

# **BROXTOWE BOROUGH COUNCIL ANNUAL STATEMENT OF ACCOUNTS 2022/23**

## **CONTENTS**

CONTENTS	1
NARRATIVE STATEMENT BY THE CHIEF FINANCE OFFICER	2
ANNUAL GOVERNANCE STATEMENT	18
STATEMENT OF RESPONSIBILITIES FOR THE STATEMENT OF ACCOUNTS	27
COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT	28
MOVEMENT IN RESERVES STATEMENT	29
BALANCE SHEET	30
CASH FLOW STATEMENT	31
NOTES TO THE CORE FINANCIAL STATEMENTS	32
HOUSING REVENUE ACCOUNT	103
COLLECTION FUND	108
GROUP ACCOUNTS	112
GLOSSARY OF TERMS	128

## NARRATIVE STATEMENT BY THE CHIEF FINANCE OFFICER

### 1. Introduction – The Shape of Broxtowe

Broxtowe Borough Council's vision is that the Borough should be

***“A greener, safer, healthier Broxtowe where everyone prospers”***

Near to the city of Nottingham, and with excellent communication and transport links as well as thriving business areas, local Universities and amenities, the Borough of Broxtowe is well-placed to fulfil this vision.



Broxtowe is one of the most densely populated districts in the East Midlands with a population of around 110,000 living in an area of 81 square kilometres (approximately 31 square miles). The district is characterised by a largely urban south with the separate settlements of Beeston, Chilwell, Bramcote, Stapleford, Attenborough, Toton and part of Trowell comprising over 60% of the Borough's population. The north of the Borough is more rural, with the largest settlements being the towns of Eastwood and Kimberley.

Nearly two thirds of the land in Broxtowe is open countryside with a number of areas preserved as conservation areas. The Council's Green Infrastructure Strategy, published in 2016, identified 25 green corridors and a wealth of green space assets, including urban and rural parks, natural and semi-natural open spaces, allotments and cemeteries along with a rich mix of waterways, lakes and wildlife including the nationally designated Site of Special Scientific Interest at Attenborough Nature Reserve and parts of the Trent and Erewash Valley river corridors.



The Council's Corporate Plan 2020-24 seeks to make the most of these natural assets and transport links focusing on key five priorities to enhance the lives of people living in Broxtowe:

## Our priorities and objectives



### Housing

#### **A good quality home for everyone**

- Build more houses, more quickly on under used or derelict land
- Invest to ensure our homes are safe and more energy efficient
- Prevent homelessness and help people to be financially secure and independent



### Business Growth

#### **Invest in our towns and our people**

- Complete the redevelopment of Beeston Town Centre
- Undertake town investment schemes in Eastwood, Kimberley and Stapleford
- Support skills development, apprenticeships, training opportunities and wellbeing in our workforce



### Community Safety

#### **A safe place for everyone**

- Work with partners to reduce knife crime
- Work with partners to reduce domestic abuse and support survivors
- Reduce anti-social behaviour



### Health

#### **Support people to live well**

- Promote active and health lifestyles in every area of Broxtowe
- Come up with plans to renew our leisure facilities in Broxtowe
- Support people to live well with dementia and support those who are lonely or have mental health issues



### Environment

#### **Protect the environment for the future**

- Develop plans to reduce the Borough's carbon emissions to net zero by 2027 and start implementing them
- Invest in our parks and open spaces
- Increase recycling and composting

Here are some of the key achievements during 2022/23:

### **Housing: A good quality home for everyone**

- Planning permission secured for 4,756 new homes and 112 empty properties brought back into use.
- Two dementia friendly bungalows completed; five flats for ex-service personnel in progress; and 6 buy-backs of former Council dwellings with consultations on other possible sites.
- Over 297.4 tonnes of CO<sub>2</sub> saved thanks to the installation of high heat retention electrical heating systems to 211 domestic properties and communal schemes.
- Installation of external wall insulation to 27 Council dwellings and a further 88 homes will be made more energy efficient thanks to a successful bid to the Social Housing Decarbonisation Fund.
- An increase in temporary accommodation units to 19.
- Achieving top-quartile for performance with housing rent arrears.
- 761 referrals to the Council's Financial Inclusion Service.
- New strategy adopted to tackle homelessness in the Borough with 71% of threatened homelessness cases intervened or prevented in 2022/23

### **Business Growth: Invest in our towns and our people**

- Redevelopment of Beeston Town Centre with a new cinema, leisure and food and beverage retailers, as well as public realm space and public toilets.
- Two new industrial units built at Mushroom Farm in Eastwood.
- 25 apprentices have received training with the Council.
- £21.1m secured for Stapleford as part of the Town Deal Fund, with progress made so far including £1m in business grants and a new cycle hub opened.
- £16.5m secured for Kimberley as part of the Levelling Up Fund.
- New £75,000 business grant scheme launched thanks to the UK Shared Prosperity and Kimberley Levelling Up Funding.
- Becoming a Disability Leader as part of the Disability Confident Scheme.

### **Community Safety: A safe place for everyone**

- Funding of £200,000 secured for Eastwood as part of the Safer Streets Fund.
- New action plans to make Broxtowe safer including Knife Crime, Anti-Social Behaviour, Children and Young People, Purple Flag and Hate Crime.
- Re-accredited by the White Ribbon Scheme for our work to tackle domestic abuse.

- New Sanctuary Policy to help those who are at risk of domestic abuse stay safe in their homes.
- 10 Public Spaces Protection Orders to reduce anti-social behaviour and help people safe when out and about in the Borough
- Provision of surveillance cameras fully reviewed to ensure the system remains effective at preventing and reducing crime.
- £25,000 scheme to improve the security of Hickings Lane Recreation Ground.

