



**Castle House
Great North Road
Newark
NG24 1BY**

Tel: 01636 650000
www.newark-sherwooddc.gov.uk

Tuesday, 13 February 2024

**Chair: Councillor P Harris
Vice-Chair: Councillor S Forde**

Members of the Committee:

**Councillor R Cozens
Councillor S Crosby
Councillor A Freeman
Councillor S Haynes
Councillor J Kellas**

**Councillor J Lee
Councillor S Michael
Councillor C Penny
Councillor M Shakeshaft
Councillor T Thompson**

MEETING:	Audit and Governance Committee
DATE:	Wednesday, 21 February 2024 at 6.00 pm
VENUE:	Civic Suite, Castle House, Great North Road, Newark, NG24 1BY
<p>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.</p> <p>If you have any queries please contact Karen Langford on Karen.Langford@newark-sherwooddc.gov.uk.</p>	

AGENDA

	<u>Page Nos.</u>
1. Notification to those present that the meeting will be recorded and streamed online	
2. Apologies for Absence	
3. Declarations of Interest from Members and Officers	
4. Minutes of the Meeting held on 22 November 2023	4 - 7
5. Budget Reports 2024/25	8 - 71
6. Annual Internal Audit Plan	72 - 87
7. Internal Audit Progress Report 2023/24	88 - 105
8. External Auditors Annual Audit Completion Report	106 - 143
9. Approval of the Statement of Accounts	144 - 299
10. Projected General Fund and Housing Revenue Account Revenue and Capital Outturn Report to 31 March 2024 as at 31 December 2023	300 - 305
11. Treasury Management Strategy 2024/25	306 - 333
12. Capital Strategy 2024/25	334 - 352
13. Investment Strategy 2024/25	353 - 361
14. Housing Ombudsman Annual Review Update	362 - 364
15. Gifts and Hospitality Annual Report	365 - 366
16. Regulation of Investigatory Powers Act 2000 (RIPA) Annual Report	367 - 368
17. Whistleblowing Policy Annual Report	369 - 370
18. Review of Significant Issues in the Annual Governance Statement	371 - 373
19. Update on the LGA Newark and Sherwood District Council Cyber 360 Report	374 - 375
20. Audit and Governance Committee Work Plan	376 - 381
21. Exclusion of the Press and Public	

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.

- 22. Update on the LGA Newark and Sherwood District Council Cyber 360 Action Plan 382 - 387
- 23. Date of Next Meeting - Wednesday 24 April 2024

NEWARK AND SHERWOOD DISTRICT COUNCIL

Minutes of the Meeting of **Audit and Governance Committee** held in the Civic Suite, Castle House, Great North Road, Newark, NG24 1BY on Wednesday, 22 November 2023 at 6.00 pm.

PRESENT: Councillor P Harris (Chair)
Councillor S Forde (Vice-Chair)

Councillor S Crosby, Councillor A Freeman, Councillor S Haynes,
Councillor J Kellas, Councillor J Lee, Councillor C Penny, Councillor
M Shakeshaft and Councillor T Thompson

APOLOGIES FOR ABSENCE: Councillor R Cozens, Councillor S Michael and Mr C Richardson (Non-Voting Co-Optee)

31 DECLARATIONS OF INTEREST FROM MEMBERS AND OFFICERS

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

32 NOTIFICATION TO THOSE PRESENT THAT THE MEETING WILL BE RECORDED AND STREAMED ONLINE

Other than the Council recording in accordance with usual practice, there were no declarations of intention to record the meeting.

33 MINUTES OF THE MEETING HELD ON 27 SEPTEMBER 2023

AGREED that the minutes of the meeting held on 27 September 2023 be approved as a correct record and signed by the Chair.

34 INTERNAL AUDIT PROGRESS REPORT 2023/24

The Committee considered the report from the Business Manager for Financial Services providing a summary of Internal Audit work undertaken during 2023/24 against the agreed audit plan.

The Internal Auditors TIAA's representative Amanda Blakey was present at the meeting providing progress made and any changes to the plan. The report provided details of all reports issued within the first part of the financial year 2023/24.

Progress against the Annual Plan included Key Control Testing, Payroll, Grant Fund Spend and Administration and Contractual relationship with Active4Today.

AGREED (unanimously) that Members considered and commented upon the latest internal audit progress report and noted its content.

35 TREASURY MANAGEMENT MID-YEAR REPORT 2023/24

The Committee considered the report from the Assistant Business Manager for

Financial Services providing an update on the Council's Treasury Activity and Prudential Indicators for the first half of 2023/24.

The mid-year report was in compliance with CIPFA's Code of Practice on Treasury Management, providing:

- An economic update for the first part of the 2023/24 financial year;
- A review of the Treasury Management Strategy Statement and Annual Investment Strategy;
- The Council's capital expenditure, as set out in the Capital Strategy, and prudential indicators;
- A review of the Council's investment portfolio for 2023/24;
- A review of the Council's borrowing strategy for 2023/24;
- A review of any debt rescheduling undertaken during 2023/24;
- A review of compliance with Treasury and Prudential Limits for 2023/24.

Councillor Lee highlighted in the report the referral to scrutiny as part of the primary requirements of the Code of Practice:

- Delegation by the Council of the role of scrutiny of treasury management strategy and policies to a specific named body. For this Council the delegated body is the Audit and Governance Committee.

AGREED (unanimously) that:

- a) the Treasury Management activity be noted and recommended to Full Council on 12 December; and
- b) the Prudential Indicators detailed in Section 6 & 7 of the report were noted.

36 COUNTER-FRAUD ACTIVITIES FROM 1 APRIL 2023 TO 30 SEPTEMBER 2023

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 14 June 2023.

The report explained how an element of the Audit and Governance Committee was to provide assurance to the Council that its anti-fraud arrangements were operating effectively. Therefore counter-fraud activity reports are brought to the Committee twice a year showing the number of cases detected, amounts lost, the outcome of cases and amounts recovered, as well as any other counter-fraud that has taken place.

A table was provided providing progress of the Fraud Risk Register against the identified actions last reported to the Committee in June 2023.

The Chairman suggested an interim update report be provided for Members.

AGREED (unanimously) that Members noted the report.

37 STRATEGIC RISK MANAGEMENT

The Committee considered the report from the Safety and Risk Manager providing an update on the status of the Council's 2023/24 Strategic Risk Register.

The Safety and Risk Manager reminded the Committee that an update is provided on a 6 monthly basis having last received an update in April.

A table in the report provided the current risk scores and their location and risk score travel since last reported to the Audit & Governance Committee and within the agreed corporate risk matrix.

The Committee were advised that a risk workshop is expected to take place in January 2024. The workshop will lead SLT through the regional, national and international issues that may impact on the likelihood of new risks developing. SLT will then review all the current risks to ensure they are still applicable to the Council and will identify any additional emerging risks that will need to be added to the register.

The Safety and Risk Manager informed Members that a new register is to be devised, to go live in April for the 2024-25 register.

AGREED (unanimously) that Members noted the content of the report and highlighted any issues of concern.

38 HOUSING GAS COMPLIANCE

The Committee considered the update provided at the meeting by the Business Manager for Housing Maintenance & Asset Management on behalf of the Director of Housing, Health and Wellbeing for Housing Gas Compliance received as a verbal item.

The Committee were informed that currently there was a breach of 26 properties with no current gas certificate with a legal injunction taken out on 13 and waiting on another 13.

99.58% of all properties with gas have a valid certificate, meetings take place monthly with the Regulator and a written report to be taken to the next Audit & Governance Committee.

The Committee were informed that 3 attempted visits are taken out as part of the legal process to gain access before an injunction is requested.

AGREED (unanimously) that Members noted the verbal update.

39 CONSTITUTION UPDATE - PUBLIC SPEAKING AT PLANNING COMMITTEE

The Committee considered the report from the Assistant Director Legal & Democratic Services and Monitoring Officer seeking the Committee's endorsement of updates to the Council's Constitution to enable Planning Committee to revise the Council's Protocol for Dealing with Planning Matters to allow for public speaking at Planning Committee.

The report advised that the Audit & Governance Committee is asked to consider

recommending that Full Council approve some minor amendments to the Council's Constitution to approve the principle of public speaking. It will be for the Planning Committee to finalise arrangements and, if adopted, keep them under review.

The Appendix to the report showed the proposed amendments to the Constitution as tracked changes.

AGREED by 9 Members of the Committee and 1 against that the report be recommended to Full Council that the Council's Constitution is amended as set out in paragraphs 2.2 to 2.4 of the report to enable Planning Committee to make provision for public speaking.

40 MEMBER TRAINING

The Committee considered the Member Training update provided by the Assistant Director Legal & Democratic Services and Monitoring Officer as a verbal item.

This verbal update followed the update from the last meeting, with further information to follow including an annual training programme.

It was noted that all Committee Members have been invited to a Treasury Management and Investment Strategies Workshop on 5 December 2023.

AGREED (unanimously) that Members noted the verbal update.

41 AUDIT AND GOVERNANCE COMMITTEE WORK PLAN

The Committee considered the joint report of the Assistant Director Legal & Democratic Services and Monitoring Officer and the Business Manager for Financial Services which attached the Committee's Work Plan for consideration.

The Committee were concerned that additional reports proposed could result in the agenda for the meeting being too heavy to allow for sufficient consideration of each item. .

It was also noted that the LGA Newark and Sherwood District Council Cyber 360 Report, is to be updated for every agenda, rather than annually as listed on the current work plan.

AGREED (unanimously) that the Work Plan be noted.

42 DATE OF NEXT MEETING

The next Audit & Governance Committee meeting to be held on Wednesday 21 February 2024.

Meeting closed at 7.00 pm.

Chairman



Report to: Audit & Governance Committee Meeting
21 February 2024

Director or Business Manager Lead: Sanjiv Kohli – Deputy Chief Executive, Director of Resources and S151 Officer

Lead Officer: Nick Wilson, Business Manager Financial Services, ext. 5317

Report Summary	
Report Title	Budget Reports 2024/25
Purpose of Report	To provide Members with the attached reports which have been approved at Cabinet on 20 February 2024 : General Fund Revenue Budget 2024/25 General Fund Medium Term Financial Plan 2024/25 – 2027/28 Capital Programme 2024/25 – 2027/28
Recommendations	That Members receive and note the reports that were presented to Cabinet on 20 February 2024
Reason for Recommendation	To ensure that the Audit and Governance Committee have reviewed the General Fund Revenue budget, Medium Term Financial Plan and Capital Programme, to ensure the financial sustainability of the Council

1.0 Background Information

1.1 As per the attached individual reports.

2.0 Implications

In writing this report and in putting forward recommendation's officers have considered the following implications: Data Protection, Digital and Cyber Security, Equality and Diversity, Financial, Human Resources, Human Rights, Legal, Safeguarding and Sustainability and where appropriate they have made reference to these implications and added suitable expert comment where appropriate.

2.1 Financial Implications FIN23-24/880

All financial implications are included within the individual reports.

Background Papers and Published Documents

Nil.

Report to: Cabinet Meeting - 20 February 2024

Portfolio Holder: Councillor Paul Peacock, Strategy, Performance & Finance

Director Lead: Sanjiv Kohli, Director – Resources and Deputy Chief Executive

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

Report Summary	
Type of Report	Open Report, Key Decision
Report Title	2024/25 Proposed Revenue Budget
Purpose of Report	To enable Cabinet to consider the spending proposals in the council's proposed 2024/25 General Fund revenue budget and make recommendations to Full Council for its meeting on 7 March 2024.
Recommendations	<p>That Cabinet recommends to Full Council at its meeting on 7 March 2024 that:</p> <ul style="list-style-type: none"> i. the following amounts be now calculated by the council for the 2024/25 financial year, in accordance with Sections 31 to 36 of the Local Government Finance Act 1992 as amended by the Localism Act 2011: <ul style="list-style-type: none"> 1. £57,602,680 being the aggregate of the amounts which the council estimates for items set out in Section 31A(2)(a) to (f) of the Act, as the District Council's gross expenditure for 2024/25; 2. £37,723,830 being the aggregate of the amounts which the council estimates for the items set out in Section 31A(3)(a) to (d) of the Act, as the District Council's gross income for 2024/25); and 3. £19,878,850 being the amount by which the aggregate at (b)(i) above exceeds the aggregate at (b)(ii) above, calculated by the council, in accordance with Section 31A(4) of the Act, as its Net Budget Requirement for the year; ii. the figures shown as i.1. and i.3. above to be increased only by the amount of Parish Precepts for 2024/25; iii. the budget amounts included in the report be the council's budget for 2024/25; and iv. the fees and charges shown in Appendices C1-C22 be implemented with effect from 1 April 2024.

Alternative Options Considered	Not applicable, the Cabinet is required to make recommendations on the budget to the Full Council.
Reason for Recommendations	To enable Cabinet to make recommendations to Council of the amounts to be calculated in accordance with Sections 31 to 36 of the Local Government Finance Act 1992, as amended by the Localism Act 2011, for the purposes of setting Council Tax levels for the 2024/25 financial year.

1.0 Background

- 1.1 This report sets out details of the council's proposed General Fund revenue budget for the 2024/25 financial year. The GF revenue budget has been prepared in accordance with the council's budget setting strategy for 2024/25 which was approved by Cabinet on 11 July 2023.
- 1.2 The 2024/25 General Fund revenue budget has accordingly been derived from the 2024/25 base budget within the Medium-Term Financial Plan (MTFP) approved by Full Council on 9 March 2023. In accordance with the Budget Strategy, growth and efficiencies have been included based on the engagement with Portfolio Holders throughout the budget setting process. Additionally, changes as described in the Budget Strategy around pay awards and inflation, have also amended that base position.

2.0 Financial Summary

- 2.1 The council's proposed 2024/25 General Fund (GF) revenue budget is shown in further detail, including information on priority areas in **Appendices A1 to A3** to this report. The current overall position is summarised below:

Line in Appendix A1		2024/25 (£)
9	Total service budgets	23,296,120
14	Total other operating income & expenditure	1,517,750
19	Total financing and investment income & expenditure	(1,425,710)
30 & 31	Less capital reversals	(3,509,310)
	Net Budget Requirement	19,878,850
20 to 26	Other government grants	(3,294,000)
27 & 28	Non-Domestic Rates (NDR) (Business Rates)	(9,209,810)
30 to 32	Contributions to or (from) Usable Reserves	794,470
34	Net call on Council Tax	8,169,510
35	Council Tax Adjustments	116,520
36	Amount to collect through Council Tax	8,286,030

- 2.2 As the total service budgets (line 9 of **Appendix A1**) include capital costs, the table below breaks down the total service budgets for each Committee by the amounts which relate to capital costs and which relate to cash budgets:

Line in Appendix A1	Portfolio	2024/25 base budget (March 2023) (£)	2024/25 base budget (February 2024) (£)	Variance (£)
Without Capital costs	Biodiversity and Environmental Services	1,352,660	1,558,200	205,540
	Climate Change	2,432,850	2,528,040	95,190
	Health, Wellbeing and Leisure	736,920	1,180,610	443,690
	Heritage, Culture and the Arts	857,870	1,078,670	220,800
	Housing	618,860	462,600	(156,260)
	Strategy, Performance and Finance	6,840,630	8,496,580	1,655,950
	Sustainable Economic Development	1,579,062	1,727,840	148,778
	Public Protection and Community Relations	2,501,160	2,754,270	253,110
	Cash Service Budgets	16,920,012	19,786,810	2,866,798
Capital costs	Biodiversity and Environmental Services	18,790	18,790	0
	Climate Change	1,125,620	1,125,620	0
	Health, Wellbeing and Leisure	940,890	940,890	0
	Heritage, Culture and the Arts	200,160	203,250	3,090
	Housing	49,620	49,620	0
	Strategy, Performance and Finance	91,340	1,107,910	1,016,570
	Sustainable Economic Development	0	6,480	6,480
	Public Protection and Community Relations	56,750	56,750	0
30 & 31	Capital Service Budgets	2,483,170	3,509,310	1,026,140
1	Biodiversity and Environmental Services	1,371,450	1,576,990	205,540
2	Climate Change	3,558,470	3,653,660	95,190
3	Health, Wellbeing and Leisure	1,677,810	2,121,500	443,690
4	Heritage, Culture and the Arts	1,058,030	1,281,920	223,890
5	Housing	668,480	512,220	(156,260)
6	Strategy, Performance and Finance	6,931,970	9,604,490	2,672,520
7	Sustainable Economic Development	1,579,062	1,734,320	155,258
8	Public Protection and Community Relations	2,557,910	2,811,020	253,110
9	Total Service Budgets	19,403,182	23,296,120	3,892,938

2.3 The table below shows how the 2024/25 base budget approved by Full Council on 9 March 2023, has been adjusted for changes based on paragraph 2.2 above.

Portfolio	2024/25 base budget (March 2023) (£)	Realign- ments	Salary Uplift	Approved Variations	Inflation	Requested Changes	2024/25base budget (February 2024) (£)
BES	1,352,660	(30,000)	79,880	100,750	(14,080)	68,990	1,558,200
CC	2,432,850	(75,980)	96,380	40,440	5,400	28,950	2,528,040
HWL	736,920	38,240	8,380	0	7,270	389,800	1,180,610
HCA	857,870	0	119,340	(10)	(8,600)	110,070	1,078,670
H	618,860	44,820	67,580	(4,070)	(25,310)	(239,280)	462,600
SPF	6,840,630	(5,190)	317,680	21,790	95,370	1,226,300	8,496,580
SED	1,579,062	0	41,080	162,610	(8,020)	(46,892)	1,727,840
PPCR	2,501,160	28,110	49,050	82,460	7,260	86,230	2,754,270
Non- Capital	16,920,012	0	779,370	403,970	59,290	1,624,168	19,786,810

3.0 Development of Proposed 2024/25 General Fund Revenue Budget

3.1 The development of the proposed 2024/25 General Fund budget was set out in the Budget Strategy document that was presented to Cabinet on 11 July 2023. This document set out the strategy for the year which was to build upon the notional 2024/25 budget as compiled in the preparation of the MTFP for the period 2023/24 to 2026/27 and was approved by Council on 9 March 2023.

3.2 Directors and Business Managers worked with their allocated Finance Officers to go through the budget and MTFP estimates in order to ascertain whether the actions under each of the 8 Community Plan objectives have already been included in the base budget, are growth items for inclusion either in the budget for 2024/25 or/and MTFP period, or do not require a financial allocation as the activities are to be delivered by a third party with the Council having a facilitating and monitoring role. Cabinet Portfolio Holders then met with responsible Directors and Business Managers to review proposed level of resources to meet the objectives from within the Council's current approved Community Plan for the 2024/25 financial year. The portfolio holder for Strategy, Performance and Finance has also reviewed the overall Council Position. Subsequently, this budget has therefore been proposed for the 2024/25 financial year.

3.3 The proposed 2024/25 General Fund revenue budget collates various types of information, such as the:

- a) level of government grant receivable;
- b) expected level of council tax and business rates income;
- c) expected level of other income, such as from fees and charges;
- d) expected level of spend on employees; and
- e) expected use of reserves.

3.4 The sub-sections in this part of the report summarise these and other areas of importance.

Local Government Finance Settlement: Settlement Funding Assessment (SFA) and Core Spending Power

- 3.5 The annual Local Government Finance Settlement provides councils with the amount of government grant and other information pertinent for setting the next financial year's budget. The provisional settlement was announced on 18 December 2023, and the final settlement is still to be announced.
- 3.6 Core Spending Power (CSP) is a measure of the resources made available to local authorities to fund service delivery, based on the government's annual Local Government Finance Settlement (LGFS). Government makes assumptions within this based on levels of Council Tax and growth in an authorities Tax Base (the Band D equivalent number of properties to charge Council Tax over).
- 3.7 As part of the Provisional LGFS Government an increase of almost £4bn or 6.5% in cash terms in CSP over and above the 2023/24 settlement was announced nationally. Within the settlement the Funding Guarantee was maintained as a grant from 2023/24 which ensured that every local authority in England will see a minimum 3% increase in their Core Spending Power, before taking any local decisions to increase Council Tax. The table below shows the Core Spending Power for Newark and Sherwood (as assumed by Government) together with the proposed actual Core Spending power. The Governments assumption works out to be an increase of 5.62% (£0.816m) cash terms increase compared with the 2023/24 settlement, whilst the proposed budget shows an increase of 5.55% in cash terms (£0.806m).

	2023/24	2024/25 draft LGFS	2024/25 Proposed Budget
Business Rates funding	£3.815m	£3.986m	£3.986m
Compensation for under-indexing the Business Rates multiplier	£0.650m	£0.767m	£0.767m
Revenue Support Grant	£0.228m	£0.244m	£0.244m
Council Tax	£7.905m	£8.296m	£8.286m
New Homes Bonus	£0.888m	£0.327m	£0.327m
Funding Guarantee	£0.807m	£1.612m	£1.612m
Services Grant	£0.149m	£0.026m	£0.026m
Rural Services Delivery Grant	£0.045m	£0.045m	£0.045m
Total	£14.487m	£15.303m	£15.293m

- 3.8 From the table, utilising all grants there has been a 6.4% increase (£0.423m) in cash terms, slightly higher than the 3% minimum increase as described at paragraph 3.7 above.

- 3.9 The difference between the governments draft LGFS and the proposed budget relates to Council Tax. As can be seen the government has assumed Council Tax receivable of £0.010m more than this proposed budget. This relates to the growth in the Councils Tax base, whereby government have assumed a higher amount of number of chargeable properties (hence growth in property numbers) which therefore leads to higher Council Tax receivable.
- 3.10 As can be seen from the table above, New Homes Bonus (which for a number of years has been forecast to be removed altogether) has reduced significantly by £0.561m. This is due to the Government reducing the total size of the allocation to New Homes Bonus nationally. However, in order to maintain the 3% minimum funding guarantee, government have increased the Funding Guarantee grant by £0.670m.
- 3.11 To put this into context, the budgeted increase for a number of base items of expenditure is detailed in the table below:

Base Cost	Increase between 2023/24 and 2024/25
Employees	£0.779m
Fuel	£0.036m
Utilities	£0.291m
Total	£1.106m

- 3.12 The table above demonstrates that the amount of additional funding raised through government funding (£0.423m as per paragraph 3.8 above) contributes towards 32.25% of the increase in base budget costs. The remainder of the funding that is required, together with any other increases in cost, will therefore need to be funded from local funding.

Proposed 2024/25 Council Tax

- 3.13 Chapter IVA (Limitation of Council Tax and Precepts) of the *Local Government Finance Act 1992* requires billing authorities to hold referenda if their relevant basic amount of council tax for a financial year is in excess of a set of principles determined by the Secretary of State.
- 3.14 An authority's relevant basic amount of council tax is its average band D council tax excluding local precepts. The relevant basic amount of council tax for Newark & Sherwood District Council (NSDC) includes the levy that Internal Drainage Boards charge the Council.
- 3.15 The proposed core principle for 2024/25 is 3%. The government's proposed council tax referendum principle for shire district councils therefore permits increases in the council's 2024/25 relevant basic amount of council tax of up to (and including) the greater of 2.99% or £5.00 without holding a referendum.
- 3.16 The assumed council tax increase within these budget papers is an increase in the band D equivalent of 2.99%, or £5.66 per year based on the band D average. As 73% of the properties in Newark and Sherwood are in bands A to C, the increase for these properties will be less than £5.66 per year. The Council Tax charge for the 2023/24

financial year is £189.16 which therefore means a charge of £194.82 for the year 2024/25 financial year has been assumed within these papers. 42% of all properties in the district are within band A, which currently has a charge of £126.11 and a proposed charge of £129.88 meaning an increase of £3.77.

- 3.17 The council tax base (being the number of band D equivalent properties within the district) assumes a 1.018% increase on 2023/24. The Tax Base for 2024/25 is set at 42,531.75. This is calculated taking all the properties in the district and weighting them depending on their banding, adjusting for estimated discounts and premiums.
- 3.18 The tax base is then multiplied by the annual charge in order to calculate the total Council Tax receivable for the year being £8,286,036. Where further discounts or premiums are actually charged/awarded during the year and the amount of properties charged Council Tax is different to the assumptions above, the surplus or deficit in the Collection Fund will be calculated and will be distributed/clawed back in the following financial year.

Proposed 2024/25 Business Rates

- 3.19 Under the NDR system, businesses pay councils based on the open market rental value of their business property, as estimated by the government's Valuation Office Agency (VOA). The rate payable by small businesses in 2024/25 will be 49.9p per pound (49.9%) of their property's rateable value, and the rate payable by other businesses will be 54.6p (54.6%).
- 3.20 Within the draft LGFS the government have changed the mechanism for the multiplier. Previously all businesses paid the small business multiplier, with those businesses with a rateable value (RV) of over £51,000 then paying an additional supplement (last year an additional 1.3p hence 51.2p in the pound). Within the LGFS government have separated the multipliers in order to inflate them separately. Therefore, being able to increase the charges to businesses occupying premises with an RV of over £51,000 without having to increase charges to businesses occupying premises with an RV less than that. They have chosen to freeze the multiplier at 49.9p for those properties with an RV less than £51,000.
- 3.21 The original legislation set out that the multiplier should increase by CPI for September in each year, but in practice the multiplier has been frozen since 2021/22. It had also not increased by CPI, but RPI, in some of the preceding years.
- 3.22 The government compensates local authorities for their decisions relating to business rates through s31 grants, and hence the Council does not lose out for the decision to freeze the multiplier (and in the previous years applied RPI increases rather than CPI). As can be seen from the table at paragraph 3.7 the government expects to reimburse the Council by £0.766m (£0.649m 2023/24) for this loss in income.
- 3.23 The table at paragraph 3.7, shows the total amount of business rates that the Council expects. Though the government has allocated £3.986m of business rates to the council for 2024/25, the total amount of business rates retained by the council in 2024/25 may exceed this amount, depending on how the council and other Nottinghamshire Business Rates Pool authorities perform throughout 2024/25. It has currently been forecast that the return funding from the pool for the 2024/25 financial year will be £0.800m which has been built into the council's Medium Term Financial Plan.

3.24 The council is budgeting to retain £9.117m of business rates for 2024/25 (Appendix A1, lines 23 & 24). This includes the £3.986m referred to in paragraph 3.7; additional income, such as local growth above this baseline and from relevant renewable energy projects; and additional expenditure; such as the levy on additional income.

Calculation	Items relating to 2024/25 NDR income budget	Amount (£m)
1	NDR income + section 31 grants	22.756
2	Tariff	(12.566)
3	Levy	(2.218)
4	Renewable Energy	1.145
5	2024/25 NDR income budget	9.117

Proposed 2024/25 Budget – General Principles

3.25 The appropriate bases agreed in the Budget Strategy and used in the preparation of the budget are:

a)	Employees	<p>Some of the main assumptions used to budget for employee costs for 2024/25 are:</p> <ul style="list-style-type: none"> • a 5% increase in 2024/25 basic pay; • an increase in pay point for employees not at the post's highest pay point; and • a 5.0% vacancy rate. <p>5.0% of the council's total salary budget, or £1,053,040, has been budgeted to be saved from posts that remain vacant for a period of time before being filled.</p>
b)	Employer's Superannuation	<p>Pension-related costs have been budgeted for in line with the actuarial review which took place as at 31 March 2022 for the three years between 2023/24 and 2025/26.</p> <p>The council's budgeted pension-related costs have increased, because its total 2024/25 basic pay budgets have increased. The council's primary rate (charged as a proportion of basic salary at employee level) is 18.6%.</p>
c)	General Inflation	<p>Most non-pay expenditure budgets have been uplifted by 5%. Specific budgets have had larger increases on where applicable. Some costs, such as insurance and utilities, are expected to increase by more than 5%; and others, such as fixed-price goods and services, are expected to increase by less than 5%. Income Budgets have been increased where appropriate based on the Fees and Charges schedule.</p>
d)	Average Interest Rate re External Debt	<p>The Council's General Fund borrowing will be in accordance with the Prudential Code for Capital Finance in Local Authorities. The cost of borrowing will depend on the rates available at the time that funding is required.</p>
e)	Capital Charges	<p>The proposed budgets for each Portfolio (Appendix A1, lines 1-9) includes the notional costs of assets used in delivering services, so that the council can reflect the true cost of delivering services.</p>

		Statute, however, requires these capital charges be reversed out (Appendix A1 , lines 30 & 31) and replaced with the cost to the council taxpayer of the underlying capital decisions that have yet to be financed (Minimum Revenue Provision (MRP)) (Appendix A1 , line 15). Legislation determines that council taxpayers cannot be charged for the notional costs of assets used.
f)	Capital Financing Charges	<p>The Council's General Fund (GF) revenue budget is charged when the council borrows to fund the purchase or creation of non-current assets. These charges will be in line with the council's Minimum Revenue Provision (MRP) policy for 2024/25 to be approved by Council on 7 March 2024.</p> <p>MRP is a charge to the taxpayer, calculated by apportioning the value borrowed for assets over their expected useful lives.</p>
g)	Internal Drainage Boards	<p>Despite there being a freeze in cost for the 2024/25 financial year, the anticipated cost of levies to the two Internal Drainage Boards (Trent Valley and Upper Witham) for 2024/25 is £950,000.</p> <p>This cost had increased by 39% from the 2022/23 financial year. During 2023/24 the Council received £239,690 towards contribute towards the increase in cost. The Government announced on 24 January 2024, that it will be distributing similar funding during 2024/25 which has now been budgeted to be received.</p>

3.26 The table below details the council's net budget requirement for **Error! Reference source not found.5**, broken down by gross expenditure and gross income:

Line		Error! Reference source not found.4/25 gross expenditure (£)	Error! Reference source not found.5 gross income (£)	Error! Reference source not found.5 net expenditure (£)
9	Total service budgets (Appendix A2)	59,326,490	(36,030,370)	23,296,120
14	Other operating income & expenditure	1,517,750	0	1,517,750
19	Total Financing and Investment income & expenditure	1,197,750	(2,623,460)	(1,425,710)
30 & 31	Reversal of Capital Charges	(4,439,310)	930,000	(3,509,310)
	Net Budget Requirement	57,602,680	(37,723,830)	19,878,850

3.27 A summary of the main reasons for changes requested in the table at paragraph 3.3 are listed below:

Changes requested for 2024/25 base budget compared to 2024/25 base budget (MTFP as at March 2023)	Variance (£)
Increases in Utilities	199,160

New posts in Legal, HR, Customer Services and Economic Growth and Visitor Economy x3 FTEs in total	179,130
Increase in relation to x2 new post for managing Capital Projects	215,760
Various Community Plan objectives in relation to Environmental Services	110,000
Resourcing Quality Air Control Project Management	50,000
Costs associated with the running of Alexander Lodge	60,000
Music and Art and taking Museum objects into the community	95,000
Increased Management fee for A4T re closure of SLC pool	260,000
Recruitment and retention incentives	66,000
Advertising campaign for Newark Beacon	67,920
Overall Reductions to recharges to HRA	30,890
Increases in budget in relation to the Cost of Living response	150,000
Feasibility in relation to the provision of 3G pitches	100,000
Other Changes	40,308
Total	1,624,168

2024/25 Employee Plan

The salary budget for the General Fund has been based on 474.13 FTE posts in 2024/25 (462.10 in 2023/24). Any changes to the establishment will require the relevant approvals.

Fees and Charges Review

- 3.28 The fees and charges for many services administered by the local authority are set by statute. The amounts for these, and their timing and review, are therefore prescribed by central government. There remains, however, many services where the council has the ability to review and if necessary, amend its charges or charging regime.
- 3.29 In accordance with the council's Constitution, each service area should consider the level of fees and charges to be implemented in the following financial year as part of the process of service planning and budget setting.
- 3.30 The proposals for the levels of fees and charges to be implemented from 1 April 2024 were reviewed by Directors during November and have now been updated where appropriate. The council is currently budgeting to receive £4.8m of income from fees and charges in 2024/25. This is an increase of £0.306m from 2023/24.
- 3.31 The table below summarises the services which provide the council with most of its fees and charges income, and the fees and charges income budgeted from these services for 2024/25:

Service	2024/25 base budget (March 2023) (£)	2024/25 base budget (February 2024) (£)	Summary
Trade Waste, Recycling and Garden Bins	1,666,780	1,746,600	Businesses based in Newark and Sherwood have to pay for their waste to be collected and disposed of. Nottinghamshire County Council

			sets the waste disposal charges for all district and borough councils in the county, through its statutory role as the Waste Disposal Authority for these authorities.
Car and Lorry Parking	904,990	872,860	The car parking charges proposed for 2024/25 are largely the same as those in 2023/24, though increases have been proposed for lorry parking.
Planning	972,840	1,069,700	Planning application fees are statutory, set by the government, whereas pre-application advice fees are discretionary, set by the council. The council categorises its pre-application advice fees by the size and type of developments.
Culture	572,140	580,380	The charges related to the Palace Theatre Newark, National Civil War Centre, and Newark Castle and Gardens proposed for 2024/25 are largely the same as those in 2023/24.
Environmental Health	140,070	212,810	<p>The Environmental Health section provides a range of services, such as food safety and pollution control. Some of these are statutory, and some discretionary. Increases have been proposed for some of the discretionary environmental health fees for 2024/25, to ensure that the council recovers the full cost of services provided.</p> <p>The dog warden charges proposed for 2024/25 are the same as those in 2023/24.</p>

3.32 Details of the council's proposed charges for 2024/25 for all services can be found in **Appendices C1-C22**.

Total Financing and Investment income & expenditure (**Appendix A1**, line 19)

3.33 Capital financing costs have been estimated based on assumptions of interest rates going forward, taking into account the forecasts of cash balances over the next year. Due to their nature and composition, however, they are subject to change on a regular basis. This reflects movements in the financial markets as well as changes to the predicted cashflow.

3.34 The council will seek to borrow money from the most efficient and effective institution in order to support its cash flow position. Regard will be taken to the council's Treasury Strategy (which is subject to a separate report which is to be considered by the Audit and Governance Committee on 21 February 2024 and is due to be approved by Full Council on 7 March 2024) and due diligence through the council's Treasury Advisers.

3.35 In previous financial years, decisions regarding capital expenditure have been taken to utilise internal resources and maintain an under-borrowed position against its Capital Financing Requirement. This is not uncommon across the Local Government sector, at a time when budgets have been squeezed, but reserves have existed. The council is

proposing to utilise some of its reserves on projects such as the Yorke Drive and the Southern link Road. This means that as cash backed by these reserves will be utilised, there is a potential need to borrow money to ensure that the Council has cash at hand to service its day to day costs.

- 3.36 There is an overall increase in the total net Financing and Investment income & income to £1.004m (**Appendix A1**, line 19) in 2024/25. The 2024/25 interest receivable budget is higher than was budgeted for in March 2023, mainly due to the increase in investment balances and associated interest rates increasing during the year.
- 3.37 All treasury investments are made in line with the Council's Treasury Management Strategy. Advice from the council's external treasury consultants will be sought prior to the investment of any funds to ensure maximum scrutiny is taken on any decision making.

Contribution to or From Reserves

- 3.38 Section 25 (Budget calculations: report on robustness of estimates etc) of the *Local Government Act 2003* requires local authority chief finance officers (Section 151 officers) to report on the adequacy of financial reserves in the council's proposed budget and robustness of estimates made.
- 3.39 The council's s151 Officer has reviewed the adequacy of the council's financial reserves to ensure that these are neither too low (imprudent) or too high (over prudent) based on their purpose and likely use.
- 3.40 The table below summarises the amount of council earmarked reserves as at 31 March 2023, and forecasts of these as at 31 March 2024 and 31 March 2025.

	At 31 March 2023 (£)	Forecast at 31 March 2024 (£)	Forecast at 31 March 2025 (£)
Budget Funding Reserves	7,265,838	8,107,988	7,907,988
Earmarked for Known Pressures	7,187,684	4,699,592	4,193,878
Ring Fenced Reserves	2,197,225	2,170,127	2,424,547
Un-ringfenced Reserves	15,671,531	10,249,078	5,350,271
Total Revenue Reserves	32,322,278	25,226,785	19,876,684
Capital Reserves	14,047,491	13,173,335	14,424,244
Total Revenue and Capital Reserves and Balances	46,369,769	38,400,119	34,300,927

- 3.41 The main reductions relate to the usage of the Change Management/Capital Fund over the next two years. Large capital projects (such as the SLR, the Belvoir Ironworks site and the development at Clipstone) are due to utilise the funding over the next two years which will draw down the balances held.

General Fund Balance

- 3.42 The council's £1.500m General Fund balance has been set aside to pay for exceptional items. Officers consistently review the appropriateness (prudence) of this amount in

light of internal and external risks identified. For the council to maintain this balance, it is intended that it will only be used to fund expenditure once other appropriate reserves have been fully utilised.

- 3.43 The council's total forecast reserves and general fund balance to 31 March 2024 is £38,400,119. The s151 Officer of the Council is satisfied with the adequacy of the levels of reserves and balances.
- 3.44 The budget has been prepared in accordance with the budget strategy approved Cabinet on 11 July 2023. The draft budget has been scrutinised and challenged by the Council's Senior Leadership Team, the Leader and Portfolio Holders. The draft budget (and Medium Term Financial Plan) has also been scrutinised informally by the ruling administration. The s151 Officer of the council is therefore satisfied by the robustness of the estimates and assumptions underpinning the budget for 2024/25.

Parish and Town Council Precepts

- 3.45 Parish and town councils can raise money to help meet their spending requirements by issuing a 'precept' (mandatory demand) to the district council. The district council must account for such precepts when calculating its council tax requirement. Council tax requirement is the amount of money that councils need to raise from council tax to fund council spending once income from other sources (such as government grants) have been deducted.
- 3.46 The council is still awaiting confirmation from each parish and town council regarding their level of precept for 2024/25. These details will be included in the revenue budget and council tax setting report to be presented to Council on 7 March 2024.

Subjective Analysis

- 3.47 **Appendix A2** contains a breakdown of the council's General Fund revenue budget for 2024/25 by statutory categories used to categorise expenditure and income.

Risk Assessment and Sensitivity

- 3.48 As mentioned in paragraph 3.28, section 25 of the *Local Government Act 2003* requires the Council's chief finance officer, currently the Director of Resources and Deputy Chief Executive, to report on the robustness of estimates made in the council's proposed budget. This section fulfils that requirement.
- 3.49 In considering the Council's proposed budget for 2024/25 and the sensitivity of expenditure and income to changes, it should be noted that:
- a) a 1% increase in Council Tax is equivalent to £80,453 of net expenditure; and
 - b) a £1 increase in Council Tax is equivalent to £42,532 of net expenditure.
- 3.50 Various assumptions were required to be made when preparing the proposed 2024/25 budget. The two areas where it seems that variations between the proposed budget and reality could be greatest are employee pay and income receivable. Further details on each of these are below.

2024/25 Pay Award

- 3.51 Employee costs form a significant proportion of all district council budgets. As mentioned in paragraph 3.15, the 2024/25 budgets have been prepared assuming a 5% annual increase in basic pay.
- 3.52 The National Joint Council (NJC) for Local Government Services' pay award for 2024/25 has not yet been finalised. If the 2024/25 pay award agrees a more than 5% increase in basic pay, and if reductions in employee costs elsewhere cannot offset the increase in pay award costs, the additional costs unbudgeted for will need to be funded from council reserves. A 1% increase over and above the budgeted 5% in basic pay for 2024/25 would result in around £206,700 needing to be funded from reserves.

Income

- 3.53 A significant part of the council's annual net budget is dependent on income from rents; sales, fees and charges; and other receipts. Officers have reviewed the income that services have achieved against the current and previous years' budgets and have considered factors expected to affect future income levels, to ensure the 2024/25 income budgets for services have been set at levels considered achievable.
- 3.54 Significant underperformance against budgeted income would increase the council's annual net expenditure, and thus place unbudgeted demand on council reserves. A 1% reduction in council income from fees and charges would cost £48,000, or a council tax increase equivalent to £1.36 per property (0.60%).
- 3.55 Officers closely monitor income levels as part of the council's monthly budget monitoring processes.
- 3.56 Officers plan to develop a more detailed understanding of the volumes of activity which underpin each of the council's main income sources. This will allow the council to more accurately model changes to expected activity levels, as well as increase assurance regarding the risks of such changes materialising.

Other Significant Potential Risks

- 3.57 Though less likely, but other assumptions which could result in the Council's actual expenditure and/or income varying significantly from its proposed budgets are below:

a)	Interest rates	<p>The proposed 2024/25 budget includes amounts for both interest payable (Appendix A1, line 17) and interest receivable (Appendix A1, line 18). This is because the council expects that it will both borrow money and lend money throughout the 2024/25 financial year.</p> <p>The budgeted amounts for 2024/25 have accounted for factors such as the amount of council funds expected to be available. The actual amounts of council interest payable and receivable for 2024/25 will likely differ from those budgeted.</p>
----	----------------	--

		The impact of a 1% change in interest rate would be insignificant on the council's overall budget.
b)	General Inflation	<p>As mentioned in paragraph 3.25, the proposed service budgets for 2024/25 include increases for inflation where appropriate.</p> <p>The most recent month for which inflation data was available at the time of writing is December 2023. There was a 4.2% increase in inflation (Consumer Prices Index (CPI)) from December 2022.</p> <p>Though it is likely that actual inflation rates throughout 2024/25 will differ from the government's own forecasts for 2024/25 and the 5% the council has generally budgeted for, the small differences anticipated are expected to have insignificant impact on the council's budget.</p>
c)	Apprenticeship Scheme	In addition to Apprenticeship Levy payments the council is required to make to the government (Appendix A1 , line 10), the council employs apprentices which have been budgeted for within the revenue budget.
d)	Reserves	As mentioned in paragraph 3.38, the council has reviewed the adequacy of the financial reserves proposed in the 2024/25 budget, as statutorily required.

4.0 Implications

In writing this report and in putting forward recommendations, officers have considered the following implications: Data Protection; Digital & Cyber Security; Equality & Diversity; Financial; Human Resources; Human Rights; Legal; Safeguarding & Sustainability and where appropriate they have made reference to these implications and added suitable expert comment where appropriate.

Equalities Implications

- 4.1 Business Managers consider the implications on equalities when assessing how best to deliver the services they are responsible for.

5.0 Community Plan – Alignment to Objectives

- 5.1 The Community Plan 2023-2027 was approved by Full Council on 12 December 2023 and sets out the Council's objectives over the next three years, building on previous published plans for the same time period.
- 5.2 The budget proposed within this report seeks to allocate resources in order to ensure the delivery of all the objectives within the Community Plan.

Background Papers and Published Documents

Except for previously published documents, which will be available elsewhere, the documents listed here will be available for inspection in accordance with Section 100D of the Local Government Act 1972.

None.

SUMMARY OF DISTRICT COUNCIL BUDGET REQUIREMENT

A	B	C	D = C - B
	2024/25 Base Budget (March 2023)	2024/25 Base Budget (February 2024)	More or (Less)
Portfolio	£	£	£
1 Biodiversity and Environmental Services	1,371,450	1,576,990	205,540
2 Climate Change	3,558,470	3,653,660	95,190
3 Health, Wellbeing and Leisure	1,677,810	2,121,500	443,690
4 Heritage, Culture and the Arts	1,058,030	1,281,920	223,890
5 Housing	668,480	512,220	(156,260)
6 Strategy, Performance and Finance	6,931,970	9,604,490	2,672,520
7 Sustainable Economic Development	1,579,062	1,734,320	155,258
8 Public Protection and Community Relations	2,557,910	2,811,020	253,110
9 Total Service Budgets	19,403,182	23,296,120	3,892,938
Other Operating Income & Expenditure			
10 Apprenticeship Levy	47,000	60,000	13,000
11 Pensions - employer's lump sum	357,750	357,750	0
12 Corporate Contingencies	100,000	150,000	50,000
13 Drainage Levy	975,204	950,000	(25,204)
14 Total other operating income & expenditure	1,479,954	1,517,750	37,796
Financing and Investment income & expenditure			
15 Minimum Revenue Provision (MRP)	1,149,320	774,060	(375,260)
16 Financial Instruments Adjustment	3,650	3,650	0
17 Interest Payable	569,780	420,040	(149,740)
18 Interest Receivable	(2,144,420)	(2,623,460)	(479,040)
19 Total Financing and Investment income & expenditure	(421,670)	(1,425,710)	(1,004,040)
Taxation and Non Specific Grant Income			
Other Government Grants			
20 Revenue Support Grant	(228,000)	(243,540)	(15,540)
21 Rural Services Delivery Grant	(39,860)	(51,550)	(11,690)
22 Business Rates Pooling Surplus	0	(800,000)	(800,000)
23 Services Grant	(143,000)	(23,400)	119,600
24 4% Funding Guarantee	(1,152,000)	(1,609,810)	(457,810)
25 Internal Drainage Board Levy Grant	0	(239,000)	(239,000)
26 New Homes Bonus (NHB)	0	(326,700)	(326,700)
Non Domestic Rates (NDR)			
27 Retained NDR	(8,705,000)	(9,116,810)	(411,810)
28 Business Rates Surplus from 2023/24	0	(93,000)	(93,000)
29 Total Taxation and Non Specific Grant Income	(10,267,860)	(12,503,810)	(2,235,950)
Contributions to or (from) Reserves and Balances			
Contributions to or (from) Unusable Reserves			
30 Reversal of capital expenditure	(3,408,270)	(4,439,310)	(1,031,040)
31 Reversal of capital income	930,000	930,000	0
Contributions to or (from) Usable Reserves			
32 Contributions to or (from) usable reserves	444,000	794,470	350,470
33 Total Contributions to or (from) Reserves and Balances	(2,034,270)	(2,714,840)	(680,570)
34 Net call on Council Tax	8,159,336	8,169,510	10,174
Council Tax Adjustments			
35 Brought forward Council Tax deficit	0	116,520	116,520
36 To be collected through Council Tax	8,159,336	8,286,030	126,694

Appendix A2

BUDGET SUMMARY - SUBJECTIVE (GENERAL FUND (GF) CASH SERVICES REVENUE - EXCL CAPITAL)

CODE	DESCRIPTION	2024/25 EST SET IN MARCH 2023	2024/25 BASE BUDGET	MORE OR (LESS)
111	SALARIES AND WAGES	14,467,910	15,818,780	1,350,870
112	OTHER SALARIES/WAGES PAYMENTS	20,000	25,690	5,690
113	NATIONAL INSURANCE	1,524,370	1,708,280	183,910
114	SUPERANNUATION	3,034,530	3,299,480	264,950
115	OTHER EMPLOYERS CONTRIBUTIONS	34,450	36,990	2,540
	EMPLOYEES SUB-TOTAL	19,081,260	20,889,220	1,807,960
211	REPAIRS AND MAINTENANCE	660,230	1,122,620	462,390
212	ENERGY COSTS	501,480	770,170	268,690
213	RENT	450,170	455,700	5,530
214	RATES	514,670	523,200	8,530
215	WATER SERVICES	167,340	181,170	13,830
216	FIXTURES AND FITTING	5,670	11,000	5,330
217	CLEANING AND DOMESTIC	26,160	32,190	6,030
219	CONTRIBUTION TO FUNDS	441,300	681,530	240,230
311	TRANSPORT	1,143,260	1,186,540	43,280
313	CONTRACT HIRE OP LEASE	7,690	7,840	150
315	CAR ALLOWANCES	89,910	85,210	(4,700)
411	EQUIPMENT AND FURNITURE	427,330	444,020	16,690
412	MATERIALS	63,390	64,600	1,210
421	CATERING	117,310	134,960	17,650
431	CLOTHING AND UNIFORMS	38,730	42,630	3,900
441	GENERAL OFFICE EXPENSES	340,640	366,730	26,090
451	CONTRACTUAL	1,118,602	1,371,450	252,848
452	OTHER SERVICES	1,076,650	1,547,650	471,000
461	COMMUNICATIONS	1,540,200	1,523,790	(16,410)
471	STAFF	32,670	33,920	1,250
472	MEMBERS	324,190	362,700	38,510
473	CHAIRMAN	7,990	8,060	70
481	GRANTS	1,092,090	1,353,930	261,840
482	SUBSCRIPTIONS	75,030	77,550	2,520
491	INSURANCE	287,950	427,700	139,750
492	CONTRIBS TO FUNDS AND PROVISNS	237,080	533,110	296,030
493	OTHER	1,821,890	1,759,510	(62,380)
497	DISCOUNTS	3,160	57,150	53,990
611	HOUSING BENEFITS	19,208,180	18,648,710	(559,470)
612	OTHER TRANSFER PAYMENTS	185,160	182,620	(2,540)
	RUNNING EXPENSES SUB-TOTAL	32,006,122	33,997,960	1,991,838
911	GOVERNMENT GRANTS	(19,895,490)	(19,926,050)	(30,560)
922	CONTRIBUTIONS FROM OTHER LAS	(525,650)	(579,460)	(53,810)
928	RECHARGE NON GF ACCOUNTS	(4,204,080)	(4,713,850)	(509,770)
931	SALES	(646,480)	(659,420)	(12,940)
932	FEES AND CHARGES	(6,179,030)	(6,361,540)	(182,510)
933	RENTS	(2,208,110)	(2,435,160)	(227,050)
939	OTHER RECEIPTS	(508,530)	(424,890)	83,640
	INCOME SUB-TOTAL	(34,167,370)	(35,100,370)	(933,000)
	GRAND TOTAL	16,920,012	19,786,810	2,866,798

Portfolio: Biodiversity and Environmental Services

2024/25 General Fund Revenue Base Budget approved by Full Council in March 2023 compared to current 2024/25 Draft Budget (February 2024)

COST CENTRE	COST CENTRE NAME	2024/25 EST SET IN MARCH	2024-25 REALIGNMENTS	SALARY UPLIFT	INFLATIONARY CHANGES	2024-25 VARIATIONS APPROVED	CHANGES REQUESTED	FINAL 2024/25 BASE BUDGET
A10701	UPKEEP OF DYKES	7,460	0	0	140	0	2,000	9,600
A11103	SEWERAGE WORKS	51,420	0	0	1,000	0	(10,020)	42,400
A11104	STREET SCENE STREET CLEANSING	776,900	0	32,210	(5,070)	99,250	118,910	1,022,200
A11105	CLEANER, SAFER, GREENER	0	0	0	0	0	0	0
A11340	ENV SERV MANAGEMENT	270,760	0	6,660	(300)	0	(12,340)	264,780
A11582	LIFE SAVING	0	0	0	0	0	500	500
A11702	ENVIRONMENTAL SCHEMES	25,730	0	0	380	0	(9,700)	16,410
A15023	STREET SCENE GROUNDS MAINT	220,390	(30,000)	41,010	(10,230)	1,500	(20,360)	202,310
Non Capital Sub Total		1,352,660	(30,000)	79,880	(14,080)	100,750	68,990	1,558,200
Capital		18,790	0	0	0	0	0	18,790
Portfolio Total		1,371,450	(30,000)	79,880	(14,080)	100,750	68,990	1,576,990

2024/25 General Fund Revenue Base Budget approved by Full Council in March 2023 compared to current 2024/25 Draft Budget (February 2024)

Code	Description	2024/25 EST SET IN MARCH	2024-25 REALIGNMENTS	SALARY UPLIFT	INFLATIONARY CHANGES	2024-25 VARIATIONS APPROVED	CHANGES REQUESTED	FINAL 2024/25 BASE BUDGET
RE111	Salaries And Wages	1,305,620	15,480	57,930	(8,120)	81,330	0	1,452,240
RE113	National Insurance	124,540	0	9,000	0	6,800	0	140,340
RE114	Superannuation	252,940	0	12,950	0	12,620	0	278,510
Employees Sub Total		1,683,100	15,480	79,880	(8,120)	100,750	0	1,871,090
RE211	Repairs And Maintenance	6,150	0	0	110	0	0	6,260
RE212	Energy Costs	0	0	0	0	0	500	500
RE213	Rent	3,850	0	0	70	0	0	3,920
RE219	Contribution To Funds	17,950	0	0	620	0	2,500	21,070
RE313	Contract Hire Op Lease	7,690	0	0	150	0	0	7,840
RE315	Car Allowances	3,120	(1,540)	0	60	0	0	1,640
RE411	Equipment And Furniture	5,680	1,770	0	110	0	0	7,560
RE412	Materials	26,340	0	0	510	0	0	26,850
RE431	Clothing And Uniforms	11,000	0	0	210	0	0	11,210
RE451	Contractual	3,500	0	0	70	0	120,000	123,570
RE452	Other Services	223,910	(30,110)	0	4,350	0	0	198,150
RE471	Staff	140	(110)	0	0	0	0	30
RE493	Other Professional Services	1,100	0	0	20	0	0	1,120
RE612	Other Transfer Payments	51,430	0	0	1,000	0	(10,020)	42,400
RE821	Capital Charge	18,790	0	0	0	0	0	18,790
Running Expenses Sub Total		380,650	(29,990)	0	7,280	0	112,980	470,910
RE922	Contributions From Other Las	(10,500)	0	0	0	0	(9,700)	(20,200)
RE928	Recharge Non Gf Accounts	(551,750)	(20,690)	0	(10,710)	0	(34,290)	(617,440)
RE932	Fees and Charges	(130,050)	5,210	0	(2,530)	0	0	(127,370)
Income Sub Total		(692,300)	(15,480)	0	(13,240)	0	(43,990)	(765,010)
Portfolio Total		1,371,450	(29,990)	79,880	(14,080)	100,750	68,990	1,576,990

Portfolio: Climate Change

2024/25 General Fund Revenue Base Budget approved by Full Council in March 2023 compared to current 2024/25 Draft Budget (February 2024)

COST CENTRE	COST CENTRE NAME	2024/25 EST SET IN MARCH	2024-25 REALIGNMENTS	SALARY UPLIFT	INFLATIONARY CHANGES	2024-25 VARIATIONS APPROVED	CHANGES REQUESTED	FINAL 2024/25 BASE BUDGET
A10901	CLIMATE CHANGE	41,000	0	0	0	0	0	41,000
A11002	WASTE & RECYCLING	1,191,870	0	89,030	(33,520)	25,940	(43,740)	1,229,580
A11139	COMMUNITY PROTECTION	0	0	0	0	0	50,000	50,000
A15003	BRUNEL DRIVE DEPOT	(16,230)	(3,050)	0	(110)	1,500	37,800	19,910
A26901	VEHICLE POOL AND WORKSHOP	1,216,210	(72,930)	7,350	39,030	13,000	(15,110)	1,187,550
Non Capital Sub Total		2,432,850	(75,980)	96,380	5,400	40,440	28,950	2,528,040
Capital		1,125,620	0	0	0	0	0	1,125,620
Portfolio Total		3,558,470	(75,980)	96,380	5,400	40,440	28,950	3,653,660

2024/25 General Fund Revenue Base Budget approved by Full Council in March 2023 compared to current 2024/25 Draft Budget (February 2024)

Code	Description	2024/25 EST SET IN MARCH	2024-25 REALIGNMENTS	SALARY UPLIFT	INFLATIONARY CHANGES	2024-25 VARIATIONS APPROVED	CHANGES REQUESTED	FINAL 2024/25 BASE BUDGET
RE111	Salaries And Wages	2,128,050	0	69,310	(21,680)	13,000	0	2,188,680
RE112	Other Salaries/Wages Payments	0	4,600	0	0	0	0	4,600
RE113	National Insurance	195,080	0	13,400	0	0	0	208,480
RE114	Superannuation	403,340	0	13,670	0	0	0	417,010
Employees Sub Total		2,726,470	4,600	96,380	(21,680)	13,000	0	2,818,770
RE211	Repairs And Maintenance	0	3,780	0	0	0	3,940	7,720
RE217	Cleaning And Domestic	870	0	0	20	0	0	890
RE219	Contribution To Funds	53,000	(6,830)	0	330	0	(2,500)	44,000
RE311	Transport	1,143,260	0	0	43,280	0	0	1,186,540
RE315	Car Allowances	250	0	0	0	0	400	650
RE411	Equipment And Furniture	221,830	(4,600)	0	4,310	0	0	221,540
RE412	Materials	12,130	0	0	230	0	0	12,360
RE421	Catering	0	0	0	0	1,500	0	1,500
RE431	Clothing And Uniforms	16,540	0	0	330	0	2,000	18,870
RE441	General Office Expenses	16,270	0	0	320	0	0	16,590
RE451	Contractual	33,820	0	0	660	0	46,110	80,590
RE452	Other Services	53,430	0	0	240	0	15,000	68,670
RE471	Staff	20	0	0	0	0	0	20
RE491	Insurance	71,540	(72,930)	0	1,390	0	0	0
RE493	Other Professional Services	369,980	0	0	7,180	0	0	377,160
RE821	Capital Charge	1,125,620	0	0	0	0	0	1,125,620
Running Expenses Sub Total		3,118,560	(80,580)	0	58,290	1,500	64,950	3,162,720
RE928	Recharge Non Gf Accounts	(247,190)	0		(4,800)	0	24,640	(227,350)
RE931	Sales	(265,300)	0		(5,150)	25,940	0	(244,510)
RE932	Fees and Charges	(1,774,070)	0		(21,260)	0	(60,640)	(1,855,970)
RE939	Other Receipts	0	0		0	0	0	0
Income Sub Total		(2,286,560)	0	0	(31,210)	25,940	(36,000)	(2,327,830)
Portfolio Total		3,558,470	(75,980)	96,380	5,400	40,440	28,950	3,653,660

Portfolio: Health, Wellbeing and Leisure

2024/25 General Fund Revenue Base Budget approved by Full Council in March 2023 compared to current 2024/25 Draft Budget (February 2024)

COST CENTRE	COST CENTRE NAME	2024/25 EST SET IN MARCH	2024-25 REALIGNMENTS	SALARY UPLIFT	INFLATIONARY CHANGES	2024-25 VARIATIONS APPROVED	CHANGES REQUESTED	FINAL 2024/25 BASE BUDGET
A10210	DOMESTIC ABUSE SUPPORT	0	0	0	0	0	5,000	5,000
A10870	LONDON BRIDGE PROTOCOL	0	0	0	0	0	0	0
A11101	PUBLIC CONVENIENCES	42,490	(16,760)	0	840	0	(26,570)	0
A11305	SOUTHWELL LEISURE CENTRE	10,000	0	0	0	0	0	10,000
A11314	LINCOLN ROAD SPORTS HALL	0	0	0	0	0	0	0
A11321	NEIGHBOURHOOD CENTRES	9,810	0	0	1,190	0	0	11,000
A11331	PARKS AND PLAYING FIELDS	61,850	30,000	0	1,350	0	0	93,200
A11334	PRIVATE ESTATES	8,970	280	0	280	0	0	9,530
A11335	CLOSED CHURCHYARDS	5,030	0	0	180	0	0	5,210
A11336	VICAR WATER PARK	32,750	14,870	3,650	(230)	0	2,150	53,190
A11338	SCONCE & DEVON PARK	69,810	9,850	4,730	(80)	0	10,620	94,930
A11339	NEWARK SPORTS HUB	(50)	0	0	0	0	(500)	(550)
A11576	ACTIVE 4 TODAY	496,260	0	0	3,740	0	249,100	749,100
A11577	TOUR OF BRITAIN	0	0	0	0	0	0	0
A11915	COST OF LIVING RESPONSE	0	0	0	0	0	150,000	150,000
A11938	QUEENS JUBILEE	0	0	0	0	0	0	0
Non Capital Sub Total		736,920	38,240	8,380	7,270	0	389,800	1,180,610
Capital		940,890	0	0	0	0	0	940,890
Portfolio Total		1,677,810	38,240	8,380	7,270	0	389,800	2,121,500

2024/25 General Fund Revenue Base Budget approved by Full Council in March 2023 compared to current 2024/25 Draft Budget (February 2024)

Code	Description	2024/25 EST SET IN MARCH	2024-25 REALIGNMENTS	SALARY UPLIFT	INFLATIONARY CHANGES	2024-25 VARIATIONS APPROVED	CHANGES REQUESTED	FINAL 2024/25 BASE BUDGET
RE111	Salaries And Wages	76,950	0	6,400	(370)	0	0	82,980
RE113	National Insurance	7,350	0	870	0	0	0	8,220
RE114	Superannuation	15,060	0	1,110	0	0	0	16,170
Employees Sub Total		99,360	0	8,380	(370)	0	0	107,370
RE211	Repairs And Maintenance	16,440	33,100	0	240	0	(30,860)	18,920
RE213	Rent	3,640	0	0	50	0	(120)	3,570
RE215	Water Services	2,810	(2,810)	0	0	0	0	0
RE219	Contribution To Funds	16,320	3,810	0	1,750	0	15,680	37,560
RE411	Equipment And Furniture	740	0	0	20	0	0	760
RE412	Materials	390	0	0	10	0	0	400
RE431	Clothing And Uniforms	680	0	0	10	0	0	690
RE451	Contractual	113,800	(58,860)	0	2,210	0	3,070	60,220
RE452	Other Services	1,160	44,000	0	0	0	(500)	44,660
RE481	Grants	506,260	0	0	3,740	0	249,100	759,100
RE492	Contribs To Funds And Provisions	0	0	0	0	0	99,800	99,800
RE493	Other Professional Services	6,580	0	0	130	0	55,200	61,910
RE497	Discounts	3,160	0	0	70	0	(3,230)	0
RE821	Capital Charge	940,890	0	0	0	0	0	940,890
Running Expenses Sub Total		1,612,870	19,240	0	8,230	0	388,140	2,028,480
RE922	Contributions From Other Las	0	0		0	0	(9,000)	(9,000)
RE928	Recharge Non Gf Accounts	(1,000)	0		0	0	0	(1,000)
RE932	Fees and Charges	(16,600)	4,730		(300)	0	10,670	(1,500)
RE933	Rents	(16,820)	14,270		(290)	0	(10)	(2,850)
Income Sub Total		(34,420)	19,000	0	(590)	0	1,660	(14,350)
Portfolio Total		1,677,810	38,240	8,380	7,270	0	389,800	2,121,500

Portfolio: Heritage, Culture and the Arts

2024/25 General Fund Revenue Base Budget approved by Full Council in March 2023 compared to current 2024/25 Draft Budget (February 2024)

COST CENTRE	COST CENTRE NAME	2024/25 EST SET IN MARCH	2024-25 REALIGNMENTS	SALARY UPLIFT	INFLATIONARY CHANGES	2024-25 VARIATIONS APPROVED	CHANGES REQUESTED	FINAL 2024/25 BASE BUDGET
A10101	NCWC & NEWARK MUSEUM	317,950	(75,760)	26,420	1,270	0	1,940	271,820
A10105	NEWARK CASTLE/CASTLE GROUNDS	82,030	(7,200)	1,910	390	0	10,750	87,880
A10108	RESOURCE CENTRE	1,510	20,920	820	500	0	11,680	35,430
A10109	HERITAGE CULTURE & VISTORS	(830)	830	0	0	0	0	0
A10110	CULTURAL EVENTS	30,000	0	0	580	0	(580)	30,000
A10111	EDUCATION/OUTREACH	0	66,080	6,510	(4,340)	0	(1,650)	66,600
A11442	ARTS & COMMUNITY DEVELOPMENT	34,870	0	12,750	0	(10)	13,650	61,260
A11443	PALACE THEATRE	173,430	(4,870)	67,320	(6,820)	0	74,280	303,340
A11573	PROMOTION OF TOURISM	218,910	0	3,610	(180)	0	0	222,340
Non Capital Sub Total		857,870	0	119,340	(8,600)	(10)	110,070	1,078,670
Capital		200,160	0	0	0	0	3,090	203,250
Portfolio Total		1,058,030	0	119,340	(8,600)	(10)	113,160	1,281,920

2024/25 General Fund Revenue Base Budget approved by Full Council in March 2023 compared to current 2024/25 Draft Budget (February 2024)

Code	Description	2024/25 EST SET IN MARCH	2024-25 REALIGNMENTS	SALARY UPLIFT	INFLATIONARY CHANGES	2024-25 VARIATIONS APPROVED	CHANGES REQUESTED	FINAL 2024/25 BASE BUDGET
RE111	Salaries And Wages	707,120	0	92,880	(4,750)	(10)	(3,310)	791,930
RE112	Other Salaries/Wages Payments	0	0	0	0	0	0	0
RE113	National Insurance	69,640	0	9,870	0	0	0	79,510
RE114	Superannuation	135,280	0	16,590	0	0	0	151,870
Employees Sub Total		912,040	0	119,340	(4,750)	(10)	(3,310)	1,023,310
RE211	Repairs And Maintenance	0	3,000	0	0	0	4,000	7,000
RE217	Cleaning And Domestic	2,060	0	0	40	0	0	2,100
RE219	Contribution To Funds	0	0	0	0	0	6,000	6,000
RE315	Car Allowances	1,930	0	0	20	0	0	1,950
RE411	Equipment And Furniture	10,150	0	0	190	0	0	10,340
RE412	Materials	520	0	0	10	0	(10)	520
RE421	Catering	72,110	0	0	1,400	0	10,610	84,120
RE431	Clothing And Uniforms	1,020	0	0	20	0	0	1,040
RE441	General Office Expenses	47,450	0	0	250	0	0	47,700
RE451	Contractual	21,440	(5,500)	0	410	0	95,100	111,450
RE452	Other Services	86,850	19,030	0	740	0	0	106,620
RE461	Communications And Computing	30,470	(16,530)	0	340	0	0	14,280
RE471	Staff	1,470	0	0	20	0	280	1,770
RE481	Grants	27,540	0	0	0	0	(770)	26,770
RE482	Subscriptions	140	0	0	0	0	680	820
RE493	Other Professional Services	518,910	0	0	9,680	0	10,810	539,400
RE821	Capital Charge	200,160	0	0	0	0	(3,090)	203,250
Running Expenses Sub Total		1,022,220	0	0	13,120	0	123,610	1,165,130
RE931	Sales	(213,170)	0	0	(4,120)	0	(21,800)	(239,090)
RE932	Fees and Charges	(582,440)	0	0	(11,310)	0	11,270	(582,480)
RE933	Rents	(1,110)	0	0	0	0	1,110	0
RE939	Other Receipts	(79,510)	0	0	(1,540)	0	(3,900)	(84,950)
Income Sub Total		(876,230)	0	0	(16,970)	0	(13,320)	(906,520)
Portfolio Total		1,058,030	0	119,340	(8,600)	(10)	106,980	1,281,920

