

DRAFT

STATEMENT OF ACCOUNTS AND NARRATIVE REPORT

2022 / 2023



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

Social media:  /NSDCouncil

 @NSDCouncil

 @NSDCouncil

 @Newark and Sherwood District Council

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.



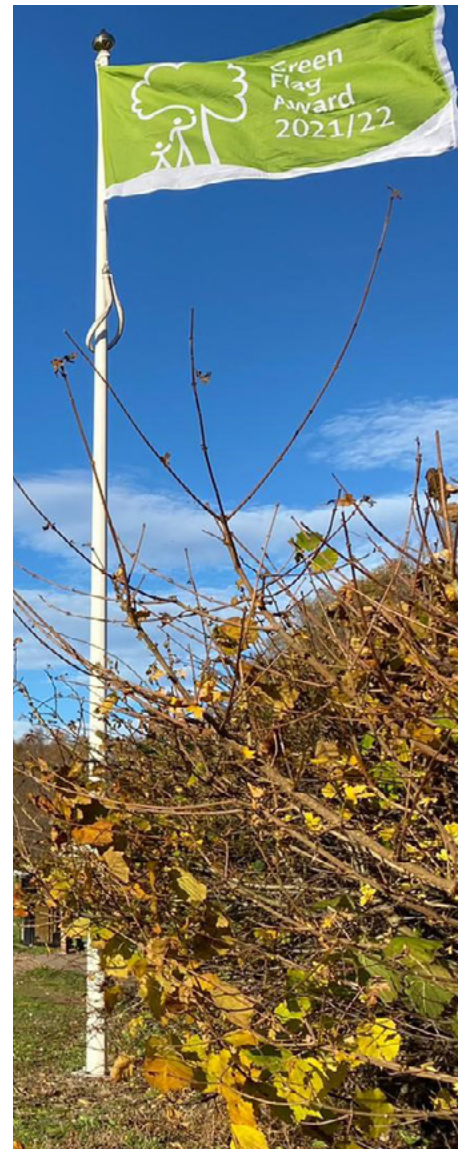
Newark and Sherwood is one of seven districts in Nottinghamshire. Below is a map of the district showing the main urban areas and key transport connections. Key statistics on Newark and Sherwood from the 2021 Census include:



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

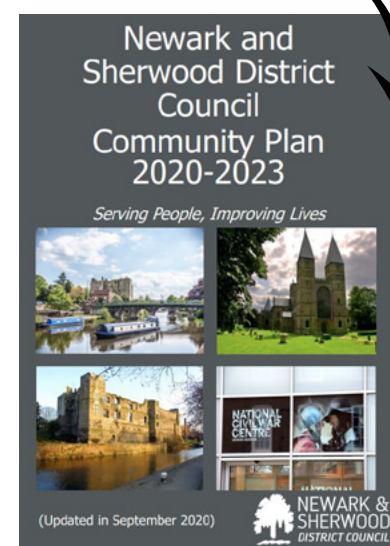
Careful and creative with resources; securing value for money.

Professional and trustworthy

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

Welcoming and responsive

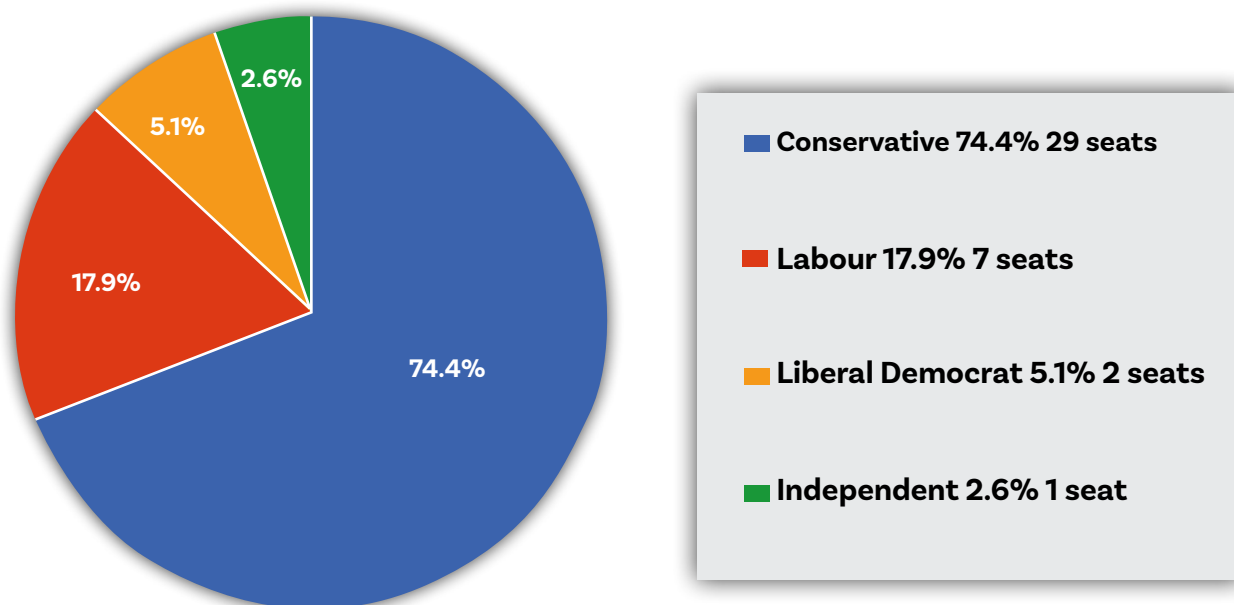
Approachable, open to feedback and challenge and swift to act.