### **Health: Support people to live well**

- New online directory signposting to health and wellbeing services.
- A new Leisure Facilities Strategy in progress with a range of options being considered so that plans can be developed for new leisure centres.
- Funding of £35,000 towards the Eastwood Mental Health Hub.
- New scheme to provide vouchers for support sessions for those affected by dementia.
- Refreshed Mental Health Action Plan and new Employee Mental Health Action Plan.
- 66% of people living active lifestyles according to the latest Active Lives Survey data, compared to 59% in 2019/20.
- £10,000 secured from the EEM Cost of Living Crisis Fund to help local food banks support people to keep warm.
- Over £15,000 funding secured to support food clubs in Eastwood and Chilwell.

### **Environment: Protect the environment for the future**

- Over £706,000 of play area investment and improvements across the Borough.
- Nine electric vehicles introduced saving two tonnes of carbon per vehicle per year.
- Launched the Green Rewards scheme, an online platform designed to encourage Broxtowe residents to undertake sustainable actions, which in turn helps reduce their carbon footprint. Over 2,400 residents are members so far.
- 11,227 trees planted across the Borough including 2,250 free trees given away to residents
- Four Green Festivals to inspire residents to live a greener life.
- A 10% reduction on the number of bins missed for collection compared to the previous year.

### **External Recognition**

- Institute of Cemetery and Crematorium Management Gold award for the Burials and Cremation Service.

- CIPR Midlands Pride Awards Gold award for public relations work around Stapleford Town Deal and also being shortlisted for work on the redevelopment of Beeston.
- Green Flag Awards retained at all five of our Green Flag parks and open spaces.
- Shortlisted in the Municipal Journal and Local Government Chronicle Awards for 'trailblazing' approach to tackling climate change and partnership working. Outcome of awards expected in June.
- Praised in a Local Government Association Peer Review for achieving "more than expected as a Borough Council" with one of the most comprehensive approaches to carbon reduction the team has seen.

## Cost of Living

The Council has been at the forefront of supporting local households in the Borough with the rising cost of living. In April 2022, the Council administered the Council Tax Energy Support scheme which supported all households in Council Tax (bands A to D) with a payment of £150. This scheme supported local households with payment totalling over £6.7m. In addition, a local discretionary scheme was created to support the most vulnerable in the community who received a further council tax support payment of £20. In February 2023, the government announced the alternative energy rebate schemes directly supporting households that did not receive the £400 rebate on their energy bills. The Council is responsible for administering this scheme and this continues into 2023/24.

## 2. Governance – The Changing Shape of the Council

### Governance Structures

During 2022/23, the Council moved from operating under a Committee system of governance to a new Cabinet structure to govern policy development, corporate performance management and spending, with Cabinet Members responsible for different portfolios. This, alongside the Planning Committee and the Licencing and Appeals Committee are designed to drive progress on the key objectives in the Corporate Plan.

More details about the operation of the Council's governance structures are provided in the Annual Governance Statement which accompanies the Statement of Accounts.

### Liberty Leisure Limited



Liberty Leisure Limited was incorporated on 1 October 2016 and is a wholly-owned company of Broxtowe Borough Council. The Company is overseen by a Board of Directors which consists of three Broxtowe Borough Council elected Members, two Broxtowe Borough Council officers and the Managing Director of the company.

Liberty Leisure Limited was established, amongst other things, to:

- provide leisure, sports, cultural and heritage services for the benefit of the public

- ensure sustainability of services by maximising income and by seeking all possible avenues of funding for the services
- promote, maintain and improve access to suitable services, activities and facilities
- improve health and well-being, by promoting increased participation to reduce obesity, anti-social behaviour and the health inequality gap
- promote jobs and strengthen the local economy

The company includes the management of and delivery of services at Bramcote Leisure Centre and two leisure centres at Kimberley and Chilwell owned jointly with local schools. The Council retains ownership of Bramcote Leisure Centre, whilst operating under a licence at Kimberley School (for Kimberley Leisure Centre) and with a joint-use agreement with Chilwell School (for Chilwell Olympia Sports Centre). During 2022/23, the management of the Council's culture offer including the DH Lawrence Museum and Events, transferred from Liberty Leisure back to the Council.

The Council maintains control over the company through retained decision-making powers and through the scrutiny at the Ad-hoc Shareholder Panel (sub-committee of the Governance, Audit and Standards Committee), which reviews the financial and operational performance of the Company.

As Liberty Leisure Limited is a wholly-owned company of Broxtowe Borough Council, the accounts for the company have been consolidated into the Council's own accounts to form separate group accounts. However, separate financial accounts for the company are filed at Companies House in accordance with the regulations governing Limited Companies.

### **Jointly-Owned Operation**

Broxtowe's accounts also include financial information relating to the Bramcote Crematorium Joint Committee.

Bramcote Crematorium is jointly owned by Broxtowe and Erewash Borough Councils. Its operation is overseen by the Bramcote Bereavement Services Joint Committee although the management of all operations is undertaken by Broxtowe Borough Council. The Joint Committee pays for this arrangement.

In accordance with International Accounting Standard 31, which deals with investments in joint ventures, 50% of the relevant financial transactions of the Bereavement Services Joint Committee have been included in these accounts.

Income increased during 2022/23 by 2% compared to 2021/22 to £1.943m. Expenditure increased by 1% to £1.335m. After deducting the distribution to the constituent authorities there was a deficit for the year of £0.219m. The levels of usable reserves at 31 March 2023 decreased by £0.119m to £0.58m. The levels of unusable reserves at 31 March 2023 increased by £1.647m to £2.674m. The financial statements of the Joint Committee are published separately and will be presented to the Joint Committee Meeting on 15 June 2023.

## Pensions

The Council makes payments into the Nottinghamshire County Council Pension Fund, which, in turn, provides members with benefits related to their previous pay and service with the Council. In 2022/23 the Council made a contribution equivalent to 18% of pensionable pay (plus an additional £0.283m) into the Pension Fund to help ensure there are sufficient resources with the Pension Fund to meet future liabilities.