Portfolio: Housing

2024/25 General Fund Revenue Base Budget approved by Full Council in March 2023 compared to current 2024/25 Draft Budget (February 2024)

COST CENTRE	COST CENTRE NAME	2024/25 EST SET IN MARCH	2024-25 REALIGNMENTS	SALARY UPLIFT	INFLATIONARY CHANGES	2024-25 VARIATIONS APPROVED	CHANGES REQUESTED	FINAL 2024/25 BASE BUDGET
A10211	NORTHGATE ROUGH SLEEPER ACCOM	13,270	0	0	0	0	(11,650)	1,620
A10212	PRIVATE SECTOR SPEECH CALL	(81,530)	0	0	(11,100)	0	0	(92,630)
A10213	HOUSING OPTIONS	481,390	(197,080)	19,130	(1,310)	0	(14,540)	287,590
A10215	STRATEGIC HSG (WAS COMMUNITY)	136,300	0	46,260	(12,890)	0	0	169,670
A10217	SYRIAN VP RESETTLEMENT SCHEME	0	36,900	0	0	0	(36,900)	0
A10219	AFGHAN RESETTLEMENT SCHEME	0	36,890	0	0	0	(36,890)	0
A10220	COLD WEATHER/SWEP SCHEME	0	0	0	0	0	0	0
A10221	COVID/ROUGH SLEEPERS	0	0	0	0	0	0	0
A10223	HOMES FOR UKRAINE	0	168,110	0	0	(4,000)	(164,110)	0
A10224	HOARDING SUPPORT	0	0	0	0	0	20,000	20,000
A10225	BARRATT MANAGED PROPERTIES	0	0	0	(10)	0	0	(10)
A10226	ALEXANDER LODGE	0	0	0	0	0	9,260	9,260
A10227	WELLOW GREEN	0	0	0	0	0	(4,400)	(4,400)
A11607	ENERGY AND HOME SUPPORT	69,430	0	2,190	0	(70)	(50)	71,500
Non Capital Sub Total		618,860	44,820	67,580	(25,310)	(4,070)	(239,280)	462,600
Capital		49,620	0	0	0	0	0	49,620
Portfolio Total		668,480	44,820	67,580	(25,310)	(4,070)	(239,280)	512,220

2024/25 General Fund Revenue Base Budget approved by Full Council in March 2023 compared to current 2024/25 Draft Budget (February 2024)

Code	Description	2024/25 EST SET IN MARCH	2024-25 REALIGNMENTS	SALARY UPLIFT	INFLATIONARY CHANGES	2024-25 VARIATIONS APPROVED	CHANGES REQUESTED	FINAL 2024/25 BASE BUDGET
RE111	Salaries And Wages	756,270	33,530	50,140	(1,210)	(4,070)	13,640	848,300
RE112	Other Salaries/Wages Payments	0	0		0	0	0	0
RE113	National Insurance	80,530	4,510	6,480	0	0	1,300	92,820
RE114	Superannuation	148,150	6,780	10,960	0	0	2,550	168,440
Employees Sub Total		984,950	44,820	67,580	(1,210)	(4,070)	17,490	1,109,560
RE211	Repairs And Maintenance	0	0	0	3,800	0	76,400	80,200
RE212	Energy Costs	36,750	0	0	0	0	23,250	60,000
RE213	Rent	4,160	0	0	0	0	0	4,160
RE215	Water Services	13,450	(330)	0	0	0	13,120	26,240
RE216	Fixtures And Fitting	5,670	330	0	0	0	5,000	11,000
RE217	Cleaning And Domestic	12,980	(1,000)	0	0	0	(3,980)	8,000
RE219	Contribution To Funds	0	0	0	0	0	40,000	40,000
RE315	Car Allowances	4,210	0	0	700	0	(20)	4,890
RE411	Equipment And Furniture	7,210	0	0	0	0	0	7,210
RE441	General Office Expenses	520	0	0	0	0	(20)	500
RE451	Contractual	0	0	0	0	0	60,000	60,000
RE452	Other Services	5,260	0	0	0	0	0	5,260
RE461	Communications And Computing	12,750	0	0	0	0	1,750	14,500
RE471	Staff	1,930	0	0	0	0	(10)	1,920
RE492	Contribs To Funds And Provisions	15,750	0	0	0	0	0	15,750
RE493	Other Professional Services	444,860	45,000	0	15,410	0	(229,540)	275,730
RE612	Other Transfer Payments	133,740	0	0	6,480	0	0	140,220
RE821	Capital Charge	49,620	0	0	0	0	0	49,620
Running Expenses Sub Total		748,860	44,000	0	26,390	0	(14,050)	805,200
RE911	Government Grants	(220,420)	(44,000)	0	0	0	0	(264,420)
RE922	Contributions From Other Las	(310,000)	0	0	0	0	(39,110)	(349,110)
RE928	Recharge Non Gf Accounts	(192,870)	0	0	(14,300)	0	0	(207,170)
RE932	Fees and Charges	(50,000)	0	0	0	0	(10,000)	(60,000)
RE933	Rents	(209,450)	0	0	(31,000)	0	(193,610)	(434,060)
RE939	Other Receipts	(82,590)	0	0	(5,190)	0	0	(87,780)
Income Sub Total		(1,065,330)	(44,000)	0	(50,490)	0	(242,720)	(1,402,540)
Portfolio Total		668,480	44,820	67,580	(25,310)	(4,070)	(239,280)	512,220

Portfolio: Public Protection and Community Relations

2024/25 General Fund Revenue Base Budget approved by Full Council in March 2023 compared to current 2024/25 Draft Budget (February 2024)

COST CENTRE	COST CENTRE NAME	2024/25 EST SET IN MARCH	2024-25 REALIGNMENTS	SALARY UPLIFT	INFLATIONARY CHANGES	2024-25 VARIATIONS APPROVED	CHANGES REQUESTED	FINAL 2024/25 BASE BUDGET
A10814	LICENSING ADMIN	(34,240)	0	0	(1,100)	0	(6,790)	(42,130)
A10816	COMMUNITY SAFETY	45,140	0	0	10	(4,290)	13,190	54,050
A10823	ANTI-SOCIAL BEHAVIOUR	117,430	0	0	(220)	77,080	32,150	226,440
A10826	DOMESTIC VIOLENCE	38,910	0	1,230	(260)	(11,480)	1,000	29,400
A10899	INSURANCE	244,830	72,420	0	3,910	15,830	64,040	401,030
A11107	DOG CONTROL	12,630	0	0	240	0	4,020	16,890
A11110	NATIONAL ASSISTANCE ACT BURIAL	2,160	0	0	40	0	1,800	4,000
A11122	SAFETY & RISK MANAGEMENT	77,570	510	0	(1,360)	(2,720)	(13,530)	60,470
A11126	CCTV	208,400	18,260	2,550	3,120	0	(6,530)	225,800
A11135	ENV HEALTH & COM PROTECTION	753,550	(753,550)	0	0	0	0	0
A11136	NEIGHBOURHOOD WARDENS	149,480	0	11,760	(480)	0	13,500	174,260
A11138	ENVIRONMENTAL HEALTH	0	436,360	0	0	7,990	600	444,950
A11139	COMMUNITY PROTECTION	0	298,930	19,220	(960)	0	(18,050)	299,140
A11579	NEWARK TOWN CYCLE RACES	25,750	0	0	4,250	0	0	30,000
A11583	HEALTH & COMMUNITY RELATIONS	557,840	(44,820)	15,070	0	50	(1,000)	527,140
A11922	COMMISSIONING CONTRIBUTIONS	137,310	0	0	0	0	0	137,310
A11923	EMERGENCY PLANNING	62,150	0	(780)	70	0	1,830	63,270
A11932	COMMUNITY LOTTERY	0	0	0	0	0	0	0
A11940	COMMUNITY GRANT SCHEME	102,250	0	0	0	0	0	102,250
Non Capital Sub Total		2,501,160	28,110	49,050	7,260	82,460	86,230	2,754,270
Capital		56,750	0	0	0	0	0	56,750
Portfolio Total		2,557,910	28,110	49,050	7,260	82,460	86,230	2,811,020

2024/25 General Fund Revenue Base Budget approved by Full Council in March 2023 compared to current 2024/25 Draft Budget (February 2024)

Code	Description	2024/25 EST SET IN MARCH	2024-25 REALIGNMENTS	SALARY UPLIFT	INFLATIONARY CHANGES	2024-25 VARIATIONS APPROVED	CHANGES REQUESTED	FINAL 2024/25 BASE BUDGET
RE111	Salaries And Wages	1,558,430	(37,450)	37,880	(1,700)	96,350	19,040	1,672,550
RE112	Other Salaries/Wages Payments	0	0		0	0	0	0
RE113	National Insurance	172,370	(2,050)	4,390	0	11,880	1,300	187,890
RE114	Superannuation	309,560	(5,320)	6,780	0	18,230	3,380	332,630
Employees Sub Total		2,040,360	(44,820)	49,050	(1,700)	126,460	23,720	2,193,070
RE219	Contribution To Funds	14,000	20,280	0	0	0	500	34,780
RE315	Car Allowances	24,780	(1,640)	0	130	0	1,350	24,620
RE411	Equipment And Furniture	4,170	360	0	50	0	3,980	8,560
RE412	Materials	2,700	0	0	50	0	300	3,050
RE431	Clothing And Uniforms	1,740	150	0	20	0	3,000	4,910
RE441	General Office Expenses	5,690	1,080	0	40	0	1,500	8,310
RE451	Contractual	98,770	0	0	5,450	0	(2,680)	101,540
RE452	Other Services	39,450	(4,660)	0	220	0	1,250	36,260
RE461	Communications And Computing	6,770	3,680	0	80	0	5,240	15,770
RE471	Staff	2,000	(210)	0	0	0	0	1,790
RE481	Grants	146,270	0	0	170	0	(1,130)	145,310
RE482	Subscriptions	3,450	(100)	0	70	0	0	3,420
RE491	Insurance	216,410	72,480	0	3,900	0	134,910	427,700
RE492	Contribs To Funds And Provisions	195,220	(20,280)	0	3,790	0	12,720	191,450
RE493	Other Professional Services	224,070	(4,210)	0	200	0	(1,620)	218,440
RE821	Capital Charge	56,750	0	0	0	0	0	56,750
Running Expenses Sub Total		1,042,240	66,930	0	14,170	0	159,320	1,282,660
RE922	Contributions From Other Las	(24,670)	0	0	(480)	0	4,480	(20,670)
RE928	Recharge Non Gf Accounts	(172,370)	6,000	0	(3,160)	(44,000)	(31,310)	(244,840)
RE931	Sales	(124,260)	0	0	(330)	0	1,220	(123,370)
RE932	Fees and Charges	(152,870)	(19,210)	0	(830)	0	(73,540)	(246,450)
RE933	Rents	(29,300)	0	0	0	0	0	(29,300)
RE939	Other Receipts	(21,220)	19,210	0	(410)	0	2,340	(80)
Income Sub Total		(524,690)	6,000	0	(5,210)	(44,000)	(96,810)	(664,710)
Portfolio Total		2,557,910	28,110	49,050	7,260	82,460	86,230	2,811,020

Portfolio: Strategy, Performance and Finance

2024/25 General Fund Revenue Base Budget approved by Full Council in March 2023 compared to current 2024/25 Draft Budget (February 2024)

COST CENTRE	COST CENTRE NAME	2024/25 EST SET IN MARCH	2024-25 REALIGNMENTS	SALARY UPLIFT	INFLATIONARY CHANGES	2024-25 VARIATIONS APPROVED	CHANGES REQUESTED	FINAL 2024/25 BASE BUDGET
A10104	GILSTRAP INTERPRETATION CENTR	5,860	16,760	0	90	0	5,800	28,510
A10601	ELECTORAL REGISTRATION	114,510	98,260	4,150	1,360	0	60	218,340
A10801	HRA SYSTEM SOFTWARE	0	0	0	0	0	0	0
A10802	ICT	904,850	(6,700)	48,360	(33,910)	0	(57,370)	855,230
A10803	INTERNAL AUDIT	83,840	0	0	(430)	0	310	83,720
A10804	PAYMENTS & RECEIPTS	(6,350)	6,700	0	(130)	0	(12,940)	(12,720)
A10805	INCOME SECTION	121,210	0	4,140	(260)	0	(1,800)	123,290
A10806	BANK CHARGES	148,660	0	0	2,890	0	0	151,550
A10809	CUSTOMER SERVICES	550,140	0	70,710	(3,490)	26,310	128,530	772,200
A10810	COMMUNICATIONS	341,210	0	11,050	1,910	0	180	354,350
A10812	HUMAN RESOURCES	270,280	5,500	15,250	(3,720)	46,880	22,380	356,570
A10818	COMMITTEE SECTION	297,990	(98,260)	5,390	(2,800)	0	(4,680)	197,640
A10819	LEGAL SECTION	260,850	0	6,170	3,330	0	19,970	290,320
A10832	CENTRAL TELEPHONES	140,010	0	0	1,920	0	1,680	143,610
A10833	CENTRAL POSTAGES	46,220	0	0	2,100	0	3,900	52,220
A10834	SOUTHWELL LIBRARY SERVICE	0	0	0	0	0	0	0
A10841	CENTRAL PERSONNEL EXPENSES	115,130	(5,500)	0	(100)	0	0	109,530
A10842	OTHER EMPLOYEE EXPENSES	25,220	0	0	450	0	64,420	90,090
A10845	INFORMATION GOVERNANCE	89,610	0	2,420	(150)	0	0	91,880
A10864	SENIOR LEADERSHIP TEAM	881,950	37,470	16,300	(660)	0	23,820	958,880
A10865	CORPORATE ASSET DEVELOPMENT	124,190	0	3,330	(170)	0	214,200	341,550
A10895	FINANCIAL SERVICES	494,290	0	19,420	1,903	0	(14,897)	500,710
A10896	TRANSFORMATION	340,700	0	14,880	(810)	0	10,610	365,380
A10897	PROCUREMENT	38,800	0	0	750	0	0	39,550
A10898	ADMINISTRATION SERVICES	351,580	0	26,610	(7,110)	0	(28,400)	342,680
A10904	REVENUES	15,380	0	31,390	7,430	0	13,050	67,250
A10905	RENT ALLOWANCES	(115,860)	0	0	3,380	0	79,260	(33,220)
A10906	COUNCIL TAX BENEFITS	0	0	0	0	0	0	0
A10907	RENT REBATES	(33,440)	0	0	970	0	(1,120)	(33,590)
A10908	HOUSING BENEFIT ADMIN	86,180	0	15,570	9,910	0	(1,290)	110,370
A10910	DISCRETIONARY HOUSING PAYMENTS	0	0	0	0	0	0	0
A10911	BUSINESS RATES PROPERTY UNIT	12,170	0	3,150	(3,570)	0	(4,600)	7,150
A11574	SHERWOOD YOUTH HOSTEL	(18,720)	0	0	50	0	(280)	(18,950)
A11810	NEWARK BEACON	(71,530)	(48,610)	0	16,060	0	112,710	8,630
A11813	SUTTON ON TRENT WORKSHOPS	(33,860)	0	0	(460)	0	(9,400)	(43,720)
A11814	CREWE CLOSE BLIDWORTH WORKSHOP	(49,270)	0	0	(2,380)	0	(6,510)	(58,160)
A11815	BOUGHTON WORKSHOPS	(40,120)	0	0	(1,480)	0	(15,430)	(57,030)
A11816	CHURCH FARM WORKSHOPS	(20,440)	0	0	690	0	(12,150)	(31,900)
A11817	BILSTHORPE WORKSHOPS	(45,290)	0	0	(1,710)	0	(9,550)	(56,550)
A11818	BURMA ROAD WORKSHOPS	(16,150)	0	0	(390)	0	(3,880)	(20,420)
A11819	JUBILEE BRIDGE	10,090	0	0	(120)	0	(1,090)	8,880
A11821	CLIPSTONE WORKSHOPS	(44,990)	0	0	(1,000)	0	(650)	(46,640)
A11822	BOUGHTON ADVANCE FACTORY	(48,810)	0	0	(970)	0	(1,510)	(51,290)
A11823	CLIPSTONE ADVANCED FACTORIES	(44,900)	0	0	(970)	0	(170)	(46,040)
A11824	SHERWOOD FOREST CRAFT CENTRE	(5,210)	0	0	1,880	0	(10,870)	(14,200)
A11826	CLIPSTONE HOLDING CENTRE	(34,470)	0	0	0	0	53,550	19,080
A11828	LEACH WAY BLIDWORTH ADV	(35,640)	0	0	(1,300)	0	(9,290)	(46,230)
A11831	CASTLE HOUSE	209,300	0	5,610	28,690	(77,630)	48,120	214,090
A11832	OLLERTON HALL	0	0	0	0	0	0	0
A11833	HAYSIDE COTTAGE LOWFIELD LANE	0	0	0	0	0	0	0
A11834	ACTIVE4TODAY - PROPERTY	4,010	0	0	1,150	0	(5,160)	0
A11835	BUTTERMARKET	(98,950)	0	330	5,500	0	(2,720)	(95,840)
A11836	GATEWAY LODGE	(8,470)	0	0	(180)	0	(2,580)	(11,230)
A11837	FARRAR CLOSE	(53,080)	0	0	4,050	0	65,900	16,870
A11838	BEAUMOND CROSS	(62,680)	0	0	5,030	0	(4,730)	(62,380)
A11839	OLLERTON OFFICE	21,480	0	0	(730)	0	(15,750)	5,000
A11840	HAWTONVILLE OFFICE	0	0	0	0	0	0	0
A11841	CORPORATE PROPERTY	499,760	48,610	7,320	1,128	0	12,350	569,170
A11842	DEVELOPMENT COSTS	0	0	0	0	0	100,000	100,000
A11845	LAND AT SOUTH CLIFTON	0	0	0	0	0	0	0
A11846	VICAR WATER PROPERTY	49,400	(14,870)	0	240	0	16,570	51,340
A11847	LINCOLN ROAD PROPERTY	21,600	0	0	0	0	(15,450)	6,150
A11848	SCONCE & DEVON PROPERTY	53,260	(9,850)	0	470	0	19,110	62,990
A11849	BRUNEL DRIVE DEPOT PROPERTY	156,720	17,930	0	2,550	0	38,960	216,160

A11850	TOM MANN PAVILION PROPERTY	13,970	0	0	0	0	(12,470)	1,500
A11855	NEWARK CASTLE PROPERTY	105,460	0	0	0	0	4,270	109,730
A11856	NCWM PROPERTY	130,510	0	0	(180)	0	6,210	136,540
A11857	PALACE THEATRE PROPERTY	58,350	0	0	820	0	131,360	190,530
A11858	RESOURCE CENTRE PROPERTY	94,380	(14,880)	0	(590)	0	(47,350)	31,560
A11861	COMPLIANCE SERVICING	0	0	0	0	0	206,535	206,540
A11886	32 STODMAN STREET	6,220	0	0	0	0	(6,220)	0
A11887	ASI. RESOURCES	0	0	0	0	0	(15,830)	(15,830)
A11888	ACTIVE 4 TODAY - NON-RECHARGEABLE	0	0	0	0	0	44,690	44,690
A11901	MEMBERS EXPENSES	340,040	0	0	16,820	26,640	8,130	391,630
A11902	CIVIC EXPENSES	22,990	0	0	90	0	(10,000)	13,080
A11911	OTHER FINANCIAL TRANSACTIONS	0	0	0	0	0	0	0
A11921	GRANTS AND CONCESSIONS	416,920	0	0	3,830	0	0	420,750
A11930	CORONAVIRUS COSTS - FPC	0	0	0	0	0	0	0
A11933	TEST & TRACE SUPPORT ADMIN	0	0	0	0	0	0	0
A12001	PARKING SERVICES ADMIN	215,260	0	6,130	(209)	0	(1)	221,180
A12011	SURFACE CAR PARKS NEWARK	(509,190)	0	0	4,130	0	41,660	(463,400)
A12012	SURFACE CAR PARKS SOUTHWELL	0	0	0	0	0	0	0
A12014	NEWARK LORRY PARK	(508,180)	0	0	17,437	0	18,483	(472,260)
A12015	SURFACE CAR PARKS - LOWDHAM	0	0	0	0	0	0	0
A12016	SURFACE CAR PARKS BOWBRIDGE RD	(100,000)	0	0	0	0	0	(100,000)
A12019	SURFACE CAR PARK OLLERTON	8,960	0	0	800	0	0	9,760
A12221	NEWARK LIVESTOCK MARKET	0	0	0	0	0	0	0
A12301	ELECTION EXPENSES	40,700	0	0	0	0	0	40,700
A12401	OTHER PROPERTIES & WSHOP VOIDS	21,410	(280)	0	1,410	0	15,400	37,940
A12520	CORPORATE MANAGEMENT	131,250	(37,470)	0	1,390	0	16,180	111,350
A12530	NON DISTRIBUTED COSTS	194,410	0	0	9,720	0	0	204,130
A15002	CREW LANE DEPOT	(17,250)	0	0	0	(410)	210	(17,450)
A15013	A4T ICT RECHARGES	0	0	0	0	0	0	0
A15028	COMBINED SERVICE COSTS	156,000	0	0	3,080	0	22,300	181,380
A15029	CORPORATE PRINTERS	20,200	0	0	(60)	0	1,570	21,710
Non Capital Sub Total		6,840,630	(5,190)	317,680	95,370	21,790	1,226,300	8,496,580
Capital		91,340	0	0	0	0	1,016,570	1,107,910
Portfolio Total		6,931,970	(5,190)	317,680	95,370	21,790	2,242,870	9,604,490

2024/25 General Fund Revenue Base Budget approved by Full Council in March 2023 compared to current 2024/25 Draft Budget (February 2024)

Code	Description	2024/25 EST SET IN MARCH	2024-25 REALIGNMENTS	SALARY UPLIFT	INFLATIONARY CHANGES	2024-25 VARIATIONS APPROVED	CHANGES REQUESTED	FINAL 2024/25 BASE BUDGET
RE111	Salaries And Wages	6,104,030	161,040	241,610	(24,079)	55,290	170,853	6,708,740
RE112	Other Salaries/Wages Payments	20,000	0	680	50	0	360	21,090
RE113	National Insurance	668,120	16,070	34,740	40	6,810	28,240	754,020
RE114	Superannuation	1,407,910	30,140	40,650	10,360	11,090	26,800	1,526,950
RE115	Other Employers Contributions	34,450	1,850		690	0	0	36,990
Employees Sub Total		8,234,510	209,100	317,680	(12,939)	73,190	226,253	9,047,790
RE211	Repairs And Maintenance	637,640	116,840	0	11,310	(30)	236,755	1,002,520
RE212	Energy Costs	464,730	0	0	8,990	0	235,950	709,670
RE213	Rent	438,520	0	0	5,840	0	(310)	444,050
RE214	Rates	514,610	0	0	8,520	0	0	523,130
RE215	Water Services	151,080	0	0	486	0	3,365	154,930
RE217	Cleaning And Domestic	10,250	0	0	50	0	10,900	21,200
RE219	Contribution To Funds	334,880	6,830	0	2,090	0	148,910	492,710
RE311	Transport	0	0	0	0	0	0	0
RE315	Car Allowances	42,660	0	0	0	0	(6,160)	36,500
RE411	Equipment And Furniture	177,500	6,600	0	3,020	0	880	188,000
RE412	Materials	6,310	0	0	110	0	0	6,420
RE421	Catering	45,200	0	0	362	0	3,778	49,340
RE431	Clothing And Uniforms	7,250	0	0	10	0	(2,410)	4,850
RE441	General Office Expenses	188,440	0	0	3,850	0	19,070	211,360
RE451	Contractual	706,760	(109,860)	0	8,690	20	84,600	690,210
RE452	Other Services	347,800	4,840	0	2,370	0	144,430	499,440
RE461	Communications And Computing	1,478,590	(13,830)	0	(11,040)	0	2,470	1,456,190
RE471	Staff	17,950	0	0	180	0	(200)	17,930
RE472	Members	324,190	0	0	16,440	26,640	(4,570)	362,700
RE473	Chairman	7,990	0	0	70	0	0	8,060
RE481	Grants	416,920	0	0	3,830	0	0	420,750
RE482	Subscriptions	63,730	540	0	(109)	0	309	64,470
RE491	Insurance	0	0	0	0	0	0	0
RE492	Contribs To Funds And Provisions	0	0	0	0	0	0	0
RE493	Other Professional Services	201,540	1,000	0	540	0	34,750	237,830
RE497	Discounts	0	0	0	0	18,740	38,410	57,150
RE611	Housing Benefits	19,208,180	0	0	(559,470)	0	0	18,648,710
RE821	Capital Charge	91,340	0	0	0	0	(1,016,570)	1,107,910
Running Expenses Sub Total		25,884,060	12,960	0	(493,862)	45,370	(65,643)	27,416,030
RE911	Government Grants	(19,463,460)	0	0	566,900	0	0	(18,896,560)
RE922	Contributions From Other Las	(180,480)	0	0	0	0	0	(180,480)
RE928	Recharge Non Gf Accounts	(2,988,140)	(175,160)	0	(12,580)	(77,630)	(110,660)	(3,364,170)
RE931	Sales	(42,740)	0	0	(890)	0	(8,410)	(52,040)
RE932	Fees and Charges	(2,285,750)	332,840	0	21,260	(10)	(273,490)	(2,205,150)
RE933	Rents	(1,951,430)	(384,930)	0	19,950	(19,130)	366,590	(1,968,950)
RE939	Other Receipts	(274,600)	0	0	7,530	0	75,090	(191,980)
Income Sub Total		(27,186,600)	(227,250)	0	602,170	(96,770)	49,120	(26,859,330)
Portfolio Total		6,931,970	(5,190)	317,680	95,370	21,790	209,730	9,604,490

Portfolio: Sustainable Development and Regeneration

2024/25 General Fund Revenue Base Budget approved by Full Council in March 2023 compared to current 2024/25 Draft Budget (February 2024)

COST CENTRE	COST CENTRE NAME	2024/25 EST SET IN MARCH	2024-25 REALIGNMENTS	SALARY UPLIFT	INFLATIONARY CHANGES	2024-25 VARIATIONS APPROVED	CHANGES REQUESTED	FINAL 2024/25 BASE BUDGET
A10813	LAND CHARGES	(37,320)	0	500	10	0	18,050	(18,760)
A11578	TOWN CENTRE MANAGEMENT	84,490	0	2,060	410	0	56,450	143,410
A11601	GROWTH TECHNICAL SUPPORT	208,770	0	4,110	90	0	310	213,280
A11604	DEVELOPMENT MANAGEMENT	369,040	(55,060)	0	330	39,170	(12,130)	341,350
A11605	PLANNING POLICY	353,440	0	7,640	(380)	0	(90)	360,610
A11606	BUILDING CONTROL	112,492	0	0	0	0	2,158	114,650
A11610	LOCAL DEVELOPMENT FRAMEWORK	54,000	0	0	0	0	6,000	60,000
A11611	COMMUNITY INFRASTRUCTURE LEVY	(4,500)	0	2,060	(2,060)	0	4,500	0
A11614	HIGH STREET HAZ	200	0	0	0	0	4,040	4,240
A11615	TREE SERVICES	53,540	0	2,760	(140)	0	290	56,450
A11616	TRAVELLER SITE & DEVELOPMENT	0	0	0	0	0	0	0
A11617	BIODIVERSITY AND ECOLOGY	0	55,060	5,730	(3,040)	0	(150)	57,600
A11731	STREET NAMING	27,760	0	640	(30)	0	(570)	27,800
A11851	ECONOMIC GROWTH	357,150	0	11,760	(620)	0	(1,080)	367,210
A11852	TOWNS FUND REVENUE	0	0	0	0	0	0	0
A12506	GROWTH INVESTMENT FUND	0	0	0	0	0	0	0
C54070	TOWNS FUND	0	0	1,230	0	123,440	(124,670)	0
C54078	SHARED PROSPERITY FUND	0	0	2,590	(2,590)	0	0	0
Non Capital Sub Total		1,579,062	0	41,080	(8,020)	162,610	(46,892)	1,727,840
Capital		0	0	0	0	0	6,480	6,480
Portfolio Total		1,579,062	0	41,080	(8,020)	162,610	(40,412)	1,734,320

2024/25 General Fund Revenue Base Budget approved by Full Council in March 2023 compared to current 2024/25 Draft Budget (February 2024)

Code	Description	2024/25 EST SET IN MARCH	2024-25 REALIGNMENTS	SALARY UPLIFT	INFLATIONARY CHANGES	2024-25 VARIATIONS APPROVED	CHANGES REQUESTED	FINAL 2024/25 BASE BUDGET
RE111	Salaries And Wages	1,826,540	0	31,820	(4,640)	195,330	24,310	2,073,360
RE112	Other Salaries/Wages Payments	0	0	0	0	0	0	0
RE113	National Insurance	206,740	0	4,392	(0)	23,238	2,630	237,000
RE114	Superannuation	362,290	0	4,868	0	36,382	4,360	407,900
Employees Sub Total		2,395,570	0	41,080	(4,640)	254,950	31,300	2,718,260
RE211	Repairs And Maintenance	0	0	0	0	0	0	0
RE214	Rates	60	0	0	10	0	0	70
RE219	Contribution To Funds	5,150	0	0	260	0	0	5,410
RE315	Car Allowances	12,960	0	0	0	0	2,000	14,960
RE411	Equipment And Furniture	50	0	0	0	0	0	50
RE412	Materials	15,000	0	0	0	0	0	15,000
RE431	Clothing And Uniforms	500	0	0	0	0	560	1,060
RE441	General Office Expenses	82,270	0	0	0	0	0	82,270
RE451	Contractual	140,512	0	0	70	0	3,288	143,870
RE452	Other Services	177,790	70,750	0	510	0	127,500	376,550
RE461	Communications And Computing	11,610	0	0	30	0	11,410	23,050
RE471	Staff	9,160	0	0	0	0	1,300	10,460
RE481	Grants	0	0	0	0	0	2,000	2,000
RE482	Subscriptions	7,710	0	0	320	0	810	8,840
RE492	Contribs To Funds And Provisions	26,110	0	0	0	0	200,000	226,110
RE493	Other Professional Services	175,850	(70,750)	0	0	0	4,860	109,960
RE821	Capital Charge	0	0	0	0	0	(6,480)	6,480
Running Expenses Sub Total		664,732	0	0	1,200	0	347,248	1,026,140
RE911	Government Grants	(191,610)	0	0	(2,590)	0	(420,870)	(615,070)
RE928	Recharge Non Gf Accounts	(50,760)	0	0	0	0	(1,120)	(51,880)
RE931	Sales	(1,010)	0	0	0	0	600	(410)
RE932	Fees and Charges	(1,187,250)	0	0	(1,990)	(92,340)	(1,040)	(1,282,620)
RE939	Other Receipts	(50,610)	0	0	0	0	(9,490)	(60,100)
Income Sub Total		(1,481,240)	0	0	(4,580)	(92,340)	(431,920)	(2,010,080)
Portfolio Total		1,579,062	0	41,080	(8,020)	162,610	(53,372)	1,734,320

Report to: Cabinet Meeting: 20 February 2024

Portfolio Holder: Councillor Paul Peacock, Strategy, Performance & Finance

Director Lead: Sanjiv Kohli, Director – Resources and Deputy Chief Executive

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

Report Summary	
Type of Report	Open Report, Key Decision
Report Title	2024/25 to 2027/28 Medium Term Financial Plan
Purpose of Report	To present the council's Medium Term Financial Plan (MTFP) for the four financial years between 1 April 2024 and 31 March 2028 (2024/25 to 2027/28).
Recommendations	That the Committee recommends the 2024/25 to 2027/28 Medium Term Financial Plan (MTFP) for approval by the Full Council at their meeting to be held on 7 March 2024.
Alternative Options Considered	Not applicable
Reason for Recommendations	To provide a framework to support the Council's future spending plans.

1.0 Background

- 1.1 The MTFP (**Appendix A**) aims to provide members and officers with a clear financial framework for delivering the council's Community Plan objectives over the next four financial years.
- 1.2 Updating the council's MTFP is an essential pre-requisite to the annual budget setting process for future years.

2.0 Proposals

- 2.1 The MTFP shows that the council is able to set a balanced budget for 2024/25, though will need to reduce expenditure and/or increase income to pay for service delivery in future years.

- 2.2 The council will need to continually consider how best to manage demand for its services, as well as continually monitor and review how it best delivers each service.

3.0 Implications

In writing this report and in putting forward recommendations, officers have considered the following implications: Data Protection, Digital and Cyber Security, Equality and Diversity, Financial, Human Resources, Human Rights, Legal, Safeguarding, Sustainability, and Crime and Disorder and where appropriate they have made reference to these implications and added suitable expert comment where appropriate.

Background Papers and Published Documents

Except for previously published documents, which will be available elsewhere, the documents listed here will be available for inspection in accordance with Section 100D of the Local Government Act 1972. Any documents that contain confidential information or personal information about individuals should not be included in this list.

2024/25 TO 2027/28 MEDIUM TERM FINANCIAL PLAN (MTFP)

The council's Medium Term Financial Plan (MTFP) for the four financial years between 1 April 2023 and 31 March 2027 (2023/24 to 2026/27) was approved by Full Council on 8 March 2023.

This document seeks to update the MTFP's assumptions on expenditure, income and financing for the four years between 2024/25 and 2027/28 (2024/28).

The main aims of the MTFP are to:

- a) deliver the council's Community Plan objectives over the life of the relevant Community Plan;
- b) clearly present the council's current predictions of its financial position between 2024/25 and 2027/28; and
- c) enable members to make decisions which ensure the council's future financial sustainability.

The MTFP tries to do this by:

- a) bringing together in one place all known factors which will affect the council's financial position; and
- b) matching how the council plans to spend to deliver its Community Plan objectives with the expected resources available to fund that spend.

1.1 Financial Projections

The table below shows high level budget projections for the next four years, assuming annual increases of 2.99% in the rate of average band D council tax (excluding local precepts), together with annual increases in the council tax base based on forecast housing growth.

Table 1

	2024/25 (£m)	2025/26 (£m)	2026/27 (£m)	2027/28 (£m)
Net Service Expenditure (less capital charges)	19.787	20.749	20.718	21.376
Total Other Expenditure	0.092	1.348	2.250	2.250
Total Expenditure	19.879	22.097	22.968	23.626
Business Rates: receivable annually	(9.117)	(9.597)	(9.597)	(9.597)
Business Rates: other adjustments	(0.093)	0.000	0.000	0.000
Council Tax: receivable annually	(8.286)	(8.614)	(8.955)	(9.307)
Council Tax: other adjustments	0.117	0.000	0.000	0.000
Other Grants	(3.294)	(2.597)	(0.407)	(0.353)
Contribution (to) or from Reserves	0.994	0.272	0.278	0.283
Funding Shortfall prior to Mitigations	0.200	1.551	4.277	4.642

1.2 Financial Landscape

The 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 2026/27 at the earliest.

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 2023/24 to 2025/26 is c£12.3m higher than forecast within the MTFP that was approved on 8 March 2022.

As it is not known how exactly the local government finance system will change or from when these changes will take effect from, the council's current modelling of funding projections for 2026/27 and future years are subject to high levels of volatility.

The scope of reforms is still uncertain which would include the Fair Funding Review, a reset in the baseline for Business Rates Funding and changes to New Homes Bonus.

It is expected, however, that the government's changes to the local government finance system will incorporate transitional arrangements where appropriate, and that changes will be made manageable for individual authorities or classes of authorities.

Officers will closely monitor the government's announcements relating to the local government finance system and assess the implications of these on the council's funding for 2026/27 and future years.

1.3 Fair Funding Review

The government is reviewing how it assesses the relative needs and resources of English local authorities, so that it can distribute funding to councils based on a more robust and up-to-date approach. Its review (the Fair Funding Review) aims to address concerns that the current formula for determining each council's Baseline Funding Level (BFL) is unfair, out of date and overly complex.

The government now plans to use an updated approach to distributing funding to councils expected from 2026/27. Much of the data that Government hold in relation to the current formula relates to 2013/14 and before hence significant work is necessary in order to recalibrate the formulae.

The Fair Funding Review will have an enormous effect on the Council's budget because it will affect the amount of BFL the government will give the council in future years, and thus also the amount of business rates the council can retain. As per the table in section 1.1, business rates are expected to account for a large proportion of the council's total expenditure (excluding capital charges) in each year of the council's MTFP.

1.4 Retained Business Rates

The introduction of the current 50% business rates retention system in 2013/14 has allowed councils which have increased their locally raised business rates income since this time to benefit from the additional income generated.

The government plans to implement a reformed business rates retention system, though for changes not to take place until 2026/27 at the earliest. The reforms aim to:

- give local authorities greater control over the money it raises;
- support local economic growth;
- update the balance of risk (of loss) and reward (for growth) in the system; and
- make the system simpler and income less volatile.

Two main changes have been proposed for the business rates retention system. These are:

- 1) to increase the proportion of business rates retained locally from 50% to 75% or 100%; and
- 2) to reset the Business Rates Baseline (BRB).

The BRB is the government's prediction of how much each council is able to raise locally in business rates.

As the government intends to reform the business rates retention system in a way which is fiscally neutral, councils currently benefitting from growth in locally raised business rates income could see some of this income transferred to councils with reduced Business Rates Baselines.

Nonetheless, the planned increase in proportion of NDR retained locally means that promoting economic growth and inward investment will become ever more crucial to ensuring the council's sustainability going forward.

The council's MTFP accounts for planned reforms to the NDR retention system, though amounts for 2026/27 and future years are subject to higher levels of volatility. These have been modelled with the assistance of Pixel, the Council's external advisors who assist many authorities on national funding.

2024/25 Business Rates

Under the NDR system, businesses pay councils based on the open market rental value of their business property, as estimated by the government's Valuation Office Agency (VOA). The rate payable by small businesses in 2024/25 will be 49.9p per pound (49.9%) of their property's rateable value, and the rate payable by other businesses will be 54.6p (54.6%).

Within the draft LGFS the government have changed the mechanism for the multiplier. Previously all businesses paid the small business multiplier, with those businesses with a rateable value (RV) of over £51,000 then paying an additional supplement (last year an additional 1.3p hence 51.2p in the pound). Within the LGFS government have separated the multipliers in order to inflate them separately. Therefore, being able to increase the charges to businesses occupying premises with an RV of over £51,000 without having to increase charges to businesses occupying premises with an RV less than that. They have chosen to freeze the multiplier at 49.9p for those properties with an RV less than £51,000.

The original legislation set out that the multiplier should increase by CPI for September in each year, but in practice the multiplier has been frozen since 2021/22. It had also not increased by CPI, but RPI, in some of the preceding years.

The government compensates local authorities for their decisions relating to business rates through s31 grants, and hence the Council does not lose out for the decision to freeze the multiplier (and in the previous years applied RPI increases rather than CPI).

The council is budgeting to retain £9.117m of business rates for 2024/25. This includes the £3.986m from the LGFS; additional income, such as local growth above this baseline and from relevant renewable energy projects; and offset by additional expenditure; such as the levy on additional income.

Below are some of the key risks which could affect the amount of business rates income collected and thus retained in future years:

- slower than anticipated local economic growth, or local economic growth at a rate less than the change in Consumer Price Index (CPI) used to determine annual business rates payable;
- successful backdated appeals from businesses regarding the amounts of business rates payable in previous years;
- uncollectable debts which need to be written off; and
- unpredictable increases in the amounts of discretionary reliefs granted to businesses.

Currently, the Council use external consultants Analyse local, who assist the Council with forecasting losses in RV based on future appeals that may come forward. For the 2024/25 financial year £0.400m has been set aside in order to provide for any successful appeals.

If appeals that the council has provided for (set money aside) are unsuccessful or are successful but cost the council less than the amount set aside for these appeals, the council can release the surplus provisions back into the Collection Fund, in order that this may then be re-distributed back to the council and its preceptors. Similarly, where appeals are settled higher than funds set aside, an additional charge would need to be levied from the council and its preceptors in order to fund the deficit arising.

1.5 Council Tax

Chapter IVA (Limitation of Council Tax and Precepts) of the *Local Government Finance Act 1992* requires billing authorities to hold referenda if their relevant basic amount of council tax for a financial year is in excess of a set of principles determined by the Secretary of State.

An authority's relevant basic amount of council tax is its average band D council tax excluding local precepts. The relevant basic amount of council tax for Newark & Sherwood District Council includes the levy that Internal Drainage Boards charge the council. These are the Upper Witham Internal Drainage Board and the Trent Valley Internal Drainage Board.

Since 2016/17, shire district councils have been able to increase council tax by the greater of the core principle or £5.00 without holding referenda. For 2018/19 and 2019/20, the core principle was 3%; and for all other years, the core principle was 2%.

The proposed core principle for 2024/25 is 3%. The government's proposed council tax referendum principle for shire district councils therefore permits increases in the council's 2023/24 relevant basic amount of council tax of up to (and including) the greater of 2.99% or £5.00 without holding a referendum.

The council calculates how much annual council tax income it can receive by multiplying the council tax base (CTB) by the average band D council tax rate. The council tax base is the total number of properties equivalent to band D which are liable for council tax after discounts, exemptions and premia.

The council's MTFP assumes that the 2024/25 CTB will be 1.8% higher than the 2023/24 CTB, and that there will be an increase of 400 band D equivalents in CTB for 2025/26 and subsequent years.

The table below shows the additional income the council would expect to receive over the four years of the MTFP, based on council tax increases of 2.99% in 2024/25, compared to if council tax was frozen at the 2023/24 level during 2024/25 but increased by 2.99% annually thereafter:

Table 2

Effect of council tax changes	2024/25 (£m)	2025/26 (£m)	2026/27 (£m)	2027/28 (£m)	MTFP (£m)
Additional income from 2.99% increase in all years	0.241	0.250	0.260	0.270	1.021

1.6 New Homes Bonus (NHB)

New Homes Bonus (NHB) is a government grant paid to councils to incentivise local housing growth, based on the extra council tax income raised from new homes. NHB is paid to councils with growth in their housing stock above 0.4% of their existing council tax base.

The government plans to consult on the future of NHB, with a view to implementing reform in 2025/26.

Details of the government's final NHB allocations for 2024/25 and the three years previous are in the table below.

Table 3

Year	2021/22 (£m)	2022/23 (£m)	2023/24 (£m)	2024/25 (£m)
Total	1.187	1.573	0.888	0.327

NHB is not ring-fenced, and thus can be used to fund either revenue or capital expenditure. To-date, the council has not needed to budget to use NHB to fund its General Fund revenue expenditure, as budgeted funding from council tax, business rates and other sources has been sufficient.

In previous years, NHB has been used to fund key regeneration projects. This is expected to continue. As capital resources are scarce, the termination of multi-year payments on new NHB allocations will have significant impact on capital resources.

100% of the receipt of NHB has been budgeted to be received and transferred to the Capital Provision in order to fund short-life capital assets.

As per section 1.2, NHB is within scope of the proposed reforms to the local government finance system. As such, councils are not expected to receive NHB in 2025/26 or future years.

1.7 Income from Fees and Charges

The council's income from fees and charges for statutory and discretionary services is an essential part of the council's General Fund revenue budget. Section 93 (Power to charge for discretionary services) of the *Local Government Act 2003* requires charges to be set such that taking one financial year with another, the income from charges for a service does not exceed its costs of provision.

Discretionary services are those for which the council has the power, but not duty, to provide; though also include additions or enhancements to statutory services that the council provides above standards legislated for.

The Action Plan to the Commercial Strategy approved at Policy and Finance Committee on 27 January 2022 set the expectation that new areas for charging and understanding price elasticity of demand on existing charges would be reviewed to ensure that discretionary charges are set at the right levels and for the right activities. The council should ensure that fees and charges for discretionary services are set which:

- ensure the maximum revenues possible;
- are allowed by the council's Corporate Fees and Charges Policy; and
- are socially and politically acceptable.

The tables in section 1.10 identifies further fees and charges income as key to bridging the council's funding gap. It is anticipated that new annual income of £0.200m will be generated by delivering the Commercial Strategy. This may be by stretching existing fees and charges income targets, new income streams, and/or a combination of both. Individual projects which will contribute to this target are described at table 5 in section 1.10 below.

1.8 Reserves and Balances

Section 25 (Budget calculations: report on robustness of estimates etc) of the *Local Government Act 2003* requires local authority chief finance officers (Section 151 officers) to report on the adequacy of financial reserves in the council's proposed budget and robustness of estimates made.

The council has reviewed the adequacy of its useable financial reserves to ensure that these are neither too low (imprudent) or too high (overprudent) based on their purpose and likely use.

Council's generally hold useable reserves for three purposes:

- as a working balance, to mitigate the impact of uneven cash flows;
- as a contingency, to mitigate the impact of unexpected events or emergencies; and
- as earmarked reserves, to pay for known or predicted future requirements.

The council's £1.500m General Fund balance has been set aside to pay for exceptional items. Officers consistently review the appropriateness (prudence) of this amount in light of internal and external risks identified. For the council to maintain this balance, it is intended that it will only be used to fund expenditure once other appropriate reserves have been fully utilised.

Appendix B shows the balances which comprised the council's total reserves at the end of 2022/23. It also shows the balances expected to comprise the council's total reserves at the end of 2023/24 to 2027/28.

Over the years, the council's reserves have been used, for reasons such as to: cover the cost of one-off events not budgeted for; and support and improve service delivery. Whilst this principle still exists, the council has set up a Medium Term Financial Plan reserve, in order to mitigate future pressures based on the uncertainty over local government funding. This reserve will be released over the medium-term in order to smooth the impact of anticipated funding reductions arising from changes in the local government funding formula.

Members and officers are required to ensure the council operates as a going concern: that the council will continue to fulfil its functions for the foreseeable future. If this were not the case, for example, because of an imprudent use of council reserves, the council's external auditors would be required to express a going concern opinion (GCO). A GCO would be the external auditor's way of expressing significant doubt on the council's ability to operate longer-term.

ROBUSTNESS OF ESTIMATES AND ADEQUACY OF RESERVES

The *Local Government Act 2003* requires the Council's Chief Financial Officer (Section 151 Officer) to comment on the robustness of the estimates and also on the adequacy of the proposed reserves.

The council's total forecast General Fund revenue and capital reserves and fund balance to 31 March 2025 is £34,300,927.

The budget has been prepared in accordance with the budget strategy approved by Cabinet on 11 July 2023. The same strategy has been adopted for the period of the MTFP.

The Section 151 Officer also notes that in the future, all local authorities, and in particular district councils, will face a reduction in core funding from the Government once changes to the current funding regime (in particular New Homes Bonus and Business Rates). The Section 151 Officer is closely monitoring the progress of the Fair Funding Review, the government's departmental multi-year Spending Review and the redesign of the national Business Rates Retention System. The council's current projections within the Medium Term Financial Plan (MTFP) make prudent and robust assumptions around the likely level of funding in light of these government-led reviews.

1.9 Assumptions made within the MTFP

Finance officers and budget holders have developed detailed budgets for 2024/25 and future years. Officers have used the information available to them (past, present and future), and have made appropriate assumptions where the relevant information has been unavailable to them.

A 5% increase in basic pay has been assumed for 2024/25 and 5% for each subsequent year of the council's MTFP.

If the 2024/25 pay award is agreed at a higher rate than the 5% increase in basic pay assumed, and if reductions in employee costs elsewhere cannot offset the increase in pay award costs, the additional costs unbudgeted for will need to be funded from council reserves. Section 1.11 examines this in more detail.

Most non-pay expenditure budgets have been uplifted by 5% in each year of the council's MTFP. Some costs, such as insurance and utilities, are expected to increase by more than 5%; and others, such as fixed-price goods and services, have been increased in line with contractual obligations.

The council's General Fund revenue budget is charged for the purchase or creation of fixed assets where capital resources are unavailable at the time. These charges will be in line with the council's Minimum Revenue Provision (MRP) policy for 2023/24, which is recommended by the Audit and Governance Committee on 21 February 2024 for approval by Full Council on 7 March 2024.

Assumptions not made in the MTFP

The Government have recently issued all waste collecting authorities indicative capital transition costs for the introduction of weekly food waste collections. Within Nottinghamshire it has been agreed with Government that this service would not begin until 2027. Currently there have been limited conversations with Government regarding funding of this service, from an on-going revenue and a cyclical capital perspective. Government have indicated that there will be funding available for ongoing revenue costs, albeit there has been no detail to hand as yet. Due to this, there have been no costs for the running of this service accounted for within this MTFP. This will be reviewed further during the year and once further information is available, the MTFP will be revised at that point.

1.10 Proposed strategy for bridging the funding gap

The table below shows the contributions to and from reserves currently projected for each year of the council's MTFP (as described at the table in paragraph 1.1), and the actions currently proposed to mitigate the annual contributions from reserves projected for 2023/24, 2024/25 and 2025/26:

Table 4

	2024/25 (£m)	2025/26 (£m)	2026/27 (£m)	2027/28 (£m)
Funding Shortfall prior to Mitigations	0.200	1.551	4.277	4.642
Dividends from Arkwood Developments Ltd	-	(0.500)	(0.650)	(0.650)
Savings from service reviews	-	(0.100)	(0.170)	(0.170)
Savings/efficiencies from making business processes more efficient	-	(0.100)	(0.150)	(0.150)
Increased income from the council becoming more commercial	-	(0.100)	(0.200)	(0.200)
Use of MTFP reserve to offset contributions from reserves in future years	(0.200)	(0.751)	(3.107)	(1.845)
Proposed General Fund Funding Gap	0.000	0.000	0.000	1.627

As per Appendix B the MTFP reserve is expected to have a closing balance at the end of March 2024 of £8.108m. As per table 4 above the proposed utilisation of balances from the MTFP reserve during 2024/25 to 2027/28 will leave a balance of £2.205m at the end of March 2028.

Officers will continue to work with Members to review the inherent deficit and address the longer-term financial sustainability of the authority.

As the Council has received, for a number of years, return funding from the Nottinghamshire Business Rates Pool in relation to the local growth retained (split with Nottinghamshire County Council), a forecast of the additional funding to be generated next financial year has been made of £0.800m. This has now been budgeted for within the main budget, and hence is now not shown in the table above.

Each update to this MTFP will therefore report on progress against each of the headings in the table above, to ensure that each year's budget is balanced.

Since 2010, the council has made significant savings in line with government grant reductions. Though further savings may become harder to identify and deliver, particularly from spend not on employees (as mentioned in section 1.11), it is essential that the council continues to identify areas where spend can be reduced and/or income increased. This is so that the council can continue to operate sustainably longer-term.

The council's total income will need to increase significantly, if it is to continue delivering and improving the services it currently provides and not use its reserves to cover the deficits currently anticipated for 2024/25 and future years.

Councils are severely restricted in how much funding they can raise from council tax increases without holding referenda. As mentioned in sections 1.5, the council can increase council tax in 2023/24 by the greater of 2.99% or £5.00 without holding a referendum. A 1% increase in council tax is equivalent to £80,453 of net expenditure.

The council's Commercial Strategy and Action Plan, approved by Policy and Finance Committee on 27 January 2022, aims to make Newark and Sherwood an *"innovative and entrepreneurial Council that continually achieves positive annual financial contributions; by generating new revenue and delivering cost reductions, through trading and business improvements"*. The council has begun to benefit from the projects which have been completed to date since the Commercial Plan 2017-18 to 2020-21 was approved in October 2017 and expects to increasingly benefit in future years from the implementation of the current strategy. The council's work across the district (externally) and with services council-wide (internally) will be crucial to enabling the council's future sustainability and growth. This is particularly as changes to the local government finance system increase the rewards for councils able to facilitate local economic growth.

At the Cabinet meeting 11 July 2023, an update report was presented, informing Members of progress against the Commercial Plan. The table below updates further progress against those projects identified:

Table 5

Project/Activity	Business Unit Lead	Detail	Expected income (£)	January 2024 Update
Development of Town Centre Brown Field Land	Corporate Property	Corporate property assessed the small areas of land in town centres (brownfield land not utilised) the Council owned to scope if these areas of land could be developed into contract car parking. As a result of this the area of land next to Newark Hospital (Bowbridge Road) was identified for car parking. Planning permission has been granted and the development expected to be completed by February 2024. The residual land has been valued and is being considered for sale to either Arkwood or the council's Housing Revenue Account (HRA) before possibly testing the open market.	£100,000	included in MTFP 23/24 onwards
Development of Clipstone Holdings	Corporate Property	Clipstone holdings site has now been purchased (freehold) to allow the Council to have flexibility of use and development. The site is being cleared and detailed design of the development is now being progressed with the aim of having a green employment park complemented by modern mixed-use sports facilities, education (a land management economy focus) and well-being provision in partnership with the Clipstone Miners Welfare Trust and YMCA. Site clearance is underway and construction work is anticipated to start on site during 2024/25.	£224,000	Included in MTFP £0.112 25/26 full £0.224 26/27 onwards

Industrial Units at Crew Lane, Southwell	Corporate Property	The 6 industrial units on this site have reached end of life and require some investment and 4 of the units are not occupied by tenants as these are not fit for purpose. A feasibility study of the site has been undertaken in order to examine the refurbishment options to modernise the units. This involves utilising the current structures but modernising the units by installing WCs to all plots, small kitchenettes, low-carbon, energy efficient buildings, fire compartmentation works, new door systems and windows. After some market testing, the units will be designed to suit potential new incoming tenants. There is also an opportunity to create a secure external storage area for larger items along the open perimeter of the site. It is anticipated that a report will be brought to Cabinet in March relating to this	£49,615	Not yet reflected within the MTFP
Expand the CCTV Partnership	Public Protection	Public Protection looked to increase the number of partners in the shared CCTV services to deliver savings and shared resilience. The current partners are Newark and Sherwood, Broxtowe, and Ashfield. Rushcliffe has now entered a temporary arrangement to join the CCTV partnership. This will be £7,200 per year for a three-year period. The same resource can be used to cover the additional cameras and the additional of another partner reduces the running costs for all current partners.	£2,400	£2,400 reduction in expenditure reflected in 24/25 budget onwards

The table below shows which areas have the biggest increases in expenditure budgets in each of the last three years of the council's MTFP, compared to the equivalent budget in the year before:

Pressures	Increase in 2025/26 budget, compared to 2024/25 budget (£m)	Increase in 2026/27 budget, compared to 2025/26 budget (£m)	Increase in 2027/28 budget, compared to 2026/27 budget (£m)
Employees	0.901	0.884	1.117
Electricity and gas costs	0.032	0.032	0.025

1.11 Risks Associated with the Budget Process

Budgets are only as accurate as the data available at the time they are developed. There are therefore risks that the proposed budgets in the council's MTFP will differ significantly from reality (actual expenditure and income). Some of the factors which could cause adverse variances are:

- higher than expected inflation and/or interest rates;
- the council receiving lower than expected amounts of grant funding and/or other income;
- the future differing significantly from the initial budgets proposed at the time of developing the MTFP;
- volatility of certain budget lines between years;
- underachievement of expected savings and/or efficiencies;
- unforeseen events and emergencies;
- unforeseen insurance costs or legal claims;
- lower than expected business rates growth.

Section 25 (Budget calculations: report on robustness of estimates etc) of the *Local Government Act 2003* requires local authority chief finance officers (Section 151 officers) to report on the adequacy of financial reserves in the council's proposed budget and robustness of estimates made. This section fulfils that requirement.

In considering the council's proposed budget for 2024/25 and the sensitivity of expenditure and income to changes, it should be noted that:

- a) a 1% increase in Council Tax is equivalent to £80,453 of net expenditure; and
- b) a £1 increase in Council Tax is equivalent to £42,532 of net expenditure.

Various assumptions were required to be made when preparing the proposed MTFP budgets. The two areas where it seems that variations between the proposed budget and reality could be greatest are employee pay and income receivable. Further details on each of these are below.

Employee costs

Employee costs form a significant proportion of all district council budgets. Employee costs comprise 50% of the council's proposed controllable service expenditure budget for 2024/25 (total spend, excluding spend on capital costs, internal recharges and Housing Benefit payments).

This makes it less likely to achieve savings solely by reducing non-employee spend. It also means that the council would need to use a greater proportion of its reserves if the costs of future years' pay awards exceed the 5% pay award currently budgeted for 2024/25 and/or the 5% pay awards currently budgeted for subsequent years.

Currently vacancies are expected to amount to around 3.1% of total employee spend to the year end of 2023/24, albeit this is the quarter three forecast and outturn will potentially be different to this. In previous years 5% has been the experience that the Council has seen. With this in mind a forecast of 5% in 2024/25 and all future years.

Income

A significant part of the council's annual net budget is dependent on income from rents; sales, fees and charges; and other receipts. Officers have reviewed the income that services have achieved against the current and previous years' budgets and have considered factors expected to affect future income levels, to ensure the 2024/25 income budgets for services have been set at levels considered achievable. Officers will monitor this closely over the coming year and revised forecasts over the medium term will be updated for the MTFP to be developed for the 2024/25 - 2027/28 years.

Significant underperformance against budgeted income would increase the council's annual net expenditure, and thus place unbudgeted demand on council reserves. A 1% reduction in council income from fees and charges would cost around £48,000 in 2024/25.

Interest rates

The proposed MTFP budgets include amounts for interest payable and interest receivable. This is because the council expects that it will both borrow money and lend money throughout the four years of the MTFP.

The council anticipates that it will use fixed interest rate loans when borrowing. This is so that the council knows exactly how much its loans will cost over their durations, and as this mitigates against the risk of interest rates and thus costs rising significantly over the loan period. As borrowing would be for longer than four years, the risk of the council being unable to borrow to repay existing debt (refinancing risk) does not apply.

The budgeted amounts have accounted for factors such as the amount of council funds expected to be available. The actual amounts of council interest payable and receivable for 2024/25 will likely differ from those budgeted.

The impact of a 1% change in interest rate would be insignificant on the council's overall budget.

Inflation

Most income budgets and non-pay expenditure budgets have been uplifted by 5%. Some costs, such as insurance and utilities, are expected to increase by more than 5%; and others, such as fixed-price goods and services, have been increased in line with contractual obligations.

The most recent month for which inflation data was available at the time of writing, December 2023, had a 4.2% increase in inflation (Consumer Prices Index (CPI)) from December 2022.

The small differences anticipated between actual inflation rates and the 5% budgeted for are expected to have insignificant impact on the council's budget.

1.12 Capital Investment Programme and Funding

The overall proposed General Fund Capital Programme for the period from 2024/25 and 2027/28 totals £64.400m. £13.219m is financed by external grant funding for Towns Fund Projects, Shared and Rural Prosperity Funds and Disabled Facilities Grant (DFG's). The DFG funding is received via the Better Care Fund (BCF) and is subject to an annual bidding process.

Other external financing in the form of contributions from external partners amounts to £0.220m. £0.170 of S106 funding towards the plans to reinvigorate Sherwood Avenue Park, along with a contribution from Newark Town Council. A project made possible by Shared Prosperity Grant.

Council internal capital resources employed amount to £15.126m, which relates to the Council's contribution to the acquisition of the former Belvoir Iron Works, the redevelopment of Clipstone Holding Centre, Yorke Drive Pavilion, the remaining remedial works required at Southwell Leisure Centre and replacing parts of the Council's refuse fleet and other equipment.

In 2025/26 to 2026/27 Community Infrastructure Levy receipts will be used to finance the cost of £5.5m to improve the A1 overbridge at Fernwood. This bridge is part of the highways mitigation work to deliver the expansion of Fernwood.

Borrowing is the balancing figure for the capital expenditure at £30.289m. This type of financing attracts a charge to revenue called the Minimum Revenue Provision (MRP) calculated using the asset life method as approved by Council within the Treasury Management Strategy each year. The current method approved is the asset life method. This apportions notional borrowing incurred over the life of the asset, which is in line with the timeline for receiving economic benefits generated by the asset.

	Actual Balance at 31st March 2023	Estimated Balance at 31st March 2024	Estimated Balance at 31st March 2025	Estimated Balance at 31st March 2026	Estimated Balance at 31st March 2027	Estimated Balance at 31st March 2028
General Fund Revenue Reserves						
Council Funds						
MTFP Reserve	(6,191,528)	(8,107,988)	(7,907,988)	(7,156,988)	(4,049,988)	(2,204,988)
Collection Fund Budget	(1,074,310)	0	0	0	0	0
Total Budget Funding Reserves	(7,265,838)	(8,107,988)	(7,907,988)	(7,156,988)	(4,049,988)	(2,204,988)
Election Expenses Fund	(46,224)	(127,198)	(167,898)	(210,638)	(255,518)	(255,518)
Insurance Fund Excesses & Self Insured	(90,000)	(90,000)	(90,000)	(90,000)	(90,000)	(90,000)
ICT & Digital Services	(95,000)	(95,000)	(95,000)	(95,000)	(95,000)	(95,000)
Repairs And Renewals Fund	(2,413,828)	(2,234,198)	(1,934,198)	(1,934,198)	(1,934,198)	(1,934,198)
Domestic Homicide Review	(10,000)	(9,700)	(9,700)	(9,700)	(9,700)	(9,700)
Training Provision	(281,300)	(271,300)	(271,300)	(271,300)	(271,300)	(271,300)
Planning Costs Fund	(201,140)	(119,940)	(119,940)	(119,940)	(119,940)	(119,940)
Growth And Prosperity Fund	(127,366)	(127,366)	(127,366)	(127,366)	(127,366)	(127,366)
CSG/Enforcement Reserve	(30,910)	(76,610)	(76,610)	(76,610)	(76,610)	(76,610)
Management Carry Forwards	(1,207,890)	0	0	0	0	0
Flood Defence Reserve	(250,000)	(50,000)	(20,000)	(20,000)	(20,000)	(20,000)
NNDR Volatility Reserve	(500,000)	(500,000)	(500,000)	(500,000)	(500,000)	(500,000)
Community Initiative Fund	(100,888)	(110,888)	(110,888)	(110,888)	(110,888)	(110,888)
Asset Maintenance Fund	(500,000)	(217,040)	(17,040)	(17,040)	(17,040)	(17,040)
Capital Project Feasibility Fund	(321,608)	(98,120)	(258,120)	(258,120)	(258,120)	(258,120)
Community Engagement	(79,441)	(17,825)	(17,825)	(17,825)	(17,825)	(17,825)
Theatre Centenary Legacy	(14,339)	(14,339)	(14,339)	(14,339)	(14,339)	(14,339)
Commercial Plan Invest to Save	(200,000)	(200,000)	(200,000)	(200,000)	(200,000)	(200,000)
Workforce Development Reserve	(200,000)	(146,971)	(146,971)	(146,971)	(146,971)	(146,971)
Capital Financing Provison	(517,750)	(193,097)	(16,683)	(16,683)	(16,683)	(16,683)
Total Earmarked for Known Pressures	(7,187,684)	(4,699,592)	(4,193,878)	(4,236,618)	(4,281,498)	(4,281,498)
Building Control Surplus	(83,912)	(83,912)	(83,912)	(83,912)	(83,912)	(83,912)
Museum Purchases Fund	(45,784)	(45,784)	(45,784)	(45,784)	(45,784)	(45,784)
Community Safety Fund	(123,219)	(122,219)	(122,219)	(122,219)	(122,219)	(122,219)
Homelessness Fund	(480,542)	(608,870)	(863,290)	(863,290)	(863,290)	(863,290)
Revenue Grants Unapplied	(869,636)	(692,492)	(692,492)	(692,492)	(692,492)	(692,492)
Energy & Home Support Reserve	(103,171)	(103,171)	(103,171)	(103,171)	(103,171)	(103,171)
Community Lottery Fund	(12,063)	(9,063)	(9,063)	(9,063)	(9,063)	(9,063)
Homes for Ukraine Fund	(319,538)	(345,256)	(345,256)	(345,256)	(345,256)	(345,256)
Mansfield Crematorium	(159,360)	(159,360)	(159,360)	(159,360)	(159,360)	(159,360)
Total Ring Fenced Reserves	(2,197,225)	(2,170,127)	(2,424,547)	(2,424,547)	(2,424,547)	(2,424,547)
Change Management/Capital Fund	(14,171,531)	(8,749,078)	(3,850,271)	(1,211,562)	(1,211,562)	(1,211,562)
General Fund Working Balance	(1,500,000)	(1,500,000)	(1,500,000)	(1,500,000)	(1,500,000)	(1,500,000)
Total Un-ringfenced Reserves	(15,671,531)	(10,249,078)	(5,350,271)	(2,711,562)	(2,711,562)	(2,711,562)
Total General Fund Revenue Reserves	(32,322,278)	(25,226,785)	(19,876,684)	(16,529,715)	(13,467,595)	(11,622,595)
General Fund Capital Receipts	0	(320,238)	(89,787)	(1,737,722)	(472)	(472)
GF Grants & Contributions Unapplied	(14,047,491)	(12,853,097)	(14,334,457)	(13,218,757)	(11,428,757)	(10,568,757)
Total Capital Reserves	(14,047,491)	(13,173,335)	(14,424,244)	(14,956,479)	(11,429,229)	(10,569,229)
Total General Fund Revenue and Capital Reserves	(46,369,769)	(38,400,119)	(34,300,927)	(31,486,193)	(24,896,823)	(22,191,824)

Report to: Cabinet Meeting: 20 February 2024

Portfolio Holder: Councillor Paul Peacock, Strategy, Performance & Finance

Director Lead: Sanjiv Kohli, Director – Resources and Deputy Chief Executive

Lead Officer: Jenna Norton, Senior Accountant – Financial Services Extension 5327

Report Summary	
Type of Report	Open, Key Decision
Report Title	Capital Programme Budget 2024/25 to 2027/28
Purpose of Report	In accordance with the Financial Regulations 6.2.3, Cabinet is required to consider the Capital Programme and recommend to the Council the final Programme for approval. This report details the proposed capital schemes over the medium term, together with the available resources to finance this.
Recommendations	It is recommended that Cabinet recommend to full Council on 7 March 2024 the General Fund schemes set out at Appendix A to the report and the Housing Services schemes set out at Appendix B to the report as committed expenditure in the Capital Programme for 2024/25 to 2027/28.
Alternative Options Considered	If the Council did not have a Capital Programme, this would result in not being able to deliver the schemes and not achieve the objectives in the community plan.
Reason for Recommendations	To enable the Capital Programme to be considered by Cabinet in accordance with Financial Regulation 6.2.3 prior to its submission to Council.

