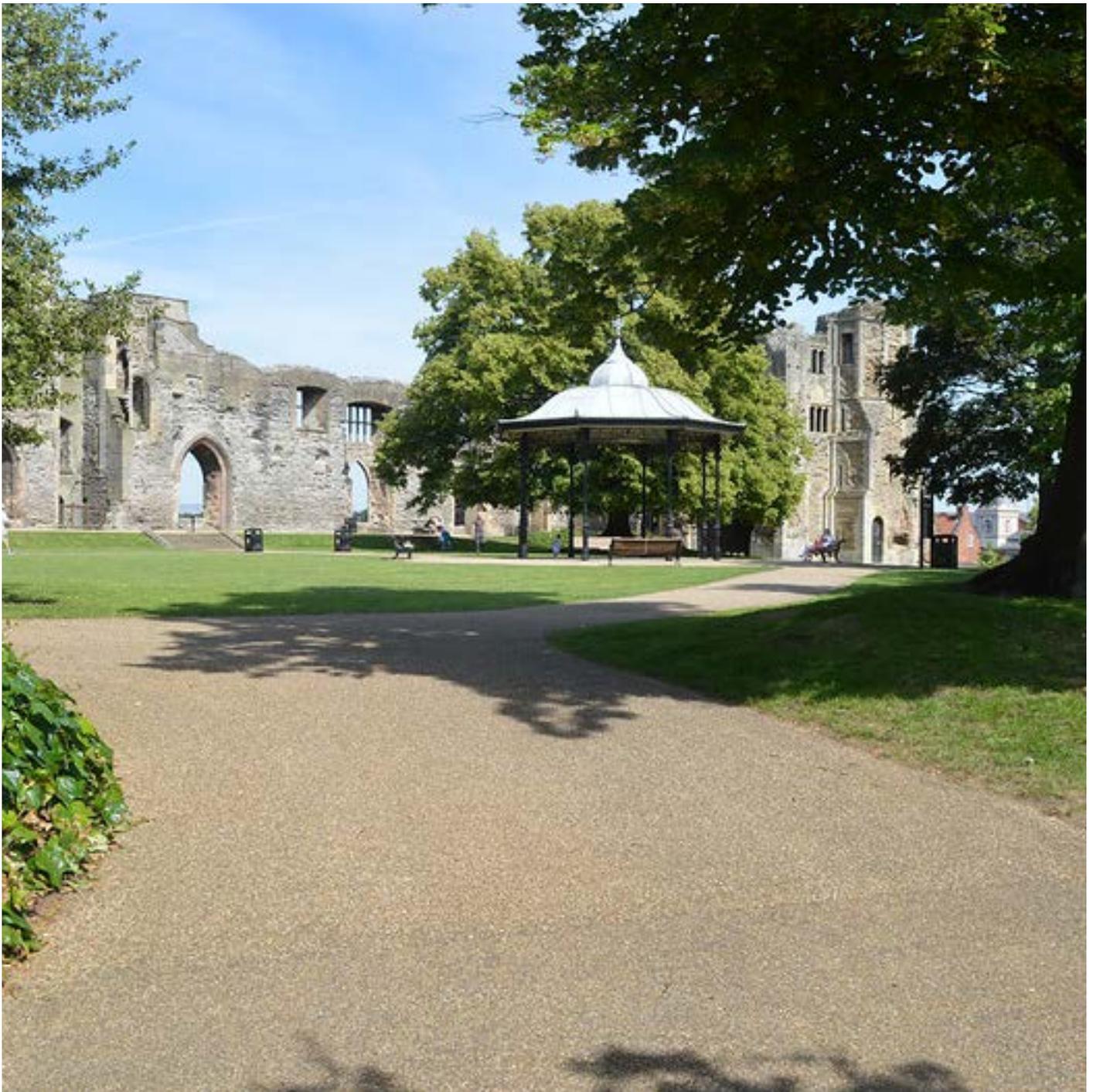


DRAFT  
STATEMENT OF ACCOUNTS,  
NARRATIVE REPORT AND  
ANNUAL GOVERNANCE  
STATEMENT 2019/20



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Castle House, Newark

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## Foreward



John Robinson  
Chief Executive

Welcome to our Statement of Accounts which details our financial performance.

Over the past year, the Council has continued to maintain a tight grip on its spending whilst delivering on its top priorities which include increasing the supply of housing, reducing crime and anti-social behaviour, enhancing and protecting the local environment and improving the quality of life for the most vulnerable members of our community.

Towards the end of the financial year, the Council also 'took back' management of its housing stock from Newark and Sherwood Homes, in order to generate savings that could be re-invested to improve tenants' homes and neighbourhoods.

This year's statement has been put together during the period of the COVID-19 pandemic which has profound financial implications on top of the public health crisis. It will therefore be important that the Council continues to seek out ongoing efficiencies, maximise the returns on its investments and assets, levers in external funding and adopts an increasingly commercial outlook and approach to its operations.

Though the outlook is increasingly uncertain and challenging, careful but also creative use of our resources will enable us to achieve what is an exciting and ambitious capital programme and revenue budget, aligned to our new Community Plan. I'm extremely grateful to our excellent financial services team and to the Audit and Accounts Committee who play a key role in ensuring effective financial governance.



Councillor Sylvia Michael  
Chairman Audits and Accounts Committee

Newark and Sherwood District Council has adopted a series of values which guide, and drive, the way we design and deliver our services.

Our major consultation exercise in 2018 generated more than 11,000 responses from the public and has since enabled us to directly focus on the things that matter most to those who live and work in Newark and Sherwood.

We now find ourselves in the second year of our Community Plan and remain as committed as ever to improving residents' quality of life and enable those who live, work and invest in Newark and Sherwood to prosper and fulfil their potential.

These values and the priorities that our communities have directed, enable the Council to ensure that spend and investments are aligned to what residents want and need.

In my role as Chairman of the Council's Audit and Accounts Committee, I am aware of the future challenges that the council faces. We have listened to what our residents have said and that is what gives this administration its driving ambition - to tackle those challenges and continue delivering and maintaining high quality services.

As can be shown in this report, the council can demonstrate value for money, spend linked to priorities and performance, and a sound financial landscape going forward.

## Introduction by S151 Officer

Deputy Chief Executive and Director of Resources  
(S151 Officer)



I am pleased to introduce our Statement of Accounts for 2019/20.

2019/20 saw the first year of our new Community Plan which will span the next four years until 2023. This report represents the year end performance of the first year of this plan.

The purpose of these accounts is to present a true and fair view of the financial results of our activities for the year and the value of our assets and liabilities at the end of the financial year.

This narrative report is set out in eight parts.

Part one - An introduction to Newark and Sherwood

Part two - Newark and Sherwood District Council - what are we here for

Part three - How the Council works

Part four - The Community Plan delivery

Part five - Financial performance for the year 2019/20 summarising the information within the main Statement of Accounts document.

Part six - Looking forward at the adopted Community Plan, Covid-19 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.

Sanjiv Kohli  
Deputy Chief Executive and Director Of Resources (S151 Officer)  
Newark and Sherwood District Council

## Part one - Introduction to Newark and Sherwood

### The district in numbers



The information above comes from the Local Government Association's "Basic facts about Newark and Sherwood District" report. This is available online at <https://bit.ly/2TELBfk>

The report was generated using data from:

Nomis; Annual Population Survey  
Nomis; mid-year population estimates  
Office for National Statistics; Census 2011  
Office for National Statistics; Mid-year estimates

## Our area

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

With low cost housing, excellent communication links and an enviable range of local attractions, including Newark Castle, Palace Theatre, Sherwood Forest and the National Civil War Centre, Newark and Sherwood is a popular place in which to live and invest, and is a perfect base for exploring more of the Heart of England.



Southwell Minster, Southwell

## Part two - Newark and Sherwood District Council's Purpose – what we're here for

Newark and Sherwood already has much to be proud of. With its captivating history, beautiful countryside, characterful market towns, world renowned businesses and an enviable location at the crossroads of the country's transport network. We want to do all we can to enable local residents and businesses to flourish and fulfil their potential as well as encouraging more visitors to enjoy all that Newark and Sherwood has to offer. In order to achieve these, we will be locally focused and nationally connected - driven by what matters most to the people we serve and with a perspective and relationships stretching well beyond our boundaries.

## Our Values

We want to serve our local community the best way we possibly can. As public servants we place a great emphasis on adopting a public sector ethos and seek to embody this in the way that we interact with you and with each other. As part of the Community Plan re-refresh we have revisited the Council's Purpose and Values to make it clear what we are here to do and how we will go about it.

'Serving people, Improving lives'

### 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

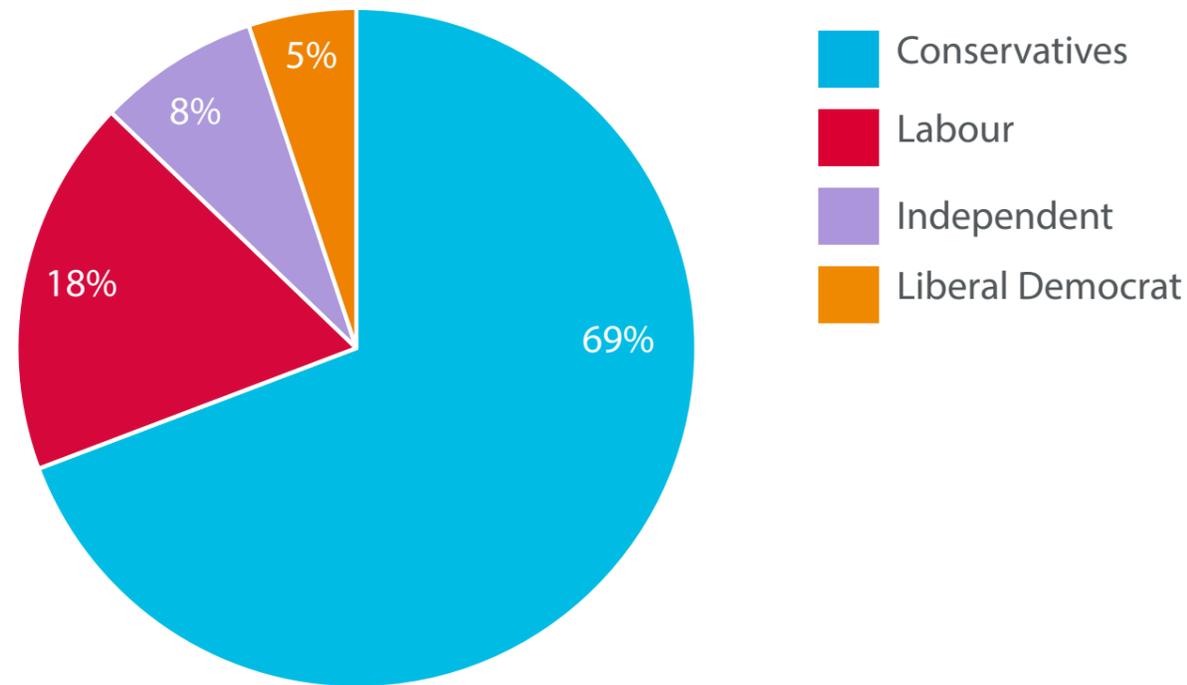
Consistently delivering on promises; providing good quality and demonstrating integrity.

### Welcoming and responsive

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

## Part three - How the Council works

Residents of Newark and Sherwood are represented by 39 elected members. The political make-up of the Council from May 2019 is shown below.



Councillors are elected by the community to decide how the 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 Council meetings, telephone calls or surgeries. Surgeries provide an opportunity for any ward resident to go and talk to their councillor face to face and these take place on a regular basis.

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

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

Find out more about our Councillors here: <https://bit.ly/2ZJqZ9L>

Find the Member representative for each ward here: <https://bit.ly/2XzSUpE>

All Councillors meet together as the Full Council and these meetings are open to the public.

## How the council works

The Council has four operational committees:



### Policy and Finance Committee

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

Councillor David Lloyd,  
Chairman of Policy and Finance and Leader of the Council



### Economic Development Committee

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

Councillor Keith Girling,  
Chairman of Economic Development and Deputy Leader of the Council



### Homes and Communities Committee

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

Councillor Timothy Wendels,  
Chairman of Homes and Communities



### The Leisure and Environment Committee

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

Councillor Roger Jackson,  
Chairman of Leisure and Environment

The Council also has four regulatory committees:



### Audit and Accounts Committee

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

Councillor Mrs Sylvia Michael,  
Chairman of Audit and Accounts



### General Purposes

The General Purposes Committee considers applications for hackney carriage and private hire licences. It also deals with licensing functions other than those falling within the remit of the Licensing Committee and functions relating to parishes, elections and electoral registration.

Councillor Mrs Rita Crowe,  
Chairman of General Purposes



### Licensing Committee

The Licensing Committee is required under the Licensing Act 2003 to discharge licensing functions such as issuing licences for the sale of alcohol and late night refreshments.

Councillor Mrs Rita Crowe,  
Chairman of Licensing



### Planning Committee

This is a formal meeting of councillors who make decisions on certain planning applications.

For each application forwarded to the committee and officer written report is attached. Copies of the reports are available five working days before the date of committee (copies are not made available to the public at the meeting). Our planning committee is made up of 15 members of the Council. Some officers of the council also attend, including Business Managers, Planning Officers and Legal Representative

Councillor Roger Blaney,  
Chairman of Planning

The Council also has a Shareholders committee:



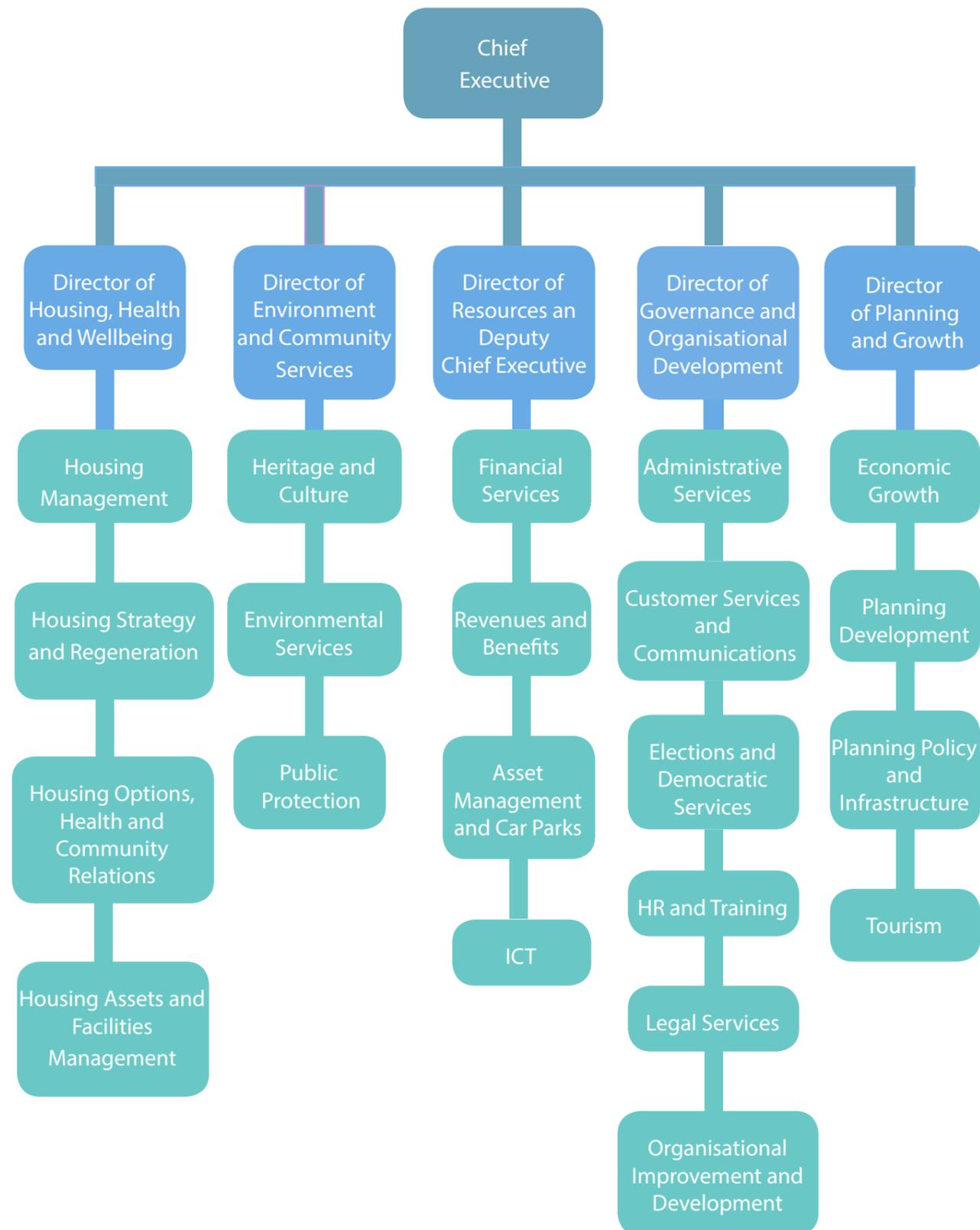
### Shareholders Committee

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

Councillor David Lloyd,  
Chairman of Shareholders and Leader of the Council

## How the Council works - structure

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



## How the Council works

On 26 September 2019, the Policy & Finance Committee made the decision (<https://bit.ly/2zzQ4Jg>) following an extensive review and tenant consultation, to bring the housing management service in-house for direct service provision by the Council. This included the decision to dissolve the Council's housing management company, Newark and Sherwood Homes Ltd.

The review undertaken by the Strategic Housing Liaison Panel identified sound business reasons for the Council to wind up Newark and Sherwood Homes Ltd and bring the service back in-house. The re-integration of the housing service will enable more joined up service delivery with the rest of the Council and deliver significant efficiencies identified for the Housing Revenue Account of £0.95m, which can be reinvested back into housing services.

The transfer of the housing management service to the Council successfully took place on 1 February 2020, two months ahead of schedule. Company activities, contracts, employees, assets and liabilities were all included in the transfer agreement and are now under direct service provision by the Council. A successful appointment has been made to the Director of Housing, Health and Wellbeing post following an extensive recruitment process, which included a Member lead panel. The Director will lead on the integration of housing management service back within the Council as well as having oversight of the health and wellbeing, housing strategy, housing options and community relations functions.

This set of accounts shows a consolidated position between Newark and Sherwood District Council and Newark and Sherwood Homes Ltd in terms of their operating activities during the year together with a consolidated opening and closing Balance Sheet.



## Part four -Community Plan delievery

Newark and Sherwood District Council has 11 objectives guiding the work it does between 2019 and 2023.

### Improve the cleanliness and appearance of the local environment

The Council will focus efforts on reducing the amount of littering, flytipping, graffiti and dog fouling in the district. The Council aim to do this by working with schools, businesses, and residents through a combination of support, education and enforcement activities.

#### What have we done so far ...

A new policy committing to the removal of most graffiti within 36 hours

An increased number of enforcement notices being issued - alongside educating and raising awareness through engagement activities and media campaigns

A fly-tipping campaign

PAWS - the ongoing campaign focused on all aspects of dog ownership to include always picking up your dog's faeces

Trialling dual recycling bins in Southwell

Work to revitalise and refocus the Council's environmental services

#### We have also

Held days of actions in Newark covering: Yorke Drive, Hawtonville; and Newark Town Centre

Had a day of action covering Blidworth and Ollerton



### Protect, promote and enhance the district's natural environment

The Council is proud of the district's heritage and wants to celebrate what it has to offer by increasing awareness and use of the many attractions across the district both by residents and visitors. By providing a joined up offer and improving brand identity the Council hopes to increase usage and overall satisfaction.

#### What have we done so far ...

Made improvements to facilities at Vicar Water Country Park, with the park being awarded Green Flag status for the 20th year running

Made improvements to Sconce and Devon Park

#### Across the district we have offered:

2 free trees to each resident and 50 free trees for Parish Councils

We have also declared a climate emergency and are working with the Carbon Trust to calculate the organisation's carbon footprint and look at pathways to mitigation as part of a wider environmental strategy.



### Improve transport infrastructure to reduce congestion and facilitate growth.

The Council plans to work with partner agencies to ensure the district's interests to be represented by lobbying for improvements to transport infrastructure to reduce congestion, ensure communities are better connected, and enable housing and employment growth.

#### What have we done so far ...

Progress made on closing the financial/delivery gaps for the Ollerton Roundabout

Progress made on the Southern Link Road

Proactively pressing to secure funding to deliver the Newark Northern A46 bypass

Working towards an upgraded A1 overbridge at Fernwood



### Accelerate the supply of new homes including associated facilities

The council will work with developers, partner organisations and individuals to unlock key development sites to facilitate the delivery of a range of mixed tenure homes across the district. The Council will work directly with individuals to ensure that planning decisions are made in a timely and effective manner.

#### What have we done so far ...

654 houses were built (155 - affordable) in 2019/20 exceeding the 454 houses required per year to meet supply requirements

Building continues on the Middlebeck Strategic Urban Extension

Building to begin at Thoresby site



### Increase visits to Newark and Sherwood and the use of visitor attractions by local residents

The Council is proud of the district's heritage and wants to celebrate what it has to offer by increasing awareness and use of the many attractions across the district both by residents and visitors. By providing a joined up offer and improving brand identity the council hopes to increase usage and overall satisfaction.

#### What have we done so far ...

Destination Management Plans published

Three new tourism websites launched

National Civil War Centre's World Turned Upside Down exhibition opened



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

The Council will work to reduce incidences of crime and anti-social behaviour. The Council will seek to implement a programme of diversionary activities to help improve behaviour. The Council hopes to reduce the fear of crime by increasing the visible presence of uniformed officers and maximising the use of CCTV.

### What have we done so far ...

Installed a mobile CCTV camera in the Winthorpe Road area following concerns from the local community.

Agreed a Community Alcohol Partnership in Clipstone

Renewed focus on the operational Gypsy and Traveller Group.

Celebrated Gypsy, Roma, Traveller History Month in June 2019

Employing four new Community Protection Officers with the power to issue fixed penalty notices (FPNs)



## Reduce levels of deprivation in target areas and remove barriers to social mobility across the district

There are pockets of severe deprivation that make it more difficult for some residents to achieve their potential. The Council plans to work closely with vulnerable residents to ensure they can access key services. The Council aims to raise aspirations and improve social mobility.

### What have we done so far ...

Launch of new Homelessness Prevention and Rough Sleepers Strategy 2019-2023

Launch of a new Voluntary and Community Sector Network

Development and implementation of a local offer for care leavers

Partnership work continuing with the YMCA in Newark to enable delivery of the Activity and Community Village

Securing £106,000 for disabled facilities grants across the district



## Enhance and sustain town centres

The Council plans to bring about transformational change that increases overall usage of the town centre and strengthens its reputation and long-term viability.

### What have we done so far ...

Purchase of the Buttermarket to bring the building back into full use

Secured development of the Robin Hood Hotel

Purchasing a retail building on Stodman Street

Newark is one of 100 towns invited to progress a Town Deal

18 Lounges announced as commercial tenant for the Buttermarket



## Improve the health and wellbeing of local residents, with a particular focus on narrowing the gap in healthy life expectancy and other health outcomes

The Council plans to work with partners to ensure interventions are targeted to secure improved health outcomes for residents within the district. The Council will focus on increasing the number of residents who are physically active and ensure all residents live in warm, decent and affordable homes.

### What have we done so far ...

Adopting the Newark and Sherwood Health and Wellbeing Partnership Plan and agreeing an action plan

Supporting development of a social prescribing model and recruitment of NHS link workers

Securing planning permission for the Dukeries swimming pool

Ongoing engagement and events with communities and schools across the district encompassing a range of health and wellbeing activities



## Generate more income, improve value for money and increase residents' satisfaction with the Council

The Council will maintain and improve service delivery standards by working with partners and/or re-allocating resources to deliver improved performance in line with resident feedback. The Council will engage with the community to implement improved self-service arrangements through digital access.

### What have we done so far ...

Re-integration of the housing management service. This is expected to generate £1million of savings to the Housing Revenue Account to be reinvested in tenant services.

The expansion and improvement of Newark Lorry Park helps to meet the national need for more secure overnight lorry parking.



## Increase participation with the Council and within local communities

The council will engage with residents and community groups in as many ways as possible to ensure that they have a voice in the way that the council delivers services and build communities in which people prosper and support one another.

### What have we done so far ...

Introduced webcasting of council/committee meetings to increase citizen engagement

Launched the Parish and Town Initiative Fund

Co-produced the 2019 Parish and Town Council Conference

Held a number of thematic engagement events



## Part five - 2019/2020 Financial performance

### Overall outturn

The Comprehensive Income and Expenditure Statement shows the Council's outturn for the authority on an accounting basis (to include notional entries such as depreciation and revaluations). The Expenditure-Funding Analysis shows the actual increase in the General Reserve (held for unforeseen circumstances) and the Housing Revenue Account reserve.

The Expenditure Funding Analysis shows a decrease of £1.089m in the overall General Reserves and an increase of £0.358m in HRA reserves. This is shown in the table below:

Reserve	Balance at 31st March 2019	Increase+/ Decrease- in year	Balance at 31st March 2020
General Fund	£1.500m	£0.000m	£1.500m
General Fund Earmarked Reserves	£25.124m	-£1.089m	£24.035m
HRA	£2.000m	£0.000m	£2.000m
HRA Earmarked Reserved	£4.398m	£0.358m	£4.756m



Newark Castle, Newark

## General Fund Revenue

The General Fund supports the day-to-day running of the Council's services (excluding housing).

