigation at contract commencement and during the contract lifespan. The addition of Key Performance Indicators (KPI's) where relevant would also improve performance monitoring.

Our review identified three areas where the processes can be improved to ensure:-

- There is clear ownership over the responsibility for maintaining the contract register. At the time of the audit, the responsibility for this was not clear and management were in the process of reviewing this area.
- The contract register is complete and accurate to ensure management have meaningful information which supports decision making and enables the Council to fully comply with the Local Government Transparency Code. Our review identified several inaccuracies, incomplete and confusing information presented in the contract register. This could lead to opportunities being missed to consolidate, renew or close contracts in a timely manner.
- Completion of risk assessments and establishment of relevant key Performance Indicators across all contracts to provide a clear focus to assess contract performance.

Contract Management (General)

Substantial Assurance

Cloud Hosted Services

We have concluded that, Substantial assurance can be given for the adequacy of Cloud Hosted Services in place to protect the Council against the loss of key Council systems and services.

Audit review identified several areas of good practice. The IT & Digital Services Manager provides a single point of contact for the technical evaluation, risk assessment and supplier selection of all new Cloud Hosted applications.

All prospective suppliers are required to complete an 'Investigation of New System/Supplier' questionnaire. The form enables ICT to obtain details of technical specification, access controls, data encryption, regulatory requirements such as Payment Card Industry (PCI-DSS) data backup and Business Continuity arrangements. It also enables supplier validation through questions on credit checks and Cyber Essentials Scheme (CES) accreditation.

A framework agreement is in place whereby the procurement process for new Cloud Service providers is managed centrally by Melton Borough Council. All new Cloud systems were procured via the G-Cloud government portal. As a result, all supporting Crown Commercial Service contracts contained standard clauses on subjects such as confidentiality, data protection (GDPR), data backup, security testing and IT Disaster Recovery.

The areas identified as requiring attention (where vulnerabilities exist, or existing arrangements could be improved) and which constrain the assurance provision are outlined below:-

- The absence of a Cloud Hosting Security Policy;
- The failure to enforce two factor authentication on all Cloud Hosted applications;
- Lack of assurance that all Cloud Service Providers undertake annual Disaster Recovery tests; and
- The lack of evidence to confirm that all Cloud Hosted Services had been subject to annual external penetration testing.

Substantial Assurance

We found that 88% of the agreed actions we selected for review had been satisfactorily implemented and overall, the Council continues to make progress in implementing the agreed audit actions with a 2% increase in the number of actions implemented compared to the previous year.

There was one action which had been partially implemented relating to the Newark Castle and we have made a recommendation to strengthen the control. Management had agreed that regular meetings would be scheduled with Asset Management (now Corporate Property) and any actions arising from those meetings would be documented to enable progress against them to be tracked. Whilst we confirmed that meetings have been held with Asset Management, the representatives of the Castle and delegates from Historic England to discuss issues and possible solutions, we found that the outcomes of the discussions have not been developed into a formal action plan. We were unable to confirm how the Council monitors progress on the implementation of the actions identified from those meetings.

During the review, we did not receive evidence from a couple of service areas to confirm implementation of the agreed actions to support our audit and we are unable to provide assurance on their implementation.

Whilst progress continues to be made, it is essential that all agreed actions are implemented to strengthen the controls.

Follow-Ups (2021/22)

Limited Assurance

The full summaries of these reports are provided in Appendix 5

Landlord Compliance

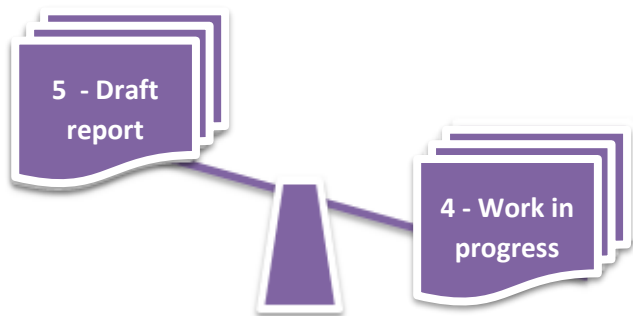
A key tool in managing and monitoring the Council's statutory inspection programme is through the use of a recognised landlord compliance management system. Currently no such system is in place; excel spreadsheets are being used in the interim, however, a system has been procured and is currently being populated prior to a phased rollout, with effect from early 2022. Without adequate IT arrangements the management and monitoring of the inspection programme is heavily reliant on manual input and reporting, which introduces additional resources, risk of errors and ineffective reporting.