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:

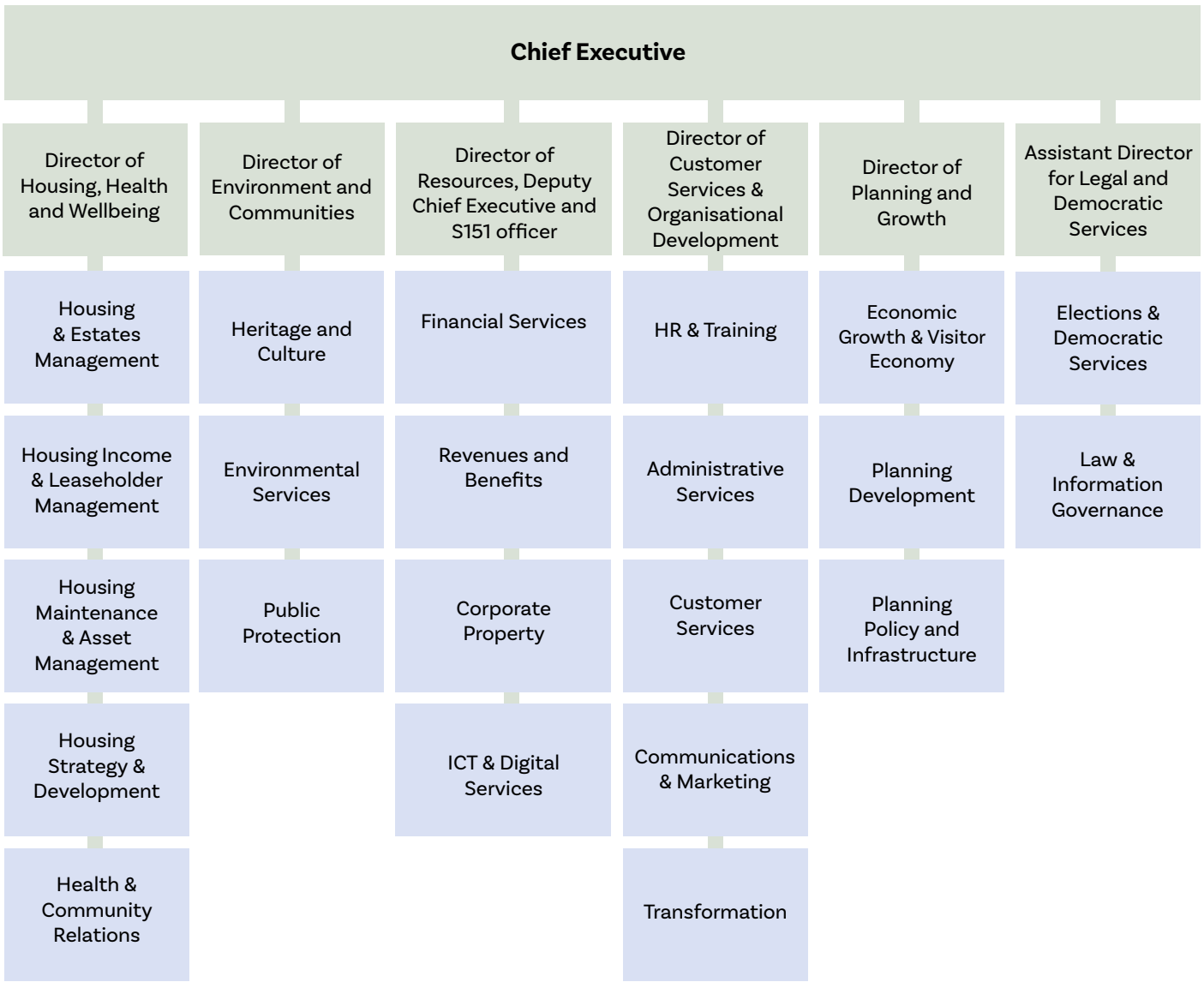
- Strategy, Performance and Finance Portfolio
- Organisational Development and Governance Portfolio
- Economic Development and Visitors Portfolio
- Homes and Health Portfolio
- Cleaner, Safer and Greener Portfolio

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.

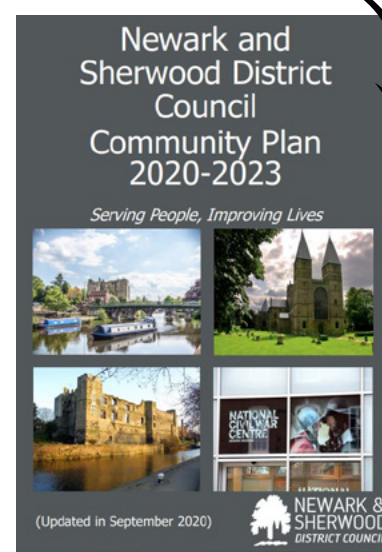
If you want to read more about what we have done through this year, visit our website where you can access our [Community Plan](#).

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. £19.985m has been added through the capital programme whilst the economic use of assets has reduced the value by £7.572m. £1.517m worth of assets met the criteria to be transferred to assets held for sale. We have also disposed of assets to the value of £0.385m and assets have had their values increased by £19.444m.

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 £3.200m 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 £65.101m 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.