The Council set its General Fund budget for the 2019/20 Financial Year on 7 March 2019. This can be seen at: <https://bit.ly/3eLLyx2>

This shows a total budget of £15.278m of which £13.486m was to deliver core services. The increase in budget for net cost of services amounted to £1.783m. This is mainly related to increases in pension in year costs (£1.980m). The financial standing of the Council is very robust, with sound and improving financial management and practices. From the table below the Council's General Fund shows an decrease in reserves of £0.963m.

This has been identified as being generated due to:

Favourable variances on services

£0.399m

Additional investment interest income

£0.424m

Increase in debt impairment

-£0.202m

Additional grant income

£0.034m

Additional business rates income

£0.478m

Budgeted movements as identified in revenue budget approved on 7 March 2019

£2.483m

Usage of reserves

-£4.705m

Total decrease in reserves

-£1.089m

This decrease has been allocated in the following way:

Budgeted movements as identified in revenue budget approved on 7 March 2019

£2.483m

Allocation towards the creation of community engagement fund

£0.300m

Allocation towards future organisational development initiatives

£0.833m

Usage of reserves

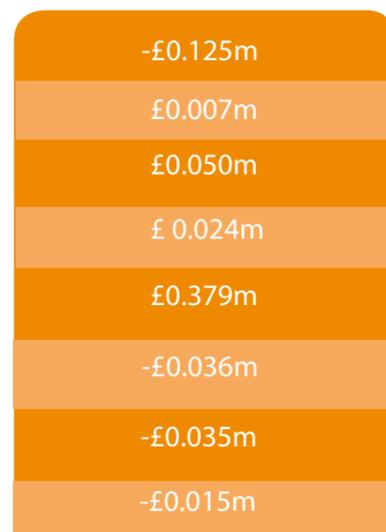
-£4.705m

Total decrease in reserves

-£1.089m

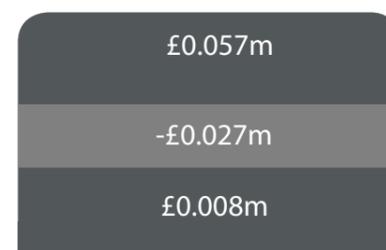
## Economic Growth

- Commercial Teams target saving apportioned over this Committee
- Unspent employee budgets throughout the Committee
- Lower than anticipated cost of planning
- Newark Lorry Park - increased parking capacity from mid 2019/20
- Planning fee income exceeding budgeted target
- Newark car park - reduced demand owing to Covid19
- Beacon - reduced rents owing to Covid19
- Other small variances



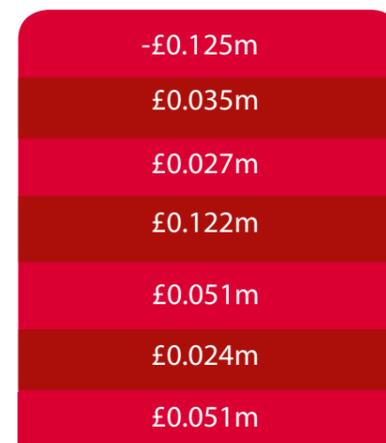
## Homes and communities

- Increased income from ICT recharges to HRA & Active 4Today
- Increased ICT licencing and maintenance costs
- Other small variances



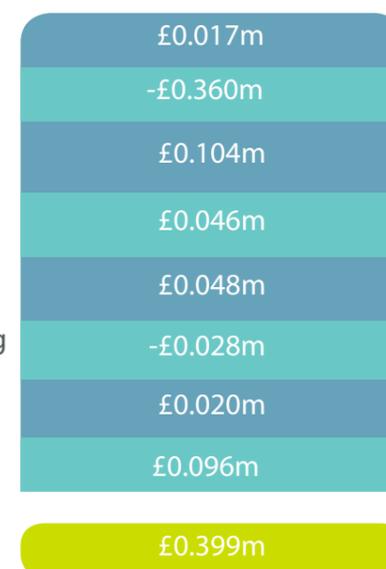
## Leisure and Environment

- Commercial Teams target saving apportioned over this Committee
- Unspent employee budgets throughout the Committee
- Domestic refuse collection - reduced payment to Nottinghamshire County Council
- Domestic refuse collection - income increases from garden waste customers, bulky items and replacement bins
- Vehicle pool and workshop - increase in recharge to HRA
- More efficient use of vehicles leading to favourable budget variances
- Other small variances



## Policy and finance

- Unspent employee budgets throughout the Committee
- Corporate vacancy savings target 3.5% of salaries
- Net rent allowance
- Net rent rebate
- Council Tax Service recovery of costs raised exceeds budget provision
- Corporate property - Surveyors agency staff required whilst appointing to permanent roles
- Election expenses - due to delayed election
- Other small variances



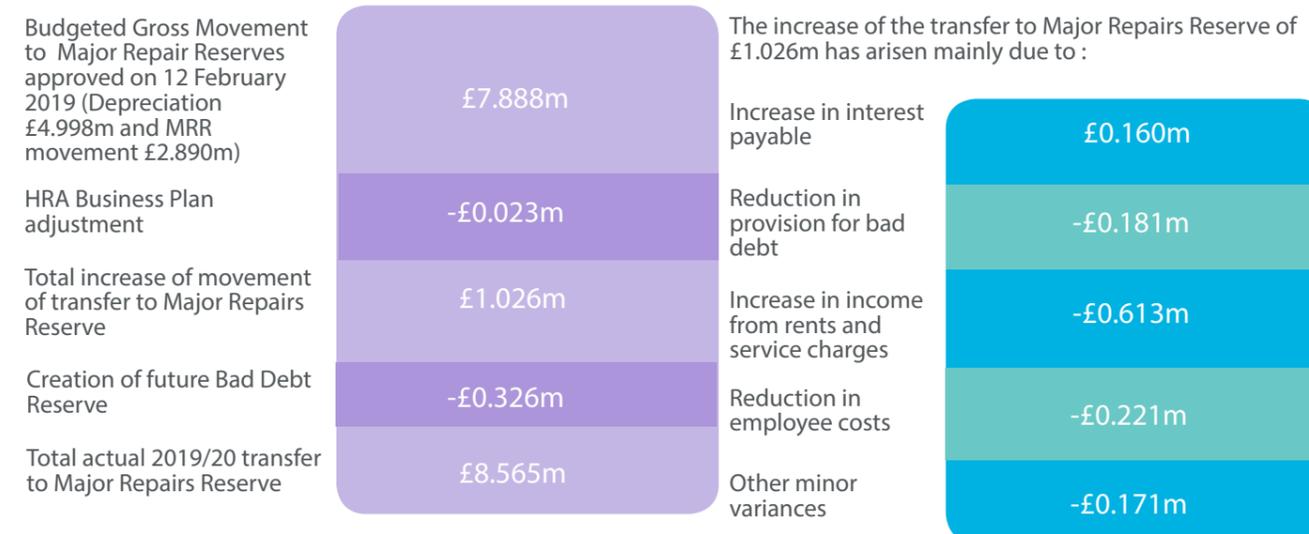
22 Total from all committees

## Housing Revenue Account (HRA)

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

On 26 September 2019, the Policy & Finance Committee made the decision (<https://bit.ly/2zzQ4Jg>) following an extensive review and tenant consultation, to bring the housing management service in-house for direct service provision by the Council. As of 31 March 2019, 5,490 dwellings and an increase of 50 properties were made under Council development.

The budget was approved on 12 February 2019 (<https://bit.ly/36zhKu9>). This shows the generation of £2.890m in income over and above expenditure that is ring-fenced to be spent on the Council's housing stock. This over achievement of income will be re-invested into the Council's housing stock as part of the Council's 5 year development programme which seeks to deliver 335 additional homes to meet the housing needs of the district.



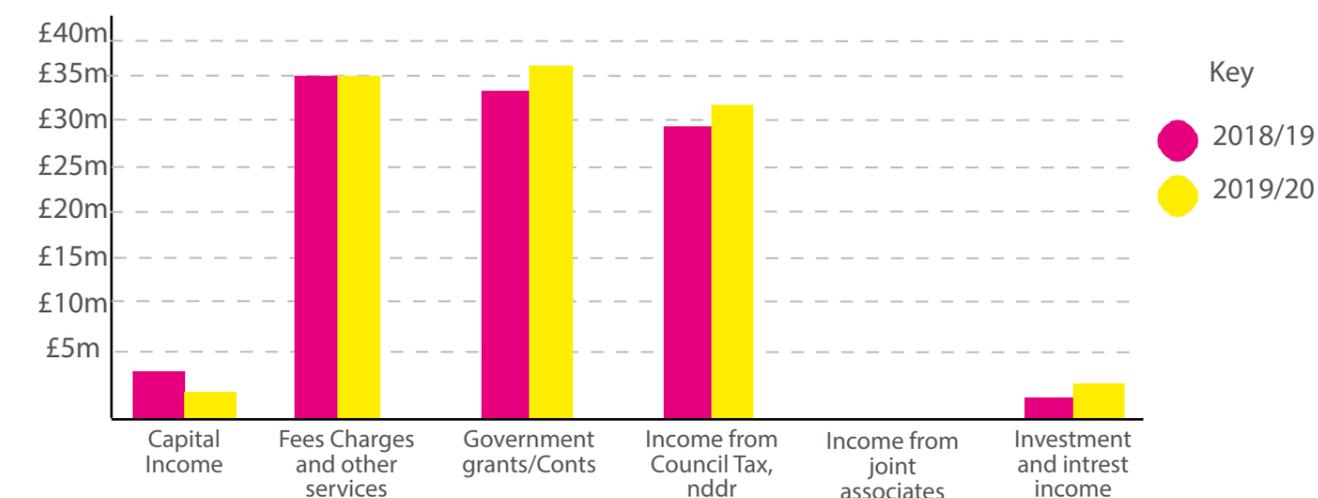
## Analysis of total income

The graph below shows the income that has been recognised on the comprehensive income and expenditure statement. This shows that income has increased in year by £3.237m between 2018/19 and 2019/20. The change in income recognised relates to:

Capital Income - £1.025m received 2018/2019 in capital funding from Nottinghamshire County Council as part of the YMCA Activity Village.

Government grants/Conts - £7.450m increase in Government grants to support Business Grants throughout Covid-19, along with a reduction of £2.711m in S106 and community infrastructure levy Income. As well as a £3.200m reduction in government fund in housing benefits and revenue grants.

Investment/interest income - £0.508m additional interest income from the Investment portfolio.



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## Capital Spending

Capital monies are spent on building or enhancing the Council's asset base. There are rules and regulations regarding what can be classed as capital expenditure and this spend must be financed separately from the day to day running costs of the Council. During 2019/20 the Council spent £22.9m on Capital works.

Key projects were:

Investment in existing Council dwellings to maintain a decent standard. Costs incurred in 2019/20 was £4.947m

The Council is progressing a five year housing development programme to deliver 335 additional homes across the district to meet the housing needs of local residents. Phase two will deliver 50 units, with 40 units completed in 2019/20 and the remaining 10 due for completion by June 2020. Phase three is due to deliver 50 to 60 units (depending on sites obtaining planning permission), with 17 units over eight sites started in the latter part of 2019/20. Total spend during 2019/20 £6.725m.

Boughton Extra Care Facility is progressing to deliver 40 units in addition to the new build programme and is due for completion in summer of 2021. Expenditure incurred in 2019/20 £1.769m.

£0.652m was spent on Disabled Facilities Grants following referrals from occupational therapists.

As part of the annual Vehicles, Plant and Equipment replacement programme, in 2019/20 incurred spend of £1.244m, replacing 20 vehicles ranging from small vans, to Refuse Collection Vehicles.

The Council spent £0.571m to purchase 32 Stodman Street, Newark as a part of its Community Plan Town Centre objectives.

Equity funding of £4m invested in its wholly owned Development Company – Arkwood Developments.

The Council, in partnership with MF Strawson Ltd set up a Joint Venture company, RHH Ltd as a vehicle for the redevelopment of the former Robin Hood Hotel. Both parties have agreed to make a capital contribution by way of a loan, which has amounted to £0.708m for the Council in 2019/20.



Buttermarket, Newark

## Balance sheet

### Provisions

The Council's most significant provisions relate to the Business Rates valuation appeals. Following Business Rates localisation, introduced in 2013, the Council has had to set aside a provision for any future successful ratepayer appeals against rateable valuations. The Council currently has 47 appeals outstanding. For the 2017 valuation list a new check, challenge and appeal process was introduced in order to create a structured way of allowing ratepayers to appeal against their valuation. The council currently has 302 challenges outstanding. The table below shows the year-end balance of the provision together with the amount of the provision used in the year in respect of the successful appeals:

	2018/19	2019/20
Opening business rates provision for appeals	£2.851m	£3.405m
Business rates provision used based on successful appeal	-£0.860m	-£0.535m
Provisions made	£1.414m	-£1.191m
Closing business rates provision for appeals	£3.405m	£1.679m

### Cash Flow

Cash and Cash Equivalents have decreased by £9.140m throughout the year to £23.519m which relates to an increase in the capital programme for 2019.20 and therefore invoice payments to creditors.

### Property, Plant and Equipment (PPE)

Property, Plant & Equipment increased by £17.290m. £16.990m has been added through the capital programme, economic use of assets has reduced the value by £6.339m, £2.124m has met the criteria to be transferred to assets held for sale, the Council has also disposed of assets to the value of £0.634m and assets have had their values increased by £9.397m.

### Short term debtors

Short Term Debtors has increased from £7.772m to £15.807m (a change of £8.035m) mainly relating to the accrual of £7.500m income due to the Council from the Government for COVID-19 business grant payments.

### Pension Liability

The Pension liability decreased by £3.879m from £75.368m to £71.489m culminating mainly from an expected increase in the council's return of its portion of the pension fund assets in excess of interest.

### Long Term Investment – Available for Sale

The Council made some long term investments during the financial year, the Council invested £4m into CCLA property fund and £3.5m into CCLA diversified income fund. Also the Council invested £4m of capital equity into Arkwood Development Ltd. All three investments have been revalued to their fair value as at 31.3.20.

## Part six - Looking forward Community Plan

The Community Plan 2019-2023 and was updated at the Policy and Finance Committee on the 20 February 2020. It is available on our website at <https://bit.ly/36H2qM4>



Improve the cleanliness and appearance of the local environment



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



Improve transport infrastructure to reduce congestion and facilitate growth



Build more homes and provide an excellent housing management service



NEWARK & SHERWOOD DISTRICT COUNCIL



Increase visits to the district and the use of visitor attraction by local residents



Protect, promote and enhance the district's natural environment and deliver the Council's environment ambitions



Enhance and sustain Town Centre



Improve the quality of life and social mobility in target areas



Improve the health and wellbeing of local residents



Increase participation with the council and within the local communities



Continue to modernise working with practices and embed a stronger commercial culture to improve value for money, generate more income and increase residents' satisfaction

## Looking forward Beyond Covid-19

With the emergence of Covid-19 in the final quarter (January-March) of the 2019-20 financial year, and implications that will run far beyond, Newark and Sherwood District Council will continue to look carefully at the pandemic and its effect – and to respond accordingly.

### Provision of Services

At the time of writing, a full review of service provision during the period of the pandemic is being undertaken. However, in summary, Newark and Sherwood District Council responded to the pandemic by adapting a number of services:

The Government's business grants were distributed by the Council's Revenues and Benefits and Financial Services teams, along with other forms of financial support

Domestic waste collections were altered to enable staff to adhere to Government guidelines for social distancing whilst still providing this essential frontline service. The impact on trade and other waste services will be assessed

Housing services adjusted their practices to respond to the pandemic, particularly during the lockdown and concerning repair work in homes

HART (Humanitarian Action Response Team) was established as a new team to lead on efforts locally, coordinating community work to help vulnerable residents

Leisure (including parks), arts and tourism all provided different methods of service delivery

Many other services provided by the Council were also affected.

### Councils Workforce -

Newark and Sherwood District Council was agile in its transition to homeworking for the majority of the workforce. Some staff were redeployed to support the frontline work of HART and also to support the Council's emergency planning and response function more generally. Additionally, many staff members engaged with the Local Resilience Forum. However, the Council also utilised the Coronavirus Job Retention Scheme (furlough) for the portion of the workforce whose roles could not be performed from home. Sickness levels were carefully monitored by the Council's Human Resources team and concrete plans for role/function resilience in the case of staff absence were in place.

With the emergence of Covid-19 in the final quarter (January-March) of the 2019-20 financial year, and implications that will run far beyond, Newark and Sherwood District Council will continue to look carefully at the pandemic and its effect – and to respond accordingly.

As part of a multi-agency response the Council worked with the Nottinghamshire Local Resilience Forum (LRF) to have robust plans in place for helping local people. There are 38 LRFs in England which are made up of emergency services, a range of government agencies, health bodies and local authorities.



## Looking forward Medium term financial plan

The year 2020/21 was due to be the first year of the Governments latest Comprehensive Spending Review period. The Medium Term Financial Plan (MTFP) that was approved in March 2019 expected shortfalls in funding each year post 2019/20. This was the expected impact due to the plans to reform local Government finance, but due to the ministerial time that was spent on Brexit, the impact of this was delayed by a year.

At the point of approving the MTFP for 2020/21 (9th March 2020 <https://bit.ly/2Xt39xs>) the scale of the impact of the COVID-19 pandemic had not yet been felt.

This suggested that over the term of the MTFP there would be budget shortfalls in each year post 2020/21. The table below shows the anticipated levels of expenditure, Business rates and Council Tax income.

	2020/21	2021/22	2022/23	2023/24
Net Service Expenditure (less capital charges)	£12.181m	£12.459m	£12.549m	£12.624m
Total Other Expenditure	£1.342m	£1.275m	£1.302m	£1.943m
Total Expenditure	£13.523m	£13.734m	£13.851m	£14.567m
Total Business Rates	-£7.724m	-£5.316m	-£5.379m	-£5.435m
Council Tax	-£7.018m	-£7.245m	-£7.484m	-£7.729m
Other Grants	-£0.122m	£0.000m	£0.000m	£0.000m
Contribution (to) or from Reserves	-£1.341m	£1.173m	£0.988m	£1.403m

The MTFP identified that the additional contribution to reserves for 2020/21 would be used to contribute to shortfalls in 2021/22 and 2022/23 together with dividends from the Councils development company – Arkwood Developments Ltd, service reviews and additional commercial income as mitigating the future shortfalls.

Now that the impact of COVID-19 has been felt, the Government have announced that the reform to the local government finance system that was due during the 2020/21 financial year, will now not take place and the allocations will again be rolled forward into 2021/22.

The impact of COVID-19 will have a wide range of effects for local government with additional pressures put on service delivery and loss of income through fees and charges for services. The length of co-existence with COVID-19 and social distancing will determine whether this has a lasting effect on Local Government finances and how the reform to the local government finance system works.

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

## Part seven - Corporate risks

A risk management strategy is in place to identify and evaluate risk. There are clearly defined steps to support better decision making through the understanding of risk, whether a positive opportunity or threat, and the likely impact. The risk management processes are subject to regular review and updating. Set out below are the key risks from the Council's corporate risk register.

Risk	Description	Key Mitigation techniques
Financial Sustainability - General Fund	Ensuring financial sustainability of the general fund to allow the council to undertake its core functions, deliver services, meet its corporate priorities and objectives	Annual review of Budgets and Medium Term Financial Plan. Council approved Capital Programme. Consultation & Communication plan to manage political and public expectations. Quarterly budget monitoring report tabled at SLT and Policy and Finance Committee.
Financial Sustainability - HRA	Ensuring financial sustainability of the General Fund to allow the council to undertake its core functions, deliver services, meet its corporate priorities and objectives	Quarterly budget monitoring report tabled at SLT and Policy and Finance Committee. Quarterly Capital monitoring meetings. Financial implications added to Committee reports by Financial Services. Financial strategies and budget reviewed through Policy and Finance Committee annually
Failure to deliver growth infrastructure	Facilitating the provision of local infrastructure to ensure growth within the district to meet agreed plans and corporate priorities.	Lobby central government for a bypass for the A46 Establishment of Arkwood Housing Growth strategy put in place HRA 5 year programme Prosperity Agenda is the main priority for the council including funding scheme for new business development

Risk	Description	Key Mitigation techniques
Workforce	Ensuring the Council is able to recruit, maintain and retain appropriate staffing resource to ensure it is able to deliver its services and meet its corporate objectives.	<p>Approved Community Plan and priorities</p> <p>Workforce is established at operating in an agile working environment.</p> <p>Continual development through an established training and development programme.</p> <p>The Councils Commercial Projects Development Team has been created to develop and implement commercial opportunities for the council.</p> <p>Visible leadership.</p> <p>Annual employee planning process.</p> <p>Use of Apprenticeships to support service areas and support succession management.</p> <p>Approved corporate priorities within the Community Plan 2019-23</p>
Loss of community cohesion	The risk of vulnerable communities with NSDC feeling disengaged, excluded or being unable to access available services and opportunities.	<p>National monitoring of all tensions through police forces - updated through local residence forums whenever necessary and actions then dealt with by Nottinghamshire local resilience forum (LRF) with representatives from district councils.</p> <p>Equality Strategy, Equality Impact Assessments, Quarterly Equality Steering Group.</p> <p>Community Safety Partnership Work</p>
Arkwood development company	Managing performance and the relationship between the Council and Arkwood Developments in accordance with the governance agreement.	<p>Established a shareholder committee and agreed membership.</p> <p>Approval to release funds for Arkwood sought with shareholder committee report to the Policy and Finance committee.</p> <p>Monthly officer contract meetings between Arkwood and council</p>

Risk	Description	Key Mitigation techniques
Safeguarding	Preventing failures within safeguarding arrangements to ensure protection of vulnerable persons	<p>Regular liaison meetings with the DWP</p> <p>Creation of joint office space in the Councils new headquarters at Castle House to enable partnership working with DWP Briefings for stakeholders and landlords delivered by DWP.</p> <p>Annual review and report to SLT</p> <p>Corporate safeguarding group meet quarterly</p> <p>Annual Review and Update of the Council's Safeguarding Policy</p>
Corporate Governance	Risk of failure in systems of governance within the Council, Council owned/influenced organisations and partnerships or other collaborative arrangements.	<p>Internal Audit work including risk based Audit Plan.</p> <p>Officer code of conduct. Member induction at the start of each new Council cycle.</p> <p>Peer Challenge undertaken which included a focus on governance with recommendations to review and action plan developed.</p> <p>Governance review ongoing with support from LGA.</p>
Brexit	Effects of Brexit on the council's ability to deliver services and to the sustainability of its communities.	<p>Work with the National Farmers' Union to understand the implications of Brexit.</p> <p>An internal audit report on Brexit preparation given substantial assurance. In liaison with all local and national agencies through active membership of the Local Resilience Forum.</p> <p>Full participation and engagement with the Local Resilience Forum.</p> <p>Horizon scanning – look at the key messages relating to Brexit from Central government.</p>

Risk	Description	Key Mitigation techniques
Data management and security	Deliberate or unintentional loss/disclosure of personal, sensitive, confidential, business critical information or breach of information governance legislation	<p>External Audit on ICT security annually.</p> <p>Cryptshare for encrypting secure emails and large files for email. Airwatch MDM (Mobile Device Management) implementation for mobile devices. Encryption for laptops.</p> <p>Data protection training including a section on information security and targeted training ongoing for staff located</p>
Emergency response	The Council's ability to effectively respond as a category 1 responder to a major emergency and maintain a suitable response without affecting essential service delivery.	<p>Emergency plans in place with county council support.</p> <p>Agile working arrangements. Local Resilience Forum and annual risk assessment.</p> <p>Facilitation of Government grant scheme in flood affected areas to enhance future resilience.</p> <p>Agile working arrangements.</p> <p>Corporate budget available to support flood alleviation schemes.</p>
Supply chain failures and contract management	Managing contracts with key suppliers, including NSDC wholly own companies, to ensure the continued delivery of an effective service and ensure delivery of the council's priorities and objectives..	<p>Business continuity insurance where required.</p> <p>Legal Services assesses all contracts.</p> <p>Senior Leadership Team oversight of large contracts.</p> <p>Named contract manager highlighted for each contract.</p> <p>Regular monitoring of key contracts.</p>

## Part eight - Explanation of Financial Statements

The Statement of Accounts sets out the Councils income and expenditure for the year, and its financial position at 31 March 2020. 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 2019/20, which in turn is underpinned by International Financial Reporting Standards;

A Glossary of key terms is in The Statement of Accounts document which can be found at <https://www.newark-sherwooddc.gov.uk>

The core statements are:

The Comprehensive Income and Expenditure Statement records all of the Council's income and expenditure for the year. The top half of the statement provides an analysis by the Councils internal management structure. The bottom half of the statement deals with corporate transactions and funding. Expenditure represents a combination of:

Services and activities that the council is required to carry out by law (statutory duties) such as street cleaning, planning and registration; and,

Discretionary expenditure focused on local priorities and needs.

The Movements in Reserves Statement which shows the movement in the year on the different reserves held by the authority, analysed into "usable reserves" (ie those that can be applied to fund expenditure or reduce local taxation) and "unusable reserves" which must be set aside for specific purposes.

The Balance Sheet is a "snapshot" of the council's assets, liabilities, cash balances and reserves at the year end date.