The Council took advantage of the opportunity offered by the Pension Fund to pay the lump sum element for the years from 2020/21 to 2022/23 in a single payment of £0.763m in April 2020 rather than the total £0.82m due over the three-year period. The sum paid is allocated over the three-year period in the Council's accounts.

The contribution rate is determined by the Pension Fund's Actuary based on an actuarial valuation every three years. The last actuarial valuation was in 2019 and covered the period ending 31 March 2023. Details about how the costs are identified and financed are given in note 37 to the accounts while the value of the Council's net liability in the Pension Fund is detailed within the Balance Sheet. The extent to which this liability will impact on council tax and rent levels is reflected in the latest actuarial valuation of the Pension Fund. Based on the latest actuarial valuation as at 31 March 2022 (covering the next 3 financial years), the Council will make a contribution of 19% into the Nottinghamshire County Council Pension Fund in 2023/24.

## 3. Spending and Performance

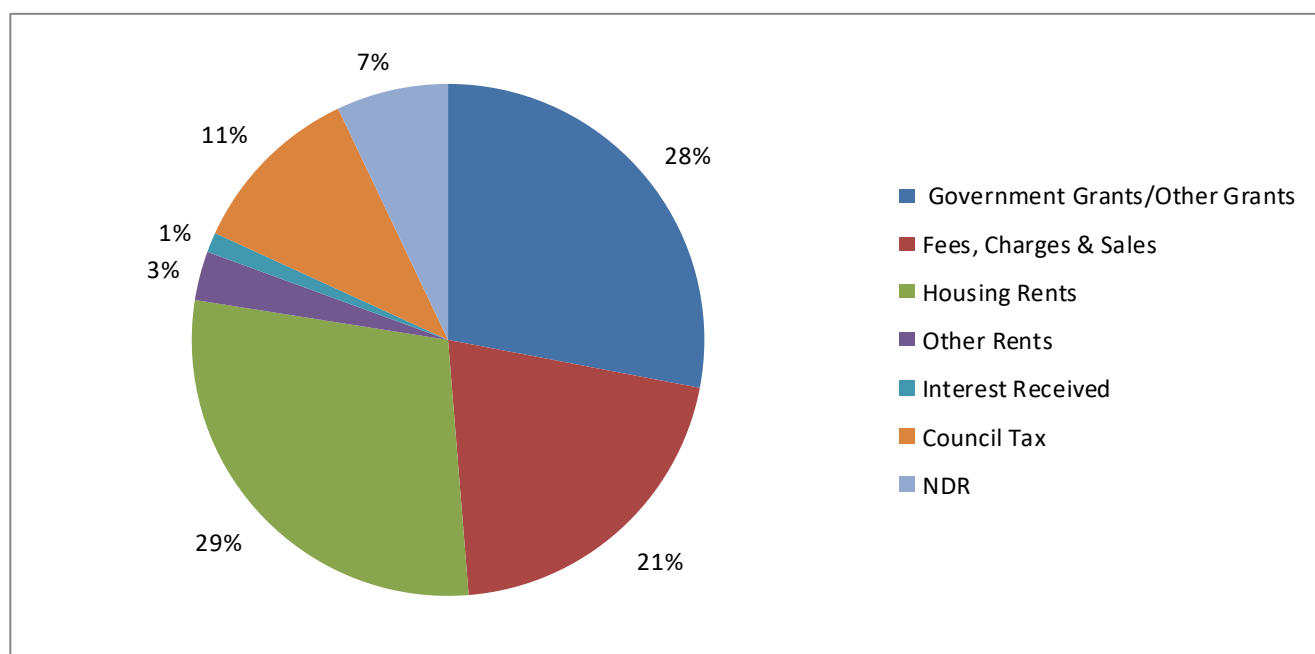
This section provides a brief explanation of the financial aspects of the Council's activities and draws attention to the main characteristics of the Council's financial and business performance over the year.

### Income and Expenditure on Services

The Council is largely dependent on income from its business operations, Council Tax, and Business Rates to fund its services. Income from Housing Rents forms the largest source of income but this is reserved for spending on housing only. Figure 1 shows the main sources of income in 2022/23, when 21% of the Council's income was derived from fees, charges and sales, compared to 18% in 2021/22.



Figure 1: Sources of income 2022/23



Changes in spending highlight the increased focus in 2022/23 on the corporate objectives but the table above also reflects the extent to which the Council is generating income from new sources or from enhancements to existing services: income from trade waste and garden waste collection, for example, and rental income from the Beeston Square development.

Table 1 shows the balance of spending on the main corporate priorities compared to 2021/22. This analysis provides the outturn position and, as such, excludes notional pension charges. The position will be reported to Cabinet on 4 July 2023.

Table 1: Changes in gross expenditure 2021/22 to 2022/23

Gross expenditure	Actual 2021/22 £	Actual 2022/23 £	Change £
Strategic Housing	944,035	1,034,393	90,358
Environment	10,567,244	11,795,560	1,228,316
Business Growth	2,903,927	3,480,764	576,837
Community Safety	2,662,878	2,994,391	331,513
Health	2,024,222	1,651,121	(373,101)

The management of the Council's finances in 2022/23 means that it has retained sufficient balances to help meet its financial challenges over the coming years while maintaining spending at the levels required to deliver the desired standard of service. The Council has general reserves of £6.387m and earmarked reserves of £1.373m, which amounts to £7.760m in total as at 31 March 2023. This compares to general reserves of £7.425m as at 31 March 2022.

## Financial Performance

The outturn, as presented to Cabinet on 4 July 2023, reported a net revenue budget underspend of £2.089m on services.