The audit has taken snapshots of outstanding gas inspections; whilst noting reductions in the number of those outstanding, as at November 2021, 74 properties (1.4%) do not have an up-to-date gas certificate. These were in the programme of inspections due to be carried out and their progress was being monitored through regular meetings between management and the Contractor.

We identified 205 eligible properties (3.5%) which have not had an electrical inspection in the last 5 years, a significant improvement on the 609 reported in 2019/20. In addition, following a reconciliation exercise carried out by the Housing Maintenance and Asset Management Team, a number of certificates were also found to be missing. Whilst re-inspections have taken place, there remain 18 properties where no electrical certificate exists. Without prioritising these inspections, the Council is unable to demonstrate that the condition of the electrical supply has ever been examined.

Access to properties to carry out inspections is managed by the Contractors. Where the Contractor fails to gain entry to a property, after numerous letters, appointment cards, etc, the Council can intervene and take legal action. We have found that legal packs have not been issued in all cases due to incomplete evidence packs provided by the Contractor. Whilst legal packs were being processed, visits by both the Contractor and Tenancy & Estate Teams continued to take place to attempt to gain entry to properties and carry out the inspections. Furthermore, more focus needs to be placed on legal action to gain entry to carry out electrical inspections; of the outstanding 205 inspections, only 2 legal packs have been produced.

We have made several recommendations and agreed a number of actions to help the service in resolving the identified issues. Appendix 2 presents more details.



governance, risk management, Internal Control and Financial Control.

Update to 2021/22 Audit Plan

In consultation with Senior Management, we made some changes to the audit schedule to reflect the risk environment and operational challenges and Appendix 2 presents the changes made.

Audits reports at draft

We have 5 audit at draft report stage:-

- Contract Management (General) – draft report (Substantial assurance)***
- Health and Safety – draft report (Substantial Assurance)***
- 2021/22 Follow-ups - draft report (Substantial Assurance)***
- Social Housing Charter – draft report (Consultancy)
- London Road Car Park – draft report (consultancy)

Work in Progress

We have the following audits in progress:-

- Project Strategy – drafting report (Limited Assurance)***
- Key Control Testing – Drafting report (Substantial Assurance)***
- Customer Services - Fieldwork
- Flood grants (Phase 2)

Other significant work

We have completed the annual Internal Audit report which presents the Head of Audit's opinion on the arrangements for the Council's

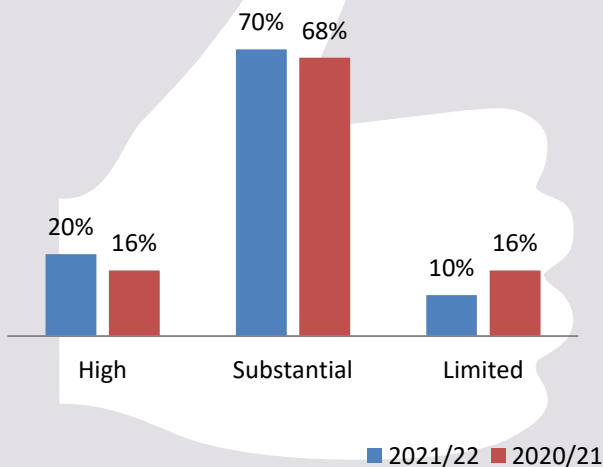


Performance on Key Indicators

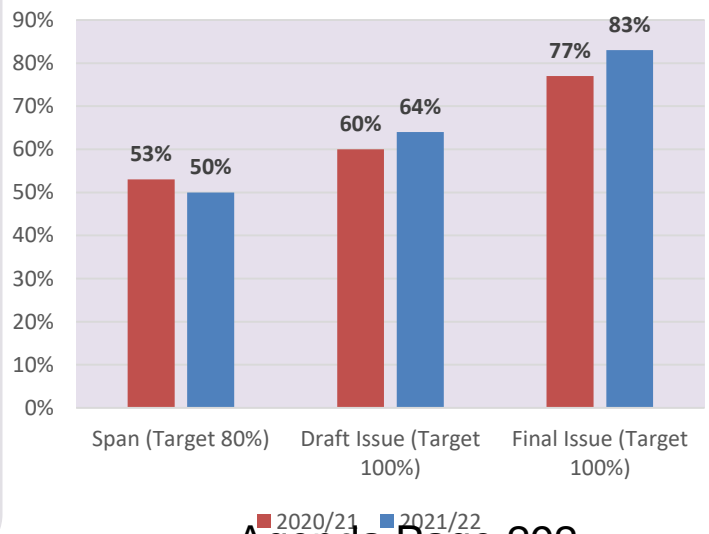
**“Excellent”
feedback**
(67% response rate)