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

The Supplementary Financial Statements are:

The Annual Governance Statement which sets out the governance structures of the Council and its key internal controls.

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

The Collection Fund Account summarises the collection of council tax and business rates, and the redistribution of some of that money to other organisations on whose behalf the council collects these taxes.

The Group Accounts which consolidate the council's accounts together with Active4Today Ltd and Arkwood Development Ltd, which are both wholly owned by the District Council.



## MOVEMENT IN RESERVES STATEMENT

Movement in reserves 2019/20	General	Earmarked		Earmarked		Capital	Capital	Total	Unusable Reserves	Total
	Fund	General	Housing	Housing	Major	Grants	Receipts	Usable		Council
	Balance	Fund	Revenue	Revenue	Repairs	Unapplied	Reserve	Reserves	Reserves	Reserves
	£'000	Reserves	Account	Account	Reserve	£'000	£'000	£'000	£'000	£'000
Balance at 31 March 2019 carried forward	1,500	25,124	2,000	4,398	10,107	6,991	9,673	59,793	151,590	211,383
Total Comprehensive Income and Expenditure	1,760	0	-16,814	0	0	0	0	-15,054	38,659	23,605
Adjustment between accounting basis & funding basis under regulations (Note 13)	-2,849	0	17,172	0	1,593	1,467	-4,219	13,164	-13,164	0
<b>Net Increase/Decrease(-) before Transfers to Earmarked Reserves</b>	<b>-1,089</b>	<b>0</b>	<b>358</b>	<b>0</b>	<b>1,593</b>	<b>1,467</b>	<b>-4,219</b>	<b>-1,890</b>	<b>25,495</b>	<b>23,605</b>
Transfers to/from(-) Earmarked Reserves(Note 14)	1,089	-1,089	-358	358	0	0	0	0	0	0
<b>Increase/Decrease(-) in 2019/20</b>	<b>0</b>	<b>-1,089</b>	<b>0</b>	<b>358</b>	<b>1,593</b>	<b>1,467</b>	<b>-4,219</b>	<b>-1,890</b>	<b>25,495</b>	<b>23,605</b>
Balance at 31 March 2020 carried forward	1,500	24,035	2,000	4,756	11,700	8,458	5,454	57,903	177,085	234,988

### RESTATED

Movement in reserves 2018/19	General	Earmarked		Earmarked		Capital	Capital	Total	Unusable Reserves	Total
	Fund	General	Housing	Housing	Major	Grants	Receipts	Usable		Council
	Balance	Fund	Revenue	Revenue	Repairs	Unapplied	Reserve	Reserves	Reserves	Reserves
	£'000	Reserves	Account	Account	Reserve	£'000	£'000	£'000	£'000	£'000
Balance at 31 March 2018 carried forward	1,737	21,512	2,000	3,113	6,573	5,424	9,565	49,924	145,659	195,583
Total Comprehensive Income and Expenditure	2,089	0	-7,085	0	0	0	0	-4,996	20,796	15,800
Adjustment between accounting basis & funding basis under regulations (Note 13)	1,286	0	8,370	0	3,534	1,567	108	14,865	-14,865	0
<b>Net Increase/Decrease(-) before Transfers to Earmarked Reserves</b>	<b>3,375</b>	<b>0</b>	<b>1,285</b>	<b>0</b>	<b>3,534</b>	<b>1,567</b>	<b>108</b>	<b>9,869</b>	<b>5,931</b>	<b>15,800</b>
Transfers to/from(-) Earmarked Reserves(Note 14)	-3,612	3,612	-1,285	1,285	0	0	0	0	0	0
<b>Increase/Decrease(-) in 2018/19</b>	<b>-237</b>	<b>3,612</b>	<b>0</b>	<b>1,285</b>	<b>3,534</b>	<b>1,567</b>	<b>108</b>	<b>9,869</b>	<b>5,931</b>	<b>15,800</b>
Balance at 31 March 2019 carried forward	1,500	25,124	2,000	4,398	10,107	6,991	9,673	59,793	151,590	211,383

## BALANCE SHEET

RESTATED 31 March 2019 £'000	Notes	31 March 2020 £'000
354,634	22	371,924
2,035	26	2,020
288	28	268
0	41	10,536
461	30	801
<b>357,418</b>		<b>385,549</b>
9,908	41	8,076
306		305
7,772	30	15,807
1,120	27	1,170
32,659	25	23,519
<b>51,765</b>		<b>48,877</b>
-6,967	41	-9,350
-15,494	31	-18,591
-1,457	32	-391
-786	20	-898
<b>-24,704</b>		<b>-29,230</b>
-4,839	31	-7,210
-1,948	32	-1,288
-224	43	-224
-84,556	41	-83,830
-75,364	39	-71,489
-6,165	20	-6,167
<b>-173,096</b>		<b>-170,208</b>
<b>211,383</b>		<b>234,988</b>
59,793	33	57,903
151,590	34	177,085
<b>211,383</b>		<b>234,988</b>

## CASH FLOW STATEMENT

RESTATED 2018/19 £'000	Notes	2019/20 £'000
<b>-4,996</b>		<b>-15,054</b>
27,266	36A	31,608
-10,346	36A	-6,828
<b>11,924</b>		<b>9,726</b>
-5,110	36C	-21,080
10,577	36D	2,214
<b>17,391</b>		<b>-9,140</b>
15,268		32,659
<b>32,659</b>	25	<b>23,519</b>

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 2019/2020 financial year and its position at the year-end of 31 March 2020. It has been prepared in accordance with the Code of Practice on Local Council Accounting in the United Kingdom 2019/2020 (the Code) supported by International Financial Reporting Standards (IFRS). The accounting convention adopted is historical cost, modified firstly by the revaluation of certain categories of non-current assets, and secondly as regards the valuation of stocks. 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 the sale of goods is recognised when the Council transfers the significant risks and rewards of ownership to the purchaser and it is probable that economic benefits or service potential associated with the transaction will flow to the Council.
- Revenue from the provision of services is recognised when the Council can measure reliably the percentage of completion of the transaction and it is probable that economic benefits or service potential associated with the transaction will flow to the Council.
- 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 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.

## 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.

### 1.10 Government Grants and Contributions

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

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

Amounts recognised as due to the council are not credited to the Comprehensive Income and Expenditure Statement until conditions attached to the grant or contribution have been satisfied. Conditions are stipulations that specify that the future economic benefits or service potential embodied in the asset in the form of the grant or contribution are required to be consumed by the recipient as specified, or future economic benefits or service potential must be returned to the transferor.

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

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

#### Community Infrastructure Levy

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

CIL is received without outstanding conditions; it is therefore recognised at the commencement date of the chargeable development in the Comprehensive Income and Expenditure Statement in accordance with the accounting policy for government grants and

contributions set out above. CIL charges will be largely used to fund capital expenditure. However, a small proportion of the charges may be used to fund revenue administrative expenditure.

### 1.11 Heritage Assets

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

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

#### Heritage Assets – General

The carrying amounts of heritage assets are reviewed where there is evidence of impairment for heritage assets, e.g. where an item has suffered physical deterioration or breakage or where doubts arise as to its authenticity. Any impairment is recognised and measured in accordance with the Councils general policies on impairment – see note 1.17 in this summary of significant accounting policies. The trustees of the Councils museum will occasionally dispose of heritage assets which have a doubtful provenance or are unsuitable for public display. The proceeds of such items are accounted for in accordance with the Councils general provisions relating to the disposal of property, plant and equipment. Disposal proceeds are disclosed separately in the notes to the financial statements and are accounted for in accordance with statutory accounting requirements relating to capital expenditure and capital receipts (again see note 1.17 in this summary of significant accounting policies).

### 1.12 Interests in Companies and Other Entities

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

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

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

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

### 1.13 Joint Operations

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

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

### 1.14 Leases

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

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

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

#### The Council as Lessee

##### Finance Leases

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

Lease payments are apportioned between:

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

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

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

#### Operating Leases

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

#### The Council as Lessor

##### Finance Leases

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

Lease rentals receivable are apportioned between:

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

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

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

##### Operating Leases

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

### 1.15 Property, Plant and Equipment

Assets that have physical substance and are held for use in the production or supply of goods or services, for rental to others, or for administrative purposes and that are expected to be

used during more than one financial year are classified as property, plant and equipment.

#### Recognition

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

#### Measurement

Assets are initially measured at cost, comprising:

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

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

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

- Surplus Assets – the current value measurement base is fair value, estimated at highest and best use from a market participant's perspective
- Dwellings – current value, determined using the basis of existing use value for social housing (EUV-SH)
- Community Assets, Infrastructure and Assets Under Construction – measured at historical cost
- Other Land and Buildings, Vehicles, Plant and Equipment – fair value or, where there is no market based evidence of fair value, depreciated historical cost

#### Valuation

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

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

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

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

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

the Capital Adjustment Account.

#### Impairment

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

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

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

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

#### Depreciation

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

Depreciation is calculated on the following bases:

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

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

Revaluation gains are also depreciated, with an amount equal to the difference between current value depreciation charged on assets and the depreciation that would have been

chargeable based on their historical cost being transferred each year from the Revaluation Reserve to the Capital Adjustment Account.

#### Disposals and Non-current Assets Held for Sale

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

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

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

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

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

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

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

### 1.16 Provisions, Contingent Liabilities and Contingent Assets

#### Provisions

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

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

obligation, taking into account relevant risks and uncertainties.

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

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

#### Contingent Liabilities

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

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

#### Contingent Assets

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

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

### 1.17 Reserves

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

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

### 1.18 Revenue Expenditure Funded from Capital under Statute

Expenditure incurred during the year that may be capitalised under statutory provisions but that does not result in the creation of a non-current asset has been charged as expenditure to the relevant service in the Comprehensive Income and Expenditure Statement in the year. Where the Council has determined to meet the cost of this expenditure from existing capital resources or by borrowing, a transfer through the

Movement in Reserves Statement from the General Fund Balance to the Capital Adjustment Account then reverses out the amounts charged so that there is no impact on the level of Council Tax.

### 1.19 Value Added Tax

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

### 1.20 Fair Value Measurement

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 2020, 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 2020:

- Amendments to IAS 28 Investments in Associates and Joint Ventures: Long-term Interests in Associates and Joint Ventures
- Annual Improvements to IFRS Standards 2015–2017 Cycle
- Amendments to IAS 19 Employee Benefits: Plan Amendment, Curtailment or Settlement.

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

## 3 CRITICAL JUDGEMENTS IN APPLYING ACCOUNTING POLICIES

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

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

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

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

The items in the Council's Balance Sheet at 31 March 2020 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>Due to the outbreak of the Novel Coronavirus (Covid-19) all the asset valuations have been reported on the basis of 'material valuation uncertainty' as per VPS 3 and VPGA 10 of the RICS Red Book Global. Consequently, less certainty - and a higher degree of caution - should be attached to our valuations than would normally be the case.</p>	If the useful life of assets is reduced, depreciation increases and the carrying amount of the assets falls.
Fair Value Measurements	<p>When the fair values of financial assets and financial liabilities cannot be measured, based on quoted prices in active markets (i.e. domestic Level 1 inputs), their fair value is measured using valuation techniques (eg quoted prices for similar assets or liabilities in active markets or the discounted cash flow (DCF) model). Where possible, the inputs to these valuation techniques are based on observable data, but where this is not possible, judgement is required in establishing fair values. These judgements typically include considerations such as uncertainty and risk. However, changes in the assumptions used could affect the fair value of the Council's assets and liabilities. Where Level 1 inputs are not available, the Council employs relevant experts to identify the most appropriate valuation techniques to determine fair value.</p>	<p>The Council uses a combination of indexation techniques, beacon valuations and discounted cash flow (DCF) models to measure the fair value of its Surplus Assets and Assets Held for Sale under IFRS13 depending on which technique it considers most appropriate.</p> <p>The significant unobservable inputs used in the fair value measurement include management assumptions regarding rent growth, occupancy levels, floor area repairs backlogs, beacon classifications and others.</p> <p>Significant changes in any of the unobservable inputs would result in a significantly lower or higher fair value measurement for these assets.</p>
Provision - Business Rates	<p>Since the introduction of the Business Rates Retention Scheme effective from 1st April 2013 local authorities are liable for successful appeals against business rates charged to businesses in 2019/20 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 2020.</p> <p>Estimation of backdated appeals was provided by Analyse Local. This assumes that various amounts of appeals are received, and then subsequently agreed.</p>	Decrease in collection amount of NNDR, leaving the Council with a reduced amount of funding for Services. 40% of any reduction would impact upon the Council.
Pensions Liability	<p>Estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets. A firm of consulting actuaries is engaged to provide the Council with expert advice about the assumptions to be applied.</p>	<p>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 2019/20, the Council's actuaries advised that the net pensions liability had decreased by £10.2m attributable to updating of the assumptions.</p>

Arrears	At 31 March 2020, the Council had a balance of short term debtors totalling £15.623m. A review of significant balances suggested that a loss allowance of £2.434m 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 £2.434m to set aside as an allowance.
Britain leaving the European Union: asset values and pension liability	There is a high level of uncertainty about the implications of Britain leaving the European Union. At the current time there are three possible scenarios: a 'no deal' Brexit, an agreement with a transition period and an extension to EU membership of unknown length. It is not possible to predict which path will be taken and whether asset values and the discount rate will consequently change. The assumption has been made that this will not significantly impair the value of the Council's assets or change the discount rate. However, this assumption needs to be revisited and reviewed regularly.	Higher impairment allowances may need to be charged in the future if asset values fall. If the discount rate changes, the size of the net pension liability will also vary.
COVID-19	The outbreak of the Novel Coronavirus (COVID-19), declared by the World Health Organisation as a Global Pandemic on 11 March 2020 has impacted on global financial markets and market activity is being impacted in many sectors. On the 23 March 2020 the UK was placed in lockdown to try and reduce the impact of the virus. This has significantly impacted the Council's ability to generate income. The Council has had to perform additional duties due to the demands placed on Local Government to deliver Community Hubs and Business Rate Grant Support. This has resulted in additional costs, which in turn could have an adverse affect on the Council's reserves.	Further reduction in the Council's ability to generate income will have a greater adverse effect on the Council's reserves.

## 5 MATERIAL ITEMS OF INCOME AND EXPENDITURE

During 2019/2020 there were no material transactions, which are not disclosed separately.

## 6 MATERIAL INTEREST IN JOINT BODIES

The Council appoints six of the nine Trustees of the Southwell Leisure Centre Trust and provides grant aid which amounted to £0.133m in 2019/2020 (2018/2019 £0.147m). The Trust is administered in accordance with the Scheme of Administration established 24th October 1974 as amended by the Charity Commissioners on the 29th December 1983. The object of the Trust is to establish and maintain leisure facilities for the inhabitants of Southwell and district and to achieve a breakeven position on operations.

The Council has a joint interest in Mansfield Crematorium. The annual net surplus from the running of the crematorium amounts to £0.045m (2018/2019 £0.044m) 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 22 July 2020. 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 2020, 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.

RESTATED 2018/19			2019/20			
Net Expenditure Chargeable to the General Fund and HRA Balances	Adjustment between the Funding and Accounting Basis	Net Expenditure in the Comprehensive Income and Expenditure Statement	Net Expenditure Chargeable to the General Fund and HRA Balances	Adjustment between the Funding and Accounting Basis	Net Expenditure in the Comprehensive Income and Expenditure Statement	
£'000	£'000	£'000	£'000	£'000	£'000	£'000
1,315	150	1,465	1,111	1,139	2,250	Economic Development
2,274	352	2,626	2,337	410	2,747	Homes and Communities
3,540	2,555	6,095	3,680	1,324	5,004	Leisure and Environment
4,339	1,435	5,774	4,416	453	4,869	Policy and Finance
-13,931	18,869	4,938	-13,325	27,215	13,890	Housing Revenue Account
<b>-2,463</b>	<b>23,361</b>	<b>20,898</b>	<b>-1,781</b>	<b>30,541</b>	<b>28,760</b>	<b>Net Cost of Services</b>
-2,197	-13,705	-15,902	2,512	-16,218	-13,706	Other Income and Expenditure
<b>-4,660</b>	<b>9,656</b>	<b>4,996</b>	<b>731</b>	<b>14,323</b>	<b>15,054</b>	<b>Surplus(-)/Deficit</b>
General Fund & Earmarked Reserve	HRA & Earmarked Reserve	Total	General Fund & Earmarked Reserve	HRA & Earmarked Reserve	Total	
£'000	£'000	£'000	£'000	£'000	£'000	
-23,249	-5,113	-28,362	-26,624	-6,398	-33,022	Opening Balance
-3,375	-1,285	-4,660	1,089	-358	731	Surplus(-) or Deficit on Balances in Year
<b>-26,624</b>	<b>-6,398</b>	<b>-33,022</b>	<b>-25,535</b>	<b>-6,756</b>	<b>-32,291</b>	<b>Closing Balance at 31 March</b>
Closing Balances Split by Reserve:						
-1,500	-2,000	-3,500	-1,500	-2,000	-3,500	Working Reserve
-25,124	-4,398	-29,522	-24,035	-4,756	-28,791	Earmarked Reserve
<b>-26,624</b>	<b>-6,398</b>	<b>-33,022</b>	<b>-25,535</b>	<b>-6,756</b>	<b>-32,291</b>	<b>Closing Balance at 31 March</b>

## 10 NOTE TO THE EXPENDITURE AND FUNDING ANALYSIS

## Adjustments between Funding and Accounting Basis 2019/20

Adjustments from General Fund to arrive at the Comprehensive Income and Expenditure Statement amounts	Adjustments for Capital Purposes (Note 1) £'000	Net change for the		Total Adjustments £'000
		Pensions Adjustments (Note 2) £'000	Other Differences (Note 3) £'000	
Economic Development	978	114	47	1,139
Homes and Communities	344	83	-17	410
Leisure and Environment	1,225	136	-37	1,324
Policy and Finance	206	290	-43	453
Housing Revenue Account	23,116	4,099	0	27,215
<b>Net Cost of Services</b>	<b>25,869</b>	<b>4,722</b>	<b>-50</b>	<b>30,541</b>
Other income and expenditure from the Expenditure and Funding Analysis	-16,992	1,606	-832	-16,218
<b>Difference between General Fund surplus or deficit and Comprehensive Income and Expenditure Statement Surplus or Deficit on the Provision of Services</b>	<b>8,877</b>	<b>6,328</b>	<b>-882</b>	<b>14,323</b>

## Adjustments between Funding and Accounting Basis 2018/19

RESTATED 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		Total Adjustments £'000
		Pensions Adjustments (Note 2) £'000	Other Differences (Note 3) £'000	
Economic Development	-60	210	0	150
Homes and Communities	190	162	0	352
Leisure and Environment	2,298	257	0	2,555
Policy and Finance	263	1,172	0	1,435
Housing Revenue Account	18,367	502	0	18,869
<b>Net Cost of Services</b>	<b>21,058</b>	<b>2,303</b>	<b>0</b>	<b>23,361</b>
Other income and expenditure from the Expenditure and Funding Analysis	-15,369	2,013	-349	-13,705
<b>Difference between General Fund surplus or deficit and Comprehensive Income and Expenditure Statement Surplus or Deficit on the Provision of Services</b>	<b>5,689</b>	<b>4,316</b>	<b>-349</b>	<b>9,656</b>

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

## Note 1 Adjustments for Capital Purposes

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

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

## Note 2 Net Change for the Pensions Adjustments

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

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

## Note 3 Other Differences

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

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

## 11 EXPENDITURE AND INCOME ANALYSED BY NATURE

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

Expenditure/Income 2019/20	Economic Development	Homes and Communities	Leisure and Environment	Policy and Finance	Housing Revenue Account	Corporate Amounts	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Fees, Charges and Other Service Income	-5,277	-973	-1,710	-2,601	-24,433	0	-34,994
Income on Joint Associates	0	0	0	0	0	-127	-127
Interest and Investment Income	0	0	0	0	0	-1,067	-1,067
Income from Council Tax	0	0	0	0	0	-9,765	-9,765
Income from Non Domestic Rates	0	0	0	0	0	-22,814	-22,814
Income for Business's COVID-19 grants	0	0	0	0	0	-7,450	-7,450
Housing Benefit Subsidy Rent Allowance	0	0	0	-11,089	0	0	-11,089
Housing Benefit Subsidy Rent Rebates	0	0	0	-9,510	0	0	-9,510
Grants and Contributions	-57	-824	0	-489	0	-6,265	-7,635
Disposal of Assets	0	0	0	0	0	-2,182	-2,182
<b>Total Income</b>	<b>-5,334</b>	<b>-1,797</b>	<b>-1,710</b>	<b>-23,689</b>	<b>-24,433</b>	<b>-49,670</b>	<b>-106,633</b>
Employee Expenses	3,299	2,417	3,688	4,811	9,275	0	23,490
Other Service Expenses	3,333	1,783	2,116	2,836	5,889	615	16,572
Housing Benefit Rent Allowance	0	0	0	11,145	0	0	11,145
Housing Benefit Rent Rebates	0	0	0	9,560	0	0	9,560
Expenditure on Joint Associates	0	0	0	0	0	144	144
Developers Contribution Payment	0	0	0	0	0	461	461
Depreciation, Amortisation and Impairment	952	344	910	206	23,077	0	25,489
Changes in Fair Value	0	0	0	0	0	964	964
Interest Payments	0	0	0	0	82	5,700	5,782
Non Domestic Rates Tariff & Deficit	0	0	0	0	0	13,963	13,963
Precepts and Levies	0	0	0	0	0	3,471	3,471
Payments to Business's for COVID-19	0	0	0	0	0	7,450	7,450
Payments to Housing Capital Receipts Pool	0	0	0	0	0	443	443
Disposal of Assets	0	0	0	0	0	2,753	2,753
<b>Total Operating Expenses</b>	<b>7,584</b>	<b>4,544</b>	<b>6,714</b>	<b>28,558</b>	<b>38,323</b>	<b>35,964</b>	<b>121,687</b>
<b>Surplus(-)/Deficit on Provision of Services</b>	<b>2,250</b>	<b>2,747</b>	<b>5,004</b>	<b>4,869</b>	<b>13,890</b>	<b>-13,706</b>	<b>15,054</b>

Expenditure/Income 2018/19	Economic Development	Homes and Communities	Leisure and Environment	Policy and Finance	Housing Revenue Account	Corporate Amounts	Total
RESTATED	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Fees, Charges and Other Service Income	-4,994	-1,616	-1,831	-2,477	-25,114	-1,123	-37,155
Income on Joint Associates	0	0	0	0	0	-132	-132
Interest and Investment Income	0	0	0	0	0	-566	-566
Income from Council Tax	0	0	0	0	0	-9,331	-9,331
Income from Non Domestic Rates	0	0	0	0	0	-19,106	-19,106
Government Grants and Contributions	-56	-928	-83	-23,971	0	-9,012	-34,050
Disposal of Assets	0	0	0	0	0	-2,253	-2,253
<b>Total Income</b>	<b>-5,050</b>	<b>-2,544</b>	<b>-1,914</b>	<b>-26,448</b>	<b>-25,114</b>	<b>-41,523</b>	<b>-102,593</b>
Employee Expenses	3,118	2,379	3,587	5,584	0	0	14,668
Other Service Expenses	3,570	2,601	3,504	26,375	11,668	323	48,041
Expenditure on Joint Associates	0	0	0	0	0	88	88
Developers Contribution Payment	0	0	0	0	0	504	504
Depreciation, Amortisation and Impairment	-173	190	918	263	18,308	0	19,506
Interest Payments	0	0	0	0	76	5,870	5,946
Non Domestic Rates Tariff & Deficit	0	0	0	0	0	11,678	11,678
Precepts and Levies	0	0	0	0	0	3,344	3,344
Payments to Housing Capital Receipts Pool	0	0	0	0	0	443	443
Disposal of Assets	0	0	0	0	0	3,371	3,371
<b>Total Operating Expenses</b>	<b>6,515</b>	<b>5,170</b>	<b>8,009</b>	<b>32,222</b>	<b>30,052</b>	<b>25,621</b>	<b>107,589</b>
<b>Surplus(-)/Deficit on Provision of Services</b>	<b>1,465</b>	<b>2,626</b>	<b>6,095</b>	<b>5,774</b>	<b>4,938</b>	<b>-15,902</b>	<b>4,996</b>