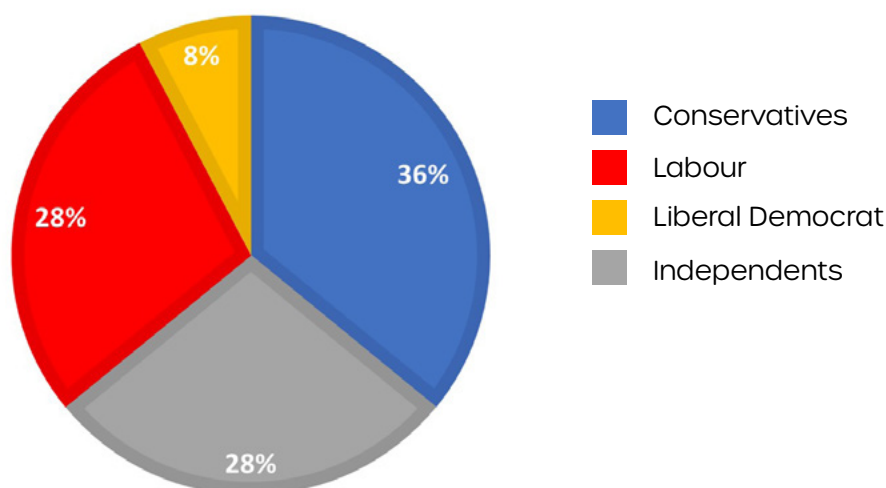
PART SIX: LOOKING FORWARD

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.

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

Signed:

Councillor Peter Harris
Chair - Audit and Governance Committee

Date

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	4,372	-253	4,119
			Organisational Development & Governance			
5,751	-815	4,936		6,221	-621	5,600
12,937	-8,179	4,758	Economic Development & Visitors	18,310	-10,326	7,984
22,845	-21,255	1,590	Homes & Health	25,202	-21,481	3,721
9,832	-4,171	5,661	Cleaner, Safer, Greener	9,317	-2,816	6,501
16,482	-24,868	-8,386	Housing Revenue Account	20,028	-26,206	-6,178
5,700	0	5,700	- Revaluation Movement on Council Dwellings	1,140	0	1,140
76,979	-59,479	17,500	Cost of Services	84,590	-61,703	22,887
11,707	-5,762	5,945	Other Operating Income and Expenditure Note 14	6,208	-2,277	3,931
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	-45,187	-30,724
108,710	-109,801	-1,091	Surplus (-) or Deficit on Provision of Services	113,691	-112,150	1,541
		-43,576	Surplus(-) or Deficit on Revaluation of Non Current Assets			-23,457
		-16,602	Remeasurements of the Net Defined Benefit Liability (Asset)			-71,824
		-60,178	Other Comprehensive Income and Expenditure			-95,281
		-61,269	Total Comprehensive Income and Expenditure			-93,740

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
Movement in reserves 2022/23	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
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	-2,096	0	555	0	0	0	0	-1,541	95,281	93,740
Adjustment between accounting basis & funding basis under regulations (Note 12)	-1,926	0	-733	0	-4,082	995	-1,972	-7,718	7,718	0
Net Increase/Decrease(-) before Transfers to Earmarked Reserves	-4,022	0	-178	0	-4,082	995	-1,972	-9,259	102,999	93,740
Transfers to/from(-) Earmarked Reserves(Note 13)	4,022	-4,022	178	-178	0	0	0	0	0	0
Increase/Decrease(-) in 2022/23	0	-4,022	0	-178	-4,082	995	-1,972	-9,259	102,999	93,740
Balance at 31 March 2023 carried forward	1,500	30,821	2,000	5,116	13,368	14,047	938	67,790	313,502	381,292

	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
Movement in reserves 2021/22	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
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	455,209
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		481,248
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	-16,768
-8 Provisions Short Term	32	-354
-12,197 Grants Receipts in Advance	20	-25,782
-50,639 TOTAL CURRENT LIABILITIES		-52,985
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	-7,813
-186,549 TOTAL LONG TERM LIABILITIES		-115,026
287,552 TOTAL NET ASSETS		381,292
77,049 Usable Reserves	33	67,790
210,503 Unusable Reserves	34	313,502
287,552 TOTAL RESERVES		381,292

CASH FLOW STATEMENT

2021/22 £'000	Notes	2022/23 £'000
1,091 Net Surplus/Deficit(-) on the Provision of Services		-1,541
25,650 Adjustment to Surplus or Deficit on the Provision of Services for Non-Cash Movements	36A	12,883
-12,965 Adjust for Item Included in the Net Surplus or Deficit on the Provision of Services that are Investing and Financing Activities	36A	-14,827
13,776 Net Cash Flows from Operating Activities		-3,485
-8,900 Investing Activities	36C	7,522
-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 Lessor

Finance Leases

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

Lease rentals receivable are apportioned between:

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

The gain credited to the Comprehensive Income and Expenditure Statement on disposal is not permitted by statute to increase the General Fund Balance and is required to be treated as a capital receipt. Where a premium has been received, this is posted out of the General Fund Balance to the Capital Receipts Reserve through the Movement in Reserves Statement. Where the amount due in relation to the lease asset is to be settled by the payment of rentals in future financial years, this is posted out of the General Fund Balance to the Deferred Capital Receipts Reserve through the Movement in Reserves Statement. When the future rentals are received, the element for the capital receipt for the disposal of the asset is used to write down the lease debtor. At this point, the deferred capital receipts are transferred to the Capital Receipts Reserve.