1.0 Background

- 1.1 The Capital Strategy was approved by Council on 8 March 2023. It contains the Capital Appraisal form template and the prioritisation criteria, which is in two stages. The schemes need to meet the criteria in stage 1, to progress to stage 2.
- 1.2 Capital Appraisal forms were circulated to all Business Managers during summer 2023 to enable bids for new Capital schemes. Completed forms were scored in conjunction with the prioritisation criteria. SLT considered the results of this exercise and the proposed Capital Programme included within this report, contain those schemes that were agreed to be appropriate.

2.0 Capital Expenditure – General Fund

2.1 The Council intends to spend £64.401m in general fund capital expenditure from 2024/25 to 2027/28.

2.2 The major schemes in this programme are:

Scheme Name	Summary of Proposed Financing
Southwell Leisure Centre New Pool	Borrowing
Yorke Drive Regeneration and Community Facility	Borrowing plus external grant
Provision of 3G Pitches	Borrowing and Capital Receipts
Vehicles and Plant Replacement	Capital Receipts and Capital Provision
Information Technology Investment	Capital Receipts and Capital Provision
Clipstone Holding Centre Development	Borrowing and Change Management Reserve
Rural Prosperity Fund	Wholly funded by Grant
Former Belvoir Iron Works Acquisition	Wholly funded from Change Management Reserve
A1 Overbridge	Community Infrastructure Levy
Arkwood Developments Regeneration Loan Facility	Borrowing
Castle Gatehouse	£3m contribution from the Towns Fund, the remainder borrowing. Further contribution from HLF to be agreed and budget updated once Full business case is approved.
32 Stodman Street – Towns Fund	£2.2m Town Fund, £284k One Public Estate, £400k Shared Prosperity Fund with the remainder supplemented Reserves and borrowing
Newark Gateway / SISLOG – Towns Fund	Towns Fund Grant of £4.2m, full funding package will be added once Full Business Case is approved.

2.3 A number of new schemes have been added to the Capital Programme as part of the budget process. The total over the period of 2024/25 to 2027/28 of £8.014m in General Fund. Details of which can be found labelled 'New' at Appendix A and are summarised below:

Scheme Name	Summary of Proposed Financing
Southwell Leisure Centre New Pool	Borrowing
Provision of 3G Pitches	Borrowing and Capital Receipts
Dukeries Changing Places	Borrowing
Castle – Condition Works Phase 2	Contribution from R&R

- 2.4 The impacts of all borrowing has been included in the Treasury Management Strategy and the Medium Term Financial Plan. Details of individual schemes are shown in **Appendix A**.

3.0 Capital Expenditure – Housing Revenue Account (HRA)

- 3.1 The Council intends to spend £84.927m from the HRA from 2024/25 to 2027/28. This is made up of £52.802m on existing property investment and £32.125m on additional Affordable Housing.

- 3.2 The Housing, Health and Wellbeing directorate will review and update the property investment programme against the records kept for all properties to ensure budget levels are sufficient for works coming up in the medium term.

- 3.3 Major schemes included in the HRA are:

Scheme Name	Summary of Proposed Financing
Roof Replacements	MRR and borrowing
Heating Renewals	MRR and borrowing
Decarbonisation	Government Grant, MRR and Borrowing
Yorke Drive Estate Regeneration	Borrowing plus external grant
Phases 5 of the Council House Development Programme	Capital Receipts and Borrowing
New Phases 6 of the Council House Development Programme	S106 where appropriate, Capital Receipts and Borrowing

- 3.4 New schemes added during the budget process total £13.565m in the HRA for the period 2024/25 to 2027/28. Details of which can be found labelled ‘New’ at Appendix B, and are summarised below:

Scheme Name	Summary of Proposed Financing
EPC	MRR and Borrowing
Communal Areas	MRR and Borrowing
Phase 6 New Build Programme	S106 where appropriate, Capital Receipts and Borrowing

- 3.4 Details of individual schemes are shown in **Appendix B**.

4.0 **Resources Available**

4.1 External Grants and Contributions can provide additional resources to the Capital Programme. Grant funding is subject to a detailed bidding process. Officers continue to liaise with external parties to secure the maximum available inward investment in order to contribute towards the delivery of the capital programme.

4.2 The most significant grants currently forecast over the medium term are from the Towns Fund, Shared and Rural Prosperity Fund's, Decarbonisation Wave 2.1 and the Better Care Fund (BCF) for Disabled Facilities Grants (DFG's). In addition to this, grants held from previous years for specific purposes are due to be utilised. For example, the Towns Fund projects, where grant instalments were received during 2022/23 and 2023/24, which is forecast to be utilised over the next financial year.

4.3 Capital Receipts

	General Fund £'m	HRA £'m	1-4-1 £'m	Total £'m
Estimated Balance @ 1 Apr 2024	0.499	0.377	0.020	0.896
Estimated Receipts 2024/25 – 2027/28	5.826	4.810	3.162	13.798
Approved for Financing 2024/25 – 2027/28	5.885	5.181	0.780	11.846
Unallocated Capital Receipts Balance	0.440	0.006	2.402	2.848

4.6 The general fund capital estimated receipts of £5.826m are made up of the sale of the residential properties on Stodman Street and the 50% staged payment for land at Lowfield Lane, due to be sold to Arkwood Developments.

4.7 The HRA capital receipts and 1-4-1 figures above relate to forecast Right to Buy (RTB) sales. The 1-4-1's are restricted for replacement homes and must be used as follows:

- Amount to no more than 40% of the new build scheme cost
- Spent within 5 years of receipt, or returned to Government with interest

Officers continue to monitor the deadlines closely and maximising use where practicable within the new build programme in order to avoid having to pay the remaining balances to Government with interest.

4.8 Where appropriate, the use of existing capital resources is prioritised. Borrowing is utilised for assets with longer asset lives, where the impact of interest and Minimum Revenue Provision (MRP) can be spread over the useful economic life of the asset, whilst minimising the impact on the General Fund. Leasing is also tightly controlled within the revenue budgets for the same reason and is rarely used as the interest rates remain low, therefore borrowing is currently a more attractive means of financing capital expenditure.

Subject to the approval of the proposals outlined in section 2.0 and 3.0 above, the current plan for financing the capital programme is shown below.

5.0 Financing

5.1 Subject to the approval of the proposals outlined in section 3.0 and 4.0 above, the current plan for financing the capital programme is shown below.

General Fund Capital Programme Financing Summary

General Fund Financing	2024/25 £m	2025/26 £m	2026/27 £m	2027/28 £m
Borrowing	13.641	15.848	0.800	0.000
Government Grants	4.640	6.860	0.860	0.860
Contributions from Third Parties	0.267	0	0	0
Community Infrastructure Levy	0	2.500	3.000	0
Capital Receipts	0.449	1.862	1.783	1.790
Capital Reserve	0.756	0	0	0
RCCO	5.846	2.639	0	0
Total	25.599	29.709	6.443	2.650

Housing Revenue Account Capital Programme Financing Summary

HRA	2024/25 £m	2025/26 £m	2026/27 £m	2027/28 £m
Borrowing	15.000	20.000	10.000	6.499
Government Grants	0.676	0.746	0.518	2.925
Contributions from Third Parties	1.041	0.346	0	0
Capital Receipts	1.218	3.577	0.575	0.591
RCCO	0.655	0	0	0
Revenue Support	7.218	0.868	3.290	9.184
Total	25.808	25.537	14.383	19.199

5.2 At the end of the financial year, once all capital expenditure has been finalised (including accrued expenditure) the financing of the Capital Programme as a whole is arranged by the Section 151 Officer, in line with the Council's Constitution.

6.0 Implications

In writing this report and in putting forward recommendation's officers have considered the following implications: Data Protection, Digital and Cyber Security, Equality and Diversity, Financial, Human Resources, Human Rights, Legal, Safeguarding, Sustainability, and Crime and Disorder and where appropriate they have made reference to these implications and added suitable expert comment where appropriate.

Background Papers and Published Documents

CODE	SCHEME	EXTERNAL FUNDING	NSDC COSTS	TOTAL SCHEME COST	BEFORE 2024/25 INC FORECAST FOR 2023/24	2024/25	2025/26	2026/27	2027/28
GENERAL FUND									
BIODIVERSITY AND ENVIRONMENTAL SERVICES									
TF3227	Lowdham Flood Alleviation	140,000	160,000	300,000		300,000			
BIODIVERSITY AND ENVIRONMENTAL SERVICES TOTAL		140,000	160,000	300,000	0	300,000	0	0	0
CLIMATE CHANGE									
New	Castle - Condition Works Phase 2	0	414,000	414,000		414,000			
TB2253	Vehicles & Plant	0	10,435,997	10,435,997	6,177,142	80,400	1,287,285	1,501,040	1,390,130
TB3155	Castle - Condition Works	0	627,000	627,000	560,955	66,045			
TC3136	Climate Change	0	205,200	205,200	36,900	168,300			
CLIMATE CHANGE TOTAL		0	11,682,197	11,682,197	6,774,997	728,745	1,287,285	1,501,040	1,390,130
COMMUNITY SAFETY AND COMMUNITY DEVELOPMENT									
TA3097	Yorke Drive Regeneration and Community Facilities	100,000	3,358,000	3,458,000	79,617	739,677	2,638,706		
TF2000	CCTV Replacement Programme	15,500	189,850	205,350	91,443	105,127	8,780		
COMMUNITY SAFETY AND COMMUNITY DEVELOPMENT TOTAL		115,500	3,547,850	3,663,350	171,060	844,804	2,647,486	0	0
HEALTH, WELLBEING AND LEISURE									
New	Southwell Leisure Centre New Pool		5,500,000	5,500,000		2,200,000	3,300,000		
New	Provision of 3G Pitches	0	2,000,000	2,000,000			800,000	800,000	400,000
New	Dukeries Changing Places	0	100,000	100,000		100,000			
TA1218	Leisure Equipment Purchase	0	784,230	784,230		784,230			
TA1221	SLC Fire Safety Remedial Works	0	740,000	740,000	466,500	273,500			
HEALTH, WELLBEING AND LEISURE TOTAL		0	9,124,230	9,124,230	466,500	3,357,730	4,100,000	800,000	400,000
HERITAGE, CULTURE AND THE ARTS									
TA3053	Museum Improvements	0	770,000	770,000	585,706	184,294			
TA3058	Palace Theatre Fire Alarm Upgrade	0	155,060	155,060		155,060			
TB22	Sherwood Avenue Park - Shared Prosperity Fund	470,395	50,005	520,400		520,400			
HERITAGE, CULTURE AND THE ARTS TOTAL		470,395	975,065	1,445,460	585,706	859,754	0	0	0
HOUSING									
TF6011	Private Sector Disabled Facilities Grants	3,512,211	700,000	4,212,211	1,412,211	700,000	700,000	700,000	700,000
TF6012	Discretionary DFG	458,208	90,000	548,208	188,208	90,000	90,000	90,000	90,000
TF6807	Warm Homes on Prescription	416,616	70,000	486,616	206,616	70,000	70,000	70,000	70,000

CODE	SCHEME	EXTERNAL FUNDING	NSDC COSTS	TOTAL SCHEME COST	BEFORE 2024/25 INC FORECAST FOR 2023/24	2024/25	2025/26	2026/27	2027/28
HOUSING TOTAL		4,387,035	860,000	5,247,035	1,807,035	860,000	860,000	860,000	860,000
STRATEGY, PERFORMANCE AND FINANCE									
TA3060	Beacon - New Boiler	0	61,525	61,525		61,525			
TA3061	Beacon - LED Lights	0	81,995	81,995		81,995			
TA3286	Information Technology Investment	0	3,957,476	3,957,476	2,148,326	764,850	762,090	282,210	
TC2007	Clipstone Holding Centre Purchase & Works	0	8,413,250	8,413,250	629,801	4,670,069	3,113,380		
TC2009	Former Belvoir Iron Works	0	1,750,000	1,750,000		1,750,000			
TC3156	Jubilee Bridge Works	0	200,000	200,000		200,000			
TE3250	Shared Prosperity Fund	383,173	0	383,173	90,064	293,109			
TE3251	Rural England Prosperity Fund	842,000	0	842,000	396,000	446,000			
TG1003	Housing Regeneration Loan Facility	0	11,408,071	11,408,071	4,000,000	4,000,000	3,408,071		
STRATEGY, PERFORMANCE AND FINANCE TOTAL		1,225,173	25,872,318	27,097,491	7,264,191	12,267,548	7,283,541	282,210	0
SUSTAINABLE ECONOMIC DEVELOPMENT									
TB3154	Castle Gatehouse Project	3,000,000	1,025,151	4,025,151	395,151	1,630,000	2,000,000		
TI1002	A1 Overbridge Improvements	5,600,000	0	5,600,000	100,000		2,500,000	3,000,000	
TT1000	Towns Fund - 32 Stodman Street Regeneration	3,168,000	7,932,000	11,100,000	3,069,345	4,000,000	4,030,655		
TT1005	Towns Fund - Cycle Town	245,900	4,100	250,000	200,000	50,000			
TT1006	Towns Fund - Cultural Heart of Newark	1,500,000	0	1,500,000		500,000	1,000,000		
TT1007	Towns Fund - Newark Gateway / SISCLOG	4,200,000	0	4,200,000		200,000	4,000,000		
SUSTAINABLE ECONOMIC DEVELOPMENT TOTAL		17,713,900	8,961,250	26,675,150	3,764,495	6,380,000	13,530,655	3,000,000	0
TOTAL GENERAL FUND		24,052,003	61,182,910	85,234,913	20,833,984	25,598,581	29,708,967	6,443,250	2,650,130

CODE	SCHEME	EXTERNAL FUNDING	NSDC COSTS	TOTAL SCHEME COST	BEFORE 2024/25 INC FORECAST FOR 2023/24	2024/25	2025/26	2026/27	2027/28
HOUSING REVENUE ACCOUNT									
PROPERTY INVESTMENT PROGRAMME									
S91100	ROOF REPLACEMENTS		7,003,120	7,003,120		1,050,000	2,738,750	1,713,050	1,501,320
S711	ROOF REPLACEMENTS	0	7,003,120	7,003,120		1,050,000	2,738,750	1,713,050	1,501,320
Split Existing	Kitchens		5,442,500	5,442,500		1,365,000	1,203,280	1,427,670	1,446,550
Split Existing	Bathrooms		3,126,490	3,126,490		750,750	758,670	778,810	838,260
S712	KITCHEN & BATHROOM CONVERSIONS	0	8,568,990	8,568,990		2,115,750	1,961,950	2,206,480	2,284,810
S91300	EXTERNAL FABRIC		1,569,540	1,569,540		378,000	389,340	397,130	405,070
S713	EXTERNAL FABRIC	0	1,569,540	1,569,540		378,000	389,340	397,130	405,070
Split Existing	Doors		415,440	415,440		107,100	105,380	59,300	143,660
Split Existing	Windows		169,260	169,260		107,100	9,080	12,240	40,840
S714	DOORS & WINDOWS	0	584,700	584,700		214,200	114,460	71,540	184,500
S91500	OTHER STRUCTURAL		554,680	554,680		157,500	129,780	132,380	135,020
S715	OTHER STRUCTURAL	0	554,680	554,680		157,500	129,780	132,380	135,020
S93100	ELECTRICAL		3,309,310	3,309,310		756,000	973,350	992,820	587,140
S731	ELECTRICAL	0	3,309,310	3,309,310		756,000	973,350	992,820	587,140
S93300	PASSENGER LIFTS		218,000	218,000		52,500	54,080	55,160	56,260
S733	PASSENGER LIFTS	0	218,000	218,000		52,500	54,080	55,160	56,260
S93500	HEATING		5,696,190	5,696,190		1,386,000	1,427,580	1,356,850	1,525,760
S735	HEATING	0	5,696,190	5,696,190		1,386,000	1,427,580	1,356,850	1,525,760
S93622	PV Invertors	0	871,970	871,970		210,000	216,300	220,630	225,040
S93625	Thermal Comfort		210,000	210,000		210,000	0	0	
S93626	Decarbonisation	2,399,051	8,252,665	10,651,716	919,956.00	1,352,470	1,492,470	1,036,940	5,849,880
New	EPC		2,719,300	2,719,300		157,500	837,080	853,820	870,900

CODE	SCHEME	EXTERNAL FUNDING	NSDC COSTS	TOTAL SCHEME COST	BEFORE 2024/25 INC FORECAST FOR 2023/24	2024/25	2025/26	2026/27	2027/28
S736	ENERGY EFFICIENCY	2,399,051	12,053,935	14,452,986		1,929,970	2,545,850	2,111,390	6,945,820
S95100	GARAGES, FOOTPATHS, WALKWAYS		218,000	218,000		52,500	54,080	55,160	56,260
S751	GARAGE FORECOURTS	0	218,000	218,000		52,500	54,080	55,160	56,260
S95200	ENVIRONMENTAL WORKS		2,092,710	2,092,710		504,000	519,120	529,500	540,090
New	Communal Areas		145,800	145,800		10,500	10,820	15,220	109,260
S95400	Void Works		959,160	959,160		231,000	237,930	242,690	247,540
S752	ENVIRONMENTAL WORKS	0	3,197,670	3,197,670		745,500	767,870	787,410	896,890
S97100	ASBESTOS		261,590	261,590		63,000	64,890	66,190	67,510
S771	ASBESTOS	0	261,590	261,590		63,000	64,890	66,190	67,510
S97200	FIRE SAFETY		924,470	924,470		262,500	216,300	220,630	225,040
S772	FIRE SAFETY	0	924,470	924,470		262,500	216,300	220,630	225,040
S97400	DISABLED ADAPTATIONS		2,932,900	2,932,900		945,000	535,450	689,010	763,440
S774	DISABLED ADAPTATIONS	0	2,932,900	2,932,900		945,000	535,450	689,010	763,440
S97500	LEGIONELLA		156,950	156,950		37,800	38,930	39,710	40,510
S775	LEGIONELLA	0	156,950	156,950		37,800	38,930	39,710	40,510
S98100	BUILDING SAFETY		1,350,510	1,350,510		390,020	369,280	293,930	297,280
S781	BUILDING SAFETY	0	1,350,510	1,350,510		390,020	369,280	293,930	297,280
S99100	PROPERTY INVESTMENT CONTINGENCY		240,000	240,000		60,000	60,000	60,000	60,000
S99102	Investment Programme Fees		2,482,490	2,482,490		576,690	605,020	634,810	665,970
S791	UNALLOCATED FUNDING	0	2,722,490	2,722,490		636,690	665,020	694,810	725,970
	SUB TOTAL PROPERTY INVESTMENT	2,399,051	51,323,045	53,722,096	919,956.00	11,172,930	13,046,960	11,883,650	16,698,600
AFFORDABLE HOUSING									
SA1031	Site Acquisition (Incl RTB)	0	2,310,532	2,310,532	849,970	1,460,562.00			
SA1033	Yorke Drive Estate Regeneration	986,766	16,960,026	17,946,791	2,946,641	5,000,050.20	5,000,050.20	2,500,025	2,500,025.10
SA1080	Phase 5	0	7,100,100	7,100,100	2,791,100	4,309,000.00			

CODE		SCHEME	EXTERNAL FUNDING	NSDC COSTS	TOTAL SCHEME COST	BEFORE 2024/25 INC FORECAST FOR 2023/24	2024/25	2025/26	2026/27	2027/28
New	Phase 6		0	10,700,000	10,700,000		3,210,000.00	7,490,000.00		
SC2000	Careline Analogue to Digital		0	460,540	460,540	140,540	320,000.00			
SC2002	New Housing Management System		0	856,000	856,000	521,000	335,000.00			
SUB TOTAL AFFORDABLE HOUSING			986,766	38,387,198	39,373,964	7,249,251	14,634,612	12,490,050	2,500,025	2,500,025
TOTAL HOUSING REVENUE ACCOUNT			3,385,817	89,710,243	93,096,060	8,169,207	25,807,542	25,537,010	14,383,675	19,198,625



Report to: Audit & Governance Committee Meeting 21 February 2024

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

Report Summary	
Report Title	Annual Internal Audit Plan
Purpose of Report	To present the proposed Internal Audit Plan to the Committee for approval, in order for the Council to gain the relevant assurances throughout the 2024/25 financial year.
Recommendations	That the Committee approve the Internal Audit Plan.
Reason for Recommendation	To ensure Committee members are aware of the Internal Audit Plan for the 2024/25 financial year.

1.0 Background

1.1 The Internal Audit plan has been 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

2.0 Internal Audit Plan

2.1 The internal audit plan, which is appended at appendix A, has been informed by a risk assessment carried out across TIAA's client base in the sector and by an updated audit risk assessment to ensure that the planned coverage for the year is focussed on

the key audit risks. This coverage will enable a robust Head of Internal Audit Opinion to be provided.

- 2.2 The Plan sets out in detail TIAA's approach and what is intended to be reviewed in 2024/25. The plan that is set out 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 Financial Services and subsequently notified to the Audit and Governance Committee.
- 2.3 This plan has been reviewed by the Council's SLT and reflects where Management seek further assurance.

3.0 Implications

Financial Implications (FIN23-24/469)

- 3.1 The proposed budget to be approved at Council on 7th March 2024 includes £0.112m in relation to the cost of Internal Audit. This budget will be adequate for the proposed plan as presented in appendix A.

Background Papers and Published Documents

None for this report



Newark and Sherwood District Council

Indicative Audit Strategy 2024/27 and Annual Plan 2024/25

January 2024

Draft

Executive Summary

Introduction

The Audit Plan for 2024/25 has been informed by a risk assessment carried out across our clients in the sector and by an updated audit risk assessment to ensure that planned coverage for the year is focussed on the key audit risks. This coverage will enable a robust annual Head of Internal Audit Opinion to be provided.

Key Risk Considerations

We have identified a number of key areas which require consideration when planning internal audit coverage.

Financial Management: Five local authorities since 2021 have declared themselves effectively bankrupt, with a number warning they may have to do the same. The LGA has identified a funding gap of three billion pounds over the next two years. This raises the importance of maintaining adequate financial controls.

Gap in Funding for Core Services: There is a risk that inflationary pressures and adverse financial circumstances might lead to a gap in funding to local councils and on key service pressures such as on the provision of social care, children's services, and homelessness.

Housing: Local authorities are struggling to build affordable housing that is needed. The number of social housing tenants in England complaining of damp and leaks is on course to more than double in the two years since a child died after living in a rented flat with chronic mould. And complaints handling related to maintenance is a continuing concern.

Project Management: Implementing collaboration between Councils, local authorities and other partners continues to be a significant challenge, Birmingham Council reported a £100 million hole in the EPR upgrade. As well as adding to financial pressures, project failure can impact services or residents lives and result in significant reputational damage.

Audit Strategy Methodology

In producing this audit strategy and annual plan, we have sought to build on our understanding of Council's operating environment and risk profile through a review of key documentation and discussions with key staff. We have taken into account:

- Council's business strategy and corporate objectives
- The regulatory and legislative framework
- Council's risk register
- External Audit recommendations
- Previous Internal Audit coverage

We take in to account any emerging or heightened risks that are facing the sector, to ensure that the work of internal audit remains appropriately prioritised and focused. Links to specific strategic risks are also contained in the Internal Audit Strategy.

Our approach complies with the International Standards for the Professional Practice of Internal Auditing which have been developed by the Institute of Internal Auditors (IIA) and the Public Sector Internal Audit Standards (PSIAS).

Internal Audit Strategy and Plan

The Audit Strategy at Appendix A incorporates the proposed annual plan for 2024/25 and the indicative coverage for the following two years.

The Annual Plan at Appendix B sets out the assignments that will be carried out in 2024/25, the planned times and the high-level scopes for each of these assignments.

The Annual Plan will be subject to ongoing review and could change as the risks change for the Council; this will be formally reviewed with senior management and the Audit Committee mid-way through the financial year or should a significant issue arise.

The overall agreed time for the delivery of each assignment within the Annual Plan includes: research; preparation and issue of terms of reference; site work; production and review of working papers; and reporting.

The Annual Plan has been prepared on the assumption that the expected controls will be in place.

The total number of days required to deliver the Audit Plan is as agreed in the contract between TIAA and Council. This number of days is fixed and it is TIAA’s responsibility to deliver the Audit Plan for this number of days. Where COUNCIL agrees additional work the required number of days and the aggregate day rate will be agreed in advance with the Chief Finance Officer/s and will be clearly set out in the terms of reference for the additional review(s).

Adequacy of the planned audit coverage

The reviews identified in the audit plan for 2024/25 support the Head of Internal Audit’s annual opinion on the overall adequacy and effectiveness of Council’s framework of governance, risk management and control as required by TIAA’s charter. The reviews have been identified from your assurance framework, risk registers and key emerging themes.

Disclaimer

This document has been prepared solely for management's use and must not be recited or referred to in whole or in part to third parties without our prior written consent.

No responsibility to any third party is accepted as the document has not been prepared, and is not intended, for any other purpose. TIAA neither owes nor accepts any duty of care to any other party who may receive this document and specifically disclaims any liability for loss, damage or expense of whatsoever nature, which is caused by their reliance on our document.

Release of Report

The table below sets out the history of this plan.

Draft Strategy and Plan:	2024
Final Strategy and Plan:	

Appendix A: Rolling Strategic Plan

Review Area	Review Area	BAF/Risk Ref	Type	2024/25	2025/26	2026/27
Governance						
Performance Management			Assurance	✓		
Community Engagement			Assurance			✓
Joint Working Arrangements			Assurance			✓
Risk						
Risk Management Framework	Core		Assurance	✓		
Business Continuity			Assurance	✓		✓
ICT						
Cyber Security Maturity Assessment			Assurance		✓	
ICT – Support for New Projects			Assurance			✓
Finance						
Financial Resilience	Core		Assurance	✓	✓	✓
Key Financial Controls	Core		Assurance		✓	✓
Procurement			Assurance	✓		
Budgetary Control (Key Control Audit)			Assurance	✓		
Gilstrap			Assurance	✓	✓	✓
Mansfield Crematorium			Assurance	✓	✓	✓
Capital Programme			Assurance		✓	

Review Area	Review Area	BAF/Risk Ref	Type	2024/25	2025/26	2026/27
Operational Performance and Infrastructure						
Waste Management			Assurance	✓		
Grounds Maintenance and Cleansing Services			Assurance	✓		
Workforce						
Absence Management			Assurance	✓	✓	
Apprenticeships			Assurance	✓		
Agile Working			Assurance	✓		
Grievance Reporting and Management			Assurance			✓
Follow Up			Follow Up		✓	✓
Added Value Audit Areas						
Housing Regulatory Compliance and Building Safety	Added Value Benchmarking		Assurance	✓		
HRA H&S Mould			Assurance	✓		
Equality, Diversity, and Inclusivity	Added Value Benchmarking		Assurance	✓	✓	
Management and Planning						
Annual Planning			Management	✓	✓	✓
Annual Report			Management	✓	✓	✓
Audit Management			Management	✓	✓	✓
Total Days				245	245	245
Example Advisory Services Available in Addition to the Plan						

Review Area	Review Area	BAF/Risk Ref	Type	2024/25	2025/26	2026/27

List of Advisory Reviews not included in the audit plan

Below is a list of reviews which are undertaken by our Specialists Staff and are available in addition to the plan.

Review	Indicative High Level Scope
Website Penetration Test	Web application penetration testing is the practice of simulating attacks on a system in an attempt to gain access to sensitive data, with the purpose of determining whether a system is secure. This is done in a safe and secure way with a report identifying weaknesses and remedial action.
Health and Safety Reviews	To provide assurance on a range of Health and Safety related topics to provide assurance and advice on compliance with statutory requirement and regulations.
Governance Effectiveness Reviews	The review will consider the Senior Managements effectiveness - including whether it has the structure, processes, people and performance to deliver. The review will also consider how they interact with stakeholders, and whether respective roles are clear.
Climate Change	Deep Dive into selected aspects of climate change using a qualified subject matter expert.

Appendix B: Annual Plan – 2024/25

Quarter	Review	Type	Days	High-level Scope	Prog Ref	Review Type
Core Reviews to support the Head of Internal Audit Opinion						
1	Financial Resilience	Assurance	15	Confirm the realism and likely delivery success of identified saving within the current financial year and the Medium-Term Financial Plan.		IA
3	Budgetary Control (Key Control Audit)	Assurance	15	<p>Budgetary Control is a fundamental financial process. Key control objectives that will be considered as part of this audit include:</p> <ul style="list-style-type: none"> Formally approved budgets are set each year, considering all relevant income and expenditure. The financial management system accurately reflects the agreed budgets. Budgets are allocated to individuals at an appropriate level, with monitoring responsibilities clearly outlined. All budget adjustments (including virements) are authorised. Budgets are adequately monitored and regularly reported, with reasonable variance levels being set which trigger action and explanation. Appropriate financial reserves are maintained in line with assessed risks. 		IA
2	Risk Management Framework	Assurance	10	Confirm the adequacy of identification of risks in relation to key objectives and realism and likely success of identified mitigation and associated actions.		IA
Benchmarking Topic Reviews To Be Included in All Plans						
3	Equality Diversity and Inclusion-Staff	Added Value Benchmarking	15	The review will provide assurance on the adequacy and effectiveness of the processes in place to ensure that staff work in an environment where they feel they belong, are treated equitably and without discrimination. This will also provide assurance on the compliance with policies, procedures and relevant legislation.		IA

Quarter	Review	Type	Days	High-level Scope	Prog Ref	Review Type
3	Housing Regulatory Compliance and Building Safety	Added Value Benchmarking	15	To give assurance that the Council has appropriate governance and oversight to ensure its housing stock is safe and secure for tenants e.g. mould & damp, gas safety and legionnaires.		IA
Suggested other Topics						
1	Business Continuity	Assurance	15	The audit will assess whether an effective continuous service process is in place to minimise the likelihood of service interruptions impacting upon key business functions and processes.		IA
1	Procurement	Assurance	15	Procurement systems underpin service delivery and need to be effective and to achieve value for money. To provide assurance on key areas of procurement risk, A review of the Councils strategies, policies and procedures for Procurement, including Procurement Strategy, Procurement Policy, Contract Standing Orders, Supporting procedures. A review of the governance arrangements in place in relation to procurement decision making and oversight, including Decision making on expenditure, Board oversight, Procurement Team support, A review of the resources and training in place to support Procurement projects.		IA
2	H&S Mould HRA	Assurance	20	<p>Following the Coroner's November 2022 report into the death of Awaab Ishak in Rochdale, the Regulator of Social Housing (RSH) asked all larger registered providers (inclusive of local authorities) of social housing to submit evidence about the extent of damp and mould in tenants' homes and their approach to tackling it.</p> <p>The Housing Secretary announced on 9 February 2023 that, social housing landlords will have to investigate and fix damp and mould in their properties within strict new time limits. The government has tabled amendments to the Social Housing (Regulation) Bill to introduce 'Awaab's Law', which will require landlords to fix reported health hazards within specified timeframes.</p> <p>The Department for Levelling Up, Housing and Communities said that under the new measures, landlords will be expected to keep clear records to improve transparency for tenants, The audit will seek to provide assurance over the processes involved in responding to issues raised and rectifying mould in Council properties.</p>		IA

Quarter	Review	Type	Days	High-level Scope	Prog Ref	Review Type
3	Performance Management	Assurance	15	The review will consider the way in which key performance data is collated to inform effective decision making, taking in to account the accuracy, integrity and consistency of data.		IA
3	Apprenticeships	Assurance	10	To provide assurance on the adequacy of internal control in relation to the management and administration of apprenticeships, with focus on appointment, take up, payments to training providers Levy funding, retention, governance and reporting.		IA
3	Agile Working	Assurance	15	The review will assess the arrangements in place to facilitate agile working, including: the technology used to support these arrangements; the efficient use of space; the availability of staff for key meetings and on-site requirements and how management has oversight of who will be where and when; and the arrangements to ensure continued productivity.		IA
	Gilstrap	Assurance	6	Independent Examination of the Gilstrap accounts in accordance with S145 of the Charities Act 2011.		IA
	Mansfield Crematorium	Assurance	6	Completion of the audit of the Mansfield Crematorium Accounts.		IA
3	Waste Management	Assurance	15	This review will consider Driver's hours/ Logbooks or Tachographs; Load management; Care of equipment; Parking; Reversing (banksman); Cleaning of equipment; Driver checks; Defect reporting; Understanding Fleet Compliance and processes; Spot checks conducted by Ops management, on: Logbook records, Daily checks, Gate checks, Street checks, Seat belts, Vehicle condition/cleanliness of cab.		IA
4	Grounds Maintenance & Cleansing Services	Assurance	15	The review will consider the arrangements in place to deliver the programme of planned grounds maintenance and cleansing services. Tbc		IA
1 – 4	Follow-up	Follow up	15	Follow-up of implementation of agreed priorities one and two actions from audit reports, ensuring the Housing Association are implementing recommendations, and providing reports to the Audit Committee.		
1	Annual Planning	Management	3	Assessing the Local Government's annual audit needs.		
4	Annual Report	Management	2	Reporting on the overall conclusions and opinion based on the year's audits and other information and providing input to the Annual Governance Statement.		

Quarter	Review	Type	Days	High-level Scope	Prog Ref	Review Type
1 – 4	Audit Management	Management	23	This time includes meeting client management, overseeing the audit plan, reporting and supporting the Audit Committee, liaising with External Audit and Client briefings (including fraud alerts, fraud digests and committee briefings).		
Total days			245			

Internal Audit Charter

The Need for a Charter

The Audit Charter formally defines internal audit's purpose, authority and responsibility. It establishes internal audit's position within Newark and Sherwood District Council and defines the scope of internal audit activities. The establishment of the Audit Charter is a requirement of the Public Sector Internal Audit Standards (PSIAS) and approval of the charter is the responsibility of the Audit Committee.

The Role of Internal Audit

The main objective of the internal audit activity carried out by TIAA is to provide, in an economical, efficient and timely manner, an objective evaluation of, and opinion on, the overall adequacy and effectiveness of the framework of governance, risk management and control. TIAA is responsible for providing assurance to Newark and Sherwood District Council's governing body (being the body with overall responsibility for the Council) on the adequacy and effectiveness of the risk management, control and governance processes.

Standards and Approach

TIAA's work will be performed with due professional care, in accordance with the requirements of the PSIAS and the IIA standards which are articulated in the International Professional Practices Framework (IPPF).

Scope

All Newark and Sherwood District Council activities fall within the remit of TIAA. TIAA may consider the adequacy of controls necessary to secure propriety, economy, efficiency and effectiveness in all areas. It will seek to confirm that Newark and Sherwood District Council management has taken the necessary steps to achieve these objectives and manage the associated risks. It is not within the remit of TIAA to question the appropriateness of policy decisions; however, TIAA is required to examine the arrangements by which such decisions are made, monitored and reviewed.

TIAA may also conduct any special reviews requested by the board, Audit Committee or the nominated officer (being the post responsible for the day-to-day liaison with TIAA), provided such

reviews do not compromise the audit service's objectivity or independence, or the achievement of the approved audit plan.

Access

TIAA has unrestricted access to all documents, records, assets, personnel and premises of Newark and Sherwood District Council and is authorised to obtain such information and explanations as they consider necessary to form their opinion. The collection of data for this purpose will be carried out in a manner prescribed by TIAA's professional standards, Information Security and Information Governance policies.

Independence

TIAA has no executive role, nor does it have any responsibility for the development, implementation or operation of systems; however, it may provide independent and objective advice on risk management, control, governance processes and related matters, subject to resource constraints. For day-to-day administrative purposes only, TIAA reports to a nominated officer within Newark and Sherwood District Council and the reporting arrangements must take account of the nature of audit work undertaken. TIAA has a right of direct access to the chair of the board, the chair of the Audit Committee and the responsible accounting officer (being the post charged with financial responsibility).

To preserve the objectivity and impartiality of TIAA's professional judgement, responsibility for implementing audit recommendations rests with Newark and Sherwood District Council management.

Conflict of Interest

Consultancy activities are only undertaken with distinct regard for potential conflict of interest. In this role we will act in an advisory capacity and the nature and scope of the work will be agreed in advance and strictly adhered to.

We are not aware of any conflicts of interest and should any arise we will manage them in line with TIAA's audit charter and internal policies, the PSIAS/IIA standards and Newark and Sherwood District Council's requirements.

Irregularities, Including Fraud and Corruption

TIAA will without delay report to the appropriate regulator, serious weaknesses, significant fraud, major accounting and other breakdowns subject to the requirements of the Proceeds of Crime Act 2002.

TIAA will be informed when evidence of potential irregularity, including fraud, corruption or any impropriety, is discovered so that TIAA can consider the adequacy of the relevant controls, evaluate the implication of the fraud on the risk management, control and governance processes and consider making recommendations as appropriate. The role of TIAA is not to investigate the irregularity unless commissioned to do so.

Limitations and Responsibility

Substantive testing will only be carried out where a review assesses the internal controls to be providing 'limited' or 'no' assurance with the prior approval of Newark and Sherwood District Council and additional time will be required to carry out such testing. Newark and Sherwood District Council is responsible for taking appropriate action to establish whether any loss or impropriety has arisen as a result of the control weaknesses.

Internal controls can only provide reasonable and not absolute assurance against misstatement or loss. The limitations on assurance include the possibility of one or more of the following situations, control activities being circumvented by the collusion of two or more persons, human error, or the overriding of controls by management. Additionally, no assurance can be provided that the internal controls will continue to operate effectively in future periods or that the controls will be adequate to mitigate all significant risks that may arise in future.

The responsibility for a sound system of internal controls rests with management and work performed by internal audit should not be relied upon to identify all strengths and weaknesses that may exist. Neither should internal audit work be relied upon to identify all circumstances of fraud or irregularity, should there be any, although the audit procedures have been designed so that any material irregularity has a reasonable probability of discovery. Even sound systems of internal control may not be proof against collusive fraud.

Reliance will be placed on management to provide internal audit with full access to staff and to accounting records and transactions and to ensure the authenticity of these documents.

The matters raised in the audit reports will be only those that come to the attention of the auditor during the course of the internal audit reviews and are not necessarily a comprehensive statement of all the weaknesses that exist or all the improvements that might be made. The audit reports are prepared solely for management's use and are not prepared for any other purpose.

Liaison with the External Auditor

We will liaise with Newark and Sherwood District Council's External Auditor. Any matters in the areas included in the Annual Plan that are identified by the external auditor in their audit management letters will be included in the scope of the appropriate review.

Reporting

Assignment Reports: A separate report will be prepared for each review carried out. Each report will be prepared in accordance with the arrangements contained in the Terms of Reference agreed with TIAA and which accord with the requirements of TIAA's audit charter and PSIAS/IIA standards.

Progress Reports: Progress reports will be prepared for each Audit Committee meeting. Each report will detail progress achieved to date against the agreed annual plan.

Follow-Up Reports: We will provide an independent assessment as to the extent that priority 1 and 2 recommendations have been implemented. Priority 3 recommendations are low-level/housekeeping in nature and it is expected that management will monitor and report on implementation as considered appropriate.

Annual Report: An Annual Report will be prepared for each year in accordance with the requirements set out in TIAA's audit charter and PSIAS/IIA standards. The Annual Report will include a summary opinion of the effectiveness of Newark and Sherwood District Council's governance, risk management and operational control processes based on the work completed during the year.

Other Briefings: During the year Client Briefing Notes, Benchmarking and lessons learned digests will be provided. These are designed to keep the Council abreast of in-year developments which may impact on the governance, risk and control assurance framework.

Assurance Assessment Gradings

We use four levels of assurance assessments as set out below.

Substantial Assurance	There is a robust system of internal controls operating effectively to ensure that risks are managed and process objectives achieved.
Reasonable Assurance	The system of internal controls is generally adequate and operating effectively but some improvements are required to ensure that risks are managed and process objectives achieved.
Limited Assurance	The system of internal controls is generally inadequate or not operating effectively and significant improvements are required to ensure that risks are managed and process objectives achieved.
No Assurance	There is a fundamental breakdown or absence of core internal controls requiring immediate action.

Data Protection

TIAA has policies, procedures and processes in place to comply with all associated regulation and legislation on information security, which is underpinned by mandatory annual awareness training for all staff. To carry out our role effectively, we need to obtain information that is reliable, relevant and sufficient to support our findings and recommendations. The collection of data, particularly sensitive personal data, is minimised and is not shared with unauthorised persons unless there is a valid and legal requirement to do so. We have clear policies on the retention of data and its appropriate, controlled disposal. TIAA has a fully robust Information Security Management System that meets all the requirements of ISO27001:2013.

Quality Assurance

TIAA recognises the importance of Internal Audit being controlled at each stage to ensure that we deliver a consistent and efficient Internal Audit service that is fully compliant with professional standards and also the conditions of contract. We operate a comprehensive internal operational quality review process to

ensure that all Internal Audit work is carried out in accordance with these standards. These quarterly reviews are part of our quality management system which has ISO 9001:2015 accreditation.

Audit Committee Responsibility

It is the responsibility of the Newark and Sherwood District Council to determine that the number of audit days to be provided and the planned audit coverage are sufficient to meet the Committee's requirements and the areas selected for review are appropriate to provide assurance against the key risks within the Council.

By approving this document, the Audit Committee is also approving the Internal Audit Charter.

Disclaimer

The matters raised in this planning report, along with those raised in our audit and annual reports, are only those that came to the attention of the auditor during the course of our work and are not necessarily a comprehensive statement of all the weaknesses that exist or all the improvements that might be made. This report has been prepared solely for management's use and must not be recited or referred to in whole or in part to third parties without our prior written consent. No responsibility to any third party is accepted as the report has not been prepared, and is not intended, for any other purpose. TIAA neither owes nor accepts any duty of care to any other party who may receive this report and specifically disclaims any liability for loss, damage or expense of whatsoever nature, which is caused by their reliance on our report.

Performance Standards

The following Performance Targets will be used to measure the performance of internal audit in delivering the Annual Plan:

Performance Measure	Target
Completion of planned audits.	100%
Audits completed in time allocation.	100%
Draft report issued within 10 working days of exit meeting.	100%
Final report issued within 10 working days of receipt of responses.	100%
Compliance with TIAA's audit charter and PSIAS/IIA Standards.	100%



Report to: Audit & Governance Committee Meeting
21 February 2024

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

Lead Officer: Philip Lazenby, Director of Audit (TIAA) 0845 3003333

Report Summary	
Report Title	Internal Audit Progress Report 2023/24
Purpose of Report	To provide a summary of Internal Audit work undertaken during 2023/24 against the agreed audit plan
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 2023/24 financial year and how this impacts on the Council's overall Governance framework.

1.0 Background

- 1.1 The Audit Plan for 2023/24 was agreed at the Audit and Accounts Committee in April 2023. 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 2023/24.

2.0 Proposals

- 2.1 To receive and comment upon the Internal Audit Progress Report 2023/24 and note its content.

Background Papers and Published Documents

NIL



Internal Audit

Draft

Newark & Sherwood District Council

Summary Internal Controls Assurance (SICA) Report

2023/24

Summary Internal Controls Assurance

Introduction

1. This summary controls assurance report provides the Audit Committee with an update on the emerging Governance, Risk and Internal Control related issues and the progress of our work at Newark and Sherwood District Council as at 13/02/2024.

Future of Internal Audit (IA)- Digital drivers

Use of Data analytics by TIAA

2. TIAA is always adopting new ways of working and methodologies including innovative approaches for delivering internal audits. This is part of our continuous improvement programme which facilitates improvements in efficiency, effectiveness, and the quality of the work we deliver. We currently use data analytics as part of our work in relevant areas to test against full data sets, spot hidden risks, to target our testing and to provide ‘proof in total’ assurance; this adds credibility and value to the reports we produce. Data Analytics helps us to analyse large volumes of data to identify trends, patterns, and anomalies that may indicate potential risks or opportunities for improvement.

How will Artificial Intelligence (AI) enhance the delivery Internal Audit of the future?

3. We believe that the way internal audits are delivered will change significantly in the next 3 to 5 years through the use of AI, through the use of auditing tools which contribute towards a process of continuous audit assurance, a wider use of predictive analytics to allow auditors to provide reports that are far more forward looking, and robotic process automation which will help remove much of the manual data collection work, thereby allowing Internal Audit more time to provide value-added analysis. Another branch of AI, Natural Language Processing (NLP), has the potential of also enabling auditors to analyse text in a large number of documents.
4. In addition to the use of Data Analytics, TIAA is actively exploring, as part of our vision for the future, the use of AI, automation and other digital tools to streamline the audit process, inform planning, reduce manual effort, and enhance the quality of audit results. Automated data collection and analysis will help reduce the time required to complete audits and improve the accuracy and consistency of audit results. Innovative ways of using and integrating artificial Intelligence in the delivery of audits in response to the exponential growth in data, and how it is analysed and used in the context of Internal Audit, is part of TIAA’s innovation strategy. We will also as part of our strategy be investigating more opportunities to not only use AI, but also to develop the capabilities to audit AI and the associated ethical considerations.

Audits completed since the last SICA report to the Audit Committee

The table below sets out details of audits finalised since the previous meeting of the Audit Committee.

Audits completed since previous SICA report

Review	Evaluation	Key Dates			Number of Recommendations			
		Draft issued	Responses Received	Final issued	1	2	3	OEM
Grant Fund Spend and administration	Reasonable Assurance	7/9/2023	25/1/2024	29/1/2024	-	1	3	-

Financial resilience	Reasonable Assurance	1/2/2024	6/2/2024	6/2/2024	-	1	-	-
Gilstrap	n/a	n/a	n/a	n/a				
Contractual relationship with active 4 Today	Reasonable Assurance	16/1/2024	8/2/2024	13/2/2024		2	5	2

6. The Executive Summaries and the Management Action Plans for each of the finalised reviews are included at Appendix A. There are no issues arising from these findings which would require the annual Head of Audit Opinion to be qualified.

Progress against the 2023/24 Annual Plan

7. Our progress against the Annual Plan for 2023/24 is set out in Appendix B.

Progress in actioning priority 1 & 2 recommendations

8. We have made no Priority 1 recommendations (i.e. fundamental control issue on which action should be taken immediately) since the previous SICA. Progress in actioning priority 1 and 2 audits will be reviewed at the next audit committee.

9. Frauds/Irregularities

10. We have not been advised of any frauds or irregularities in the period since the last SICA report was issued.

Responsibility/Disclaimer

11. This report has been prepared solely for management's use and must not be recited or referred to in whole or in part to third parties without our prior written consent. The matters raised in this report not necessarily a comprehensive statement of all the weaknesses that exist or all the improvements that might be made. No responsibility to any third party is accepted as the report has not been prepared, and is not intended, for any other purpose. TIAA neither owes nor accepts any duty of care to any other party who may receive this report and specifically disclaims any liability for loss, damage or expense of whatsoever nature, which is caused by their reliance on our report.

Executive Summaries and Management Action Plans

The following Executive Summaries and Management Action Plans are included in this Appendix. Full copies of the reports are available to the Audit Committee on request. Where a review has a 'Limited' or 'No' Assurance assessment the full report has been presented to the Audit Committee and therefore is not included in this Appendix.

Review	Evaluation
Grant Fund Spend and administration	Reasonable
Financial resilience	Reasonable
Contractual relationship with active 4 Today	Reasonable
Gilstrap	n/a

Executive Summary – Assurance Review of Grant funding – Spend and Administration

OVERALL ASSESSMENT



ASSURANCE OVER KEY STRATEGIC RISK / OBJECTIVE

Provide assurance that the Governance structure is in place for effective oversight, reporting and decision making (including roles and responsibilities).

SCOPE

The aim of the review was to gain assurance that the grants are administered in compliance with grant terms and conditions e.g. Towns fund, Levelling up fund.

KEY STRATEGIC FINDINGS



Information provided to Council in the Private Pack does not reflect the full detailed information.



Conflict of interest declarations could not be evidenced as regularly reviewed and up to date.



Relevant and up to date fraud risk assessments for all projects except the YMCA could not be evidenced.



Internal Audit was unable to locate key documentation mandated by the department of Levelling up.

GOOD PRACTICE IDENTIFIED



The Council has created a central database where all information relating to the Towns Fund and Levelling Up programme is stored.



The Council maintains on its database a central comprehensive library of all records relating to the Towns investment Fund Levelling up application for the new Southern Link Road upgrade.

ACTION POINTS

Urgent	Important	Routine	Operational
0	1	3	0

Assurance – Key Findings and Management Action Plan (MAP)

Rec.	Risk Area	Finding	Recommendation	Priority	Management Comments	Implementation Timetable (dd/mm/yy)	Responsible Officer (Job Title)
1	Directed	The Private Document Pack where the Castle Gate House was put on the Agenda Item meeting on May 2022, re £3 million of funding as per the Outline Business Case (OBC). Minutes indicated a reduction of £2.5million for the year to match spend profile as agreed with Levelling up Fund. The report by the external consultant QUOD indicated that the Towns Fund alone option is not viable unless the scheme receives funding which according to the 2 sets of minutes the Council was able to secure. The report concluded there was a risk that the project might not go ahead if the NLHF bid was unsuccessful, though Newark and Sherwood District Council had sufficient funds allocated there was a £19k shortfall that needed to be mitigated, this shortfall was not in minutes as considered by the council members. <i>There was no evidence to show that the QUOD report was presented to Council. The QUOD report also referred BCR (Business Cost ratio) option 2 being recommended. In the documentation provided there was no indication as to what Option 2 represented.</i>	Information provided to Council in the Private Pack should reflect full information so that action can be taken to ensure and record the financial viability of the projects including information regarding any options.	2	<i>The Quod report was presented to the 151 Officer with delegated authority to approve Town funds Business cases. It was assessed and reviewed that the £19k variance in the Castle project was an acceptable risk at a 0.35% variance before procurement was enacted. A series of the recommendations outlined in the Quod Assurance Report in May 2022 have been undertaken. Since the OBC stated that there was a £19k shortfall, the maturity and costs of the project has been developed. Including a greater shortfall, looking to be mitigated with the HLF associated bid, which is the normal route. No grant monies will be committed until certainty on costs and funding as will be crystalised in the FBC. The mitigations undertaken post the OBC include; Completing a revised cost plan to RIBA4. Undertaking a value engineering exercise. Reviewing the request to Heritage Lottery Fund for an increase in grant request at phase 2 of the bid process.</i>	2024	Business Manager (Economic Growth & Visitor Economy)

PRIORITY GRADINGS

1	URGENT	Fundamental control issue on which action should be taken immediately.	2	IMPORTANT	Control issue on which action should be taken at the earliest opportunity.	3	ROUTINE	Control issue on which action should be taken.
---	--------	--	---	-----------	--	---	---------	--

Rec.	Risk Area	Finding	Recommendation	Priority	Management Comments	Implementation Timetable (dd/mm/yy)	Responsible Officer (Job Title)
2	Directed	<p>As part of the reporting process the Council has to submit to the Department of Levelling a completed copy of the Department's Excel Spreadsheet, the objective of which is to capture the programme and project-level data for the selected reporting period. This folder included minutes of Towns Meetings that were attended by members of other local councils and Central Government where matters such as Project Adjust Requests Assurance and Towns Fund Performance reporting are discussed.</p> <p>Internal Audit was able to access a presentation that was prepared by the Department of Levelling Up Housing and Communities which listed as part of its Assurance deep dive procedure.</p> <p>The Audit was unable to evidence the following documents:</p> <ol style="list-style-type: none"> 1) Updated Gifts & Hospitality Register for Town Deals including Board Members. 2) Updated Fraud Risk Assessment covering the relevant project/fund. 3) Updated copy of fund/project Procurement Register. 4) Corporate Fund Policy. 	<p>The Department for Levelling Up Housing and Communities in its presentation regarding assurance and deep dive checklist specified that there was no requirement for policies or documents to be created specifically for the fund. However, as a mark of good practice it is recommended that the following documentation be included in the folder 000 (Council central Database).</p> <ol style="list-style-type: none"> 1) Copy of an updated Gifts & Hospitality Register for Town Deals including Board Members. 2) Copy of an updated Fraud Risk Assessment covering the relevant project/fund. 3) Copy of updated of fund/project Procurement Register. 4) Copy of Corporate Fund Policy. 	3	<p>Where the Council is project sponsor and delivering the project we will undertake necessary due diligence on the contractor(s) involved. This includes credit checks, Fraud checks (linked to corporate strategy) and pre-checks linked to any procurement frameworks used.</p> <p>Further the Council will often utilise public sector frameworks available, whereby assurance has been provided on the commissioning and procurement of partners by the host organisation of the framework, therefore our reliance on their compliance processes would be deemed sufficient.</p> <p>The payment for capital projects within Town Fund, irrespective of who the project sponsor is, are overseen and approved by three officers before payment is made (including evidence of defrayal), including the Business Manager, Capital Accountant and Town Fund Programme Manager.</p> <p>Where the project sponsor is outside of the Council all checks are concluded prior to the GRA and any monies being released.</p>	January 2024	Business Manager (Economic Growth & Visitor Economy)

PRIORITY GRADINGS

1	URGENT	Fundamental control issue on which action should be taken immediately.	2	IMPORTANT	Control issue on which action should be taken at the earliest opportunity.	3	ROUTINE	Control issue on which action should be taken.
---	--------	--	---	-----------	--	---	---------	--

Rec.	Risk Area	Finding	Recommendation	Priority	Management Comments	Implementation Timetable (dd/mm/yy)	Responsible Officer (Job Title)
3	Directed	It is a requirement from the Department for Levelling Up, Housing & Communities to have updated its Fraud Risk assessment covering relevant project/funding at the time of the audit there was no evidence available that this was being carried out except for YMCA.	As it is a requirement as part of the funding agreement with the Department for Levelling Up Housing and Communities to provide an updated Fraud Risk Assessment then such documentation should be maintained and readily available.	3	<i>This recommendation is accepted.</i>	<i>January 2024</i>	<i>Business Manager (Economic Growth & Visitor Economy)</i>
4	Directed	It was noted as part of the monitoring and governance process that council meetings relating to the projects were minuted including code of conduct and declarations of interest. However, given the timespan of some of these projects there was no evidence of declarations of interest being updated.	At each meeting as part of the standing agenda item attendees should be required to confirm that they do not have a conflict of interests and periodically update the conflict of interests register.	3	<i>At all Town Fund Board Meetings members are asked to declare any conflict of interest and this is noted in the minutes if stated. Further this is on agendas for meetings as an item.</i> <i>Members of the Board complete a register of interest form on starting their role as a Board Member. This is reviewed by the TFPM annually in line with the Assurance Framework.</i>	<i>January 2024</i>	<i>Business Manager (Economic Growth & Visitor Economy)</i>

PRIORITY GRADINGS

1 **URGENT** Fundamental control issue on which action should be taken immediately.

2 **IMPORTANT** Control issue on which action should be taken at the earliest opportunity.

3 **ROUTINE** Control issue on which action should be taken.

Executive Summary – Financial Resilience

Finan

OVERALL ASSESSMENT



ASSURANCE OVER KEY STRATEGIC RISK / OBJECTIVE

SR301 Financial Sustainability - General Fund
Ensuring financial stability of the general fund to allow the council to undertake its core functions, deliver services, and meet its corporate priorities and objectives.

SCOPE

Confirm the realism and likely delivery success of identified saving within the current financial year and the Medium-Term Financial Plan.

KEY STRATEGIC FINDINGS



Regular performance review meetings between project leads and finance to discuss progress and status of the actions in place to meet the goals in the Commercial Strategy were not undertaken in 2023/24.



It is noted that the Medium-Term Financial Plan (MTFP) has been prepared at a time when there is a lack of clarity or certainty regarding future funding allocations from the government as the timing of the Fair Funding Review (FFR) is unknown.

GOOD PRACTICE IDENTIFIED



The MTFP has been reviewed on an annual basis in March 2022 and 2023 to ensure that the assumptions, and prevailing economic and political climate are considered when agreeing the detailed forecast for the coming year and the following three years.



An external advisor, Pixel, has been used to assist the Council in modelling its MTFP.

ACTION POINTS


Urgent	Important	Routine	Operational
0	1	0	0

Assurance - Key Findings and Management Action Plan (MAP)

Rec.	Risk Area	Finding	Recommendation	Priority	Management Comments	Implementation Timetable (dd/mm/yy)	Responsible Officer (Job Title)
1	Delivery	<p>Regular performance review meetings between project leads and finance to discuss progress and status of the actions in place to meet the goals in the Commercial Strategy have not been undertaken in 2023/24. As stated in the strategy, the success of delivery of the plan is measured through monitoring completion of the projects in the action plan.</p> <p>The Financial Services Business Manager acknowledged that in 2023/24, the focus has been on the MTFP, and the regular, formal monitoring and reporting activity undertaken in 2022/23 was not maintained. They stated that this will be resumed for 2024/25 as recruitment to a key post in the transformation team is underway.</p>	<p>Delivery of the Commercial Strategy projects to be regularly monitored through regular review meetings and progress reports within the service and Finance and to a wider senior management through regular Commercial Strategy Action Plan updates.</p> <p>Delivery for each Project/scheme to be appropriately risk assessed so there is a clear understanding of the likelihood of achievement and identification of alternatives.</p>	2	<i>The Council will continue to monitor and report on progress against each of the proposed actions as identified within the Commercial Plan. Once available resource has been sourced, the update meetings, facilitated by the Transformation team, will be added back into the diary</i>	30/06/2024	Business Manager – Financial Services

Executive Summary – Contractual relationship with Active 4 today

OVERALL ASSESSMENT




ASSURANCE OVER KEY STRATEGIC RISK / OBJECTIVE

Managing contracts with key suppliers, including NSDC wholly own companies, to ensure the continued delivery of an effective service and ensure delivery of the council’s priorities and objectives.


SCOPE

To gain assurance that the contractual relationships (in relation to the Management Agreement and individual SLA's) between the Council and Active4Today are being effectively managed.


KEY STRATEGIC FINDINGS




The contract between Active4Today and the council remains unsigned.



There are several SLAs between the council and Active4Today that are both, unsigned and not correctly monitored.




The council provides no guidance regarding non-compliance of contracts.




There is no active monitoring (with or without the use of KPI's) surrounding the contractual relationship between the council and Active4Today.

GOOD PRACTICE IDENTIFIED



The Executive Shareholder Committee meet inline with expectations set out in the TOR and all agreements are made at Quorum.



Energy prices are considered and are currently in the report to shareholder committee where the increase in process has been noted.

ACTION POINTS

Urgent	Important	Routine	Operational
0	2	5	2

Assurance - Key Findings and Management Action Plan (MAP)

Rec.	Risk Area	Finding	Recommendation	Priority	Management Comments	Implementation Timetable (dd/mm/yy)	Responsible Officer (Job Title)
2	Directed	<p>The contract between Newark and Sherwood District Council and Active4Today has been operating and in use since 1st June 2015 with a termination date of 31st May 2030. While the contract is in the operating period it should be noted that there is no signature from either party present on the contract. The contract holds a clause for dispute resolution and unenforceability however these may not be binding as they are not formally agreed.</p> <p>Additionally, the contract references appendix documents at several points; however, no such appendices could be evidenced.</p> <p>In addition to the Contract not being signed, it was evidenced that out of 12 SLA's 6 were missing signatures by either one or both parties.</p> <p>6/12 were signed after commencement of the SLA and 1/12 of the SLA's provided was a schedule and not a full agreement.</p>	It is recommended that all relevant documents be sufficiently signed and approved including the contract and SLAs.	2	<p><i>The contract between Active4Today and NSDC has been agreed but it is recognised that this does not have a formal signature.</i></p> <p><i>It is proposed that a review of the contract is undertaken to ensure there have been no changes and once complete the contract should be signed and sealed.</i></p> <p><i>A significant amount of work has gone in to delivering consistency across SLA's. All SLA's are to be signed by 1st April 2024 with an agreement and schedule of works in place.</i></p> <p><i>Responsibility will sit with the MD of Active for today with oversight by the BM Regeneration and Housing Strategy at quarterly compliance meeting.</i></p>	<p>01/04/2024</p> <p>01/04/2024</p>	<p>Assistant Director Legal and Democratic Services. Managing Director Active4 Today.</p> <p>Managing Director Active4 Today.</p> <p>BM Regeneration and Housing Strategy.</p>

PRIORITY GRADINGS

1

URGENT

Fundamental control issue on which action should be taken immediately.

2

IMPORTANT

Control issue on which action should be taken at the earliest opportunity.

3

ROUTINE

Control issue on which action should be taken.

Rec.	Risk Area	Finding	Recommendation	Priority	Management Comments	Implementation Timetable (dd/mm/yy)	Responsible Officer (Job Title)
7	Delivery	<p>Based on the financial projections of Active4today it has been identified that the leisure centre is expected to incur a significant deficit of circa 0.5m by then end of the financial year.</p> <p>Southwell Leisure Centre fitness suite was closed for repairs in January 2023, where no member fees were collected for the fitness suite, this had a negative financial effect on the Company, losing approximately £45,000 in the period.</p> <p>Active4today has made the executive shareholder committee aware via their performance outturn report that they are expecting further works would be required during quarter 3 and possibly quarter 4.</p>	It is recommended that the council and Active 4 today maintain a close working partnership to enable open discussions regarding financial viability of the organisation and mitigating potential long-term impacts on the service provision delivered by Active4today.	2	<p><i>The compliance meeting and performance reporting arrangements between the council and Active4Todays management team on a quarterly basis provide for open and frank discussion on the financial viability of the company.</i></p> <p><i>A request from NSDC to Active to provide financial information in a revised format has now been actioned.</i></p>	Complete and ongoing.	<p>BM Regeneration and Housing Strategy.</p> <p>MD Active4 Today.</p>
1	Directed	While this audit could not evidence an updated policy, a brief guide to contract procedure rules was made available. This guide is an appendix to a larger document that was not supplied at the time of testing and is a July 2019 revision. The guide covers Five main areas, the scope, common requirements, conducting purchase and disposal, contract and other formalities and contract management. Whilst the guide is extensive it is not as up to date as it could be.	It is recommended that a contract management policy be written as a directive control and to guide people to the contract procedure rules document. It is also recommended that the contract procedure rules document be brought up to date and be signed off at a relevant committee.	3	<i>The Contract Procedure Rules were updated in 2022 therefore training/awareness will be raised for staff to the current CPR on the intranet.</i>	April 2024.	Nick Wilson/ Welland Procurement.

PRIORITY GRADINGS

1

URGENT

Fundamental control issue on which action should be taken immediately.

2

IMPORTANT

Control issue on which action should be taken at the earliest opportunity.

3

ROUTINE

Control issue on which action should be taken.