## 12 ADJUSTMENTS BETWEEN ACCOUNTING BASIS AND FUNDING BASIS UNDER REGULATIONS

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

### General Fund Balance

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

### Housing Revenue Account Balance

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

### Major Repairs Reserve

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

### Capital Grants Unapplied

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

### Capital Receipts Reserve

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



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

RESTATED	General Fund Balance	Housing Revenue Account	Major Repairs Reserve	Capital Grants Unapplied	Capital Receipts Reserve	Movement Unusable Reserves
	£'000	£'000	£'000	£'000	£'000	£'000
<b>2018/19 Usable Reserves</b>						
<b>Adjustments to the Revenue Resources</b>						
<b>Expenditure Statement are different from revenue for the year calculated in accordance with statutory requirements:</b>						
Pensions costs (transferred to (or from) the Pensions Reserve)	-3,560	-757	0	0	0	4,317
Financial instruments (transferred to the Financial Instruments Adjustments)	4	0	0	0	0	-4
Council tax and NDR (transfers to or from Collection Fund)	345	0	0	0	0	-345
Holiday pay (transferred to the Accumulated Absences Reserve)	0	0	0	0	0	0
Reversal of entries included in the Surplus or Deficit on the Provision of Services in relation to capital expenditure (these items are charged to Capital):	884	-18,072	0	-2,200	0	19,388
<b>Total Adjustments to Revenue Resources</b>	<b>-2,327</b>	<b>-18,829</b>	<b>0</b>	<b>-2,200</b>	<b>0</b>	<b>23,356</b>
<b>Adjustments between Revenue and Capital Resources</b>						
Transfer of non-current asset sale proceeds from revenue to the Capital Receipts	179	2,072	0	0	-2,251	0
Administrative costs of non-current asset disposals (funded by a contribution from the Capital Receipts Reserve)	0	-46	0	0	46	0
Payments to the government housing receipts pool (funded by a transfer from the Capital Receipts Reserve)	-443	0	0	0	443	0
Posting of HRA resources from revenue to the Major Repairs Reserve	0	8,433	-8,433	0	0	0
Statutory provision for the repayment of debt (transfer from the Capital Adjustment Account)	492	0	1,022	0	0	-1,514
Capital expenditure financed from revenue balances (transfer to the Capital Adjustment Account)	813	0	0	0	0	-813
<b>Total Adjustments between Revenue and Capital Resources</b>	<b>1,041</b>	<b>10,459</b>	<b>-7,411</b>	<b>0</b>	<b>-1,762</b>	<b>-2,327</b>
<b>Adjustments to Capital Resources</b>						
Use of the Capital Receipts Reserve to finance capital expenditure	0	0	0	0	1,654	-1,654
Use of the Major Repairs Reserve to finance capital expenditure	0	0	3,877	0	0	-3,877
Application of capital grants to finance capital expenditure	0	0	0	633	0	-633
Cash payments in relation to deferred capital receipts	0	0	0	0	0	0
<b>Total Adjustments to Capital Resources</b>	<b>0</b>	<b>0</b>	<b>3,877</b>	<b>633</b>	<b>1,654</b>	<b>-6,164</b>
<b>Total Adjustments</b>	<b>-1,286</b>	<b>-8,370</b>	<b>-3,534</b>	<b>-1,567</b>	<b>-108</b>	<b>14,865</b>

### 13 TRANSFERS TO/FROM(-) EARMARKED RESERVES

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

RESTATED	Balance as at 31st March 2018 £'000	Movement in Year £'000	Balance as at 31st March 2019 £'000	Movement in Year £'000	Balance as at 31st March 2020 £'000
<b>General Fund for known pressures Reserves</b>					
Financial Instruments Revaluation	92	0	92	-1	91
Election Expenses	220	-70	150	-117	33
Insurance	399	-62	337	-31	306
Renewal and Repairs	2,411	-31	2,380	-18	2,362
Land Charges	0	0	0	0	0
Building Control	-7	22	15	18	33
Museum Purchases	11	0	11	11	22
Training Provision	153	0	153	-25	128
Community Safety Fund	264	-70	194	-28	166
Restructuring & Pay	100	0	100	115	215
Court Costs	59	0	59	-1	58
Planning Costs	270	-69	201	0	201
Unlawful Occupation of Land	9	0	9	-9	0
Fly tipping	100	-45	55	-55	0
Homelessness Fund	328	128	456	120	576
Fuel and Energy Reserve	70	0	70	0	70
Refuse Bin Purchase	15	0	15	0	15
Energy and Home Support	116	5	121	-18	103
Growth and Prosperity	1,800	-1,287	513	-386	127
Emergency Planning Reserve	50	0	50	0	50
Welfare Reform Reserve	60	-2	58	-58	0
Sports Development	54	-54	0	0	0
Other Earmarked Reserves	22	0	22	3	25
Management Carry Forward	224	119	343	333	676
<b>Requests</b>					
Development Company	4,000	0	4,000	-4,000	0
Mansfield Crematorium	140	-1	139	0	139
CSG/Enforcement Reserve	0	95	95	0	95
Flood Defence Reserve	0	250	250	0	250
NNDR Volatility Reserve	0	0	0	793	793
Community Initiative Fund	0	0	0	200	200
MTFP Reserve	0	1,085	1,085	275	1,360
Asset Management Fund	0	0	0	250	250
Capital Projects Feasibility Fund	0	0	0	250	250
Community Engagement Fund	0	0	0	300	300
Unapplied Revenue Grants and Contributions	185	107	292	139	431
<b>Total for known pressures Reserves</b>	<b>11,145</b>	<b>120</b>	<b>11,265</b>	<b>-1,940</b>	<b>9,325</b>
Change Management	9,045	3,702	12,747	587	13,334
<b>Total General Fund Revenue</b>	<b>20,190</b>	<b>3,822</b>	<b>24,012</b>	<b>-1,353</b>	<b>22,659</b>



<b>Capital Reserves</b>					
Capital Provision	1,322	-210	1,112	264	1,376
<b>Total General Fund Capital</b>	<b>1,322</b>	<b>-210</b>	<b>1,112</b>	<b>264</b>	<b>1,376</b>
<b>Total General Fund Earmarked Reserves</b>	<b>21,512</b>	<b>3,612</b>	<b>25,124</b>	<b>-1,089</b>	<b>24,035</b>
<b>Housing Revenue Reserves</b>					
Newark and Sherwood Homes	2,821	1,146	3,967	0	3,967
Merger Transfer					
Insurance Fund	50	0	50	0	50
Development and ICT	142	139	281	0	281
Restructuring & Pay	100	0	100	0	100
Other Earmarked Reserves	0	0	0	32	32
Future Rents Bad Debt	0	0	0	326	326
<b>Total HRA Revenue</b>	<b>3,113</b>	<b>1,285</b>	<b>4,398</b>	<b>358</b>	<b>4,756</b>
<b>Total General Fund and HRA Earmarked Reserves</b>	<b>24,625</b>	<b>4,897</b>	<b>29,522</b>	<b>-731</b>	<b>28,791</b>

Renewal and Repairs - all sections of the Council who are responsible for assets contribute to this fund to ensure that planned maintenance is delivered in the future when it is due. For example buildings are redecorated every three years and 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.

Homelessness - a fund to pay for relevant costs from the government's

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

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

Medium Term Financial Plan (MTFP) - this reserve has been created in order to mitigate the financial implications identified within the MTFP.

Capital Provision – to support future capital projects.

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.

## 14 OTHER OPERATING INCOME AND EXPENDITURE

2018/19 £'000	2019/20 £'000
2,810 Parish Council Precepts	2,925
534 Levies	546
443 Payments to the Government Housing Capital Receipts Pool	443
0 Payments to Business's for COVID-19	7,450
1,118 Gains(-)/losses on the disposal of non-current assets	571
323 Loss Allowance	615
-35 Mansfield Crematorium - Net Cost of Service	15
<b>5,193 Total</b>	<b>12,565</b>

## 15 FINANCING AND INVESTMENT INCOME AND EXPENDITURE

RESTATED 2018/19 £'000	2019/20 £'000
3,854 Interest payable and similar charges	4,100
2,016 Net interest on the net defined benefit liability (asset)	1,600
-566 Interest receivable and similar income	-1,067
0 Net (gains)/losses on financial assets at fair value through profit and loss	964
-9 Mansfield Crematorium - Financing and Investment Income and Expenditure	2
<b>5,295 Total</b>	<b>5,599</b>

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

2018/19 £'000	2019/20 £'000
-9,331 Council tax income	-9,765
-7,428 Non-Domestic Rates income and expenditure	-8,851
-2,157 Non ring-fenced Government grants	-1,835
0 Income for Business's COVID-19 grants	-7,450
0 Revenue Developers grants & contributions	-101
-4,319 Capital Developers grants & contributions	-1,574
-3,155 Capital grants and contributions	-2,294
<b>-26,390 Total</b>	<b>-31,870</b>

## 17 OFFICIALS' EMOLUMENTS

Amounts payable to senior employees in 2019/2020 are disclosed below.

	2019/20 £	2018/19 £
<b>Chief Executive - Started in July 2018</b>		
Salary	124,848.00	84,561.29
Expenses, Allowances and Other Benefits	794.05	0.00
Employer's Contribution to Pension	18,102.96	11,832.00
% Employee's Contribution to Pension	11.4%	11.4%
<b>Deputy Chief Executive - Left December 2018</b>		
Salary (includes redundancy payment of £102,613*)		179,460.31
Expenses, Allowances and Other Benefits		61.90
Employer's Contribution to Pension		11,066.39
% Employee's Contribution to Pension		10.5%
<b>Deputy Chief Executive &amp; Director of Resources</b>		
Salary	102,620.04	100,608.00
Expenses, Allowances and Other Benefits	515.25	802.05
Employer's Contribution to Pension	14,879.88	14,588.18
% Employee's Contribution to Pension	10.5%	10.5%
<b>Director of Governance &amp; Organisational Development</b>		
Salary	83,625.00	83,864.34
Expenses, Allowances and Other Benefits	106.25	295.78
Employer's Contribution to Pension	12,125.64	12,160.31
% Employee's Contribution to Pension	9.9%	9.9%
<b>Director of Communities &amp; Environment</b>		
Salary	83,625.00	85,829.34
Expenses, Allowances and Other Benefits	395.40	377.05
Employer's Contribution to Pension	12,125.64	12,445.22
% Employee's Contribution to Pension	9.9%	9.9%
<b>Director of Growth &amp; Regeneration - Promoted January 2019</b>		
Salary	77,427.19	72,991.39
Expenses, Allowances and Other Benefits	0.00	0.00
Employer's Contribution to Pension	11,226.92	10,583.77
% 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.

\* the redundancy payment included in the following exit packages table has been split between compulsory payment (£64k) and non-compulsory payment (£38k).

Exit Package Cost Band	No of Compulsory Redundancies		No of Other Agreed Departures		Total No of Exit Packages		Total Cost of Exit Packages	
	2019/20	2018/19	2019/20	2018/19	2019/20	2018/19	2019/20 £'000	2018/19 £'000
£0 to £20,000	4	5	2	0	6	5	66	38
£20,001 to £40,000	0	1	1	1	1	2	22	65
£40,001 to £60,000	0	0	1	0	1	0	45	0
£60,001 to £80,000	0	1	0	0	0	1	0	64
£80,001 plus	0	0	0	0	0	0	0	0
<b>Total</b>	<b>4</b>	<b>7</b>	<b>4</b>	<b>1</b>	<b>8</b>	<b>8</b>	<b>133</b>	<b>167</b>

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

	Number of Employees 2019/2020	Employees Included in 2019/20 leaving in same year	Number of Employees 2018/2019
£50,000 to £54,999	5	0	4
£55,000 to £59,999	2	0	3
£60,000 to £64,999	3	1	1
£65,000 to £69,999	0	0	1
£70,000 to £74,999	0	0	1
£75,000 to £79,999	1	0	0
£80,000 to £84,999	2	0	3
£85,000 to £89,999	0	0	0
£90,000 to £94,999	0	0	0
£95,000 to £99,999	0	0	0
£100,000 to £104,999	1	0	1
£105,000 to £174,999	2	1	1
£175,000 to £179,999	0	0	0
<b>Total</b>	<b>16</b>	<b>2</b>	<b>15</b>

## 18 RELATED PARTY TRANSACTIONS

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

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

UK Party	Disclosure	Page
•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	

## Newark and Sherwood District Council Statement of Accounts 2019/20

•Members of the council have direct control over the council's financial and operating policies.	Note 21 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
•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 2019/2020 the following transactions occurred with companies and organisations in which Members, Officers and their close family members, had an interest.

	Receipts £'000	Payments £'000
TPM Compliance Training Solutions Ltd	0	1
Newark on Trent Twinning Association	0	4
Gilstrap Trust	10	0
Newark Amateur Operatic Society	0	1

## 19 MEMBERS ALLOWANCES

2018/19 £'000	2019/20 £'000
57 Special Responsibility Payments	55
186 Basic Allowances	189
8 Travel and Subsistence	6
<b>251 Total</b>	<b>250</b>

## 20 GRANT INCOME

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

2018/19 £'000	2019/20 £'000
<b>Credited to Taxation and Non Specific Grant</b>	
-592 Revenue Support Grant	-83
-1,491 New Homes Bonus Grant	-1,580
0 Business's COVID-19 grants	-7,450
0 DCLG Grant	-115
0 New Burdens Grant	-18
-10 Council Tax s31 Grant	0
-38 Rural Services Delivery Grant	-38
-559 Section 106	-102
<b>Capital Related;</b>	
-2,024 Supported Housing	-2,062
-4,263 Developers Contributions (Net of Payments)	-1,574
-1,131 Other Grants and Contributions	-232
<b>-10,108 Total</b>	<b>-13,254</b>
<b>Credited to Services</b>	
-12,778 Housing Benefits Subsidy - Rent Allowances	-11,089
-9,969 Housing Benefits Subsidy - Rent Rebates	-9,510
-295 Housing Benefits Administration Grant	-265
-119 Council Tax Support Grant	-113
-175 Other Housing Grants	0
-143 New Burdens Grant	-96
-21 Cleaner, Safer, Greener	0
-14 Electoral Registration	-13
-4 Welfare Reform	-2
0 Apprentice Levy	-4
-30 Custom Build Grant	-15
0 DCLG Flooding grant	-73
0 Neighbourhood Planning grant	-19
-11 Land Charges	-20
<b>Capital Related;</b>	
-922 Private Sector Disabled Facilities	-750
<b>-24,481 Total</b>	<b>-21,969</b>

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

#### CURRENT LIABILITIES - GRANTS RECEIPTS IN ADVANCE

2018/19 £'000	2019/20 £'000
<i>Capital Related:</i>	
-765 Government	-723
0 Other Third Parties	0
0 Section 106	0
<i>Revenue Related:</i>	
-21 Government	-162
0 Other Third Parties	-13
0 Section 106	0
<b>-786</b>	<b>-898</b>

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

2018/19 £'000	2019/20 £'000
<i>Capital Related:</i>	
-6,048 Government	-6,048
0 Nottinghamshire County Council	0
0 Other Third Parties	0
<i>Revenue Related:</i>	
-63 Government	-65
0 Nottinghamshire County Council	0
-54 Other Third Parties	-54
<b>-6,165</b>	<b>-6,167</b>

## 21 AUDIT FEE

For 2019/2020 Newark and Sherwood District Council incurred the following fee in relation to the audit of the Statement of Accounts:

2018/19 £'000	2019/20 £'000
Fees Payable to Mazars LLP in respect of:	
37 External Audit Services	37
0 Other Services	6
<b>37 Total</b>	<b>43</b>

In addition, audit fees of £0 (£2,397 2018/19) were paid which related to work undertaken in prior financial years.



## 22 PROPERTY PLANT AND EQUIPMENT

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

Comparative Movements in 2018/19								
RESTATED	Council Dwellings £'000	Other Land and Buildings £'000	Vehicles Plant Equipment £'000	Infrastructure Assets £'000	Community Assets £'000	Surplus Assets £'000	Assets Under Construction £'000	Total £'000
<b>Cost or Valuation</b>								
<b>At April 2018</b>	<b>270,312</b>	<b>63,699</b>	<b>9,512</b>	<b>202</b>	<b>317</b>	<b>0</b>	<b>11,997</b>	<b>356,039</b>
Additions	4,528	1,894	1,246	246	11	0	9,114	17,039
Revaluation increases/decreases(-) to Revaluation Reserve	5,966	6,365	0	0	0	238	0	12,569
Revaluation increases/decreases(-) to Surplus/Deficit on the Provision of Services	-16,980	-693	0	0	0	0	0	-17,673
Derecognition - Disposals	-55	-617	-156	0	0	-133	0	-961
Derecognition - Other	-625	0	0	0	0	0	0	-625
Assets reclassified to(-)/from Held for Sale	-3,032	-341	0	0	0	0	0	-3,373
Reclassifications - Other	19,095	-1,045	0	0	7	80	-18,137	0
<b>At 31 March 2019</b>	<b>279,209</b>	<b>69,262</b>	<b>10,602</b>	<b>448</b>	<b>335</b>	<b>185</b>	<b>2,974</b>	<b>363,015</b>
<b>Accumulated Depreciation &amp; Impairment</b>								
<b>At April 2018</b>	<b>921</b>	<b>2,416</b>	<b>3,724</b>	<b>0</b>	<b>67</b>	<b>0</b>	<b>0</b>	<b>7,128</b>
Depreciation charge	4,512	1,194	920	12	9	1	0	6,648
Depreciation written out to the Revaluation Reserve	0	0	0	0	0	0	0	0
Depreciation written out to the Surplus/Deficit on the Provision of Services	-3,743	-1,225	0	0	0	0	0	-4,968
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	94	0	0	0	0	0	0	94
Derecognition - Disposals	-50	-337	-133	0	0	-1	0	-521
Reclassifications	0	0	0	0	0	0	0	0
<b>At 31 March 2019</b>	<b>1,734</b>	<b>2,048</b>	<b>4,511</b>	<b>12</b>	<b>76</b>	<b>0</b>	<b>0</b>	<b>8,381</b>
<b>Net Book Value</b>								
<b>at 31 March 2019</b>	<b>277,475</b>	<b>67,214</b>	<b>6,091</b>	<b>436</b>	<b>259</b>	<b>185</b>	<b>2,974</b>	<b>354,634</b>
<b>at 31 March 2018</b>	<b>269,391</b>	<b>61,283</b>	<b>5,788</b>	<b>202</b>	<b>250</b>	<b>0</b>	<b>11,997</b>	<b>348,911</b>

Please note the closing balance on depreciation for Council Dwellings relates to the Council's componentisation policy which states that itemised components such as the kitchen and bathroom will continue to be depreciated until the end of their economic useful life and not be revalued in year.

## 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 £26.276m is contractually committed as at 31 March 2020. Whilst there are a number of other commitments in the Capital Programme, the below are financial Commitments.

2018/19 £'000	2019/20 £'000
31,927 New Council House Build	26,276
<b>31,927 Total</b>	<b>26,276</b>

## REVALUATIONS

The Council carries out a rolling programme that ensures that all Property, Plant and Equipment required to be measured at fair value is revalued at least every five years. All 2018/2019 valuations were carried out by the Council's Asset Management team, who are suitably qualified and experienced for this purpose. Valuations were carried out in accordance with the methodologies and bases for estimation set out in the professional standards of the Royal Institution of Chartered Surveyors. Plant and machinery is included implicitly in the valuation of the buildings. Properties regarded by the Council as operational were valued on the basis of open market value for the existing use or, where this could not be assessed because there was no market for the asset, the depreciated replacement cost. Properties regarded by the Council as non-operational have been valued on the basis of open market value.

The significant assumptions applied in estimating the fair values are:

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

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

	Council Dwellings £'000	Other Land & Buildings £'000	Vehicles Plant & Equipment £'000	Infra- Structure £'000	Community Assets £'000	Assets Under Construction £'000	Surplus £'000	Total £'000
Valued at Historical Cost	0	0	9,512	202	317	11,997	0	22,028
Valued at Current Value in:								
2018/2019	287,490	3,876	0	0	0	0	0	291,366
2017/2018	0	13,049	0	0	0	0	318	13,367
2016/2017	0	17,696	0	0	0	0	0	17,696
2015/2016	0	18,594	0	0	0	0	0	18,594
2014/2015	0	12,612	0	0	0	0	0	12,612
	<b>287,490</b>	<b>65,827</b>	<b>9,512</b>	<b>202</b>	<b>317</b>	<b>11,997</b>	<b>318</b>	<b>375,663</b>
Non Revaluation adjustments	0	9,317	1,772	246	18	-7,110	-318	3,925
<b>Gross Book Value</b>	<b>287,490</b>	<b>75,144</b>	<b>11,284</b>	<b>448</b>	<b>335</b>	<b>4,887</b>	<b>0</b>	<b>379,588</b>

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 just one finance lease which is a 125 year lease on Clipstone Holding Centre. The asset is included on the Balance Sheet under Property, Plant and Equipment.

The net carrying amounts of the asset as at 31st March 2020 was:

2018/19 £'000	2019/20 £'000
95 Land and Buildings	179
<b>95 Total</b>	<b>179</b>

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

2018/19 £'000	2019/20 £'000
224 Finance Lease Liabilities	224
(net present value of minimum lease payments)	
2,458 Finance costs payable in future years minimum lease payments	2,432
<b>2,682 Total</b>	<b>2,656</b>

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

2018/19			2019/20	
Minimum Lease Payments	Finance Lease Liabilities (NPV)		Minimum Lease Payments	Finance Lease Liabilities (NPV)
£'000	£'000		£'000	£'000
25	0	Not later than one year	25	0
100	0	Later than one year and not later than five years	100	0
2,557	224	Later than five years	2,531	224
<b>2,682</b>	<b>224</b>	<b>Total</b>	<b>2,656</b>	<b>224</b>

The Council has sub-let Clipstone Holding Centre units held under the finance lease. The annual minimum payments expected to be received is £0.053m (£0.053m in 2018/2019).

### Operating Leases

Vehicles, Plant, Furniture and Equipment – the Council now only has a tractor financed under the terms of operating leases.

Land and Buildings - the Authority 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:

2018/19		2019/20
£'000		£'000
31	Not later than one year	31
116	Later than one year and not later than five years	126
2,060	Later than five years	2,226
<b>2,207</b>	<b>Total Operating Lease Costs</b>	<b>2,383</b>

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

2018/19		2019/20
£'000		£'000
40	Minimum lease payments	35
<b>40</b>	<b>Total Operating Lease Costs</b>	<b>35</b>

## 24 DISCLOSURE AS LESSOR

### Finance Leases

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

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

### Operating Leases

The Council has granted leases in respect of a range of industrial units, in addition to a livestock market, 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 Authority in its capacity as lessor for 2019/2020 was £1.052m (£1.223m 2018/2019).

The total future lease commitments are:

2018/19		2019/20
£'000		£'000
1,053	Not later than one year	896
2,135	Later than one year and not later than five years	2,410
1,066	Later than five years	1,455
<b>4,254</b>	<b>Total Operating Lease Costs</b>	<b>4,761</b>

## 25 CASH AND CASH EQUIVALENTS

RESTATED		
2018/19		2019/20
£'000		£'000
4	Cash held by the Council	4
28	Cash in transit	-26
1,136	Bank current accounts	560
31,491	Short-term deposits with Money Market Funds	22,981
<b>32,659</b>	<b>Total Cash and Cash Equivalents</b>	<b>23,519</b>

## 26 HERITAGE ASSETS

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

	Museum Collection £'000	Other Assets £'000	Total Assets £'000
<b>Cost or Valuation</b>			
<b>At 1 April 2019</b>	<b>1,937</b>	<b>98</b>	<b>2,035</b>
Additions	0	0	0
Revaluations	-7	-8	-15
<b>At 31 March 2020</b>	<b>1,930</b>	<b>90</b>	<b>2,020</b>
<b>Cost or Valuation</b>			
<b>At 1 April 2018</b>	<b>1,860</b>	<b>94</b>	<b>1,954</b>
Additions	0	0	0
Revaluations	77	4	81
<b>At 31 March 2019</b>	<b>1,937</b>	<b>98</b>	<b>2,035</b>

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

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

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

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

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

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

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

## 27 ASSETS HELD FOR SALE

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

2018/19 £'000	2019/20 £'000
<b>0 Balance outstanding at start of year</b>	<b>1,120</b>
Assets newly classified as held for sale:	
3,373 Property, Plant and Equipment	2,124
Assets declassified as held for sale:	
-2,253 Assets Sold	-2,074
<b>1,120 Balance outstanding at year-end</b>	<b>1,170</b>

## 28 INTANGIBLE ASSETS

During 2019/2020 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.