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

Operating Leases

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

1.16 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 (EUV-SH)
- Community Assets, Infrastructure and Assets Under Construction – measured at historical cost
- Other Land and Buildings, Vehicles, Plant and Equipment – fair value or, where there is no market based evidence of fair value, depreciated historical cost

Valuation

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

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

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

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

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

Impairment

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

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

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

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

Depreciation

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

Depreciation is calculated on the following bases:

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

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

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

Disposals and Non-current Assets Held for Sale

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

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

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

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

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

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

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

1.17 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 £65.1m attributable to updating of the assumptions.</p> <p>An increase in the discount rate would, if all other factors remained unchanged, result in a decrease in the present value of the defined benefit obligation.</p>
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5 MATERIAL ITEMS OF INCOME AND EXPENDITURE

During 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	3,102	1,017	4,119
4,160	776	4,936	4,480	1,120	5,600
976	3,782	4,758	1,346	6,638	7,984
1,160	430	1,590	938	2,783	3,721
3,730	1,931	5,661	4,467	2,034	6,501
-14,432	11,746	-2,686	-13,212	8,174	-5,038
-1,628	19,128	17,500	1,121	21,766	22,887
2,791	-21,382	-18,591	3,079	-24,425	-21,346
1,163	-2,254	-1,091	4,200	-2,659	1,541
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	4,022	178	4,200
-36,343	-7,294	-43,637	-32,321	-7,116	-39,437
Closing Balances Split by Reserve:					
-1,500	-2,000	-3,500	-1,500	-2,000	-3,500
-34,843	-5,294	-40,137	-30,821	-5,116	-35,937
-36,343	-7,294	-43,637	-32,321	-7,116	-39,437

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	601	372	44	1,017
Organisational Development & Governance	423	631	66	1,120
Economic Development & Visitors	5,861	712	65	6,638
Homes & Health	2,380	349	54	2,783
Cleaner, Safer, Greener	1,058	896	80	2,034
Housing Revenue Account	7,380	794	0	8,174
Net Cost of Services	17,703	3,754	309	21,766
Other income and expenditure from the Expenditure and Funding Analysis	-22,523	2,226	-4,128	-24,425
Difference between General Fund surplus or deficit and Comprehensive Income and Expenditure Statement Surplus or Deficit on the Provision of Services	-4,820	5,980	-3,819	-2,659

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 £'000	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	-21,595	-21,595
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	-12,588	-19,162
Disposal of Assets	0	0	0	0	0	0	-2,131	-2,131
Total Income	-253	-621	-10,326	-21,481	-2,816	-26,206	-50,447	-112,150
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	8,439	-292	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	577	407	-32	788	1,058	7,317	0	10,115
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	4,102	4,102
Payments to Housing Capital Receipts Pool	0	0	0	0	0	0	0	0
Disposal of Assets	0	0	0	0	0	0	2,249	2,249
Total Operating Expenses	4,372	6,221	18,310	25,202	9,317	21,168	29,101	113,691
Surplus(-)/Deficit on Provision of Services	4,119	5,600	7,984	3,721	6,501	-5,038	-21,346	1,541

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
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):	-1,193	-9,302	0	-1,007	0	11,502
Total Adjustments to Revenue Resources	-2,493	-10,565	0	-1,007	0	14,065
Adjustments between Revenue and Capital Resources						
Transfer of non-current asset sale proceeds from revenue to the Capital Receipts Reserve	384	1,742	0	0	-2,126	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	9,582	-9,582	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)	2,172	0	0	0	0	-2,172
Total Adjustments between Revenue and Capital Resources	4,419	11,298	-3,050	0	-2,100	-10,567
Adjustments to Capital Resources						
Use of the Capital Receipts Reserve to finance capital expenditure	0	0	0	0	4,072	-4,072
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	4,072	-11,216
Total Adjustments	1,926	733	4,082	-995	1,972	-7,718

	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 Reserve	774	1,711	0	0	-2,485	0
Administrative costs of non-current asset disposals (funded by a contribution from the Capital Receipts Reserve)	0	-27	0	0	27	0
Payments to the government housing receipts pool (funded by a transfer from the Capital Receipts Reserve)	-443	0	0	0	443	0
Posting of HRA resources from revenue to the Major Repairs Reserve	0	10,926	-10,926	0	0	0
Statutory provision for the repayment of debt (transfer from the CAA)	854	0	3,029	0	0	-3,883
Capital expenditure financed from revenue balances (transfer to the CAA)	3,082	79	0	0	0	-3,161
Total Adjustments between Revenue and Capital Resources	4,267	12,689	-7,897	0	-2,015	-7,044
Adjustments to Capital Resources						
Use of the Capital Receipts Reserve to finance capital expenditure	0	0	0	0	3,146	-3,146
Use of Capital Receipts to finance repayment of debt on Finance Lease	0	0	0	0	102	-102
Use of the Major Repairs Reserve to finance capital expenditure	0	0	2,136	0	0	-2,136
Application of capital grants to finance capital expenditure	0	0	0	642	0	-642
Cash payments in relation to deferred capital receipts	0	0	0	0	-102	102
Total Adjustments to Capital Resources	0	0	2,136	642	3,146	-5,924
Total Adjustments	2,136	118	-5,761	-4,271	1,131	6,647

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	1,075	14,172
Total General Fund Revenue	34,320	-552	33,768	-3,463	30,305
<u>Capital Reserves</u>					
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	-4,022	30,821
<u>Housing Revenue Reserves</u>					
Newark and Sherwood Homes Merger Transfer	3,967	0	3,967	-371	3,596
Insurance Fund	50	0	50	0	50
Development and ICT	281	-165	116	0	116
Restructuring & Pay	100	0	100	0	100
Other Earmarked Reserves	737	-2	735	-28	707
HRA Management Carry Forward	0	0	0	221	221
Future Rents Bad Debt	326	0	326	0	326
Total HRA Revenue	5,461	-167	5,294	-178	5,116
Total General Fund and HRA Earmarked Reserves	41,300	-1,163	40,137	-4,200	35,937

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.