Rec.	Risk Area	Finding	Recommendation	Priority	Management Comments	Implementation Timetable (dd/mm/yy)	Responsible Officer (Job Title)
3	Directed	<p>The contract procedure rules are in line with those defined in the public procurement policy outlined on the government website, however the rules do not have a section on appropriate action for noncompliance- it states that contract officers should monitor progress and compliance.</p> <p>This is also not defined in the SLA's. This audit unable to evidence any action plans to deal with performance issues and contractual non-compliance as this is not defined in the policy.</p>	It is recommended that guidance surrounding noncompliance of contracts and tender is added into the procedure to aide in effective contract management.	3	<i>The Contract Procedure Rules are due to be reviewed by September 2024 and will include the guidance recommended.</i>	30/09/2024	Nick Wilson/ Welland Procurement.
4	Directed	<p>The audit evidenced a deficiency in the general management of SLA's where progress meetings defined in the SLA are not happening. Not having SLA meetings may lead to a communication breakdown between the service provider and customer which may then have further consequences such as dissatisfaction, missed deadlines, quality issues and lead to an ultimate lack of accountability from both sides.</p>	It is recommended that the contract managers review the SLAs to ensure the terms provide for regular meetings at an appropriate frequency and that these meetings are logged and minuted.	3	<p><i>SLA meetings are taking place however it is recognised that these have not been fully minuted in the past.</i></p> <p><i>All managers with responsibility for SLA's with Active4Today are to ensure regular and minuted meetings. To ensure compliance these will feature on the quarterly compliance meeting agenda between the council and Active4Today's management.</i></p>	01/04/2024	<p><i>All SLA owners MD Active4Today.</i></p> <p><i>Oversight from BM Regeneration and Housing Strategy.</i></p>

PRIORITY GRADINGS

1

URGENT

Fundamental control issue on which action should be taken immediately.

2

IMPORTANT

Control issue on which action should be taken at the earliest opportunity.

3

ROUTINE

Control issue on which action should be taken.

Rec.	Risk Area	Finding	Recommendation	Priority	Management Comments	Implementation Timetable (dd/mm/yy)	Responsible Officer (Job Title)
5	Directed	<p>There are invoices to and from the council and Active4Today for payments to be made on both sides. 5 invoices were sampled with 2 paid late, one from Active4Today and one from the council. The 2 late invoices were for room hire from the council and a credit charge refund from Active4Today. It is seen that the late payments and credit notes was due to an overpayment of the original invoice.</p> <p>Additionally, it was evidenced that the payments for SLA's are generally late where 4/4 of the SLA's tested were not paid in line with the invoice.</p>	It is recommended that payment on both the council and the service provider be paid in line with agreed timeframes stated on the invoices. Late payments should be recorded to aid on monitoring and corrective action should be taken to mitigate the chances of this re-occurring.	3	<p><i>All invoices should be paid in line with agreed timeframes.</i></p> <p><i>To ensure that this is embedded, late payments by either the council or Active4Today will be raised at the quarterly compliance meetings to ensure monitoring and corrective action can be taken if necessary.</i></p>	01/04/2024	<p>MD Active4Today.</p> <p>BM Regeneration and Housing Strategy.</p>

PRIORITY GRADINGS

1

URGENT

Fundamental control issue on which action should be taken immediately.

2

IMPORTANT

Control issue on which action should be taken at the earliest opportunity.

3

ROUTINE

Control issue on which action should be taken.

Rec.	Risk Area	Finding	Recommendation	Priority	Management Comments	Implementation Timetable (dd/mm/yy)	Responsible Officer (Job Title)
6	Delivery	<p>While the audit was unable to evidence any KPI monitoring regarding the contractual relationship, performance indicators regarding Active4Today, its performance is noted at executive shareholder committee. The performance indicators have a target but are RAG rated against the previous year's attainment and not the ability to achieve the target.</p> <p>Out of Ten performance indicators one was performing below the previous year, this was "No. of individuals referred to Active4Today from a health professional - Attended Session - TOTAL" however there was no action noted to bring this figure back up to last year's numbers. Solely tracking numbers and not putting in place corrective action may lead to non-attainment of objectives and targets.</p>	It is recommended that corrective action is documented and taken of any goals and objectives that are at risk of not being attained.	3	<i>Corrective action on any goals and objectives that are at risk will be reported in the quarterly performance reporting to Performance and Shareholder Cabinet.</i>	01/04/2024	<p>MD Active4Today.</p> <p>BM Regeneration and Housing Strategy.</p>

PRIORITY GRADINGS

1

URGENT

Fundamental control issue on which action should be taken immediately.

2

IMPORTANT

Control issue on which action should be taken at the earliest opportunity.

3

ROUTINE

Control issue on which action should be taken.

Progress against Annual Plan

System	Planned Quarter	Current Status	Comments
Key Control Testing	2	Final	Audit report issued
Payroll	3	Final	Audit report issued
Financial resilience	2	Final	Audit report issued
Grant Fund Spend and administration	2	Final	Audit report issued
Contractual relationship with active 4 Today	2	Final	Audit report issued
Gilstrap	4	Final	Audit report issued
Complaints Process	3	Site work commenced	Testing in progress for completion by year end
Workforce planning	TBC	Site work commenced	Testing in progress for completion by year end
Corporate and Commercial property Health and safety compliance	2	Site work commenced	Testing in progress for completion by year end
Housing Voids	3	Site work commenced	Testing in progress for completion by year end
Delivery of corporate projects	TBC	Site work commenced	Testing in progress for completion by year end
ICT assurance cyber security/ incident management	4	APM issued and start date agreed	ICT audit in planning
Assurance Framework	4	Site work commenced	Testing in progress for completion by year end
Mansfield Crematorium	4	Site work commenced	Testing in progress for completion by year end

KEY:

To be commenced	Site work commenced	Draft report issued	Final report issued
-----------------	---------------------	---------------------	---------------------

PRIORITY GRADINGS

1	URGENT	Fundamental control issue on which action should be taken immediately.	2	IMPORTANT	Control issue on which action should be taken at the earliest opportunity.	3	ROUTINE	Control issue on which action should be taken.
---	--------	--	---	-----------	--	---	---------	--



Report to: Audit & Governance Committee Meeting
21 February 2024

Director or Business Manager Lead: Sanjiv Kohli, Deputy Chief Executive, Director of Resources and S151 Officer

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

Report Summary	
Report Title	External Auditors Annual Draft Audit Completion Report
Purpose of Report	To present the External Auditor's Draft Annual Audit Completion Report for Newark and Sherwood District Council for 2022/23.
Recommendations	<p>Members receive and note the External Auditors Draft Annual Audit Completion Report for 2022/23.</p> <p>Members note the adjustments to the draft audited financial statements set out in the report.</p>
Reason for Recommendation	To ensure that the Committee discharges its responsibilities as per its delegated authority within the Councils constitution.

1.0 Background

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

2.0 Statement of Accounts

- 2.1 The ACR confirms that the external auditor anticipates issuing an unqualified opinion of the 2022/23 Statement of Accounts. Once the final pieces of work are completed, the Council will receive that opinion. The approval of the Statement of Accounts by this Committee is elsewhere on this agenda.

2.2 This report asks the Committee to:

- consider the matters raised in the External Auditors Annual Completion Report before approving the financial statements;
- take note of the adjustments to the financial statements included in the ACR (Appendix A);

2.3 There is a requirement that the external auditor, Mazars, provides details of all of the corrections in the financial statements that need amendment. Therefore, their final Audit Completion Report will be brought to the next meeting of this Committee post the completion of the audit, either as a confirmation letter of no further amendments or an updated version.

3.0 Implications

In writing this report and in putting forward recommendations officers have considered the following implications; Data Protection, Digital and Cyber Security, Equality and Diversity, Financial, Human Resources, Human Rights, Legal, Safeguarding and Sustainability and where appropriate they have made reference to these implications and added suitable expert comment where appropriate.

Background Papers and Published Documents

Except for previously published documents, which will be available elsewhere, the documents listed here will be available for inspection in accordance with Section 100D of the Local Government Act 1972.

None

Draft Audit Completion Report

Newark and Sherwood District Council -
Year ended 31 March 2023

21st February 2024

Agenda Page 108



Contents

- 01 [Executive summary](#)
- 02 [Status of the audit](#)
- 03 [Audit approach](#)
- 04 [Significant findings](#)
- 05 [Internal control recommendations](#)
- 06 [Summary of misstatements](#)
- 07 [Value for Money](#)

[Appendix A: Draft management representation letter](#)

[Appendix B: Draft audit report](#)

[Appendix C: Independence](#)

[Appendix D: Other communications](#)

Agenda Page 109

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



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

Mazars LLP
2 Chamberlain Square
Birmingham
B3 3AX

23 November 2023

Dear Committee Members

Audit Completion Report – Year ended 31 March 2023

We are pleased to present our Audit Completion Report for the year ended 31 March 2023. The purpose of this document is to summarise our audit conclusions.

The scope of our work, including identified significant audit risks and other areas of management judgement, was outlined in our Audit Strategy Memorandum which we presented on 29 June 2023. We have reviewed our Audit Strategy Memorandum and concluded that the original significant audit risks and other areas of management judgement remain appropriate.

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

If you would like to discuss any matters in more detail then please do not hesitate to contact me at mark.surridge@mazars.co.uk.

Yours faithfully

Mark Surridge

Mazars LLP

01

Section 01:

Executive summary

1. Executive summary

Principal conclusions and significant findings

The detailed scope of our work as your appointed auditor for 2022/23 is set out in the National Audit Office's (NAO) Code of Audit Practice. Our responsibilities and powers are derived from the Local Audit and Accountability Act 2014 and, as outlined in our Audit Strategy Memorandum, our audit has been conducted in accordance with International Standards on Auditing (UK) and means we focus on audit risks that we have assessed as resulting in a higher risk of material misstatement.

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

- Management override of controls;
- Net defined benefit liability valuation; and
- Valuation of Property, Plant and Equipment, and Investment Properties;
- **Misstatements and internal control recommendations**

Section 5 sets out internal control recommendations and section 6 sets out audit misstatements; unadjusted misstatements total £1.2m. Section 7 outlines our work on the Council's arrangements to achieve economy, efficiency and effectiveness in its use of resources.

Status and audit opinion

At the time of preparing this report, significant matters remaining outstanding are outlined in section 2. We will provide an update to you in relation to the significant matters outstanding through issuance of a follow up letter.

Subject to the satisfactory conclusion of the remaining audit work, we have the following conclusions:



Audit opinion

We anticipate issuing an unqualified opinion, without modification, on the financial statements. Our proposed audit opinion is included in the draft auditor's report in Appendix B.



Value for Money

Our value for money work is ongoing, but at this stage we anticipate having no significant weaknesses in arrangements to report in relation to the arrangements that the Council has in place to secure economy, efficiency and effectiveness in its use of resources. Further detail on our Value for Money work is provided in section 7 of this report



Whole of Government Accounts (WGA)

We have received partial group instructions from the National Audit Office. We anticipate reporting that the WGA submission is consistent with the audited financial statements. However, we are unable to issue our certificate until full group audit instructions are received which confirm if the Council have been sampled to undergo additional audit procedures.



Wider powers





The 2014 Act requires us to give an elector, or any representative of the elector, the opportunity to question us about the accounting records of the Council and to consider any objection made to the accounts. No such correspondence from electors has been received.


02

Section 02: **Status of the audit**


2. Status of the audit

Currently, we are not aware of any matters that would require modification of our audit opinion, however, there are areas of work yet to complete:


Audit area	Status	Description of the outstanding matters
Investments		We are waiting for 3 rd party confirmations from some account holders
Property, Plant and Equipment		We have a few queries outstanding with management in this area with the majority around the disclosure of the revalued assets in the current year in comparison to what has been revalued.
Group account		Review of group transactions
Completion procedures		Procedures such as our quality control, review for post balance sheet events, and management representations are ongoing, and will remain as such, through to the date of issuing the auditor's report.



Likely to result in material adjustment or significant change to disclosures within the financial statements.



Potential to result in material adjustment or significant change to disclosures within the financial statements.



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

03

Section 03: **Audit approach**

3. Audit approach

Changes to our audit approach

We provided details of our intended audit approach in our Audit Strategy Memorandum in June 2023. We have not made any changes to our audit approach since we presented our Audit Strategy Memorandum.

Materiality

Our provisional materiality at the planning stage of the audit was set at £1.6m using a benchmark of 2% of gross operating expenditure. At this stage of our audit, the same benchmark and percentage has been used, but with materiality revised to £1.725m for the Council and £1.872m for the Group.

Reliance on internal audit

No reliance has been placed on internal audit for the 2022/23 financial audit. Enquiries have been undertaken to aid our understanding of the overarching control environment at the Council.

Use of experts

Management makes use of experts in specific areas when preparing the Council's financial statements. We also use experts to assist us to obtain sufficient appropriate audit evidence on specific items of account. No changes to those outlined in our ASM.

Item of account	Management's expert	Our expert
Property, Plant and Equipment and Investment Property	Wilks, Head and Eve LLP The Council's external valuer	None. Third party evidence provided via the NAO to support our challenge of valuation assumptions
Pensions	Barnett Waddingham Actuary for Nottinghamshire Pension Fund	PWC LLP (Consulting actuary appointed by the NAO)
Business rates appeals provisions	Inform CPI	None
Financial Instrument disclosures	Link Asset Management (LAM) Treasury management advisors	None.

Service organisations

International Auditing Standards (UK) (ISAs) define service organisations as third party organisations that provide services to the Council that are part of its information systems relevant to financial reporting. We are required to obtain an understanding of the services provided by service organisations as well as evaluating the design and implementation of controls over those services. The table below summarises the service organisations used by the Council and our planned audit approach. There have been no changes to our approach since we issued our ASM.

3. Audit approach

Group audit approach

Where relevant and necessary, provide information on the planned and actual group audit approach.

Group component	Approach adopted	Key points or other matters to report
Newark and Sherwood District Council	●	None. As part of group consolidations audit procedures, we have ensured that the accounting policies of the subsidiaries are in line with those of the parent, i.e. the council
RHH Newark Limited	●	Analytical procedures have been performed
Arkwood Development Limited	●	Analytical procedures have been performed
Active4Today Limited	●	Analytical procedures have been performed

● **Full audit**
Performance of an audit of the component's financial information prepared for group reporting purposes using component materiality

● **Audit of balances and/or disclosures**
Performance of an audit of specific balances and/or disclosures included in the component's financial information prepared for group reporting purposes, using component materiality

● **Specific audit procedures**
Performance of specific audit procedures on the component's financial information

● **Review procedures**
Review of the component's financial information prepared for group reporting purposes using the component materiality assigned

04

Section 04: **Significant findings**

4. Significant findings

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

- our audit conclusions regarding other significant risks and key areas of management judgement outlined in the Audit Strategy Memorandum;
- our comments in respect of the accounting policies and disclosures that you have adopted in the financial statements. On page 15 we have concluded whether the financial statements have been prepared in accordance with the financial reporting framework and commented on any significant accounting policy changes that have been made during the year;
- any further significant matters discussed with management;
- any significant difficulties we experienced during the audit; and
- wider responsibilities

Significant risks

Agenda Page 119	Management override of controls	Description of the risk This is a mandatory significant risk on all audits due to the unpredictable way in which such override could occur. Management at various levels within an organisation are in a unique position to perpetrate fraud because of their ability to manipulate accounting records and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively. Due to the unpredictable way in which such override could occur there is a risk of material misstatement due to fraud on all audits.
		How we addressed this risk We addressed this risk through performing audit work over: <ul style="list-style-type: none">• Accounting estimates impacting amounts included in the financial statements;• Consideration of identified significant transactions outside the normal course of business; and• Journals recorded in the general ledger and other adjustments made in preparation of the financial statements.
		Audit conclusion No material misstatements were noted in this section.

4. Significant findings

Significant risks continued

Net defined benefit liability valuation	<div data-bbox="440 366 2466 515">Description of the risk<p>The defined benefit liability relating to the Local Government pension scheme represents a significant balance on the Council's balance sheet. The Council uses an actuary to provide an annual valuation of these liabilities in line with the requirements of IAS19 Employee Benefits. Due to the high degree of estimation uncertainty associated with this valuation, we have determined there is a significant risk in this area</p></div> <div data-bbox="440 515 2466 915">How we addressed this risk<p>We addressed this risk by:</p><ul style="list-style-type: none">• Critically assessing the competency, objectivity and independence of the Nottinghamshire Pension Fund's Actuary;• Liaising with the auditors of the Nottinghamshire Pension Fund to gain assurance that the controls in place at the Pension Fund are operating effectively. This will include the processes and controls in place to ensure data provided to the Actuary by the Pension Fund for the purposes of the IAS19 valuation is complete and accurate;• Reviewing the appropriateness of the Pension Asset and Liability valuation methodologies applied by the Pension Fund Actuary, and the key assumptions included within the valuation. This will include comparing them to expected ranges, utilising information by PWC and consulting actuary engaged by the National Audit Office;• Agreeing the data in the IAS19 valuation report provided by the Fund Actuary for accounting purposes to the pension accounting entries disclosures in the Council's financial statements; and• Considering the impact of IFRIC14 regarding pension fund surpluses.</div> <div data-bbox="440 915 2466 1011">Audit conclusion<p>No material misstatements were noted in this section.</p></div>
--	--

4. Significant findings

Significant risks continued

Valuation of land and buildings and investment properties	<div data-bbox="440 366 2466 535">Description of the risk<p>Property related assets are a significant balance on the Council's balance sheet. The valuation of land and buildings is complex and is subject to a number of management assumptions and judgements.</p><p>Due to the high degree of estimation uncertainty associated, we have determined there is a significant risk in this area.</p></div> <div data-bbox="440 535 2466 892">How we addressed this risk<p>We addressed this risk by:</p><ul style="list-style-type: none">• Critically assessing the Council's valuers scope of work, qualifications, objectivity and independence to carry out the required programme of revaluations;• Considering whether the overall revaluation methodologies used by the Council's valuers are in line with industry practice, the CIPFA Code of Practice and the Council's accounting policies;• Assessing whether valuation movements are in line with market expectations by using third party information provided by Montagu Evans to provide information on regional valuation trends;• Critically assessing the approach that the Council adopts to ensure that assets not subject to revaluation in 2022/23 are materially correct, including considering the robustness of that approach in light of the valuation information reported by the Council's valuers</div> <div data-bbox="440 892 2466 1099">Audit conclusion<p>There are no matters, other than the misstatements reported in section 6 of this report, that need to be brought to the attention of members.</p><p>The majority of our work on land and building valuations is complete, but with some residual queries to clear before finalising our conclusion. Based on the work completed to date, there are no significant matters that need to be brought to the attention of members.</p><p>We will provide a verbal update on these matters at the Committee's meeting as well as formally concluded in a follow up letter.</p></div>
--	--

4. Significant findings

Qualitative aspects of the Council’s accounting practices

Draft accounts were received from the Council on 31st May 2023. We have reviewed the Council’s accounting policies and disclosures and concluded they comply with the 2022/23 Code of Practice on Local Authority Accounting.

Significant matters discussed with management

Throughout the year, we have met with management, where matters discussed include:

Accounting for Arkwood Development Limited

We have challenged management’s consolidation adjustments for Arkwood Development Limited, particularly whether completed housing has been properly classified and valued in the Group financial statements. We expect that all completed houses would be revalued to fair value at the reporting date (not cost to construct) and reclassified as an asset held for sale balance in the group consolidated accounts, supported by a clear disclosure on what this balance represents.

Accounting and valuation of land and buildings

We have challenged management’s consideration of whether the carrying value of land and buildings in the balance sheet remained up-to-date at the year end. Management had carried out an exercise that the assets not subject to revaluation in the year could have been understated by £3.1m but made no adjustment to the financial statements. Further work was required to investigate the potential error in more detail, including updated asset valuations and testing. We have also raised a control recommendation on this point.

Non-completion of declaration forms by members

We have noted that 5 members did not complete declaration of interest forms as required by internal policies and procedures. This poses a risk that some material related party disclosures may be undetected which would result in misstatements. This has been raised as a control deficiency and included in section 5 of this report.

The Council’s financial position, including development of the medium-term financial plan

During the year, we have met with officers to discuss the Council’s financial position and budget setting process and pressures to enable us to reflect on the Council’s financial resilience and sustainability, and to conclude whether the going concern basis of accounting in the preparation of the financial statements is appropriate.

IAS19 Pension Surpluses

IAS19 Pension Surpluses: Each year employers within the Local Government Pension Scheme receive an actuarial accounting report prepared in accordance with IAS19 Employee Benefits. The report sets out the movement in the employers’ interest in the LGPS assets and liabilities during the year, and their share of assets and liabilities at the year end. At 31 March 2023 some employers have, for the first time in many years, a net IAS19 pension asset (surplus). When an employer has a net pension liability, the liability is included in the financial statements in full. Where there is a surplus, there are circumstances under which the surplus is not recognised in full in the financial statements. Where bodies can access the economic benefit arising from the asset in terms of reduced contributions or a refund, they should recognise the net defined benefit as an asset. The net defined benefit asset recognised should be the surplus, adjusted for the effect of any asset ceiling. We have discussed and considered the Council’s accounting treatment for its share of the Local Government Pension Scheme, which led to revised actuarial valuations on the local government pension scheme and adjustments to the financial statements.

Impact of ISA315

ISA (UK) 315 (Revised 2019) introduces major changes to the auditor’s risk identification and assessment approach, which are intended to drive a more focused response from auditors undertaking work to obtain sufficient appropriate audit evidence to address the risks of material misstatement. This has involved enhanced risk identification and assessment; greater emphasis on understanding IT; and Increased focus on controls. We have needed to make additional enquires in these areas to enable us to meet these audit requirements.

4. Significant findings

Significant difficulties during the audit

During the course of the audit, we have had the full co-operation of management. The audit was again carried out remotely with one day a week visits to the council premises.

Wider responsibilities

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

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

We have not exercised any of these powers as part of our 2021/22 audit.

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

05

Section 05: **Internal control recommendations**

5. Internal control recommendations

As part of our audit of the financial statements, we obtained an understanding of internal controls sufficient to plan our audit and determine the nature, timing and extent of testing performed. Although our audit was not designed to express an opinion on the effectiveness of internal control, we are required to communicate to Those Charged With Governance any significant deficiencies identified during the course of our work.

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

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

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

Priority ranking	Description	Number of issues
1 (high)	In our view, there is potential for financial loss, damage to reputation or loss of information. This may have implications for the achievement of business strategic objectives. The recommendation should be taken into consideration by management immediately.	0
2 (medium)	In our view, there is a need to strengthen internal control or enhance business efficiency. The recommendations should be actioned in the near future.	2
3 (low)	In our view, internal control should be strengthened in these additional areas when practicable.	0

5. Internal control recommendations

Other deficiencies in internal control – Level 2

Description of deficiency - No market value adjustments were made on properties not revalued in year
Through our testing we noted whilst management had calculated the potential impact in revaluation movements in respect of those properties not subject to valuation in the current year , they had failed to make the necessary changed in the accounts to reflect this.
Potential effects
Non-compliance with the accounting framework and internal accounting policies. This could also result in material misstatement
Recommendation
We recommend that management reviews the potential impact of these revaluation movements and make the changes in the accounts to reflect the correct asset values at financial year end date.
Management response
The properties with a significant market value adjustment movement on the review of the assets not valued in year have now been formally valued and the accounts have been adjusted to reflect the valuation movement. Our processes have now been reviewed and refined to make sure when we complete the review of the assets not revalued in year we also consider the overall movement of the market value.

Description of deficiency - Members have not completed declaration of interest forms
As part of our testing of related party disclosures in the accounts, we reviewed declaration forms completed by members and officers. Through this testing we noted that 7 members had not completed these forms.
Potential effects
Related party transactions could go undetected which may result in disclosure misstatements in the accounts. Non-compliance with internal policies.
Recommendation
All members must complete declaration of interest forms, and these must be adequately kept by management and made available to auditors for inspection when required.
Management response
The 7 forms not completed by members relates to the original deadline for member completion, however we have since received another 2 related party disclosures which have confirmed there was no additional impact on the account's disclosure for related parties. Out of the remaining 5 outstanding declarations the majority of those had lost their seat during the May elections.

06

Section 06:

Summary of misstatements

6. Summary of misstatements

This section outlines the misstatements identified during the course of the audit, above the trivial threshold for adjustment of £69k. The first table outlines the misstatements that were identified during the course of our audit which management has assessed as not being material either individually or in aggregate to the financial statements and does not currently plan to adjust.

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

Unadjusted misstatements

		Comprehensive Income and Expenditure Statement		Balance Sheet	
		Dr (£'000)	Cr (£'000)	Dr (£'000)	Cr (£'000)
1	During the audit we noted that the council had recorded in the current year income that relates to the previous year (2021/22). The misstatement found was £11k and has been extrapolated which has increased the misstatement value to £206k. This is immaterial therefore there would be no requirement for a prior period error.				
2	Dr Property, Plant and Equipment			1,251	
	Dr CIES - Expenditure		4		
	Cr Revaluation Reserve				1,255
	Potential impact of assets not revalued in the year				
Total unadjusted misstatements		4		1,251	1,255

6. Summary of misstatements

Adjusted misstatements

		Comprehensive Income and Expenditure Statement		Balance Sheet	
		Dr (£'000)	Cr (£'000)	Dr (£'000)	Cr (£'000)
1	Dr Grant received in advance			610	
	Cr Short term creditors				610
	Short term creditors incorrectly classified as grants received in advance				
2	Dr: Property, Plant and Equipment				44
	Cr: CIES – Expenditure (HRA)		293		
	Cr: CIES – Other comprehensive income	337			
	Incorrect write off on impaired assets as part of gain/ loss disposal				
3	Dr: Unusable Reserves – RR			442	
	Dr CIES Expenditure (Impairment)	423			
	Cr Property, Plant and Equipment				865
	Adjustments to be made on properties that were not required to be revalued as per the rolling programme				
4	Dr: Assets held for sale			476	
	Dr: Property, Plant and Equipment (AUC)			2,484	
	Cr: Inventories				2,939
	Cr: CIES		21		
	Reclassification of completed assets as at year end for group consolidation purposes				
Total adjusted misstatements		760	314	4,012	4,458

6. Summary of misstatements

Disclosure amendments

We identified the following disclosure amendments during our audit, all of which have been corrected :

- Note 17 - The number of employees including senior employees whose remuneration excluding pension contributions was £50k or more, was disclosed as 30 instead of 29.
- Note 22 had not been disclosed in line with the CIPFA Code. This has been adjusted by management.
- Note 24 - Lease commitment had been understated by £410k based on incorrect calculations on one of the leases
- The narrative statement has been amended to include the going concern assertion statement
- The audit fees note incorrectly included the amount paid to KPMG who are not the auditors of the council.
- Various adjustments were made so that the accounts are in line with the CIPFA Code's presentation and disclosure requirement.

07

Section 07: **Value for Money**

7. Value for Money

Approach to Value for Money

We are required to consider whether the Council has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. The NAO issues guidance to auditors that underpins the work we are required to carry out and sets out the reporting criteria that we are required to consider. The reporting criteria are:

- **Financial sustainability** - How the Council plans and manages its resources to ensure it can continue to deliver its services
- **Governance** - How the Council ensures that it makes informed decisions and properly manages its risks
- **Improving economy, efficiency and effectiveness** - How the Council uses information about its costs and performance to improve the way it manages and delivers its services

At the planning stage of the audit, we undertake work to understand the arrangements that the Council has in place under each of the reporting criteria and we identify risks of significant weaknesses in those arrangements. Although we describe this work as planning work, we keep our understanding of arrangements under review and update our risk assessment throughout the audit to reflect emerging issues that may suggest significant weaknesses in arrangements exist.

Where our risk-based procedures identify actual significant weaknesses in arrangements we are required to report these and make recommendations for improvement. Where such significant weaknesses are identified, we report these in the audit report.

The primary output of our work on the Council's arrangements is the commentary on those arrangements that forms part of the Auditor's Annual Report. We intend to issue the Auditor's Annual Report by January 2024.

Status of our work

We are yet to complete our work in respect of the Council's arrangements for the year ended 31 March 2023. At the time of preparing this report, we have not identified any significant weaknesses in arrangements that require us to make a recommendation, however we continue to undertake work on the Council's arrangements.

Our draft audit report at Appendix B outlines that we have not yet completed our work in relation to the Council's arrangements. As noted above, our commentary on the Council's arrangements will be provided in the Auditor's Annual Report by January 2024.

Appendices

A: Draft management representation letter

B: Draft audit report

C: Independence

D: Other communications

Appendix A: Draft management representation letter

Mazars LLP
First floor,
Two Chamberlain Square,
Birmingham
B3 3AX

Dear Sirs

Newark and Sherwood District Council - audit for year ended 31 March 2023

This representation letter is provided in connection with your audit of the financial statements of Rushcliffe Borough Council (the Council) for the year ended 31 March 2023 for the purpose of expressing an opinion as to whether the financial statements give a true and fair view in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2022/23 (the Code) and applicable law.

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

My responsibility for the financial statements and accounting information

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

My responsibility to provide and disclose relevant information

I have provided you with:

- Access to all information of which we are aware that is relevant to the preparation of the financial statements such as records, documentation, and other material;
- Additional information that you have requested from us for the purpose of the audit; and

Unrestricted access to individuals within the Council you determined it was necessary to contact in order to obtain audit evidence.

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

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

Accounting records

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

Accounting policies

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

Accounting estimates, including those measured at fair value

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

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

Contingencies

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

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

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

There are no contingent gains which should be disclosed.

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

Appendix A: Draft management representation letter

Laws and regulations

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

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

Fraud and error

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

I have disclosed to you:

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

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

Related party transactions

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

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

Impairment review

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

Charges on assets

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

Future commitments

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

Subsequent events

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

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

Brexit

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

Reinforced Autoclaved Aerated Concrete (RAAC)

We confirmed that all buildings which met the criteria of possibly containing RAAC have been surveyed and none of our buildings are affected.

Ukraine

We confirm that we have carried out an assessment of the potential impact of Russian Forces entering Ukraine on the business, including the impact of mitigation measures and uncertainties, and that the disclosure in the Narrative Report fairly reflects that assessment.

Current banking crisis

We confirm that we have assessed the impact on Rushcliffe Borough Council of the on-going Global Banking challenges, in particular whether there is any impact on the council's ability to continue as a going concern, and on the post balance sheet events disclosures.

We confirm that our exposure where applicable (either direct cash exposure or direct / indirect through investments) with Silicon Valley Bank, Credit Suisse, Signature Bank or any other bank in a distress situation, is not material.

Appendix A: Draft management representation letter

Going concern

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

Annual Governance Statement

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

Narrative report

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

Unadjusted misstatements and internal control recommendations

I confirm that the effects of the uncorrected misstatements and internal control recommendations set out at Appendix A are immaterial, both individually and in aggregate, to the financial statements as a whole.

Yours faithfully

Section 151 Officer

Agenda Page 136

Appendix B: Draft audit report (subject to finalisation)

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

Report on the audit of the financial statements

Opinion on the financial statements

We have audited the financial statements of Newark and Sherwood District Council (‘the [Council]’) and its subsidiaries (‘the Group’) for the year ended 31 March 2023, which comprise the Council and Group Comprehensive Income and Expenditure Statements, the Council and Group Movement in Reserves Statements, the Council and Group Balance Sheets, the Council and Group Cash Flow Statements, the Housing Revenue Account, Collection Fund statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2022/23, as amended by the Update to the Code and Specifications for Future Codes for Infrastructure Assets (‘the Code Update’), published in November 2022.

In our opinion, the financial statements:

- give a true and fair view of the financial position of the Council and the Group as at 31st March 2023 and of the Council’s and the Group’s expenditure and income for the year then ended; and
- have been properly prepared in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2022/23 as amended by the Code Update.

Basis for opinion

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

Conclusions relating to going concern.

In auditing the financial statements, we have concluded that the Deputy Chief Executive and Director of Resources’ use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, and taking into account the requirements of the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2022/23 as amended by the Code Update, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Council’s ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

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

Other information

The Deputy Chief Executive and Director of Resources is responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

Appendix B: Draft audit report

Responsibilities of the Deputy Chief Executive and Director of Resources for the financial statements

As explained more fully in the Statement of the Chief Financial Officer's Responsibilities, the Deputy Chief Executive and Director of Resources is responsible for the preparation of the Statement of Accounts, which includes the financial statements, in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2022/23 as amended by the Code Update, and for being satisfied that they give a true and fair view. The Deputy Chief Executive and Director of Resources is also responsible for such internal control as the Deputy Chief Executive and Director of Resources determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

The Deputy Chief Executive and Director of Resources is required to comply with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2022/23 as amended by the Code Update and prepare the financial statements on a going concern basis, on the assumption that the functions of the Council will continue in operational existence for the foreseeable future. The Deputy Chief Executive and Director of Resources is responsible for assessing each year whether or not it is appropriate for the Council and Group to prepare its accounts on the going concern basis and disclosing, as applicable, matters related to going concern.

Auditor's responsibilities for the audit of the financial statements

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

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. Based on our understanding of the Council, we identified that the principal risks of non-compliance with laws and regulations related to the Local Government Act 2003 (and associated regulations made under section 21), the Local Government Finance Acts of 1988, 1992 and 2012, and the Accounts and Audit Regulations 2015, the Local Government and Housing Act 1989 and we considered the extent to which non-compliance might have a material effect on the financial statements.

To help us identify instances of non-compliance with these laws and regulations, and in identifying and assessing the risks of material misstatement in respect to non-compliance, our procedures included, but were not limited to:

- inquiring with management and the Audit & Governance Committee, as to whether the Council is in

compliance with laws and regulations and discussing their policies and procedures regarding compliance with laws and regulations.

- communicating identified laws and regulations throughout our engagement team and remaining alert to any indications of non-compliance throughout our audit; and
- considering the risk of acts by the Council and the Group which were contrary to applicable laws and regulations, including fraud.

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

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

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

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

We are also required to conclude on whether the Deputy Chief Executive and Director of Resources use of the going concern basis of accounting in the preparation of the financial statements is appropriate. We performed our work in accordance with Practice Note 10: Audit of financial statement and regularity of public sector bodies in the United Kingdom, and Supplementary Guidance Note 01, issued by the National Audit Office in February 2023.

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

Appendix B: Draft audit report

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

Responsibilities of the Council

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

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

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

We have undertaken our work in accordance with the Code of Audit Practice, having regard to the guidance issued by the Comptroller and Auditor General in January 2023.

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

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

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

We have nothing to report in these respects.

Use of the audit report

This report is made solely to the members of Newark and Sherwood District Council, as a body, in accordance with part 5 of the Local Audit and Accountability Act 2014 and as set out in paragraph 44 of the Statement of Responsibilities of Auditors and Audited Bodies published by Public Sector Audit Appointments Limited. Our audit

work has been undertaken so that we might state to the members of the Council those matters we are required to state to them in an auditor’s report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the members of the Council, as a body, for our audit work, for this report, or for the opinions we have formed.

Delay in certification of completion of the audit

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

the work necessary to issue our assurance statement in respect of the Council’s Whole of Government Accounts consolidation pack; and

the work necessary to satisfy ourselves that the Council has made proper arrangements for securing economy, efficiency, and effectiveness in its use of resources.

Mark Surridge

Key Audit Partner
For and on behalf of Mazars LLP
2 Chamberlain Square
Birmingham
B3 3AX

[Insert date]

Appendix C: Independence



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

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

Appendix D: Other communications

Other communication		Response
	Compliance with Laws and Regulations	We have not identified any significant matters involving actual or suspected non-compliance with laws and regulations. We will obtain written representations from management that all known instances of non-compliance or suspected non-compliance with laws and regulations whose effects should be considered when preparing financial statements have been disclosed.
	External confirmations	At the time of this report, we have one external confirmation outstanding. Management have been co-operative with requesting these confirmations, however, there has been a delay in receiving the confirmation from one of the counterparties despite both the audit team and finance team chasing this.
	Related parties	We did not identify any significant matters relating to the audit of related parties.
		We will obtain written representations from management confirming that:
		<ul style="list-style-type: none"> a. they have disclosed to us the identity of related parties and all the related party relationships and transactions of which they are aware; and b. they have appropriately accounted for and disclosed such relationships and transactions in accordance with the requirements of the applicable financial reporting framework
	Going concern	<p>We have not identified any evidence to cause us to disagree with the Director of Finance and Corporate services that Rushcliffe Borough Council will be a going concern, and therefore we consider that the use of the going concern assumption is appropriate in the preparation of the financial statements.</p> <p>We will obtain written representations from management, confirming that all relevant information covering a period of at least 12 months from the date of approval of the financial statements has been taken into account in assessing the appropriateness of the going concern basis of preparation of the financial statements.</p>

Appendix D: Other communications

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

Mark Surridge - Partner

Mazars

2 Chamberlain Square
Birmingham
B3 3AX

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

*where permitted under applicable country laws.

Follow us:

LinkedIn:

www.linkedin.com/company/Mazars

Twitter:

www.twitter.com/MazarsGroup

Facebook:

www.facebook.com/MazarsGroup

Instagram:

www.instagram.com/MazarsGroup

WeChat:

ID: Mazars



Report to: Audit & Governance Committee Meeting 21 February 2024

Director or Business Manager Lead: Sanjiv Kohli, Deputy Chief Executive, Director of Resources and S151 Officer

Lead Officer: Nick Wilson, Business Manager Financial Services on ext 5317

Report Summary	
Report Title	Approval of the Statement of Accounts
Purpose of Report	To obtain approval of the Council's Statutory Accounts for the financial year ended 31 March 2023.
Recommendations	<p>Members approve the Annual Governance Statement for the financial year ended 31 March 2023</p> <p>Members approve the Draft Audited Statement of Accounts for the financial year ended 31 March 2023</p> <p>Members give delegation to the Deputy Chief Executive/Director of Resources - S151 Officer and the Chairman to sign a revised set of accounts if required as per paragraph 3.5</p> <p>Members give delegation for the Deputy Chief Executive/Director of Resources - S151 Officer and the Chairman to sign the Management Letter of Representation as per paragraph 3.8</p> <p>Members give delegation to the Leader of the Council and the Chief Executive to sign the Annual Governance Statement as per paragraph 3.10</p>
Reason for Recommendation	To ensure that the Committee discharges its responsibilities as per its delegated authority within the Councils constitution.

1.0 Background Information

- 1.1 In accordance with the Accounts and Audit Regulations 2015 there is a legal requirement that the Statement of Accounts for the Council receive approval by an appropriate Committee by

the 30 September following the end of the financial year to which the Accounts relate. In accordance with the Council's Constitution and the remit of this Committee, the Statement of Accounts is brought to this Committee for approval.

- 1.2 The contents of the accounts are largely determined by statutory requirements and mandatory professional standards as set out within the 'Code of Practice on Local Authority Accounting' and 'Standard of Professional Practice on Financial Reporting' published by the Chartered Institute of Public Finance and Accountancy (CIPFA). The CIPFA Code of Practice is based on International Financial Reporting Standards (IFRS).

2.0 Approval of the Accounts

- 2.1 Although the regulations require the accounts to be approved by a resolution of a Committee it should be noted that approval in this context has, to some extent, a different meaning from other Committee resolutions. The Responsible Financial Officer (RFO) for the District Council, the Deputy Chief Executive/Director of Resources – S151 Officer, retains responsibility for the preparation of the annual accounts and is required to certify that they present a true and fair view of the financial position of the Council at 31 March 2023.
- 2.2 The aim of the Regulations is for Members to demonstrate ownership of the accounting statements. In order to assist Members in doing this the draft Statement of Accounts were presented at the Committee on the 14 June 2023.
- 2.3 There is a statutory requirement for the accounts of Arkwood Developments Ltd and Active4Today Ltd, the Council's two subsidiary companies, to be combined with the District Council's accounts to produce Group accounts which also have to be approved by the 30 September. Also, as per the previous financial year the Council has been required to include its 50% ownership in the group accounts of the joint venture in the company RHH Newark Ltd.

3.0 Audit of the Accounts

- 3.1 The Council's external auditors, Mazars, commenced the audit of the accounts in October 2023. There is a requirement that the external auditors provide details of all of the errors in the financial statements that need amendment within the Report. At the time of writing the report all the current identified misstatements (identified via either external audit or by management review) have been amended within the draft set of accounts. Their full draft Audit Completion Report can be found under agenda item 'External Auditors Audit Completion Report' and Appendix A, section 6 of the appendix fully details the summary of misstatements. The External Auditors will give an update on the audit as a whole at the Committee meeting.
- 3.2 The areas that audit identified where there was a misstatement relate to capital transactions and the capital accounting requirements, which is naturally a very technical area. None of the identified misstatements had an impact of the General Fund Usable reserves.
- 3.4 As all of the anticipated changes to the accounts based on the audit review have been completed, it is proposed that the draft audited Statement of Accounts be approved by this Committee. However, at the time of writing the report the audit management hasn't completed their full review of all the working papers and therefore the final audit opinion, which is anticipated to be an 'unqualified opinion' cannot yet be sanctioned.
- 3.5 In the event that the accounts are required to be amended further, due to any changes required by the auditors, after the approval given within this report, this report recommends

that delegation be given to the Deputy Chief Executive/Director of Resources - S151 Officer and the Chairman of this committee to be able to approve any amendment.

- 3.6 There is a requirement that the external auditor, Mazars, provides details of all of the corrections in the financial statements that need amendment. Therefore, their final Audit Completion Report will be brought to the next meeting of this Committee post the completion of the audit, either as a confirmation letter of no further amendments or an updated version.

Management Letter of Representation

- 3.7 Attached at Appendix B is the Management Letter of Representation which provides certain assurances about the completeness and accuracy of the financial statements. This must be signed by the person with responsibility for the financial statements and the Chairman of an appropriate Committee of the Council – in Newark and Sherwood’s case – the Audit and Governance Committee.
- 3.8 This document must be signed on or near the date that the auditors sign the audit opinion on the financial statements and therefore delegation will need to be given to the Deputy Chief Executive/Director of Resources - S151 Officer and the Chairman of this Committee to sign this.

Annual Governance Statement

- 3.9 The Council is responsible for ensuring that its business is conducted in accordance with the law and with proper standards; that public money is safeguarded and properly accounted for; and that it is used economically, efficiently and effectively. In accordance with the Accounts and Audit Regulations the Council conducts an annual review of the effectiveness of the system of internal controls and prepares an Annual Governance Statement (AGS).
- 3.10 Following the 2022/23 review of the system of internal control, this Committee considered the draft AGS at its meeting on the 14 June 2023. The AGS has not been amended since that point and is attached to the Draft Audited Statement of Accounts at Appendix A. It is proposed that this is approved in line with the Statement of Accounts. Following such approval, the AGS will be signed by the Leader of the Council and the Chief Executive, prior to its publication with the Statement of Accounts.

Background Papers and Published Documents

Nil.

DRAFT AUDITED STATEMENT OF ACCOUNTS AND NARRATIVE REPORT

2022 / 2023



CONTENTS

Narrative Report

welcome	3
Introduction by S151 Officer	4
Part one - Introduction to Newark and Sherwood	5
Part two - Our purpose: why the District Council is here	7
Part three - How the District Council worked during 2022/23	8
Part four - Community Plan Delivery	11
Part five - 2022 / 2023 Financial Performance	14
Part six - Looking forward	19
Part seven - Corporate risks	22
Part eight - Explanation of Financial Statements	27

Statement of Accounts

Comprehensive Income and Expenditure Statement	29
Movement in Reserves Statement	30
Balance Sheet	31
Cash Flow Statement	32
Notes to the Accounts	33
Supplementary Statement - Housing Revenue Account	104
Supplementary Statement - Collection Fund Accounts	109
Supplementary Statement - Group Accounts	111

Annual Governance Statement	137
------------------------------------	-----

Independent Auditor's Report	146
-------------------------------------	-----

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

Telephone: 01636 650000

Email: customerservices@newark-sherwooddc.gov.uk

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

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

Social media:  /NSDCouncil

 @NSDCouncil

 @NSDCouncil

 @Newark and Sherwood District Council

WELCOME

Welcome to our Annual Statement of Accounts for 2022/23.

This details our financial performance and how we use our finance and other resources to achieve our priorities.

As we emerged from the COVID-19 pandemic, our attention turned to supporting households and businesses through the cost of living crisis, as well as making a significant contribution towards the international efforts to accommodate families fleeing the war in Ukraine.

The Statement of Accounts evidences the breadth of our responsibilities and highlights the positive impact of the use of our resources on improving the quality of life for the people that we serve. Our capacity to do this is only made possible by our ongoing success in generating external income and careful but creative financial governance.

As always, I'm especially grateful to our excellent financial services team for their preparation of the accounts and stewardship of the Council's resources.



John Robinson

Chief Executive, Newark and Sherwood District Council



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 2022/23, which included the fourth and final year of our Community Plan. This report represents the performance at the end 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 the District Council worked during 2022/23 and how it will work in the future
Part four	Community Plan delivery
Part five	Financial performance for the year 2022/23 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 favourable 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.



Agenda Page 150

PART ONE

Introduction to Newark and Sherwood

Newark and Sherwood is one of seven districts in Nottinghamshire. Below is a map of the district showing the main urban areas and key transport connections. Key statistics on Newark and Sherwood from the 2021 Census include:



A resident population of 122,956 made up of 50.8% female and 49.2% male.

The largest district in Nottinghamshire with an area of 65,132 hectares.

The district has an aging population. 6.2% of the district's population are between 70 and 74. This is 1.2% higher than the England average.

In 2011, 19.2% of the district's population was over 65. This has risen by 3.4% and in 2021, 22.6% of the district's population was over 65. This is predicted to rise further with 27.7% of the district's population set to be 65 or above by 2040.

17.1% of the district's population are schoolchildren and full-time students.

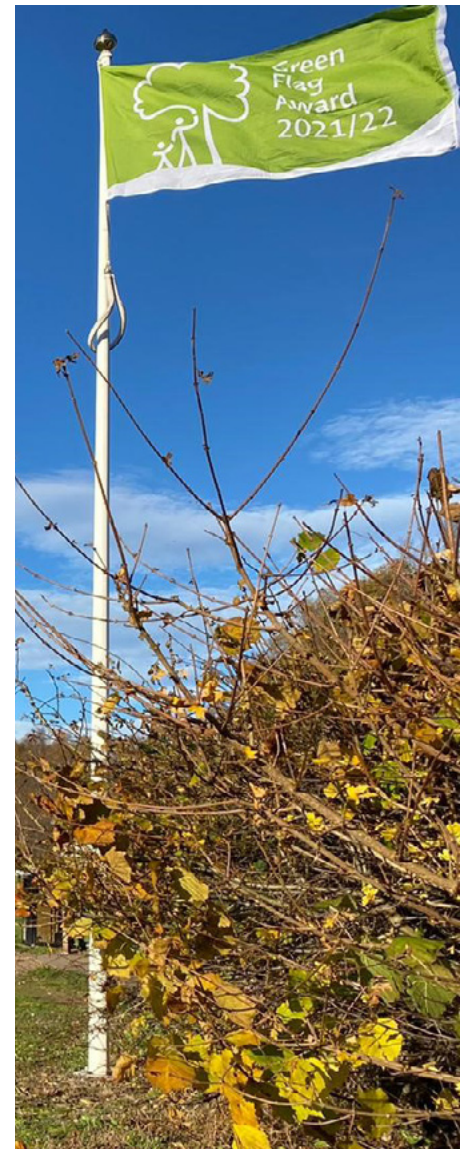
There are 53,331 dwellings, of which around 10% are owned by the District Council (social housing).

Source: data taken from either LGInform+ or the Office of National Statistics.

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 Shared Prosperity Fund, Towns Fund, Heritage Action Zone, Heritage Lottery Funding and the Community Renewal Fund. The district also has excellent communication links and an enviable range of local attractions, including Newark Castle, the Palace Theatre Newark, Sherwood Forest and the National Civil War Centre. Newark and Sherwood is a popular place 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 we 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

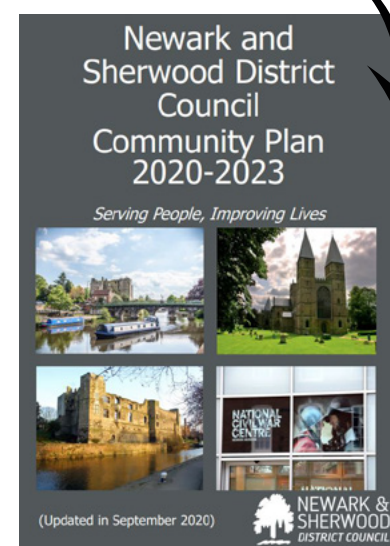
Careful and creative with resources; securing value for money.

Professional and trustworthy

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

Welcoming and responsive

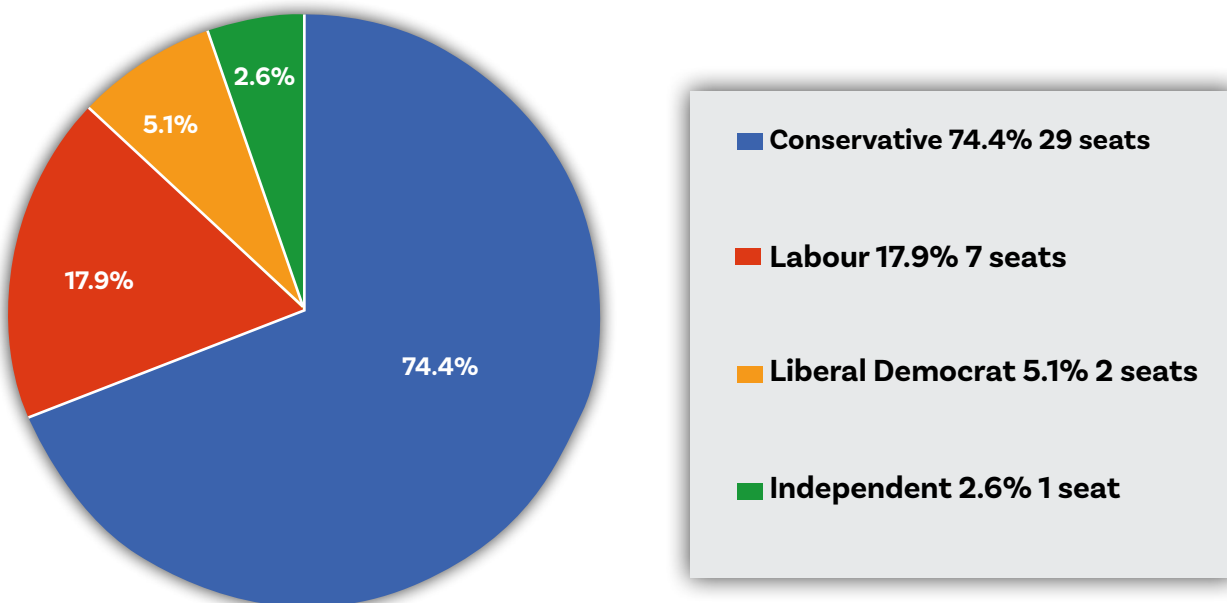
Approachable, open to feedback and challenge and swift to act.



PART THREE

How the District Council worked during 2022/23

Residents of Newark and Sherwood are represented by 39 elected members. The political make-up for the financial period 2022/23 is shown below.



Councillors are elected by the community to decide how the District Council should carry out its various activities. They represent public interest as well as individuals living within the ward in which he or she has been elected to serve a term of office. They have regular contact with the general public through District Council meetings, 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. Members are elected on a four-year cycle and the district elections took place in May 2023.

The District Council operates a Cabinet system of governance. Further information in relation to the make up of the Cabinet during the financial period 2022 / 2023 is available on our website [here](#).

Following local elections on 4 May 2023, there was a change in political administration. Further information about this is located on page 19 of this report.

How the District Council works: Governance Structure

The council moved from a Committee to a Cabinet model of governance in May 2022, so the majority of 2022/23 decisions were made using the Cabinet system of governance. A Cabinet-scrutiny system is inclusive and allows for more transparent and agile decision making. It is also more modern, accessible and easy to understand.

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 selects the Cabinet members. These Cabinet members have decision-making powers grouped into Portfolios. Newark and Sherwood had 5 portfolios during 2022/23 (listed below) and the sixth and final member of Cabinet is the Leader of the largest opposition party. They are a voting member of the Cabinet, but they do not have a portfolio.

During 2022/23 Newark and Sherwood's Cabinet Portfolios included:

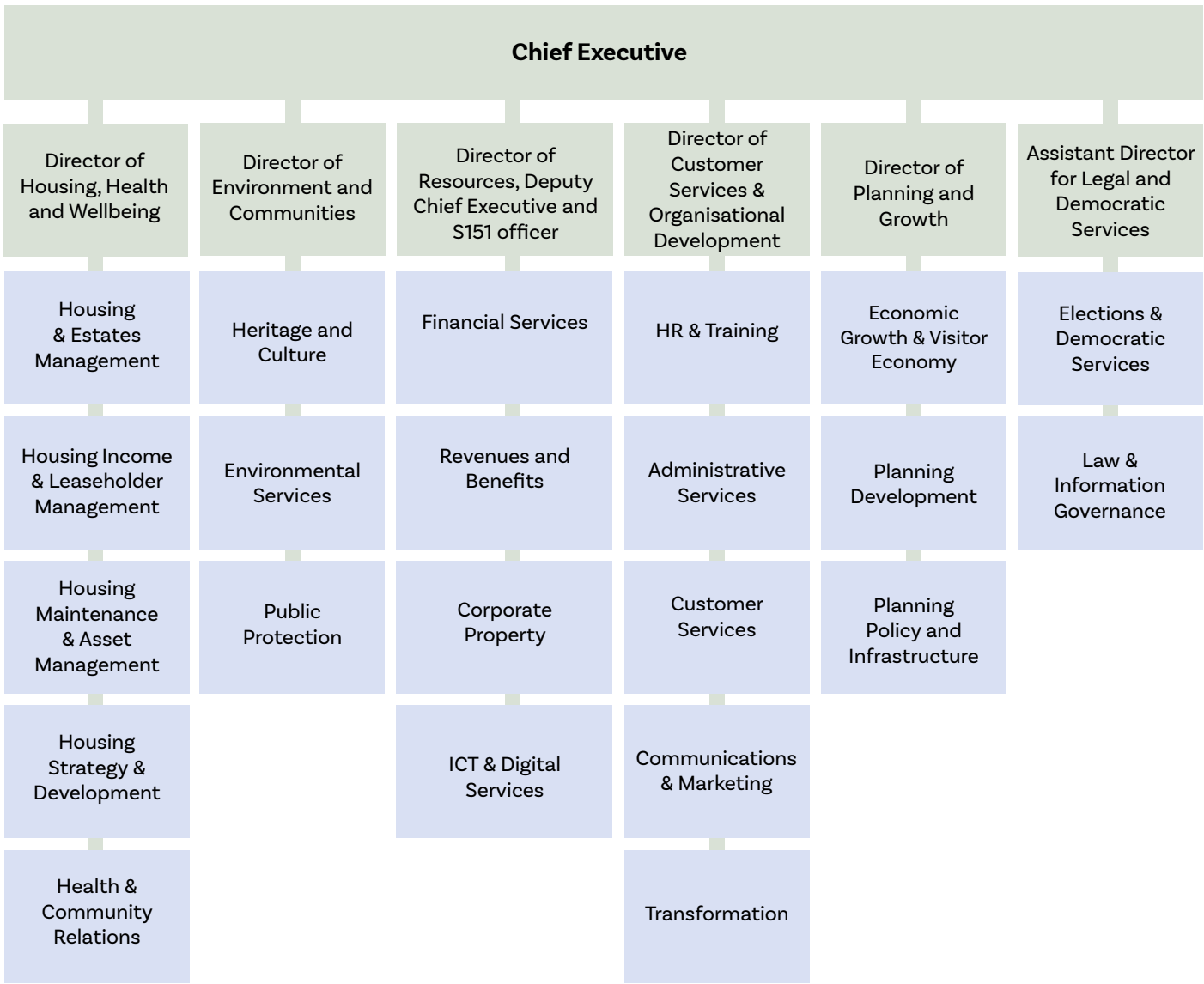
- Strategy, Performance and Finance Portfolio
- Organisational Development and Governance Portfolio
- Economic Development and Visitors Portfolio
- Homes and Health Portfolio
- Cleaner, Safer and Greener Portfolio

Councils which conduct business under this model are required to have at least one 'overview and scrutiny' committee, which at Newark and Sherwood is the Policy and Performance Improvement Committee. Effective overview and scrutiny acts as a constructive 'critical friend', challenging the council to drive improvement as well as amplifying the voices and concerns of the public. The Policy and Performance Committee provides this critical friendship as well as having a vital role in the development of policy and strategy. The Committee also works to improve council services through working groups which undertake a range of activities from developing strategies to reviewing a service to recommending improvements. This Committee 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.

Following local elections on 4 May 2023, there was a change in political administration. Further information about this is located on page 19 of this report.



How the Council works - internal staffing structure



PART FOUR

Community Plan Delivery

In light of the COVID-19 outbreak in 2020, Newark and Sherwood District Council refreshed its Community Plan to better reflect the change in circumstances brought about by the pandemic. The revised plan has seven objectives guiding the work it does between 2020 and 2023. Under each of the objectives below, we have listed some of the activity that we have delivered over the past year.

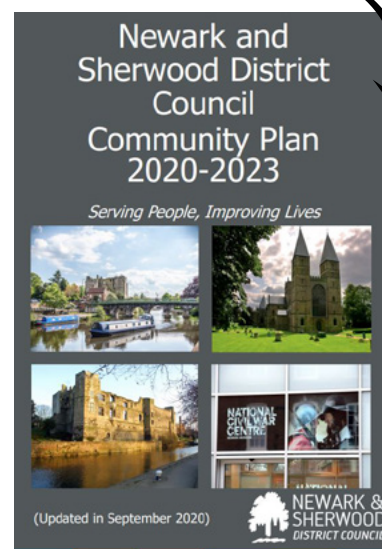
If you want to read more about what we have done through this year, visit our website where you can access our [Community Plan](#).

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

- We have continued to promote and distribute funding through the Community Grant Scheme. This has been very successful where £150,000 has been distributed across 52 community group projects.
- We have continued to promote the Community Lottery which remains popular with local groups and there are now 66 groups registered. The scheme is also on track to make £32,229.60 this year to support those good causes.

Deliver inclusive and sustainable economic growth.

- The Palace Theatre saw 59,877 admissions through the year.
- Construction work has started on the new £15.4m Air and Space Institute (ASI) in Newark – and the state-of-the-art training facility is due to open in early September 2024.
- We have secured £891,000 of Rural Prosperity Funding that will provide grants to successful rural businesses looking to diversify their income streams, grow and create further opportunities for residents.
- Inspire: Culture, Learning and Libraries have taken occupancy of the first floor of the Buttermarket, and are running adult educational courses, workshops and events which has increased vibrancy and footfall around the area to complement the full ground floor occupation. Redevelopment works continue on the upper floor to maximise the usable space of the building.
- Inward capital investment to the district totalling £25.7m supporting the district's economic growth while supporting our local community and its residents.



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

- Of the 77 major planning applications received, 90% of these were determined on time.
- Of the 999 non-major planning applications received, 93.4% of these were determined on time.
- To date, our property development company Arkwood have built 55 properties and have a total of 87 plots commenced.
- Despite the Cost of Living challenges tenants are facing, rent arrears performance remains strong, with arrears at their lowest level since 2011/12 – demonstrating the positive impact of adopting a proactive, early intervention approach through our starting well project.

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

- Of the 1,576 fly-tipping incidents, 95.8% of these were removed within 72 hours.
- Only 44.4 bins were missed at the time of collection per 100,000 households.
- A total of 150 Fixed Penalty Notices (FPNs) have been issued for fly tipping offences

Enhance and protect the district's natural environment.

- In February, we approved the introduction of a new kerbside glass recycling service across the district. This decision followed a public survey, which saw almost 93% of respondents wanting to see the new service. This represents more than 10 per cent of households in the district which is considered very high for any survey issued by any organisation.
- Our Climate Emergency Strategy Action Plan outlines recommended carbon reduction initiatives that we can undertake to improve energy efficiency and reduce our overall carbon footprint. This includes the installation of solar panels on some of our buildings and will be completed by the end of 2023.
- To date, 513 residents have signed up to log environmentally friendly activities on our Green Rewards app.

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

- 2,464 fixed penalty notices had been issued for environmental crimes such as littering and dog fouling.
- Anti-social behaviour at St Marks Place is being stopped in its tracks as part of another project to make Newark's streets safer. The site had been subject to drug use, urinating, and graffiti, leaving residents and workers in the area feeling unsafe. But now, new security gates have been installed to prevent unauthorised vehicle and pedestrian access.

Improve the health and wellbeing of local residents.

- Over 1 million visits have been recorded across all District Council owned leisure centres.
- 130 events have been delivered in District Council owned parks.
- To date, 208 private sector homes have been assisted with measures to alleviate fuel poverty. Of these, 65 private sector residents have been helped directly via Council delivered schemes and another 143 have been supported this year through referrals to partner organisations offering relevant grants/interventions.
- This year, we allocated £350,000 to modernise, develop and extend a number of the district's park play areas and replace aging equipment for new, imaginative, pieces of play equipment. These improvements are planned to be delivered over the next year.



Additional influences on our work taking place during 2022 - 2023

During 2022 - 2023 there are several things that have influenced the work we have delivered over the last year which have affected our local community.

Recovery from the COVID-19 pandemic

The impact of the pandemic is still being felt across the UK and will no doubt still be affecting our residents and our local businesses. A focus to encourage residents to shop locally and supporting local businesses to get online are just two ways we have been supporting our local community.

Cost of Living crisis

The Cost of Living crisis has seen an increase in the use of food banks and emergency food parcels. During 2022 - 2023, we brought the 'Bread and Butter Thing' to an area of Newark (Hawtonville) with no food club provision. It provides an additional mobile low cost, low waste food offer to local Hawtonville residents and forms part of a number of initiatives designed and implemented to support our tenants and residents, business and colleagues. During 2022 -2023, we allocated an additional £150,000 to support initiatives which supported our community during the crisis. In addition, we:

- made available a £300,000 tenant support fund
- maximised discounted services for colleagues
- maximised the take-up of grant schemes to support tenants in need, including a fuel bank
- supported businesses with various grant schemes including help to move local businesses online
- maximised revenue streams and support through Shared Prosperity Funding and Rural Prosperity Funding.

We work closely with several partners and jointly we acknowledge the need to strengthen local support in responding to increased challenges around mental health, suicide prevention and the impact of the pandemic on children and young people. The district has lost its youth worker provision and unfortunately this remains an issue, with lower staff ratios and challenges around recruitment that are ongoing and will form part of our Health and Wellbeing Strategy action plan. In addition, lifestyle behaviours have deteriorated since the pandemic with services around smoking, alcohol and other addictions not able to respond in a timely way as they have not grown at the same pace as the issues. This is currently being considered.

Refugee support

We have a strong track record in supporting with refugee resettlement. In response to the war in the Ukraine, we created a caseworker approach to ensure that our Ukraine guests and our district's hosts were supported to have positive experiences through our own 'Homes For Ukraine' scheme. We had over 100 households being hosts in the district and we held events to create support networks for hosts and guests. We are currently focusing on moving our Ukraine guests, who want to secure and settled accommodation. We will continue to support those who wish to stay, with funding secured to provide two full time support workers to strengthen our homelessness prevention services.



PART FIVE: 2022 / 2023 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/decrease in the General Reserves (held for unforeseen circumstances) and the Housing Revenue Account (HRA) reserves. The Expenditure Funding Analysis for 2022/23 shows a decrease in reserves of £4.022m in general fund reserves and a decrease of £0.178m in HRA reserves.

	Balance at 31 March 2022 £'m	(Increase)/ Decrease in Year £'m	Balance at 31 March 2023 £'m
General Fund working balance	1.500	0.000	1.500
General Fund earmarked reserves	34.843	4.022	30.821
General Fund total	36.343	4.022	32.321
HRA working balance	2.000	0.000	2.000
HRA earmarked reserves	5.294	0.178	5.116
HRA total	7.294	0.178	7.116

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 2022/23 financial year on 8 March 2022. The budget report pack can be seen [here](#).

The table below describes the main variances on the overall General Fund budget. This has been split into three sections: Services, Other Comprehensive Services, and the overall General Fund balance.

Reason for Variance	Value £'m
Reduced spend on employees (inclusive of the 4.5% vacancy savings target of £0.740m)	(0.083)
Reduced recharges to the Housing Revenue Account (HRA) and Capital	0.078
Development Management favourable variance due to several large planning applications	(0.202)
Whilst the Newark Beacon has seen an increase in utility costs, the occupancy levels have been higher than expected during the year. This has also resulted in reduced advertising costs and NNDR liability now with tenants occupying the units	(0.095)
Other financial transactions, such as unused accruals and suspense items from the bank	(0.087)
Additional car parking income across all sites	(0.071)
Lorry Park income higher than anticipated	(0.130)
Vehicle running costs increases mainly due to increases in cost of fuel and materials	0.172
Waste and recycling income received was higher than anticipated (including additional expenditure as a result)	(0.083)
Additional income received at the Palace Theatre in relation to shows (including additional show related expenditure)	(0.222)
The rent is no longer payable for Clipstone Holding Centre as this was purchased in 2022/23	(0.052)
Other Variances individually less than £0.050m	0.029
Favourable Variances on Services	(0.746)

Net Variance on interest	(1.167)
Additional income relating to the NNDR Pool Surplus	(0.429)
Favourable variance on other operating expenditure e.g Apprenticeship Levy	(0.050)
Sub Total Variances on Services and Other	(2.392)
Minimum Revenue Provision and Voluntary Revenue Provision	1.098
Funding of the Pay Award, over and above budgeted increase	0.729
Additional Transfer to Usable Reserves	0.565
Total General Fund Balance	0.00

The table below shows the actual movement in Council's reserves, reconciled from the budget monitoring position in the table above:

Additional Transfer to Usable Reserves	0.565
Budgeted transfer to reserves	(1.516)
Use of collection fund budget reserve in relation to extended retail relief s31 grant funding	4.788
Use of Capital Financing provision to fund capital expenditure	1.345
Usage of other reserves	(0.029)
(Increase)/Decrease in General Fund Reserves	4.022

More detail on the outturn variances can be found within the Financial Outturn Report presented at the Performance Cabinet meeting on 27 June 2023.