RESTATED 2018/19 £'000	2019/20 £'000
<b>Balance at start of year:</b>	
1,458 Gross carrying amounts	1,458
-1,140 Accumulated amortisation	-1,170
<b>318 Net carrying amount at start of year</b>	<b>288</b>
Movements:	
40 Purchases	68
-5 Other disposals	0
-65 Amortisation for the period	-88
0 Reclassifications	0
<b>288 Net carrying amount at end of year</b>	<b>268</b>
Comprising:	
1,458 Gross carrying amounts	1,526
-1,170 Accumulated amortisation	-1,258
<b>288 Net carrying amount at end of year</b>	<b>268</b>

## 29 CAPITAL EXPENDITURE AND FINANCING

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

RESTATED 2018/19 £'000	2019/20 £'000
<b>126,484 Opening Capital Financing Requirement</b>	<b>131,624</b>
<b>Capital Investment:</b>	
17,038 Property, Plant and Equipment	16,990
0 Capital Loans and Shares	4,708
41 Intangible Assets	68
2,495 Revenue Expenditure Funded from Capital Under Statute	1,129
<b>Sources of Finance</b>	
-1,654 Capital Receipts	-5,915
-6,575 Government Grants and Contributions	-3,225
-6,205 Sums set aside from Revenue (inc MRP)	-12,479
<b>131,624 Closing Capital Financing Requirements</b>	<b>132,900</b>
<b>Explanation of Movements in Year</b>	
6,655 Increase in underlying need to borrow (unsupported by Government financial assistance)	3,819
-1,515 Other Movements (MRP including finance leases)	-2,543
<b>5,140 Increase in Capital Financing Requirement</b>	<b>1,276</b>
<b>Split on Capital Financing Requirement between General Fund and Housing Revenue Account</b>	
24,815 General Fund	26,262
106,809 Housing Revenue Account	106,638
<b>131,624</b>	<b>132,900</b>

## 30 ANALYSIS OF DEBTORS

The amounts due to the Council were:-

RESTATED 2018/19 £'000	2019/20 £'000
<b>Amounts falling due within one year:-</b>	
2,258 Trade Receivables	2,253
443 Prepayments	211
6,595 Other Receivable Amounts	15,777
-1,524 Less Loss Allowance	-2,434
<b>7,772 Total Short Term Debtors</b>	<b>15,807</b>
461 Other Entities and Individuals	801
<b>461 Total Long Term Debtors</b>	<b>801</b>
<b>8,233 Total Debtors</b>	<b>16,608</b>

**DEBTORS FOR LOCAL TAXATION**

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

2018/19 £'000	2019/20 £'000
631 Council Tax	737
273 Non-Domestic Rates	282
<b>904 Total Debtors for Local Taxation</b>	<b>1,019</b>

**31 ANALYSIS OF CREDITORS**

The amounts owed by the Council were:-

RESTATED 2018/19 £'000	2019/20 £'000
Amounts falling due within one year:-	
6,869 Trade Payables	5,962
8,625 Other Payables	12,629
<b>15,494 Short Term Creditors</b>	<b>18,591</b>
4,839 Other Payables	7,210
<b>4,839 Long Term Creditors</b>	<b>7,210</b>
<b>20,333 Total</b>	<b>25,801</b>

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

**32 PROVISIONS**

2018/19 £'000	Non Domestic Rate Appeals £'000	2019/20 Total £'000
<b>1,524 Short Term Balance at 1 April 2019</b>	<b>1,457</b>	<b>1,457</b>
-860 Amounts used in year	-1,337	-1,337
793 Transfer from Long Term	271	271
<b>1,457 Short Term Balance at 31 March 2020</b>	<b>391</b>	<b>391</b>
<b>1,327 Long Term Balance at 1 April 2019</b>	<b>1,948</b>	<b>1,948</b>
1,414 Additional provisions made in year	-389	-389
-793 Transfer to Short Term	-271	-271
<b>1,948 Long Term Balance at 31 March 2020</b>	<b>1,288</b>	<b>1,288</b>

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 MHCLG. 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**

RESTATED 2018/19 £'000	2019/20 £'000
63,183 Revaluation Reserve	89,726
163,267 Capital Adjustment Account	157,295
-172 Financial Instruments Adjustment Account	-117
-75,226 Pensions Reserve	-71,357
-139 Crematorium Pension Reserve	-132
0 Pooled Investment Adjustment Account	-798
818 Collection Fund Adjustment Account	2,559
-141 Accumulated Absences Account	-91
<b>151,590 Total Unusable Reserves</b>	<b>177,085</b>

**REVALUATION RESERVE**

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

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

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

RESTATED 2018/19 £'000	2019/20 £'000
<b>51,794 Balance at 1 April</b>	<b>63,183</b>
15,375 Upward revaluations of assets	36,786
-2,726 Downward revaluation of assets and impairment losses not charged to the Surplus/Deficit on the Provision of Services	-8,332
<b>12,649 Surplus or deficit(-) on revaluation of non-current assets not posted to the Surplus or Deficit on the Provision of Services</b>	<b>28,454</b>
-545 Difference between fair value depreciation and historical cost depreciation	-1,067
-715 Accumulated gains on assets sold or scrapped	-844
<b>-1,260 Amount written off to the Capital Adjustment Account</b>	<b>-1,911</b>
<b>63,183 Balance at 31 March</b>	<b>89,726</b>

## CAPITAL ADJUSTMENT ACCOUNT

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

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

RESTATED	
2018/19 £'000	2019/20 £'000
<b>172,905</b>	<b>163,267</b>
<b>Balance as at 1st April</b>	
<b>Reversal of items relating to capital expenditure debited or credited to the CIES:</b>	
-6,648	-6,339
Charges for depreciation and impairment of non-current assets	
-12,799	-19,071
Revaluation losses on Property, Plant and Equipment	
-65	-88
Amortisation of intangible assets	
0	-167
Revaluation on Financial Instrument classed as capital	
-2,495	-1,129
Revenue expenditure funded from capital under statute	
-3,324	-2,709
Amounts of non-current assets written off on disposal or sale as part of the gain(-)/loss on disposal to the CIES	
<b>-25,331</b>	<b>-29,503</b>
<b>Adjusting amounts written out of the Revaluation Reserve</b>	
715	844
<b>-24,616</b>	<b>-28,659</b>
<b>Net written out amount of the cost of non-current assets consumed in the year</b>	
<b>Capital financing applied in the year:</b>	
1,654	5,915
Use of Capital Receipts Reserve to finance new capital expenditure	
3,877	4,947
Use of Major Repairs Reserve to finance new capital expenditure	
5,941	3,042
Capital grants and contributions credited to the CIES that have been applied to capital financing	
633	183
Applications of grants to capital financing from the Capital Grant Unapplied Account	
1,515	2,543
Statutory provision for the financing of capital investment charged against the General Fund and HRA balances	
813	4,990
Capital expenditure charged against the General Fund and HRA balances	
<b>14,433</b>	<b>21,620</b>
<b>Adjustment between Capital Adjustment Account and Revaluation Reserve for depreciation that relates to the revaluation balance rather than historic cost</b>	
545	1,067
<b>163,267</b>	<b>157,295</b>
<b>Balance at 31 March</b>	

## FINANCIAL INSTRUMENT ADJUSTMENT ACCOUNT

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

2018/19 £'000	2019/20 £'000
<b>-176</b>	<b>-172</b>
<b>Balance at 1 April</b>	
4	55
Differences between statutory debits/credits and amounts recognised as income and expenditure in relation to financial instruments	
<b>-172</b>	<b>-117</b>
<b>Balance at 31 March</b>	

## PENSIONS RESERVE

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

2018/19 £'000	2019/20 £'000
<b>-79,055</b>	<b>-75,226</b>
<b>Balance at 1 April</b>	
8,141	10,191
Remeasurements of the net defined benefit liability/(asset)	
-7,599	-9,644
Reversal of items relating to retirement benefits debited or credited to the Surplus or Deficit on the Provision of Services in the CIES	
3,287	3,322
Employers pensions contributions and direct payments to pensioners payable in the year	
<b>-75,226</b>	<b>-71,357</b>
<b>Balance at 31 March</b>	

**CREMATORIUM PENSION RESERVE**

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

2018/19 £'000	2019/20 £'000
<b>-1,263 Balance at 1 April</b>	<b>-1,245</b>
83 Remeasurements of the net defined benefit liability/(asset)	191
-114 Reversal of items relating to retirement benefits debited or credited to the Surplus or Deficit on the Provision of Services in the CIES	-133
49 Employers pensions contributions and direct payments to pensioners payable in the year	46
<b>-1,245 Balance at 31 March</b>	<b>-1,141</b>
Balance split by Authority:	
-139 Newark and Sherwood District Council's proportion	-132
-561 Ashfield District Council's Proportion	-515
-545 Mansfield District Council's Proportion	-494
<b>-1,245 Balance at 31 March</b>	<b>-1,141</b>

**POOLED INVESTMENT FUNDS ADJUSTMENT ACCOUNT**

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

2018/19 £'000	2019/20 £'000
<b>0 Balance at 1 April</b>	<b>0</b>
0 Upward revaluation of investments	0
0 Downward revaluation of investments	-798
0 Accumulated gains or losses on assets sold and maturing assets written out to the comprehensive income and expenditure statement as part of other investment income	0
0 Accumulated gains or losses on assets sold and maturing assets written out to the general fund balances for financial assets designated to fair value through other comprehensive income	0
<b>0 Balance at 31 March</b>	<b>-798</b>

**COLLECTION FUND ADJUSTMENT ACCOUNT**

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

2018/19 £'000	2019/20 £'000
473 Balance at 1 April	818
345 Amount by which council tax and non-domestic rating income credited to the CIES is different from council tax and non-domestic rating income calculated for the year in accordance with statutory requirements	1,741
<b>818 Balance at 31 March</b>	<b>2,559</b>

**ACCUMULATED ABSENCES ACCOUNT**

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

2018/19 £'000	2019/20 £'000
-141 Balance at 1 April	-141
0 Settlement or cancellation of accrual made at the end of the preceding year	141
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	-91
<b>-141 Balance at 31 March</b>	<b>-91</b>

**35 CONTINGENT ASSETS AND LIABILITIES**

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

At 31 March 2020, the Council had contingent assets relating to just one VAT claims which is not material to the Council:

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

The Council is involved in a legal dispute with a tenant regarding non-payment of rent. No further information will be disclosed while the matter is ongoing as this may prejudice the position of Council.

## 36 CASH FLOW STATEMENTS

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

RESTATED 2018/19 £'000	2019/20 £'000
<b>-4,996</b>	<b>-15,054</b>
<b>Adjust net surplus or deficit on the provision of services for non-cash movements</b>	
6,667	6,339
12,799	19,071
65	88
0	167
0	797
0	10
-4,229	6,901
10	-25
3,746	-9,053
20	2
4,312	6,328
553	-1,726
3,323	2,709
0	0
<b>27,266</b>	<b>31,608</b>
<b>Adjust for items included in the net surplus or deficit on the provision of services that are investing or financing activities</b>	
0	0
-8,141	-4,691
-2,205	-2,137
-10,346	-6,828
<b>11,924</b>	<b>9,726</b>

## B Cash Flow Statement - Operating Activities

The cash flows for operating activities include the following items:

2018/19 £'000	2019/20 £'000
595	1,038
-3,558	-3,428
<b>-2,963</b>	<b>-2,390</b>

## C Cash Flow Statement - Investing Activities

2018/19 £'000	2019/20 £'000
-15,418	-17,928
0	-46,000
31	-712
2,205	2,138
0	36,400
8,072	5,022
<b>-5,110</b>	<b>-21,080</b>

## D Financing Activities

2018/19 £'000	2019/20 £'000
8,165	7,100
6,705	569
0	0
-4,293	-5,455
0	0
<b>10,577</b>	<b>2,214</b>

## 37 RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

	2019/20 1 April £'000	Financing Cash Flows £'000	Acquisit ion £'000	changes Other non- cash changes £'000	2019/20 31 March £'000
Long-term borrowings	84,556	0	-	-	84,556
Short-term borrowings	6,226	1,645	-	-	7,871
• Lease Liabilities	244	0	0	0	244
• On balance sheet PFI liabilities	0	0	0	0	0
<b>Total Liabilities from financing activities</b>	<b>91,026</b>	<b>1,645</b>	<b>0</b>	<b>0</b>	<b>92,671</b>

## 38 JOINT CREMATORIUM COMMITTEE

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

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

2018/19			2019/20		
Total	NSDC Share	Comprehensive Income and Expenditure Statement	Total	NSDC Share	
£'000	£'000		£'000	£'000	
-1,687	-121	Gross Income	-1,743	-127	
1,044	75	Gross Expenditure (includes surplus distribution)	1,105	80	
<b>-643</b>	<b>-46</b>	<b>Charged to Other Operating Income and Expenditure before Surplus Distribution</b>	<b>-638</b>	<b>-47</b>	
800	57	Surplus Distribution	843	62	
<b>157</b>	<b>11</b>	<b>Total Charged to Other Operating Income and Expenditure</b>	<b>205</b>	<b>15</b>	
23	2	Financing and Investment Income and Expenditure	20	2	
<b>180</b>	<b>13</b>	<b>Surplus (-) or Deficit on Provision of Services</b>	<b>225</b>	<b>17</b>	
-83	-4	Remeasurements of the Net Defined Benefit Liability (Asset)	-191	-14	
<b>97</b>	<b>9</b>	<b>Total Comprehensive Income and Expenditure</b>	<b>34</b>	<b>3</b>	

2018/19			2019/20		
Total	NSDC Share	Balance Sheet	Total	NSDC Share	
£'000	£'000		£'000	£'000	
2,277	256	Property, Plant and Equipment	2,151	247	
<b>2,277</b>	<b>256</b>	<b>Long Term Assets</b>	<b>2,151</b>	<b>247</b>	
212	24	Short Term Debtors	228	26	
1,691	194	Cash and Cash Equivalents	1,676	192	
<b>1,903</b>	<b>218</b>	<b>Current Assets</b>	<b>1,904</b>	<b>218</b>	
-874	-80	Short Term Creditors	-867	-79	
<b>-874</b>	<b>-80</b>	<b>Current Liabilities</b>	<b>-867</b>	<b>-79</b>	
-1,225	-138	Pensions	-1,141	-132	
<b>-1,225</b>	<b>-138</b>	<b>Long Term Liabilities</b>	<b>-1,141</b>	<b>-132</b>	
<b>2,081</b>	<b>256</b>	<b>Net Assets</b>	<b>2,047</b>	<b>254</b>	
<b>Financed By:</b>					
1,049	139	General and Capital Reserve	1,037	139	
-1,245	-139	Pension Reserve	-1,141	-132	
1,816	219	Capital Adjustment Account	1,708	211	
461	37	Revaluation Reserve	443	36	
<b>2,081</b>	<b>256</b>	<b>Total Reserves</b>	<b>2,047</b>	<b>254</b>	

## 39 POST EMPLOYMENT BENEFITS

As part of the terms and conditions of employment of its officers and other employees, the authority offers retirement benefits. Although these benefits will not actually be payable until employees retire, the authority has a commitment to make the payments that need to be disclosed at the time that employees earn their future entitlement. The authority participates in the Local Government Pension Scheme, administered by Nottinghamshire County Council. This is a funded defined benefit final salary scheme, meaning the authority and employees pay contributions into a fund, calculated at a level intended to balance the pensions liabilities with investment assets.

The cost of retirement benefits is recognised in the (Surplus)/Deficit on Continuing Operations when they are earned by employees rather than when the benefits are eventually paid as pensions. However, the charge required to be made against the council tax is based on the cash payable in the year, so the real cost of retirement benefit is reversed out of the Comprehensive Income and Expenditure Statement after the (Surplus)/Deficit on Provision of Services.

These transactions are as follows:-

RESTATED		2018/19	2019/20
		£'000	£'000
<b>Comprehensive Income and Expenditure Statement</b>			
<b>Cost of Services</b>			
	4,539	Current service cost	3,921
	1,051	Past service costs	169
	0	(Gain)/loss from settlements	3,963
<b>Financing and Investment Income and Expenditure</b>			
	1,977	Net interest expense	1,568
	41	Administration costs	34
	<b>7,608</b>	<b>Total charged to Surplus/Deficit on Provision of Services</b>	<b>9,655</b>
<b>Remeasurement of the net defined benefit liability</b>			
	6,361	Return on plan assets	-11,328
	0	Other actuarial gains/(losses)	-278
	-6,610	Changes in financial assumptions	21,074
	8,396	Changes in demographic assumptions	2,860
	0	Experience gains/(losses)	-2,123
	<b>8,147</b>	<b>Total charged to Other Comprehensive Income and Expenditure</b>	<b>10,205</b>
	<b>15,755</b>	<b>Total charged to Comprehensive Income and Expenditure Statement</b>	<b>19,860</b>
<b>Movement in Reserves Statement</b>			
	-4,318	Reversal of net charges made for retirement benefits	-6,330
<b>Actual amount charged against the General Fund Balance</b>			
	3,290	Employers' contributions payable to scheme	3,325

## Assets and liabilities in relation to retirement benefits

Reconciliation of present value of the scheme liabilities:

RESTATED		
2018/19		2019/20
£'000		£'000
<b>179,053</b>	<b>1st April</b>	<b>183,598</b>
4,539	Current service cost	3,921
4,520	Interest cost	3,541
805	Contributions by scheme participants	651
<i>Remeasurement (gains)/losses</i>		
-10,316	Changes in demographic assumptions	-2,861
8,530	Changes in financial assumptions	-21,074
0	Other	2,123
1,051	Past service cost	169
0	Losses (gains) on curtailment	5,562
-4,584	Benefits paid	-4,299
<b>183,598</b>	<b>31st March</b>	<b>171,331</b>

Reconciliation of fair value of the scheme assets:

RESTATED		
2018/19		2019/20
£'000		£'000
<b>99,856</b>	<b>1st April</b>	<b>108,230</b>
2,542	Interest income	1,972
<i>Remeasurement gain/(loss)</i>		
6,361	Return on plan assets	-11,328
0	Other	-278
3,291	Contributions from employer	3,325
805	Contributions from scheme participants	651
-4,584	Benefits paid	-4,295
-41	Administration costs	-34
0	Settlement Paid	1,599
<b>108,230</b>	<b>31st March</b>	<b>99,842</b>

## Pension Assets and Liabilities Recognised in Balance Sheet

RESTATED					
Assets	2019/20	2018/19	2017/18	2016/17	2015/16
	£'000	£'000	£'000	£'000	£'000
Present value of liabilities	-171,331	-183,598	-179,053	-121,249	-134,011
Fair value of assets	99,842	108,230	99,856	64,490	67,470
<b>Net liability</b>	<b>-71,489</b>	<b>-75,368</b>	<b>-79,197</b>	<b>-56,759</b>	<b>-66,541</b>

## Basis for estimating assets and liabilities

Liabilities have been assessed on an actuarial basis using the projected unit method, an estimate of the pensions that will be payable in future years dependent on assumptions about mortality rates, salary levels etc. The scheme liabilities have been assessed by Barnett Waddingham LLP, an independent firm of actuaries, the estimates for the County Council Fund being based on the latest full valuation of the scheme as at 31st March 2019.

The principal assumptions used by the actuary have been:

2018/19		2019/20
£'000		£'000
<u>Mortality Assumptions</u>		
Longevity at 65 for current pensioners		
21.6	Men	21.8
24.4	Women	24.4
Longevity at 65 for future pensioners		
23.3	Men	23.2
26.2	Women	25.8
Rate of inflation – Retail Price Index		
Rate of inflation – Consumer Price index		
3.90%	Rate of increase in salaries	2.90%
2.40%	Rate of increase in pensions	1.90%
2.40%	Rate for discounting scheme liabilities	2.35%
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	Decrease in assumption
		£'000	£'000
Discount Rate	+/- 0.1%	-3,345	3,414
Salary Increase	+/- 0.1%	294	-293
Pension Increase	+/- 0.1%	3,131	-3,070
Mortality Age	+/- 1 year	6,786	-6,511

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

2018/19 £'000	2019/20 £'000
<b>Equity Investment</b>	
20,554 UK investment	22,068
29,859 Overseas investment	32,388
1,945 Private equity investment	3,167
<b>52,358</b>	<b>57,623</b>
<b>Gilts</b>	
2,747 UK fixed interest	4,149
<b>2,747</b>	<b>4,149</b>
<b>Other Bonds</b>	
7,647 UK corporates	3,490
170 Overseas corporates	5,684
<b>7,817</b>	<b>9,174</b>
<b>Property</b>	
11,415	14,887
<b>Cash</b>	
2,038	4,069
<b>Inflation-linked pooled fund</b>	
3,066	3,730
<b>Infrastructure</b>	
4,061	6,212
<b>Unit Trust</b>	
856	0
<b>84,358</b>	<b>99,844</b>

Projected Pension Expense for the Year to 31 March 2021

	Year to 31-Mar-21 £'000
<b>Projection for Year to 31 March 2019</b>	<b>£'000</b>
Service cost	4,408
Net Interest on the defined liability (asset)	1,649
Administration expenses	40
<b>Total</b>	<b>6,097</b>
Employer contributions	2,235

Note that these figures exclude the capitalised cost of any early retirements or augmentations which may occur after 31 March 2020. These projections are based on the assumptions as at 31 March 2020, as described in the main body of this report.

## 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 £10m 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 £20m 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 2020 is shown below:

2018/19		2019/20	
Fair Value through Profit & Loss £'000	Investments (Amortised Cost) £'000 Credit Rating	Fair Value through Profit & Loss £'000	Investments (Amortised Cost) £'000
0	31,334 AAA	0	22,959
0	0 AA+	0	0
0	136 AA	0	0
0	0 AA-	0	0
0	9,900 A+	0	0
0	0 A	0	5,000
0	0 A-	0	0
0	0 N/A	10,536	3,000
0	<b>41,370 Total</b>	10,536	30,959

### 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 £
<b>Money Market Funds</b>			
Deutsche	5,159	0.001%	6
Invesco	8,500	0.001%	9
CCLA	2,500	0.001%	3
Goldmans Sachs	6,800	0.001%	7
<b>Other Investments</b>			
Santander UK Plc - 180 day notice a/c	5,000	0.024%	1,195
Slough Borough Council	3,000	0.000%	0
<b>Total</b>	<b>30,959</b>		<b>1,220</b>

Please note that we are currently using Historic Default Rates from 1990-2019 for Fitch, 1983-2019 for Moody's and 1981-2019 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 2020 £'000	Historical Experience of Default %	Adjustment for Market 31st March 2020 %	Estimated Maximum Exposure to Default 31st March 2020 £'000	Estimated Maximum Exposure to Default 31st March 2019 £'000
Trade Receivables	2,255	4.8	4.8	108	104
	<b>2,255</b>			<b>108</b>	<b>104</b>

The following analysis summarises the Council's trade receivables, by due date. Only those receivables meeting the definition of a financial asset are included. The Council does not generally allow credit to its trade debtors, such that £1.994m of the £2.255m balance is past its due date for payment. The past due amount can be analysed by age as follows:

2018/19 £'000	2019/20 £'000
<b>Debtor Analysis</b>	
213 Up to 30 days	290
26 31 to 60 days	25
15 61 to 90 days	20
526 Greater than 90 days	1,659
<b>780 Total</b>	<b>1,994</b>

Community Infrastructure Levy and section 106 receivables have payment terms of 90 days before recovery action is taken. £1.087m of the £1.659m 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:

2018/19			2019/20		
Liabilities	Assets	Net	Liabilities	Assets	Net
£'000	£'000	£'000	£'000	£'000	£'000
2,725	41,464	38,739	5,097	31,045	25,948
4,000	58	-3,942	6,300	41	-6,259
16,976	361	-16,615	15,000	11,248	-3,752
24,060	0	-24,060	24,087	0	-24,087
39,520	0	-39,520	38,443	0	-38,443
3,500	0	-3,500	3,500	0	-3,500
<b>90,781</b>	<b>41,883</b>	<b>-48,898</b>	<b>92,427</b>	<b>42,334</b>	<b>-50,093</b>

\* The Council has £3.5m (2018: £3.5m) of "Lender's option, borrower's option" (LOBO) loans where the lender has the option to propose an increase in the rate payable; the Council will then have the option to accept the new rate or repay the loan without penalty. Due to current low interest rates, in the unlikely event that the lender exercises its option, the Council is likely to repay these loans. The maturity date is therefore uncertain.

### Market Risk: Interest Rate Risk

Interest Rate Risk – The Council is exposed to interest rate movements on its borrowings and investments. Movements in interest rates have a complex impact on the Council, depending on how variable and fixed interest rates move across differing financial instrument periods. For instance, a rise in variable and fixed interest rates would have the following effects:

- Borrowings at variable rates – the interest expense charged to the Comprehensive Income and Expenditure Statement will rise.
- Borrowings at fixed rates – the fair value of the borrowing will fall.
- Investments at variable rates – the interest income credited to the Comprehensive Income and Expenditure Statement will rise.
- Investments at fixed rates – the fair value of the assets will fall.

Investments measured at amortised cost and loans borrowed are not carried at fair value, so changes in their fair value will have no impact on the Comprehensive Income and Expenditure Statement. However, changes in interest payable and receivable on variable rate borrowings and investments will be posted to the Surplus or Deficit on the Provision of Services. Movements in the fair value of fixed rate investments measured at fair value will be reflected in Other Comprehensive Income or the Surplus or Deficit on the Provision of Services as appropriate.

The Treasury Management Strategy aims to mitigate these risks by setting upper limits on its net exposures to fixed and variable interest rates.

If all interest rates had been 1% higher (with all other variables held constant) the financial effect would be:

	£'000
Increase in interest payable on variable rate borrowings	0
Increase in interest receivable on variable rate investments	-478
<b>Impact on Surplus or Deficit on the Provision of Services</b>	<b>-478</b>
Decrease in fair value of fixed rate borrowings liabilities (no impact on the Surplus(-) or Deficit on the Provision of Services or Other Comprehensive Income and Expenditure)	12,853

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 2020 is £3.833m.

The Council also holds £7.5m in the CCLA property fund and diversified income fund that has a carrying value as at 31 March 2020 of £6.770m. 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	
	2019/20	2018/19	2019/20	2018/19
	£'000	£'000	£'000	£'000
<b>Financial Assets</b>				
Investments				
Principal at amortised cost	0	0	8,000	9,900
Accrued Interest	0	0	76	8
Fair Value through Profit and Loss	10,536	0	0	0
<b>Total Financial Assets</b>	<b>10,536</b>	<b>0</b>	<b>8,076</b>	<b>9,908</b>
Cash and Cash Equivalents				
Cash (including bank accounts)	0	0	563	1,047
Cash equivalents at amortised cost	0	0	22,958	31,591
Accrued interest	0	0	22	21
<b>Total Cash and Cash Equivalents</b>	<b>0</b>	<b>0</b>	<b>23,543</b>	<b>32,659</b>
Loans and Receivables				
Trade Debtors	0	0	2,253	2,172
Other Debtors	48	0	2,707	5,452
Loans	753	461	86	94
<b>Total Loans and Receivables</b>	<b>801</b>	<b>461</b>	<b>5,046</b>	<b>7,718</b>
<b>Total</b>	<b>11,337</b>	<b>461</b>	<b>36,665</b>	<b>50,285</b>

	Long Term		Current	
	2019/20	2018/19	2019/20	2018/19
	£'000	£'000	£'000	£'000
<b>Financial Liabilities</b>				
Principal sum borrowed at Amortised cost	83,830	84,556	8,597	6,225
Accrued Interest	0	0	753	742
Fair Value through Profit and Loss	0	0	0	0
<b>Total Financial Liabilities</b>	<b>83,830</b>	<b>84,556</b>	<b>9,350</b>	<b>6,967</b>
Trade Creditors	0	0	3,059	6,869
Other Creditors	0	4,839	406	8,625
Finance Lease Liability	224	224	0	0
Provisions	0	0	0	0
<b>Total Non-Financial Liabilities</b>	<b>224</b>	<b>5,063</b>	<b>3,465</b>	<b>15,494</b>
<b>Total</b>	<b>84,054</b>	<b>89,619</b>	<b>12,815</b>	<b>22,461</b>

Note – Fair value has been measured by:

- Direct reference to published price quotations in an active market; and/or
- Estimating using a valuation technique.