Income from Non-Domestic Rates ('Business Rates') including associated Government Grants (Section 31 Grant) is £2.007m lower than the original budget. A Section 31 Grant is paid to compensate local authorities for the loss of income through the various small business rates schemes. The 2022/23 grants included the Retail, Hospitality and Leisure Relief scheme linked to the Covid-19 pandemic where the late notification of the grant criteria and conditions resulted in the amount due being over-estimated by around £2.2m compared to actual outturn.

Since April 2013, the Council has had a more direct relationship with local businesses through the retention of a greater share of business rates generated locally. This does increase the risks to the Council's finances as changes in the amount of business rates collectable can have a significant impact on its income. In order to help mitigate such risks and to maximise funding opportunities, the Council is a member of the Nottinghamshire Business Rates Pool, along with other local authorities in Nottinghamshire. The Council pays a levy into the Pool based on the proportion over which it is above its financial baseline funding formula. The amount of growth levy paid to the Pool was lower than forecast by £0.226m and the Pool as a whole generated a surplus in 2022/23 which has provided Broxtowe with an additional £0.111m.

Despite tight financial control and the continued implementation of measures in the Business Strategy expenditure has increased across the five priority areas during the year, due mainly to increased inflation and higher costs as a result of the changes in the economy. Table 2 shows the actual net spend compared to the budgeted spend.

*Table 2 – General Fund financial performance 2022/23*

<b>General Fund (excluding Bramcote Bereavement Services)</b>	<b>Revised Budget £'000</b>	<b>Actual £'000</b>	<b>Difference £'000</b>
Net Expenditure on Services	12,715,463	10,626,257	(2,089,206)
Funded by:			
Council Tax	(6,127,821)	(6,127,821)	0
Non Domestic Rates	(5,538,654)	(3,892,741)	1,645,913
Lower Tier and Services Grants	(329,717)	(332,757)	(3,040)
	(11,996,192)	(10,353,319)	1,642,873
Net Balance for Year	719,271	272,938	(446,333)
Transfer to/(from) Other Reserves	30,000	765,583	735,583
Balance Brought Forward	(7,425,177)	(7,425,177)	0
Balance Carried Forward	(6,675,906)	(6,386,656)	289,250

The main savings/underspends against the revised budget resulted from:

- A net overspending of £0.281m on employees, after the vacancy target, which includes the cost of the pay award and agency staff used to cover vacancies within the establishment.
- Additional charges for energy of £0.077m following increases in the cost of electricity in the open market.
- Net overspending of £0.258m on all transport related budgets being mainly due to the increased cost of fuel and higher than expected vehicle repairs and maintenance costs.
- Costs relating to ICT software maintenance increased by £0.152m due to higher inflation levels.
- Additional planning fees income of £0.158m received in year as the building market continues to improve post pandemic.
- Additional rental income on commercial properties in The Square Beeston to the value of £0.348k has been received in the year
- Additional fees and charges of £0.108m from trade refuse collection were received in year.
- Additional investment income of £0.329m received due to cash flow management and following the rises in interest rates during the year.
- Additional government grants received in year that were not budgeted, including £0.697m for Stapleford Town Fund and £0.300m for the Shared Prosperity Fund. Unspent elements of these grants have been transferred to earmarked reserves to be used to offset expenditure in future years.
- New Burdens Grants for the provision of revenue collection and benefit services totalling £0.298m were also received.
- The Council's budget for minimum revenue provision (MRP) was overstated by £0.178m due to slippage in the approved capital programme.
- A net saving of £0.051m on the cost to the Council of leisure activities, relating to in-year transfer of the Arts and Events provision and the DH Lawrence Museum operation back to the Council offset by a reduced management fee paid to Liberty Leisure Limited.

In addition to spending on strategic housing through the Council's general resources, the Council also operates a Housing Revenue Account (HRA) which captures all rental income and spend on managing the council's housing stock and looking after tenants. There was a net overspend of £0.395m in 2022/23 when compared with the revised estimate for the year which resulted in an increased deficit of £1.993m in 2022/23.

Table 3 shows the financial performance on the HRA for the year. This analysis provides the outturn position and was reported to Cabinet on 4 July 2023. Depreciation and impairment charges are excluded as these are notional amounts which are not budgeted for and do not impact upon the outturn position.

Table 3: Housing Revenue Account financial performance 2022/23

Housing Revenue Account	Revised Budget 2022/23 £	Actual 2022/23 £	Variance from Budget	
			£	%
Expenditure	14,305,040	15,092,994	787,954	6
Income	(17,070,680)	(17,234,158)	(163,478)	1
Other HRA Operating Expenditure and Income	4,363,850	4,134,129	(229,721)	(5)
<b>Deficit/(Surplus)</b>	<b>1,598,210</b>	<b>1,992,965</b>	<b>394,755</b>	<b>25</b>

The main variances are due to the following:

- An underspend of £0.281m relating to employee related costs, primarily due to vacancies across the whole service. This is partially off-set by the cost of Agency and temporary staff
- An underspend on premises related expenses of £0.041m. This was mainly due to delays with safety and communal area works and an underspend on the bad debt allowance for housing repairs works. These events vary year in year dependent on work required. The underspends net off against a £0.066m overspend on Electricity costs for Independent Living Services due to the current high cost of energy.
- An overspend on Supplies and Services of £0.797m is largely due to an overspend of £690,000 on sub-contractors in Housing Repairs. Vacancies in staffing have resulted in an increased use of sub-contractors to complete the necessary works. In addition, there is an overspend on consultancy fees for interim staff, again due to staffing vacancies. These and a number of smaller overspends were partially netted off by a number of underspends including Consultancy fees for the HRA Asset Management Programme and insurance premiums.
- An underspend of £0.02m for other expenditure composed primarily of small underspends on Building Cleaning, Window Cleaning, and Grounds Maintenance.
- Recharge of central support services are dependent on expenditure in Support Services (Finance HR, ICT etc..) and can therefore vary from the budget if there are variances in those areas. In 2022/23 the underspend on these areas amounted to £0.1m
- Due to the timing of the budget setting process and the receipt of the annual revaluation of the HRA Housing stock the Dwelling depreciation budget was based on the 20/21 valuation which was lower than the actual stock valuation for the 2022/23 depreciation charge and therefore the budget charge was lower, resulting in an overspend of £0.345m.
- Rent income was £0.198m higher than budgeted. When the rent budget is set a number of assumptions are made, such as the number of void properties in year and rent income lost due to Right to Buy sales. Given the income from rents is over £15m, even a small % change from one of the budget assumptions can lead to a large variance in income. Other income received was £0.035m less than budgeted, due mainly to lower occupancy of garages.
- The HRA also received £0.143m more income from interest on investments than budgeted due to the several increases in the base rate seen in 2022/23.