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

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

Capital Provision – to support future capital projects.

14 OTHER OPERATING INCOME AND EXPENDITURE

2021/22 £'000	2022/23 £'000
3,237 Parish Council Precepts	3,424
634 Levies	678
443 Payments to the Government Housing Capital Receipts Pool	0
1,715 Gains(-)/losses on the disposal of non-current assets	118
-102 Loss Allowance	-292
18 Mansfield Crematorium - Net Cost of Service	3
5,945 Total	3,931

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	-8,394
-2,583 Non ring-fenced Government grants	-2,175
-14 Revenue Developers grants & contributions	-1
-5,419 Capital Developers grants & contributions	-1,344
-2,919 Capital grants and contributions	-7,806
-28,451 Total	-30,724

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	132,130.01
Expenses Allowances	121.95	274.50
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	108,948.00
Expenses Allowances	74.99	0.00
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	80,951.90
Expenses Allowances	0.00	25.65
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	89,136.96
Expenses Allowances	86.40	61.20
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	0.00
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	0.00
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 £'000	2021/22 £'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	1	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
£90,000 to £94,999	0	0	0
£95,000 to £99,999	0	0	0
£100,000 to £104,999	0	0	0
£105,000 to £174,999	2	0	2
£175,000 to £179,999	0	0	0
Total	29	1	23

18 RELATED PARTY TRANSACTIONS

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

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

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

During 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)	-1,344
-1,616 Other Grants and Contributions	-7,666
-10,935 Total	-11,326
<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	-610
-7,225 Section 106	-6,893
0 Other Third Parties	-48
<u>Revenue Related:</u>	
-126 Government	-126
-4 Section 106	-82
-54 Other Third Parties	-54
-7,981	-7,813

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.

£'000	£'000
Fees Payable to other auditors in respect of:	
13 KPMG - Housing Benefit Subsidy	16
13 Total	16

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	7,493	4,150	2,068	0	59	0	6,215	19,985
Donations	0	0	0	0	0	0	0	0
Revaluation increases/decreases(-) to Revaluation Reserve	12,607	3,378	0	0	0	0	379	16,364
Revaluation increases/decreases(-) to Surplus/Deficit on the Provision of Services	-1,399	-1,361	0	0	0	0	0	-2,760
Derecognition - Disposals	-275	-99	-1,614	0	0	0	0	-1,988
Derecognition - Other						0		0
Assets reclassified to(-)/from Held for Sale	-1,453	0	0	0	0	0	0	-1,453
Reclassifications - Other	2,781	-772	0	0	0	0	-2,073	-64
At 31 March 2023	343,440	93,078	13,151	448	179	0	12,514	462,810
Accumulated Depreciation & Impairment								
At April 2022	0	895	6,460	117	0	0	0	7,472
Depreciation charge	5,154	1,375	1,008	35	0	0	0	7,572
Depreciation written out to the Revaluation Reserve	-4,898	-653	0	0	0	0	0	-5,551
Depreciation written out to the Surplus/Deficit on the Provision of Services	-259	-30	0	0	0	0	0	-289
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	1,582	5,867	152	0	0	0	7,601
Net Book Value								
at 31 March 2023	343,440	91,496	7,284	296	179	0	12,514	455,209
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 £0m 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	0
15,355 Total	0

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 2022/2023 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	12,514	0	26,292
Valued at Current Value in:								
2022/2023	343,440	12,893	0	0	0	0	0	356,333
2021/2022	0	50,348	0	0	0	0	0	50,348
2020/2021	0	12,520	0	0	0	0	0	12,520
2019/2020	0	9,583	0	0	0	0	0	9,583
2018/2019	0	910	0	0	0	0	0	910
	343,440	86,254	13,151	448	179	12,514	0	455,986
Non Revaluation adjustments	0	6,824	0	0	0	0	0	6,824
Gross Book Value	343,440	93,078	13,151	448	179	12,514	0	462,810

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	2,566
7,325 Minimum Lease Repayments	7,020

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 £1,616k (£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	4,118
1,210 Later than five years	1,562
4,987 Total Operating Lease Costs	7,064

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

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

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	70
0 Other disposals	-35
-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	19,985
-2,385 Capital Loans and Shares	-761
59 Intangible Assets	70
4,928 Revenue Expenditure Funded from Capital Under Statute	11,824
<u>Sources of Finance</u>	
-3,146 Capital Receipts	-4,071
-7,355 Government Grants and Contributions	-12,270
-9,180 Sums set aside from Revenue (inc MRP and finance leases)	-17,698
<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	134,619
<i>Explanation of Movements in Year</i>	
3,262 Increase in underlying need to borrow (unsupported by Government financial assistance)	5,473
-3,884 Other Movements (MRP including finance leases)	-8,394
-622 Increase in Capital Financing Requirement	-2,921
<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	106,601
137,540	134,619

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	6,872
22,413 Other Payables	9,896
27,534 Short Term Creditors	16,768
0 Other Payables	0
0 Long Term Creditors	0
27,534 Total	16,768

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.