## 42 FINANCIAL INSTRUMENTS – GAINS/LOSSES

The gains and losses recognised in the Comprehensive Income and Expenditure Statement in relation to financial instruments are made up as follows:

	Financial Liabilities		Financial Assets	
	2019/20	2018/19	2019/20	2018/19
	£'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	964	0
<b>Total Net (Gains) / Losses</b>	<b>0</b>	<b>0</b>	<b>964</b>	<b>0</b>
Interest expense	4,087	3,831	0	0
<b>Interest Payable and Similar Charges</b>	<b>4,087</b>	<b>3,831</b>	<b>0</b>	<b>0</b>
Interest income	0	0	-1,067	-566
<b>Interest and Investment Income</b>	<b>0</b>	<b>0</b>	<b>-1,067</b>	<b>-566</b>
Fee Expense	0	0	13	0
<b>Total Fee Expense</b>	<b>0</b>	<b>0</b>	<b>13</b>	<b>0</b>

## 43 FINANCIAL INSTRUMENTS – FAIR VALUES

Basis for recurring fair value measurements:

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

### Fair Value of Financial Assets

Some of the Council's financial assets are measured at fair value on a recurring basis and are described in the following table, including the valuation techniques used to measure them.

Financial assets measured at fair value	Input Level in Fair Value Hierarchy	Valuation technique used to measure fair value	2019/20 £'000	2018/19 £'000
<i>Fair Value through Profit and Loss</i>				
Equity shareholdings in Arkwood Developments Ltd	Level 3	Net Assets valuation (see * below)	3,833	0
CCLA Property Fund	Level 1	Unadjusted quoted prices in active markets for identical shares	3,646	0
CCLA Diversified Income Fund (DIF)	Level 1	Unadjusted quoted prices in active markets for identical shares	3,057	0
<b>Total</b>			<b>10,536</b>	<b>0</b>

\*Equity Shareholding in Arkwood Developments Ltd

The Council's shareholding in Arkwood Developments Ltd – the shares in this company are not traded in an active market and fair value of £3.833m 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	In Year Principal	Closing Principal	Opening Fair Value Adj	In year Movemen	Closing Fair Value Adj	Carrying Value
	1.4.19	Movement	31.3.20	1.4.19	t	31.3.20	31.3.20
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Equity in Arkwood Developments Ltd	0	4,000	4,000	0	-167	-167	3,833
CCLA Property Fund	0	4,000	4,000	0	-354	-354	3,646
CCLA Diversified Income	0	3,500	3,500	0	-443	-443	3,057
<b>Total</b>	<b>0</b>	<b>11,500</b>	<b>11,500</b>	<b>0</b>	<b>-964</b>	<b>-964</b>	<b>10,536</b>

### Transfers between Levels of the Fair Value Hierarchy

There were no transfers between input levels 1 and 2 during the year.

### Changes in the Valuation Technique

There has been no change in the valuation technique used during the year for the financial instruments.

### Reconciliation of Fair Value Measurements for Financial Assets Carried at Fair Value Categorised within Level 3 of the Fair Value Hierarchy for Financial Assets

	2019/20 £'000	2018/19 £'000
Opening balance	0	0
Transfers into Level 3	0	0
Transfers out of Level 3	0	0
<i>Total gains or loss (-) for the period:</i>		
• Included in Surplus or Deficit on the Provision of Services	-167	0
• Included in Other Comprehensive Income and Expenditure	0	0
Additions	4,000	0
Disposals	0	0
<b>Closing Balance</b>	<b>3,833</b>	<b>0</b>

Gains and losses included in the Surplus or Deficit on the Provision of Services for the current and the previous year relate to the unquoted shares in Arkwood Developments Ltd.

### The Fair Values of Financial Assets and Financial Liabilities that are not measured at Fair Value (but for which Fair Value Disclosures are required)

Except for the financial assets carried at fair value (described in the table above), all other financial liabilities and financial assets represented by amortised cost and long-term debtors and creditors are carried on the balance sheet at amortised cost. Their fair value can be assessed by calculating the present value of the cash flows that take place over the remaining life of the instruments, using the following assumptions:

- For loans from the Public Works Loan Board (PWLB) and other loans payable, premature repayment rates from the PWLB have been applied to provide the fair value under PWLB debt redemption procedures.
- For loans receivable prevailing the benchmark market rates have been used to provide the fair value.
- No early repayment or impairment is recognised.
- Where an instrument has a maturity of less than 12 months or is a trade or other receivable, the fair value is taken to be the carrying amount or the billed amount.
- The fair value of trade and other receivables is taken to be the invoiced or billed amount.

The fair values calculated are as follows:

Fair values of financial liabilities:	Fair Value Level	2019/20		2018/19	
		£'000 Balance Sheet	£'000 Fair value	£'000 Balance Sheet	£'000 Fair value
<i>Financial Liabilities held at amortised cost:</i>					
Public Works Loans Board	2	72,103	82,453	74,128	88,438
Non PWLB debt	2	21,077	29,934	17,394	30,149
<b>Total</b>		<b>93,180</b>	<b>112,387</b>	<b>91,522</b>	<b>118,587</b>
<i>Liabilities for which fair value is not disclosed:</i>					
Short-term creditors		3,465	3,465	15,494	15,494
Long term Creditors		0	0	4,839	4,839
Other Long Term Liabilities - Finance Lease		224	224	224	224
<b>Total</b>		<b>3,689</b>	<b>3,689</b>	<b>20,557</b>	<b>20,557</b>
<b>Total Liabilities</b>		<b>96,869</b>	<b>116,076</b>	<b>112,079</b>	<b>139,144</b>

The fair value of borrowings is higher than the carrying amount because the Council's portfolio of loans includes a number of fixed rate loans where the interest rate payable is higher than the prevailing rates at the balance sheet date. This shows a notional future loss (based on economic conditions at 31 March 2020) arising from a commitment to pay interest to lenders above current market rates.

The fair value for financial liabilities and financial assets that are not measured at fair value included in Levels 2 and 3 in the table above have been arrived at using a discounted cash flow analysis with the most significant inputs being the discount rate detailed above.

The fair value for financial liabilities and financial assets that are not measured at fair value can be assessed by calculating the present value of the cash flows that will take place over the remaining term of the instruments, using the assumptions detailed above, primarily for financial liabilities the fair value is arrived at by applying the discounted cash flow calculations based on the PWLB premium/discount calculations

Fair values of financial assets:	Fair Value Level	2019/20		2018/19	
		£'000 Balance Sheet	£'000 Fair value	£'000 Balance Sheet	£'000 Fair value
<i>Financial assets held at amortised cost:</i>					
Long term investments	2	0	0	0	0
<b>Total</b>		<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<i>Assets for which fair value is not disclosed:</i>					
Short term Debtors		5,046	5,046	7,772	7,772
Long term Debtors		801	801	461	461
Short term investments		8,076	8,076	9,908	9,908
Cash and Cash Equivalents		23,543	23,543	32,659	32,659
<b>Total</b>		<b>37,466</b>	<b>37,466</b>	<b>50,800</b>	<b>50,800</b>
<b>Total Assets</b>		<b>37,466</b>	<b>37,466</b>	<b>50,800</b>	<b>50,800</b>

## 44 ACQUIRED OR DISCONTINUED OPERATIONS

Newark and Sherwood Homes ceased trading on 1 February 2020 and the responsibility for the Housing management service transferred to Newark and Sherwood District Council. The transfer has been reflected in the Statement of Accounts under merger accounting as per the Code of Practice. Therefore all the single entity accounts have been restated to include all the transferred assets and balances. Newark and Sherwood Homes is expected to be wound up in 2020/21.

COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT	Before Merger 2018/19			Adjustments		RESTATED 2018/19		
	Gross Expend- iture £'000	Gross Income £'000	Net Expend- iture £'000	Gross Expend- iture £'000	Gross Income £'000	Gross Expend- iture £'000	Gross Income £'000	Net Expend- iture £'000
Economic Development	6,515	-5,049	1,466	0	-1	6,515	-5,050	1,465
Homes and Communities	5,170	-2,544	2,626	0	0	5,170	-2,544	2,626
Leisure and Environment	8,009	-1,914	6,095	0	0	8,009	-1,914	6,095
Policy and Finance	32,221	-26,448	5,773	1	0	32,222	-26,448	5,774
Housing Revenue Account	15,326	-23,144	-7,818	1,423	-1,970	16,749	-25,114	-8,365
- Revaluation Movement on Council Dwellings	13,303	0	13,303	0	0	13,303	0	13,303
<b>Cost of Services</b>	<b>80,544</b>	<b>-59,099</b>	<b>21,445</b>	<b>1,424</b>	<b>-1,971</b>	<b>81,968</b>	<b>-61,070</b>	<b>20,898</b>
Other Operating Income and Expenditure	7,567	-2,374	5,193	0	0	7,567	-2,374	5,193
Financing and Investment Income and Expenditure	5,586	-570	5,016	287	-8	5,873	-578	5,295
Taxation and Non Specific Grant Income	12,181	-38,571	-26,390	0	0	12,181	-38,571	-26,390
<b>Surplus (-) or Deficit on Provision of Services</b>	<b>105,878</b>	<b>-100,614</b>	<b>5,264</b>	<b>1,711</b>	<b>-1,979</b>	<b>107,589</b>	<b>-102,593</b>	<b>4,996</b>
Surplus(-) or Deficit on Revaluation of Non Current Assets			-12,649		0			-12,649
Remeasurements of the Net Defined Benefit Liability (Asset)			-6,338		-1,809			-8,147
<b>Other Comprehensive Income and Expenditure</b>			<b>-18,987</b>		<b>-1,809</b>			<b>-20,796</b>
<b>Total Comprehensive Income and Expenditure</b>			<b>-13,723</b>		<b>-2,077</b>			<b>-15,800</b>

	31 March 2019 £'000	Adjustment	RESTATED 31 March 2019 £'000
<b>BALANCE SHEET</b>			
Property, Plant & Equipment	352,831	1,803	354,634
Heritage Assets	2,035	0	2,035
Investment Properties	0	0	0
Intangible Assets	288	0	288
Long Term Debtors	461	0	461
<b>TOTAL LONG TERM ASSETS</b>	<b>355,615</b>	<b>1,803</b>	<b>357,418</b>
Short Term Investments	9,908	0	9,908
Inventories	89	217	306
Short Term Debtors	7,987	-215	7,772
Assets Held For Sale	1,120	0	1,120
Cash and Cash Equivalents	32,538	121	32,659
<b>TOTAL CURRENT ASSETS</b>	<b>51,642</b>	<b>123</b>	<b>51,765</b>
Short Term Borrowings	-11,249	4,282	-6,967
Short Term Creditors	-15,666	172	-15,494
Provisions Short Term	-1,457	0	-1,457
Grants Receipts in Advance	-786	0	-786
<b>TOTAL CURRENT LIABILITIES</b>	<b>-29,158</b>	<b>4,454</b>	<b>-24,704</b>
Long Term Creditors	-4,839	0	-4,839
Provisions Long Term	-1,948	0	-1,948
Long Term Finance Lease Liability	-224	0	-224
Long Term Borrowing	-84,556	0	-84,556
Pensions Liability	-65,937	-9,427	-75,364
Grants Receipts in Advance	-6,117	-48	-6,165
<b>TOTAL LONG TERM LIABILITIES</b>	<b>-163,621</b>	<b>-9,475</b>	<b>-173,096</b>
<b>TOTAL NET ASSETS</b>	<b>214,478</b>	<b>-3,095</b>	<b>211,383</b>
Usable Reserves	53,461	6,332	59,793
Unusable Reserves	161,017	-9,427	151,590
<b>TOTAL RESERVES</b>	<b>214,478</b>	<b>-3,095</b>	<b>211,383</b>

## HOUSING REVENUE ACCOUNT

The HRA Income and Expenditure Statement shows the economic cost in the year of providing housing services in accordance with generally accepted accounting practices, rather than the amount to be funded from rents and government grants. Authorities charge rents to cover expenditure in accordance with regulations; this may be different from the accounting cost. The increase or decrease in the year, on the basis on which rents are raised, is shown in the Movement on the Housing Revenue Account Statement.

RESTATED 2018/19 £'000	Note	2019/20 £'000
<b>Income</b>		
-21,364		-21,879
-164		-152
-33		-32
<b>-21,561</b>		<b>-22,063</b>
<b>Gross Rental Income</b>		
-599		-1,028
-77		-1,342
-1,744		0
<b>-23,981</b>		<b>-24,433</b>
<b>Expenditure</b>		
7,309		7,881
3,167		2,076
0		914
59		39
4,513		4,004
407		448
93		0
13,303		18,534
-8		92
76		82
<b>28,919</b>		<b>34,070</b>
0		4,253
<b>4,938</b>		<b>13,890</b>
<b>Comprehensive Income and Expenditure Statement</b>		
1,087		508
4,100		4,324
-16		-10
385		375
-3,409		-2,273
<b>7,085</b>		<b>16,814</b>
		<b>Surplus(-)/Deficit for the year on HRA Services</b>

## MOVEMENT ON THE HOUSING REVENUE ACCOUNT STATEMENT

RESTATED	
2018/19	2019/20
£'000	£'000
-5,113 HRA Balance brought forward	-6,398
7,085 Surplus(-)/Deficit on the HRA Income and Expenditure Statement	16,814
<i>Adjustments between Accounting Basis and Funding Basis under Regulations:</i>	
<i>Adjustments to the Revenue Resources</i>	
-757 Pensions costs (transferred to (or from) the Pensions Reserve)	-4,386
-18,072 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):	-23,425
<i>Adjustments between Revenue and Capital Resources</i>	
2,072 Transfer of non-current asset sale proceeds from revenue to the Capital Receipts Reserve	2,113
-46 Administrative costs of non-current asset disposals (funded by a contribution from the Capital Receipts Reserve)	-39
8,433 Posting of HRA resources from revenue to the Major Repairs Reserve	8,565
<b>-8,370</b>	<b>-17,172</b>
-1,285 Increase(-)/Decrease in year in the HRA	-358
<b>-6,398 HRA Balance carried forward</b>	<b>-6,756</b>

## H1 HOUSING STOCK

The Council was responsible for managing 5,497 dwellings during 2019/2020 (5,447 2018/2019). The stock was made up as follows:

Total	Pre	1945-	1965-	1975-	Total
2018/19	1945	1964	1974	2013	2019/20
No	No	No	No	No	No
<i>Traditional/Non Traditional Houses and Bungalows</i>					
1,917 1 - 2 Bedrooms	23	192	166	101	482
1,969 3+ Bedrooms	430	1,722	603	687	3,442
<i>Flats</i>					
1,483 Low Rise (1-2 storeys)	19	697	435	393	1,544
78 Medium Rise (3-5)	0	4	9	16	29
<b>5,447 Total</b>	<b>472</b>	<b>2,615</b>	<b>1,213</b>	<b>1,197</b>	<b>5,497</b>

## H2 HOUSING REVENUE ACCOUNT ASSETS

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

RESTATED	
2018/19	2019/20
£'000	£'000
277,474 Dwellings	287,490
8,040 Other Land and Buildings	7,450
0 Investment Properties	0
2,231 Assets Under Construction	4,545
185 Surplus Assets	0
78 Community Assets	78
389 Infrastructure Assets	357
2,983 Vehicle, Plant and Equipment	2,678
<b>291,380 Total HRA Property, Plant and Equipment</b>	<b>302,598</b>
1,120 Assets Held for Sale	1,010
<b>292,500 Total HRA Assets on Balance Sheet</b>	<b>303,608</b>

The vacant possession value of dwellings within the authority's HRA (values in accordance with the guidance) is shown below. The difference between the vacant possession value and the Balance Sheet value of dwellings within the HRA show the economic cost to the government of providing council housing at less than market rents.

2018/19	2019/20
£'000	£'000
656,679 Dwellings	684,502
<b>656,679 Total</b>	<b>684,502</b>

The council dwellings valuations have been arrived at using a valuation report prepared by the Council's appointed surveyors, Wilks Head and Eve. The valuation was carried out as at the 31 March 2020. 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

2018/19	2019/20
£'000	£'000
<b>6,573 Balance Brought Forward 1st April</b>	<b>10,107</b>
Transfers to Reserve re Depreciation	
4,513 Dwellings	4,004
407 Non Dwellings	448
Transfers to the HRA:	
3,825 HRA Revenue Contribution	2,889
-312 Additional transfer to Reserve	1,223
-1,022 Repayment of Debt	-2,024
-3,877 Amounts used to finance Capital Expenditure	-4,947
<b>10,107 Balance Carried Forward 31st March</b>	<b>11,700</b>

**H4 CAPITAL EXPENDITURE AND FINANCING**

2018/19 £'000	2019/20 £'000
33 Structural Maintenance	63
424 Roofing Works	452
155 Asbestos and Fire Safety	74
1,608 Kitchens and Bathrooms	1,667
110 Garage Forecourts	89
514 External Works	414
578 Electrical Works	593
495 Disabled Facilities Provision	619
625 Heating Systems	730
177 Energy Efficiency Works	11
295 Environmental Works	233
8,455 Affordable Housing	8,770
29 Other works	2
<b>13,498 Total</b>	<b>13,717</b>
<b>Financing</b>	
5,333 Borrowing	1,853
3,877 Major Repairs Reserve	4,947
2,650 Government Grants	2,245
1,386 Contributions	0
0 Capital Provision	0
252 Capital Receipts	4,672
<b>13,498 Total</b>	<b>13,717</b>

**H5 CAPITAL RECEIPTS**

2018/19 £'000	2019/20 £'000
1,934 Land and Other Property	0
2,072 Sold Council Houses	1,864
-46 Less administration costs on sale of Council Houses	-39
<b>3,960 Total</b>	<b>1,825</b>
-350 Reallocation of Receipts	-350
-443 Less amount paid to Government Pool	-443
<b>3,167 Total</b>	<b>1,032</b>

Under the Local Authorities (Capital Finance and Accounting) (England) Regulations 2003 as amended, the Council has to make a payment to the Secretary of State in respect of housing capital receipts. The amount payable is dependent on a number of factors:

- Sale price net of discount.
- Debt value assumed for the property under the self-financing settlement.
- Value of the authority's actual debt attributable to the property.
- The respective values of the authority's and Government's share capital.
- The number of properties sold in each quarter.

The Council has signed an agreement allowing it to retain additional Right to Buy receipts to fund new or acquired affordable housing.

**H6 DEPRECIATION CHARGES**

The total depreciation charge for land, houses and other property within the authority's HRA are as follows:

2018/19 £'000	2019/20 £'000
4,513 Council Houses	4,004
407 Land and Buildings	448
<b>4,920 Total</b>	<b>4,452</b>

**H7 REVENUE EXPENDITURE FUNDED FROM CAPITAL UNDER STATUTE**

Revenue Expenditure Funded from Capital under Statute is created when expenditure has been incurred on items that are not capitalised as fixed assets and have been financed from capital resources. Revenue Expenditure Funded from Capital under Statute is written down to the Housing Revenue Account over an appropriate period, usually in the same year in which the expenditure has been incurred.

The total amount of Revenue Expenditure Funded from Capital under Statute totals £0.039m for 2019/20 (£0.059m in 2018/19).

**H8 IMPAIRMENT CHARGES**

During the financial year 2019/20 there were no impairment charges.

**H9 RENT ARREARS**

The total amount of rent arrears as at 31st March 2020 was £754,899 (2018/2019 £700,416). Included in the loss allowance is the amount of £854,899 (2018/2019 £364,323) relating to rent arrears.

**H10 CONTRIBUTIONS TOWARDS EXPENDITURE**

The income of £86,075 (£77,170 in 2018/2019) relates to contributions to the Housing Revenue Account 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.

2018/19 £'000	Domestic Rates £'000	2019/20 Council Tax £'000	Total £'000
<b>Income</b>			
-42,460	-42,441	0	-42,441
-75,374	0	-79,882	-79,882
0	0	0	0
<b>-117,834</b>	<b>-42,441</b>	<b>-79,882</b>	<b>-122,323</b>
<b>Expenditure</b>			
<b>Precepts and Demands:</b>			
54,828	0	57,229	57,229
7,546	0	8,504	8,504
2,994	0	3,094	3,094
6,602	0	6,730	6,730
-95	0	0	0
2,810	0	2,925	2,925
<b>Non Domestic Rates:</b>			
19,516	20,640	0	20,640
15,612	16,512	0	16,512
3,513	3,715	0	3,715
390	413	0	413
<b>Share of NDR1 deficit(-)/Surplus:</b>			
42	938	0	938
34	750	0	750
8	169	0	169
1	19	0	19
-1,316	-1,024	-2	-1,026
163	163	0	163
0	0	0	0
674	253	478	731
1,384	-4,315	0	-4,315
519	738	0	738
<b>115,225</b>	<b>38,971</b>	<b>78,958</b>	<b>117,929</b>
<b>-2,609</b>	<b>-3,470</b>	<b>-924</b>	<b>-4,394</b>
-1,991	-1,651	-2,949	-4,600
<b>-4,600</b>	<b>-5,121</b>	<b>-3,873</b>	<b>-8,994</b>

## C1 ACCOUNTING POLICIES

- 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.
- 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.
- The year-end surplus of £3.874m 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.
- The year end surplus of £5.122m 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 2019/2020 was 50.4p (2018/2019 49.3p). In 2019/2020 the Small Business Rate Relief reduced the multiplier to 49.1p 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 2020 was £108,055,356 (31st March 2019 £107,073,333).

## 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 2019/2020 is as follows:

Band	Adjusted for Discounts, Disabled Total			Band D Equivalent	2019/2020	2018/2019
	Dwellings	Relief and Exemptions	Ratio		Non Collection	Adjusted for Non Collection
A	23,257	16,666.65	6/9	11,111.10	10,999.94	10,840.94
B	8,113	6,620.40	7/9	5,149.20	5,097.71	5,031.59
C	8,756	7,697.48	8/9	6,842.20	6,773.78	6,730.53
D	5,891	5,402.70	9/9	5,402.70	5,348.67	5,241.38
E	4,089	3,788.26	11/9	4,630.10	4,583.80	4,547.61
F	2,611	2,485.18	13/9	3,589.70	3,553.80	3,529.67
G	1,416	1,337.28	15/9	2,228.80	2,206.51	2,195.52
H	129	104.75	18/9	209.50	207.40	202.95
<b>Total</b>	<b>54,262</b>	<b>44,102.70</b>		<b>39,163.30</b>	<b>38,771.61</b>	<b>38,320.19</b>

## GROUP ACCOUNTS

The Council is required under the Local Government Act 2003 to produce a set of Group accounts where it has subsidiaries, joint ventures or associates. The criteria for deciding if the Council has such relationships is laid down by the Code of Practice on Local Authority Accounting in the United Kingdom 2019/20 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 and Arkwood Developments Ltd.

Active4Today Ltd is a wholly owned subsidiary of the authority. Active4Today Ltd manages and operates the Council's leisure services including leisure centres and sports development activities. The General Fund includes a £0.121m management fee paid to Active4Today Ltd. The management agreement came into effect on 1 June 2015.

Active4Today Ltd produces a set of accounts with a year end of 31 March. The accounts for 2019/2020, 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 2019/20 are Wright Vigar Ltd, 15 Newland, Lincoln, Lincolnshire, LN1 1XG. Consolidation adjustments have been made to align these accounts with the Code of Practice on Local Authority Accounting in the United Kingdom 2019/2020. 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 2019/2020, which have been consolidated here, have been audited by Arkwood's auditors and have been given an unqualified audit opinion. Arkwood's auditors for 2019/20 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.

### ACCOUNTING POLICIES

The following notes detail any variations from the accounting policies used by the authority and should be read in conjunction with the relevant notes within the authority's accounts. The consolidation has been done on a merger basis as Active4Today Ltd and Arkwood are 100% owned by NSDC.

### TAXATION

Active4Today Ltd is 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.

Arkwood is subject to a charge for taxation which is based on the result for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes. Except where otherwise required, full provision is made without discounting in respect of all timing differences which have arisen but not reversed by the Balance Sheet date, except as otherwise required by IAS 12.

### RESTATEMENT OF 2018/19

Last financial year Arkwood Developments wasn't included in the Council's group accounts on the grounds of materiality, however as they have now exceeded that value and require to be included within the group accounts, last financial years' group account figures need to be restated to include their 2018/19 accounts.