## Business Performance

In terms of business performance, the Council did well against its five priorities in terms of critical success indicators and key performance indicators. The Council is always seeking continuous improvement in the delivery of services and the Corporate Plan is designed to encourage this by focusing on key areas of activity.

This will require investment in, for example, the ongoing regeneration of Beeston Town Centre, the investment in Stapleford through the successful Towns Fund bid, the investment in Kimberley through the successful Levelling-Up bids, the expansion of services to support healthy lifestyles through Liberty Leisure Limited, the development of new affordable homes and in improvements to the Council's parks and open spaces.

In addition to the key achievements already highlighted above, some further performance highlights for 2022/23 were:

- Council Tax collection rates have improved to 97.4% which are moving closer to pre-pandemic levels.
- NDR collection increased to 98.8% with support through the Covid-19 Additional Relief Fund payments.
- Over 98% of supplier invoices paid within 30 days of receipt.
- Supporting local households to meet the rising cost of living with payments totalling over £6.7m as part of administering the Council Tax Energy Support scheme for households in Council Tax bands A to D).
- Gold award from the Institute of Cemetery and Crematorium Management for the Burials and Crematorium Service

In addition, under the Housing priority the new build Housing Delivery Plan continues to be implemented with work having been completed on five flats for ex-service personnel in Stapleford and the acquisition of six buybacks of former council properties. Under Business Growth, the redevelopment of Beeston Town Centre has continued with the opening of the Arc Cinema and the surrounding food and beverage units. Further investment is planned for Beeston Square. Work is ongoing with the production of the Toton Masterplan which includes connectivity work and integration with the Stapleford Towns Fund work, where the Council was successful in securing £21m of investment with implementation plans now underway. Development work is also ongoing to progress the successful £16m Levelling-Up bid for Kimberley. Under Environment, work continues to improve play areas, parks and open spaces and work continues to implement the Clean and Green Initiative. Progress against these and the indicators for all priorities will continue to be monitored in 2023/24.

More detail on performance relating to the Council's five priorities is available on the Council's website at [www.broxtowe.gov.uk/councilpublications](http://www.broxtowe.gov.uk/councilpublications).

## 4. Spending on Assets

The Council's capital spending is on items which are of use beyond the year being accounted for, such as improvements to council dwellings, housing renovation grants, improvements to recreation grounds, environmental improvements, vehicles and plant, ICT equipment and infrastructure and industrial development. Further details can be found in note 15 to the accounts.

In 2022/23, the Council funded capital items to the value of £13.895m. This compares with a budget of £25.853m after taking account of items carried forward from 2021/22. The net underspending of £11.958m (46%) was mainly due to expenditure on schemes being carried forward into the following year, many of which were outside the Council's control.

In 2022/23, £0.829m of capital receipts (including items brought forward from 2021/22) were used to finance capital expenditure, the balance of the expenditure being matched by funding from the Housing Revenue Account Major Repairs Reserve £4.763m, prudential borrowing £3.99m, direct revenue funding £1.786m and other grants and contributions £2.527m.

Total loans repayable by the Council to external parties at 31 March 2023 for capital spending (including accrued interest but excluding loans relating to Bramcote Bereavement Services) amounted to £87.863m. This still includes £56.946m of loan debt in respect of the one-off debt settlement that arose from the introduction of self-financing within the Housing Revenue Account in March 2012.

In overall terms capital expenditure reduced in comparison with 2021/22 by £0.283m. This was primarily due to reduced spending on the Beeston Square Phase 2 development that is nearing completion, partially offset by expenditure on renovating the former Argos block in Beeston Square.

This Council's share of capital expenditure in respect of Bramcote Bereavement Services amounted to £0.040m in 2022/23 (£0.016 in 2021/22). This capital spend was incurred on renovations and repairs to Cremators, the car park, and doors.

In order to reflect changing property prices, the Council's property assets are revalued on the basis of a five-year revaluation programme with all assets revalued at least once every five years.

Council dwellings are valued on the existing use value – social housing (EUV-SH) basis using an appropriate discount factor. The discount factor used to value Council dwellings at 31 March 2023 was 42% as set out in the updated Guidance on Stock Valuation for Resource Accounting published in November 2016. The valuation of the housing stock at 31 March 2023 resulted in a total gain of £16.332m whilst the valuation of other property assets at 31 March 2023 resulted in upward revaluations of £1.631m and downward revaluations of £0.824m. Further details on these revaluations can be found in notes 15 and 35 to the accounts.

The decrease in the value of other property assets was primarily due to a combined decrease of £0.771m in the land value of Beeston square phase 1 and 2, although this was offset by a combined increase in the building values of Beeston Square phase 1 and 2 of £0.984.

## 5. Outlook

On 7 February 2023 an updated Medium Term Financial Strategy (MTFS) was presented to Cabinet that highlighted a potential shortfall in resources of £4.394m from 2023/24 through to 2026/27. This was based upon a number of significant assumptions including generating a further £0.500m per annum from savings on vacant posts over the duration of the MTFS.