**Plan completed
95%**

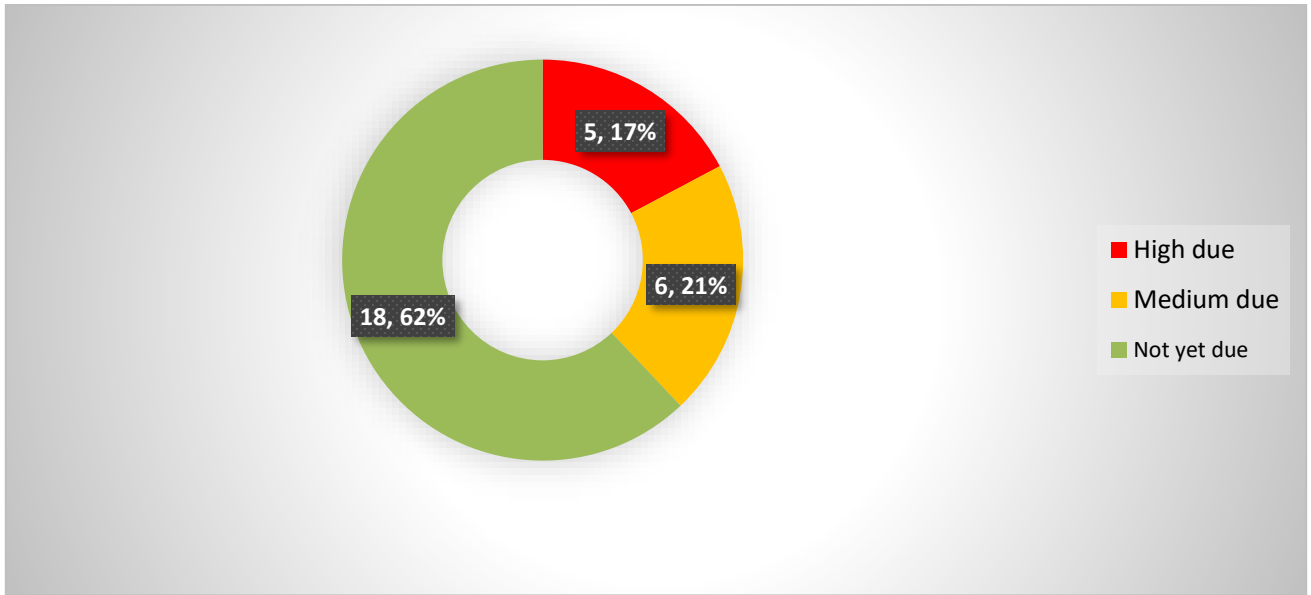
Comparison of Audit Assurances



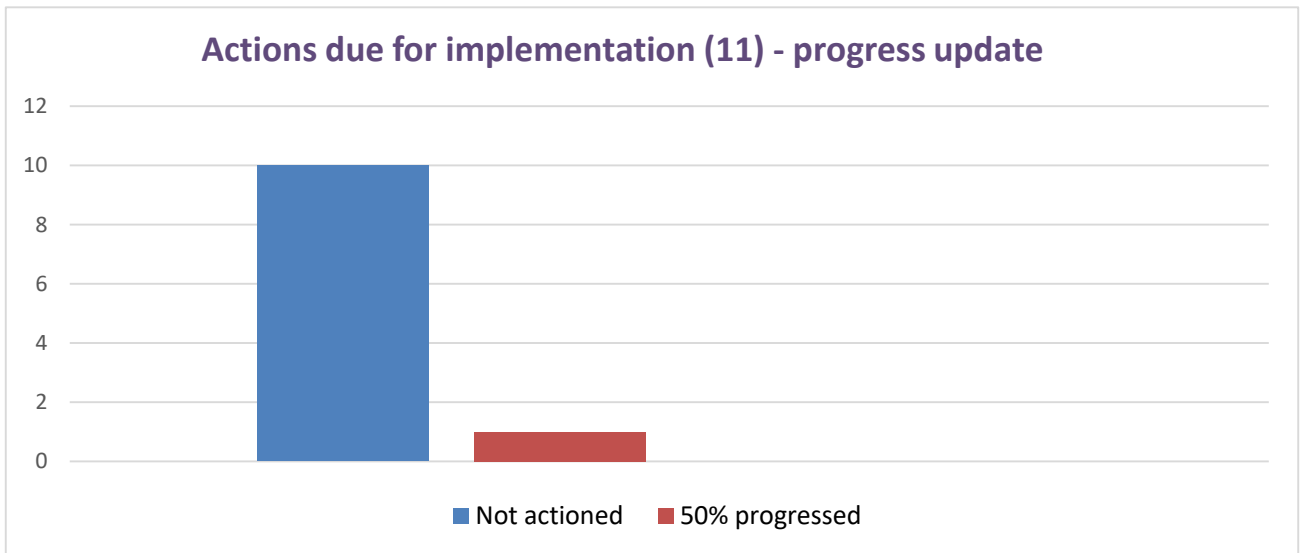
Time span



Summary of current audit actions for implementation



Actions due for implementation (11) - progress update



Assurance

High

Our critical review or assessment on the activity gives us a high level of confidence on service delivery arrangements, management of risks, and the operation of controls and / or performance.

The risk of the activity not achieving its objectives or outcomes is low. Controls have been evaluated as adequate, appropriate and are operating effectively.

Substantial

Our critical review or assessment on the activity gives us a substantial level of confidence (assurance) on service delivery arrangements, management of risks, and operation of controls and / or performance.

There are some improvements needed in the application of controls to manage risks. However, the controls have been evaluated as adequate, appropriate and operating sufficiently so that the risk of the activity not achieving its objectives is medium to low.

Limited

Our critical review or assessment on the activity gives us a limited level of confidence on service delivery arrangements, management of risks, and operation of controls and / or performance.

The controls to manage the key risks were found not always to be operating or are inadequate. Therefore, the controls evaluated are unlikely to give a reasonable level of confidence (assurance) that the risks are being managed effectively. It is unlikely that the activity will achieve its objectives.

Low

Our critical review or assessment on the activity identified significant concerns on service delivery arrangements, management of risks, and operation of controls and / or performance.

There are either gaps in the control framework managing the key risks or the controls have been evaluated as not adequate, appropriate or are not being effectively operated. Therefore the risk of the activity not achieving its objectives is high.

Ranking of Recommendations

High

Necessary due to statutory obligation, legal requirement, Council policy or significant risk of loss or damage to Council assets, information or reputation.

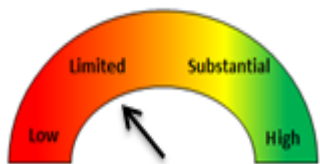
Medium

Could cause limited loss of assets or information or adverse publicity or embarrassment. Necessary for sound internal control and confidence in the system to exist.