Housing Revenue Account (HRA)

The HRA is a ring-fenced landlord account for the running of our housing stock. The budget was approved on 8 February 2022. The budget report can be seen [here](#). This shows the generation of £4.535m 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.

For the year ending on 31 March 2023 the overall outturn compared to budget amounted to an unfavourable variance of £0.284m:

HRA £0.284m	Value £'m
Reduced spend on employees (inclusive of the 4.5% Vacancy savings target of £0.209m)	(0.148)
Large increase in Void Maintenance costs, due to inflationary impacts on material and labour and increased standards	0.088
Additional costs in Responsive Repairs due to the increases in costs, as well as agency staff to carry out the volume of work	0.306
Gladstone House income not as high as anticipated	0.077
The cost of compliance has increased due to new regulatory requirements and due to the increase in labour and materials costs	0.148
Housing Rents income reduced due to more than anticipated void properties	0.190
Unallocated efficiency savings where projects have been reprioritised	(0.298)
Other Variances individually less than £0.050m	0.048

Net cost of HRA Services	0.387
Additional interest costs due to bank rate increases	0.176
Release of loss allowance provision due to revision of assumptions	(0.279)
Total Transfer from HRA Balance	0.284
Additional Transfer to Major Repairs Reserve (MRR)	(0.037)
Additional transfer from reserves for unfavourable variance	(0.247)
Total HRA Balance	0.00

The table below shows the actual movement in the HRA reserves, reconciled from the budget monitoring position in the table above:

Additional transfer from reserves for unfavourable variance	(0.247)
Other approved reserve movements	0.425
(Increase)/Decrease in HRA Reserves	0.178



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 2022/23, we spent £31.117m on capital works. Key projects are listed below:

- £0.639m spent on Disabled Facilities Grants following referrals from an occupational therapist.
- As part of the annual Vehicles, Plant and Equipment replacement programme, in 2022/23 there was an incurred spend of £1.688m, replacing 13 vehicles, 7 of which are refuse Collection vehicles totalling £1.336m.
- The purchase of the site on London Road and the development of the new Library Gardens were completed in 2022/23, total spend £0.485m.
- Works to the Buttermarket are due to complete in 2023/24. Spend incurred in 2022/23 £0.571m.
- Work on the homeless hostel at Wellow Green has progressed, spend in 2022/23 of £2.066m. Works to extend the offering to the public are expected to be completed 2023/24.
- £0.443m was passed to Nottinghamshire County Council made up of a Council contribution and DEFRA Grant in relation to flood mitigation in Southwell.
- Substantial condition works were carried out on Newark Castle, totalling £0.467m.
- Land off Bowbridge Road, adjacent to Newark Hospital was purchased, to develop into a car park during the summer of 2023, with a lease to the Sherwood Forest Hospital Trust. Spend incurred £1.160m with a further £0.623m due to be spent in 23/24.
- £5.968m Levelling Up Fund money was contributed towards delivery of the Southern Link Road.
- Towns Fund schemes are progressing, with spend on the Air and Space Institute (ASI) of £3.298m, Cycle Town £0.101m and the build of the redevelopment of the former Marks and Spencers building at Stodman Street £0.490m.
- Investment in existing Council Dwellings to maintain a decent standard. Costs incurred in 2022/23 of £6.854m.
- The Council is progressing a 5 year council house development programme to deliver 335 additional homes across the district to meet the housing needs of local residents. Total programme spend in 2022/23 equals £4.338m. The remaining sites on Phase 3 and 4 are due for completion during 2023/24 and Phase 5 due to deliver in the region of 34 units with sites due to start in 23/24 to be completed next financial year.
- The Council was successful in a bid to Midlands Net Zero Energy Hub (MNZEH, hosted by Nottingham City Council) for Green Homes Grant Local Authority Delivery Phase 2 (LADs2) grant. Work on the Council's own properties and private dwellings (in partnership with EON) were carried out during 2021/22 and 2022/23. Spend incurred in 2022/23 equals £0.417m, fully grant funded in relation to the private dwellings. The project concluded on 30 September 2022, having delivered 49 energy efficient measures (15 private sector external wall insulation, 19 private sector solar PV, 1 private sector cavity wall insulation and 14 social solar PV; one including battery storage).
- Yorke Drive Regeneration project, costing £0.662m. Of which £0.272m was spent on 2 property purchases. With the remainder spent on, legal, enabling and design works.

Major Movements on the Balance Sheet

Property, Plant and Equipment

Property, Plant and Equipment has increased by £29.955m. £19.983m has been added through the capital programme whilst the economic use of assets has reduced the value by £7.570m. £1.515m worth of assets met the criteria to be transferred to assets held for sale. We have also disposed of assets to the value of £0.386m and assets have had their values increased by £19.443m.

Long Term Investments - Fair Value through Profit and Loss

The decrease in balance of £1.269m relates to gain/loss 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 Investments

The increase in short term investments of £4.314m relates to the fluctuation in the management of the Council's cash flow with regard to its investments, borrowings and timings of paying its creditors and receiving income from its debtors.

Short Term Debtors

The decrease of £4.344m relates mainly to the reduction of £3.200mm due from Central Government and major preceptors as a result of the closing balances within the collection fund in year for Council Tax.

Cash and Cash Equivalents

The decrease in cash and cash equivalents of £4.424m relates to the fluctuation in the management of the Council's 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 decrease of borrowing relates to £6.531m worth of loans that had come to their maturity date and have therefore been repaid in year.

Short Term Creditors

At last financial 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 however this cash was released during the financial year of 2022-23 hence the reduction in creditors. There was a reduction in the year end position of £4.994m 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 £13.417m in grants where conditions are yet to be met and therefore are yet to be applied to the CIES. £8.430m relates to a grant received for the Southern Link Road and £3.951m Towns Fund.

Other Long Term Liabilities

The decrease of £65.102m relates mainly to our future pension fund liabilities. This change has arisen from a reduction in the anticipated liabilities of £68.542m together with a decrease in the value of our portion of the overall fund assets of £3.529m.

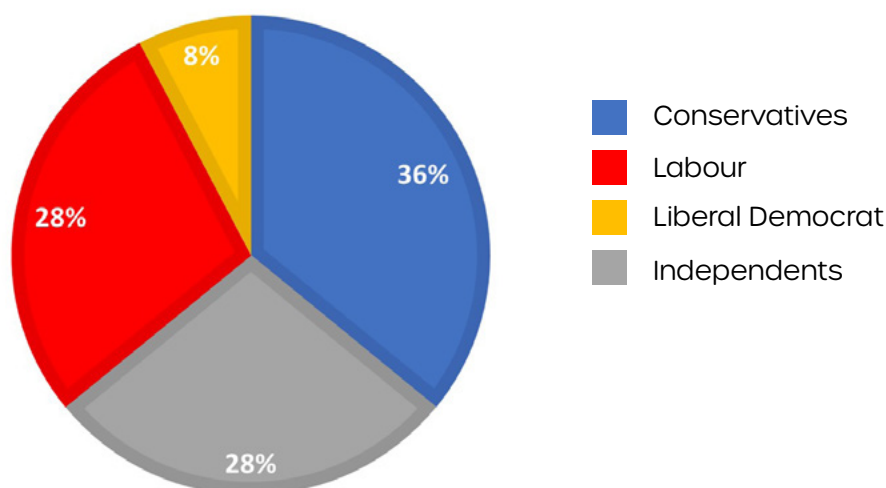
PART SIX: LOOKING FORWARD

This year we will develop a new Community Plan covering 2023 to 2027. This will be informed by the district-wide Resident Survey we undertook in 2022. This was the first time we did this survey since 2018. We went out to all residents to

- ask them about their experience as a District Council customer
- ask them about their experience as a resident of Newark and Sherwood
- gauge their satisfaction with District Council services, and
- gather insight into what services they think are the most important and in most need of improvement.

You can read the findings of this survey on our [website](#). This valuable feedback will be used alongside contextual information and data on our residents to inform the next Community Plan which will be developed with our newly elected members.

In May 2023, local elections were held. As yet, we don't know the impact of this on our next Community Plan. The political make of the number of seats is on our website, and can be seen in the below pie chart.



The positions of Leader, Deputy Leader, Portfolio Holders and Committee Chairs is on our website [here](#).



Medium Term Financial Plan (MTFP)

The District Council's Medium Term Financial Plan (MTFP) for the period 2023/24 to 2026/27 was approved at Council on 9 March 2023 and is available [here](#).

This sets out the District Council's assumptions on expenditure, income and financing in order to ensure the delivery of the District Council's 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 2025/26 at the earliest.

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 2023/24 and 2024/25 is c£6.9m higher than forecast within the MTFP that was approved on 8 March 2022.

As it is not known how exactly the local government finance system will change or from when these changes will take effect from, the council's current modelling of funding projections for 2025/26 and future years are subject to high levels of volatility.

Throughout 2023/24, officers will closely monitor the government's announcements relating to the local government finance system and assess the implications of these on the council's funding for 2025/26 and future years.

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

	2023/24 (£m)	2024/25 (£m)	2025/26 (£m)	2026/27 (£m)
Net Service Expenditure (less capital charges)	16.084	16.920	17.413	17.858
Total Other Expenditure	0.875	1.040	1.464	1.779
Total Expenditure	16.959	17.978	18.895	19.655
Business Rates: receivable annually	(8.702)	(8.705)	(4.991)	(5.028)
Business Rates: other adjustments	0.166	0.000	0.000	0.000
Council Tax: receivable annually	(7.811)	(8.155)	(8.313)	(8.474)
Council Tax: other adjustments	0.047	0.000	0.000	0.000
Other Grants	(1.228)	(1.563)	(0.388)	(0.708)
Contribution (to) or from Reserves	(0.569)	(0.444)	4.853	5.446

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 final two years based on the assumption at the time with the anticipated reforms to the local Government finance system.

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

	2023/24 (£m)	2024/25 (£m)	2025/26 (£m)	2026/27 (£m)
Contribution (to) or from MTFP reserve, before proposed mitigations below	(0.569)	(0.445)	4.853	5.445
Contributions to or (from) other Reserves	0.468	0.200	0.237	0.248
Contribution from Nottinghamshire Business Rates Pool	(0.600)	(0.600)	-	-
Dividends from Arkwood Developments Ltd	(0.500)	(0.500)	(0.500)	(0.650)
Savings from service reviews	-	(0.100)	(0.100)	(0.170)
Savings/efficiencies from making business processes more efficient	-	(0.100)	(0.100)	(0.150)
Increased income from the council becoming more commercial	-	(0.100)	(0.100)	(0.200)
Rental income from town centre regeneration	-	-	(0.150)	(0.200)
Contribution to/(from) MTFP reserve to offset contributions from reserves in future years	1.201	1.644	(4.140)	(4.324)
Proposed General Fund Funding Gap	0.000	0.000	0.000	0.000



PART SEVEN: CORPORATE RISKS

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

RISK	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 County-wide 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 owned companies, to ensure the continued delivery of an effective service and ensure delivery of the District Council's priorities and objectives.	<ul style="list-style-type: none"> Procurement advice provided through Welland Procurement Contract managers named for 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

RISK	RISK	CONTROLS
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
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

RISK	RISK	CONTROLS
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
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

RISK	RISK	CONTROLS
Cost of Living	Impact on our residents, tenants, and businesses, as well as our colleagues, from the rising cost of living. To monitor the risk as well as plan for and capture the ongoing work to support residents, tenants, colleagues, and businesses.	<ul style="list-style-type: none"> A project team formed with representation from across the Council meeting regularly to move the Cost of Living project, and its associated actions, forwards. A dashboard of performance indicators related to the Cost of Living pressures reported regularly to the project team to allow effective monitoring of impact Cabinet established a fund of £150,000 to support new and additional Cost of Living initiatives such as the helping hand scheme for NSDC tenants in arrears and fuel vouchers (allocated as part of the existing Citizen's Advice fuel bank scheme). Ongoing support to foodbanks, food clubs, social supermarkets and hygiene banks Connecting with the third sector to deliver projects and support into communities Provision of employee support such as loans, mental health champions, health and wellbeing activities and reduced leisure centre membership Continue to refer customers to the county household support fund and the holiday activity and food programme (HAF)



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 2023. 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 2022/23, 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.
- Prepared the accounts on a 'going concern' basis.

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 2023 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 21 February 2024

Signed:

Councillor Peter Harris
Chair - Audit and Governance Committee

Date 21 February 2024

COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT

2021/22				2022/23		
Gross Expend-iture £'000	Gross Income £'000	Net Expend-iture £'000		Gross Expend-iture £'000	Gross Income £'000	Net Expend-iture £'000
3,432	-191	3,241	Strategy, Performance & Finance	4,351	-253	4,098
			Organisational Development & Governance			
5,751	-815	4,936		6,221	-621	5,600
12,937	-8,179	4,758	Economic Development & Visitors	18,149	-10,326	7,823
22,845	-21,255	1,590	Homes & Health	25,673	-21,481	4,192
9,832	-4,171	5,661	Cleaner, Safer, Greener	9,317	-2,816	6,501
16,482	-24,868	-8,386	Housing Revenue Account	20,110	-26,206	-6,096
5,700	0	5,700	- Revaluation Movement on Council Dwellings	2,624	0	2,624
76,979	-59,479	17,500	Cost of Services	86,445	-61,703	24,742
11,707	-5,762	5,945	Other Operating Income and Expenditure Note 14	5,875	-2,400	3,475
4,939	-1,024	3,915	Financing and Investment Income and Expenditure Note 15	8,430	-2,983	5,447
15,085	-43,536	-28,451	Taxation and Non Specific Grant Income Note 16	14,463	-45,373	-30,910
108,710	-109,801	-1,091	Surplus (-) or Deficit on Provision of Services	115,213	-112,459	2,754
		-43,576	Surplus(-) or Deficit on Revaluation of Non Current Assets			-22,841
		-16,602	Remeasurements of the Net Defined Benefit Liability (Asset)			-71,824
		-60,178	Other Comprehensive Income and Expenditure			-94,665
		-61,269	Total Comprehensive Income and Expenditure			-91,911

MOVEMENT IN RESERVES STATEMENT

	General Fund Balance	Earmarked General Fund Reserves	Housing Revenue Account	Earmarked Housing Revenue Account	Major Repairs Reserve	Capital Grants Unapplied	Capital Receipts Reserve	Total Usable Reserves	Unusable Reserves	Total Council Reserves
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Movement in reserves 2022/23										
Balance at 31 March 2022 carried forward	1,500	34,843	2,000	5,294	17,450	13,052	2,910	77,049	210,503	287,552
Total Comprehensive Income and Expenditure	-2,387	0	-367	0	0	0	0	-2,754	94,665	91,911
Adjustment between accounting basis & funding basis under regulations (Note 12)	-1,636	0	188	0	-4,206	995	-1,536	-6,195	6,195	0
Net Increase/Decrease(-) before Transfers to Earmarked Reserves	-4,023	0	-179	0	-4,206	995	-1,536	-8,949	100,860	91,911
Transfers to/from(-) Earmarked Reserves(Note 13)	4,023	-4,023	179	-179	0	0	0	0	0	0
Increase/Decrease(-) in 2022/23	0	-4,023	0	-179	-4,206	995	-1,536	-8,949	100,860	91,911
Balance at 31 March 2023 carried forward	1,500	30,820	2,000	5,115	13,244	14,047	1,374	68,100	311,363	379,463

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

BALANCE SHEET

31 March 2022 £'000	Notes	31 March 2023 £'000
425,254 Property, Plant & Equipment	22	453,071
2,020 Heritage Assets	26	3,560
337 Intangible Assets	28	376
16,653 Long Term Investments - Fair Value through Profit and Loss	41	15,384
3,143 Long Term Debtors	30	2,377
4,455 Long Term Finance Lease Debtor	24	4,342
451,862 TOTAL LONG TERM ASSETS		479,110
23,121 Short Term Investments	41	27,435
412 Inventories		407
17,269 Short Term Debtors	30	12,925
4,418 Assets Held For Sale	27	4,054
27,658 Cash and Cash Equivalents	25	23,234
72,878 TOTAL CURRENT ASSETS		68,055
-10,900 Short Term Borrowings	41	-10,081
-27,534 Short Term Creditors	31	-17,379
-8 Provisions Short Term	32	-354
-12,197 Grants Receipts in Advance	20	-25,782
-50,639 TOTAL CURRENT LIABILITIES		-53,596
0 Long Term Creditors	31	0
-1,464 Provisions Long Term	32	-1,117
-5,233 Long Term Finance Lease Liability	23	-4,863
-86,972 Long Term Borrowing	41	-81,435
-84,899 Pensions Liability	39	-19,798
-7,981 Grants Receipts in Advance	20	-6,893
-186,549 TOTAL LONG TERM LIABILITIES		-114,106
287,552 TOTAL NET ASSETS		379,463
77,049 Usable Reserves	33	68,100
210,503 Unusable Reserves	34	311,363
287,552 TOTAL RESERVES		379,463

CASH FLOW STATEMENT

2021/22 £'000	Notes	2022/23 £'000
1,091 Net Surplus/Deficit(-) on the Provision of Services		-2,754
25,650 Adjustment to Surplus or Deficit on the Provision of Services for Non-Cash Movements	36A	14,406
-12,965 Adjust for Item Included in the Net Surplus or Deficit on the Provision of Services that are Investing and Financing Activities	36A	-16,023
13,776 Net Cash Flows from Operating Activities		-4,371
-8,900 Investing Activities	36C	8,408
-479 Financing Activities	36D	-8,461
4,397 Net Increase or Decrease(-) in Cash and Cash Equivalents		-4,424
Cash and Cash Equivalents at the Beginning of the Reporting Period		27,658
27,658 Cash and Cash Equivalents at the End of the Reporting Period	25	23,234

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 2022/2023 financial year and its position at the year-end of 31 March 2023. It has been prepared in accordance with the Code of Practice on Local Council Accounting in the United Kingdom 2022/2023 (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 Intangible assets

Expenditure on non-monetary assets that do not have physical substance but are controlled by the Council as a result of past events (eg software licences) is capitalised when it is expected that future economic benefits or service potential will flow from the intangible asset to the Council.

Intangible assets are measured initially at cost. Amounts are only revalued where the fair value of the assets held by the authority can be determined by reference to an active market. In practice, no intangible asset held by the authority meets this criterion, and they are therefore carried at cost less accumulated depreciation and any accumulated impairment loss. The depreciable amount of an intangible asset is amortised over its useful life to the relevant service line(s) in the Comprehensive Income and Expenditure Statement. An asset is tested for impairment whenever there is an indication that the asset might be impaired – any losses recognised are posted to the relevant service line(s) in the Comprehensive Income and Expenditure Statement. Any gain or loss arising on the disposal or abandonment of an intangible asset is posted to the other operating expenditure line in the Comprehensive Income and Expenditure Statement.

Where expenditure on intangible assets qualifies as capital expenditure for statutory purposes, amortisation, impairment losses and disposal gains and losses are not permitted to have an impact on the General Fund balance. The gains and losses are therefore reversed out of the General Fund balance in the Movement in Reserves Statement and posted to the capital adjustment account and (for any sale proceeds greater than £10,000) the capital receipts reserve.

1.13 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.

1.14 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.

1.15 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 LessorFinance 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.

1.16 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 (EUUV-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.

1.17 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.

1.18 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.

1.19 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.

1.20 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.

1.21 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 2023, 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 2023:

- Definition of Accounting Estimates (Amendments to IAS 8) issued in February 2021.
- Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2) issued in February 2021.
- Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12) issued in May 2021.
- Updating a Reference to the Conceptual Framework (Amendments to IFRS 3) issued in May 2020.

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 2021 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 2023 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.</p> <p>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 2022/23 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 2023.</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 2023, the Council had a balance of short term debtors totalling £12.925m. A review of significant balances suggested that a loss allowance of £2.310m 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 £2.310m to set aside as an allowance.

Pensions Liability	Estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets. A firm of consulting actuaries is engaged to provide the Council with expert advice about the assumptions to be applied.	<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 2022/23, the Council's actuaries advised that the net pensions liability had decreased by £65.7m 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>
--------------------	---	---

5 MATERIAL ITEMS OF INCOME AND EXPENDITURE

During 2022/2023 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 £0m in 2022/23 (2021/22 £0.071m). As per note 3 from 1 October 2021 the management of the Southwell Leisure Centre was transferred to the Council and Active4today. Therefore there was no grant aid in 2022/23 and the figure for 2021/22 is the 6 months only prior to the 1 October 2021. 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 £0.058m (2021/22 £0.032m) 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 27 September 2023. 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 2023, 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.

2021/22			2022/23		
Net Expenditure Chargeable to the General Fund & HRA Balances £'000	Adjustment between the Funding and Accounting Basis £'000	Net Expenditure in the Comprehensive Income & 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
2,778	463	3,241	3,676	422	4,098
4,160	776	4,936	4,480	1,120	5,600
976	3,782	4,758	773	7,050	7,823
1,160	430	1,590	938	3,254	4,192
3,730	1,931	5,661	4,467	2,034	6,501
-14,432	11,746	-2,686	-13,212	9,740	-3,472
-1,628	19,128	17,500	1,122	23,620	24,742
2,791	-21,382	-18,591	3,080	-25,068	-21,988
1,163	-2,254	-1,091	4,202	-1,448	2,754

Agenda Page 199	General Fund & Earmarked Reserve £'000	HRA & Earmarked Reserve £'000	Total £'000	General Fund & Earmarked Reserve £'000	HRA & Earmarked Reserve £'000	Total £'000
	-37,339	-7,461	-44,800	-36,343	-7,294	-43,637
	996	167	1,163	4,023	179	4,202
	-36,343	-7,294	-43,637	-32,320	-7,115	-39,435
	Closing Balances Split by Reserve:					
	-1,500	-2,000	-3,500	-1,500	-2,000	-3,500
	-34,843	-5,294	-40,137	-30,820	-5,115	-35,935
	-36,343	-7,294	-43,637	-32,320	-7,115	-39,435

10 NOTE TO THE EXPENDITURE AND FUNDING ANALYSIS

Adjustments between Funding and Accounting Basis 2022/23

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
Strategy, Performance & Finance	6	372	44	422
Organisational Development & Governance	423	631	66	1,120
Economic Development & Visitors	6,274	711	65	7,050
Homes & Health	2,852	349	53	3,254
Cleaner, Safer, Greener	1,058	896	80	2,034
Housing Revenue Account	8,946	794	0	9,740
Net Cost of Services	19,559	3,753	308	23,620
Other income and expenditure from the Expenditure and Funding Analysis	-23,165	2,225	-4,128	-25,068
Difference between General Fund surplus or deficit and Comprehensive Income and Expenditure Statement Surplus or Deficit on the Provision of Services	-3,606	5,978	-3,820	-1,448

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
Strategy, Performance & Finance	46	417	0	463
Organisational Development & Governance	219	557	0	776
Economic Development & Visitors	3,110	672	0	3,782
Homes & Health	134	296	0	430
Cleaner, Safer, Greener	1,025	906	0	1,931
Housing Revenue Account	10,981	765	0	11,746
Net Cost of Services	15,515	3,613	0	19,128
Other income and expenditure from the Expenditure and Funding Analysis	-21,106	1,897	-2,173	-21,382
Difference between General Fund surplus or deficit and Comprehensive Income and Expenditure Statement Surplus or Deficit on the Provision of Services	-5,591	5,510	-2,173	-2,254

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 2022/23	Strategy, Performance & Finance £'000	Organisational Development & Governance £'000	Economic Development & Visitors £'000	Homes & Health £'000	Cleaner, Safer, Greener	Housing Revenue Account £'000	Corporate Amounts £'000	Total £'000
Fees, Charges and Other Service Income	-201	-604	-6,071	-1,540	-2,701	-26,205	0	-37,322
Income on Joint Associates	0	0	0	0	0	0	-148	-148
Interest and Investment Income	0	0	0	0	0	0	-2,981	-2,981
Income from Council Tax	0	0	0	0	0	0	-11,004	-11,004
Income from Non Domestic Rates	0	0	0	0	0	0	-21,594	-21,594
Housing Benefit Subsidy Rent Allowance	0	0	0	-9,356	0	0	0	-9,356
Housing Benefit Subsidy Rent Rebates	0	0	0	-8,451	0	0	0	-8,451
Grants and Contributions	-52	-17	-4,255	-2,134	-115	-1	-12,774	-19,348
Disposal of Assets	0	0	0	0	0	0	-2,255	-2,255
Total Income	-253	-621	-10,326	-21,481	-2,816	-26,206	-50,756	-112,459
Employee Expenses	2,743	4,401	4,872	2,459	6,276	5,399	0	26,150
Other Service Expenses	1,052	1,413	13,470	4,044	1,983	8,440	-293	30,109
Housing Benefit Rent Allowance	0	0	0	9,414	0	0	0	9,414
Housing Benefit Rent Rebates	0	0	0	8,497	0	0	0	8,497
Expenditure on Joint Associates	0	0	0	0	0	0	151	151
Developers Contribution Payment	0	0	0	0	0	0	1,262	1,262
Depreciation, Amortisation and Impairment	556	407	-193	1,259	1,058	8,882	0	11,969
Changes in Fair Value	0	0	0	0	0	0	1,269	1,269
Interest Payments	0	0	0	0	0	13	7,158	7,171
Non Domestic Rates Tariff & Deficit	0	0	0	0	0	0	13,202	13,202
Precepts and Levies	0	0	0	0	0	0	4,103	4,103
Payments to Housing Capital Receipts Pool	0	0	0	0	0	0	0	0
Disposal of Assets	0	0	0	0	0	0	1,916	1,916
Total Operating Expenses	4,351	6,221	18,149	25,673	9,317	22,734	28,768	115,213
Surplus(-)/Deficit on Provision of Services	4,098	5,600	7,823	4,192	6,501	-3,472	-21,988	2,754

Expenditure/Income 2021/22	Strategy, Performance & Finance £'000	Organisational Development & Governance £'000	Economic Development & Visitors £'000	Homes & Health £'000	Cleaner, Safer, Greener £'000	Housing Revenue Account £'000	Corporate Amounts £'000	Total £'000
Fees, Charges and Other Service Income	-191	-772	-4,923	-1,493	-2,433	-24,849	0	-34,661
Income on Joint Associates	0	0	0	0	0	0	-128	-128
Interest and Investment Income	0	0	0	0	0	0	-1,024	-1,024
Income from Council Tax	0	0	0	0	0	0	-10,615	-10,615
Income from Non Domestic Rates	0	0	0	0	0	0	-19,610	-19,610
Housing Benefit Subsidy Rent Allowance	0	0	0	-9,685	0	0	0	-9,685
Housing Benefit Subsidy Rent Rebates	0	0	0	-8,539	0	0	0	-8,539
Government Grants and Contributions	0	-43	-3,256	-1,538	-1,738	-19	-13,311	-19,905
Disposal of Assets	0	0	0	0	0	0	-5,634	-5,634
Total Income	-191	-815	-8,179	-21,255	-4,171	-24,868	-50,322	-109,801
Employee Expenses	2,497	3,857	4,225	2,022	5,699	4,963	0	23,263
Other Service Expenses	935	1,327	6,806	2,797	3,234	6,417	-102	21,414
Housing Benefit Rent Allowance	0	0	0	9,729	0	0	0	9,729
Housing Benefit Rent Rebates	0	0	0	8,584	0	0	0	8,584
Expenditure on Joint Associates	0	0	0	0	0	0	148	148
Developers Contribution Payment	0	0	0	0	0	0	2,376	2,376
Depreciation, Amortisation and Impairment	0	567	1,906	-287	899	10,789	0	13,874
Changes in Fair Value	0	0	0	0	0	0	-1,064	-1,064
Interest Payments	0	0	0	0	0	13	6,001	6,014
Non Domestic Rates Tariff & Deficit	0	0	0	0	0	0	12,709	12,709
Precepts and Levies	0	0	0	0	0	0	3,871	3,871
Payments to Housing Capital Receipts Pool	0	0	0	0	0	0	443	443
Disposal of Assets	0	0	0	0	0	0	7,349	7,349
Total Operating Expenses	3,432	5,751	12,937	22,845	9,832	22,182	31,731	108,710
Surplus(-)/Deficit on Provision of Services	3,241	4,936	4,758	1,590	5,661	-2,686	-18,591	-1,091

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.

2022/23 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)	-4,714	-1,263	0	0	0	5,977
Financial instruments (transferred to the Financial Instrument Adjustment Account)	4	0	0	0	0	-4
Pooled Investment (transferred to the Pooled Investment Adjustment Account)	-1,676					1,676
Council tax and NDR (transfers to (or from) Collection Fund)	5,395	0	0	0	0	-5,395
Holiday pay (transferred to the Accumulated Absences Reserve)	-309	0	0	0	0	309
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):	-1,483	-10,224	0	-1,007	0	12,714
Total Adjustments to Revenue Resources	-2,783	-11,487	0	-1,007	0	15,277
Adjustments between Revenue and Capital Resources						
Transfer of non-current asset sale proceeds from revenue to the Capital Receipts	1,145	1,867	0	0	-3,012	0
Administrative costs of non-current asset disposals (funded by a contribution from the Capital Receipts Reserve)	0	-26	0	0	26	0
Payments to the government housing receipts pool (funded by a transfer from the Capital Receipts Reserve)	0	0	0	0	0	0
Posting of HRA resources from revenue to the Major Repairs Reserve	0	9,458	-9,458	0	0	0
Statutory provision for the repayment of debt (transfer from the CAA)	1,863	0	6,532	0	0	-8,395
Capital expenditure financed from revenue balances (transfer to the CAA)	1,411	0	0	0	0	-1,411
Total Adjustments between Revenue and Capital Resources	4,419	11,299	-2,926	0	-2,986	-9,806
Adjustments to Capital Resources						
Use of the Capital Receipts Reserve to finance capital expenditure	0	0	0	0	4,522	-4,522
Use of Capital Receipts to finance repayment of debt on Finance Lease	0	0	0	0	106	-106
Use of the Major Repairs Reserve to finance capital expenditure	0	0	7,132	0	0	-7,132
Application of capital grants to finance capital expenditure	0	0	0	12	0	-12
Cash payments in relation to deferred capital receipts	0	0	0	0	-106	106
Total Adjustments to Capital Resources	0	0	7,132	12	4,522	-11,666
Total Adjustments	1,636	-188	4,206	-995	1,536	-6,195

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

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 2021 £'000	Movement in Year £'000	Balance as at 31st March 2022 £'000	Movement in Year £'000	Balance as at 31st March 2023 £'000
General Fund for known pressures Reserves					
Financial Instruments Revaluation	91	0	91	-91	0
Election Expenses	73	4	77	-31	46
Insurance	270	-9	261	-171	90
ICT & Digital Services	0	0	0	95	95
Renewal and Repairs	2,234	166	2,400	13	2,413
Building Control	57	18	75	8	83
Domestic Homicide Review	0	0	0	10	10
Museum Purchases	32	8	40	6	46
Training Provision	160	31	191	91	282
Community Safety Fund	141	1	142	-19	123
Restructuring & Pay	153	-12	141	-141	0
Court Costs	58	0	58	-58	0
Planning Costs	201	0	201	0	201
Homelessness Fund	403	-97	306	174	480
Fuel and Energy Reserve	62	0	62	-62	0
Refuse Bin Purchase	15	0	15	-15	0
Energy and Home Support	103	0	103	0	103
Growth and Prosperity	127	0	127	0	127
Emergency Planning Reserve	43	0	43	-43	0
Other Earmarked Reserves	25	0	25	-25	0
Management Carry Forward	664	329	993	215	1,208
Mansfield Crematorium	150	-5	145	15	160
CSG/Enforcement Reserve	84	-37	47	-16	31
Flood Defence Reserve	250	0	250	0	250
NNDR Volatility Reserve	793	0	793	-293	500
Community Initiative Fund	195	-41	154	-53	101
MTFP Reserve	4,044	1,544	5,588	604	6,192
Asset Management Fund	500	0	500	0	500
Capital Projects Feasibility Fund	401	-54	347	-26	321
Community Engagement Fund	286	-66	220	-141	79
COVID Pressures	200	-14	186	-186	0
Collection Fund Budget	8,571	-2,321	6,250	-5,175	1,075
COVID Compliance	281	-83	198	-198	0
Theatre Centenary	0	15	15	0	15
Commercial Plan Invest to Save	0	0	0	200	200
Workforce Development Reserve	0	0	0	200	200
Community Lottery	0	7	7	5	12
Homes for Ukraine Fund	0	0	0	320	320
Unapplied Revenue Grants and Contributions	540	80	620	250	870

Total for known pressures	21,207	-536	20,671	-4,538	16,133
Reserves					
Change Management	13,113	-16	13,097	1,074	14,171
Total General Fund Revenue	34,320	-552	33,768	-3,464	30,304

Capital Reserves

Capital Provision	1,519	-444	1,075	-559	516
Total General Fund Capital	1,519	-444	1,075	-559	516
Total General Fund Earmarked Reserves	35,839	-996	34,843	-4,023	30,820

Housing Revenue Reserves

Newark and Sherwood Homes Merger Transfer	3,967	0	3,967	-3,967	0
Insurance Fund	50	0	50	0	50
Development and ICT	281	-165	116	-116	0
Restructuring & Pay	100	0	100	0	100
Other Earmarked Reserves	737	-2	735	-735	0
HRA Mangement Carry Forward	0	0	0	305	305
Future Rents Bad Debt	326	0	326	-326	0
Decent Homes Reserve	0	0	0	1,500	1,500
Unused Efficiency Savings	0	0	0	687	687
Service Improvements	0	0	0	1,856	1,856
Regulatory Compliance/Modernisat	0	0	0	250	250
Health & Safety	0	0	0	367	367
Total HRA Revenue	5,461	-167	5,294	-179	5,115

Total General Fund and HRA Earmarked Reserves	41,300	-1,163	40,137	-4,202	35,935
--	---------------	---------------	---------------	---------------	---------------

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

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

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.

Capital Provision – to support future capital projects.

Decent Homes Reserve - to support the challenge of the upcoming changes due to be proposed from Government regarding the improvement of the quality of social housing.

Unused Efficiency Savings - unallocated efficiency savings from the Council bringing social housing management services formerly provided by NSH back in-house.

14 OTHER OPERATING INCOME AND EXPENDITURE

2021/22 £'000	2022/23 £'000
3,237 Parish Council Precepts	3,425
634 Levies	678
443 Payments to the Government Housing Capital Receipts Pool	0
1,715 Gains(-)/losses on the disposal of non-current assets	-339
-102 Loss Allowance	-292
18 Mansfield Crematorium - Net Cost of Service	3
5,945 Total	3,475

15 FINANCING AND INVESTMENT INCOME AND EXPENDITURE

2021/22 £'000	2022/23 £'000
4,111 Interest payable and similar charges	4,942
1,890 Net interest on the net defined benefit liability (asset)	2,217
-1,024 Interest receivable and similar income	-2,981
-1,064 Net (gains)/losses on financial assets at fair value through profit and loss	1,269
2 Mansfield Crematorium - Financing and Investment Income and Expenditure	0
3,915 Total	5,447

16 TAXATION AND NON-SPECIFIC GRANT INCOME AND EXPENDITURE

2021/22 £'000	2022/23 £'000
-10,615 Council tax income	-11,004
-6,901 Non-Domestic Rates income and expenditure	-8,393
-2,583 Non ring-fenced Government grants	-2,175
-14 Revenue Developers grants & contributions	-1
-5,419 Capital Developers grants & contributions	-1,655
-2,919 Capital grants and contributions	-7,682
-28,451 Total	-30,910

17 OFFICIALS' EMOLUMENTS

Amounts payable to senior employees in 2022/23 are disclosed below.

	2021/22 £	2022/23 £
<u>Chief Executive</u>		
Salary, Fees & Allowances	130,205.04	132,143.81
Expenses Allowances	121.95	397.70
Employer's Contribution to Pension	22,785.84	23,122.74
% Employee's Contribution to Pension	11.4%	11.4%
<u>Deputy Chief Executive & Director of Resources</u>		
Salary, Fees & Allowances	109,045.14	108,888.00
Expenses Allowances	74.99	160.00
Employer's Contribution to Pension	18,729.06	19,065.91
% Employee's Contribution to Pension	10.5%	10.5%
<u>Director of Governance & Organisational Development - Left August 2021</u>		
Salary, Fees & Allowances	28,872.30	0.00
Expenses Allowances	0.00	0.00
Employer's Contribution to Pension	5,052.66	0.00
% Employee's Contribution to Pension	9.9%	0.0%
<u>Director of Customer Services & Organisational Development - Started August 2021</u>		
Salary, Fees & Allowances	75,333.64	80,956.05
Expenses Allowances	0.00	59.00
Employer's Contribution to Pension	13,052.82	14,166.62
% Employee's Contribution to Pension	9.9%	9.9%
<u>Director of Communities & Environment</u>		
Salary, Fees & Allowances	87,212.04	89,159.01
Expenses Allowances	86.40	88.35
Employer's Contribution to Pension	15,262.13	15,598.94
% Employee's Contribution to Pension	9.9%	9.9%
<u>Director of Planning & Growth (Previously titled Growth & Regeneration)</u>		
Salary, Fees & Allowances	87,212.04	89,136.96
Expenses Allowances	0.00	71.00
Employer's Contribution to Pension	15,262.13	15,598.94
% Employee's Contribution to Pension	9.9%	9.9%
<u>Director of Health & Wellbeing</u>		
Salary, Fees & Allowances	89,719.57	89,136.96
Expenses Allowances	0.00	66.00
Employer's Contribution to Pension	14,817.62	15,598.94
% 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	
	2022/23	2021/22	2022/23	2021/22	2022/23	2021/22	2022/23	2021/22
							£'000	£'000
£0 to £20,000	1	4	2	0	3	4	25	15
£20,001 to £40,000	0	0	0	1	0	1	0	30
£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	1	4	2	1	3	5	25	45

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 2022/23	Employees Included in 2022/23 leaving in same year	Number of Employees 2021/22
£50,000 to £54,999	6	0	5
£55,000 to £59,999	5	0	5
£60,000 to £64,999	4	0	2
£65,000 to £69,999	4	0	5
£70,000 to £74,999	2	0	0
£75,000 to £79,999	2	0	1
£80,000 to £84,999	1	0	0
£85,000 to £89,999	3	0	3
£105,000 to £109,999	1	0	2
£130,000 to £135,999	1	0	0
Total	29	0	23

Bandings are removed where each financial year has no value.

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:

Party	Disclosure
• UK 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 2022/23 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	0	2

19 MEMBERS ALLOWANCES

2021/22 £'000	2022/23 £'000
61 Special Responsibility Payments	84
192 Basic Allowances	197
3 Travel and Subsistence	4
256 Total	285

20 GRANT INCOME

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

2021/22 £'000	2022/23 £'000
<u>Credited to Taxation and Non Specific Grant</u>	
-85 Revenue Support Grant	-88
-1,187 New Homes Bonus Grant	-1,573
-1,002 DCLG Grant	-422
-131 New Burdens Grant	-52
-19 Council Tax s31 Grant	0
-40 Rural Services Delivery Grant	-40
-119 Income Support Scheme	0
-14 Section 106	-1
<u>Capital Related;</u>	
-1,303 Supported Housing	-140
-5,419 Developers Contributions (Net of Payments)	-1,654
-1,616 Other Grants and Contributions	-7,543
-10,935 Total	-11,513
<u>Credited to Services</u>	
-9,685 Housing Benefits Subsidy - Rent Allowances	-9,356
-8,539 Housing Benefits Subsidy - Rent Rebates	-8,451
-266 Housing Benefits Administration Grant	-266
-110 Council Tax Support Grant	-111
0 Council Tax Hardship Grant	-21
0 Council Tax Rebate Discretionary Grant	-196
-1,262 Covid 19 Additional Restrictions Grant	0
-2 Local Restrictions Support Grants - Open	0
-260 NHS Test & Trace Support	-42
-160 Covid Compliance Tier 3	0
0 Shared Prosperity Grant	-323
0 Discretionary Housing Payment	-30
-125 Levelling Up Fund	-125
-69 Towns Fund	-338
-146 Reopening High Street Grant	0
-25 Safer Streets	-43
-33 Arts Council Grant	0
-42 High Street Heritage Action Zone	-128

-293 Homelessness grant	-288
-35 Rough Sleepers	25
-17 New Apprentice Grants	-19
0 LGA's Cyber Security Programme	-5
-76 Furlough/Jrs Grant Income	0
-48 New Burdens Grant	-280
-38 Electoral Registration	0
-23 Emergency Assistance Fund for Food	0
-62 Cultural Recovery Fund	0
-47 Vulnerable Renters	0
-7 Apprentice Levy	-7
-31 Domestic Abuse Support	-56
-10 DCLG Flooding grant	0
-10 Biodiversity Net Gain	0
-86 Land Charges	0
0 West Midlands History	-16
-9 DEFRA environmental schemes	-24
0 Heritage Lottery Fund - Gateway	-45
-4 Newark Castle	-3
-8 Max Literacy Award	0
Capital Related;	
-688 Private Sector Disabled Facilities	-834
-2,599 Towns Fund	-3,399
-24,815 Total	-24,381

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

2021/22 £'000	2022/23 £'000
<u>Capital Related;</u>	
-10,651 Government	-23,399
-544 Other Third Parties	-149
-509 Section 106	-1,651
<u>Revenue Related;</u>	
-483 Government	-548
-9 Other Third Parties	-29
-1 Section 106	-6
-12,197	-25,782

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

2021/22 £'000	2022/23 £'000
<u>Capital Related:</u>	
-572 Government	0
-7,225 Section 106	-6,583
0 Other Third Parties	-48
<u>Revenue Related:</u>	
-126 Government	-126
-4 Section 106	-82
-54 Other Third Parties	-54
-7,981	-6,893

21 AUDIT FEE

For 2022/2023 Newark and Sherwood District Council incurred the following fee in relation to the audit of the Statement of Accounts:

2021/22 £'000	2022/23 £'000
Fees Payable to Mazars LLP in respect of:	
37 External Audit Services	50
3 Other Services	3
40 Total	53

In addition, audit fees of £21,930 (£21,067 2021/22) were paid which related to work undertaken in prior financial years.

22 PROPERTY PLANT AND EQUIPMENT

Movements in 2022/23								
	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 2022	323,686	87,782	12,697	448	120	0	7,993	432,726
Additions	7,704	4,179	2,068	0	59	0	5,996	20,006
Donations	0	0	0	0	0	0	0	0
Revaluation increases/decreases(-) to Revaluation Reserve	12,504	2,581	0	0	0	0	0	15,085
Revaluation increases/decreases(-) to Surplus/Deficit on the Provision of Services	-2,884	-1,830	0	0	0	0	0	-4,714
Derecognition - Disposals	0	-40	-1,614	0	0	0	0	-1,654
Derecognition - Other	0	0	0	0	0	0	0	0
Assets reclassified to(-)/from Held for Sale	-1,453	0	0	0	0	0	0	-1,453
Reclassifications - Other	3,884	-468	0	0	0	0	-3,480	-64
At 31 March 2023	343,441	92,204	13,151	448	179	0	10,509	459,932
Accumulated Depreciation & Impairment								
At April 2022	0	895	6,460	117	0	0	0	7,472
Depreciation charge	5,154	1,483	1,008	35	0	0	0	7,680
Depreciation written out to the Revaluation Reserve	-4,898	-1,317	0	0	0	0	0	-6,215
Depreciation written out to the Surplus/Deficit on the Provision of Services	-259	-214	0	0	0	0	0	-473
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	-1	-1,601	0	0	0	0	-1,603
Reclassifications	4	-4	0	0	0	0	0	0
At 31 March 2023	0	842	5,867	152	0	0	0	6,861
Net Book Value								
at 31 March 2023	343,441	91,362	7,284	296	179	0	10,509	453,071
at 31 March 2022	323,686	86,887	6,237	331	120	0	7,993	425,254

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

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 £27.557m is contractually committed as at 31 March 2023. Whilst there are a number of other commitments in the Capital Programme, the below are financial Commitments.

2021/22 £'000	2022/23 £'000
15,355 New Council House Build	9,300
81 Careline Analogue to Digital	380
0 SLC Fire Safety Remedial Works	375
3,254 Homeless Hostel	860
0 National Civil War Centre Tudor Hall	99
3,906 Castle Gatehouse Project	992
0 Clipstone Holding Centre Purchase & Works	7,320
2,885 Southern Link Road Contribution	2,738
0 Towns Fund - 32 Stodman Street Regeneration	5,494
25,481 Total	27,557

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 31 March 2023 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	13,151	448	179	10,509	0	24,287
Valued at Current Value in:								
31 March 23	343,441	49,955	0	0	0	0	0	393,396
31 March 22	0	17,150	0	0	0	0	0	17,150
31 March 21	0	12,408	0	0	0	0	0	12,408
31 March 20	0	11,621	0	0	0	0	0	11,621
31 March 19	0	6	0	0	0	0	0	6
	343,441	91,140	13,151	448	179	10,509	0	458,868
Non Revaluation adjustments	0	1,064	0	0	0	0	0	1,064
Gross Book Value	343,441	92,204	13,151	448	179	10,509	0	459,932

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

23 LEASES - DISCLOSURE AS LESSEE

Finance Leases

The Council has two finance leases 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:

2021/22 £'000	2022/23 £'000
1,111 Balance at 1 April	2,202
1,190 Additions	185
-71 Revaluations	0
-28 Depreciation	-86
0 Disposals	0
0 Early Termination of Lease due to purchase	-149
2,202 Net Book Value at 31 March	2,152

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:

2021/22 £'000	2022/23 £'000
Finance Lease Liabilities (net present value of minimum lease payments)	
140 • Current	145
5,233 • Non Current	4,863
4,672 Finance costs payable in future years minimum lease payments	2,120
10,045 Minimum Lease Repayments	7,128

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

2021/22		2022/23	
Minimum Lease Payments	Finance Lease Liabilities (NPV)	Minimum Lease Payments	Finance Lease Liabilities (NPV)
£'000	£'000	£'000	£'000
335	140	310	145
1,315	612	1,240	634
8,396	4,621	5,580	4,230
10,046	5,373 Total	7,130	5,009

The Council sub-lets the hotel asset on the Beaumond 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:

2021/22	2022/23
£'000	£'000
31 Not later than one year	31
126 Later than one year and not later than five years	126
2,163 Later than five years	2,131
2,320 Total Operating Lease Costs	2,288

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

2021/22	2022/23
£'000	£'000
53 Minimum lease payments	46
53 Total Operating Lease Costs	46

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 Beaumond Cross site, on a finance lease with a remaining term of 23 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:

2021/22 £'000	2022/23 £'000
Finance Lease Debtor (net present value of minimum lease payments)	
107 • Current	112
4,455 • Non Current	4,342
2,763 Unearned Finance Income	2,567
7,325 Minimum Lease Repayments	7,021

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

2021/22		2022/23	
Minimum Lease Payments £'000	Gross Invest- ment in the Lease £'000	Minimum Lease Payments £'000	Gross Invest- ment in the Lease £'000
305	107	305	112
1,221	482	1,221	504
5,800	3,973	5,495	3,838
7,326	4,562 Total	7,021	4,454

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 2022/23 was £1,617k (£1,151k 2021/22).

The total future lease commitments are:

2021/22 £'000	2022/23 £'000
1,080 Not later than one year	1,384
2,697 Later than one year and not later than five years	4,250
1,210 Later than five years	4,371
4,987 Total Operating Lease Costs	10,005

25 CASH AND CASH EQUIVALENTS

2021/22 £'000	2022/23 £'000
4 Cash held by the Council	4
55 Cash in transit	-7
796 Bank current accounts	573
26,803 Short-term deposits with Money Market Funds	22,664
27,658 Total Cash and Cash Equivalents	23,234

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 2022	1,930	90	2,020
Additions	0	0	0
Revaluations	1,520	20	1,540
At 31 March 2023	3,450	110	3,560
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

Items held on the balance sheet for Heritage assets for both the museum collections and other heritage assets are measured on an insurance basis valuation, based on market value, supplemented with a specialist valuation at a minimum of every five years. These values are increased annually for inflation with the date of the last formal valuation being 17/03/23. This valuation was undertaken by Golding, Young and Mawer an external firm of Chartered Auctioneer and Valuers.

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.

2021/22 £'000	2022/23 £'000
1,233 Balance outstanding at start of year	4,418
Assets newly classified as held for sale:	
5,543 Transfer from Property, Plant and Equipment	1,576
Assets declassified as held for sale:	
-2,172 Assets Sold	-1,817
-186 Transfer back to Property, Plant and Equipment	-123
4,418 Balance outstanding at year-end	4,054

28 INTANGIBLE ASSETS

During 2022/2023 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.

2021/22 £'000	2022/23 £'000
Balance at start of year:	
1,637 Gross carrying amounts	1,722
-1,325 Accumulated amortisation	-1,385
312 Net carrying amount at start of year	337
Movements:	
60 Purchases	49
0 Other disposals	-14
-60 Amortisation for the period	-60
25 Reclassifications	64
337 Net carrying amount at end of year	376
Comprising:	
1,722 Gross carrying amounts	1,675
-1,385 Accumulated amortisation	-1,299
337 Net carrying amount at end of year	376

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.

2021/22 £'000	2022/23 £'000
138,162 Opening Capital Financing Requirement	137,540
<u>Capital Investment:</u>	
15,338 Property, Plant and Equipment	20,006
-2,385 Capital Loans and Shares	-761
59 Intangible Assets	49
4,928 Revenue Expenditure Funded from Capital Under Statute	11,824
<u>Sources of Finance</u>	
-3,146 Capital Receipts	-4,522
-7,355 Government Grants and Contributions	-12,581
-9,180 Sums set aside from Revenue (inc MRP and finance leases)	-16,937
<u>Finance Leases</u>	
1,119 Assets acquired under finance leases	0
0 Assets leased out under finance leases	0
137,540 Closing Capital Financing Requirements	134,618
<i>Explanation of Movements in Year</i>	
3,262 Increase in underlying need to borrow (unsupported by Government financial assistance)	5,472
-3,884 Other Movements (MRP including finance leases)	-8,394
-622 Increase in Capital Financing Requirement	-2,922
<i>Split on Capital Financing Requirement between General Fund and Housing Revenue Account</i>	
26,546 General Fund	28,018
110,994 Housing Revenue Account	106,600
137,540	134,618

30 ANALYSIS OF DEBTORS

The amounts due to the Council were:-

2021/22 £'000	2022/23 £'000
Amounts falling due within one year:-	
2,003 Trade Receivables	1,850
926 Prepayments	490
16,872 Other Receivable Amounts	12,895
-2,532 Less Loss Allowance	-2,310
17,269 Total Short Term Debtors	12,925
3,143 Other Entities and Individuals	2,377
3,143 Total Long Term Debtors	2,377
20,412 Total Debtors	15,302

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;

2021/22 £'000	2022/23 £'000
757 Council Tax	631
370 Non-Domestic Rates	703
1,127 Total Debtors for Local Taxation	1,334

31 ANALYSIS OF CREDITORS

The amounts owed by the Council were:-

2021/22 £'000	2022/23 £'000
Amounts falling due within one year:-	
5,121 Trade Payables	7,483
22,413 Other Payables	9,896
27,534 Short Term Creditors	17,379
0 Other Payables	0
0 Long Term Creditors	0
27,534 Total	17,379

32 PROVISIONS

2021/22 £'000	Non Domestic Rate Appeals £'000	2022/23 Total £'000
229 Short Term Balance at 1 April	8	8
-1,965 Amounts used in year	-622	-622
1,744 Transfer from Long Term	968	968
8 Short Term Balance at 31 March	354	354
1,538 Long Term Balance at 1 April	1,464	1,464
1,670 Additional provisions made in year	619	619
-1,744 Transfer to Short Term	-966	-966
1,464 Long Term Balance at 31 March	1,117	1,117

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.

As the outcome of any appeals are determined by the Valuation Office Agency (VOA), it is uncertain when the claims will be settled. As there are still claims outstanding from 2017 it has been decided to classify the provision as long term. This provision relates to only the Council's share of the potential costs which is 40%.

33 USABLE RESERVES

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

34 UNUSABLE RESERVES

2021/22 £'000	2022/23 £'000
138,233 Revaluation Reserve	157,773
156,449 Capital Adjustment Account	168,616
-110 Financial Instruments Adjustment Account	-106
-85,489 Pensions Reserve	-19,731
-155 Crematorium Pension Reserve	-66
6,912 Deferred Capital Receipts Reserve	6,805
156 Pooled Investment Adjustment Account	-1,521
-5,402 Collection Fund Adjustment Account	-7
-91 Accumulated Absences Account	-400
210,503 Total Unusable Reserves	311,363

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.

2021/22 £'000	2022/23 £'000
98,035 Balance at 1 April	138,233
47,864 Upward revaluations of assets	38,086
-4,289 Downward revaluation of assets and impairment losses not charged to the Surplus/Deficit on the Provision of Services	-15,245
43,575 Surplus or deficit(-) on revaluation of non-current assets not posted to the Surplus or Deficit on the Provision of Services	22,841
-1,574 Difference between fair value depreciation and historical cost depreciation	-2,340
-1,803 Accumulated gains on assets sold or scrapped	-961
-3,377 Amount written off to the Capital Adjustment Account	-3,301
138,233 Balance at 31 March	157,773

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.

2021/22 £'000	2022/23 £'000
155,940	156,449
Balance as at 1st April	
Reversal of items relating to capital expenditure debited or credited to the CIES:	
-6,847 Charges for depreciation and impairment of non-current assets	-7,679
-6,985 Revaluation losses on Property, Plant and Equipment	-4,240
-60 Amortisation of intangible assets	-60
342 Revaluation on Financial Instrument classed as capital	407
-4,928 Revenue expenditure funded from capital under statute	-11,824
-4,173 Amounts of non-current assets written off on disposal or sale as part of the gain(-)/loss on disposal to the CIES	-1,884
-22,651	-25,280
1,803 Adjusting amounts written out of the Revaluation Reserve	961
-20,848	-24,319
Net written out amount of the cost of non-current assets consumed in the year	
Capital financing applied in the year:	
3,146 Use of Capital Receipts Reserve to finance new capital expenditure	4,522
2,136 Use of Major Repairs Reserve to finance new capital expenditure	7,132
6,713 Capital grants and contributions credited to the CIES that have been applied to capital financing	12,568
642 Applications of grants to capital financing from the Capital Grant Unapplied Account	12
102 Use of Capital Receipts for repayment of debt on Finance Lease	106
3,883 Statutory provision for the financing of capital investment charged against the General Fund and HRA balances	8,395
3,161 Capital expenditure charged against the General Fund and HRA balances	1,411
19,783	34,146
1,574 Adjustment between Capital Adjustment Account and Revaluation Reserve for depreciation that relates to the revaluation balance rather than historic cost	2,340
156,449	168,616
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.

2021/22 £'000	2022/23 £'000
-114 Balance at 1 April	-110
4 Differences between statutory debits/credits and amounts recognised as income and expenditure in relation to financial instruments	4
-110 Balance at 31 March	-106

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.

2021/22 £'000	2022/23 £'000
-96,575 Balance at 1 April	-85,489
16,588 Remeasurements of the net defined benefit liability/(asset)	71,727
-8,922 Reversal of items relating to retirement benefits debited or credited to the Surplus or Deficit on the Provision of Services in the CIES	-9,655
3,420 Employers pensions contributions and direct payments to pensioners payable in the year	3,686
-85,489 Balance at 31 March	-19,731

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.

2021/22 £'000	2022/23 £'000
-1,687 Balance at 1 April	-1,562
230 Remeasurements of the net defined benefit liability/(asset)	1,415
-180 Reversal of items relating to retirement benefits debited or credited to the Surplus or Deficit on the Provision of Services in the CIES	-206
75 Employers pensions contributions and direct payments to pensioners payable in the year	85
-1,562 Balance at 31 March	-268
Balance split by Authority:	
-155 Newark and Sherwood District Council's proportion	-66
-706 Ashfield District Council's Proportion	-127
-701 Mansfield District Council's Proportion	-75
-1,562 Balance at 31 March	-268

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.

2021/22 £'000	2022/23 £'000
7,014 Balance at 1 April	6,912
0 Transfer of deferred capital receipt repayable credited as part of the gain(-)/loss on disposal to the CIES	0
-102 Transfer to Capital Receipts Reserve	-107
6,912 Balance at 31 March	6,805

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 SI2023/241 the fair value movement can continue to be reversed until the period ending 31 March 2025. After that period the value of the movement will then be charged against the general fund balance.

2021/22 £'000	2022/23 £'000
-566 Balance at 1 April	156
722 Upward revaluation of investments	0
0 Downward revaluation of investments	-1,677
156 Balance at 31 March	-1,521

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.

2021/22 £'000	2022/23 £'000
-6,508 Balance at 1 April	-5,402
1,106 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	5,395
-5,402 Balance at 31 March	-7

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.

2021/22 £'000	2022/23 £'000
-91 Balance at 1 April	-91
0 Settlement or cancellation of accrual made at the end of the preceding year	91
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	-400
-91 Balance at 31 March	-400

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

2021/22 £'000	2022/23 £'000
1,091 Net Surplus or Deficit(-) on the Provision of Services	-2,754
Adjust net surplus or deficit on the provision of services for non-cash movements	
6,847 Depreciation of Property, Plant and Equipment	7,679
6,985 Impairment and downward valuations	4,239
60 Amortisation of Intangible Assets	60
-342 Material impairment losses on Investments debited to surplus or deficit on the provision of services in year	-407
-722 Adjustment for movements in fair value of investments classified as Fair Value through Profit & Loss a/c	1,676
22 Increase/Decrease(-) in interest Creditors	-56
5,296 Increase/Decrease(-) in Creditors	-6,833
-35 Increase(-)/Decrease in interest and dividend Debtors	-210
-611 Increase(-)/Decrease in Debtors	392
-118 Increase(-)/Decrease in Inventories	6
5,508 Pension Liability	5,978
-294 Increase/Decrease(-) in Provisions	-3
4,173 Carrying amount of non-current assets and non-current Assets Held For Sale, sold or derecognised	1,885
-1,119 Amounts posted from the Donated Assets Account (or direct donated assets in year)	0
25,650 Total	14,406
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)	
-10,507 Capital Grants credited to surplus or deficit on the Provision of Services	-13,576
0 Premiums or Discounts on the repayment of financial liabilities	538
-2,458 Proceeds from the sale of Property Plant and Equipment, Investment Property and Intangible Assets	-2,985
-12,965 Total	-16,023
13,776 Net Cash Flows from Operating Activities	-4,371

B Cash Flow Statement - Operating Activities

The cash flows for operating activities include the following items:

2021/22 £'000	2022/23 £'000
933 Interest received	2,765
-3,702 Interest paid	-3,621
-2,769 Total	-856

C Cash Flow Statement - Investing Activities

2021/22 £'000		2022/23 £'000
-15,430	Purchase of Property, Plant and Equipment, Investment Property and Intangible Assets	-18,114
-39,900	Purchase of short-term and long-term Investments	-11,000
-752	Other payments for investing activities	0
2,560	Proceeds from the sale of Property, Plant and Equipment, Investment Property and Intangible Assets	3,093
28,900	Proceeds from short-term and long-term Investments	7,000
15,722	Other receipts from investing activities	27,429
-8,900	Net cash flows from investing activities	8,408

D Financing Activities

2021/22 £'000		2022/23 £'000
10,933	Cash receipts for short and long-term Borrowing	3,701
0	Other receipts from financing activities	0
-136	Cash payments for the reduction of the outstanding liabilities relating to Finance Leases	-364
-9,034	Repayments of short and long-term Borrowing	-10,003
-2,242	Other payments for financing activities	-1,795
-479	Net cash flows from financing activities	-8,461

37 RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

	2022/23 1 April £'000	Financing Cash Flows £'000	Non-cash changes Acquisit- ion £'000	Other non- cash changes £'000	2022/23 31 March £'000
Long-term borrowings	86,969	-6,532	0	997	81,434
Short-term borrowings	10,141	230	0	-997	9,374
Lease Liabilities	5,374	-364	0	0	5,010
Total Liabilities from financing activities	102,484	-6,666	0	0	95,818

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;

2021/22			2022/23	
Total £'000	NSDC Share £'000	Comprehensive Income and Expenditure Statement	Total £'000	NSDC Share £'000
-2,001	-128	Gross Income	-2,110	-146
1,472	94	Gross Expenditure (includes surplus distribution)	1,275	88
-529	-34	Charged to Other Operating Income and Expenditure before Surplus Distribution	-835	-58
813	52	Surplus Distribution	875	60
284	18	Total Charged to Other Operating Income and Expenditure	40	2
31	2	Financing and Investment Income and Expenditure	1	0
315	20	Surplus (-) or Deficit on Provision of Services	41	2
-230	-14	Remeasurements of the Net Defined Benefit Liability (Asset)	-1416	-98
85	6	Total Comprehensive Income and Expenditure	-1,375	-96

2021/22			2022/23	
Total £'000	NSDC Share £'000	Balance Sheet	Total £'000	NSDC Share £'000
1,914	231	Property, Plant and Equipment	1,784	224
1,914	231	Long Term Assets	1,784	224
329	31	Short Term Debtors	280	26
1,709	194	Cash and Cash Equivalents	2,079	220
2,038	225	Current Assets	2,359	246
-898	-81	Short Term Creditors	-992	-87
-898	-81	Current Liabilities	-992	-87
-1,546	-154	Pensions	-268	-66
-1,546	-154	Long Term Liabilities	-268	-66
1,508	221	Net Assets	2,883	317
Financed By:				
1,156	145	General and Capital Reserve	1,367	159
-1,562	-155	Pension Reserve	-268	-66
1,508	199	Capital Adjustment Account	1,397	192
406	32	Revaluation Reserve	387	32
1,508	221	Total Reserves	2,883	317

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 pension scheme is operated under the regulatory framework for the Local Government Pension Scheme and the governance of the scheme is the responsibility of the pensions committee of Nottinghamshire County Council. Day to day administration of the fund is undertaken by a team within the County Council. Where appropriate some functions are delegated to the Fund's professional advisors.

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:-

2021/22 £'000	2022/23 £'000
Comprehensive Income and Expenditure Statement	
<u>Cost of Services</u>	
6,951 Current service cost	7,450
90 Past service costs	0
0 (Gain)/loss from settlements	0
<u>Financing and Investment Income and Expenditure</u>	
1,828 Net interest expense	2,168
64 Administration costs	52
8,933 Total charged to Surplus/Deficit on Provision of Services	9,670
<u>Remeasurement of the net defined benefit liability</u>	
7,423 Return on plan assets	-6,004
0 Other actuarial gains/(losses)	567
9,702 Changes in financial assumptions	85,009
0 Changes in demographic assumptions	11,890
-523 Experience gains/(losses)	-19,638
16,602 Total charged to Other Comprehensive Income and Expenditure	71,824
25,535 Total charged to Comprehensive Income and Expenditure Statement	81,494
Movement in Reserves Statement	
-6,255 Reversal of net charges made for retirement benefits	-6,723
Actual amount charged against the General Fund Balance	
Employers' contributions payable to scheme (including release of prepaid contributions)	3,692

The principal risks to the Council of the scheme are the longevity assumptions, statutory changes to the scheme, structural changes to the scheme (i.e. large-scale withdrawals from the scheme), changes to inflation, bond yields and the performance of the equity investments held by the scheme. These are mitigated to a certain extent by the statutory requirements to charge General Fund and Housing Revenue Account the amounts required by statute as described in the accounting policies note.

Funding Arrangements

The LGPS Regulations require that a full actuarial valuation of the Fund is carried out every three years. The purpose of this is to establish that the Nottinghamshire Council Pension Fund is able to meet its liabilities to past and present contributors and to review the employer contribution rates.

The latest full triennial valuation of the Fund was carried out by Barnet Waddingham, the Fund's actuary, as at 31 March 2022 in accordance with the Funding Strategy Statement of the Fund and Regulation 36 of the Local Government Pension Scheme (Administration) Regulations 2008. The purpose of the valuation is to review the financial position of the Fund and to set appropriate contribution rates for each employer in the Fund for the period from 1 April 2023 to 31 March 2026 as required under Regulation 62 of the Regulations.

The results were published in the triennial valuation report dated 30 March 2023, with the funding level increased from 93% at the 2019 valuation. This report details the fund assumptions and employer contribution rates for the three years from 2023/24.