The accounts of Bramcote Bereavement Services show a revenue account balance of £0.376m as at 31 March 2023 which represents a decrease of £0.080m from the previous year-end position. This has not impacted upon the distribution of the surplus to the Council from Bramcote Bereavement Services of £0.400m in 2022/23.

Liberty Leisure Limited achieved a deficit of £0.142m for 2022/23. The management fee paid by the Council to the company for 2022/23 was £0.700m, (£0.845m for 2021/22). The Leisure Facility Strategy is being completed and updates will be taken to Cabinet on a regular basis.

The Council has a Business Strategy that is designed to ensure that it will be:

- Lean and fit in its assets, systems and processes;
- Customer focused in all its activities;
- Commercially-minded and financially viable; and
- Making best use of technology.

The Business Strategy comprises a range of initiatives across all areas of the Council to either reduce costs or generate additional income and designed to ensure that the best use is being made of available resources. An updated Business Strategy was presented to Cabinet on 4 October 2022. This will be refreshed to reflect recent developments and a revised version will be presented to Cabinet on 3 October 2023.

The Council will be carefully monitoring events in the external environment and assessing potential future financial implications arising from these accordingly. The ongoing impact of the high inflation economy on the Council's services and finances will continue to be monitored closely. Other issues include the Spending Review, the move towards 75% localisation of business rates and the Fair Funding Review.

The General Fund balance at 31 March 2023 was £6.386m. This was less than the figure projected of £6.676m as reported to Cabinet on 9 February 2023 and reflects measures taken to address the Council's financial position. The Medium Term Financial Strategy will be updated to reflect the 2022/23 outturn and other recent changes including those set out above. This will be presented to Cabinet on 3 October 2023.

Work will continue to be undertaken across all areas to ensure that the Council is equipped to meet the challenges ahead and can do so in a sustainable manner based upon a sound financial footing.

## 6. The Statement of Accounts

The Council's statutory accounts for the year 2022/23 are set out on pages 28 to 31. They have been compiled in accordance with accounting policies that comply with the relevant

recommended accounting practices and which are set out in the notes to the accounts from page 32 onwards.

The financial statements consist of the:

- Statement of Responsibilities – which sets out the responsibilities on the authority and the Deputy Chief Executive and Section 151 Officer (as the chief financial officer).
- Movement in Reserves Statement – which shows the movement in the year on the different reserves held by the authority, analysed between those that are usable and other reserves.
- Comprehensive Income and Expenditure Statement - the summary revenue account, covering income and expenditure on all services and showing how they have been financed. This shows the Council's actual financial performance for the year, measured in terms of the resources consumed and generated over the last 12 months. However, the Council is required to raise council tax on a different accounting basis.
- Balance Sheet - which sets out the financial position of the Council as at 31 March 2023.
- Cash Flow Statement - which summarises the total movement of the Council's funds.
- Housing Revenue Account - which shows income and expenditure on council housing.
- Collection Fund - which includes income received by the fund from council tax payers, business rate payers and central government and the payments made by the fund to Broxtowe Borough Council, Nottinghamshire County Council, Nottinghamshire Police Authority, Nottinghamshire Fire Authority and Parish and Town Councils.
- Group accounts incorporating the financial performance of Liberty Leisure Limited which is wholly owned by the Council.

These accounts are supported by the Statement of Accounting Policies and various notes to the accounts, both of which follow the Cash Flow Statement. In addition, an Annual Governance Statement, presented to the Governance, Audit and Standards Committee on 16 May 2022, has been included. The accounts for 2022/23 are presented in a form that is based upon the best accounting practices recommended by the Chartered Institute of Public Finance and Accountancy (CIPFA).

The accounts include all of the Council's financial activities and also incorporate 50% of the activities of the Bramcote Bereavement Services Joint Committee.

The Council's accounts for 2022/23 were issued and certified by Zulfiqar Darr (Deputy Chief Executive and Section 151 Officer) on 31 May 2023 for submission to the auditors. The final audited accounts will be presented for approval to the Governance, Audit and Standards Committee on 18 September 2023 in accordance with the Accounts and Audit (England) Regulations 2015 and Accounts and Audit (Amendment) Regulations 2021.



## 7. Further Information

Further information about the accounts is available from the Deputy Chief Executive, Council Offices, Beeston. This is part of the Council's policy of providing full information about the Council's affairs.

## ANNUAL GOVERNANCE STATEMENT

### Corporate Values

The Council's governance arrangements are reflected in its corporate values below:

- Integrity and professional competence
- A strong caring focus on the needs of communities
- Continuous improvement and delivering value for money
- Valuing employees and enabling the active involvement of everyone
- Innovation and readiness for change.

### Competency Framework and Employee Performance Appraisal

These values are consistent with the SOLACE / CIPFA Governance Code and act as the basis for the Council's competency framework and the assessment of individual employee performance appraisal.

### The Constitution, Standing Orders and Delegated Authority

The Council's Constitution sets out the roles of members and officers and the terms of reference of the Council's Cabinet and Committees. Officers' delegated powers to take decisions are set out in this document, as are the protocols and codes of conduct regulating the way employees and members should behave and relate to each other, and how debate is conducted at Council meetings. Limits of financial expenditure are set out in standing orders and in standing orders relating to contracts.

The main checks and balances on the respective power of officers and members is summarised below. This provides some of the key ways in which officers and members are held accountable to local residents.