Low

Current procedure is not best practice and could lead to minor inefficiencies.

Landlord Compliance – Limited Assurance



Our critical review or assessment on the activity gives us a limited level of confidence on service delivery arrangements, management of risks, and operation of controls and / or performance.

The controls to manage the key risks were found not always to be operating or are inadequate. Therefore, the controls evaluated are unlikely to give a reasonable level of confidence (assurance) that the risks are being managed effectively. It is unlikely that the activity will achieve its objectives.

Background and context

Newark and Sherwood District Council, as a landlord, is required by law to safeguard employees and members of the public, to ensure their health and safety through effective statutory maintenance and compliance checks including:

- having a gas safety check carried out every 12 months by a Gas Safe registered engineer
- ensuring electrical installations in the properties are inspected at least every 5 years and tested by a person who is qualified and competent
- installing fire-detection equipment
- undertaking legionella testing, etc

All Housing Management services have been brought back to the Council following the dissolution of Newark and Sherwood Homes Ltd.

Prior to the transfer over to the Council in February 2020, a review of Gas Servicing for Newark and Sherwood Homes identified significant non-compliances which required resolving to ensure tenants' safety. The review of electrical testing also found some minor issues with compliance.

Scope

To give independent assurance that the Council is fulfilling its duties in ensuring all inspections are carried out within regulatory timescales, by qualified engineers/personnel, and that any defects identified are reported and promptly rectified, both within individual properties and communal areas. We covered policies and arrangements for ensuring compliance with legislative requirements to ensure tenants' safety, specifically in relation to:

- Annual Gas Safety checks
- Electrical testing
- Fire Safety; including smoke and carbon monoxide alarms

The review has also examined those areas of compliance previously reviewed to ensure that the actions agreed have been implemented.