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	158,258
156,449 Capital Adjustment Account	170,270
-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	313,502

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	35,963
-4,289 Downward revaluation of assets and impairment losses not charged to the Surplus/Deficit on the Provision of Services	-12,506
43,575 Surplus or deficit(-) on revaluation of non-current assets not posted to the Surplus or Deficit on the Provision of Services	23,457
-1,574 Difference between fair value depreciation and historical cost depreciation	-2,340
-1,803 Accumulated gains on assets sold or scrapped	-1,092
-3,377 Amount written off to the Capital Adjustment Account	-3,432
138,233 Balance at 31 March	158,258

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	-7,571
-6,985 Revaluation losses on Property, Plant and Equipment	-2,492
-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	-2,218
-22,651	-23,758
1,803 Adjusting amounts written out of the Revaluation Reserve	1,092
-20,848	-22,666
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	4,072
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	12,258
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	2,172
19,783	34,147
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	170,270
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	-1,541
Adjust net surplus or deficit on the provision of services for non-cash movements	
6,847 Depreciation of Property, Plant and Equipment	7,571
6,985 Impairment and downward valuations	2,492
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	5,977
-294 Increase/Decrease(-) in Provisions	-3
4,173 Carrying amount of non-current assets and non-current Assets Held For Sale, sold or derecognised	2,218
-1,119 Amounts posted from the Donated Assets Account (or direct donated assets in year)	0
25,650 Total	12,883
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	-13,265
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	-2,100
-12,965 Total	-14,827
13,776 Net Cash Flows from Operating Activities	-3,485

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	-18,724
-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	2,207
28,900 Proceeds from short-term and long-term Investments	7,000
15,722 Other receipts from investing activities	28,039
-8,900 Net cash flows from investing activities	7,522

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 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	
2,678 Employers' contributions payable to scheme	2,947

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 £'000
Projection for Year to 31 March 2024	
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	-2,975	-1,019
Interest and Investment Income	0	0	-2,975	-1,019
Fee Expense	0	0	45	31
Total Fee Expense	0	0	45	31

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 in 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 value of trade and other receivables is taken to be the invoiced or billed amount.

The fair values calculated are as follows:

Fair values of financial liabilities:		2022/23		2021/22	
		£'000	£'000	£'000	£'000
		Fair	Fair	Fair	Fair
		Value	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
		Balance Sheet	Fair value	Balance Sheet	Fair value
	Fair Value Level	£'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>		
5,680 Supervision and Management		6,715
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		5,154
306 On other assets		325
0 Impairment of non current assets		0
Revaluation of non current assets		
5,700 On dwellings		1,140
172 On other assets		698
13 Debt Management Expenses		13
22,161 Total Expenditure		21,169
21 HRA share of other amounts included in the whole authority net expenditure of continuing operations but not allocated to specific services		-1
-2,686 Net Cost of HRA Services as included in the whole authority		-5,038
Comprehensive Income and Expenditure Statement		
482 (Gain)/Loss on sale of HRA non current assets		471
4,254 Interest Payable and Similar Charges		4,591
-1 HRA Interest and Investment Income		-43
-259 Loss Allowance		-264
-1,741 Capital grants and contributions		-272
49 Surplus(-)/Deficit for the year on HRA Services		-555

MOVEMENT ON THE HOUSING REVENUE ACCOUNT STATEMENT

2021/22 £'000	2022/23 £'000
-7,461 HRA Balance brought forward	-7,294
49 Surplus(-)/Deficit on the HRA Income and Expenditure Statement	-555
<u>Adjustments between Accounting Basis and Funding Basis under Regulations:</u>	
<u>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):	-9,302
<u>Adjustments between Revenue and Capital Resources</u>	
1,711 Transfer of non-current asset sale proceeds from revenue to the Capital Receipts Reserve	1,742
-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	9,582
118	733
167 Increase(-)/Decrease in year in the HRA	178
-7,294 HRA Balance carried forward, including HRA Earmarked Reserves	-7,116

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	8,559
0 Investment Properties	0
6,205 Assets Under Construction	8,380
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	362,696
976 Assets Held for Sale	612
342,442 Total HRA Assets on Balance Sheet	363,308

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	5,154
242 Non Dwellings	325
Transfers to the HRA:	
5,419 HRA Revenue Contribution	4,103
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	13,368

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	1,732
-27 Less administration costs on sale of Council Houses	-26
1,685 Total	1,716
0 Reallocation of Receipts	0
-443 Less amount paid to Government Pool	0
1,242 Total	1,716

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	5,154
306 Land and Buildings	325
4,917 Total	5,479

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 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.

2021/22 £'000	Domestic Rates £'000	2022/23		
		Council Tax £'000	Total £'000	
Amounts required by statute to be credited to the collection fund				
-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
Amounts required by statute to be debited to the collection fund				
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
Share of NDR1 deficit(-)/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	23,824	17,185.73	6/9	11,457.15	11,285.26
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	46,126.15		41,007.00	40,002.05
Estimate of Additional Properties to be added during the year				198.00	-
Council Tax Base				41,205.00	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.