Officer checks/balances	Member checks/balances	Accountability to residents
<ul style="list-style-type: none"> <li>• Officer delegations within the Constitution</li> <li>• Pay Policy underpinned by Job Evaluation Policy</li> <li>• Disciplinary Policy</li> <li>• Employee Code of Conduct</li> <li>• Statutory Officers (Chief Executive as Head of Paid Service; Deputy Chief Executive as the Section 151 Officer; Director of Legal and Democratic Services as the Monitoring Officer; and Executive Director as</li> </ul>	<ul style="list-style-type: none"> <li>• Elections</li> <li>• Independent Remuneration Panel</li> <li>• Members Allowances scheme</li> <li>• Governance Audit and Standards Committee</li> <li>• Statutory Officers (Chief Executive as Head of Paid Service; Deputy Chief Executive as the Section 151 Officer; Monitoring Officer; Executive Director as the Chief Information Officer)</li> </ul>	<ul style="list-style-type: none"> <li>• Broxtowe Matters Annual Report</li> <li>• Public Questions at Council Meetings</li> <li>• Petitions at Council Meetings</li> <li>• Community Trigger for Anti-Social Behaviour</li> <li>• Communications Strategy</li> <li>• Open Data</li> <li>• Transparency Framework</li> <li>• Publication Scheme</li> <li>• Publication of Cabinet and Committee decisions</li> </ul>

Officer checks/balances	Member checks/balances	Accountability to residents
<p>the Chief Information Officer)</p> <ul style="list-style-type: none"> <li>Financial Regulations within the Constitution</li> <li>Contract Procedure Rules within the Constitution</li> <li>Fraud Prevention Policy</li> <li>Treasury Management Policy</li> <li>Business Continuity Plans</li> <li>Whistleblowing Policy</li> <li>Strategic Risk Register</li> <li>Risk Management Policy</li> <li>Health and Safety policies, procedures and Health and Safety Group</li> <li>Information management arrangements</li> <li>Staff engagement exercises</li> <li>Complaints and compliments procedure</li> <li>Licensing and Appeals Committee (employment and grievance appeals)</li> <li>Statement of Internal Control</li> </ul>	<ul style="list-style-type: none"> <li>Questions to Cabinet Portfolio Holders at Council meetings</li> <li>Member Code of Conduct</li> <li>Reports at Council by Members of Outside Bodies at Council meetings</li> <li>Ward Member reports at Council meetings</li> <li>Public Consultations</li> <li>Register of Members' Interests</li> <li>Community Action Team Meetings</li> <li>Declaration of interests at all meetings</li> <li>Protocol for Councillor and Officer Relationships</li> </ul>	<ul style="list-style-type: none"> <li>Tenant and Leaseholder Matters</li> <li>Broxtowe Parks Standard</li> <li>Public satisfaction surveys</li> <li>External audit annual letter to Governance, Audit and Standards Committee</li> <li>Internal and external audit progress reports considered by the Governance and Audit Committee</li> <li>Periodic external inspections e.g. EFLG/IIP/IIE/LGA</li> <li>Peer Review</li> <li>Benchmarking (e.g. through APSE/CIPFA/SOCITIM/Housemark etc.)</li> <li>Finance Data online</li> <li>Licensing and Appeals Committee (taxi, alcohol, licensing matters)</li> <li>Commenting on Planning applications and speaking to Planning Committee</li> </ul>

## Corporate Plan and Business Plans

The Council's Corporate Plan sets out the Council's Vision and Priorities. The vision is "Broxtowe – a greener, safer healthier place where everyone prospers".

The priorities are succinctly expressed:

**Housing:** A good quality home for everyone

**Environment:** Protect the environment for the future

**Business:** Invest in our towns and our people

**Health:** Support people to live well

**Community safety:** A safe place for everyone

Each priority has objectives which are set out in the plan and specific measureable outcome measures, in year 2 of the plan (2021/22) and at year 4.

## Strategy and Policy Framework

Within each priority area, a range of strategies and policies are devised to guide the decision making of officers and members. These are approved by the Cabinet apart from those which are reserved for full Council for determination.

## Decision-making Structures

The Council has adopted a Cabinet system, which is composed of the Leader and Deputy Leader, in addition to eight other Councillors of the ruling group. The Cabinet has overall responsibility for the services which the Council provides and operates within the overall policies and budgets agreed by the Council. Recommendations on major policy and on the annual budget programme are passed to the Council for consideration and approval.

- Full Council decides upon policy and certain other specialist functions that cannot be delegated elsewhere, including the setting of the Council Tax.
- The Overview and Scrutiny Committee supports the work of the Council and Cabinet as a whole by considering matters of local concern and making recommendations on budgets and service delivery. The Committee also monitors the Cabinet's decisions and can call-in a decision for consideration and further recommendation. The Committee sets up Task and Finish groups as necessary.
- The Policy Advisory Working Group considers items of major policy that often cover multiple wards before making recommendations to Cabinet.
- Separate quasi-judicial committees exist for Planning and Licensing and Appeals.
- A specific committee exists for personnel decisions and policies.
- Matters relating to governance and standards are dealt with by the Governance, Audit and Standards Committee. The role of this Committee is particularly relevant to the operation of the SOLACE / CIPFA Governance Code and is set out in more detail below.

## Role of the Governance, Audit and Standards Committee

The role and operation of the Governance, Audit and Standards Committee is in line with a toolkit and publication produced by CIPFA "Audit Committees – Practical Guidance for Local Authorities".