Also, Active4Today had their pension figures restated for 2018/19 due to the impact of the McCloud & Sargeant judgement and this restatement also needs to be reflected within the group account figures for 2018/19.

	2018/19		
	Gross Expend- iture	Gross Income	Net Expend- iture
	£'000	£'000	£'000
<b>Arkwood Comprehensive Income and Expenditure</b>			
Housing - Arkwood	33	0	33
<b>Net Cost of Service Impact</b>	<b>33</b>	<b>0</b>	<b>33</b>

	31 March 2019 £'000
<b>Arkwood Balance Sheet</b>	
Cash and Cash Equivalents	65
Short Term Creditors	-98
<b>TOTAL NET ASSETS</b>	<b>-33</b>
Usable Reserves	-33
<b>TOTAL RESERVES</b>	<b>-33</b>

	2018/19 Net Expend- iture £'000
<b>Active4Today Other Comprehensive Income and Expenditure</b>	
Remeasurements of the Net Defined Benefit Liability (Asset) - Active4today	
<b>Previous figure</b>	<b>-245</b>
Adjustment	122
<b>Restated pension figure for McCloud &amp; Sargeant impact</b>	<b>-123</b>

	31 March 2019 £'000
<b>Active4Today Balance Sheet</b>	
Pension Liability previous closing balance at 31.3.19	0
Adjustment	122
<b>Restated Closing balance on Pension Liability at 31.3.19</b>	<b>3,049</b>

## GROUP COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT

RESTATED 2018/19			2019/20		
Gross Expend- iture £'000	Gross Income £'000	Net Expend- iture £'000	Gross Expend- iture £'000	Gross Income £'000	Net Expend- iture £'000
6,515	-5,048	1,467	7,584	-5,333	2,251
5,066	-1,944	3,122	4,543	-1,644	2,899
7,707	-1,739	5,968	6,450	-1,710	4,740
2,748	-2,883	-135	2,772	-2,830	-58
32,201	-25,524	6,677	28,547	-23,271	5,276
15,803	-25,115	-9,312	19,789	-24,433	-4,644
33	0	33	144	0	144
13,303	0	13,303	18,534	0	18,534
<b>83,376</b>	<b>-62,253</b>	<b>21,123</b>	<b>88,363</b>	<b>-59,221</b>	<b>29,142</b>
7,567	-2,374	5,193	14,874	-2,309	12,565
5,868	-578	5,290	6,490	-1,067	5,423
0	0	0	0	-17	-17
73	0	73	72	0	72
12,181	-38,571	-26,390	14,424	-46,293	-31,869
<b>109,065</b>	<b>-103,776</b>	<b>5,289</b>	<b>124,223</b>	<b>-108,907</b>	<b>15,316</b>
1	0	1	1	0	1
<b>109,066</b>	<b>-103,776</b>	<b>5,290</b>	<b>124,224</b>	<b>-108,907</b>	<b>15,317</b>
		-12,649			-28,455
		-8,147			-10,205
		-123			-189
		<b>-20,919</b>			<b>-38,849</b>
		<b>-15,629</b>			<b>-23,532</b>



## GROUP MOVEMENT IN RESERVES

### Movement in reserves during 2019/20

	A4T Arkwood Council					A4T Council							
	General Fund Balance £'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
<b>Balance at 31 March 2019</b>	<b>1,500</b>	<b>400</b>	<b>-33</b>	<b>25,124</b>	<b>2,000</b>	<b>4,398</b>	<b>10,107</b>	<b>6,991</b>	<b>9,673</b>	<b>60,160</b>	<b>-3,049</b>	<b>151,590</b>	<b>208,701</b>
Total Comprehensive Income and Expenditure	1,927	0	0	0	-16,814	0	0	0	0	-14,887	189	38,659	23,961
Adjustment between Group Accounts and Authority accounts	0	-295	-134	0	0	0	0	0	0	-429	0	0	-429
Adjustment between accounting basis & funding basis under regulations	-3,016	292	0	0	17,172	0	1,593	1,467	-4,219	13,289	-292	-12,997	0
<b>Net Increase/Decrease(-) before Transfers to Earmarked Reserves</b>	<b>-1,089</b>	<b>-3</b>	<b>-134</b>	<b>0</b>	<b>358</b>	<b>0</b>	<b>1,593</b>	<b>1,467</b>	<b>-4,219</b>	<b>-2,027</b>	<b>-103</b>	<b>25,662</b>	<b>23,532</b>
Transfers to/from(-) Earmarked Reserves	1,089	0	0	-1,089	-358	358	0	0	0	0	0	0	0
Transfer to Unusable Reserves	0	0	0	0	0	0	0	0	0	0	0	0	0
<b>Increase/Decrease(-) in 2019/20</b>	<b>0</b>	<b>-3</b>	<b>-134</b>	<b>-1,089</b>	<b>0</b>	<b>358</b>	<b>1,593</b>	<b>1,467</b>	<b>-4,219</b>	<b>-2,027</b>	<b>-103</b>	<b>25,662</b>	<b>23,532</b>
<b>Balance at 31 March 2020</b>	<b>1,500</b>	<b>397</b>	<b>-167</b>	<b>24,035</b>	<b>2,000</b>	<b>4,756</b>	<b>11,700</b>	<b>8,458</b>	<b>5,454</b>	<b>58,133</b>	<b>-3,152</b>	<b>177,252</b>	<b>232,233</b>

## Movement in reserves during 2018/19

RESTATED	A4T Arkwood Council				A4T Council								
	General Fund Balance £'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 2018	1,737	378	0	21,512	2,000	3,113	6,573	5,424	9,565	50,302	-2,889	145,659	193,072
Total Comprehensive Income and Expenditure	2,089	0	0	0	-7,085	0	0	0	0	-4,996	123	20,796	15,923
Adjustment between Group Accounts and Authority accounts	0	-261	-33	0	0	0	0	0	0	-294	0	0	-294
Adjustment between accounting basis & funding basis under regulations	1,286	283	0	0	8,370	0	3,534	1,567	108	15,148	-283	-14,865	0
<b>Net Increase/Decrease(-) before Transfers to Earmarked Reserves</b>	<b>3,375</b>	<b>22</b>	<b>-33</b>	<b>0</b>	<b>1,285</b>	<b>0</b>	<b>3,534</b>	<b>1,567</b>	<b>108</b>	<b>9,858</b>	<b>-160</b>	<b>5,931</b>	<b>15,629</b>
Transfers to/from(-) Earmarked Reserves	-3,612	0	0	3,612	-1,285	1,285	0	0	0	0	0	0	0
Transfer to Unusable Reserves	0	0	0	0	0	0	0	0	0	0	0	0	0
<b>Increase/Decrease(-) in 2018/19</b>	<b>-237</b>	<b>22</b>	<b>-33</b>	<b>3,612</b>	<b>0</b>	<b>1,285</b>	<b>3,534</b>	<b>1,567</b>	<b>108</b>	<b>9,858</b>	<b>-160</b>	<b>5,931</b>	<b>15,629</b>
Balance at 31 March 2019	1,500	400	-33	25,124	2,000	4,398	10,107	6,991	9,673	60,160	-3,049	151,590	208,701

## GROUP BALANCE SHEET

RESTATED 31 March 2019 £'000	2019/20					31 March 2020 £'000
	NSDC £'000	Active4 today £'000	Arkwood £'000	Inter Comp Adj £'000	£'000	
354,634 Property, Plant & Equipment	371,924	0	0	0	371,924	
2,035 Heritage Assets	2,020	0	0	0	2,020	
0 Investment Properties	0	0	0	0	0	
288 Intangible Assets	268	0	0	0	268	
0 Long Term Investments	10,536	0	0	-3,833	6,703	
461 Long Term Debtors	801	0	0	0	801	
<b>357,418 TOTAL LONG TERM ASSETS</b>	<b>385,549</b>	<b>0</b>	<b>0</b>	<b>-3,833</b>	<b>381,716</b>	
9,908 Short Term Investments	8,076	0	0	0	8,076	
310 Inventories	305	1	124	0	430	
7,707 Short Term Debtors	15,807	641	17	-824	15,641	
1,120 Assets Held For Sale	1,170	0	0	0	1,170	
32,809 Cash and Cash Equivalents	23,519	64	3,818	0	27,401	
<b>51,854 TOTAL CURRENT ASSETS</b>	<b>48,877</b>	<b>706</b>	<b>3,959</b>	<b>-824</b>	<b>52,718</b>	
-6,407 Short Term Borrowings	-9,350	0	0	524	-8,826	
-15,776 Short Term Creditors	-18,591	-309	-126	300	-18,726	
-1,457 Provisions Short Term	-391	0	0	0	-391	
-786 Grants Receipts in Advance	-898	0	0	0	-898	
<b>-24,426 TOTAL CURRENT LIABILITIES</b>	<b>-29,230</b>	<b>-309</b>	<b>-126</b>	<b>824</b>	<b>-28,841</b>	
-4,887 Long Term Creditors	-7,210	0	0	0	-7,210	
-1,948 Provisions Long Term	-1,288	0	0	0	-1,288	
-224 Long Term Finance Lease	-224	0	0	0	-224	
-84,556 Long Term Borrowing	-83,830	0	0	0	-83,830	
-78,413 Pensions Liability	-71,489	-3,152	0	0	-74,641	
-6,117 Grants Receipts in Advance	-6,167	0	0	0	-6,167	
<b>-176,145 TOTAL LONG TERM LIABILITIES</b>	<b>-170,208</b>	<b>-3,152</b>	<b>0</b>	<b>0</b>	<b>-173,360</b>	
<b>208,701 TOTAL NET ASSETS</b>	<b>234,988</b>	<b>-2,755</b>	<b>3,833</b>	<b>-3,833</b>	<b>232,233</b>	
60,160 Usable Reserves	57,903	397	3,833	-4,000	58,133	
148,541 Unusable Reserves	177,085	-3,152	0	167	174,100	
<b>208,701 TOTAL RESERVES</b>	<b>234,988</b>	<b>-2,755</b>	<b>3,833</b>	<b>-3,833</b>	<b>232,233</b>	

## GROUP CASH FLOW STATEMENT

RESTATED 2018/19 £'000	2019/20					31 March 2020 £'000
	NSDC £'000	Active4 today £'000	Arkwood £'000	Inter Comp Adj £'000	£'000	
<b>-5,290 Net Surplus/Deficit(-) on the Provision of Services</b>	<b>-15,056</b>	<b>-294</b>	<b>-134</b>	<b>167</b>	<b>-15,317</b>	
27,429 Adjustment to Surplus or Deficit on the Provision of Services for Non-Cash Movements	31,609	273	3,887	-37	35,732	
-10,346 Adjust for Item Included in the Net Surplus or Deficit on the Provision of Services that are Investing and Financing Activities	-6,828	0	0	-167	-6,995	
<b>11,793 Net Cash Flows from Operating Activities</b>	<b>9,725</b>	<b>-21</b>	<b>3,753</b>	<b>-37</b>	<b>13,420</b>	
-5,110 Investing Activities	-21,080	0	0	0	-21,080	
10,781 Financing Activities	2,215	0	0	37	2,252	
<b>17,464 Net Increase or Decrease(-) in Cash and Cash Equivalents</b>	<b>-9,140</b>	<b>-21</b>	<b>3,753</b>	<b>0</b>	<b>-5,408</b>	
15,345 Cash and Cash Equivalents at the Beginning of the Reporting Period	32,659	85	65	0	32,809	
<b>32,809 Cash and Cash Equivalents at the End of the Reporting Period</b>	<b>23,519</b>	<b>64</b>	<b>3,818</b>	<b>0</b>	<b>27,401</b>	

## GROUP ACCOUNT NOTES

The following notes have been prepared on an exception basis, with only those items which have changed from the District Council's Statement of Accounts being included. For all other items, reference should be made to the Council's Comprehensive Income and Expenditure Statement on page 35 and Balance Sheet on page 37 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	£'000	Inter Comp Adj £'000	2019/20 Group £'000
Economic Development	2,250	0	0	1	2,251
Homes and Communities	2,747	0	0	152	2,899
Leisure and Environment	5,004	0	0	-264	4,740
Leisure and Environment - Active4today	0	222	0	-280	-58
Policy and Finance	4,869	0	0	407	5,276
Housing Revenue Account	-4,644	0	0	0	-4,644
Housing - Arkwood	0	0	151	-7	144
- Revaluation Movement on Council Dwellings	18,534	0	0	0	18,534
<b>Cost of Services</b>	<b>28,760</b>	<b>222</b>	<b>151</b>	<b>9</b>	<b>29,142</b>
Other Operating Income and Expenditure	12,565	0	0	0	12,565
Financing and Investment Income and Expenditure	5,432	0	0	-9	5,423
Financing and Investment Income and Expenditure - Arkwood	0	0	-17	0	-17
Interest payable and similar charges - A4T	0	72	0	0	72
Taxation and Non Specific Grant Income	-31,869	0	0	0	-31,869
Corporation Tax - A4T	0	1	0	0	1
<b>Group Surplus(-)/Deficit</b>	<b>14,888</b>	<b>295</b>	<b>134</b>	<b>0</b>	<b>15,317</b>

### G2 GROUP EXPENDITURE AND FUNDING ANALYSIS

RESTATED 2018/19			2019/20		
Net Expenditure Chargeable to the General Fund and HRA Balances £'000	Adjustment between the Funding and Accounting Basis £'000	Net Expenditure in the Comprehensive Income and Expenditure Statement £'000	Net Expenditure Chargeable to the General Fund and HRA Balances £'000	Adjustment between the Funding and Accounting Basis £'000	Net Expenditure in the Comprehensive Income and Expenditure Statement £'000
1,317	150	1,467	1,112	1,139	2,251
2,770	352	3,122	2,489	410	2,899
3,413	2,555	5,968	3,417	1,323	4,740
-345	210	-135	-278	220	-58
5,242	1,435	6,677	4,823	453	5,276
-14,878	18,869	3,991	-13,325	27,215	13,890
33	0	33	144	0	144
<b>-2,448</b>	<b>23,571</b>	<b>21,123</b>	<b>-1,618</b>	<b>30,760</b>	<b>29,142</b>
-2,202	-13,705	-15,907	2,502	-16,383	-13,881
0	0	0	-17	0	-17
0	73	73	0	72	72
1	0	1	1	0	1
<b>-4,649</b>	<b>9,939</b>	<b>5,290</b>	<b>868</b>	<b>14,449</b>	<b>15,317</b>
General Fund & Earmarked Reserve £'000	HRA & Earmarked Reserve £'000	Total £'000	General Fund & Earmarked Reserve £'000	HRA & Earmarked Reserve £'000	Total £'000
-23,627	-5,113	-28,740	-26,991	-6,398	-33,389
-3,364	-1,285	-4,649	1,226	-358	868
<b>-26,991</b>	<b>-6,398</b>	<b>-33,389</b>	<b>-25,765</b>	<b>-6,756</b>	<b>-32,521</b>
Closing Balances Split by Reserve:					
-1,500	-2,000	-3,500	-1,500	-2,000	-3,500
-25,491	-4,398	-29,889	-24,265	-4,756	-29,021
<b>-26,991</b>	<b>-6,398</b>	<b>-33,389</b>	<b>-25,765</b>	<b>-6,756</b>	<b>-32,521</b>

## G3 NOTE TO THE EXPENDITURE AND FUNDING ANALYSIS

## Adjustments between Funding and Accounting Basis 2019/20

Adjustments from General Fund to arrive at the Comprehensive Income and Expenditure Statement amounts	Adjustment for Capital Purposes (Note 1) £'000	Net change for the Pensions Adjustment (Note 2) £'000	Other Differences (Note 3) £'000	Total Adjustments £'000
Economic Development	978	114	47	1,139
Homes and Communities	344	83	-17	410
Leisure and Environment	1,225	136	-38	1,323
Leisure - Active4today	0	220	0	220
Policy and Finance	206	291	-44	453
Housing Revenue Account	23,116	4,099	0	27,215
Housing - Arkwood	0	0	0	0
<b>Net Cost of Services</b>	<b>25,869</b>	<b>4,943</b>	<b>-52</b>	<b>30,760</b>
Other income and expenditure from the Expenditure and Funding Analysis	-16,991	1,606	-998	-16,383
Other Income and Expenditure	0	72	0	72
<b>Difference between General Fund surplus or deficit and Comprehensive Income and Expenditure Statement Surplus or Deficit on the Provision of Services</b>	<b>8,878</b>	<b>6,621</b>	<b>-1,050</b>	<b>14,449</b>

## Adjustments between Funding and Accounting Basis 2018/19

RESTATED Adjustments from General Fund to arrive at the Comprehensive Income and Expenditure Statement amounts	Adjustment for Capital Purposes (Note 1) £'000	Net change for the Pensions Adjustment (Note 2) £'000	Other Differences (Note 3) £'000	Total Adjustments £'000
Economic Development	-60	210	0	150
Homes and Communities	190	162	0	352
Leisure and Environment	2,298	257	0	2,555
Leisure - Active4today	0	210	0	210
Policy and Finance	263	1,172	0	1,435
Housing Revenue Account	18,367	502	0	18,869
<b>Net Cost of Services</b>	<b>21,058</b>	<b>2,513</b>	<b>0</b>	<b>23,571</b>
Other income and expenditure from the Expenditure and Funding Analysis	-15,369	2,013	-349	-13,705
Other Income and Expenditure	0	73	0	73
<b>Difference between General Fund surplus or deficit and Comprehensive Income and Expenditure Statement Surplus or Deficit on the Provision of Services</b>	<b>5,689</b>	<b>4,599</b>	<b>-349</b>	<b>9,939</b>

## Note 1 Adjustments for Capital Purposes

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

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

## Note 2 Net Change for the Pensions Adjustments

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

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

## Note 3 Other Differences

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

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

## G4 EXPENDITURE AND INCOME ANALYSED BY NATURE

Expenditure/Income 2019/20	Economic Development	Homes and Communities	Leisure and Environment	Policy and Finance	Housing Revenue Account	Corporate Amounts	Total	
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	
Fees, Charges and Other Service Income	-5,277	-973	-4,823	-2,601	-24,433	0	-38,107	
Income on Joint Associates	0	0	0	0	0	-127	-127	
Interest and Investment Income	0	0	0	0	0	-1,084	-1,084	
Income from Council Tax	0	0	0	0	0	-9,765	-9,765	
Income from Non Domestic Rates	0	0	0	0	0	-22,813	-22,813	
Housing Benefit Subsidy Rent Allowance	0	0	0	-11,089	0	0	-11,089	
Housing Benefit Subsidy Rent Rebates	0	0	0	-9,510	0	0	-9,510	
Government Grants and Contributions	-57	-824	0	-489	0	-13,715	-15,085	
Disposal of Assets	0	0	0	0	0	-2,182	-2,182	
Adjustment for Group Transactions	1	153	283	418	0	0	855	
<b>Total Income</b>	<b>-5,333</b>	<b>-1,644</b>	<b>-4,540</b>	<b>-23,271</b>	<b>-24,433</b>	<b>-49,686</b>	<b>-108,907</b>	
Employee Expenses	3,299	2,417	3,688	4,811	9,275	0	23,490	
Other Service Expenses	3,333	1,783	5,451	2,837	6,040	8,065	27,509	
Housing Benefit Rent Allowance	0	0	0	11,145	0	0	11,145	
Housing Benefit Rent Rebates	0	0	0	9,560	0	0	9,560	
Expenditure on Joint Associates	0	0	0	0	0	144	144	
Support Service Recharges	0	0	0	0	0	461	461	
Depreciation, Amortisation and Impairment	952	344	910	206	23,077	0	25,489	
Changes in Fair Value	0	0	0	0	0	797	797	
Interest Payments	0	0	0	0	82	5,771	5,853	
Non Domestic Rates Tariff & Deficit	0	0	0	0	0	13,963	13,963	
Precepts and Levies	0	0	0	0	0	3,471	3,471	
Payments to Housing Capital Receipts Pool	0	0	0	0	0	443	443	
Disposal of Assets	0	0	0	0	0	2,753	2,753	
Corporation Tax	0	0	0	0	0	1	1	NSDC 15,175
Adjustment for Group Transactions	0	-1	-827	-12	-7	-8	-855	A4Today 15
<b>Total Operating Expenses</b>	<b>7,584</b>	<b>4,543</b>	<b>9,222</b>	<b>28,547</b>	<b>38,467</b>	<b>35,861</b>	<b>124,224</b>	Arkwood 127
<b>Surplus(-)/Deficit on Provision of Services</b>	<b>2,251</b>	<b>2,899</b>	<b>4,682</b>	<b>5,276</b>	<b>14,034</b>	<b>-13,825</b>	<b>15,317</b>	<b>15,317</b>

Expenditure/Income 2018/19	Economic Development	Homes and Communities	Leisure and Environment	Policy and Finance	Housing Revenue Account	Corporate Amounts	Total
RESTATED	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Fees, Charges and Other Service Income	-4,992	-1,125	-4,783	-2,010	-25,115	-1,123	-39,148
Income on Joint Associates	0	0	0	0	0	-132	-132
Interest and Investment Income	0	0	0	0	0	-566	-566
Income from Council Tax	0	0	0	0	0	-9,331	-9,331
Income from Non Domestic Rates	0	0	0	0	0	-19,106	-19,106
Government Grants and Contributions	-56	-928	-83	-23,971	0	-9,012	-34,050
Disposal of Assets	0	0	0	0	0	-2,253	-2,253
Adjustment for Group Transactions	0	109	244	457	0	0	810
<b>Total Income</b>	<b>-5,048</b>	<b>-1,944</b>	<b>-4,622</b>	<b>-25,524</b>	<b>-25,115</b>	<b>-41,523</b>	<b>-103,776</b>
Employee Expenses	3,117	2,379	3,587	5,584	0	0	14,667
Other Service Expenses	3,571	2,497	6,755	26,355	10,755	323	50,256
Expenditure on Joint Associates	0	0	0	0	0	88	88
Developers Contribution Payment	0	0	0	0	0	504	504
Depreciation, Amortisation and Impairment	-173	190	918	263	18,308	0	19,506
Interest Payments	0	0	0	0	76	5,942	6,018
Non Domestic Rates Tariff & Deficit	0	0	0	0	0	11,678	11,678
Precepts and Levies	0	0	0	0	0	3,344	3,344
Payments to Housing Capital Receipts Pool	0	0	0	0	0	443	443
Disposal of Assets	0	0	0	0	0	3,371	3,371
Corporation Tax	0	0	0	0	0	1	1
Adjustment for Group Transactions	0	0	-805	-1	0	-4	-810
<b>Total Operating Expenses</b>	<b>6,515</b>	<b>5,066</b>	<b>10,455</b>	<b>32,201</b>	<b>29,139</b>	<b>25,690</b>	<b>109,066</b>
<b>Surplus(-)/Deficit on Provision of Services</b>	<b>1,467</b>	<b>3,122</b>	<b>5,833</b>	<b>6,677</b>	<b>4,024</b>	<b>-15,833</b>	<b>5,290</b>

NSDC	5,319
A4Today	-62
Arkwood	33
	<u>5,290</u>

## G5 INVENTORIES

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

2018/19 £'000	NSDC £'000	Active4		Group Total £'000
		today £'000	Arkwood £'000	
37 Heritage and Visitor Centres	37	0	0	37
6 Administrative Stores	7	0	0	7
46 Transport Stores	47	0	0	47
68 Stock (Van and Leisure Centre)	64	1	0	65
153 Raw Materials and Consumables	150	0	0	150
0 Works in Progress - Project 1	0	0	124	124
<b>310 Total</b>	<b>305</b>	<b>1</b>	<b>124</b>	<b>430</b>

## G6 SHORT TERM DEBTORS

The amounts due to the Group were:-

2018/19 £'000	NSDC £'000	Active4		Group Total £'000
		today £'000	Arkwood £'000	
Amounts falling due within one year:-				
2,258 Trade Receivables	2,253	0	0	2,253
451 Prepayments	211	9	0	220
-722 Inter Company Transactions	-235	-589	0	-824
7,244 Other Receivable Amounts	15,777	632	17	16,426
<b>9,231 Total</b>	<b>18,006</b>	<b>52</b>	<b>17</b>	<b>18,075</b>
-1,524 Less Loss Allowance	-2,434	0	0	-2,434
<b>7,707 Total Short Term Debtors</b>	<b>15,572</b>	<b>52</b>	<b>17</b>	<b>15,641</b>

## G7 SHORT TERM CREDITORS

The amounts owed by the Group were:-

2018/19 £'000	NSDC £'000	Active4		Group Total £'000
		today £'000	Arkwood £'000	
Amounts falling due within one year:-				
6,869 Trade Payables	5,962	0	0	5,962
8,971 Other Payables	12,629	309	126	13,064
-162 Inter Company Transactions	-65	-144	-91	-300
<b>15,678 Total Short Term Creditors</b>	<b>18,526</b>	<b>165</b>	<b>35</b>	<b>18,726</b>

## G8 CASH AND CASH EQUIVALENTS

2018/19 £'000	NSDC £'000	Active4		2019/20 £'000
		today £'000	Arkwood £'000	
4 Cash held by the Council	4	0	0	4
28 Cash in transit	-26	0	0	-26
1,221 Bank current accounts	560	64	3,818	4,442
31,491 Short-term deposits with Money Market Funds	22,981	0	0	22,981
0 Inter Company Adjustments	0	0	0	0
<b>32,744 Current Assets</b>	<b>23,519</b>	<b>64</b>	<b>3,818</b>	<b>27,401</b>
0 Cash in transit	0	0	0	0
0 Bank current accounts (overdraft)	0	0	0	0
<b>0 Current Liabilities</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>32,744 Total Cash and Cash Equivalents</b>	<b>23,519</b>	<b>64</b>	<b>3,818</b>	<b>27,401</b>

## G9 PENSIONS

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

2018/19 £'000	NSDC £'000	Active4		2018/19 £'000
		today £'000	Arkwood £'000	
<b>82,086 Deficit at 1 April</b>	<b>75,368</b>	<b>3,049</b>	<b>0</b>	<b>78,417</b>
<i>Cost of Service</i>				
6,012 Current Service Cost	3,921	437	0	4,358
<i>Financing and Investment Income and Expenditure</i>				
2,051 Net Interest Expense	1,569	72	0	1,641
42 Admin Expense	34	1	0	35
0 Past Service Cost	169	0	0	169
-8,270 Remeasurement of net defined benefit liability	-10,205	-189	0	-10,394
0 Gain/(loss) from settlements	3,963	0	0	3,963
-3,504 Employer Contributions	-3,330	-218	0	-3,548
<b>78,417 Deficit at 31 March</b>	<b>71,489</b>	<b>3,152</b>	<b>0</b>	<b>74,641</b>

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

2018/19 £'000	NSDC £'000	Active4		2019/20 £'000
		today	Arkwood	
<b>-5,290</b>	<b>-14,888</b>	<b>-294</b>	<b>-135</b>	<b>-15,317</b>
<b>Net Surplus or Deficit(-) on the Provision of Services</b>				
<b>Adjust net surplus or deficit on the provision of services for non-cash movements</b>				
6,667	6,339	0	0	6,339
12,799	19,071	0	0	19,071
65	88	0	0	88
0	0	0	0	0
-4,281	6,912	-37	28	6,903
10	10	0	0	10
3,678	-9,089	-21	-17	-9,127
19	2	2	-125	-121
4,595	6,328	292	0	6,620
3,323	2,709	0	0	2,709
553	-760	0	4,000	3,240
<b>27,428</b>	<b>31,610</b>	<b>236</b>	<b>3,886</b>	<b>35,732</b>
<b>Adjust for items included in the net surplus or deficit on the provision of services that are investing or financing activities</b>				
0	-166	0	0	-166
-8,141	-4,690	0	0	-4,690
-2,205	-2,139	0	0	-2,139
<b>-10,346</b>	<b>-6,995</b>	<b>0</b>	<b>0</b>	<b>-6,995</b>
<b>11,792</b>	<b>9,727</b>	<b>-58</b>	<b>3,751</b>	<b>13,420</b>

2018/19 £'000	NSDC £'000	Active4		2019/20 £'000
		today	Arkwood	
-15,418	-17,928	0	0	-17,928
0	-46,001	0	0	-46,001
31	-712	0	0	-712
2,205	2,138	0	0	2,138
0	36,400	0	0	36,400
8,072	5,023	0	0	5,023
<b>-5,110</b>	<b>-21,080</b>	<b>0</b>	<b>0</b>	<b>-21,080</b>

## GLOSSARY OF TERMS

*PLEASE NOTE: This glossary provides an explanation of terms, not precise definitions. It should not be used as a substitute for the more detailed and specific definitions given in statute, codes of practice and technical guidance. It should be used in conjunction with explanations provided within and supporting the accounting statements.*

### ACCOUNTING POLICIES

Those principles, bases, conventions, rules and practices applied by an entity that specify how the effects of transactions and other events are to be reflected in its financial statements

- Recognising
- Selecting measurement bases for, and
- Presenting assets, liabilities, gains, losses and changes to reserves.