Risk	Current Rating (R-A-G)	Recommendations	
		High	Medium
Failure to carry out or make arrangements for statutory inspections as landlord and rectifying any identified defects.	Red	3	2
Inadequate statutory compliance management system.	Amber	1	-
Compliance with statutory compliance is not monitored, reported or actively reviewed.	Amber	-	2
Use of non-registered/qualified engineers for the carrying out of inspections.	Green	-	-
Officers do not have the appropriate skills to undertake landlord responsibilities around safety/compliance checks.	Green	-	1
TOTAL		4	5

Executive Summary

There is a legal requirement to undertake Gas Safety inspections on an annual basis and best practice guidance for Domestic Electrical Installation inspections to be carried out every 5 years. We note significant progress has been made since our last review, reported in February 2019 and prior to the transfer of Housing Management services back to the Council. At that time, we reported 12.1% of the eligible properties did not have a valid annual Landlord Gas Safety Record as required by the Gas Safety Regulation. There is a clear appetite for improvement with revised processes and structures introduced by management to address issues; improvements are ongoing with regular and effective management oversight and the imminent phased implementation of the new compliance management system.

The legal and best practice timescales, outlined within approved policies and procedures, have not been achieved in all cases. The audit has identified areas of non-compliance in respect of both Gas Safety and Electrical Installation inspections. Management is aware of the current shortfall in inspections, which has been compounded by Covid-19, and has demonstrated that steps are being taken to address the issues; evidence of regular contract management meetings, monitoring and reporting has been noted.

The audit has taken snapshots of outstanding gas inspections; whilst noting reductions in the number of those outstanding, as at November 2021, 74 properties (1.4%) do not have an up-to-date gas certificate. These were in the programme of inspections due to be carried out and their progress was being monitored through regular meetings between management and the Contractor.

Executive Summary

We identified 205 eligible properties (3.5%) which have not had an electrical inspection in the last 5 years, a significant improvement on the 609 reported in 2019/20. In addition, following a reconciliation exercise carried out by the Housing Maintenance and Asset Management Team, a number of certificates were also found to be missing. Whilst re-inspections have taken place, there remain 18 properties where no electrical certificate exists. Without prioritising these inspections, the Council is unable to demonstrate that the condition of the electrical supply has ever been examined.

We acknowledge the impact Covid, and associated restrictions, has had on gaining entry to properties and the issues Contractors have faced, in terms of isolating employees and recruitment issues. However, this does not negate the fact that the Council is non-compliant with the Gas Safety (Installation and Use) Regulations 1998 and best practice guidance from the Electrical Safety Council. Failure to comply with legislative/best practice requirements and the Council's regulations may result in serious incidents, resulting in injury or death, impacting significantly on the reputation of the Council and potentially leading to prosecution and associated penalties.

A key tool in managing and monitoring the Council's statutory inspection programme is through the use of a recognised landlord compliance management system. Currently no such system is in place; excel spreadsheets are being used in the interim, however, a system has been procured and is currently being populated prior to a phased rollout, with effect from early 2022. Without adequate IT arrangements the management and monitoring of the inspection programme is heavily reliant on manual input and reporting, which introduces additional resources, risk of errors and ineffective reporting.

Access to properties to carry out inspections is managed by the Contractors. Where the Contractor fails to gain entry to a property, after numerous letters, appointment cards, etc, the Council can intervene and take legal action. We have found that legal packs have not been issued in all cases due to incomplete evidence packs provided by the Contractor. Whilst legal packs were being processed, visits by both the Contractor and Tenancy & Estate Teams continued to take place to attempt to gain entry to properties and carry out the inspections. Furthermore, more focus needs to be placed on legal action to gain entry to carry out electrical inspections; of the outstanding 205 inspections, only 2 legal packs have been produced.

Areas of Good Practice

We identified some areas of good practice including:-

- Clear roles and responsibilities are outlined within the policies and procedures.
- Effective management oversight.
- Regular and comprehensive management reporting.
- In respect of Gas Safety and Electric Condition Inspections, regular contract management meetings are held.

Management Response

We would like to confirm that during the year and at the time of audit, the department and our gas contractor was carrying out all the key actions to meet the requirements under the gas legislation. That continued effort was being made to gain entry and that we were making appointments and visits to all 74 properties without a gas certificate; but the tenants had not given access as yet. All 74 were being actioned as outlined in the Gas Safety (Installation and Use) Regulations 1998.

This is different to missing cases or cases not scheduled in for a service and we are confident we capture all of our homes that require a service. Work continues with assistance from our Tenancy & Estate team to gain entry to any outstanding cases and as at end March 2022, 40 of these cases have now gone to our legal team for the court to enforce entry.

There is 1 tenant currently that due to Covid and their suppressed immune system would not allow any access and we have been carried out weekly flue checks as a safety measure. NSDC are finalising procurement of a new contractor to provide all gas related services which will also improve the service for our tenants.