The triennial valuation undertaken as at 31 March 2022 covers the three financial years to 2025/26. The actuary's market value of the scheme's assets at 31 March 2022 was £6.62bn and the Actuary assessed the smoothed value of the funded obligation at £6.50bn. This indicates a net surplus of £9m, which equates to a funding level of 100% (2019 deficit: £405m and 93%).

Assets and liabilities in relation to retirement benefits

Reconciliation of present value of the scheme liabilities:

2021/22 £'000	2022/23 £'000
216,468 1st April	213,553
6,951 Current service cost	7,450
4,116 Interest cost	5,497
922 Contributions by scheme participants	1,049
<i>Remeasurement (gains)/losses</i>	
0 Changes in demographic assumptions	-11,890
-9,702 Changes in financial assumptions	-85,009
523 Other	19,638
90 Past service cost	0
0 Losses (gains) on curtailment	0
-5,815 Benefits paid	-5,362
213,553 31st March	144,926

Reconciliation of fair value of the scheme assets:

2021/22 £'000	2022/23 £'000
121,222 1st April	128,654
2,287 Interest income	3,329
<i>Remeasurement gain/(loss)</i>	
7,423 Return on plan assets	-6,004
0 Other	568
2,679 Contributions from employer	2,946
922 Contributions from scheme participants	1,049
-5,815 Benefits paid	-5,362
-64 Administration costs	-52
0 Settlement Paid	0
128,654 31st March	125,128

Pension Assets and Liabilities Recognised in Balance Sheet

Assets	2022/23 £'000	2021/22 £'000	2020/21 £'000	2019/20 £'000	2018/19 £'000
Present value of liabilities	-144,926	-213,553	-216,468	-171,331	-183,598
Fair value of assets	125,128	128,654	121,222	99,842	108,230
Net liability	-19,798	-84,899	-95,246	-71,489	-75,368

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 2022.

The principal assumptions used by the actuary have been:

2021/22 £'000	2022/23 £'000
<u>Mortality Assumptions</u>	
Longevity at 65 for current pensioners	
21.6 Men	20.7
24.3 Women	23.5
Longevity at 65 for future pensioners	
23.0 Men	22.0
25.8 Women	25.0
Rate of inflation – Retail Price Index	
Rate of inflation – Consumer Price index	
4.20% Rate of increase in salaries	3.90%
3.20% Rate of increase in pensions	2.90%
2.60% Rate for discounting scheme liabilities	4.80%
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.

Impact on the defined benefit obligation	Adjustment	Increase in assumption £'000	Decrease in assumption £'000
Discount Rate	+/- 0.1%	-2,203	2,258
Salary Increase	+/- 0.1%	152	-151
Pension Increase	+/- 0.1%	2,146	-2,095
Mortality Age	+/- 1 year	5,781	-5,536

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

2021/22 £'000		Quoted	Unquoted	2022/23 £'000
	Equity Investment			
27,276	UK investment	21,269	0	21,269
45,459	Overseas investment	51,653	0	51,653
5,195	Private equity investment	0	4,649	4,649
77,930				77,571
	Gilts			
3,788	UK fixed interest	2,586	0	2,586
3,788				2,586
	Other Bonds			
2,507	UK corporates	1,235	0	1,235
6,266	Overseas corporates	6,175	0	6,175
8,773				7,410
16,528	Property	0	14,849	14,849
7,200	Cash/Credit/Unit Trust	0	6,546	6,546
6,777	Inflation-linked pooled fund	0	6,315	6,315
7,643	Infrastructure	0	9,833	9,833
128,639		82,918	42,192	125,110

Projected Pension Expense for the Year to 31 March 2024

	Year to 31-Mar-24
Projection for Year to 31 March 2024	£'000
Service cost	3,112
Net Interest on the defined liability (asset)	858
Administration expenses	52
Total	4,022
Employer contributions	3,587

Note that these figures exclude the capitalised cost of any early retirements or augmentations which may occur after 31 March 2023. These projections are based on the assumptions as at 31 March 2023.

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 2023 is shown below:

2021/22			2022/23	
Fair Value through Profit & Loss £'000	Investments (Amortised Cost) £'000	Credit Rating	Fair Value through Profit & Loss £'000	Investments (Amortised Cost) £'000
0	22,140	AAA	0	17,575
0	0	AA+	0	0
0	0	AA	0	0
0	4,650	AA-	0	0
0	16,000	A+	0	25,000
0	5,000	A	0	5,000
0	2,000	A-	0	2,000
16,653	0	N/A	15,384	0
16,653	49,790	Total	15,384	49,575

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	1,475	0.000%	0
Invesco	2,550	0.000%	0
CCLA	2,240	0.000%	0
Northern Trust	11,300	0.000%	0
Goldmans Sachs	10	0.000%	0
<u>Other Investments</u>			
Lloyds Call Account	5,000	0.000%	6
Standard Chartered	3,000	0.009%	278
Goldman Sachs	5,000	0.016%	823
Lloyds 95 day notice	0	0.000%	0
Santander UK Plc - 180 day notice a/c	5,000	0.022%	1,113
Standard Chartered - ESG	12,000	0.016%	2,162
Close Brothers	2,000	0.010%	205
Handelsbanken	0	0.000%	0
Total	49,575		4,587

Please note that we are currently using Historic Default Rates from 1990-2022 for Fitch, 1983-2022 for Moody's and 1981-2022 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 2023 £'000	Historical Experience of Default %	Adjustment for Market 31st March 2023 %	Estimated Maximum Exposure to Default 31st March 2023 £'000	Estimated Maximum Exposure to Default 31st March 2022 £'000
Trade Receivables	1,851	4.8	4.8	89	96
	1,851			89	96

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 £1.463m of the £1.851m balance is past its due date for payment. The past due amount can be analysed by age as follows:

2021/22 £'000	2022/23 £'000
Debtor Analysis	
572 Up to 30 days	638
11 31 to 60 days	44
2 61 to 90 days	6
722 Greater than 90 days	775
1,307 Total	1,463

Community Infrastructure Levy and section 106 receivables have payment terms of 90 days before recovery action is taken. £0.574m of the £0.775m 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:

2021/22			2022/23		
Liabilities	Assets	Net	Liabilities	Assets	Net
£'000	£'000	£'000	£'000	£'000	£'000
		Time to Maturity (years)			
6,638	49,803	43,165 Not over 1	5,834	50,099	44,265
5,500	0	-5,500 Over 1 but not over 2	3,000	0	-3,000
11,000	16,653	5,653 Over 2 but not over 5	14,009	15,384	1,375
21,942	0	-21,942 Over 5 but not over 10	15,994	0	-15,994
48,530	0	-48,530 Over 10	48,432	0	-48,432
3,500	0	-3,500 Uncertain date*	3,500	0	-3,500
97,110	66,456	-30,654 Total	90,769	65,483	-25,286

* 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.

Liquidity Risk: Refinancing and Maturity risk

The Council maintains a significant debt and investment portfolio. Whilst the cash flow procedures above are considered against the refinancing risk procedures, longer-term risk to the Council relates to managing the exposure to replacing financial instruments as they mature. This risk relates to both the maturing of longer term financial liabilities and longer term financial assets.

The approved treasury indicator limits for the maturity structure of debt and the limits placed on investments placed for greater than one year in duration are the key parameters used to address this risk. The Council's approved treasury and investment strategies to address the main risks and the central treasury team address the operational risks within the approved parameters. This includes:

- monitoring the maturity profile of financial liabilities and amending the profile through either new borrowing or the rescheduling of the existing debt; and
- monitoring the maturity profile of investments to ensure sufficient liquidity is available for the Council's day to day cash flow needs, and the spread of longer-term investments provide stability of maturities and returns in relation to the longer term cash flow needs.

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)	7,794

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 2023 is £4.404m.

The Council also holds £12.5m in the CCLA property fund and diversified income fund that has a carrying value as at 31 March 2023 of £10.979m. 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	
	2022/23 £'000	2021/22 £'000	2022/23 £'000	2021/22 £'000
Financial Assets				
Investments				
Principal at amortised cost	0	0	27,000	23,000
Accrued Interest	0	0	435	121
Fair Value through Profit and Loss	15,384	16,653	0	0
Total Financial Assets	15,384	16,653	27,435	23,121
Cash and Cash Equivalents				
Cash (including bank accounts)	0	0	573	795
Cash equivalents at amortised cost	0	0	22,575	26,790
Accrued interest	0	0	89	13
Total Cash and Cash Equivalents	0	0	23,237	27,598
Loans and Receivables				
Trade Debtors	0	0	1,851	2,004
Other Debtors	6,719	7,597	1,503	1,140
Loans	0	0	0	13
Total Loans and Receivables	6,719	7,597	3,354	3,157
Total	22,103	24,250	54,026	53,876

	Long Term		Current	
	2022/23 £'000	2021/22 £'000	2022/23 £'000	2021/22 £'000
Financial Liabilities				
Principal sum borrowed at Amortised cost	81,435	86,972	9,334	10,138
Accrued Interest	0	0	747	762
Fair Value through Profit and Loss	0	0	0	0
Total Financial Liabilities	81,435	86,972	10,081	10,900
Trade Creditors	0	0	5,658	4,066
Other Creditors	0	0	1,242	8,858
Finance Lease Liability	4,864	5,233	145	140
Provisions	0	0	0	0
Total Non-Financial Liabilities	4,864	5,233	7,045	13,064
Total	86,299	92,205	17,126	23,964

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	
	2022/23	2021/22	2022/23	2021/22
	£'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	1,269	-1064
Total Net (Gains) / Losses	0	0	1,269	-1064
Interest expense	4,189	3,903	0	0
Interest Payable and Similar Charges	4,189	3,903	0	0
Interest income	0	0	-2,930	-988
Interest and Investment Income	0	0	-2,930	-988

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	2022/23 £'000	2021/22 £'000
<i>Fair Value through Profit and Loss</i>				
Equity shareholdings in Arkwood Developments Ltd	Level 3	Net Assets valuation (see * below)	4,404	3,655
CCLA Property Fund	Level 1	Unadjusted quoted prices in active markets for identical shares	6,066	3,620
CCLA Diversified Income Fund (DIF)	Level 1	Unadjusted quoted prices in active markets for identical shares	4,914	3,314
Total			15,384	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 £4.404m 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 1.4.22 £'000	In Year Principal Movement £'000	Closing Principal 31.3.23 £'000	Opening Fair Value Adj 1.4.22 £'000	In year Movement £'000	Closing Fair Value Adj 31.3.23 £'000	Carrying Value 31.3.23 £'000
Equity in Arkwood Developments Ltd	4,000	0	4,000	-3	407	404	4,404
CCLA Property Fund	7,000	0	7,000	263	-1,197	-934	6,066
CCLA Diversified Income	5,500	0	5,500	-107	-479	-586	4,914
Total	16,500	0	16,500	153	-1,269	-1,116	15,384

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

	2022/23 £'000	2021/22 £'000
Opening balance	3,997	3,655
Transfers into Level 3	0	0
Transfers out of Level 3	0	0
<i>Total gains or loss (-) for the period:</i>		
• Included on line Financing and Investment Income and Expenditure within the Surplus or Deficit on the Provision of Services	407	342
• Included in Other Comprehensive Income and Expenditure	0	0
Additions	0	0
Disposals	0	0
Closing Balance	4,404	3,997

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 values calculated are as follows:

Fair values of financial liabilities:	2022/23			2021/22	
		£'000	£'000	£'000	£'000
	Fair	Balance	Fair	Balance	Fair
	Value	Sheet	value	Sheet	value
	Level	£'000	£'000	£'000	£'000
<i>Financial Liabilities held at amortised cost:</i>					
Public Works Loans Board	2	74,465	63,589	81,082	85,817
Non PWLB debt	2	17,051	15,815	16,790	24,191
Total		91,516	79,404	97,872	110,008
<i>Liabilities for which fair value is not disclosed:</i>					
Short-term creditors		6,900	6,900	12,924	12,924
Long term Creditors		0	0	0	0
Other Long Term Liabilities - Finance Lease		4,864	4,864	5,233	5,233
Total		11,764	11,764	18,157	18,157
Total Liabilities		103,280	91,168	116,029	128,165

The fair value of borrowings is lower than the carrying amount because the Council's portfolio of loans includes a number of fixed rate loans where the interest rate payable is lower than the prevailing rates at the balance sheet date. This shows a notional future gain (based on economic conditions at 31 March 2023) arising from a commitment to pay interest to lenders below 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:		2022/23		2021/22	
		£'000	£'000	£'000	£'000
	Fair Value Level	Balance Sheet	Fair value	Balance Sheet	Fair value
		£'000	£'000	£'000	£'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		3,354	3,354	3,157	3,157
Long term Debtors		6,719	6,719	7,597	7,597
Short term investments		27,435	27,435	23,121	23,121
Cash and Cash Equivalents		23,237	23,237	27,598	27,598
Total		60,745	60,745	61,473	61,473
Total Assets		60,745	60,745	61,473	61,473

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.

2021/22 £'000	Note	2022/23 £'000
<u>Income</u>		
-22,682 Dwelling Rent		-23,739
-122 Garages		-121
-22 Shops		-30
-22,826 Gross Rental Income		-23,890
-1,027 Charges for Services and Facilities		-1,061
-1,015 Contributions towards Expenditure		-1,255
0 Other Income		0
-24,868 Total Income		-26,206
<u>Expenditure</u>		
5,444 Supervision and Management		6,498
4,921 Repairs and Maintenance		6,105
567 Rents, Rates, Taxes and Other Charges		956
191 Revenue Expenditure Funded by Capital		63
Depreciation of non current assets		
4,611 On dwellings		5,155
306 On other assets		325
0 Impairment of non current assets		0
Revaluation of non current assets		
5,700 On dwellings		2,625
172 On other assets		778
13 Debt Management Expenses		13
21,925 Total Expenditure		22,518
21 HRA share of other amounts included in the whole authority net expenditure of continuing operations but not allocated to specific services		-1
236 HRA Share of Corporate and Democratic Core		217
-2,686 Net Cost of HRA Services as included in the whole authority		-3,472
<u>Comprehensive Income and Expenditure Statement</u>		
482 (Gain)/Loss on sale of HRA non current assets		14
400 Net Interest on the Net Defined Benefit Liability		468
3,854 Interest Payable and Similar Charges		4,123
-1 HRA Interest and Investment Income		-43
-259 Loss Allowance		-264
-1,741 Capital grants and contributions		-459
49 Surplus(-)/Deficit for the year on HRA Services		367

MOVEMENT ON THE HOUSING REVENUE ACCOUNT STATEMENT

2021/22 £'000	2022/23 £'000
-7,461 HRA Balance brought forward including HRA Earmarked Reserves	-7,294
49 Surplus(-)/Deficit on the HRA Income and Expenditure Statement	367
<u>Adjustments between Accounting Basis and Funding Basis under Regulations: Adjustments to the Revenue Resources</u>	
-1,166 Pensions costs (transferred to (or from) the Pensions Reserve)	-1,263
-11,405 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):	-10,224
<u>Adjustments between Revenue and Capital Resources</u>	
1,711 Transfer of non-current asset sale proceeds from revenue to the Capital Receipts Reserve	1,867
-27 Administrative costs of non-current asset disposals (funded by a contribution from the Capital Receipts Reserve)	-26
79 Capital expenditure funded by the Housing Revenue Account	0
10,926 Posting of HRA resources from revenue to the Major Repairs Reserve	9,458
118 Total Adjustments between Accounting Basis and Funding Basis under the legislative framework	-188
167 Increase(-)/Decrease in year in the HRA	179
-7,294 HRA Balance carried forward, including HRA Earmarked Reserves	-7,115

H1 HOUSING STOCK

The Council was responsible for managing an average of 5,531 dwellings during 2022/23 (5,544 2021/22). The stock was made up as follows:

Total 2021/22 No	Pre 1945 No	1945- 1964 No	1965- 1974 No	1975- 2013 No	Total 2022/23 No
<u>Traditional/Non Traditional Houses and Bungalows</u>					
2,052 1 - 2 Bedrooms	70	789	496	712	2,067
1,931 3+ Bedrooms	377	1,090	264	177	1,908
<u>Flats</u>					
1,532 Low Rise (1-2 storeys)	18	692	436	381	1,527
29 Medium Rise (3-5)	0	4	9	16	29
5,544 Total	465	2,575	1,205	1,286	5,531

H2 HOUSING REVENUE ACCOUNT ASSETS

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

2021/22 £'000	2022/23 £'000
323,686 Dwellings	343,440
9,112 Other Land and Buildings	8,512
0 Investment Properties	0
6,205 Assets Under Construction	7,066
0 Surplus Assets	0
87 Community Assets	87
293 Infrastructure Assets	261
2,083 Vehicle, Plant and Equipment	1,969
341,466 Total HRA Property, Plant and Equipment	361,335
976 Assets Held for Sale	612
342,442 Total HRA Assets on Balance Sheet	361,947

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.

2021/22 £'000	2022/23 £'000
770,681 Dwellings	817,715
770,681 Total	817,715

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 2023. 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

2021/22 £'000	2022/23 £'000
11,689 Balance Brought Forward 1st April	17,450
Transfers to Reserve re Depreciation	
4,675 Dwellings	5,155
242 Non Dwellings	325
Transfers to the HRA:	
5,419 HRA Revenue Contribution	3,978
590 Additional transfer to Reserve	0
-3,029 Repayment of Debt	-6,532
-2,136 Amounts used to finance Capital Expenditure	-7,132
17,450 Balance Carried Forward 31st March	13,244

H4 CAPITAL EXPENDITURE AND FINANCING

2021/22 £'000	2022/23 £'000
56 Structural Maintenance	121
406 Roofing Works	665
227 Asbestos and Fire Safety	537
784 Kitchens and Bathrooms	1,759
145 Garage Forecourts	121
197 External Works	425
370 Electrical Works	481
736 Disabled Facilities Provision	806
516 Heating Systems	830
0 Energy Efficiency Works	191
61 Environmental Works	370
8,501 Affordable Housing	5,024
19 Other works	549
12,018 Total	11,879
<u>Financing</u>	
5,000 Borrowing	2,000
2,136 Major Repairs Reserve	7,132
1,303 Government Grants	265
540 Contributions	12
0 Capital Provision	0
3,039 Capital Receipts	2,470
12,018 Total	11,879

H5 CAPITAL RECEIPTS

2021/22 £'000	2022/23 £'000
66 Land and Other Property	10
1,646 Sold Council Houses through Right to Buy	1,856
-27 Less administration costs on sale of Council Houses	-26
1,685 Total	1,840
0 Reallocation of Receipts	0
-443 Less amount paid to Government Pool	0
1,242 Total	1,840

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:

2021/22 £'000	2022/23 £'000
4,611 Council Houses	5,155
306 Other Assets	325
4,917 Total	5,480

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 £0.063m for 2022/23 (£0.191m in 2021/22).

H8 IMPAIRMENT CHARGES

During the financial year 2022/23 there were no material impairment charges.

H9 RENT ARREARS

The total amount of rent arrears as at 31st March 2023 was £627,611 (2021/22 £649,475). Included in the loss allowance is the amount of £335,916 (2021/22 £649,475) relating to rent arrears.

H10 CONTRIBUTIONS TOWARDS EXPENDITURE

The income of £1,254,746 (£1,015,284 in 2021/22) 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.

		2022/23		
2021/22		Domestic	Council	Total
£'000		Rates	Tax	
		£'000	£'000	£'000
<u>Amounts required by statute to be credited to the collection fund</u>				
-32,567	Income from Business Ratepayers	-41,060	0	-41,060
-88,413	Council Tax	0	-92,796	-92,796
0	Transitional Protection Payment	0	0	0
-1	Transfers from General Fund - council tax	0	-21	-21
Contributions towards previous year's estimated collection fund deficit:				
-6,347	Newark and Sherwood District Council	-5,728	0	-5,728
-1,428	Nottinghamshire County Council	-1,289	0	-1,289
0	Nottinghamshire Police - council tax	0	0	0
-159	Nottinghamshire Fire and Rescue	-143	0	-143
-7,934	Central Government - non-domestic rates	-7,160	0	-7,160
-136,849	Total Income	-55,380	-92,817	-148,197
<u>Amounts required by statute to be debited to the collection fund</u>				
Council Tax Precepts and Demands:				
63,237	Nottinghamshire County Council	0	67,745	67,745
9,771	Nottinghamshire Police Authority	0	10,476	10,476
3,318	Nottinghamshire Fire Authority	0	3,485	3,485
7,282	Newark and Sherwood District Council	0	7,646	7,646
3,237	Parishes	0	3,425	3,425
Non Domestic Rates:				
21,783	Payable to Government	19,370	0	19,370
17,427	Newark and Sherwood District Council	15,496	0	15,496
3,921	Nottinghamshire County Council	3,487	0	3,487
436	Nottinghamshire Fire Authority	387	0	387
Contributions towards previous year's estimated collection fund surplus:				
0	Payable to Government	0	0	0
428	Newark and Sherwood District Council	0	286	286
2,547	Nottinghamshire County Council	0	1,720	1,720
135	Nottinghamshire Fire Authority	0	90	90
381	Nottinghamshire Police Authority	0	267	267
1,496	Transitional Payment Protection	413	0	413
164	Costs of Collection	165	0	165
0	Interest Payments on Refunds	0	0	0
821	Provision for Uncollectable Debts	522	590	1,112
-735	Provision for Appeals	-8	0	-8
939	Renewable Energy Retention	980	0	980
136,588	Total Expenditure	40,812	95,730	136,542
-261	Net Surplus(-)/Deficit for year	-14,568	2,913	-11,655
13,292	Fund Balance as at 1st April - Surplus(-)/Deficit	14,435	-1,404	13,031
13,031	Fund Balance as at 31st March - Surplus(-)/Deficit	-133	1,509	1,376

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 deficit of £1.509m 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 surplus of £0.133m 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 2022/23 was 51.2p (2021/22: 51.2p). In 2022/2023 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 2023 was £106,980,043 (31st March 2022: £106,508,392).

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 2022/2023 is as follows:

Band	Adjusted for Discounts, Disabled			2021/22	
	Total Dwellings	Relief and Exemptions	Ratio	Band D Equivalents	Band D Equivalents
A-	-	52.24	5/9	29.02	32.54
A	23,824	17,142.23	6/9	11,428.15	11,252.72
B	8,582	6,991.88	7/9	5,438.13	5,279.41
C	9,199	8,125.16	8/9	7,222.36	7,000.05
D	6,253	5,736.84	9/9	5,736.84	5,566.47
E	4,316	4,011.93	11/9	4,903.47	4,757.64
F	2,736	2,589.65	13/9	3,740.61	3,645.22
G	1,472	1,384.46	15/9	2,307.44	2,266.00
H	126	100.50	18/9	201.00	202.00
Total	56,508	46,134.89		41,007.02	40,002.05
Estimate of Additional Properties to be added during the year				198.00	-
Council Tax Base				41,205.02	40,002.05

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 2022/23 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 £0.500m 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 2022/23, 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 2022/23 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 2022/23. 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 2022/23, which have been consolidated here, have been audited by Arkwood’s auditors and have been given an unqualified audit opinion. Arkwood’s auditors for 2022/23 are Wright Vigar Ltd, 15 Newland, Lincoln, Lincolnshire, LN1 1XG. Arkwood Development Ltd publish an Annual Report which may be viewed at their offices at Castle House, Great North Road, Newark, Notts, NG24 1BY. The company does have share capital, all of which is owned by the Council.

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

RHH Newark Ltd produce a set of company accounts with a year end of 31 March. The accounts for 2022/23, 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 2022/23 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.

GOING CONCERN

The Council is satisfied that the consolidated entities are going concerns and the Group financial statements for 2022/23 have been prepared on this basis accordingly.

GROUP COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT

2021/22			2022/23		
Gross Expend-iture £'000	Gross Income £'000	Net Expend-iture £'000	Gross Expend-iture £'000	Gross Income £'000	Net Expend-iture £'000
3,431	-119	3,312	4,340	-177	4,163
5,748	-538	5,210	6,216	-439	5,777
12,937	-8,142	4,795	18,149	-10,229	7,920
2	0	2	0	0	0
22,784	-21,255	1,529	24,940	-21,481	3,459
5,470	-3,548	1,922	4,451	-3,774	677
9,832	-4,168	5,664	9,317	-2,809	6,508
16,479	-24,868	-8,389	20,109	-26,206	-6,097
2,860	-3,386	-526	7,503	-8,071	-568
5,700	0	5,700	2,624	0	2,624
85,243	-66,024	19,219	97,649	-73,186	24,463
11,708	-5,762	5,946	5,876	-2,400	3,476
5,281	-1,010	4,271	8,818	-2,965	5,853
28	0	28	10	-4	6
134	0	134	167	0	167
0	0	0	0	0	0
15,085	-43,581	-28,496	14,463	-45,373	-30,910
117,479	-116,377	1,102	126,983	-123,928	3,055
0	0	0	3	0	3
80	0	80	95	0	95
0	0	0	0	0	0
117,559	-116,377	1,182	127,081	-123,928	3,153
		-43,577			-22,862
		-16,603			-71,825
		-1,355			-6,720
		-61,535			-101,407
		-60,353			-98,254

GROUP MOVEMENT IN RESERVES

Movement in reserves during 2022/23

	A4T Arkwood RHH Council											A4T Arkwood Council					
	General Fund Balance £'000	Earmarked Reserves £'000	Earmarked Reserves £'000	Earmarked Reserves £'000	Earmarked General Fund Reserves £'000	Housing Revenue Account £'000	Housing Revenue Account Earmarked Reserves £'000	Major Repairs Reserve £'000	Capital Grants Unapplied £'000	Capital Receipts Reserve £'000	Total Usable Reserves £'000	Unusable Reserves £'000	Unusable Reserves £'000	Unusable Reserves £'000	Total Reserves £'000		
Balance at 31 March 2022	1,500	331	-3	8	34,843	2,000	5,294	17,449	13,053	2,910	77,385	-6,771	0	208,154	278,768		
Total Comprehensive Income and Expenditure	-2,793	0	0	0	0	-367	0	0	0	0	-3,160	6,718	21	94,664	98,243		
Adjustment between Group Accounts and Authority accounts	0	-398	407	2	0	0	0	0		0	11	0	0	0	11		
Adjustment between accounting basis & funding basis under regulations	-1,230	518	0	0	0	188	0	-4,205	994	-1,536	-5,271	-518	0	5,789	0		
Net Increase/Decrease(-) before Transfers to	-4,023	120	407	2	0	-179	0	-4,205	994	-1,536	-8,420	6,200	21	100,453	98,254		
Transfers to/from(-)																	
Earmarked Reserves	4,023	0	0	0	-4,023	179	-179	0	0	0	0	0	0	0	0		
Dividends Issued	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0		
Increase/Decrease(-) in 2022/23	0	120	407	2	-4,023	0	-179	-4,205	994	-1,536	-8,420	6,200	21	100,453	98,254		
Balance at 31 March 2023	1,500	451	404	10	30,820	2,000	5,115	13,244	14,047	1,374	68,965	-571	21	308,607	377,022		

Movement in reserves during 2021/22

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

GROUP BALANCE SHEET

	2022/23					
31 March 2022 £'000	NSDC £'000	Active4 today £'000	Arkwood £'000	RHH £'000	Inter 31 March Comp Adj £'000	31 March 2023 £'000
428,486 Property, Plant & Equipment	453,071	0	0	0	6,171	459,242
2,020 Heritage Assets	3,560	0	0	0	0	3,560
0 Investment Properties	0	0	0	0	0	0
337 Intangible Assets	376	0	0	0	0	376
12,656 Long Term Investments	15,384	0	0	0	-4,404	10,980
30 Long Term Debtors	2,377	0	0	0	-2,352	25
4,455 Long Term Finance Lease Debtor	4,342	0	0	0	0	4,342
447,984 TOTAL LONG TERM ASSETS	479,110	0	0	0	-585	478,525
23,121 Short Term Investments	27,435	0	0	0	0	27,435
5,880 Inventories	407	5	5,291	0	-5,291	412
17,250 Short Term Debtors	12,925	910	1,103	0	-812	14,126
1,186 Assets Held For Sale	4,054	0	476	0	-3,232	1,298
27,917 Cash and Cash Equivalents	23,234	55	748	49	0	24,086
75,354 TOTAL CURRENT ASSETS	68,055	970	7,618	49	-9,335	67,357
-10,790 Short Term Borrowings	-10,081	0	0	0	110	-9,971
-28,255 Short Term Creditors	-17,379	-519	-3,193	-39	3,054	-18,076
-8 Provisions Short Term	-354	0	0	0	0	-354
-12,197 Grants Receipts in Advance	-25,782	0	0	0	0	-25,782
-51,250 TOTAL CURRENT LIABILITIES	-53,596	-519	-3,193	-39	3,164	-54,183
0 Long Term Creditors	0	0	0	0	0	0
-1,464 Provisions Long Term	-1,117	0	0	0	0	-1,117
-5,233 Long Term Finance Lease	-4,863	0	0	0	0	-4,863
-86,972 Long Term Borrowing	-81,435	0	0	0	0	-81,435
-91,670 Pensions Liability	-19,798	-571	0	0	0	-20,369
-7,981 Grants Receipts in Advance	-6,893	0	0	0	0	-6,893
-193,320 TOTAL LONG TERM LIABILITIES	-114,106	-571	0	0	0	-114,677
278,768 TOTAL NET ASSETS	379,463	-120	4,425	10	-6,756	377,022
77,385 Usable Reserves	68,100	451	4,404	10	-4,000	68,965
201,383 Unusable Reserves	311,363	-571	21	0	-2,756	308,057
278,768 TOTAL RESERVES	379,463	-120	4,425	10	-6,756	377,022

GROUP CASH FLOW STATEMENT

2021/22 £'000	NSDC £'000	Active4 today £'000	Arkwood £'000	RHH £'000	Inter 31 Comp Adj £'000	March 2023 £'000
-1,182 Net Surplus/Deficit(-) on the Provision of Services	-2,754	-399	407	0	-407	-3,153
25,328 Adjustment to Surplus or Deficit on the Provision of Services for Non-Cash Movements	14,406	405	156	23	-249	14,741
-12,703 Adjust for Item Included in the Net Surplus or Deficit on the Provision of Services that are Investing and Financing Activities	-16,022	0	0	0	407	-15,615
11,443 Net Cash Flows from Operating Activities	-4,370	6	563	23	-249	-4,027
-8,139 Investing Activities	8,408	0	0	0	0	8,408
-230 Financing Activities	-8,461	0	0	0	249	-8,212
3,074 Net Increase or Decrease(-) in Cash and Cash Equivalents	-4,423	6	563	23	0	-3,831
24,843 Cash and Cash Equivalents at the Beginning of the Reporting Period	27,658	49	185	25	0	27,917
27,917 Cash and Cash Equivalents at the End of the Reporting Period	23,235	55	748	48	0	24,086

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	2022/23 Group £'000
Strategy, Performance & Finance	4,098	0	0	0	4,163
Organisational Development & Governance	5,600	0	0	0	5,777
Economic Development & Visitors	7,823	0	0	0	7,920
Economic Development - RHH Newark	0	0	0	0	0
Homes & Health	4,193	0	0	0	-734
Homes & Health - Active4today	0	228	0	0	449
Cleaner, Safer, Greener	6,501	0	0	0	7
Housing Revenue Account	-6,097	0	0	0	0
Housing Revenue Account - Arkwood	0	0	-508	0	-60
- Revaluation Movement on Council Dwellings	2,624	0	0	0	0
Cost of Services	24,742	228	-508	0	1
Other Operating Income and Expenditure	3,476	0	0	0	0
Financing and Investment Income and Expenditure	5,854	0	0	0	-1
Financing and Investment Income and Expenditure - Arkwood	0	0	6	0	0
Interest payable and similar charges - A4T	0	167	0	0	0
Interest payable and similar charges - RHH	0	0	0	0	0
Taxation and Non Specific Grant Income	-30,910	0	0	0	0
Corporation Tax - A4T	0	3	0	0	0
Corporation Tax - Arkwood	0	0	95	0	0
Group Surplus(-)/Deficit	3,162	398	-407	0	0

G2 GROUP EXPENDITURE AND FUNDING ANALYSIS

2021/22			2022/23		
Net Expenditure Chargeable to the General Fund & HRA Balances £'000	Adjustment between the Funding & Accounting Basis £'000	Net Expenditure in the Comprehensive Income & Expenditure Statement £'000	Net Expenditure Chargeable to the General Fund & HRA Balances £'000	Adjustment between the Funding & Accounting Basis £'000	Net Expenditure in the Comprehensive Income & Expenditure Statement £'000
2,849	463	3,312	3,741	422	4,163
4,434	776	5,210	4,657	1,120	5,777
1,013	3,782	4,795	870	7,050	7,920
2	0	2	0	0	0
1,099	430	1,529	205	3,254	3,459
-391	2,313	1,922	325	352	677
3,733	1,931	5,664	4,474	2,034	6,508
-14,435	11,746	-2,689	-13,214	9,741	-3,473
-526	0	-526	-568	0	-568
-2,222	21,441	19,219	490	23,973	24,463
2,806	-21,085	-18,279	3,080	-24,661	-21,581
28	0	28	6	0	6
0	134	134	0	167	167
0	0	0	3	0	3
80	0	80	95	0	95
692	490	1,182	3,674	-521	3,153
General Fund & Earmarked Reserve £'000	HRA & Earmarked Reserve £'000	Total £'000	General Fund & Earmarked Reserve £'000	HRA & Earmarked Reserve £'000	Total £'000
-37,284	-7,461	-44,745	-36,679	-7,294	-43,973
525	167	692	3,494	179	3,673
80	0	80	0	0	0
-36,679	-7,294	-43,973	-33,185	-7,115	-40,300
Closing Balances Split by Reserve:					
-1,500	-2,000	-3,500	-1,500	-2,000	-3,500
-35,179	-5,294	-40,473	-31,685	-5,115	-36,800
-36,679	-7,294	-43,973	-33,185	-7,115	-40,300

G3 NOTE TO THE EXPENDITURE AND FUNDING ANALYSIS

Adjustments between Funding and Accounting Basis 2022/23

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
Strategy, Performance & Finance	6	372	44	422
Organisational Development & Governance	423	631	66	1,120
Economic Development & Visitors	6,273	711	66	7,050
Homes & Health	2,852	349	53	3,254
Homes & Health - Active4today	0	352	0	352
Cleaner, Safer, Greener	1,058	896	80	2,034
Housing Revenue Account	8,947	794	0	9,741
Net Cost of Services	19,559	4,105	309	23,973
Other income and expenditure from the Expenditure and Funding Analysis	-23,165	2,225	-3,721	-24,661
Other Income and Expenditure	0	167	0	167
Difference between General Fund surplus or deficit and Comprehensive Income and Expenditure Statement Surplus or Deficit on the Provision of Services	-3,606	6,497	-3,412	-521

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
Strategy, Performance & Finance	46	417	0	463
Organisational Development & Governance	219	557	0	776
Economic Development & Visitors	3,111	672	0	3,783
Homes & Health	134	296	0	430
Homes & Health - Active4today	0	2,312	0	2,312
Cleaner, Safer, Greener	1,025	906	0	1,931
Housing Revenue Account	10,981	765	0	11,746
Net Cost of Services	15,516	5,925	0	21,441
Other income and expenditure from the Expenditure and Funding Analysis	-21,150	1,897	-1,832	-21,085
Other Income and Expenditure	0	134	0	134
Difference between General Fund surplus or deficit and Comprehensive Income and Expenditure Statement Surplus or Deficit on the Provision of Services	-5,634	7,956	-1,832	490

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 2022/23	Strategy, Performance & Finance £'000	Organisational Development & Governance £'000	Economic Development & Visitors £'000	Homes & Health £'000	Cleaner, Safer, Greener £'000	Housing Revenue Account £'000	Corporate Amounts £'000	Total £'000
Fees, Charges and Other Service Income	-201	-604	-6,071	-6,063	-2,701	-34,297	0	-49,937
Income on Joint Associates	0	0	0	0	0	0	-148	-148
Interest and Investment Income	0	0	0	0	0	0	-2,985	-2,985
Income from Council Tax	0	0	0	0	0	0	-11,004	-11,004
Income from Non Domestic Rates	0	0	0	0	0	0	-21,594	-21,594
Housing Benefit Subsidy Rent Allowance	0	0	0	-9,356	0	0	0	-9,356
Housing Benefit Subsidy Rent Rebates	0	0	0	-8,451	0	0	0	-8,451
Government Grants and Contributions	-52	-17	-4,255	-2,134	-115	-1	-12,774	-19,348
Disposal of Assets	0	0	0	0	0	0	-2,256	-2,256
Adjustment for Group Transactions	76	182	97	749	7	21	19	1,151
Total Income	-177	-439	-10,229	-25,255	-2,809	-34,277	-50,742	-123,928
Employee Expenses	2,743	4,401	4,872	2,459	6,276	5,399	0	26,150
Other Service Expenses	1,052	1,413	13,470	8,796	1,983	16,024	-292	42,446
Housing Benefit Rent Allowance	0	0	0	9,414	0	0	0	9,414
Housing Benefit Rent Rebates	0	0	0	8,497	0	0	0	8,497
Expenditure on Joint Associates	0	0	0	0	0	0	151	151
Support Service Recharges	0	0	0	0	0	0	1,262	1,262
Depreciation, Amortisation and Impairment	556	407	-193	1,259	1,058	8,882	0	11,969
Changes in Fair Value	0	0	0	0	0	0	1,676	1,676
Interest Payments	0	0	0	0	0	13	7,335	7,348
Non Domestic Rates Tariff & Deficit	0	0	0	0	0	0	13,202	13,202
Precepts and Levies	0	0	0	0	0	0	4,103	4,103
Payments to Housing Capital Receipts Pool	0	0	0	0	0	0	0	0
Disposal of Assets	0	0	0	0	0	0	1,916	1,916
Corporation Tax	0	0	0	0	0	0	98	98
Adjustment for Group Transactions	-11	-5	0	-1,034	0	-82	-19	-1,151
Total Operating Expenses	4,340	6,216	18,149	29,391	9,317	30,236	29,432	127,081
Surplus(-)/Deficit on Provision of Services	4,163	5,777	7,920	4,136	6,508	-4,041	-21,310	3,153

Expenditure/Income 2021/22	Strategy, Performance & Finance £'000	Organisational Development & Governance £'000	Economic Development & Visitors £'000	Homes & Health £'000	Cleaner, Safer, Greener £'000	Housing Revenue Account £'000	Corporate Amounts £'000	Total £'000
Fees, Charges and Other Service Income	-191	-772	-4,923	-5,108	-2,433	-28,235	0	-41,662
Income on Joint Associates	0	0	0	0	0	0	-128	-128
Interest and Investment Income	0	0	0	0	0	0	-1,024	-1,024
Income from Council Tax	0	0	0	0	0	0	-10,615	-10,615
Income from Non Domestic Rates	0	0	0	0	0	0	-19,610	-19,610
Housing Benefit Subsidy Rent Allowance	0	0	0	-9,685	0	0	0	-9,685
Housing Benefit Subsidy Rent Rebates	0	0	0	-8,539	0	0	0	-8,539
Government Grants and Contributions	0	-43	-3,256	-1,538	-1,738	-19	-13,356	-19,950
Disposal of Assets	0	0	0	0	0	0	-5,634	-5,634
Adjustment for Group Transactions	72	277	37	67	3	0	14	470
Total Income	-119	-538	-8,142	-24,803	-4,168	-28,254	-50,353	-116,377
Employee Expenses	2,496	3,857	4,225	2,021	5,699	4,962	0	23,260
Other Service Expenses	935	1,327	6,808	8,594	3,234	9,353	-100	30,151
Housing Benefit Rent Allowance	0	0	0	9,729	0	0	0	9,729
Housing Benefit Rent Rebates	0	0	0	8,585	0	0	0	8,585
Expenditure on Joint Associates	0	0	0	0	0	0	148	148
Developers Contribution Payment	0	0	0	0	0	0	2,376	2,376
Depreciation, Amortisation and Impairment	0	567	1,906	-287	899	10,789	0	13,874
Changes in Fair Value	0	0	0	0	0	0	-722	-722
Interest Payments	0	0	0	0	0	13	6,163	6,176
Non Domestic Rates Tariff & Deficit	0	0	0	0	0	0	12,709	12,709
Precepts and Levies	0	0	0	0	0	0	3,871	3,871
Payments to Housing Capital Receipts Pool	0	0	0	0	0	0	443	443
Disposal of Assets	0	0	0	0	0	0	7,349	7,349
Corporation Tax	0	0	0	0	0	0	80	80
Adjustment for Group Transactions	0	-3	0	-388	0	-78	-1	-470
Total Operating Expenses	3,431	5,748	12,939	28,254	9,832	25,039	32,316	117,559
Surplus(-)/Deficit on Provision of Services	3,312	5,210	4,797	3,451	5,664	-3,215	-18,037	1,182

G5 INVENTORIES

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

2021/22 £'000	NSDC £'000	Active4 today £'000	Arkwood £'000	RHH £'000	2022/23 £'000
29 Heritage and Visitor Centres	24	0	0	0	24
57 Administrative Stores	66	0	0	0	66
68 Transport Stores	61	0	0	0	61
67 Stock (Van and Leisure Centre)	64	5	0	0	69
194 Raw Materials and Consumables	192	0	0	0	192
5,465 Works in Progress - Project 1	0	0	0	0	0
5,880 Total	407	5	0	0	412

G6 SHORT TERM DEBTORS

The amounts due to the Group were:-

2021/22 £'000	NSDC £'000	Active4 today £'000	Arkwood £'000	RHH £'000	2022/23 £'000
Amounts falling due within one year:-					
2,026 Trade Receivables	1,850	0	0	23	1,873
926 Prepayments	490	0	0	0	490
-1,057 Inter Company Transactions	-188	-624	0	-23	-835
17,887 Other Receivable Amounts	12,895	910	1,103	0	14,908
19,782 Total	15,047	286	1,103	0	16,436
-2,532 Less Loss Allowance	-2,310	0	0	0	-2,310
17,250 Total Short Term Debtors	12,737	286	1,103	0	14,126

G7 SHORT TERM CREDITORS

The amounts owed by the Group were:-

2021/22 £'000	NSDC £'000	Active4 today £'000	Arkwood £'000	RHH £'000	2022/23 £'000
Amounts falling due within one year:-					
5,121 Trade Payables	7,483	0	0	0	7,483
24,081 Other Payables	9,896	519	3,193	39	13,647
-947 Inter Company Transactions	-515	-76	-2,463	0	-3,054
28,255 Total Short Term Creditors	16,864	443	730	39	18,076

G8 CASH AND CASH EQUIVALENTS

2021/22 £'000	NSDC £'000	Active4 today £'000	Arkwood £'000	RHH £'000	2022/23 £'000
4 Cash held by the Council	4	0	0	0	4
55 Cash in transit	-7	0	0	0	-7
1,055 Bank current accounts	574	55	748	48	1,425
26,803 Short-term deposits with Money Market Funds	22,664	0	0	0	22,664
0 Inter Company Adjustments	0	0	0	0	0
27,917 Current Assets	23,235	55	748	48	24,086
0 Cash in transit	0	0	0	0	0
0 Bank current accounts (overdraft)	0	0	0	0	0
0 Current Liabilities	0	0	0	0	0
27,917 Total Cash and Cash Equivalents	23,235	55	748	48	24,086

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.

2021/22 £'000	NSDC £'000	Active4 today £'000	Arkwood £'000	RHH £'000	2022/23 £'000
100,926 Deficit at 1 April	84,899	6,772	0	0	91,671
<i><u>Cost of Service</u></i>					
7,577 Current Service Cost	7,448	779	0	0	8,227
<i><u>Financing and Investment Income and Expenditure</u></i>					
1,963 Net Interest Expense	2,167	167	0	0	2,334
66 Admin Expense	52	3	0	0	55
90 Past Service Cost	0	0	0	0	0
-17,957 Remeasurement of net defined benefit liability	-71,827	-6,720	0	0	-78,547
2,046 Gain/(loss) from settlements	0	0	0	0	0
-3,040 Employer Contributions	-2,941	-430	0	0	-3,371
91,671 Deficit at 31 March	19,798	571	0	0	20,369

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

2021/22 £'000		NSDC £'000	Active4 today £'000	Arkwood £'000	RHH £'000	2022/23 £'000
-1,182	Net Surplus or Deficit(-) on the Provision of Services	-3,161	-399	407	0	-3,153
	Adjust net surplus or deficit on the provision of services for non-cash movements					
6,847	Depreciation of Property, Plant and Equipment	7,679	0	0	0	7,679
6,985	Impairment and downward valuations	4,239	0	0	0	4,239
60	Amortisation of Intangible Assets	60	0	0	0	60
2,234	Increase/Decrease(-) in Creditors	-6,888	-98	-932	-1	-7,919
10	Increase(-)/Decrease in interest Debtors	10	0	0	0	10
2,217	Increase(-)/Decrease in Debtors	173	-264	-1,404	24	-1,471
-2,677	Increase(-)/Decrease in Inventories	6	-1	2,491	0	2,496
7,956	Pension Liability	5,977	519	0	0	6,496
4,173	Carrying amount of non-current assets, sold or derecognised	1,885	0	0	0	1,885
-2,477	Other non-cash items charged to the net surplus or deficit on the provision of services	1,266	0	0	0	1,266
25,328	Adjust for items included in the net surplus or deficit on the provision of services that are investing or financing activities	14,407	156	155	23	14,741
342	Proceeds from short-term (not considered to be cash equivalents) and long-term investments (includes investments in joint ventures and subsidiaries)	407	0	0	0	407
-10,506	Capital Grants credited to surplus or deficit on the Provision of Services	-13,037	0	0	0	-13,037
-2,539	Proceeds from the sale of non-current assets	-2,985	0	0	0	-2,985
-12,703		-15,615	0	0	0	-15,615
11,443	Net Cash Flows from Operating Activities	-4,369	-243	562	23	-4,027

2021/22 £'000		NSDC £'000	Active4 today £'000	Arkwood £'000	RHH £'000	2022/23 £'000
-15,430	Purchase of Property, Plant and Equipment and Intangible Assets	-18,113	0	0	0	-18,113
-39,900	Purchase of short-term and long-term Investments	-11,000	0	0	0	-11,000
9	Other payments for investing activities	0	0	0	0	0
2,561	Proceeds from the sale of Property, Plant and Equipment and Intangible Assets	3,093	0	0	0	3,093
28,900	Proceeds from short-term and long-term Investments	7,000	0	0	0	7,000
15,721	Other receipts from investing activities	27,428	0	0	0	27,428
-8,139	Net cash flows from investing activities	8,408	0	0	0	8,408

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.

During the 2022/23 financial year, the Council changed its system of Governance from a Committee system to a Cabinet 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..

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 during the 2019/20 financial year which was approved at Council on 7th March 2019 and was 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. The Community Plan will be revised for the next medium term after the local elections in May 2023.

During 2022/23 the Council facilitated policy and decision-making through a Cabinet system. Cabinet meetings are open to the public except where exempt or confidential matters are being considered. Cabinet Members with Portfolio responsibility have authority to take delegated decisions outside Cabinet meetings; these are published on the Council's Decision Register. In addition, the Council's Constitution gives delegated authority for senior officers of the Council to make decisions in certain specified circumstances. Significant or 'Key' proposals are published on the Council's Forward Plan for 28 days before the decision is taken.

This system of Governance was adopted on 17th May 2022. This system of governance is comprised 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. 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.

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

The Tenant Engagement Board – comprises of 4 tenant representatives (Local Influence Network Chairs), and three representatives from Policy and Performance Improvement Committee. This provides a tenant voice on the Council's housing services and performance as well as making recommendations. The group also has oversight of housing regulation under the remit of Housing Assurance Board to ensure the Council is fully compliance in all things health and safety and regulation.

Audit and Governance Committee – comprises 12 Members and is politically balanced. This provides 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.

The aim and priorities identified by Full Council in changing to the Cabinet System were: -

- Faster political decision-making, with greater clarity and transparency about who is accountable for what;
- More effective involvement of elected members and tenants in policy development and performance review, both in relation to the Councils' activities and that of its partners;
- More effective political and managerial oversight of how all the various parts of the Council are working together and their impact on the community;
- More engagement with, and involvement of, key partners in our governance arrangements;
- More support to enable elected members to maximise their role as community leaders/champions;
- Less duplication of effort; less wasted resources

These were distilled by the Council into a set of principles to underpin the design of the new arrangements: -

Inclusion	Ownership	Transparent & Agile	Challenge Performance	Modern & Accessible	Connected
<ul style="list-style-type: none"> •Members feeling involved and well-informed •Members are able to contribute 	<ul style="list-style-type: none"> •The Executive operates as a team, but •Individual members of the Executive take ownership and accountability for their portfolios 	<ul style="list-style-type: none"> •Agile, clear and appropriate decision-making •Swift where it needs to be •Transparent •The 'right' decisions being made at the 'right' level by the 'right' portfolio 	<ul style="list-style-type: none"> •Purposeful, constructive and challenging performance review •Open to external outlook and input 	<ul style="list-style-type: none"> •Modern •Bureaucracy light •Accessible and easy to understand 	<ul style="list-style-type: none"> •Linked up to locality •Connected Cabinet and Performance Review

A review of the new governance arrangements, using these principles as a benchmark, was undertaken six months after implementation, and consultation was undertaken with Members and Officers. The Audit & Governance Committee considered the outcome of the review and reported on to Full Council. No significant issues were identified, however it was agreed that a further report should be undertaken at an appropriate point following the elections in May 2023, when arrangements are more embedded. The review identified the importance of Member training, and Audit & Governance Committee resolved to have oversight of the Member Induction Programme following the May 2023 elections.

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 refresh took place during 2022/23. This was presented to the Audit and Governance Committee at its meeting in June 2023.

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 2022/23 financial year. 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 they consider 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 and this is assessed against the relevant Ombudsman Effective Complaints Handling Code.

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 they feel that there is likely to be any item of unlawful expenditure or an unbalanced budget.

Governance responsibilities in respect of the Council's wholly owned companies (Active 4 Today and Arkwood Developments Ltd) are discharged through the Executive Shareholder Committee which is committee of the Cabinet. This body is responsible for receiving both companies' Business Plans and performance monitoring reports, together with business cases for future housing developments (in respect of Arkwood Developments Ltd).

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. External Consultants (Hatch and Quod) provide consultancy support to each of the project sponsors and 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 further 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. The Council's website has been designed to ensure information is up to date, accurate, easy to find and adheres to new government accessibility legislation. In addition, a system in which the Council can email regular newsletters to particular demographic groups is in place. 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 presence on 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. For tenants specifically, there is a tenant involvement framework consisting of four Local Influence Networks for Sherwood, Newark Rural villages and for Building Safety. These are complemented by a menu of opportunities for engagement with our 5,500 tenants and an annual tenant report containing key activities and performance.

Full Council appoints a non-voting Independent Member to the Audit and Governance Committee. This appointment supplements the elected Members of the Committee by bringing further technical and analytical skills and independence to aid 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 2023, 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. The Council reviews the Constitution through Audit & Governance Committee and, which may establish working parties for in depth reviews, and makes recommendations for amendment to Full Council. An annual review is included in the Committee's Work Programme.

Overview and Scrutiny - During 2022/23 the overview & scrutiny function was undertaken through the Policy and Performance Improvement Committee. Any Member of the Council can ask for an item to be included on the agenda for the Committee, and all Cabinet and Portfolio Holder decisions, and the Forward Plan, are circulated to all Members for transparency and awareness. The Committee has the ability to set up working groups to undertake in depth scrutiny, performance review and policy development.

Internal Audit - is responsible for reviewing the quality and effectiveness of systems of internal control. The internal audit function was carried out by Assurance Lincolnshire during 2022/23. 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.

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 2022/23 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 2021/22 opinion.

For the areas of Financial Control and Risk, these have again been assessed as performing well, which again has not changed since the 2021/22 opinion. All four areas have been further assessed as having a static direction of travel. There were no internal audit reports gave limited assurance (two during 2021/22).

Community Plan - It is part of our vision to be driven by what matters to our residents. Therefore, it is important for us to listen to the views of residents and consider these views in shaping the future of the district.

As such, our Community Plan, a key document that sets out our values, purpose and objectives over the next four years is shaped by the feedback of residents. Our current Community Plan (2020-23) was informed by the results of the 2018 Resident Survey. This survey received 11,224 responses, in addition to feedback from parish councils, local businesses and other partners. The survey showed that the majority of residents of the district were happy with where they live as well as highlighting area that needed attention, and these areas were then reflected in the Community Plan objectives.

Our current Community Plan is ending soon. Therefore, we once again went out to residents to gather their views in the form of the 2022 Resident Survey. The results of which will help shape the next Community Plan, which outlines the future of the district from 2023. It was our first resident survey conducted online and 4,577 residents took part over May and June 2022. Paper copies were available on request too and the survey was promoted via social media, the Council's E-newsletter, leaflets and messages on bus stops. A representative survey was also carried out to allow us to recognise any bias in the open survey. A specialist company asked 780 residents to fill out the survey which represented the district in terms of age, gender, ethnicity, geography and council tenancy. We also consulted with specific groups through workshops and events/visits.

There have been some changes in the views of residents since 2018 and the 2022 survey found that more people are getting in touch with the Council. This is likely because of the effects of the global pandemic as the Council has administered lots of grants and provided various types of support. In terms of other resident priorities, the regeneration of town centres and high streets is more important than in 2018 as are health services. Residents still prioritise

clean and green streets, as they did in 2018, but there were also some new themes around better recycling facilities, especially kerbside services, and an appetite for clear, consistent and timely communication from the Council. Several priority areas raised by residents in the survey are already within the Council's work programme. For example, resident emphasis on the importance of keeping streets and public areas clean and tidy, validates the Cleaner, Safer, Greener agenda. The next step is to work with our new members over this spring to build the 2023-2027 Community Plan. Alongside this, Council tenants are also surveyed via the Survey of Tenants and Residents around the performance and satisfaction with housing services. In 2023-24, the new Tenant Satisfaction Measures are being implemented as a result of the Charter for Social Housing Tenants to make sure the tenants voice and influence on housing services is prioritised and heard by housing authorities and private registered landlords.

CIPFA Financial Management Code of Practice - The Chartered Institute of Public Finance & Accountancy (CIPFA) has introduced a Financial Management Code (FM Code). This sets out, 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.

Within the Annual Governance Statement for the 2021/22 financial year all of the identified 17 standards had been assessed as at Green status albeit there was one action outstanding relating to the development of the Asset Management Strategy which was completed in July 2022.

All 17 of the standards have been reviewed by the S151 officer and the Senior Leadership Team during May 2023 and it was felt that all 17 standards are still at Green status. However, one action has been identified as a further improvement:

- Whilst significant improvements have been made to the performance monitoring and management framework, it is felt that further improvements could be made to align more closely Community Plan performance and financial performance data. These are currently both reported to the same Directorate and Senior Leadership teams and Cabinet, however viewed as independent items. Whilst identifying areas for improvements in Community Plan performance, this needs to be viewed through the financial performance lens in order to realign budgets where appropriate and deliver against all Community Plan priorities.

Significant governance issue

Issue	Action	Responsible Officer	Completion Date
<p>Change in Council membership</p> <p>During May 2023 local elections were held nationally which saw a change in the Councils membership. As a result a number of new members were elected. Some of these members have not sat on Council previously and hence will need training to assist them.</p>	<p>All members were inducted and met with all Business Unit representatives within the first week of being elected. All members also received a presentation from the Chief Executive detailing the Councils Mandatory and Discretionary responsibilities.</p> <p>Dedicated training for members who sit on regulatory Committees are scheduled but more widely, new members will need training on their responsibilities as Councillors and some of the Council policies (e.g. GDPR)</p>	Sue Bearman	July 2023

We propose over the coming year to take steps to address the above matter 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 2022/23 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

Chief Executive

21 February 2024

P. Peacock

Leader of the Council

21 February 2024

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

Report on the audit of the financial statements

Opinion on the financial statements

We have audited the financial statements of Newark and Sherwood District Council ('the [Council]') and its subsidiaries ('the Group') for the year ended 31 March 2023, which comprise the Council and Group Comprehensive Income and Expenditure Statements, the Council and Group Movement in Reserves Statements, the Council and Group Balance Sheets, the Council and Group Cash Flow Statements, the Housing Revenue Account, Collection Fund statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2022/23, as amended by the Update to the Code and Specifications for Future Codes for Infrastructure Assets ("the Code Update"), published in November 2022.

In our opinion, the financial statements:

give a true and fair view of the financial position of the Council and the Group as at 31st March 2023 and of the Council's and the Group's expenditure and income for the year then ended; and

have been properly prepared in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2022/23 as amended by the Code Update.

Basis for opinion

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

Conclusions relating to going concern.

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

Based on the work we have performed, and taking into account the requirements of the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2022/23 as amended by the Code Update, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Council's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

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

Other information

The Deputy Chief Executive and Director of Resources is responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

Responsibilities of the Deputy Chief Executive and Director of Resources for the financial statements

As explained more fully in the Statement of the Chief Financial Officer's Responsibilities, the Deputy Chief Executive and Director of Resources is responsible for the preparation of the Statement of Accounts, which includes the financial statements, in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2022/23 as amended by the Code Update, and for being satisfied that they give a true and fair view. The Deputy Chief Executive and Director of Resources is also responsible for such internal control as the Deputy Chief Executive and Director of Resources determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

The Deputy Chief Executive and Director of Resources is required to comply with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2022/23 as amended by the Code Update and prepare the financial statements on a going concern basis, on the assumption that the functions of the Council will continue in operational existence for the foreseeable future. The Deputy Chief Executive and Director of Resources is responsible for assessing each year whether or not it is appropriate for the Council and Group to prepare its accounts on the going concern basis and disclosing, as applicable, matters related to going concern.

Auditor's responsibilities for the audit of the financial statements

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

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. Based on our understanding of the Council, we identified that the principal risks of non-compliance with laws and regulations related to the Local Government Act 2003 (and associated regulations made under section 21), the Local Government Finance Acts of 1988, 1992 and 2012, and the Accounts and Audit Regulations 2015, the Local Government and Housing Act 1989 and we considered the extent to which non-compliance might have a material effect on the financial statements.

To help us identify instances of non-compliance with these laws and regulations, and in identifying and assessing the risks of material misstatement in respect to non-compliance, our procedures included, but were not limited to:

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

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

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

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

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

We are also required to conclude on whether the Deputy Chief Executive and Director of Resources use of the going concern basis of accounting in the preparation of the financial statements is appropriate. We performed our work in accordance with Practice Note 10: Audit of financial statement and regularity of public sector bodies in the United Kingdom, and Supplementary Guidance Note 01, issued by the National Audit Office in February 2023.

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

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

Responsibilities of the Council

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

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

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

We have undertaken our work in accordance with the Code of Audit Practice, having regard to the guidance issued by the Comptroller and Auditor General in January 2023.

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

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

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

We have nothing to report in these respects.

Use of the audit report

This report is made solely to the members of Newark and Sherwood District Council, as a body, in accordance with part 5 of the Local Audit and Accountability Act 2014 and as set out in paragraph 44 of the Statement of Responsibilities of Auditors and Audited Bodies published by Public Sector Audit Appointments Limited. Our audit work has been undertaken so that we might state to the members of the Council those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the members of the Council, as a body, for our audit work, for this report, or for the opinions we have formed.

Delay in certification of completion of the audit

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

the work necessary to issue our assurance statement in respect of the Council's Whole of Government Accounts consolidation pack; and

the work necessary to satisfy ourselves that the Council has made proper arrangements for securing economy, efficiency, and effectiveness in its use of resources.

Mark Surridge

Key Audit Partner

For and on behalf of Mazars LLP

2 Chamberlain Square

Birmingham

B3 3AX

[Insert date]

Mazars LLP
First floor,
Two Chamberlain Square,
Birmingham
B3 3AX

Dear Sirs

Newark and Sherwood District Council - audit for year ended 31 March 2023

This representation letter is provided in connection with your audit of the financial statements of Rushcliffe Borough Council (the Council) for the year ended 31 March 2023 for the purpose of expressing an opinion as to whether the financial statements give a true and fair view in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2022/23 (the Code) and applicable law.

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

My responsibility for the financial statements and accounting information

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

My responsibility to provide and disclose relevant information

I have provided you with:

- Access to all information of which we are aware that is relevant to the preparation of the financial statements such as records, documentation, and other material;
- Additional information that you have requested from us for the purpose of the audit; and

Unrestricted access to individuals within the Council you determined it was necessary to contact in order to obtain audit evidence.

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

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

Accounting records

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

Accounting policies

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

Accounting estimates, including those measured at fair value

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

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

Contingencies

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

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

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

There are no contingent gains which should be disclosed.

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

Laws and regulations

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

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

Fraud and error

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

I have disclosed to you:

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

others where fraud could have a material effect on the financial statements.

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

Related party transactions

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

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

Impairment review

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

Charges on assets

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

Future commitments

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

Subsequent events

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

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

Brexit

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

Reinforced Autoclaved Aerated Concrete (RAAC)

We confirmed that all buildings which met the criteria of possibly containing RAAC have been surveyed and none of our buildings are affected.

Ukraine

We confirm that we have carried out an assessment of the potential impact of Russian Forces entering Ukraine on the business, including the impact of mitigation measures and uncertainties, and that the disclosure in the Narrative Report fairly reflects that assessment.

Current banking crisis

We confirm that we have assessed the impact on Rushcliffe Borough Council of the on-going Global Banking challenges, in particular whether there is any impact on the council's ability to continue as a going concern, and on the post balance sheet events disclosures.

We confirm that our exposure where applicable (either direct cash exposure or direct / indirect through investments) with Silicon Valley Bank, Credit Suisse, Signature Bank or any other bank in a distress situation, is not material.

Going concern

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

Annual Governance Statement

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

Narrative report

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

Unadjusted misstatements and internal control recommendations

I confirm that the effects of the uncorrected misstatements and internal control recommendations set out at Appendix A are immaterial, both individually and in aggregate, to the financial statements as a whole.

Yours faithfully

Deputy Chief Executive/Director of Resource – S151 Officer



Report to: Audit & Governance Committee Meeting 21 February 2024

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

Lead Officer: Nick Wilson, Business Manager Financial Services on ext 5317

Report Summary	
Report Title	Projected General Fund and Housing Revenue Account Revenue and Capital Outturn Report to 31 March 2024 as at 31 December 2023
Purpose of Report	<p>To update Members with the forecast outturn position for the 2023/24 financial year for the Council's General Fund and Housing Revenue Account revenue and capital budgets.</p> <p>To show performance against the approved estimates of revenue and capital expenditure and income.</p>
Recommendations	<p>That Cabinet:</p> <p>(a) note the General Fund projected favourable outturn variance of £0.636m;</p> <p>(b) note the Housing Revenue Account projected favourable outturn variance of £0.025m to the Major Repairs Reserve;</p> <p>(c) note the Capital Programme revised budget and financing of £69.564m; and</p> <p>(d) note the Prudential indicators at Appendix A.</p>
Reason for Recommendations	<p>To consider the forecast outturn position for the 2023/24 financial year for the Council's General Fund and Housing Revenue Account revenue and capital budgets.</p> <p>Ensure the Council has overall financial sustainability for the current financial year compared to the budgeted position.</p>

1.0 Background

Overview of General Fund Revenue Projected Outturn for 2023/24 as at 31 December 2023

- 1.1 *Table 1* shows a projected unfavourable variance on Service budgets against the revised budget of £0.331m (previous quarter unfavourable variance £0.418m), with an overall favourable variance of £0.636m (previous quarter favourable variance £0.422m) to be transferred to General Fund reserves. This forecast outturn position is based on

meetings which took place with Business Managers during January, whereby they have analysed actual income and expenditure to 31 December 2023 and forecasted forward the additional income and expenditure expected to be incurred to the end of March 2024.

Table 1: General Fund revenue outturn for 2023/24 financial year as at 31 December 2023

	Original Budget £'m	Revised Budget £'m	Projected Outturn £'m	Variance £'m
Net Cost of Services	16.084	17.788	18.119	0.331
Other Operating Expenditure	4.570	4.485	4.485	(0.000)
Finance & Investment Income/Expenditure	(0.859)	(0.859)	(1.333)	(0.474)
Taxation & Non-Specific Grant Income	(21.989)	(22.617)	(23.000)	(0.383)
Net Cost of Non-Service	(18.278)	(18.991)	(19.848)	(0.857)
Net Cost of Council Expenditure	(2.194)	(1.203)	(1.729)	(0.526)
Transfer to/(from) Usable Reserves	1.457	0.466	0.466	0.000
Transfer to/(from) Unusable Reserves	0.737	0.737	0.627	(0.110)
Transfer to/(from) General Reserves	0.000	0.000	0.636	0.636

- 1.2 While the current overall favourable variance of £0.636m is a positive impact for the Councils resources, it is only a forecast, therefore the Outturn Report in June 2024 will finalise the variance and the allocation of that variance into the Councils General Reserves.