Accounting policies do not include estimation techniques.

Accounting policies define the process whereby transactions and other events are reflected in financial statements. For example, an accounting policy for a particular type of expenditure may specify whether an asset or loss is to be recognised, the basis on which it is to be measured, and where in the revenue account or Balance Sheet it is to be presented.

### ACCRUALS

Sums included in the final accounts of the Council to cover income or expenditure attributable to the accounting period for which payments have not been received/made in the financial year. Local authorities accrue for both revenue and capital expenditure.

### ADMINISTRATIVE BUILDINGS

Buildings that either have a shared use or are not charged directly to a service. The costs relating to all such buildings are allocated to the users of the buildings on some appropriate basis (usually the floor area occupied by each user).

### AMORTISATION

The measure of the consumption or other reduction in the useful life of an intangible asset, charged annually to service revenue accounts.

### ARMS LENGTH MANAGEMENT COMPANY

The Council is the sole shareholder of this company that it created solely for the purpose of managing its Housing stock.

**BALANCES**

Surplus of income over expenditure that may be used to finance expenditure. Balances can be earmarked in the accounts for specific purposes. Those that are not, represent resources set aside for such purposes as general contingencies and cash flow management.

**BALANCE SHEET**

A statement of the recorded assets, liabilities and other balances at a specific date at the end of an accounting period.

**BILLING AUTHORITIES**

Those authorities that set the Council Tax and collect the Council Tax and Non-Domestic Rates

**CAPITAL ADJUSTMENT ACCOUNT**

under the Code and are financed through the capital controls system. It should be noted that this account and the Revaluation Reserve are matched by fixed assets within the Balance Sheet - they are not resources available to the Council, and are therefore termed Unusable Reserves.

**CAPITAL CHARGES**

Annual charges to service revenue accounts to reflect the cost of fixed assets used in the provision of services.

**CAPITAL EXPENDITURE**

Spending that produces or enhances an asset, like land, buildings, roads, vehicles, plant and machinery. Definitions are set out in Section 40 of the Local Government and Housing Act 1989. Any expenditure that does not fall within the definition must be charged to a revenue

**CAPITAL PROGRAMME**

The capital projects a Council proposes to undertake over a set period of time. The usual period covered by a capital programme is three to five years.

**CAPITAL RECEIPTS**

The proceeds from the sale of fixed assets such as land and buildings. Capital receipts can be used to repay any outstanding debt on fixed assets or to finance new capital expenditure within rules set down by Government. Capital receipts cannot, however, be used to finance revenue expenditure.

**CHARTERED INSTITUTE OF PUBLIC FINANCE AND ACCOUNTANCY (CIPFA)**

The professional accountancy body concerned with local authorities and the public sector.

**COLLECTION FUND**

The Collection Fund is a statutory fund set up under the provisions of the National Local Government Finance Act 1988. It includes the transactions of the charging Council in relation to Non-Domestic Rates and Council Tax and illustrates the way in which the fund balance is distributed to Central Government, preceptors and the General Fund.

**COMMUNITY ASSETS**

These are assets that the Council intends to hold in perpetuity, that have no determinable useful life and that may have restrictions on their disposal. Examples of community assets are parks and historic buildings not used in the direct provision of services. It also covers items of Civic Regalia.

**CONTINGENT LIABILITIES**

Potential losses for which a future event will establish whether a liability exists and for which it is inappropriate to set up a provision in the accounts.

**COUNCIL TAX**

The main source of local taxation to local authorities. Council Tax is levied on households within its area by the billing Council and the proceeds are paid into its Collection Fund for distribution to precepting authorities and for use by its own General Fund.

**COUNCIL TAX BASE**

The council tax base of an area is equal to the number of band "D" equivalent properties. It is calculated by counting the number of properties in each of the eight Council Tax bands and then converting this into an equivalent number of band "D" properties (e.g. a band "H" property pays twice as much Council Tax as a band "D" property and therefore is equivalent to two band "D" properties). For the purpose of calculating Formula Grant, the Government assumes a 100% collection rate. For the purpose of calculations made by a local Council of the basic amount of Council Tax for its area for each financial year, the Council makes an estimate of its collection rate and reflects this in the tax base.

**CURRENT EXPENDITURE**

Expenditure on running costs such as that in respect of employees, premises and supplies and services.

**DEFERRED CAPITAL RECEIPTS**

Amounts derived from the sale of assets that will be received in instalments over agreed periods of time. These arise mainly from mortgages on the sale of council houses.

**DEFERRED CREDITORS**

This term applies to the monies owed by the Council more than 12 months from the Balance Sheet date.

#### DEPRECIATION

Charges reflecting the wearing out, consumption or other reduction in the useful life of a fixed asset.

#### EARMARKED RESERVES

These are reserves set aside for a specific purpose or a particular service, or type of expenditure.

#### EMOLUMENTS

All sums paid to or receivable by an employee and any sums due by way of expenses allowance (as far as those sums are chargeable to UK income tax) and the money value of any other benefits received other than in cash. Pension contributions payable by either employee or employer are excluded.

#### EXTERNAL AUDIT

The independent examination of the activities and accounts of local authorities to ensure that the accounts have been prepared in accordance with legislative requirements and proper practices, to ensure that the Council has proper arrangements in place for securing financial resilience and to challenge how it secures economy, efficiency and effectiveness in its use of

#### 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

#### HOUSING REVENUE ACCOUNT

A Council's statutory account covering revenue income and expenditure on the housing services relating to its housing stock.

#### IMPAIRMENT

Impairment occurs when the value of an asset has reduced. This can be either as a result of a general fall in prices or by a clear consumption of economic benefits such as by physical damage to the asset.

#### INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS)

Accounting standards adopted from 1 April 2010 for Local Government entities.

#### INFRASTRUCTURE ASSETS

Expenditure on works of construction or improvement but which have no tangible value, such as construction of, or improvement to highways.

## INTERNAL AUDIT

An independent appraisal function established by the management of an organisation for the review of the internal control system as a service to the organisation. It objectively examines, evaluates and reports on the adequacy of internal control as a contribution to the proper economic, efficient and effective use of resources. Every Council is required to maintain an adequate and efficient internal audit. A review of the effectiveness of the internal audit function of a Council has to be considered and approved by the Council's Members each year.

## INVESTMENTS

Deposits with approved institutions, usually for less than one year.

## LONG TERM DEBTORS

Amounts due to the Council more than one year after the Balance Sheet date.

## MINIMUM REVENUE PROVISION (MRP)

The minimum annual provision from revenue towards a reduction in a Council's overall borrowing requirement.

## NON DOMESTIC RATE (NDR)

The Council collects Non Domestic Rates for its area based on local rateable values, multiplied by a national uniform rate. The total amount, less certain relief's and deductions, including Council Tax benefit, is shared between Central Government (50%), District Councils (40%), County Council (9%) and Fire Authority (1%).

## NET EXPENDITURE

Gross expenditure less gross income.

## NON-OPERATIONAL ASSET

Fixed assets held by the Council but not directly used or consumed in the delivery of its services. This would include properties and land that are Held For Sale or Surplus.

## OPERATIONAL ASSET

Fixed assets held by the Council and used or consumed in the delivery of its services.

## OPERATIONAL LEASE

An arrangement whereby the risks and rewards of ownership of the leased asset remain with the leasing company, or lessor.

## PENSION FUND

An employees' pension fund maintained by a Council, or a group of authorities, in order to make pension payments on retirement of participants. It is financed from contributions from the employing Council, the employee and investment income.

## PRECEPT

The levy made by precepting authorities on billing authorities, requiring the latter to collect income from council taxpayers on their behalf.

## PRECEPTING AUTHORITIES

Those authorities that are not billing authorities (i.e. do not collect Council Tax or NDR) and precept upon the billing Council, which then collects it on their behalf. Nottinghamshire County Council, Nottinghamshire Police and Crime Commissioner, Nottinghamshire Fire and Rescue Authority and Parish Councils all precept upon Newark and Sherwood District Council.

## PROVISIONS

Sums set aside to meet future expenditure where a specific liability is known to exist but that cannot be measured accurately.

## PUBLIC WORK LOANS BOARD (PWLB)

A Government body that meets part of the Council's loan finance for capital purposes.

## RELATED PARTIES

Two or more parties are related parties when at any one time in the financial period:

- One party has direct or indirect control of the other party;
- The parties are subject to common control from the same source;
- One party has influence over the financial or operational policies of the other party to an extent that the other party might be inhibited from pursuing at all times its own separate
- The parties, in entering a transaction are subject to influence from the same source to such an extent that one of the parties to the transaction has subordinated its own separate

Examples of related parties of an Council include:

- UK Central Government;
- Local authorities and other bodies precepting or levying demands on the Council Tax;
- Its subsidiary and associated companies;
- Its joint ventures and joint venture partners;
- Its Members;
- Its Senior Officers.

For individuals identified as related parties, the following are also presumed to be related parties:

- Members of close family, or the same household;

Partnerships, companies, trusts and other entities in which the individual, or a member of their close family or the same household, has a controlling interest.

### REVALUATION RESERVE

This records unrealised revaluation gains arising since 1st April 2007 from holding assets. It should be noted that this reserve and the Capital Adjustment Account are matched by fixed assets within the Balance Sheet. They are not resources available to the Council and are therefore termed 'Unusable'.

### REVENUE EXPENDITURE FUNDED FROM CAPITAL UNDER STATUTE

Expenditure of a capital nature for which there is no tangible asset acquired by the Council. This would include capital grants or renovation grants to private persons.

### REVENUE SUPPORT GRANT (RSG)

This funding is the Government grant provided by the Ministry of Housing, Communities and Local Government's (MHCLG) that is based on the Government's assessment as to what should be spent on local services. The amount provided by the MHCLG is fixed at the beginning of each financial year, and is announced as part of the Comprehensive Spending

### 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

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.

# 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 Newark and Sherwood Homes, 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 being realised and the impact should they be realised, and to manage them efficiently, effectively and economically.

The governance framework has been in place at Newark and Sherwood District Council for the year ended 31 March 2020. Since May 2013 the Council has operated governance arrangements through the use of a Committee system.

## 3. The governance framework

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

The District Council has adopted a Constitution which sets out how the Council operates, how decisions are made and the procedures which are followed to ensure that these are efficient, transparent and accountable to local people. The Constitution is subject to periodic change either through national legislation or local decision and the Governance Framework may be amended accordingly. Within the Constitution, the Council has approved and adopted a Code of Corporate Governance, which is consistent with the principles of the CIPFA/SOLACE Framework Delivering Good Governance in Local Government, which was revised in 2016. The Council's Code of Corporate Governance was also reviewed during 2016 to ensure it complied with the requirements of the revised Framework.

The Annual Governance Statement explains how the Council has complied with the code and also meets the requirements of Regulation 6(1)(a) of the Accounts and Audit Regulations 2015 which require an authority to conduct a review at least once in a year of the effectiveness of its system of internal control and include a statement reporting on the review with any published Statement of Accounts (England).

The Council adopted a new Community Plan for the 2019/20 financial year which was approved at Council on 7th March 2019. The new Community Plan spans the medium term from 2019 through to 2023 and sets out 11 Objectives (<https://www.newark-sherwooddc.gov.uk/councilpriorities/>). The delivery of these objectives is being conducted in accordance with the Governance framework.

During 2019/20 the Council facilitated policy and decision-making through a Committee system. Meetings are open to the public except where exempt or confidential matters are being considered. In addition, the Council's Constitution gives delegated authority for senior officers of the Council to make decisions in certain specified circumstances.

The District Council has a cross-service Risk Management Group that meets regularly to identify and evaluate all significant risks. Strategic, Corporate and Operational Risk Registers are in place and appropriate staff have been trained in the assessment, management and monitoring of risks. In addition to this, a Fraud Risk Register is in place and a full refresh took place during 2019/20 facilitated by the Council's Internal Audit contractors Assurance Lincolnshire. This was due to be presented to the Audit and Accounts Committee at its meeting in April, but due to the Coronavirus Pandemic, this meeting was cancelled.

Through reviews by external auditors, external agencies, internal auditors, and its performance team the District Council constantly seeks ways of ensuring the economical, effective and efficient use of resources, and for securing continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.

Services are delivered by trained and experienced officers. All posts have a detailed job description and person specification. Training needs are identified through the Performance Appraisal Scheme, which was reviewed and updated in 2019.

The statutory role of Monitoring Officer is undertaken by the Director of Governance and Organisational Development. It is the function of the Monitoring Officer to ensure compliance with established policies, procedures, laws and regulations. After consulting with the Head of Paid Service, the Monitoring Officer will report to the full Council if she considers that any proposal, decision or omission would give rise to unlawfulness or maladministration. The standards of behaviour for members and employees are defined through Codes of Conduct and the Code of Corporate Governance. The Council also has an Anti-Fraud and Corruption Strategy and a Whistleblowing Policy that enables concerns to be raised confidentially by employees or persons doing business with the Council. A complaints system is also operated by the Council to enable comments on services to be received and investigated.

The 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 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 Council communicates with its community and stakeholders by means of a periodic publication, "Voice", through its website and through social media and by specific consultation. It undertook a household survey of all the residents and businesses in the District in 2018/19 – which led to the review and adoption of its Community Plan.

## 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 executive managers within the authority who have responsibility for the development and maintenance of the governance environment, the Audit Manager's annual report, and also by 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 a dedicated working party comprising, inter alia, all the group leaders, on a regular basis, and has formed a Councillors' Commission to consider any changes resulting from recent legislation and to consider changes to facilitate more effective governance of the Council.

**Overview and Scrutiny** - During 2019/20 the overview & scrutiny function was undertaken through Committees with overview & scrutiny principles being embedded in the remits of the Policy and Finance Committee and the three functional committees as well as the Audit and Accounts Committee. **Councillors' Commission** - The Council reviews the Constitution through a dedicated working party, (the Councillor's Commission), which comprises senior councillors across all political groups, including all the group leaders. It meets on a regular basis to consider any changes resulting from recent legislation, and to consider proposals to facilitate more effective governance of the Council.

In October 2019, the Council undertook a governance review facilitated by an external peer team led by the Local Government Association. The review focussed on three broad areas: what was working well; what could be improved; and what should the Council do next. The report from the peer review made recommendations for the Council to explore the opportunity to improve governance further by looking at a future governance system and structures that delivers:

- a greater focus on outcomes for the community;
- clearer political ownership and accountability for policy and decision making, including opportunities to challenge;
- consideration of where and how policy should be developed;
- greater political and managerial oversight of council performance;
- reducing duplication and inefficiencies;
- improving the speed and transparency of decision-making;
- further and ongoing community and stakeholder engagement, building on the success of the Corporate Plan process

The Councillors' Commission was tasked with taking the review forward in December 2019. It was agreed that the next step would be for councillors and officers to visit a small number of councils with differing governance of cabinet/committee arrangements to learn from their experiences. Although these visits were arranged to take place in March and April – these have been put on hold due to the pandemic.

The Monitoring Officer -. Recent changes have been made to the Constitution, specifically the procedures for council/committee meetings and decision making arising from new Government Regulations to enable remotely held meetings due to the social distancing rules because of Covid-19. In addition, the Council has commissioned Assurance Lincolnshire, the Council's internal auditors, to undertake an ethics and culture health check. Assurance Lincolnshire have developed a model to review the ethical culture within a local authority to test out how well its rules, procedures and behaviours around good ethical governance are embedded within the organisation. The model has been developed to get 'under the surface' and examine the principles and standards that underpin the way in which officers and members interact with others to support excellent service delivery. It is anticipated that this work will be completed during the current year. The review is being overseen by the Monitoring Officer and the Audit and Accounts Committee.

Internal Audit - is responsible for reviewing the quality and effectiveness of systems of internal control.

An annual audit plan is approved by the s151 Officer together with the Senior Leadership Team and reported to the Audit and Accounts Committee. The reporting process for Internal Audit requires a report of each audit to be submitted to the relevant Chief Officer and Business Manager. The report includes recommendations for improvements that are included within an action plan and require agreement or rejection by service managers. The Audit and Accounts Committee receives executive summaries of all internal audit reports and is advised of progress in implementing recommendations. Internal Audit reports are considered by the Council's Senior Leadership Team. The Head of Internal Audit issues an annual opinion on the overall adequacy and effectiveness of the Council's governance, risk and control framework. For the 2019/20 financial year, the opinion of the Head of Internal Audit is that the Council is performing adequately across the areas of Financial Control, Governance, Risk and Internal Control. Five reports gave limited assurance (three during 2018/19) relating to:

- Building Control – Client Side – Since 2016, the Council, together with Rushcliffe Borough Council and South Kesteven District Council, have been working collaboratively on the delivery of a Building Control service. This report identified improvements relating to contract and relationship management;
- Community Centres – The Council currently has 4 Community Centres under its ownership. This audit identified improvements relating to structure and performance measures to ensure that the Council understands the value that the Community Centres are adding and the mitigate any further risks;
- ICT Incident Management – This report highlighted improvements relating to ICT incident reporting, handling and lessons learnt in order to efficiently and effectively deal with reported ICT issues.
- Key Controls – Health and Safety – As part of the Council's key control testing an area of weakness was recognised within Health and Safety reporting. The report identified improvements relating to reviewing risk assessments.
- Key Controls – Absence Management – As part of the Council's key control testing an area of weakness was recognised within absence management. The report identified improvements relating to reporting of information and review of the current policies.

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

In addition, a management review was carried out of phase 1 of the Sherwood Forest Arts and Crafts Centre in Edwinstowe, which involved the conversion of a derelict building on Forest Corner. The review identified a number of weaknesses in project management and budgetary control. Management have carried out further follow up reviews and appropriate action is being taken to address the issues and weaknesses identified.

The internal audit function is carried out by Assurance Lincolnshire. During November 2019, a report reviewing the effectiveness of the Internal Audit function was considered by the Audit and Accounts Committee. The results of this review concluded that the Internal Audit function is currently working effectively. Assurance Lincolnshire conforms to the UK Public Sector Internal Audit Standards. An External Quality Assessment was undertaken in September 2016 and preparations have started for the next required assessment in 2021. No areas of non-compliance with the standards that would affect the overall scope or operation of the internal audit activity was identified.

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.

Additionally to the issues identified in the table below, the current key issue for the Council is COVID-19. The Council is working closely with central government, the health service and the local resilience forum to support businesses and residents across the District as follows:

- Supporting businesses – Rate relief coupled with grants for businesses in the retail, hospitality and leisure sectors have to date helped around 2,200 businesses
- Supporting residents – the Council is making contact with vulnerable residents and tenants and is working with partners to proactively support rough sleepers. Residents who have serious underlying health conditions have been identified and there are processes in place to support this highly vulnerable group

In moving to the recovery phase, the Council has initiated a recovery cell (as part of its Emergency Planning policy) in order to focus initially on community resilience and economic impact, alongside day to day service provision. This group will also consider how lessons can be learned from the response to the pandemic and how opportunities can be explored and impacts be mitigated. The Council plans recognise that recovery is best achieved with multi agency collaboration in accordance with the guidance and responsibilities of the Civil Contingencies Act. The Council is fully engaged in recovery planning and delivery at a local, regional and national level.

Virtual Council meetings are taking place to maintain open and transparent decision making whilst observing social distancing. Further information regarding this can be found on the Council's social media accounts and at [www.democracy.newark-sherwooddc.gov.uk](http://www.democracy.newark-sherwooddc.gov.uk)

### Conclusion

The Council has assessed the governance arrangements in place throughout 2019/20 and whilst it is considered that the current arrangements provide a satisfactory level of assurance, work is continuously underway to ensure that the arrangements remain fit for purpose in an ever changing external environment.

## 5. Significant governance issues

Issue	Action	Responsible Officer
<p>Re-integration of Housing Management Function</p> <p>During 2018/19 the Council reviewed its arrangements regarding the Housing Management function, culminating in the "in principle" decision to bring the service in-house for direct service provision by the Council, subject</p>	<p>The Council brought back its Housing Service on the 1st February 2020. As part of this, the Council has established a review of tenant engagement. It is a regulatory requirement of housing providers to deliver effective opportunities for tenants to influence the design and delivery of housing services and their homes and to hold their landlord to account. This review will establish the preferred approach to ensure customers (future, present and past) views are used to scrutinise and shape services.</p> <p>A Housing Advisory Group was established by the Homes and Communities Committee and its first meeting was held on 25th February 2020.</p> <p>The role of the Housing Advisory Group is to create an informal forum through which the comments/views of the tenant representatives can be heard on a range of tenant-related matters and then be incorporated into the consideration of these items by the Homes &amp; Communities Committee. The Housing Advisory Group, is effectively a working party of the Committee, and does not have any delegated authority or decision-making powers. It will cease following the implementation of its work and conclusions around the review of tenant involvement and engagement.</p>	<p>Suzanne Shead Director- Housing, Health and Wellbeing</p>
<p>Development Company</p> <p>The Council has approved the formation of a wholly owned development company, Arkwood Developments Limited. The Company's primary objective is to develop market housing for sale or rent. The Company may also bring forward commercial build.</p>	<p>The Company was incorporated in 2018 and robust governance arrangements are in place.</p> <p>The Company's Business Plan and a Business case for its first development site on land at Bowbridge Road have been approved by the Council through its shareholder and Policy and Finance Committees. Equity capital and loan funding has been approved and released to the Company. Progress of the company in meeting the objectives set out in the Shareholders Agreement will be monitored by the Shareholders' Committee, which has delegated powers granted by full Council and by the Policy and Finance Committee.</p>	<p>Karen White Director- Governance and Organisational Development</p>

We propose over the coming year to take steps to address the above matters to further enhance our governance arrangements. We are satisfied that these steps will address the need for proper governance arrangements to be in place. We will undertake ongoing monitoring of the implementation of any improvements that were identified in our review of effectiveness and as part of our next annual review.

Signed

J. Robinson  
Chief Executive

D. Lloyd  
Leader of the Council