In addition, we can confirm that whilst there were 18 properties where no electrical certificate exists, this was a considerable improvement from the 609 outstanding from the previous audit report. These cases were scheduled to be completed on a geographical area and planned in over the year with the current years requirements for efficiency reasons rather than targeted to be completed first.

NSDC have invested significantly in a Fire Risk Assessment Programme to address changes in legislation. Whilst NSDC do not have a Fire Safety Procedure, there is a policy document in place that contained a number of process elements including key persons and their responsibilities in summary and a section on how to implement the policy in detail. However, we are now drafting up a procedure and will circulate and advise all necessary colleagues as necessary.

As noted in the executive summary above, we are in the process of implementing a compliance software module as part of the Apex Asset management software project. The gas compliance element is expected to be functional by end May 2022, though we will run parallel system for several months for assurance.

Amendments to Internal Audit Plan since the last progress report

Audit	Rational	Change
Newark Civil War Museum and Palace Theatre	The audit was delayed to allow completion of enabling work to segregate the two cost centres. The enabling work has now been completed and we have commenced the audit and progress will be reported to the Committee in due course.	Deferred until 2022/23
Value for Money (VfM)	<p>External Auditors completed their VfM review covering the year ended 31st March 2021 and concluded that there were no significant weaknesses in the Council's VfM arrangements around:-</p> <ul style="list-style-type: none"> • Financial sustainability • Governance • Improving economy, efficiency and effectiveness <p>We have placed reliance on their work and cancelled the review to avoid duplication.</p> <p>The Council will be preparing the 2021/22 VfM self-assessment covering the year ended 31/03/2022 to support the External Auditors next VfM review.</p>	Cancelled

These key performance indicators are based on the 2021/22 audit plan.

Performance Indicator	Annual Target	2020/21 Actual	2021/22 Actual
Percentage of plan completed (based on revised plan)	100%	92%	95%
Percentage of recommendations agreed	100%	100%	100%
Percentage of in year actions /recommendations implemented	100% or escalated	71%	69%
Timescales:			
Draft Report issued within 10 working days of completion*	100%	60%	64%
Final Report issued within 5 working days of management response*	100%	77%	83%
Draft Report issued within 3 months of fieldwork commencing*	80%	53%	50%

Corrective action has been taken as follows:-

- Early scheduling of the audits to ensure timely monitoring
- Continued client liaison meetings and additional dialogue with management where issues will be flagged up and way forward agreed to resolve.
- Discussions continue to be held at each Directorate Meetings to ensure prompt responses and engagement from their teams moving forward.
- Strengthening of the Assurance Lincolnshire Team's capacity and resilience

Audit	Rating	Type of audit	Status	High	Medium	Advisory	Total
NSDC 2019/20-16 - Housing Options	Substantial Assurance	Assurance	Completed	0	8	0	8
NSDC 2019/20-31 - S106	N/A	Consultancy	Completed	4	2	0	6
NSDC 2020/21-14 - Debt Management	Substantial Assurance	Assurance	Completed	1	3	0	4
NSDC 2020/21-19 - Capability and Capacity	High Assurance	Assurance	Completed	0	0	0	0
NSDC 2020/21-20 - Follow-ups	Substantial Assurance	Assurance	Completed	0	0	1	1
NSDC 2020/21-26 - Flood Grant (2020/21 and 2021/22)	N/A	Grant Certification	Completed	0	0	0	0
NSDC 2020/21-27 - Cyber Security Follow-up	High Assurance	Assurance	Completed	0	2	0	2
NSDC 2020/21-28 - Covid Related Impacts	High Assurance	Assurance	Completed	0	0	0	0
NSDC 2021/22-01 - Housing Benefits and Council Tax Reduction	High Assurance	Assurance	Completed	0	0	0	0
NSDC 2021/22-02 - Strategic Risk - Financial Resilience	High Assurance	Assurance	Completed	0	1	0	1
NSDC 2021/22-04 - Value for Money	N/A	Assurance	Cancelled	N/a	N/a	N/a	0
NSDC 2021/22-05 - Community Lottery	Substantial Assurance	Assurance	Completed	1	0	0	1
NSDC 2021/22-06 - Digital Strategy	N/A	Assurance	Cancelled	N/a	N/a	N/a	0
NSDC 2021/22-07 - Newark Civil War Museum and Palace Theatre	Deferred to 2022/23	Assurance	Fieldwork	N/a	N/a	N/a	0
NSDC 2021/22-08 - Grounds Maintenance and Cleansing Services	Substantial Assurance	Assurance	Completed	0	3	0	3