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	4,361	-177	4,184
5,748	-538	5,210	6,216	-439	5,777
12,937	-8,142	4,795	18,310	-10,229	8,081
2	0	2	1	0	1
22,784	-21,255	1,529	24,469	-21,481	2,988
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	20,028	-26,206	-6,178
2,860	-3,386	-526	7,503	-8,071	-568
5,700	0	5,700	1,140	0	1,140
85,243	-66,024	19,219	95,796	-73,186	22,610
11,708	-5,762	5,946	6,208	-2,276	3,932
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	-45,187	-30,724
117,479	-116,377	1,102	125,462	-123,618	1,844
0	0	0	3	0	3
80	0	80	95	0	95
0	0	0	0	0	0
117,559	-116,377	1,182	125,560	-123,618	1,942
		-43,577			-23,457
		-16,603			-71,825
		-1,355			-6,732
		-61,535			-102,014
		-60,353			-100,072

GROUP MOVEMENT IN RESERVES

Movement in reserves during 2022/23

	A4T Arkwood RHH Council				A4T Council									
	General Fund Balance £'000	Earmarked Reserves £'000	Earmarked Reserves £'000	Earmarked Reserves £'000	Earmarked General Fund Reserves £'000	Housing Revenue Account £'000	Housing Revenue Account Earmarked £'000	Major Repairs Reserve £'000	Capital Grants Unapplied £'000	Capital Receipts Reserve £'000	Total Usable Reserves £'000	Unusable Reserves £'000	Unusable Reserves £'000	Total Reserves £'000
Balance at 31 March 2022	1,500	331	-3	8	34,843	2,000	5,294	17,449	13,053	2,910	77,385	-6,771	208,154	278,768
Total Comprehensive Income and Expenditure	-2,503	0	0	0	0	555	0	0	0	0	-1,948	6,730	95,281	100,063
Adjustment between Group Accounts and Authority accounts	0	-398	407	0	0	0	0	0	0	0	9	0	0	9
Adjustment between accounting basis & funding basis under regulations	-1,519	518	0	0	0	-733	0	-4,081	994	-1,972	-6,793	-518	7,311	0
Net Increase/Decrease(-) before Transfers to Earmarked	-4,022	120	407	0	0	-178	0	-4,081	994	-1,972	-8,732	6,212	102,592	100,072
Transfers to/from(-) Earmarked Reserves	4,022	0	0	0	-4,022	178	-178	0	0	0	0	0	0	0
Dividends Issued	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Increase/Decrease(-) in 2022/23	0	120	407	0	-4,022	0	-178	-4,081	994	-1,972	-8,732	6,212	102,592	100,072
Balance at 31 March 2023	1,500	451	404	8	30,821	2,000	5,116	13,368	14,047	938	68,653	-559	310,746	378,840

Movement in reserves during 2021/22

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

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	455,209	0	0	0	3,232	458,441
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	481,248	0	0	0	-3,524	477,724
23,121 Short Term Investments	27,435	0	0	0	0	27,435
5,880 Inventories	407	5	5,326	0	-2,352	3,386
17,250 Short Term Debtors	12,925	910	1,523	23	-835	14,546
1,186 Assets Held For Sale	4,054	0	0	0	-3,232	822
27,917 Cash and Cash Equivalents	23,234	55	748	4	0	24,041
75,354 TOTAL CURRENT ASSETS	68,055	970	7,597	27	-6,419	70,230
-10,790 Short Term Borrowings	-10,081	0	0	0	110	-9,971
-28,255 Short Term Creditors	-16,768	-519	-3,193	-19	3,077	-17,422
-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	-52,985	-519	-3,193	-19	3,187	-53,529
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	-559	0	0	0	-20,357
-7,981 Grants Receipts in Advance	-7,813	0	0	0	0	-7,813
-193,320 TOTAL LONG TERM LIABILITIES	-115,026	-559	0	0	0	-115,585
278,768 TOTAL NET ASSETS	381,292	-108	4,404	8	-6,756	378,840
77,385 Usable Reserves	67,790	451	4,404	8	-4,000	68,653
201,383 Unusable Reserves	313,502	-559	0	0	-2,756	310,187
278,768 TOTAL RESERVES	381,292	-108	4,404	8	-6,756	378,840

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	-1,541	-400	407	-1	-407	-1,942
25,328 Adjustment to Surplus or Deficit on the Provision of Services for Non-Cash Movements	12,884	405	156	-20	-249	13,176
-12,703 Adjust for Item Included in the Net Surplus or Deficit on the Provision of Services that are Investing and Financing Activities	-14,827	0	0	0	407	-14,420
11,443 Net Cash Flows from Operating Activities	-3,484	5	563	-21	-249	-3,186
-8,139 Investing Activities	7,522	0	0	0	0	7,522
-230 Financing Activities	-8,461	0	0	0	249	-8,212
3,074 Net Increase or Decrease(-) in Cash and Cash Equivalents	-4,423	5	563	-21	0	-3,876
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	54	748	4	0	24,041