Overview of Projected Housing Revenue Account (HRA) Outturn for 2023/24

- 1.3 With reference to the 'Variance' column in *Table 3*, the HRA accounts show a projected unfavourable variance on the Net Cost of HRA Services against the revised budget of £0.044m (previous quarter unfavourable variance £0.155m). However, overall there is an increase in the forecast transfer to the Major Repairs Reserve of £0.025m (previous quarter favourable transfer £0.113m):

Table 3: HRA revenue outturn for 2023/24 financial year as at 31 December 2023

	Original Budget £'m	Revised Budget £'m	Projected Outturn £'m	Variance £'m
Net Cost of HRA Services	(7.701)	(7.160)	(7.116)	0.044
Other Operating Expenditure	0.142	0.142	0.142	0.000
Finance & Investment Income/Expenditure	3.504	3.504	3.435	(0.069)
Taxation & Non Specific Grant Income	0.000	0.000	0.000	0.000
(Surplus)/Deficit on HRA Services	(4.055)	(3.514)	(3.539)	(0.025)
Movements in Reserves				
Transfer to/(from) Usable Reserves	(0.527)	(1.068)	(1.068)	0.000
Transfer to/(from) Unusable Reserves	(5.880)	(5.880)	(5.880)	0.000
Transfer to/(from) Major Repairs Reserve	10.462	10.462	10.487	0.025
Total	0.000	0.000	0.000	0.000

- 1.4 While the current overall favourable variance of £0.025m is a positive impact for the Council's resources, it is only a forecast, therefore the Outturn Report in June 2024 will finalise the variance and therefore the transfer to the Major Repairs Reserve.

Overview of Projected Capital Outturn 2023/24

- 1.5 The table below summarises the position for the Capital Programme as at 31 December 2023 and is split between General Fund and Housing Revenue Account.

	Original Budget £'m	Current Approved Budget £'m	Revised Budget updated for Approval £'m	Actual Spend to 31 December 2023 £'m	Forecast Outturn £'m
General Fund	66.354	64.350	52.238	29.859	52.238
Housing Revenue Account	23.045	16.887	17.236	8.273	17.326
Total	89.399	81.237	69.564	38.132	69.564

- 1.6 As projects are developed and spending commitments are made, budget requirements can change. It is a requirement that Cabinet approve all variations to the Capital Programme. The below table summarises the changes that have been approved and are due to be approved on 5 March 2024 and account for the difference between the Revised budget updated for approval of £69.564m and the original budget of £89.399m above.

	General Fund £'m	HRA £'m
Original Budget as approved on 8 March 2023	66.354	23.045
Slippage added in from 2022/23	21.772	6.871
Reprofiles to future years	(35.957)	(13.537)
Additions/Reductions	0.069	0.947
Total Change	(14.116)	(5.718)
Revised budget to be approved	52.238	17.326

Capital Programme Resources

- 1.7 The revised budget of £69.564m will be financed as follows, with every attempt to minimise the impact on the Council's revenue budget:

	General Fund £'m	Housing Revenue Account £'m	Total £'m
Borrowing	8.299	2.504	10.803
External Grants & Contributions	35.428	1.120	36.548
Capital Receipts	1.844	2.471	4.316
Community Infrastructure Levy	0.100	0	0.100
Revenue Contributions	6.567	11.230	17.797
Total	52.238	17.326	69.564

Prudential Indicators

- 1.8 The Treasury Management Code of Practice 2021 stipulates that quarterly update reports on prudential indicators are now required from 2023/24 onwards.
- 1.9 The prudential indicators are set within the Treasury Management Strategy, Capital Strategy and the Investment Strategy and the three strategies were approved by Audit and Governance Committee on 1 February 2023 and Full Council on 9 March 2023. The summary of the prudential indicators can be found at **Appendix A**.
- 1.10 As can be seen from **Appendix A**, the Council was fully compliant with all of the indicators as set within the Treasury Management Strategy, Capital Strategy and Investment Strategy.

2.0 Implications

- 2.1 In writing this report and in putting forward recommendation's officers have considered the following implications; Data Protection, Digital and Cyber Security, Equality and Diversity, Financial, Human Resources, Human Rights, Legal, Safeguarding and Sustainability, and where appropriate they have made reference to these implications and added suitable expert comment where appropriate.

Background Papers and Published Documents

Projected General Fund and Housing Revenue Account Revenue and Capital Outturn Report to 31 March 2024 as at 30 September 2023

Treasury Strategy Indicators - Borrowing	Original Estimate / Limit £'000	Revised Estimate / Limit £'000	Q1 Actual £'000	Q2 Actual £'000	Q3 Actual £'000	Compliance
Operational Boundary for External Debt	182,926	184,852	90,479	89,755	89,685	Yes
Authorised Limit for External Debt	190,126	192,052	90,479	89,755	89,685	Yes
HRA Debt Limit	144,627	144,627	85,929	88,913	88,913	Yes
Maturity Structure of Borrowing						
Under 12 months	15%	15%	7%	7%	7%	Yes
12 months and within 24 months	15%	15%	3%	3%	3%	
24 months and within 5 years	30%	30%	15%	15%	16%	
5 years and within 10 years	100%	100%	18%	18%	18%	
10 years and above	100%	100%	58%	58%	58%	
Treasury Strategy Indicator - Investing						
Credit risk indicator (Minimum Average Portfolio Rating)	A	A	AA	AA	AA	Yes
Liquidity risk indicator						
3 months	100%	100%	20%	37%	44%	Yes
3 – 12 months	80%	80%	43%	43%	35%	
Over 12 months	60%	60%	37%	20%	21%	
Interest rate risk indicator						
Upper limit on one-year revenue impact of a 1% rise in interest rates	£200,000	£200,000	£182,550	£179,150	196,400.00	Yes
Upper limit on one-year revenue impact of a 1% fall in interest rates	£200,000	£200,000	£182,550	£179,150	196,400.00	
Price risk indicator						
Limit on principal invested beyond year end	£15m	£15m	£12.5m	£12.5m	£12.5m	Yes

Capital Strategy Indicators	Original Estimate / Limit £'000	Revised Estimate / Limit £'000	Q1 Actual £'000	Q2 Actual £'000	Q3 Actual £'000
Capital Expenditure & Financing					
General Fund services	57,707	68,387	7,614	16,653	29,809
Council housing (HRA)	23,045	29,916	1,205	4,345	8
Capital Loan (GF)	8,647	11,408	50	50	50
Total Capital Expenditure	89,399	109,711	8,869	21,048	29,867
Capital Grants	26,073	41,778	3,377	8,015	11,372
Other Contributions incl CIL	8,548	5,600	453	1,074	1,525
Capital Resources	5,738	4,814	389	924	1,311
Revenue / Major Repairs Reserve	18,777	25,440	2,057	4,881	6,926
Borrowing	30,263	32,079	2,593	6,154	8,733
Leasing	-	-	-	-	-
Total Capital Financing	89,399	109,711	8,869	21,048	29,867

Capital Financing Requirement (CFR)					
General Fund services	52,139	47,678	38,510	42,659	27,968
Council housing (HRA)	113,979	120,365	111,003	102,071	105,084
Capital investments	11,408	11,408	50	50	50
Total CFR	177,526	179,451	149,563	144,780	133,102

Proportion of financing costs to net revenue stream

General Fund;					
MRP Charge	765	623	0	613	613
Interest Payable	397	330	15	15	15
Less: Investment Income	-1,642	-1,902	-465	-1,373	-2,146
Total GF Financing costs	-480	-949	-450	-745	-1,518
Proportion of net revenue stream	-2.61%	-4.20%	-8.19%	-6.42%	-8.87%

Housing Revenue Account;

Interest Payable	3,624	3,240	704	1,482	2,156
Depreciation	5,994	5,994	0	0	0
MRR Contributions incl debt repayments	4,851	4,337	1,000	1,500	1,517
Less: Investment Income	-5	-5	0	0	0
Total HRA Financing costs	14,464	13,566	1,704	2,982	3,673
Proportion of net revenue stream	54.52%	54.37%	27.32%	23.88%	0.20

<u>Investment Strategy Indicators</u>	2023/24 Original Estimate / Limit £'000	2023/24 Revised Estimate / Limit £'000	2023/24 Q1 Actual £'000	2023/24 Q2 Actual £'000	2023/24 Q3 Actual £'000
Loans for service purposes					
Subsidiaries	13,000	13,000	50	-	-
Local businesses	500	500	-	-	-
Local charities	500	500	-	-	-
Other Bodies	500	500	25	25	25
Total	14,500	14,500	75	25	25

Net income from service investments to net revenue stream

Total General Fund Service Investment Income	1,642	1,902	465	1,373	2,146
Proportion of net revenue stream	8.92%	8.42%	8.46%	11.83%	12.54%
Total Housing Revenue Account Service Investment Income	5	5	0	0	0
Proportion of net revenue stream	0.02%	0.02%	0.00%	0.00%	0.00%

Shares held for service purposes

Subsidiaries	5,000	5,000	4,001	4,001	4,001
Suppliers	-	-	-	-	-
Local businesses	-	-	-	-	-
Total	5,000	5,000	5,000	5,000	5,000



Report to: Audit & Governance Committee Meeting 21 February 2024

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

Lead Officer: Nick Wilson, Business Manager Financial Services on ext 5317

Report Summary	
Report Title	Treasury Management Strategy 2024/25
Purpose of Report	This report seeks approval for the Treasury Management Strategy, which incorporates the Borrowing Strategy, Investment Strategy, and Treasury Prudential Indicators, updated in accordance with latest guidance.
Recommendations	<p>That Committee approves each of the following key elements and recommends these to Full Council on 8 March 2023 while noting that as the budgets are still being finalised some of the figures within the Strategy may alter:</p> <ul style="list-style-type: none"> • The Treasury Management Strategy 2024/25, incorporating the Borrowing Strategy and the Annual Investment Strategy (Appendix A). • The Treasury Prudential Indicators and Limits, contained within Appendix A. • The Authorised Limit Treasury Prudential Indicator contained within Appendix A.
Reason for Recommendation	To ensure that the Committee discharges its responsibilities as per its delegated authority within the Councils constitution.

1.0 Background

1.1 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.”

1.2 Statutory Requirements:

- The Local Government Act 2003 (the Act) and supporting regulations requires the Council to ‘have regard to’ the CIPFA Prudential Code and the CIPFA Treasury

Management in the Public Services: Code of Practice and Cross-Sectoral Guidance Notes to set Treasury Prudential Indicators for the next three years to ensure that the Council's capital investment plans are affordable, prudent and sustainable.

- The Act therefore requires the Council to set out its Treasury Strategy for Borrowing and to prepare an Annual Investment Strategy (as required by Investment Guidance subsequent to the Act). This sets out the Council's policies for managing its investments and for giving priority to the security and liquidity of those investments.

1.3 CIPFA Requirements:

The primary requirements of the Code are as follows:

- The creation and maintenance of a Treasury Management Policy Statement which sets out the policies and objectives of the Council's treasury management activities;
- The creation and maintenance of Treasury Management Practices which set out the manner in which the Council will seek to achieve those policies and objectives;
- Receipt by the full Council of an annual Treasury Management Strategy Statement - including the Annual Investment Strategy, a Mid-year Review Report and an Annual Report covering activities during the previous year;

- 1.4 This report seeks approval for the Treasury Management Strategy 2024/25 (Appendix A), which encompasses the Treasury Prudential Indicators, the Borrowing Strategy, and the Annual Investment Strategy, in accordance with latest guidance as follows:

2.0 **Summary of Investment Limits and Indicators**

- 2.1 The Council's investment priorities will be security first, portfolio liquidity second and then yield, (return). No investment limits have been amended for the financial year 2024/25. Also, it is proposed to use the same prudential indicators for the investing activity, further details are in the **Appendix**.

3.0 **Summary of Borrowing Limits and Indicators**

- 3.1 The Council's borrowing limits are directly affected by the Council's approved capital programme and any capital expenditure financed by borrowing will therefore increase the Capital Financing Requirement (CFR). In respect of the tables within the documents, these reflect the proposed capital programme that will be presented to Cabinet on 20 February 2024 to be approved at Council on 7 March 2024. Where changes occur, these will be reflected in the documents as appropriate. The CFR is the level of expected borrowing and when compared to the actual external debt the variance represents the over or under borrowing position.
- 3.2 The Council is currently in an under borrowed position which means that previous capital expenditure financed by borrowing hasn't yet required actual external debt due

to the timing of cash backed reserves that haven't yet been utilised. However, this is always a temporary position as ultimately when the cash backed reserves are used there will be a requirement for actual external borrowing.

- 3.3 The table below shows the Councils increasing CFR due to capital expenditure financed by borrowing less the actual external debt, with no new borrowing assumptions, less the cash backed reserves and working capital (debtors less creditors), further details are in **Appendix A**.

	2024/25 Forecast £'000	2025/26 Forecast £'000	2026/27 Forecast £'000
Loans CFR	169,975	199,676	206,224
Less: External borrowing	-82,397	-77,357	-74,312
Internal (over) borrowing	87,578	122,319	131,912
Less: Usable reserves	-49,806	-48,436	-44,868
Less: Working capital	-10,500	-10,500	-10,500
Investments (or New borrowing)	-27,272	-63,383	-76,544

The table indicates that over the next forecasted three year period there will potentially be a minimum requirement to borrow an additional £76m.

- 3.4 Within the borrowing strategy the following limits are proposed for the operational boundary and authorised limit over the three year period, further details in **Appendix A**.

	2024/25 Forecast £'000	2025/26 Forecast £'000	2026/27 Forecast £'000
Operational Boundary	176,975	206,676	213,224
Authorised Limit	181,975	211,676	218,224

Background Papers and Published Documents

CIPFA Treasury Management in the Public Services: Code of Practice and Cross-Sectoral Guidance Notes 2011 Edition and the 2017 revised Edition

CIPFA Prudential Code Local Government Act 2003

CIPFA Standard of Professional Practice on Treasury Management

TREASURY MANAGEMENT STRATEGY STATEMENT 2024/25**Introduction**

The Council is required to operate a balanced budget, which broadly means that cash raised during the year will meet cash expenditure. Part of the treasury management operation is to ensure that this cash flow is adequately planned, with cash being available when it is needed. Surplus monies are invested in low-risk counterparties or instruments commensurate with the Council's low risk appetite, providing adequate liquidity initially before considering investment return.

The second main function of the treasury management service is the funding of the Council's capital plans. These capital plans provide a guide to the borrowing need of the Council, essentially the longer-term cash flow planning, to ensure that the Council can meet its capital spending obligations. This management of longer-term cash may involve arranging long or short-term loans or using longer-term cash flow surpluses. On occasion, when it is prudent and economic, any debt previously drawn may be restructured to meet Council risk or cost objectives.

The contribution the treasury management function makes to the authority is critical, as the balance of debt and investment operations ensure liquidity or the ability to meet spending commitments as they fall due, either on day-to-day revenue or for larger capital projects. The treasury operations will see a balance of the interest costs of debt and the investment income arising from cash deposits affecting the available budget. Since cash balances generally result from reserves and balances, it is paramount to ensure adequate security of the sums invested, as a loss of principal will in effect result in a loss to the General Fund Balance.

CIPFA defines treasury management as:

"The management of the local authority's borrowing, 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."

This strategy covers the requirements of the Local Government Act 2003, the CIPFA Prudential Code, DLUHC MRP Guidance, the CIPFA Treasury Management Code and DLUHC Investment Guidance.

Investments held for service purposes or for commercial profit are considered in a different report, the Investment Strategy.

Treasury Management Reporting

The Council is currently required to receive and approve, as a minimum, three main treasury reports each year, which incorporate a variety of policies, estimates and actuals.

- a. **Prudential and treasury indicators and treasury strategy** (this report) - The first, and most important report is forward looking and covers:
 - the capital forecast summary;
 - the treasury management strategy, (how the investments and borrowings are to be organised), including treasury indicators; and
 - an investment strategy, (the parameters on how treasury investments are to be managed).
- b. **A mid-year treasury management report** – This is primarily a progress report and will update members on the treasury position, amending prudential indicators as necessary, and whether any policies require revision.
- c. **An annual treasury report** – This is a backward looking review document and provides details of a selection of actual prudential and treasury indicators and actual treasury operations compared to the estimates within the strategy.

Scrutiny

The above reports and strategies are required to be adequately scrutinised before being recommended to the Council. This role is undertaken by the Audit and Governance Committee.

Quarterly Reports

In addition to the three major reports detailed above, from 2023/24 quarterly reporting (end of June/end of December) is also required. However, these additional reports do not have to be reported to Full Council but do require to be adequately scrutinised. This role is undertaken by the Cabinet and the Prudential Indicators form part of the Quarterly Budget Monitoring Reports.

Training

The CIPFA Code requires the responsible officer to ensure that members with responsibility for treasury management receive adequate training in treasury management. This especially applies to members responsible for scrutiny. Treasury Management training has been undertaken by members on 5 December 2023 and further training will be arranged as required.

The training needs of treasury management officers are periodically reviewed.

A formal record of the training received by officers central to the Treasury function will be maintained by the finance department. Similarly, a formal record of the treasury

management/capital finance training received by members will also be maintained by democratic services.

Treasury Management Consultants

The Council uses Link Group, Treasury solutions as its external treasury management advisors.

The Council recognises that responsibility for treasury management decisions remains with the organisation at all times and will ensure that undue reliance is not placed upon the services of external service providers. All decisions will be undertaken with regards to all available information, including, but not solely, treasury advisers.

It also recognises that there is value in employing external providers of treasury management services in order to acquire access to specialist skills and resources. The Council will ensure that the terms of their appointment and the methods by which their value will be assessed are properly agreed and documented, and subjected to regular review.

Capital Summary and Liability Benchmark

On 31 December 2023, the Council held £97m of borrowing and £59m of investments. Forecast changes in these sums are shown in the balance sheet analysis table below.

The Council's capital expenditure plans are the key driver of treasury management activity. The output of the capital expenditure plans is reflected in the prudential indicators, which are designed to assist members' overview and confirm capital expenditure plans.

Capital expenditure and financing:

	2022/23 Actual £'000	2023/24 Estimate £'000	2024/25 Estimate £'000	2026/27 Estimate £'000	2027/28 Estimate £'000
General Fund services	19,998	48,205	21,599	26,301	6,443
Council housing (HRA)	11,879	17,521	25,808	25,537	14,384
Capital Loan (GF)	-761	4,000	4,000	3,408	0
TOTAL	31,116	69,726	51,407	55,246	20,827
Capital Grants	12,014	35,742	5,316	7,606	1,378
Other Contributions	567	806	1,307	346	0
Capital Receipts	3,761	4,316	1,667	5,439	2,359
Revenue/ Major Repairs	9,302	18,092	14,475	6,006	6,289
Borrowing	5,472	10,770	28,642	35,849	10,801
TOTAL	31,116	69,726	51,407	55,246	20,827

The Council's borrowing need (the Capital Financing Requirement)

	2022/23 Actual £'000	2023/24 Estimate £'000	2024/25 Estimate £'000	2026/27 Estimate £'000	2027/28 Estimate £'000
General Fund CFR	28,018	41,564	54,441	69,184	68,776
HRA CFR	106,601	103,570	115,534	130,492	137,448
Total CFR	134,619	145,134	169,975	199,676	206,224
Less: External borrowing	-90,969	-85,435	-82,397	-77,357	-74,312
Internal (over) borrowing	43,650	59,699	87,578	122,319	131,912
Less: Usable reserves	-68,099	-52,339	-49,806	-48,436	-44,868
Less: Working capital	-6,329	-10,500	-10,500	-10,500	-10,500
Investments (or New borrowing)	30,778	3,140	-27,272	-63,383	-76,544

The underlying need to borrow for capital purposes is measured by the Capital Financing Requirement (CFR), while usable reserves and working capital are the underlying resources available for investment. The CFR is simply the total historic outstanding capital expenditure which has not yet been paid for from either revenue or capital resources. It is essentially a measure of the Council's indebtedness and so it's underlying borrowing need. The Council's current strategy is to maintain borrowing and investments below their underlying levels, sometimes known as internal borrowing.

The Council has an increasing CFR due to the proposed capital programme, and diminishing investments and will therefore be required to borrow up to a minimum of an additional £76m over the forecast period.

CIPFA's *Prudential Code for Capital Finance in Local Authorities* recommends that the Council's total debt should be lower than its highest forecast CFR over the next three years. The table above shows that the Council expects to comply with this recommendation during 2024/25.

Liability benchmark: A liability benchmark has been calculated showing the lowest level of borrowing required. This assumes the same forecasts as the table above, but that cash and investment balances are kept to a minimum level of £10m, as per MiFID II, at each year-end to maintain sufficient liquidity but minimise credit risk.

	2022/23 Actual £'000	2023/24 Estimate £'000	2024/25 Estimate £'000	2026/27 Estimate £'000	2027/28 Estimate £'000
Loans CFR	134,619	145,134	169,975	199,676	206,224
Less: Usable reserves	-68,099	-52,339	-49,806	-48,436	-44,868
Less: Working capital	-6,329	-10,500	-10,500	-10,500	-10,500
Plus: Minimum investments	10,000	10,000	10,000	10,000	10,000
Liability Benchmark	70,191	92,295	119,669	150,740	160,856

Borrowing Strategy

The treasury management function ensures that the Council's cash is organised in accordance with the relevant professional codes, so that sufficient cash is available to meet this service activity and the Council's capital strategy. This will involve both the organisation of the cash flow and, where capital plans require, the organisation of appropriate borrowing facilities. The strategy covers the relevant treasury / prudential indicators, the current and projected debt positions.

Objectives: The Council's chief objective when borrowing money is to strike an appropriately low risk balance between securing low interest costs and achieving certainty of those costs over the period for which funds are required. The flexibility to renegotiate loans should the Council's long-term plans change is a secondary objective.

Current Borrowing portfolio position

The Council's treasury portfolio position, with forward projections are summarised below. The table shows the actual external debt (the treasury management operations), against the underlying capital borrowing need (the Capital Financing Requirement - CFR), highlighting any over or under borrowing.

	2022/23 Actual £'000	2023/24 Estimate £'000	2024/25 Estimate £'000	2026/27 Estimate £'000	2027/28 Estimate £'000
Debt at 1 April	97,111	90,969	85,435	82,397	77,357
Expected change in Debt	-6,142	-5,534	-3,038	-5,040	-3,045
Actual gross debt at 31	90,969	85,435	82,397	77,357	74,312
The Capital Financing Requirement	134,619	145,134	169,975	199,676	206,224
Under / (over) borrowing	43,650	59,699	87,578	122,319	131,912

Within the prudential indicators there are a number of key indicators to ensure that the Council operates its activities within well-defined limits. One of these is that the Council needs to ensure that its gross debt does not, except in the short term, exceed the total of the CFR in the preceding year plus the estimates of any additional CFR for 2024/25 and the following two financial years. This allows some flexibility for limited early borrowing for future years, but ensures that borrowing is not undertaken for revenue purposes.

Treasury Indicators: limits to borrowing activity

Prudential Indicator 1: Operational Boundary for External Debt: The operational boundary is based on the Council's estimate of most likely (i.e. prudent but not worst case) scenario for external debt. It links directly to the Council's estimates of capital expenditure, the capital financing requirement and cash flow requirements, and is a key management tool for in-year

monitoring. Other long-term liabilities comprise of finance leases, Private Finance Initiatives and other liabilities that are not borrowing but form part of the Council's debt.

Operational Boundary	2023/24 Revised £'000	2024/25 Estimate £'000	2025/25 Estimate £'000	2026/27 Estimate £'000
Borrowing	150,134	174,975	204,676	211,224
Impact of IFRS16	2,000	2,000	2,000	2,000
Total Debt	152,134	176,975	206,676	213,224

Prudential Indicator 2 and 3: Authorised Limit for External Debt: The authorised limit is the affordable borrowing limit determined in compliance with the Local Government Act 2003. It is the maximum amount of debt that the Council can legally owe. The authorised limit provides headroom over and above the operational boundary for unusual cash movements.

Authorised Limit	2023/24 Revised £'000	2024/25 Estimate £'000	2025/25 Estimate £'000	2026/27 Estimate £'000
Borrowing	155,134	179,975	209,676	216,224
Impact of IFRS16	2,000	2,000	2,000	2,000
Total Debt	157,134	181,975	211,676	218,224

Separately, the Council has previously been limited to a maximum HRA CFR through the HRA self-financing regime and the Government set HRA Debt cap, however on 30 October 2018 the Government removed the HRA Debt cap. The Council deems it prudent to have a limit on the borrowing for the HRA, therefore it has chosen to use the Interest Cover Ratio (ICR) as its borrowing boundary for the HRA. The ICR represents the cover that the HRA has against its interest cost liabilities in any year. The ICR is set to a minimum which provides comfort that if there were a sudden drop in income or increase in operating costs, there would be sufficient headroom to continue to cover debt interest payments. The typical lending covenants used with the ratio varies between 1.10 and 1.50, the lower rate represents less cover and higher rate represents more cover, the Council will use the most prudent approach and therefore use 1.50 within the ratio to provide the most comfort of interest costs cover. The ICR has been modelled into the current HRA 30 year business plan and the maximum additional debt capacity set is £14.197m in order to maintain affordability in each financial year:

HRA Debt Limit	2023/24 Revised £'000	2024/25 Estimate £'000	2025/25 Estimate £'000	2026/27 Estimate £'000
HRA CFR	103,570	115,534	130,492	137,448
Additional ICR Debt	14,197	14,197	14,197	14,197
HRA Authorised Limit	117,767	129,731	144,689	151,645

Prudential Indicator 4: Maturity structure of borrowing: This indicator is set to control the Council's exposure to refinancing risk. The upper and lower limits on the maturity structure of fixed and variable rate borrowing will be:

	Upper	Lower
Under 12 months	15%	0%
12 months and within 24 months	15%	0%
24 months and within 5 years	30%	0%
5 years and within 10 years	100%	0%
10 years and above	100%	0%

Time periods start on the first day of each financial year. The maturity date of borrowing is the earliest date on which the lender can demand repayment.

Strategy: The Council is currently maintaining an under-borrowed position. This means that the capital borrowing need, (the Capital Financing Requirement), has not been fully funded with loan debt as cash supporting the Authority's reserves, balances and cash flow has been used as a temporary measure. This strategy is prudent as medium and longer dated borrowing rates are expected to fall from their current levels once prevailing inflation concerns are addressed by tighter near-term monetary policy. That is, Bank Rate remains elevated through to the second half of 2024.

Against this background and the risks within the economic forecast, caution will be adopted with the 2024/25 treasury operations. The Director of Resources/Deputy Chief Executive will monitor interest rates in financial markets and adopt a pragmatic approach to changing circumstances.

The benefits of internal or short-term borrowing will be monitored regularly against the potential for incurring additional costs by deferring borrowing into future years when long-term borrowing rates are forecast to rise modestly. Link will assist the Council with this 'cost of carry' and breakeven analysis. Its output may determine whether the Council borrows additional sums at long-term fixed rates in 2024/25 with a view to keeping future interest costs low, even if this causes additional cost in the short-term.

Alternatively, the Council may arrange forward starting loans during 2024/25, where the interest rate is fixed in advance, but the cash is received in later years. This would enable certainty of cost to be achieved without suffering a cost of carry in the intervening period.

In addition, the Council may borrow (normally for up to one month) short-term loans to cover unplanned cash flow shortages. Any decisions will be reported to the appropriate decision-making body at the next available opportunity.

Sources of borrowing: Currently the PWLB Certainty Rate is set at gilts + 80 basis points for both HRA and non-HRA borrowing. However, consideration may still need to be given to sourcing funding from the following additional sources.

The approved sources of long-term and short-term borrowing are:

- Public Works Loan Board (PWLB) and any successor body
- UK Municipal Bonds Agency plc any institution approved for investments (see below)
- any other bank or building society authorised to operate in the UK
- any other UK public sector body
- UK public and private sector pension funds
- capital market bond investors
- Finance Leases

Our advisors will keep us informed as to the relative merits of each of these alternative funding sources.

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. £3.5m of these LOBOs have options during 2024/25, and although the Council understands that lenders are unlikely to exercise their options in the current low interest rate environment, there remains an element of refinancing risk. The Council will take the option to repay LOBO loans at no cost if it has the opportunity to do so. Total borrowing via LOBO loans will be limited to £0m.

Short-term and variable rate loans: These loans leave the Council exposed to the risk of short-term interest rate rises and are therefore subject to the interest rate exposure limits in the treasury management indicators.

Debt rescheduling: The PWLB allows authorities to repay loans before maturity and either pay a premium or receive a discount according to a set formula based on current interest rates. Other lenders may also be prepared to negotiate premature redemption terms. Rescheduling of current borrowing in our debt portfolio is unlikely to occur. If rescheduling was done, it will be reported to Council, at the earliest meeting following its action.

Policy on borrowing in advance of need: The Council will not borrow more than or in advance of its needs purely in order to profit from the investment of the extra sums borrowed. Any decision to borrow in advance will be within forward approved Capital Financing Requirement estimates, and will be considered carefully to ensure that value for money can be demonstrated and that the Council can ensure the security of such funds.

Policy on internal borrowing interest to the HRA: On 1st April 2012, the Council notionally split each of its existing long-term loans into General Fund and HRA pools. In the future, new long-term loans borrowed will be assigned in their entirety to one pool or the other.

Interest payable and other costs/income arising from long-term loans (e.g. premiums and discounts on early redemption) will be charged/ credited to the respective revenue account. Differences between the value of the HRA loans pool and the HRA's underlying need to borrow (capital financing requirement) will result in an internal borrowing situation. The internal borrowing on the HRA will be charged at the 25 year fixed maturity interest rate for PWLB for the 31 March for the relevant financial year with the credit going to the General Fund balance.

Investment Strategy

Management of Risk

The Department of Levelling Up, Housing and Communities (DLUHC) and CIPFA have extended the meaning of 'investments' to include both financial and non-financial investments. This report deals solely with treasury (financial) investments, (as managed by the treasury management team). Non-financial investments, essentially the purchase of income yielding assets, are covered in the Capital Strategy and Investment Strategy.

The Council's investment policy has regard to the following: -

- DLUHC's Guidance on Local Government Investments ("the Guidance")
- CIPFA Treasury Management in Public Services Code of Practice and Cross Sectoral Guidance Notes 2021 ("the Code")
- CIPFA Treasury Management Guidance Notes 2021

The Council's investment priorities will be security first, portfolio liquidity second and then yield, (return).

The above guidance from the DLUHC and CIPFA place a high priority on the management of risk. The Council has adopted a prudent approach to managing risk.

The Council holds invested funds, representing income received in advance of expenditure plus balances and reserves held. In the past 9 months, the Council's investment balance has ranged between £52 and £83 million. Levels available for investment are affected by capital expenditure and use of reserves, both will continue to be monitored throughout the financial year.

Objectives: As the CIPFA Code requires the Council to invest its funds prudently, and to have regard to the security and liquidity of its investments before seeking the highest rate of return, or yield. The Council's objective when investing money is to strike an appropriate balance between risk and return, minimising the risk of incurring losses from defaults and the risk of receiving unsuitably low investment income. Where balances are expected to be invested for more than one year, the Council will aim to achieve a total return that is equal or higher than the prevailing rate of inflation, in order to maintain the spending power of the sum invested.

Strategy: Given the continued risk and market volatility, the Council aims to continue investing into secure and/or higher yielding asset classes during 2024/25. This is especially the case for the estimated £15m that is potentially available for longer-term investment. The majority of the Council's surplus cash is currently invested in short-term unsecured bank deposits and money market funds.

Business models: As a result of the change in accounting standards under IFRS 9, the Council must consider the implications of investment instruments which could result in an adverse

movement in the value of the amount invested and resultant charges at the end of the year to the General Fund. The Department for Levelling Up, Housing and Communities (DLHUC) has released a consultation in advance of the current expiry of the qualifying Pooled Fund override to IFRS 9 accounting requirements. The current regulation 30K, which was introduced on 1 April 2018 will come to an end on 31 March 2023. However, Ministers have decided to extend the existing IFRS9 statutory override for a further 2 years until 31 March 2025.

Creditworthiness Policy; The primary principle governing the Council's investment criteria is the security of its investments, although the yield or return on the investment is also a key consideration. After this main principle, the Council will ensure that:

1. It maintains a policy covering both the categories of investment types it will invest in, criteria for choosing investment counterparties with adequate security, and monitoring their security; and
2. It has sufficient liquidity in its investments. For this purpose, it will set out procedures for determining the maximum periods for which funds may prudently be committed. These procedures also apply to the Council's prudential indicators covering the maximum principal sums invested.

The Director of Resources/Deputy Chief Executive will maintain a counterparty list in compliance with the following criteria in the table below and will revise the criteria and submit them to Council for approval as necessary.

Credit rating information is supplied by Link Group, our treasury advisors, on all active counterparties that comply with the criteria below. Any counterparty failing to meet the criteria would be omitted from the counterparty (dealing) list. Any rating changes, rating Watches (notification of a likely change), rating Outlooks (notification of the longer-term bias outside the central rating view) are provided to officers almost immediately after they occur and this information is considered before dealing. For instance, a negative rating Watch applying to counterparty at the minimum Council criteria will be suspended from use, with all others being reviewed in light of market conditions.

Use of additional information other than credit ratings. Additional requirements under the Code require the Council to supplement credit rating information. Whilst the below criteria relies primarily on the application of credit ratings to provide a pool of appropriate counterparties for officers to use, additional operational market information will be applied before making any investment decision from the agreed pool of counterparties. This additional market information (for example Credit Default Swaps, rating Watches/Outlooks) will be applied to compare the relative security of differing investment opportunities.

Time and monetary limits applying to investments. The time and monetary limits for institutions on the Council's counterparty list are as follows:

Credit rating	Banks unsecured	Banks secured	Government	Corporates	Registered Providers
UK Govt	n/a	n/a	£ Unlimited 50 years	n/a	n/a
AAA	£8m 5 years	£10m 20 years	£20m 50 years	£5m 20 years	£5m 20 years
AA+	£6m 5 years	£10m 10 years	£10m 25 years	£5m 10 years	£5m 10 years
AA	£6m 4 years	£10m 5 years	£10m 15 years	£5m 5 years	£5m 10 years
AA-	£6m 3 years	£10m 4 years		£5m 4 years	£5m 10 years
A+	£6m 2 years	£10m 3 years		£5m 3 years	£5m 5 years
A	£6m 13 months	£10m 2 years		£5m 2 years	£5m 5 years
A-	£5m 6 months	£10m 13 months		£5m 13 months	£5m 5 years
None		n/a			£5m 5 years
Pooled funds and real estate investment trusts		£15m per fund or trust			

This table must be read in conjunction with the notes below

Credit rating: Investment limits are set by reference to the lowest published long-term credit rating from a selection of external rating agencies. Where available, the credit rating relevant to the specific investment or class of investment is used, otherwise the counterparty credit rating is used. However, investment decisions are never made solely based on credit ratings, and all other relevant factors including external advice will be taken into account.

Banks unsecured: Accounts, deposits, certificates of deposit and senior unsecured bonds with banks and building societies, other than multilateral development banks. These investments are subject to the risk of credit loss via a bail-in should the regulator determine that the bank is failing or likely to fail. See below for arrangements relating to operational bank accounts.

Banks secured: Covered bonds, reverse repurchase agreements and other collateralised arrangements with banks and building societies. These investments are secured on the bank's assets, which limits the potential losses in the unlikely event of insolvency, and means that they are exempt from bail-in. Where there is no investment specific credit rating, but the collateral upon which the investment is secured has a credit rating, the higher of the collateral credit rating and the counterparty credit rating will be used to determine cash and time limits. The combined

secured and unsecured investments in any one bank will not exceed the cash limit for secured investments.

Government: Loans, bonds and bills issued or guaranteed by national governments, regional and local authorities and multilateral development banks. These investments are not subject to bail-in, and there is generally a lower risk of insolvency, although they are not zero risk. Investments with the UK Central Government may be made in unlimited amounts for up to 50 years.

Corporates: Loans, bonds and commercial paper issued by companies other than banks and registered providers. These investments are not subject to bail-in, but are exposed to the risk of the company going insolvent. Loans to unrated companies will only be made as part of a diversified pool in order to spread the risk widely.

Registered providers: Loans and bonds issued by, guaranteed by or secured on the assets of registered providers of social housing and registered social landlords, formerly known as housing associations. These bodies are tightly regulated by the Regulator of Social Housing (in England), the Scottish Housing Regulator, the Welsh Government and the Department for Communities (in Northern Ireland). As providers of public services, they retain the likelihood of receiving government support if needed.

Pooled funds: Shares or units in diversified investment vehicles consisting of the any of the above investment types, plus equity shares and property. These funds have the advantage of providing wide diversification of investment risks, coupled with the services of a professional fund manager in return for a fee. Short-term Money Market Funds that offer same-day liquidity and very low or no volatility will be used as an alternative to instant access bank accounts, while pooled funds whose value changes with market prices and/or have a notice period will be used for longer investment periods.

Bond, equity and property funds offer enhanced returns over the longer term, but are more volatile in the short term. These allow the Council to diversify into asset classes other than cash without the need to own and manage the underlying investments. Because these funds have no defined maturity date, but are available for withdrawal after a notice period, their performance and continued suitability in meeting the Council's investment objectives will be monitored regularly.

Real estate investment trusts: Shares in companies that invest mainly in real estate and pay the majority of their rental income to investors in a similar manner to pooled property funds. As with property funds, REITs offer enhanced returns over the longer term, but are more volatile especially as the share price reflects changing demand for the shares as well as changes in the value of the underlying properties.

Operational bank accounts: The Council will incur operational exposures through its current accounts, with Lloyds Bank. These are not classed as investments, but are still subject to the risk of a bank bail-in, and balances will therefore be kept below £850,000 net in the bank. The Bank

of England has stated that in the event of failure, banks with assets greater than £25 billion are more likely to be bailed-in than made insolvent, increasing the chance of the Council maintaining operational continuity.

Country and sector limits: Due care will be taken to consider the country, group and sector exposure of the Council's investments.

The Council has determined that it will only use approved counterparties from countries with a minimum sovereign credit rating of AA (excluding UK) from Fitch (or equivalent). This list will be added to, or deducted from by officers should ratings change in accordance with this policy.

Investment limits: In order to limit the amount of reserves that will be potentially put at risk in the case of a single default, the maximum that will be lent to any one organisation (other than the UK Government) will be £15 million. A group of banks under the same ownership will be treated as a single organisation for limit purposes. Limits will also be placed on fund managers, investments in brokers' nominee accounts, foreign countries and industry sectors as below. Investments in pooled funds and multilateral development banks do not count against the limit for any single foreign country, since the risk is diversified over many countries.

Investment limits

	Cash limit
Any single organisation, except the UK Central Government	£15m each
UK Central Government	unlimited
Any group of organisations under the same ownership	£15m per group
Any group of pooled funds under the same management	£15m per manager
Negotiable instruments held in a broker's nominee account	£10m per broker
Foreign countries	£10m per country
Registered providers and registered social landlords	£10m in total
Unsecured investments with building societies	£10m in total
Loans to unrated corporates	£15m in total
Local Authorities	£15m each
Money market funds	£12m each
Real estate investment trusts	£10m in total

Liquidity management: The forecast is compiled on a prudent basis to minimise the risk of the Council being forced to borrow on unfavourable terms to meet its financial commitments. Limits on long-term investments are set by reference to the Council's medium-term financial plan and cash flow forecast.

Policy on internal investment interest to the HRA: On 1st April 2012, the Council notionally split each of its existing long-term loans into General Fund and HRA pools. Interest receivable for HRA balance sheet resources available for investment will result in a notional cash balance. This balance will be measured at the end of the financial year and interest transferred from the General Fund to the HRA at the average investment rate for a DMO investment for the financial year due to the General Fund carrying all the credit risk per investment.

Investment returns expectations: The suggested budgeted investment earnings rates for returns on investments placed for periods up to about three months during each financial year are as follows:

Average earnings in each year	
2023/24 (residual)	5.30%
2024/25	4.70%
2025/26	3.20%
2026/27	3.00%
2027/28	3.25%

Treasury Indicators: limits to investing activity

The Council measures and manages its exposures to treasury management risks using the following indicators.

Prudential Indicator 5: Security: The Council has adopted a voluntary measure of its exposure to credit risk by monitoring the value-weighted average credit rating of its investment portfolio. This is calculated by applying a score to each investment (AAA=1, AA+=2, etc.) and taking the arithmetic average, weighted by the size of each investment. Unrated investments are assigned a score based on their perceived risk.

Credit risk indicator	Target
Portfolio average credit rating	A

Prudential Indicator 6: Liquidity: The Council has adopted a voluntary measure of its exposure to liquidity risk by monitoring the amount of cash available to meet unexpected payments within a banding period, without additional borrowing.

Liquidity risk indicator	Target	Limit
Total cash available within;		
3 months	30%	100%
3 – 12 months	30%	80%
Over 12 months	40%	60%

Prudential Indicator 7: Interest rate exposures: This indicator is set to control the Council's exposure to interest rate risk. The upper limits on the one-year revenue impact of a 1% rise or fall in interest rates will be:

Interest rate risk indicator	Limit
Upper limit on one-year revenue impact of a 1% <u>rise</u> in interest rates	£400,000
Upper limit on one-year revenue impact of a 1% <u>fall</u> in interest rates	£400,000

The impact of a change in interest rates is calculated on the assumption that maturing loans and investments will be replaced at current rates.

Prudential Indicator 8: Principal sums invested for periods longer than a year: 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. The limits on the long-term principal sum invested to final maturities beyond the period end will be:

Price risk indicator	2024/25	2025/26	2026/27
Limit on principal invested beyond year end	£15m	£15m	£15m

Treasury Management Practice (TMP1) – Credit and Counterparty Risk Management

The DLUHC issued Investment Guidance in 2018, and this forms the structure of the Council's policy below. These guidelines do not apply to either trust funds or pension funds which operate under a different regulatory regime.

The key intention of the Guidance is to maintain the current requirement for Councils to invest prudently, and that priority is given to security and liquidity before yield. In order to facilitate this objective the guidance requires this Council to have regard to the CIPFA publication Treasury Management in the Public Services: Code of Practice and Cross-Sectoral Guidance Notes. This Council adopted the Code and will apply its principles to all investment activity. In accordance with the Code, the Director of Resources has produced its treasury management practices (TMPs). This part, TMP 1, covering investment counterparty policy requires approval each year.

Annual investment strategy - The key requirements of both the Code and the investment guidance are to set an annual investment strategy, as part of its annual treasury strategy for the following year, covering the identification and approval of following:

- The strategy guidelines for choosing and placing investments.
- The principles to be used to determine the maximum periods for which funds can be committed.

Strategy guidelines – The main strategy guidelines are contained in the body of the treasury strategy statement and in accordance with the Code, the Council has set additional criteria to set the time and amount of monies which will be invested in institutions.

The monitoring of investment counterparties - The credit rating of counterparties will be monitored regularly. The Council receives credit rating information (changes, rating watches and rating outlooks) from Link Group as and when ratings change, and counterparties are checked promptly. On occasion ratings may be downgraded when an investment has already been made. The criteria used are such that a minor downgrading should not affect the full receipt of the principal and interest. Any counterparty failing to meet the criteria will be removed from the list immediately by the Director of Resources, and if required new counterparties which meet the criteria will be added to the list.

Treasury Management Scheme of Delegation

(i) Full Council

- receiving and reviewing reports on treasury management policies, practices and activities;
- approval of annual strategy.
- approval of/amendments to the organisation's adopted clauses, treasury management policy statement and treasury management practices;
- budget consideration and approval;
- approval of the division of responsibilities;

(ii) Audit and Governance Committee

- reviewing the treasury management policy and procedures and making recommendations to the responsible body;
- receiving and reviewing regular monitoring reports and acting on recommendations; and
- approving the selection of external service providers and agreeing terms of appointment.

The Treasury Management Role of the Section 151 Officer

The S151 (responsible) officer

- recommending clauses, treasury management policy/practices for approval, reviewing the same regularly, and monitoring compliance;
- submitting regular treasury management policy reports;
- submitting budgets and budget variations;
- receiving and reviewing management information reports;
- reviewing the performance of the treasury management function;
- ensuring the adequacy of treasury management resources and skills, and the effective division of responsibilities within the treasury management function;
- ensuring the adequacy of internal audit, and liaising with external audit;
- recommending the appointment of external service providers;
- preparation of a capital strategy to include capital expenditure, capital financing, and treasury management, with a long term timeframe;
- ensuring that the capital strategy is prudent, sustainable, affordable and prudent in the long term and provides value for money;
- ensuring that due diligence has been carried out on all treasury is in accordance with the risk appetite of the authority;
- ensure that the authority has appropriate legal powers to undertake expenditure on non-financial assets and their financing;
- ensuring the proportionality of all investments so that the authority does not undertake a level of investing which exposes the authority to an excessive level of risk compared to its financial resources;
- ensuring that an adequate governance process is in place for the approval, monitoring and ongoing risk management of all non-financial investments and long term liabilities;
- provision to members of a schedule of all non-treasury investments including material investments in subsidiaries, joint ventures, loans and financial guarantees ;
- ensuring that members are adequately informed and understand the risk exposures taken on by an authority;
- ensuring that the authority has adequate expertise, either in house or externally provided, to carry out the above; and
- creation of Treasury Management Practices which specifically deal with how non treasury investments will be carried out and managed.

Economic Background and Interest Rate Forecast

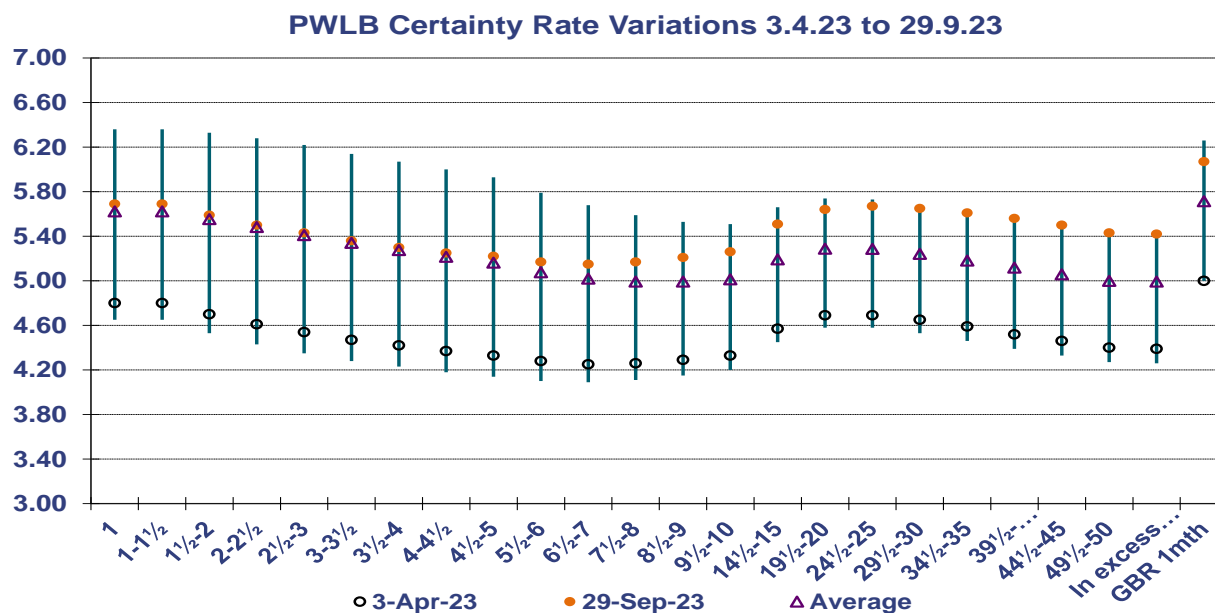
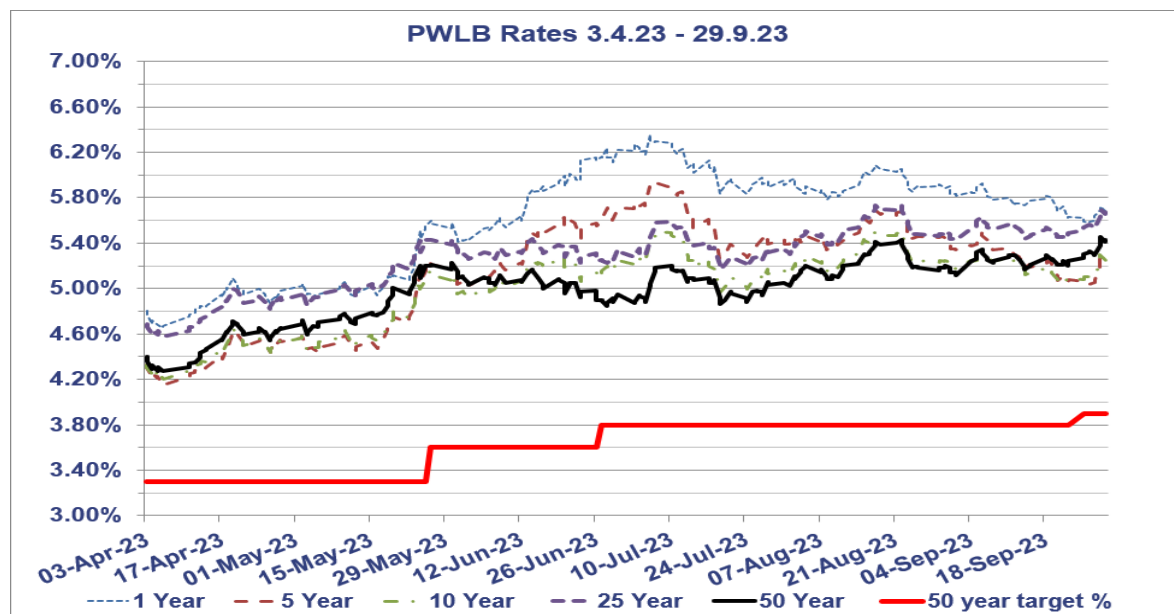
- The first half of 2023/24 saw:
 - Interest rates rise by a further 100bps, taking Bank Rate from 4.25% to 5.25% and, possibly, the peak in the tightening cycle.
 - Short, medium and long-dated gilts remain elevated as inflation continually surprised to the upside.
 - CPI inflation falling from 8.7% in April to 6.7% in September, its lowest rate since February 2022, but still the highest in the G7.
 - Core CPI inflation declining to 6.1% in September from 7.1% in April and May, a then 31 years high.
 - A cooling in labour market conditions, but no evidence yet that it has led to an easing in wage growth (as the 3myy growth of average earnings rose by 7.8% for the period June to August, excluding bonuses).
- The registering of 0% GDP for Q3 suggests that underlying growth has lost momentum since earlier in the year. Some of the weakness in July was due to there being almost twice as many working days lost to strikes in July (281,000) than in June (160,000). But with output falling in 10 out of the 17 sectors, there is an air of underlying weakness.
- The fall in the composite Purchasing Managers Index from 48.6 in August to 46.7 in September left it at its lowest level since COVID-19 lockdowns reduced activity in January 2021. At face value, it is consistent with the 0% q/q rise in real GDP in the period July to September, being followed by a contraction in the next couple of quarters.
- The 0.4% m/m rebound in retail sales volumes in August is not as good as it looks as it partly reflected a pickup in sales after the unusually wet weather in July. Sales volumes in August were 0.2% below their level in May, suggesting much of the resilience in retail activity in the first half of the year has faded.
- As the growing drag from higher interest rates intensifies over the next six months, we think the economy will continue to lose momentum and soon fall into a mild recession. Strong labour demand, fast wage growth and government handouts have all supported household incomes over the past year. And with CPI inflation past its peak and expected to decline further, the economy has got through the cost-of-living crisis without recession. But even though the worst of the falls in real household disposable incomes are behind us, the phasing out of financial support packages provided by the government during the energy crisis means real incomes are unlikely to grow strongly. Higher interest rates will soon bite harder too. We expect the Bank of England to keep interest rates at the probable peak of 5.25% until the second half of 2024. Mortgage rates are likely to stay above 5.0% for around a year.
- The tightness of the labour market continued to ease, with employment in the three months to July falling by 207,000. The further decline in the number of job vacancies from 1.017m in July to 0.989m in August suggests that the labour market has loosened a bit further since July. That is the first time it has fallen below 1m since July 2021. At 3.0% in July, and likely to have fallen to 2.9% in August, the job vacancy rate is getting closer to 2.5%, which would be consistent with slower wage growth. Meanwhile, the 48,000 decline in the supply of workers

in the three months to July offset some of the loosening in the tightness of the labour market. That was due to a 63,000 increase in inactivity in the three months to July as more people left the labour market due to long term sickness or to enter education. The supply of labour is still 0.3% below its pre-pandemic February 2020 level.

- But the cooling in labour market conditions still has not fed through to an easing in wage growth. The headline 3myy rate rose 7.8% for the period June to August, which meant UK wage growth remains much faster than in the US and in the Euro-zone. Moreover, while the Bank of England's closely watched measure of regular annual average total pay growth for the private sector was 7.1% in June to August 2023, for the public sector this was 12.5% and is the highest total pay annual growth rate since comparable records began in 2001. However, this is affected by the NHS and civil service one-off non-consolidated payments made in June, July and August 2023. The Bank of England's prediction was for private sector wage growth to fall to 6.9% in September.
- CPI inflation declined from 6.8% in July to 6.7% in August and September, the lowest rate since February 2022. The biggest positive surprise was the drop in core CPI inflation, which declined from 6.9% to 6.1%. That reverses all the rise since March.
- In its latest monetary policy meeting on 06 November, the Bank of England left interest rates unchanged at 5.25%. The vote to keep rates on hold was a split vote, 6-3. It is clear that some members of the MPC are still concerned about the stickiness of inflation.
- Like the US Fed, the Bank of England wants the markets to believe in the higher for longer narrative. In terms of messaging, the Bank once again said that "further tightening in monetary policy would be required if there were evidence of more persistent inflationary pressures", citing the rise in global bond yields and the upside risks to inflation from "energy prices given events in the Middle East". So, like the Fed, the Bank is keeping the door open to the possibility of further rate hikes. However, it also repeated the phrase that policy will be "sufficiently restrictive for sufficiently long" and that the "MPC's projections indicate that monetary policy is likely to need to be restrictive for an extended period of time". Indeed, Governor Bailey was at pains in his press conference to drum home to markets that the Bank means business in squeezing inflation out of the economy.
- This narrative makes sense as the Bank of England does not want the markets to decide that a peak in rates will be soon followed by rate cuts, which would loosen financial conditions and undermine its attempts to quash inflation. The language also gives the Bank of England the flexibility to respond to new developments. A rebound in services inflation, another surge in wage growth and/or a further leap in oil prices could conceivably force it to raise rates in the future.

In the table below, the rise in gilt yields across the curve as a whole in 2023/24, and therein PWLB rates, is clear to see.

PWLB RATES 01.04.23 - 29.09.23



HIGH/LOW/AVERAGE PWLB RATES FOR 01.04.23 – 29.09.23

	1 Year	5 Year	10 Year	25 Year	50 Year
Low	4.65%	4.14%	4.20%	4.58%	4.27%
Date	06/04/2023	06/04/2023	06/04/2023	06/04/2023	05/04/2023
High	6.36%	5.93%	5.51%	5.73%	5.45%
Date	06/07/2023	07/07/2023	22/08/2023	17/08/2023	28/09/2023
Average	5.62%	5.16%	5.01%	5.29%	5.00%
Spread	1.71%	1.79%	1.31%	1.15%	1.18%

The peak in medium to longer dated rates has generally arisen in August and September and has been primarily driven by continuing high UK inflation, concerns that gilt issuance may be too much for the market to absorb comfortably, and unfavourable movements in US Treasuries.

The S&P 500 and FTSE 100 have struggled to make much ground through 2023.

CENTRAL BANK CONCERNS

Currently, the Fed has pushed up US rates to a range of 5.25% to 5.5%, whilst the MPC followed by raising Bank Rate to 5.25%. EZ rates have also increased to 4% with further tightening a possibility.

Ultimately, however, from a UK perspective it will not only be inflation data but also employment data that will mostly impact the decision-making process, although any softening in the interest rate outlook in the US may also have an effect (just as, conversely, greater tightening may also).

INTEREST RATE FORECASTS

The Council has appointed Link Group as its treasury advisor and part of their service is to assist the Authority to formulate a view on interest rates. Link provided the following forecasts on 07 November 2023. These are forecasts for Bank Rate, average earnings and PWLB certainty rates, gilt yields plus 80 bps.

Link Group Interest Rate View	07.11.23												
	Dec-23	Mar-24	Jun-24	Sep-24	Dec-24	Mar-25	Jun-25	Sep-25	Dec-25	Mar-26	Jun-26	Sep-26	Dec-26
BANK RATE	5.25	5.25	5.25	5.00	4.50	4.00	3.50	3.25	3.00	3.00	3.00	3.00	3.00
3 month ave earnings	5.30	5.30	5.30	5.00	4.50	4.00	3.50	3.30	3.00	3.00	3.00	3.00	3.00
6 month ave earnings	5.60	5.50	5.40	5.10	4.60	4.10	3.60	3.40	3.10	3.10	3.10	3.10	3.10
12 month ave earnings	5.80	5.70	5.50	5.20	4.70	4.20	3.70	3.50	3.30	3.30	3.30	3.30	3.30
5 yr PWLB	5.00	4.90	4.80	4.70	4.40	4.20	4.00	3.80	3.70	3.60	3.50	3.50	3.50
10 yr PWLB	5.10	5.00	4.80	4.70	4.40	4.20	4.00	3.80	3.70	3.70	3.60	3.60	3.50
25 yr PWLB	5.50	5.30	5.10	4.90	4.70	4.50	4.30	4.20	4.10	4.10	4.00	4.00	4.00
50 yr PWLB	5.30	5.10	4.90	4.70	4.50	4.30	4.10	4.00	3.90	3.90	3.80	3.80	3.80

PWLB RATES

- Gilt yield curve movements have broadened since our last Newsflash. The short part of the curve has not moved far but the longer-end continues to reflect inflation concerns. At the time of writing there is 60 basis points difference between the 5 and 50 year parts of the curve.

The balance of risks to the UK economy: -

- The overall balance of risks to economic growth in the UK is to the downside.

Downside risks to current forecasts for UK gilt yields and PWLB rates include: -

- Labour and supply shortages** prove more enduring and disruptive and depress economic activity (accepting that in the near-term this is also an upside risk to inflation and, thus, could keep gilt yields high for longer).

- **The Bank of England** has increased Bank Rate too fast and too far over recent months, and subsequently brings about a deeper and longer UK recession than we currently anticipate.
- **UK / EU trade arrangements** – if there was a major impact on trade flows and financial services due to complications or lack of co-operation in sorting out significant remaining issues.
- **Geopolitical risks**, for example in Ukraine/Russia, the Middle East, China/Taiwan/US, Iran and North Korea, which could lead to increasing safe-haven flows.

Upside risks to current forecasts for UK gilt yields and PWLB rates: -

- Despite the recent tightening to 5.25%, the **Bank of England proves too timid** in its pace and strength of increases in Bank Rate and, therefore, allows inflationary pressures to remain elevated for a longer period within the UK economy, which then necessitates Bank Rate staying higher for longer than we currently project.
- **The pound weakens** because of a lack of confidence in the UK Government's pre-election fiscal policies, resulting in investors pricing in a risk premium for holding UK sovereign debt.
- Longer-term **US treasury yields** rise strongly if inflation remains more stubborn there than the market currently anticipates, consequently pulling gilt yields up higher. (We saw some movements of this type through October although generally reversed in the last week or so.)
- Projected **gilt issuance, inclusive of natural maturities and QT**, could be too much for the markets to comfortably digest without higher yields compensating.

Forecasts for PWLB rates and gilt and treasury yields

We now expect the MPC will keep Bank Rate at 5.25% for the remainder of 2023 and the first half of 2024 to combat on-going inflationary and wage pressures. We do not think that the MPC will increase Bank Rate above 5.25%, but it is possible.

The overall longer-run trend is for gilt yields and PWLB rates to fall back over the timeline of our forecasts, as inflation starts to fall through the remainder of 2023 and into 2024.



Report to: Audit & Governance Committee Meeting 21 February 2024

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

Lead Officer: Nick Wilson, Business Manager Financial Services on ext 5317

Report Summary	
Report Title	Capital Strategy 2024/25
Purpose of Report	To seek Committee approval to the Capital Strategy 2024/25, this incorporates the Minimum Revenue Provision Policy and Capital Prudential Indicators, updated in accordance with latest guidance.
Recommendations	<p>That Committee approves each of the following key elements and recommends these to Full Council on 7 March 2024 while noting that as the budgets are still being finalised some of the figures within the Strategy may alter:</p> <ul style="list-style-type: none"> • The Capital Strategy 2024/25 Appendix A. • The Capital Prudential Indicators and Limits for 2024/25, contained within Appendix A. • The Minimum Revenue Provision (MRP) Policy Statement as contained within Appendix C, which sets out the Council's policy on MRP. • The Flexible Use of Capital Receipts Strategy, contained with Appendix D.
Reason for Recommendation	To ensure that the Committee discharges its responsibilities as per its delegated authority within the Councils constitution.

1.0 Background

- 1.1 The Capital Strategy outlines the principles and framework that shape the Council's capital decisions. The principal aim is to deliver a programme of capital investment that contributes to the achievement of the Council's priorities and objectives as set out in the Corporate Plan.

1.2 The Strategy defines at the highest level how the capital programme is to be formulated; it identifies the issues and options that influence capital spending and sets out how the resources and capital programme will be managed.

1.3 Statutory Requirements:

- The Local Government Act 2003 (the Act) and supporting regulations requires the Council to 'have regard to' the CIPFA Prudential Code and the CIPFA Treasury Management Code of Practice to set Capital Prudential Indicators each financial year to ensure that the Council's capital investment plans are affordable, prudent and sustainable.

1.4 CIPFA Requirements:

- The Prudential Indicators set out the expected capital activities during the financial year (as required by the CIPFA Prudential Code for Capital Finance in Local Authorities).
- Delegation by the Council of the role of scrutiny of Capital Strategy and Policies to a specific named body. For this Council the delegated body is the Audit and Accounts Committee.

2.0 Summary of Capital Expenditure and Financing

2.1 The table below summaries the total forecasted capital expenditure and financing over the next three years, further breakdown is contained within the Strategy;

	2024/25 budget	2025/26 budget	2026/27 budget
Total Capital Expenditure	51,407	55,246	20,827
Capital Grants	5,316	7,606	1,378
Other Contributions	1,307	346	0
Capital Receipts	1,667	5,439	2,359
Revenue/ Major Repairs Reserve	14,475	6,006	6,289
Borrowing	28,642	35,849	10,801
Total Capital Financing	51,407	55,246	20,827

Background Papers and Published Documents

CIPFA Prudential Code Local Government Act 2003

CIPFA Treasury Management Code of Practice

Capital Strategy Report 2024/25

Introduction

This capital strategy gives a high-level overview of how capital expenditure, capital financing and treasury management activity contribute to the provision of local public services along with an overview of how associated risk is managed and the implications for future financial sustainability. It has been written in an accessible style to enhance stakeholders' understanding of these sometimes technical areas.

As well as detailing the approved capital programme, the document also sets out the Council's ambitions over the medium to longer term.

The basic elements of the Strategy therefore include:

- A direct relationship to the Community Plan;
- An investment programme expressed over the medium to long term;
- A framework that prioritises the use of capital resources;
- A consideration of the need to pursue external financing (grants, contributions, borrowing etc), which reconcile external funding opportunities with the Council's priorities and organisational objectives, so that it is the achievement of the latter that directs effort to secure the former; and
- A direct relationship with the Treasury Management Strategy, and the limitations on activity through the treasury management Prudential Indicators.

This document is intended for the use by all stakeholders to show how the Council makes decisions on capital investment:

- for Cabinet and Council – to decide on capital investment policy within the overall context of investment need/opportunity and affordability;
- for Councillors – to provide an understanding of the need for capital investment and help them scrutinise policy and management;
- for Officers – to provide an understanding of the Council's capital investment priorities, to assist them in bidding for capital resources, and to confirm their role in the capital project management and monitoring arrangements;
- for taxpayers – to demonstrate how the Council seeks to prudently manage capital resources and look after its assets; and
- for partners – to share with them our Vision and help to co-ordinate and seek further opportunities for joint ventures.