Audit	Rating	Type of audit	Status	High	Medium	Advisory	Total
NSDC 2021/22-09 - Strategic Asset Management	TBC	Assurance	Deferred to 2022/23	N/a	N/a	N/a	N/a
NSDC 2021/22-10 - Climate Change Emergency	Substantial Assurance	Assurance	Completed	0	3	0	3
NSDC 2021/22-11 - Customer Services	TBC	Assurance	Fieldwork	N/a	N/a	N/a	0
NSDC 2021/22-12 - Contract Management (General)	Substantial Assurance***	Assurance	Draft report	0	4	1	5
NSDC 2021/22-13 - Careline Service	Substantial Assurance	Assurance	Completed	0	3	0	3
NSDC 2021/22-14 - Workforce Planning	N/A	Consultancy	Completed	0	0	0	0
NSDC 2021/22-15 - Project Strategy	Limited Assurance***	Assurance	Drafting report	N/a	N/a	N/a	0
NSDC 2021/22-16 - ICT - Physical and Environmental Security	Substantial Assurance	Assurance	Completed	0	2	1	3
NSDC 2021/22-17 - Health and Safety	Substantial Assurance***	Assurance	Draft report	1	3	0	4
NSDC 2021/22-18 - Landlord Compliance	Limited Assurance	Assurance	Completed	4	5	0	9
NSDC 2021/22-19 - Mansfield Crematorium	N/A	Other - Financial	Completed	N/a	N/a	N/a	0
NSDC 2021/22-20 - Follow-Ups (2020/21)	Substantial Assurance***	Assurance	Draft report	1	1	1	3
NSDC 2021/22-21 - Social Housing Charter	N/A	Consultancy	Draft report	1	2	0	3
NSDC 2021/22-22 - Policies and Procedures	Substantial Assurance	Assurance	Completed	0	1	3	4

Audit	Rating	Type of audit	Status	High	Medium	Advisory	Total
NSDC 2021/22-23 - Gilstrap	N/A	Other - Financial	Completed	0	0	0	0
NSDC 2021/22-24 - Combined Assurance	N/A	Other - significant work	Completed	0	0	0	0
NSDC 2021/22-25 - Key Control Testing	Substantial Assurance***	Assurance	Drafting report	N/a	N/a	N/a	0
NSDC 2021/22-27 - Cloud Hosted Services	Substantial Assurance	Assurance	Completed	0	4	0	4
NSDC 2021/22-28 - Test and Trace Support Payment (Round 1)	N/A	Grant certification	Completed	N/a	N/a	N/a	0
NSDC 2021/22-29 - Culture Recovery Fund (CRFG1)	N/A	Grant certification	Completed	N/a	N/a	N/a	0
NSDC 2021/22-30 - London Road Municipal Buildings	N/A	Consultancy	Draft Report	17	0	0	17
NSDC 2021/22-31 - Culture Recovery Fund (CRF2 & 3)	N/A	Grant certification	Completed	N/a	N/a	N/a	0
*** Indicative Assurance Level							



Report to: Audit & Governance Committee Meeting - 27 July 2022

Director Lead: Sue Bearman, Assistant Director – Legal & Democratic Services and Monitoring Officer

Lead Officer: Nigel Hill, Business Manager – Elections & Democratic Services, Ext 5243

Report Summary	
Report Title	Annual Standards Report For The Period 1 April 2021 – 31 March 2022
Purpose of Report	To consider the Annual Standards Report for the period 1 April 2021 to 31 March 2022.
Recommendations	That the annual report be noted.
Reason for Recommendation	To provide Members with details of Code of Conduct complaints received in 2021/22, and an update on related matters.

1.0 Background

1.1 At its meeting on 17 May 2022, the Council adopted Executive Arrangements, also known as the Cabinet System. Under the new arrangements, the Audit & Governance Committee has responsibility for promoting and maintaining high standards of conduct by Members and Co-opted Members of the Council. It is also responsible for maintaining an overview of the Member Code of Conduct and arrangements for dealing with complaints.

2.0 Code of Conduct Complaints

2.1 The Monitoring Officer recorded nine formal complaints within the period 1 April 2021 to 31 March 2022; of these six related to District Councillors and three related to Town or Parish Councillors. Eight complaints were considered, and it was determined following appropriate consultation with the Independent Persons that no further action was required in respect of these. The complainants were notified accordingly. One complaint is outstanding at the time of writing.