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	4,119	0	0	65	4,184
Organisational Development & Governance	5,600	0	0	177	5,777
Economic Development & Visitors	7,984	0	0	97	8,081
Economic Development - RHH Newark	0	0	0	1	0
Homes & Health	3,722	0	0	-734	2,988
Homes & Health - Active4today	0	228	0	0	449
Cleaner, Safer, Greener	6,501	0	0	0	7
Housing Revenue Account	-6,178	0	0	0	0
Housing Revenue Account - Arkwood	0	0	-508	0	-60
- Revaluation Movement on Council Dwellings	1,140	0	0	0	0
Cost of Services	22,888	228	-508	1	1
Other Operating Income and Expenditure	3,932	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	-30,724	0	0	0	0
Corporation Tax - A4T	0	3	0	0	0
Corporation Tax - Arkwood	0	0	95	0	0
Group Surplus(-)/Deficit	1,950	398	-407	1	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	3,167	1,017	4,184
4,434	776	5,210	4,657	1,120	5,777
1,013	3,782	4,795	1,443	6,638	8,081
2	0	2	1	0	1
1,099	430	1,529	205	2,783	2,988
-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	-13,213	8,175	-5,038
-526	0	-526	-568	0	-568
-2,222	21,441	19,219	491	22,119	22,610
2,806	-21,085	-18,279	3,078	-24,017	-20,939
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	3,673	-1,731	1,942
Surplus(-)/Deficit					
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	3,495	178	3,673
80	0	80	0	0	0
-36,679	-7,294	-43,973	-33,184	-7,116	-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	-31,684	-5,116	-36,800
-36,679	-7,294	-43,973	-33,184	-7,116	-40,300
Closing Balance at 31 March					

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	601	372	44	1,017
Organisational Development & Governance	423	631	66	1,120
Economic Development & Visitors	5,861	712	65	6,638
Homes & Health	2,380	349	54	2,783
Homes & Health - Active4today	0	352	0	352
Cleaner, Safer, Greener	1,058	896	80	2,034
Housing Revenue Account	7,381	794	0	8,175
Net Cost of Services	17,704	4,106	309	22,119
Other income and expenditure from the Expenditure and Funding Analysis	-22,522	2,226	-3,721	-24,017
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	-4,818	6,499	-3,412	-1,731

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	-21,595	-21,595
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	-12,588	-19,162
Disposal of Assets	0	0	0	0	0	0	-2,131	-2,131
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	-50,432	-123,618
Employee Expenses	2,743	4,401	4,872	2,459	6,276	5,399	0	26,150
Other Service Expenses	1,052	1,413	13,471	8,796	1,983	16,024	-292	42,447
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	577	407	-32	788	1,058	7,317	0	10,115
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	4,102	4,102
Payments to Housing Capital Receipts Pool	0	0	0	0	0	0	0	0
Disposal of Assets	0	0	0	0	0	0	2,249	2,249
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	4,361	6,216	18,311	28,920	9,317	28,671	29,764	125,560
Surplus(-)/Deficit on Provision of Services	4,184	5,777	8,082	3,665	6,508	-5,606	-20,668	1,942

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	2,974	0	2,974
5,880 Total	407	5	2,974	0	3,386

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	1,523	0	15,328
19,782 Total	15,047	286	1,523	0	16,856
-2,532 Less Loss Allowance	-2,310	0	0	0	-2,310
17,250 Total Short Term Debtors	12,737	286	1,523	0	14,546

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	6,872	0	0	0	6,872
24,081 Other Payables	9,896	519	3,193	19	13,627
-947 Inter Company Transactions	-538	-76	-2,463	0	-3,077
28,255 Total Short Term Creditors	16,230	443	730	19	17,422

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	3	1,380
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	3	24,041
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	3	24,041

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	-6,732	0	0	-78,559
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	559	0	0	20,357

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	-1,949	-399	407	-1	-1,942
Adjust net surplus or deficit on the provision of services for non-cash movements					
6,847 Depreciation of Property, Plant and Equipment	7,572	0	0	0	7,572
6,985 Impairment and downward valuations	2,492	0	0	0	2,492
60 Amortisation of Intangible Assets	60	0	0	0	60
2,234 Increase/Decrease(-) in Creditors	-6,888	-98	-932	-21	-7,939
10 Increase(-)/Decrease in interest Debtors	10	0	0	0	10
2,217 Increase(-)/Decrease in Debtors	173	-265	-1,404	1	-1,495
-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	2,218	0	0	0	2,218
-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	12,886	155	155	-20	13,176
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	-12,727	0	0	0	-12,727
-2,539 Proceeds from the sale of non-current assets	-2,100	0	0	0	-2,100
-12,703	-14,420	0	0	0	-14,420
11,443 Net Cash Flows from Operating Activities	-3,483	-244	562	-21	-3,186

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	-18,723	0	0	0	-18,723
-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	2,207	0	0	0	2,207
28,900	Proceeds from short-term and long-term Investments	7,000	0	0	0	7,000
15,721	Other receipts from investing activities	28,038	0	0	0	28,038
-8,139	Net cash flows from investing activities	7,522	0	0	0	7,522

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 press release system to be a high

priority – the number of media releases issued grew during this year also. The processes and systems within the centralised communications team mean that work is becoming more proactive as opposed to reactive thus gaining better coverage for the District Council. Other channels are also regularly used include the local radio, local and national media outlets, digital communication channels and digital advertising, door to door to communication, television advertising and POS in strategic locations. 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 area of Governance which has 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. The opinion on Internal Control has improved from performing adequately to performing well. There were no internal audit reports that 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.

5 Governance Actions

Significant governance issue

Issue	Action	Responsible Officer	Completion Date
Change in Council membership 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.	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)	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

P. Peacock

Leader of the Council