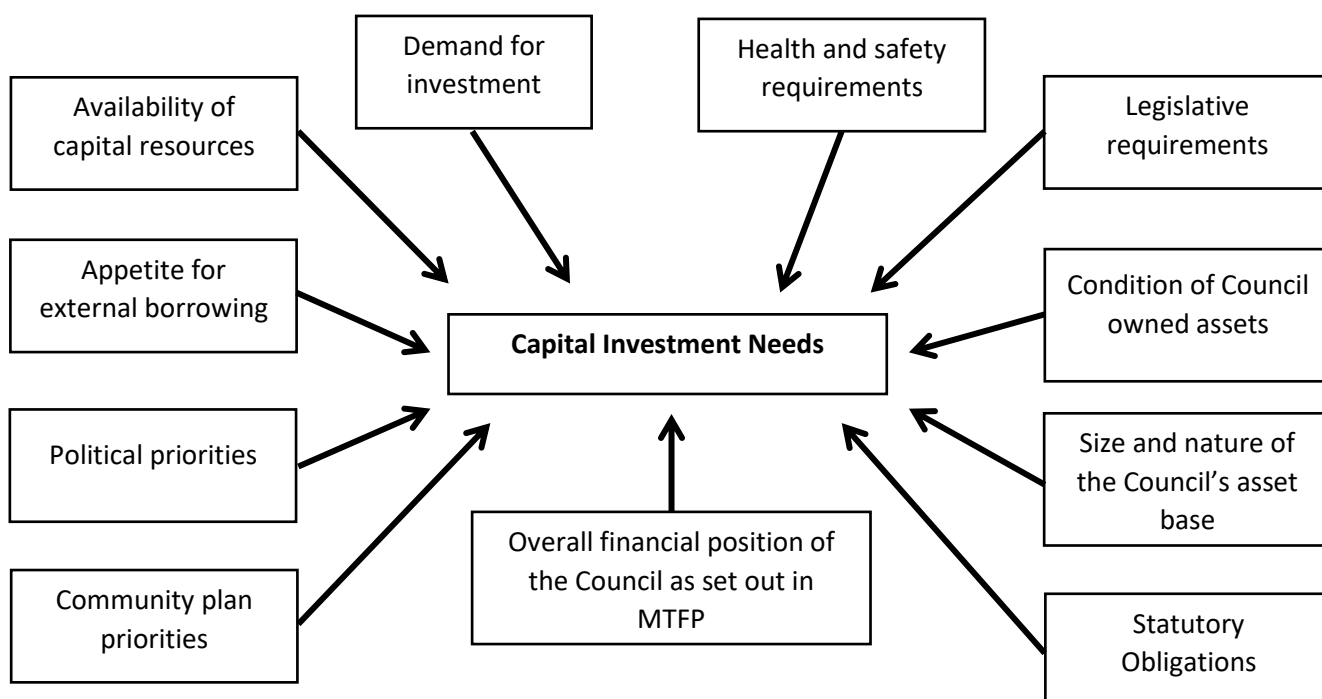
CAPITAL INVESTMENT PRIORITIES

Newark and Sherwood's Community Plan covers the period from 2023 to 2027 and sets out what the Council intends to achieve over the next four years providing a focus for activities and prioritisation of public money.

The Council's Purpose and 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:** Open, honest, and transparent. Consistently delivering on promises; providing good quality and demonstrating integrity.
- **Welcoming and responsive:** Approachable, friendly, and inclusive. Open to feedback and challenge and swift to act.

Capital investment should be directly linked to the objectives as outlined in the Community Plan. There are however a number of other factors that affect the need for capital investment both internal and external. The diagram below identifies a number of these:



Capital Expenditure and Financing

Capital expenditure is where the Council spends money on assets, such as property or vehicles that will be used for more than one year. In local government this includes spending on assets owned by other bodies and loans and grants to other bodies enabling them to buy assets. The Council has some limited discretion on what counts as capital expenditure, for example assets costing below £15,000 are not capitalised and are charged to revenue in year in accordance with its de minimus limits as set out in the Financial Regulations.

- For details of the Council's policy on capitalisation, see: Accounting Policy 1.17 under note 1 of the Councils Statement of Accounts.

In 2024/25, the Council is planning capital expenditure of £51.3m as summarised below:

Prudential Indicator 9: Estimates of Capital Expenditure in £'000

	2022/23 Actual	2023/24 Forecast	2024/25 Budget	2025/26 Budget	2026/27 Budget
General Fund services	19,998	48,205	21,599	26,301	6,443
Council housing (HRA)	11,879	17,521	25,808	25,537	14,384
Capital Loan (GF)	-761	4,000	4,000	3,408	0
TOTAL	31,116	69,726	51,407	55,246	20,827

The General Fund Capital Programme with a proposed budget for 2024/25 of £25.6m. Of this amount, expenditure on the Council's General Fund assets totals £18.3m, and £0.8m will provide Disabled Facilities Grants to a number of private dwellings during the year. Also during 2024/25 the Council also plans to make available £4m of capital funding in the form of capital loans to the Councils housing development company for regeneration purposes.

The Housing Revenue Account (HRA) is a ring-fenced account which ensures that council housing does not subsidise, or is itself subsidised, by other local services. HRA capital expenditure is therefore recorded separately, and has a proposed budget for 2024/25 of £25.8m, which supports the maintenance of the Councils circa 5,500 council houses.

Governance: During early July a 'Capital Bid Request Form' is sent to all Business Managers and Directors. Each bid is required to include details of the nature of the scheme and how it meets the priorities within the Community Plan. It must also include detailed costs for expenditure and all financing costs (which can be nil if the project is fully externally financed) in order to assess the viability of each scheme against the available resources. All bids are required to be authorised by the relevant director and then collated by the Capital Finance team.

The Senior Leadership Team appraises all bids based on a comparison of service priorities against financing costs. Criteria can be found at **Appendix E**. Based on this assessment a final Capital Programme report is prepared for submission to Cabinet in February before final approval by Council in March.

- Full details of the 'Capital Bid Request Form' and the prioritisation criteria can be found at **Appendix E**.

All capital expenditure must be financed, either from external sources (government grants and other contributions), the Council's own resources (revenue, reserves and capital receipts) or debt (borrowing, leasing and Private Finance Initiative). The planned financing of the above expenditure is as follows:

Prudential Indicator 10: Capital financing in £'000

	2022/23 Actual	2023/24 Forecast	2024/25 Budget	2025/26 Budget	2026/27 Budget
<u>External sources</u>					
Capital Grants	12,014	35,742	5,316	7,606	1,378
Other Contributions	567	806	1,307	346	0
<u>Own resources</u>					
Capital Receipts	3,761	4,316	1,667	5,439	2,359
Revenue/ Major Repairs Reserve	9,302	18,092	14,475	6,006	6,289
<u>Debt</u>					
Borrowing	5,472	10,770	28,642	35,849	10,801
Leasing	0	0	0	0	0
TOTAL	31,116	69,726	51,407	55,246	20,827

Debt is only a temporary source of finance, since loans and leases must be repaid this is therefore replaced over time by other financing, usually from revenue which is known as Minimum Revenue Provision (MRP). This is a charge to the General Fund Balance and is mandated by legislation to ensure that a prudent charge for the repayment of debt be made by the revenue account. An MRP Statement which sets out how this charge should be calculated each year must be produced which is appended at **Appendix C**.

As the HRA account is self-financing there is no requirement for an MRP charge as the actual debt repayments are made as the loans mature. Alternatively, proceeds from selling capital assets (known as capital receipts) may be used to replace debt finance. The forecast General Fund MRP charge and the HRA actual debt loan repayments are below:

Replacement of debt finance in £'000

	2022/23 Actual	2023/24 Forecast	2024/25 Budget	2025/26 Budget	2026/27 Budget
General Fund - MRP	1,863	720	764	1,107	1,209
HRA - Debt Repayment	6,531	5,534	3,037	5,041	3,044

The Council's cumulative outstanding amount of debt finance is measured by the capital financing requirement (CFR). This increases with new debt-financed capital expenditure and reduces with MRP and loan debt repayments and capital receipts used to replace debt. The CFR is expected to increase

by £24.8m during 2024/25. Based on the above figures for expenditure and financing, the Council's estimated CFR is as follows:

Prudential Indicator 11: Estimates of Capital Financing Requirement in £'000

	2022/23 Actual	2023/24 Forecast	2024/25 Budget	2025/26 Budget	2026/27 Budget
General Fund services	28,018	37,564	46,441	57,776	57,368
Council housing (HRA)	106,601	103,570	115,534	130,492	137,448
Capital investments	0	4,000	8,000	11,408	11,408
TOTAL CFR	134,619	145,134	169,975	199,676	206,224

Asset management: The overriding objective of asset management within the council is to achieve a corporate portfolio of property assets that is appropriate, fit for purpose and affordable. The council's property portfolio consists of operational property and property held for specific community or regeneration purposes. The council has specific reasons for owning and retaining property:

- Operational purposes e.g. assets that support core business and service delivery e.g. office buildings.
- Parks, playgrounds and open spaces.
- Regeneration, enabling strategic place shaping and economic growth.

Asset management is an important part of the council's business management arrangements and is crucial to the delivery of efficient and effective services, the ongoing management and maintenance of capital assets will be considered as part of this strategy. The asset management planning includes an objective to optimise the council's land and property portfolio through proactive estate management and effective corporate arrangements for the acquisition and disposal of land and property assets.

Asset disposal: The Council will continue to realise the value of any properties that have been declared surplus to requirements in a timely manner, having regard to the prevailing market conditions in order to maximise the sale proceeds, known as capital receipts, which can then be spent on new assets or repay debt. The Council is currently also permitted to spend capital receipts on service transformation projects until 2025/26, although the Council does not expect to utilise this ability during 2024/25. Repayments of capital grants, loans and investments also generate capital receipts.

- The Council's Flexible Use of Capital Receipts Policy is available at **Appendix D**.

Treasury Management

Treasury management is concerned with keeping sufficient, but not excessive, cash available to meet the Council's spending needs, while managing the risks involved. Surplus cash is invested until required, while a shortage of cash will be met by borrowing, to avoid excessive credit balances or overdrafts in the bank current account. The Council typically has a surplus of cash in the short-term as revenue income is received before it is spent, but a shortfall of cash in the long-term as capital

expenditure is incurred before being financed. The revenue cash surpluses are offset against capital cash shortfalls to reduce overall borrowing.

Due to decisions taken in the past, the Council at 31 December 2023 had £97m borrowing at an average interest rate of 3.4% and £59m treasury investments at an average rate of 4.2%.

Borrowing strategy: The Council's main objectives when borrowing are to achieve a low but certain cost of finance while retaining flexibility should plans change in future. These objectives are often conflicting, and the Council therefore seeks to strike a balance between cheap short-term loans (currently available at around 4.75%) and long-term fixed rate loans where the future cost is known but higher (currently between 4.5% to 5.0% depending on the length of the loan).

The table below shows the Council's actual debt position against the forecasted capital financing requirement, where no additional borrowing has been included based on the proposed capital program.

Gross Debt and the Capital Financing Requirement in £'000

Debt	2022/23 Actual	2023/24 Forecast	2024/25 Budget	2025/26 Budget	2026/27 Budget
External Debt					
Debt at 1 April	97,111	90,969	85,435	82,397	77,357
Expected change in Debt	-6,142	-5,534	-3,038	-5,040	-3,045
Actual gross debt at 31 March	90,969	85,435	82,397	77,357	74,312
The Capital Financing Requirement	134,619	145,134	169,975	199,676	206,224
Under / (over) borrowing	43,650	59,699	87,578	122,319	131,912

Statutory guidance is that debt should remain below the capital financing requirement, except in exceptional circumstances that may incur for a short-term. As can be seen from the table above, the Council expects to comply with this in the medium term.

Affordable borrowing limit: The Council is legally obliged to set an affordable borrowing limit (also termed the authorised limit for external debt) each year. In line with statutory guidance, a lower "operational boundary" is also set as a warning level should debt approach the limit.

Authorised limit and operational boundary for external debt in £'000

	2023/24 Revised	2024/25 Limit	2025/26 Limit	2026/27 Limit
Authorised limit – total external debt	157,134	181,975	211,676	218,224
Operational boundary – total external debt	152,134	176,975	206,676	213,224

- Further details on borrowing are in pages 4 to 7 of the treasury management strategy.

Investment strategy: Treasury investments arise from receiving cash before it is paid out again. Investments made for service reasons may be for purely financial gain or in order to stimulate the local economy and are not generally considered to be part of treasury management.

The Council's policy on treasury investments is to prioritise security and liquidity over yield, which is to focus on minimising risk rather than maximising returns. Cash that is likely to be spent over the short - term is invested securely, for example with the government, other local authorities or selected high-quality banks, to minimise the risk of loss. Money that will be held for longer terms is invested more widely, including in bonds, shares and property funds, to balance the risk of loss against the risk of receiving returns below inflation. Both short-term and longer-term investments may be held in pooled funds, where an external fund manager makes decisions on which particular investments to buy and the Council may request its money back at short notice.

Treasury management investments in £'000

	2022/23 Actual	2023/24 Forecast	2024/25 Budget	2025/26 Budget	2026/27 Budget
Short-term investments	66,895	42,271	35,214	34,255	31,758
Longer-term investments	7,500	10,568	15,092	14,681	13,610
TOTAL	74,395	52,839	50,306	48,936	45,368

- Further details on treasury investments are in pages 8 to 13 of the treasury management strategy.

Governance: Decisions on treasury management investment and borrowing are made daily and are therefore delegated to the Director of Resources/Deputy Chief Executive and treasury staff, who must act in line with the Treasury Management Strategy approved by Full Council. Half yearly reports on treasury management activity are presented to the Audit and Governance committee and then to Full Council. The Audit and Governance committee is responsible for scrutinising treasury management decisions. Quarterly reporting against the Prudential Indicators will be included within Budget Monitoring and Forecasting reports from April 2023 which will be presented to the Audit and Governance Committee.

Investments for Service Purposes

The Council makes investments to assist local public services, including making loans to and buying shares in local service providers, local small businesses to promote economic growth and the Council's subsidiaries that provide services. In light of the public service objective, the Council is willing to take more risk than with treasury investments, however it still plans for such investments to break even after all costs.

Governance: Decisions on service investments are made by the relevant Business Manager in consultation with the Director of Resources/Deputy Chief Executive and must meet the criteria and limits laid down in the investment strategy. Most loans and shares are capital expenditure and purchases will therefore also be approved as part of the capital programme.

- Further details on service investments are contained within the investment strategy.

Commercial Activities

With central government financial support for local public services declining, the Council has the ability to invest in commercial property if it meets both wider Council objectives and provides a financial return that can be used to support Council services.

The Chartered Institute of Public Finance and Accountancy (CIPFA) define investment property as property held solely to earn rentals or for capital appreciation or both. Returns from property ownership can be both income driven (through the receipt of rent) and by way of appreciation of the underlying asset value (capital growth). The combination of these is a consideration in assessing the attractiveness of a property for acquisition.

With financial return being the main objective, the Council accepts higher risk on commercial investment than with treasury investments. In the context of the Capital Strategy, the council is using capital to invest in property to provide a positive surplus/financial return. The council may fund the purchase of the property by borrowing money. The rental income paid by the tenant should exceed the cost of repaying the borrowed money each year. The annual surplus then supports the council's budget position, and enables the council to continue to provide services for local people. Property investment is not without risk as property values can fall as well as rise and changing economic conditions could cause tenants to leave with properties remaining vacant. In order that commercial investments remain proportionate to the size of the council, these are subject to an overall maximum investment limit of £15m. However, the Council does not hold any investment properties on its balance sheet and has no plans to invest in these types of assets.

Governance: Property and most other commercial investments would be classed as capital expenditure and purchases will therefore be approved as part of the capital programme.

- Further details on commercial investments and limits on their use are contained within the investment strategy.

Liabilities

In addition to debt of £97m detailed above, the Council is committed to making future payments to cover its pension fund deficit (valued at £20m 2022/23).

Governance: Decisions on incurring new discretionary liabilities are taken by Business Managers in consultation with the Director of Resources/Deputy Chief Executive. The risk of liabilities crystallising and requiring payment is monitored by the corporate finance team. New liabilities are reported to full Council for approval/notification as appropriate.

- Further details on liabilities and guarantees are on pages 85 to 90 of the 2022/23 statement of accounts.

Revenue Budget Implications

Although capital expenditure is not charged directly to the revenue budget, interest payable on loans and MRP are charged to revenue, offset by any investment income receivable. The net annual charge

is known as financing costs; this is compared to the net revenue stream i.e. the amount funded from Council Tax, business rates and general government grants.

Prudential Indicator 12: Proportion of financing costs to net revenue stream in £'000

	2022/23 Actual	2023/24 Forecast	2024/25 Budget	2025/26 Budget	2026/27 Budget
<u>General Fund</u>					
MRP Charge	1,863	720	764	1,107	1,209
Interest Payable	49	326	541	860	860
Less: Investment Income	-2,942	-1,921	-2,492	-1,944	-1,849
Total GF Financing costs	-1,030	-875	-1,187	23	220
Proportion of net revenue stream	-14.07%	-7.25%	-9.45%	-5.21%	-5.22%
<u>Housing Revenue Account</u>					
Interest Payable	3,907	3,775	3,955	4,563	5,001
Depreciation	4,860	5,420	6,388	6,583	6,583
MRR contributions including debt repayments	5,009	0	6,618	7,721	5,614
Less: Investment Income	-4	-5	-5	-5	-5
Total HRA Financing costs	13,772	9,190	16,956	18,862	17,193
Proportion of net revenue stream	52.57%	33.05%	56.10%	61.71%	54.60%

- Further details on the revenue implications of capital expenditure are contained within the 2024/25 revenue budget.

Sustainability: Due to the very long-term nature of capital expenditure and financing, the revenue budget implications of expenditure incurred in the next few years will extend for potentially up to 50 years into the future. The Director of Resources/Deputy Chief Executive is satisfied that the proposed capital programme is prudent, affordable and sustainable.

Knowledge and Skills

The Council employs professionally qualified and experienced staff in senior positions with responsibility for making capital expenditure, borrowing and investment decisions. For example, the Director of Resources/Deputy Chief Executive is a qualified accountant with 20 years' experience, the Business Manager – Corporate Property is a qualified Chartered Surveyor and also has 11 years' experience. The Council pays for junior staff to study towards relevant professional qualifications including CIPFA, AAT, ACT (treasury) and actively encourages staff to attend relevant training courses and seminars.

Where Council staff do not have the knowledge and skills required, use is made of external advisers and consultants that are specialists in their field. The Council currently employs Link Group as treasury management advisers. This approach is more cost effective than employing such staff directly, and ensures that the Council has access to knowledge and skills commensurate with its risk appetite.

- The Council's policy on the use of temporary agency workers and consultants is available on the Council's Intranet.

MANAGING THE CAPITAL PROGRAMME

A key role in the monitoring of the capital programme is undertaken by the Capital Monitoring Group, which meets on a quarterly basis. This Group is attended by responsible officers and the relevant accountant and is chaired by the Business Manager for Financial Services. It is a supportive environment in which problem areas are identified and corrective actions agreed and implemented at an early stage to avoid slippage. Each scheme has a nominated project manager who is responsible for the successful completion of the scheme both to time and on budget.

The Council maintains comprehensive and robust procedures for managing and monitoring its Capital Programme. Ongoing monitoring arrangements for the delivery of the approved programme consist of:

- Project Managers are identified for each scheme who are responsible for monitoring progress, spend and income and producing action plans to respond to variations in pace or cost of delivery;
- The Deputy Chief Executive/Director of Resources and S151 Officer co-ordinates high level monthly reporting and detailed quarterly reporting to the Management Senior Leadership Team and Cabinet;
- The quarterly capital monitoring where project managers report on performance outputs on each of their capital projects in progress. Variations and unexpected items are discussed and appropriate action taken; and
- Business Managers are responsible for ensuring that their Project Manager's monitoring reports are quality assured and challenged, and that corporate implications arising from capital monitoring are brought to the attention of the Senior Leadership Team and Cabinet for approval of variations where necessary.

PROCUREMENT

The purchase of capital assets should be conducted in accordance with the Contract Procedure Rules, ensuring value for money, legality and sustainability at all times. Contract standing orders and rules governing the disposal or write off of assets are contained in the Constitution which is consistently reviewed.

VALUE FOR MONEY

The Council recognises that effective procurement lies at the heart of delivering value for money and is essential if the Council is to obtain real improvements to quality and service costs. The Council seeks to achieve value for money by applying rigorous procurement standards in the selection of suppliers and contractors to ensure efficiency, economy and effectiveness is received throughout the life of a contract. The significant resources applied to capital expenditure require the adopted principles of value for money to be at the heart of our capital strategy. Specifically we will seek to strengthen the outcome indicators as part of post project reviews.

ANNUAL MINIMUM REVENUE PROVISION STATEMENT 2024/25

Under Regulation 27 of the Local Authorities (Capital Finance and Accounting) (England) Regulations 2003, where the Council has financed capital expenditure by borrowing it is required to make a provision each year through a revenue charge (the minimum revenue provision - MRP), although it is also allowed to undertake additional voluntary payments where it is deemed appropriate (voluntary revenue provision - VRP).

DLUHC regulations have been issued which require the full Council to approve **an MRP Statement** in advance of each year. A variety of options are provided to Councils, so long as there is a prudent provision. The Council is recommended to approve the following MRP Statement:

For capital expenditure incurred before 1 April 2016 or which in the future will be Supported Capital Expenditure, the MRP policy will be:

- **Existing practice** - MRP will follow the existing practice outlined in the former DLUHC regulations (option 1);

This option provides for an approximate 4% reduction in the borrowing need (CFR) each year. However, as the Council deems it more prudent MRP will be charged on a 2% straight line basis, net of 'Adjustment A'. This ensures that the debt will be repaid within 50 years.

From 1 April 2016 for all unsupported borrowing (including PFI and finance leases) the MRP policy will be:

- **Asset life method** – MRP will be based on the estimated life of the assets, in accordance with the regulations (this option must be applied for any expenditure capitalised under a Capitalisation Direction) (option 3);

This option provides for a reduction in the borrowing need over approximately the asset's useful life.

Capital expenditure incurred during 2023/24 will not be subject to an MRP charge until 2024/25.

There is no requirement on the HRA to make a minimum revenue provision but there is a requirement for a charge for depreciation to be made (although there are transitional arrangements in place).

MRP in respect of assets acquired under Finance Leases or PFI will be charged at an amount equal to the principal element of the annual repayment.

For capital expenditure on loans to third parties where the principal element of the loan is being repaid, the capital receipts arising from the principal loan repayments will be used to reduce the CFR instead of MRP.

Where no principal repayment is made in a given year, MRP will be charged at a rate in line with the life of the assets funded by the loan.

FLEXIBLE USE OF CAPITAL RECEIPTS STRATEGY**Introduction and Background**

Following the Spending Review 2015, the Department of Levelling Up, Housing and Communities (DLUHC) recently issued guidance on the flexible use of capital receipts which came into effect from 1 April 2016 to 31 March 2022. On 10 February 2021 the government announced a 3-year extension from 2022-23 onwards of the existing flexibility for councils to use capital receipts to fund transformation projects that produce long-term savings or reduce the costs of service delivery. The guidance, underpinned by a direction from the Secretary of State for Communities and Local Government, will enable local authorities to capitalise costs incurred on transforming or improving service delivery designed to generate ongoing revenue savings. The guidance also states that each local authority should prepare a Flexible use of Capital Receipts Strategy.

In summary, the key elements of the DLHUC guidance on the flexible use of capital receipts are:

Types of qualifying expenditure

1. Qualifying expenditure is expenditure on any project that is designed to generate ongoing revenue savings in the delivery of public services and/or transform service delivery to reduce costs and/or transform service delivery in a way that reduces costs or demand for services in future years for any of the public sector delivery partners. Within this definition, it is for individual local authorities to decide whether or not a project qualifies for the flexibility.
2. Set up and implementation costs of any new processes or arrangements can be classified as qualifying expenditure. The ongoing revenue costs of the new processes or arrangements cannot be classified as qualifying expenditure. In addition, one off costs, such as banking savings against temporary increases in costs/pay cannot be classified as qualifying expenditure.

Financing of the qualifying expenditure

1. Up to 100% of capital receipts from property, plant and equipment disposals received from 2024/25 (excluding Right to Buy receipts) can be used to finance qualifying expenditure (existing capital receipts in hand prior to 2024/25 are not permitted to be used).
2. Local authorities may not borrow to finance qualifying expenditure.
3. The guidance will apply for 2024/25.

**NEWARK & SHERWOOD DISTRICT COUNCIL
CAPITAL PROJECT APPRAISAL FORM**

PORTFOLIO	
DIRECTORATE	
BUSINESS MANAGER	
PROJECT OFFICER	
PROJECT TITLE	

1. DESCRIPTION OF PROJECT

--

2. DEMONSTRATION OF NEED (is a statutory requirement to carry out the works, can you provide evidence to support this)

--

3. DETAIL HOW THE PROJECT LINKS TO THE COMMUNITY PLAN

--

4. DESCRIBE THE IMPACT OF THIS PROJECT ON OTHER BUSINESS UNITS (including officers in other BU's involvement in the project) *Particularly Legal and Asset Management.*

--

5. PROJECT DEPENDANCIES

--

6. RESOURCE REQUIREMENTS

6a. LAND/BUILDINGS CURRENTLY IN COUNCIL OWNERSHIP (State whether General Fund or HRA).

6b. ESTIMATED CAPITAL COSTS INCLUDING PROFILE OF SPEND OVER FINANCIAL YEARS (best estimates should be given which can be firmed up when details scoping has been completed)

***Consideration to be given to inflation and contingency**

2024/25 £	2025/26 £	2026/27 £	2027/28 £	2028/29 £

6d. FUNDING AVAILABLE

Source	2024/25 £	2025/26 £	2026/27 £	2027/28 £	2028/29 £

6e. REVENUE IMPLICATIONS (this should include costs associated with implementation, ongoing revenue costs and ongoing savings and should be agreed with relevant accountant).

6f. VAT IMPLICATIONS (do we need to consider an option to tax?) Please do not assume no, for advice on this please contact Jenna Norton, Financial Services.

7. OTHER INFORMATION

7a. HEALTH & SAFETY ISSUES

7b. EQUALITIES IMPLICATIONS

7c. CRIME & DISORDER ISSUES

7d. PLANNING IMPLICATIONS (if a planning application is required, has this cost been factored into the cost in section 6?)

7e. LISTED BUILDING IMPLICATIONS

7f. PROJECT RISKS AND UNCERTAINTIES

7f. HAVE ALTERNATIVE PROCUREMENT STRATEGIES SUCH AS JOINT PROCUREMENT BEEN EXPLORED?

8. ANTICIPATED START AND END DATES FOR PROJECT ONCE APPROVED

9. ANY ADDITIONAL INFORMATION (results of tenant survey, cost breakdown per site or type of work etc)

FORM COMPLETED BY: _____

DATE: _____

SIGNATURE OF SPONSORING DIRECTOR: _____

PRIORITISATION CRITERIA

	STAGE 1 FACTOR	Comments	STAGE 2 DETAILED PRIORITISATION	STAGE 2 WEIGHTING
1	Key Priorities Scheme must link to at least one of the Council's priorities and be an objective contained within a Service Plan.	If a scheme does not clearly relate to these areas it will not be considered further.	Each scheme to be marked as to how well it fits with the Community Plan	35%
2	Evidence of Need Service Strategy National Strategy or Guidelines Statutory Obligation	In some cases local demands are in excess of national guidelines and strategies and this tries to acknowledge that the two must be balanced. This will cover Health and Safety related schemes.	The following factors will receive equal weighting :- <ul style="list-style-type: none"> • Statutory Obligation • National Strategy • Validity of consultation in relation to project. e.g. How specific to this project? Who was consulted, was this comprehensive? • Quality of evidence of need for project .e.g. size of sample base, date of evidence, format of evidence 	10%
3	Partnership Eligibility under existing criteria can be demonstrated.	Show that work has been done to ensure that the obtaining of external finance is realistic. The degree to which the partnership will add value to the project.	The proportion of finance which will be met by third party. The likelihood of receiving support. Assessment of the value the partner will add to the project.	15%



Report to: Audit & Governance Committee Meeting 21 February 2024

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

Lead Officer: Nick Wilson, Business Manager Financial Services on ext 5317

Report Summary	
Report Title	Investment Strategy 2024/25
Purpose of Report	This investment strategy is for 2024/25, meeting the requirements of statutory guidance issued by Department of Levelling Up, Housing and Communities DLUHC (previously MHCLG) Investment Guidance in January 2018.
Recommendations	That Committee approves each of the following key elements and recommends these to Full Council on 7 March 2024 while noting that as the budgets are still being finalised some of the figures within the Strategy may alter: <ul style="list-style-type: none"> • The Investment Strategy 2024/25 Appendix A. • The Investment Prudential Indicators and Limits for 2024/25, contained within Appendix A.
Reason for Recommendation	To ensure that the Committee discharges its responsibilities as per its delegated authority within the Councils constitution.

1.0 Background

1.1 The definition of an investment covers all of the financial assets of the Council as well as other non-financial assets that the organisation holds primarily or partially to generate a profit; for example, investment property portfolios. This may therefore include investments that are not managed as part of normal treasury management processes or under treasury management delegations.

1.2 A loan is a written or oral agreement where a local authority temporarily transfers cash to a third party, joint venture, subsidiary or associate who promises to return it according to the terms of the agreement, normally with interest. This definition does not include a loan to another local authority, which is classified as a specified investment.

1.3 Statutory Requirements:

- The DLUHC Investment Guidance is issued by the Secretary of State under section 15(1)(a) of the Local Government Act 2003. Under that section local authorities are required to “have regard” to “such guidance as the Secretary of State may issue”.
- For each financial year, a local authority should prepare at least one Investment Strategy (“the Strategy”). The Strategy should contain the disclosures and reporting requirements specified in this guidance. The Strategy should be approved by the full council.

2.0 Summary of Limits

2.1 The below table summarises the proposed limits within the Investment Strategy 2024/25 for the non-treasury investments, each category has further details within the **Appendix**;

Category of borrower	2022/23 actual			2024/25
	Balance owing	Loss allowance	Net figure in accounts	Approved Limit
	£m	£m	£m	£m
Service Investments: Loans	0.024	0	0.024	14.500
Service Investments: Shares	3.997	0.407	4.404	5.000
Commercial Investments: Property	0	0	0	0

Background Papers and Published Documents

DLUHC Investment Guidance 3rd Edition

Investment Strategy Report 2024/25

Introduction

The Council invests its money for three broad purposes:

- because it has surplus cash as a result of its day-to-day activities, for example when income is received in advance of expenditure (known as **treasury management investments**),
- to support local public services by lending to, or buying shares in, other organisations (**service investments**), and
- to earn investment income (known as **commercial investments** where this is the main purpose).

This investment strategy meets the requirements of statutory guidance issued by the government in January 2018, and focuses on the second and third of these categories. This investment strategy has been created in line with the Councils Treasury Management Strategy Statement and the Councils Capital Strategy. The initial strategy may be replaced with a revised strategy at any time during the year in cases where any treasury management issues (including investment issues) need to be brought to the attention of Full Council.

The Council typically receives its income in cash (e.g. from taxes and grants) before it pays for its expenditure in cash (e.g. through payroll and invoices). It also holds reserves for future expenditure and collects local taxes on behalf of other local authorities and central government. These activities, plus the timing of borrowing decisions, lead to a cash surplus which is invested in accordance with guidance from the Chartered Institute of Public Finance and Accountancy (CIPFA). The balance of treasury management investments is expected to fluctuate between £20m and £60m during the 2024/25 financial year.

Treasury Management Investments

Contribution: The contribution that these investments make to the objectives of the Council is to support effective treasury management activities.

Further details: Full details of the Council's policies and its plan for 2024/25 for treasury management investments are covered in a separate document, the treasury management strategy.

Service Investments: Loans

Contribution: The Council can lend money to its subsidiaries, local businesses, local charities and any other bodies to support local public services and stimulate local economic growth. The Council currently does not intend to invest further in service loans.

Security: The main risk when making service loans is that the borrower will be unable to repay the principal lent and/or the interest due. In order to limit this risk, and ensure that total exposure to

service loans remains proportionate to the size of the Council, upper limits on the outstanding loans to each category of borrower have been set as follows:

Prudential Indicator 13: Loans for service purposes

Category of borrower	2022/23 actual			2023/24	2024/25
	Balance owing £m	Loss allowance £m	Net figure in accounts £m	Forecast Actual £m	Approved Limit £m
Subsidiaries	0	0	0	4.000	13.000
Local businesses	0	0	0	0.000	0.500
Local charities	0	0	0	0	0.500
Other Bodies	0.024	0	0.024	0.022	0.500
TOTAL	0.024	0	0.024	4.022	14.500

Accounting standards require the Council to set aside loss allowance for loans, reflecting the likelihood of non-payment. The figures for loans in the Council's statement of accounts will be shown net of this loss allowance. However, the Council makes every reasonable effort to collect the full sum lent and has appropriate credit control arrangements in place to recover overdue repayments.

Prudential Indicator 14: Net income from service investments to net revenue stream

	2022/23 actual	2023/24 forecast	2024/25 budget	2025/26 budget	2026/27 budget
<u>General Fund</u>					
Total GF Service Investment Income	2.942	1.921	2.492	1.944	1.849
Proportion of net revenue stream	14.07%	7.25%	9.45%	5.21%	5.22%
<u>Housing Revenue Account</u>					
Total Service Investment Income	0.004	0.005	0.005	0.005	0.005
Proportion of net revenue stream	0.02%	0.02%	0.02%	0.02%	0.02%

Risk assessment: The Council assesses the risk of loss before entering into service loans by assessing the counterparty's resilience, the service users' needs that the loan is designed to help meet, and how these will evolve over time. During the life of the loan any change in original assumptions will be monitored. The Council will use external advisors if felt appropriate by the Director of Resources/Deputy Chief Executive or Business Manager for Financial Services. All loans will be subject to contract agreed by the Legal Business Unit and the credit risk will be determined by reference to the "expected credit loss" model for loans and receivables as set out in International Reporting Standard (IFRS) 9 Financial Instruments. All loans must be approved by full Council and will be

monitored by the Director of Resources/Deputy Chief Executive, or Business Manager for Financial Services.

Service Investments: Shares

Contribution: The Council can invest in the shares of its subsidiaries, its suppliers, and local businesses to support local public services and stimulate local economic growth. Currently the Council does not intend to invest further in any shares with suppliers or local businesses; however the Council has invested £4m of equity funding into Arkwood Development Limited for which it has received 100% of the share capital issued, making it wholly owned by the Council.

Security: One of the risks of investing in shares is that they fall in value meaning that the initial outlay may not be recoverable. In order to limit this risk, upper limits on the sum invested in each category of shares have been set as follows:

Prudential Indicator 15: Shares held for service purposes

Category of company	Original Investment £m	Previous Years Accumulated Gains or (Losses) £m	2022/23 actual			2024/25
			Amounts invested £m	Gains or (losses) £m	Value in accounts £m	Approved Limit £m
Subsidiaries	4.000	-0.003	3.997	0.407	4.404	5.000
Suppliers	0	0	0	0	0	0
Local businesses	0	0	0	0	0	0
TOTAL	4.000	-0.003	3.977	0.407	4.404	5.000

Shares are classed as capital expenditure and purchases will therefore be approved as part of the capital programme.

Risk assessment: The Council would assess the risk of loss before entering into and whilst holding shares by going through an extensive process of risk analysis. The risk analysis will include an assessment of the market that the subsidiary will be active in; including the nature and level of competition, how the market/customer needs will evolve over time, the barriers to entry and exit and any ongoing investment requirements. The Council will use external advisors as thought appropriate by Director of Resources/Deputy Chief Executive, or Business Services Manager for Finance.

Liquidity: Although this type of investment is fundamentally illiquid, in order to limit this the Council, when it sets a limit in this area, will initially set out the maximum periods for which funds may prudently be committed and how the Council will ensure it stays within its stated investment limits.

Non-specified Investments: Shares are the only investment type that the Council has identified that meets the definition of a non-specified investment in the government guidance. The limits above on share investments are therefore also the Council's upper limits on non-specified investments. The

Council has not adopted any procedures for determining further categories of non-specified investment since none are likely to meet the definition.

Commercial Investments: Property

Contribution: The Council can invest in local, regional and UK commercial and residential property with the intention of making a profit that will be spent on local public services. Currently none of the Council properties meet the investment property definition as defined in International Accounting Standard 40: Investment Property.

Security: In accordance with government guidance, the Council considers a property investment to be secure if its accounting valuation is at or higher than its purchase cost including taxes and transaction costs.

Risk assessment: The Council assesses the risk of loss before entering into and whilst holding property investments by ensuring they are prudent and has fully considered the risk implications, with regard to both the individual property and that the cumulative exposure of the council is proportionate and prudent. The Council will ensure that a full due diligence exercise is undertaken and adequate security is in place, before entering into any commercial property investment and the business case will balance the benefits and risks. All investments of this type will be agreed by Cabinet.

Liquidity: Compared with other investment types, property is relatively difficult to sell and convert to cash at short notice, and can take a considerable period to sell in certain market conditions. The investment strategy for the Council for 2024-25 is proposed to remain broadly unchanged as it is considered overall to be well structured to limit any undue risks to the security of assets and preservation of liquidity whilst also allowing the council and delegated officers to access suitable investment opportunities.

Loan Commitments and Financial Guarantees

Although not strictly counted as investments, since no money has exchanged hands at the point of entry, loan commitments and financial guarantees carry similar risks to the Council and are included here for completeness. The Council does not provide such commitments and guarantees and this strategy does not include them for 2024/25.

Borrowing in Advance of Need

The Council may, from time to time, borrow in advance of need, where this is expected to provide the best long-term value for money. Since amounts borrowed will be invested until spent, the Council is aware that it will be exposed to the risk of loss of the borrowed sums, and the risk that investment and borrowing interest rates may change in the intervening period. These risks will be managed as part of the Council's overall management of its treasury risks.

The total amount borrowed will not exceed the authorised borrowing limit of £218 million. The maximum period between borrowing and expenditure is expected to be two years.

Capacity, Skills and Culture

Elected members and statutory officers: The Council recognises that those elected Members and statutory officers involved in the investments decision making process must have appropriate capacity, skills and information to enable them to:

- take informed decisions as to whether to enter into a specific investment;
- to assess individual assessments in the context of the strategic objectives and risk profile of the Council; and
- to enable them to understand how new decisions have changed the overall risk exposure of the Council.

The Council establishes project teams from all the professional disciplines from across the Council as and when required. External professional advice is taken where required and will always be sought in consideration of any major commercial property investment decision.

The investment decisions are required to be adequately scrutinised before being recommended to the Council. This role is undertaken by the Audit and Governance Committee.

The CIPFA Code requires the responsible officer to ensure that members with responsibility for treasury management, which includes investment decisions, receive adequate training in treasury management. This especially applies to members responsible for scrutiny. Members of the Audit and Governance Committee received training from the Council's treasury advisers, Link Group, on 5 December 2023. Further training will be arranged as required.

The training needs of treasury management officers are periodically reviewed.

Commercial deals: The Council will ensure that the Audit and Governance Committee, Cabinet and officers negotiating commercial deals are aware of the core principles of the prudential framework and of the regulatory regime within which local authorities operate.

Corporate governance: Any investment decisions will be scrutinised by Senior Leadership Team before final approval by Members.

Investment Indicators

The Council has set the following quantitative indicators to allow elected members and the public to assess the Council's total risk exposure as a result of its investment decisions.

Total risk exposure: The first indicator shows the Council's total exposure to potential investment losses. This includes amounts the Council is contractually committed to lend but have yet to be drawn down and guarantees the Council has issued over third party loans.

Total investment exposure	2022/23 Actual £m	2023/24 Forecast £m	2024/25 Forecast £m
Treasury management investments	57.075	38.645	39.364
Service investments: Loans	0.024	4.022	8.000
Service investments: Shares	4.404	4.000	4.000
Commercial investments: Property	0	0	0
TOTAL INVESTMENTS	61.503	46.667	51.364
Commitments to lend	0	0	0
Guarantees issued on loans	0	0	0
TOTAL EXPOSURE	61.503	46.667	51.364

How investments are funded: Government guidance is that these indicators should include how investments are funded. Since the Council does not normally associate particular assets with particular liabilities, this guidance is difficult to comply with. However, the following investments could be described as being funded by borrowing. The remainder of the Council's investments are funded by usable reserves and income received in advance of expenditure.

Investments funded by borrowing in year	2022/23 Actual £m	2023/24 Forecast £m	2024/25 Forecast £m
Treasury management investments	0	0	0
Service investments: Loans	0	4.000	4.000
Service investments: Shares	0	0	0
Commercial investments: Property	0	0	0
TOTAL FUNDED BY BORROWING	0	4.000	4.000

Rate of return received: This indicator shows the investment income received less the associated costs, including the cost of borrowing where appropriate, as a proportion of the sum initially invested. Note that due to the complex local government accounting framework, not all recorded gains and losses affect the revenue account in the year they are incurred.

Investments net rate of return	2022/23 Actual	2023/24 Forecast	2024/25 Forecast
Treasury management investments	4.74%	4.91%	4.00%
Service investments: Loans	5.55%	6.51%	6.51%
Service investments: Shares	0	0	0
Commercial investments: Property	0	0	0
ALL INVESTMENTS	5.15%	5.71%	5.26%



Report to: Audit & Governance Committee Meeting
21 February 2024

Director or Business Manager Lead: Suzanne Shead – Director Housing Health and Wellbeing

Lead Officer: Jill Baker, Business Manager Customer Services, ext. 5810

Report Summary	
Report Title	Housing Ombudsman Annual Review Update
Purpose of Report	To inform Members of the Housing annual review updates
Recommendations	That Members note the report
Reason for Recommendation	It is an Ombudsman requirement that Annual Review Letters are shared with Members

1.0 Background Information

- 1.1 As a landlord, the Council is accountable to the Housing Ombudsman, who consider complaints from tenants in instances where either the Council's complaints procedure has been exhausted or where the complainant feels the Council has not dealt with a complaint appropriately.
- 1.2 Each year the Housing Ombudsman undertakes an annual review of complaints. The 2022/23 annual review was published on 17 October 2023.
[Annual Complaints Review 2022-23 | Housing Ombudsman \(housing-ombudsman.org.uk\)](https://housing-ombudsman.org.uk)
- 1.3 The Local Government and Social Care Ombudsman annual review was published earlier this year, and this was shared with Members at the September committee.

2.0 Housing Ombudsman Annual Review April 2022 – March 2023

- 2.1 The Housing Ombudsman website states *“we are committed to openness and transparency. An important part of this is using our data to provide residents with more information and insights and learning for landlords to improve their services.*

Our 2022-23 individual landlord performance reports have been published for landlords with five or more cases determined between 1 April 2022 and March 2023.

We have not created individual reports for landlords with fewer than five determinations as meaningful performance interpretation is not possible. If a landlord does not have an individual report or is not listed in that table, we did not make a formal determination for them in 2022-23.”

- 2.2 As the Council hasn’t had five or more cases determined by the Housing Ombudsman, there isn’t an individual report for us.

3.0 Housing Ombudsman Decisions

- 3.1 Our records show that during this period, the Housing Ombudsman reached a decision on one case relating to this Council. The outcome of the investigation was reported to this committee on 27 September 2023.

Ombudsman reference number	Summary of complaint	Decision
202205089	Handling of: <ul style="list-style-type: none">• Adaptations following occupational therapist assessments.• Rehousing request.	No maladministration

- 3.2 It stated that the Council acted appropriately and in accordance with its policy which gave it discretion as to whether it would carry out complex adaptations or seek suitable alternative accommodation.
- 3.3 The Housing Ombudsman recommended that the Council should consider reviewing its complaint responses in this case. It stated *“complaint responses should focus on responding to the issues raised and should not be used to highlight other issues such as resident behaviour. Such issues should be raised separately under the relevant procedures”*.
- 3.4 The Council recognised the above, however in this case, felt the additional issues included in the complaint responses were relevant to the complaint investigation.

- 3.5 The Housing Ombudsman publishes anonymised decisions on its website, three months after the final decision date. [Decisions Archive - Housing Ombudsman \(housing-ombudsman.org.uk\)](https://housing-ombudsman.org.uk)

4.0 Joint Complaint Handling Code

- 4.1 The Housing Ombudsman and Local Government Ombudsman is launching a Joint Complaint Handling Code. Both Ombudsman have carried out their own consultations on this and the outcome of the consultations are due in January 2024. Both the Council and the Housing Local Influence Network submitted responses.
- 4.2 Following on from the consultation, the Ombudsman will launch the Joint Complaint Handling Code. The Council will carry out a self-assessment of its Customer Feedback Policy against the Code and then make any amendments identified to ensure it meets the requirements of it.
- 4.3 Adhering to the Joint Complaint Handling Code will become a statutory requirement.

5.0 Implications

In writing this report and in putting forward recommendation's officers have considered the following implications: Data Protection, Digital and Cyber Security, Equality and Diversity, Financial, Human Resources, Human Rights, Legal, Safeguarding and Sustainability and where appropriate they have made reference to these implications and added suitable expert comment where appropriate.

5.1 Financial Implications FIN23-24/5789

There are no financial implications arising from this report.

Background Papers and Published Documents

Nil.



Report to: Audit & Governance Committee Meeting: 21 February 2024

Director or Business Manager Lead: Sue Bearman – Assistant Director Law and Information Governance, Monitoring Officer

Lead Officer: Sue.Bearman@nsdc.info
01636 655935

Report Summary	
Report Title	Gifts and Hospitality Annual Report
Purpose of Report	An annual report to update Committee on the implementation of the Council's gifts and hospitality policies.
Recommendations	That the report be noted and that the Committee includes an annual review of the operation of the Council's Gifts and Hospitality arrangements in the Committee's work plan
Reason for Recommendation	To ensure oversight arrangements are in place going forward.

1.0 Background

- 1.1 A Protocol for Members on Hospitality and Gifts is included in the Council's Constitution. There is separate provision relating to gifts and hospitality in the Code of Conduct for Members.
- 1.2 Members are required to register gifts and hospitality over a certain value (even if declined) with the Monitoring Officer, via Democratic Services. These details are then published on the relevant Members' web page together with their register of interests, attendance record and so on.
- 1.3 There is a separate Gifts and Hospitality Policy for Officers. This is referenced in induction materials for all new starters via the Officer Code of Conduct.
- 1.4 Officers are required to register gifts and hospitality over a certain value (even if declined) with Administrative Services. These details are then published on the Council's website.
- 1.5 In October 2022 all Members were issued with a reminder from the Chair of this Committee and the Monitoring Officer, about the importance of registering and declaring interests, managing conflicts of interest, and registering gifts and hospitality.

A similar reminder was issued to all Business Managers by email in October and published in the staff newsletter in November 2022.

- 1.6 Gifts and hospitality requirements were be included as part of the new Member induction programme after the May 2023 elections.

2.0 Proposals

- 2.1 Reminders for all Members and Officers (as per paragraph 1.5 above) are being issued in parallel with the publication of this report.
- 2.2 It is proposed that the Committee again includes an annual review of the operation of the Council's Gifts and Hospitality arrangements in the Committee's work plan.

Implications

In writing this report and in putting forward recommendations' officers have considered the following implications: Data Protection, Digital and Cyber Security, Equality and Diversity, Financial, Human Resources, Human Rights, Legal, Safeguarding and Sustainability and where appropriate they have made reference to these implications and added suitable expert comment where appropriate.

Background Papers and Published Documents

Except for previously published documents, which will be available elsewhere, the documents listed here will be available for inspection in accordance with Section 100D of the Local Government Act 1972.

- The Protocol for Members on Hospitality and Gifts is published in the [Council's Constitution](#) – page F19
- The Code of Conduct for Members is published in the [Council's Constitution](#) – Gifts and Hospitality are referenced on page F8
- The Officer Register of Gifts and Hospitality is published on the Council's [website](#)
- Individual Member web pages are published on the Council's [website](#)
- Audit & Governance Committee report of 1 February 2023 is published - <https://democracy.newark-sherwooddc.gov.uk/ieListDocuments.aspx?CId=298&MId=817>



Report to: Audit & Governance Committee Meeting: 21 February 2024

Director or Business Manager Lead: Sue Bearman – Assistant Director Law and Information Governance, Monitoring Officer

Lead Officer: Sue.Bearman@nsdc.info
01636 655935

Report Summary	
Report Title	Regulation of Investigatory Powers Act 2000 (RIPA) Annual Report
Purpose of Report	To report to the Committee: i. Activity by the Council under RIPA from 2023 to date ii. An update on training for officers.
Recommendations	That the report be noted.
Reason for Recommendation	For the Committee to be aware of the use of RIPA activities as the RIPA policy requires annual reporting to this Committee.

1.0 Background

- 1.1 The Regulation of Investigatory Powers Act 2000(RIPA) gives the Council certain powers to undertake covert surveillance and monitoring activities in relation to some investigations undertaken by the Council. Since 2017 the Investigatory Powers Commissioner's Office (IPCO) has been responsible for the oversight of the use of RIPA.
- 1.2 There is a strict authorisation process set out in the legislation requiring that all applications are considered by designated members of the Council's Senior Leadership Team before final authorisation is sought in the Magistrates Court. The Council is required to submit an annual statistical return to the IPCO on the number of authorisations made and the Council is also subject to periodic inspections by the IPCO.
- 1.3 The Council is also able to obtain certain communications data (i.e. data about electronic communications - the who when and where of a communication - not the content itself) through the National Anti-Fraud Network (NAFN) who are an expert provider accredited by the IPCO and the Home Office. NAFN submits an annual statistical return to the IPCO of the number of submissions made by the Council requesting information from NAFN.

- 1.5 A programme of monitoring and review is set out in the Council's RIPA policy and guidance. This includes annual updates to this Committee. The last committee report was presented to Audit & Governance Committee on 1 February 2023. This report covers the period from January 2023 to present.
- 1.6 There have been no new authorisations sought or refused by the Magistrates court during this period.
- 1.7 There have been 'nil' returns to IPCO since 2016. The Council's use of authorised RIPA surveillance has always been and remains extremely low. This is in line with most other authorities; particularly those who do not have services such as Trading Standards or Consumer Protection teams.

2.0 Training

- 3.1 Ongoing advice and guidance is provided to investigating officers on a case by case basis throughout the year. Refresher training was delivered to investigating officers, and authorising officers who might be required to consider applications for submission to the Magistrates Court, in March 2023.

3.0 Proposal

- 3.1 It is proposed that the Committee again includes an annual review of the operation of the Council's RIPA Policy in the Committee's work plan. No updates to the Council's policy, except to appoint the Principal Legal Officer (Litigation) as RIPA Co-Ordinating Officer, are considered necessary currently.
- 2.2 Officers will undertake a review of the resources published on the Council's intranet including the availability of induction training on RIPA for new starters. Refresher training is anticipated to be delivered in Autumn 2024.

Implications

In writing this report and in putting forward recommendations' officers have considered the following implications: Data Protection, Digital and Cyber Security, Equality and Diversity, Financial, Human Resources, Human Rights, Legal, Safeguarding and Sustainability and where appropriate they have made reference to these implications and added suitable expert comment where appropriate.

Background Papers and Published Documents

Except for previously published documents, which will be available elsewhere, the documents listed here will be available for inspection in accordance with Section 100D of the Local Government Act 1972.

Audit & Governance Committee report of 1 February 2023 is published -

<https://democracy.newark-sherwooddc.gov.uk/ieListDocuments.aspx?CId=298&MId=817>



Report to: Audit & Governance Committee Meeting - 21
February 2024

Director or Business Manager Lead: Sue Bearman, Assistant Director Legal & Democratic
Services, Monitoring Officer

Lead Officer: Sue.Bearman@nsdc.info 01636 655935

Report Summary	
Report Title	Whistleblowing Policy Annual Report
Purpose of Report	An annual report to update the Committee on the implementation of the Council's Whistleblowing Policy.
Recommendations	That the report be noted, and that the Committee includes an annual review of the operation of the Council's Whistleblowing Policy in the Committee's work plan, and that an awareness raising exercise be undertaken during the next year.
Reason for Recommendation	To ensure oversight arrangements are in place going forward.

1.0 Background

- 1.1 The Council's Whistleblowing Policy was last updated in 2023 following review by the Audit & Governance Committee.
- 1.2 Following Committee's review, the Joint Consultative Committee (the Council has established the Joint Consultative Committee to provide a regular method of consultation and where appropriate negotiation between the Council and its employees) considered and approved the updated version, and the Monitoring Officer worked with Corporate Communications to promote the existence of the Policy through the Council's staff newsletter and posters.
- 1.3 The updated Policy was also shared with the Council's wholly owned companies, Active 4 Today Limited and Arkwood Developments Limited, as a template.
- 1.4 No whistleblowing concerns have been recorded by the Monitoring Officer in the past year.

2.0 Proposal

- 2.1 It is proposed that the Committee again includes an annual review of the operation of the Council's Whistleblowing Policy in the Committee's work plan. No updates or amendments are considered necessary this year.
- 2.2 It is proposed that a further awareness raising exercise is undertaken prior to the next annual review.

3.0 Implications

In writing this report and in putting forward recommendations officers have considered the following implications; Data Protection, Digital and Cyber Security, Equality and Diversity, Financial, Human Resources, Human Rights, Legal, Safeguarding and Sustainability and where appropriate they have made reference to these implications and added suitable expert comment where appropriate.

Background Papers and Published Documents

Except for previously published documents, which will be available elsewhere, the documents listed here will be available for inspection in accordance with Section 100D of the Local Government Act 1972.

- The Council's Whistleblowing Policy is published for staff on the Council's Intranet and is available as a background paper.
- Audit & Governance Committee report of 1 February 2023, with Whistleblowing Policy attached as an Appendix, is published - <https://democracy.newark-sherwooddc.gov.uk/ieListDocuments.aspx?CId=298&MId=817>



Report to: Audit & Governance Committee Meeting
21 February 2024

Director or Business Manager Lead: Sanjiv Kohli Deputy Chief Executive/Director
Resources, Section 151 Officer
Sue Bearman, Assistant Director Legal & Democratic
Services, Monitoring Officer

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

Report Summary	
Report Title	Review of Significant Issues in the Annual Governance Statement
Purpose of Report	To update members of the Audit & Governance Committee on the significant governance issues identified in the Annual Governance Statement.
Recommendations	That the Committee notes the results of the review of significant governance issues as identified in the Annual Governance Statement.
Reason for Recommendation	<p>To provide assurance for Members that identified issues are being managed appropriately and that any necessary improvements are implemented.</p> <p>To ensure the Council meets its Community Plan objective to be professional and trustworthy by delivering on promises; providing good quality and demonstrating integrity.</p>

1.0 Background

- 1.1 The Council is responsible for ensuring that its business is conducted in accordance with the law and with proper standards; that public money is safeguarded and properly accounted for; and that it is used economically, efficiently and effectively. In accordance with the Accounts and Audit Regulations the Council conducts an annual review of the effectiveness of the system of internal controls and prepares an Annual Governance Statement.
- 1.2 At the meeting of the Audit & Accounts Committee on 14 June 2023, Members approved the draft Annual Governance Statement for the Council for financial year ended 31 March 2023; part of the Council's Statement of Accounts. The AGS has not been amended since that point and is attached to the Audited Statement of Accounts

report on this Committee's agenda for final approval. To ensure that Members can undertake their assurance role, this report updates the Committee on the status of the governance issues identified within the Annual Governance Statement.

1.3 The significant governance issues identified were as follows: -

Issue	Action	Responsible Officer	Completion Date
Change in Council membership During May 2023 local elections were held nationally which saw a change in the Council's membership. As a result a number of new members were elected. Some of these members have not sat on Council previously and hence will need training to assist them.	All members were inducted and met with all Business Unit representatives within the first week of being elected. All members also received a presentation from the Chief Executive detailing the Councils Mandatory and Discretionary responsibilities. Dedicated training for members who sit on regulatory Committees are scheduled but more widely, new members will need training on their responsibilities as Councillors and some of the Council policies (e.g. GDPR)	Assistant Director Legal and Democratic Services	July 2023

2.0 **Proposal/Options Considered**

- 2.1 Following the District Council election on 4 May 2023, an induction and training programme was delivered for all Councillors, between 10 May and 29 June. Details were reported to Audit & Governance Committee on 27 September 2023. This report also included details of further training and development available through the Local Government Association, and all Councillors were made aware of this offer.

- 2.2 The Local Government Association delivered a development session for the Council's leadership in December 2023. This included Portfolio Holders, Chairs and Vice Chairs, with the Officer Senior Leadership Team joining for the second part of the session.
- 2.3 The Monitoring Officer and Deputy Monitoring Officer delivered a session on the Code of Conduct and meeting procedure, on 31 January 2024.
- 2.4 Councillor training and development remains on the work programme for Audit & Governance Committee.

3.0 Implications

In writing this report and in putting forward recommendations officers have considered the following implications; Data Protection, Digital and Cyber Security, Equality and Diversity, Financial, Human Resources, Human Rights, Legal, Safeguarding and Sustainability and where appropriate they have made reference to these implications and added suitable expert comment where appropriate.

Background Papers and Published Documents

Except for previously published documents, which will be available elsewhere, the documents listed here will be available for inspection in accordance with Section 100D of the Local Government Act 1972.

- The draft Annual Governance Statement is published on page 136 of the Council's draft Statement of Accounts for 2022/3 <https://democracy.newark-sherwooddc.gov.uk/documents/s16928/Item%207a%2014.06.23%20-%20Unaudited%20Statement%20of%20Accounts%20and%20AGS%20report.pdf>
- Audit & Governance Committee report Councillor Training and Development 27 September 2023 - <https://democracy.newark-sherwooddc.gov.uk/documents/s17784/Item%207%2027.09.2023%20Councillor%20Training%20and%20Development.pdf>
- The final Annual Governance Statement is published on the agenda for this meeting as part of the Council's annual Statement of Accounts.



Report to: Audit & Governance Committee Meeting 21 February 2024

Director Lead: Sanjiv Kohli, Deputy Chief Executive/Director of Resources (S151 Officer)

Lead Officer: Dave Richardson, Business Manager – ICT & Digital Services Ext 5405

Report Summary	
Report Title	Update on the LGA Newark and Sherwood District Council Cyber 360 Report
Purpose of Report	To present the updated results of LGA Newark and Sherwood District Council Cyber 360 Report
Recommendations	Members review, comment upon and note the update on the LGA Newark and Sherwood District Council Cyber 360 Report
Reasons for Recommendation	To provide Members with details and assurance from the LGA Newark and Sherwood District Council Cyber 360 Report

1.0 Background

- 1.1 The Local Government Association piloted Cyber 360 (C360s) peer reviews with several Local Authorities to ensure Cyber and information Security governance and culture is being understood and adequately resourced. The Cyber 360 Action Plan is not in the public area of the open report for security reasons and are held in the exempt version as Appendix A.
- 1.2 At the September 2023 Audit & Governance Committee the ICT & Digital Services Business Manager provided an update on the Cyber360 action plan and assurance that we are addressing any areas of cyber risk.
- 1.3 A Cyber360 action plan has been commissioned off the back of the report and regularly updated by the Corporate Information Governance Group (CIGG). Therefore, the updates to this committee will be provided by exception, on request or at least on an annual basis.

2.0 Proposal/Options Considered

- 2.1 That the CIGG continue to progress the review of the Cyber360 action plan and update elected Members.

3.0 Implications

None.

Background Papers and Published Documents

Except for previously published documents, which will be available elsewhere, the documents listed here will be available for inspection in accordance with Section 100D of the Local Government Act 1972. Any documents that contain confidential information or personal information about individuals should not be included in this list.



Report to: Audit & Governance Committee Meeting
21 February 2024

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 21st FEBRUARY 2024

WORK PLAN

Meeting date at which action to be undertaken	Subject and Brief Description	Who will present the report	Intended Outcome
24 April 2024	Annual Review of the Council's Constitution	Sue Bearman	Review the Council's Constitution
	Review of the Council's Governance Arrangements	Sue Bearman	Review the Council's Governance Arrangements – Governance Review Working Party
	A review of the process for dealing with Code of Conduct Complaints, including a review of the role of the Independent Persons	Sue Bearman	
	Risk Management report to include an Exempt Appendix, take to April meeting following adoption of the new Risk Register	Richard Bates	Gain assurance that appropriate risk management arrangements are in place
	Statement of Accounting Policies	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
	IAS19 Pension Assumptions	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	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
	Internal Audit Progress Report 2023/24	Phil Lazenby (TIAA Ltd)	Understand the level of assurance for audited activities and ensure management progress recommended actions to mitigate identified risks
	Housing Compliance	Suzanne Shead	
	LGA Newark and Sherwood District Council Cyber 360 Progress Report	Dave Richardson	To provide the RAG rating together with a progress report of the review of the

			Cyber 360 Action Plan to be presented to each meeting of the Audit & Governance Committee.
3 July 2024	Counter-Fraud Activity Report	Nick Wilson	Gain assurance that counter-fraud activity is appropriately targeted and effective, to be presented to the Committee twice a year.
	Biannual Review of the Effectiveness of the Internal Audit Function and the	Nick Wilson	To consider whether the Internal Audit function is operating effectively and produce an action plan to address any required improvements
	Risk Management report	Richard Bates	Gain assurance that appropriate risk management arrangements are in place, update presented to the Committee on a 6 monthly basis.
	Annual Internal Audit Report 2023/24	Phil Lazenby (TIAA Ltd)	Gain assurance that the Council's Annual Governance Statement accurately represents governance arrangements, that future risks are identified and that governance arrangements support the achievement of the Council's objectives
	External Audit Plan for 2023/24 Accounts	Mark Surridge (Mazars)	Ensure that an appropriate plan is in place which will provide assurance on the Council's Statement of Accounts, Value for Money arrangements and Grant claims
	Treasury Management Outturn Report 2023/24	Andrew Snape	Gain assurance that treasury management activities were in line with the Treasury Management Strategy for the past financial year
	LGA Newark and Sherwood District Council Cyber 360 Progress Report	Dave Richardson	To provide the RAG rating together with a progress report of the review of the Cyber 360 Action Plan to be presented to each meeting of the Audit & Governance Committee.
25 September 2024	LGA Newark and Sherwood District Council Cyber 360 Progress Report	Dave Richardson	To provide the RAG rating together with a progress report of the review of the

			Cyber 360 Action Plan to be presented to each meeting of the Audit & Governance Committee.
	Q1 Budget Performance Report 2024/25	Nick Wilson	To ensure the sustainability of the Council's General Fund, HRA and Capital Programme through the in-year monitoring of the budgets.
	Internal Audit Progress Report 2024/25	Phil Lazenby (TIAA Ltd)	Understand the level of assurance for audited activities and ensure management progress recommended actions to mitigate identified risks
11 December 2024	LGA Newark and Sherwood District Council Cyber 360 Progress Report	Dave Richardson	To provide the RAG rating together with a progress report of the review of the Cyber 360 Action Plan to be presented to each meeting of the Audit & Governance Committee.
	Internal Audit Progress Report 2024/25	Phil Lazenby (TIAA Ltd)	Understand the level of assurance for audited activities and ensure management progress recommended actions to mitigate identified risks
	External Audit Annual Governance Report 2023/24	TBC (Mazars)	To gain assurance that the Council's Statement of Accounts are a true and fair representation of the Council's financial performance for the previous financial year and financial standing as at the Balance Sheet date, and that the Council has effective arrangements for achieving Value for Money
	Statement of Accounts 2023/24 & 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
	Q2 Budget Performance Report 2024/25	Nick Wilson	To ensure the sustainability of the Council's General Fund, HRA and Capital Programme through the in-year monitoring of the budgets.
19 February 2025	LGA Newark and Sherwood District Council Cyber 360 Progress Report	Dave Richardson	To provide the RAG rating together with a progress report of the review of the Cyber 360 Action Plan to be presented to each meeting of the Audit & Governance Committee.
	Internal Audit Progress Report 2024/25	Phil Lazenby (TIAA Ltd)	Understand the level of assurance for audited activities and ensure management progress recommended actions to mitigate identified risks
	Q2 Budget Performance Report 2024/25	Nick Wilson	To ensure the sustainability of the Council's General Fund, HRA and Capital Programme through the in-year monitoring of the budgets.
	Budget Reports 2025/26	Nick Wilson	To review the Councils General Fund revenue budget, Capital Programme and Medium Term Financial Plan.
	Draft Treasury Strategy 2025/26	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 2025/26	Andrew Snape	Outlines the principles and framework that shape the Council's capital proposals
	Draft Investment Strategy 2025/26	Andrew Snape	The investment strategy meets the requirements of statutory guidance issued by the government relating to the Councils Treasury and Non-Treasury investments.
	Annual Review of the Gifts and Hospitality Protocol and Policy	Sue Bearman	An annual review of the operation of the Council's Gifts and Hospitality arrangements

	Regulation of Investigatory Powers Act 2000 (RIPA) Annual Report	Sue Bearman	For the Committee to be aware of the use of RIPA activities as the RIPA policy requires annual reporting to this Committee.
	Annual Review of the Council's Whistleblowing Policy	Sue Bearman	A summary of actions taken will be reported back to Committee as an annual report
	Review of Significant Issues in the Annual Governance Statement	Sue Bearman	To update members of the Audit & Governance Committee on the significant governance issues identified in the Annual Governance Statement.
	Housing Ombudsman Annual Review Update	Jill Baker	To inform Members of the Housing annual review updates
19 March 2025	LGA Newark and Sherwood District Council Cyber 360 Progress Report	Dave Richardson	To provide the RAG rating together with a progress report of the review of the Cyber 360 Action Plan to be presented to each meeting of the Audit & Governance Committee.
23 April 2025	LGA Newark and Sherwood District Council Cyber 360 Progress Report	Dave Richardson	To provide the RAG rating together with a progress report of the review of the Cyber 360 Action Plan to be presented to each meeting of the Audit & Governance Committee.

By virtue of paragraph(s) 3 of Part 1 of Schedule 12A
of the Local Government Act 1972.

Document is Restricted