3.0 Formal Investigation and Code of Conduct Hearings

3.1 There were no formal investigations or Code of Conduct Hearings required for the period 1 April 2021 to 31 March 2022.

4.0 Register of Members Interests

4.1 Register of Interests Forms for Newark & Sherwood District Council Members were issued to all Members following the District Council elections held on 2 May 2019. These were required to be completed and returned within 28 days of the election. These were returned by all Members and were published on the Council's website.

4.2 As Members will be aware, a new Code of Conduct was adopted on 13 July 2021. This required a revised Register of Members Interests Form to be issued to all Members for completion. These have been returned by all Members of the Council and are published on the Council's website:

<https://democracy.newark-sherwooddc.gov.uk/mgMemberIndex.aspx?bcr=1>

4.3 All newly elected Members, following recent by-elections, have also completed their Register of Members Interest Forms.

4.4 Town and Parish Councillors are also required to complete a Register of Interests Form within 28 days of the election. These are also published on the Council's website: <https://www.newark-sherwooddc.gov.uk/parishcouncils/register-of-interests-for-parish-councillors>

4.5 Regular communication is held with parish councils to ensure, as far as possible, that all their Register of Member Interest Forms are sent to us for publication. Where forms are outstanding, regular reminders are sent to those parishes. Also, when we become aware of new Members who have been appointed through co-option to fill vacancies, the parishes are reminded of the requirement to submit the completed returns to us as soon as practicable.

5.0 Local Government Association Guidance

5.1 In response to concerns that those in public office face increasing levels of unacceptable behaviour from others, the Local Government Association has recently published a Councillors' Guide to handling harassment, abuse and intimidation. The aim of the Guide is to provide councillors and councils with practical steps they can follow to decrease the likelihood of experiencing unacceptable behaviour, and ideas on how to respond should an incident occur.

5.2 The Guide will be circulated to all District Councillors, and Parish and Town Clerks.

5.2 The Guide includes a section on how council officers can support their members. Officers will consider whether any changes in practice or procedure are appropriate in light of this guidance.

5.0 Implications

None.

Background Papers and Published Documents

The LGA Councillors' Guide to handling harassment, abuse and intimidation is published - <https://www.local.gov.uk/advice-supporting-councillors>



Report to: Audit & Governance Committee Meeting - 27 July 2022

Director Lead: Sanjiv Kohli, Deputy Chief Executive/Director of Resources (S151 Officer)

Lead Officer: Nick Wilson, Business Manager – Financial Services
Ext 5317

Report Summary	
Report Title	Committee Member Training
Purpose of Report	To propose a training programme for members of the Committee
Recommendations	Members note the training programme suggested.
Reason for Recommendation	To provide Members with details of the upcoming training sessions for Committee members during 2022/23

1.0 Background

1.1 At its meeting on 28 July 2021 the Audit and Accounts Committee approved the training programme for the 2021/22 financial year. This report sets out the proposed training plan for the 2022/23 financial year.

2.0 Training Programme

2.1 The table below shows the sessions that are to be put in place in order to ensure that members of the Committee receive a broad understanding of the their roles and responsibilities as Committee members together with assistance for some of the more technical reports that are brought to the Committee, such as the end of year financial statements and the Treasury Management Strategy (and associated documents).

Session Title	Proposed Date	Description
End of Year Statement of Accounts	27 th June 2022	To gain an understanding of the financial statements, notes to the accounts in order to be able to

		objectively challenge the information in the accounts
Governance, Risk Management, Financial Management and Code of Conduct	September 2022 (date to be confirmed)	The session will take members through the statutory role of the committee and a high level overview of its remit in relation to risk, financial management, and the Code of Conduct
Treasury Management	30 th November 2022	The session will give members an understanding of their roles and responsibilities in respect of Treasury Management, the reports they should expect to receive and the focus areas for challenge

2.2 Additionally to the sessions in the table above, the Council subscribed to CIPFAs Better Governance Forum which as part of this subscription offers training courses for officers and members on various topics in relation to governance. The subscription offered 12 pre-paid places which can be utilised. It is proposed to utilise a number of these pre-paid places for new members of the Committee on “*Introduction to the knowledge and skills of the Audit Committee*”. There is one other session currently available to book “*Introduction to Internal Audit*” with more sessions to be announced later in the year. Once these sessions have been announced, the Business Manager – Financial Services will liaise with the Chair of the Committee and allocate places accordingly.

3.0 Implications

None.

Background Papers and Published Documents

None.

By virtue of paragraph(s) 3 of Part 1 of Schedule 12A of the Local Government Act 1972.

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