The specific functions delegated to this Committee are provided in its Terms of Reference which include:

- To determine attendance of Members at conferences.
- To determine responses on behalf of the Council to any government, local authority or other consultation on matters within the remit of the Committee.
- The functions conferred in relation to standards of conduct by the Local Government Act 2000, the Localism Act 2011 and associated legislation.
- Without prejudice to the generality of the foregoing:
  - promoting and maintaining high standards of conduct for all Members and Officers
  - preparing for adoption or revision by the Council policies and codes of conduct for Members, co-opted members and Officers
  - monitoring the operation of the Codes of Conduct

- granting dispensations to Members (including co-opted members) from requirements relating to interests set out in the Members' Code of Conduct
- advising and training Members, co-opted members and Officers on matters relating to conduct
- undertaking the same duties as detailed above in respect of Parish or Town Councils within the Council's area
- considering, determining and dealing with matters referred by the Monitoring Officer
- considering, determining and dealing with matters referred by the Chief Executive or Monitoring Officer under the Council's Whistleblowing Policy
- monitoring the complaints made against the Council including those made via the Ombudsman service
- assessing (and reviewing if appropriate) all complaints made in respect of breaches of the Members Code of Conduct.
- The Committee will:
  - Oversee the arrangements for the maintenance of the Council's internal control environment
  - Monitor and make recommendations regarding the Council's corporate governance arrangements including the appointment of the external auditor
  - Consider ways of achieving reductions in ongoing financial commitments through a review of essential and desirable services and service levels.
  - Identify opportunities for future income generation and cost savings.
  - Examine further procurement and collaborative working opportunities with the private sector and other local authorities.
- Consider the Council's published financial accounts and associated documents, including the Annual Governance Statement, and give approval to them when satisfied;
- Review the work of Internal Audit including the approval of an Internal Audit Charter, audit strategies and annual audit plans;
- Consider significant issues arising from Internal Audit reviews, make recommendations accordingly and monitor management's response;
- Receive reports from the Council's external auditors, the Council's Chief Audit and Control Officer and from any inspection agencies and monitor action in response to any issues raised;
- Oversee the effectiveness of the Council's risk management procedures, the control environment and associated fraud and anti-corruption arrangements including the approval of amendments to the strategic risk register and associated action plans;
- Monitor and review the Council's business continuity arrangements;
- Consider the Council's arrangements for corporate governance and recommend necessary action to maintain best practice and to comply with the code of corporate governance;
- Determine the discretionary elements of both national and local conditions of service;
- Determine employment and health and safety policies;
- Have the power to make payments or provide other benefits in cases of maladministration (Section 92 Local Government Act 2000);
- Receive reports directly from the Chief Audit and Control Officer as and when he/she thinks fit;
- Receive reports directly from the Council's external auditors as and when appropriate.
- Appoint to panels comprising of a proportionate combination of three or five members of the main Committee.

- Determine responses on behalf of the Council to any government, local authority or other consultation on matters within the remit of the Committee.
- Consider in detail polling district boundaries for the Borough Council's administrative area and any necessary changes to ensure that:
  - electors have such reasonable facilities for voting as are practicable in the circumstances.
  - as far as is reasonable and practicable, that polling places are accessible to all electors, including those who are disabled, and when designating a polling place, have regard to the accessibility needs of disabled persons.
- Consider polling places for the Borough Council's administrative area.
- Consider the warding arrangements for Broxtowe to ensure electoral equality in all areas.
- Consider the boundaries of Parish and Town Councils in the Borough and warding arrangements in those areas, if appropriate.
- Consider the names of Borough Council and Parish and Town Council wards.

A sub-committee of the Governance Audit and Standards Committee meets to consider items related to the Council's leisure company, Liberty Leisure, in addition to issues associated with developments and agreements for countywide committees.

Two joint committees exist – namely the Economic Prosperity Committee, which consists of the Leaders of all Councils in Nottinghamshire to consider countywide development matters; and the Bramcote Bereavement Service Joint Committee which oversees the operation of Bramcote Crematorium, which is jointly owned with Erewash Borough Council.

Two internal committees recommend changes to employee policy pay and conditions – the Local Joint Consultative Committee which considers employee related matters and the Independent Remuneration Panel, which considers matters relating to the remuneration of members. The Independent Remuneration Panel reviewed members' allowances in January 2023 and recommended increase in members' allowance in-line with the employee pay award. Full Council received the report of the Panel's findings on 1 March 2023 and accepted the recommendation.

Delegation arrangements to officers are set out in detail within the Constitution. In order to ensure that decisions are made in compliance with the law and approved policy, Chief Officers are charged with responsibility for the operation of controls within their areas of responsibility and for statutory functions as necessary. They make an annual declaration of compliance through the annual Statement of Internal Control.

Regular meetings take place between relevant Senior Officers and Members of the Council to discuss and propose policy.

The Constitution also includes sections on the conduct of meetings, Financial Regulations, Contract Procedure Rules and Codes of Conduct for Members and Officers.

Since October 2016, the Council established a wholly owned leisure services company, Liberty Leisure Limited. These arrangements have delivered cost reductions and increased income though the company operating as a commercial entity and opportunities to better fulfil the Council's aims through increased flexibility in day-to-day operations.

Full control of the company is maintained by the Council through the governance arrangements that are in place, with the Advisory Shareholder Sub-Committee maintaining an oversight of the company. Liberty Leisure Limited has continued to provide a wide range of leisure and cultural activities and generates a surplus trading position.

A Shared Services Board, chaired by the Chief Executive, meets regularly to keep shared service arrangements under review.

## Strategies, Policies and Business Plans

The Council has a suite of strategies, policies and business plans which mirror its corporate priority themes and ensures that service delivery follows a clearly set out, politically approved and strategically led approach.

## Electoral Arrangements

There were no significant elections during 2022/23. There was a Borough Council By-Election for the Greasley Ward on 10 November 2022.

## Statutory Officers

The Council's statutory officers are the Chief Executive (as the 'Head of Paid Service'); the Deputy Chief Executive (as the 'Section 151 Officer'); and the Director of Legal and Democratic Services (as the 'Monitoring Officer'). All three officers are part of the General Management Team (GMT) and have the authority to place reports in front of an appropriate member body where an aspect of concern and within their statutory remit comes to their attention.

In particular, these officers are responsible for ensuring that the Council acts within the law and in accordance with established policies and procedures. The Section 151 Officer is specifically responsible for the proper discharge of financial arrangements and must advise the Council where any proposal might be unlawful or where expenditure is likely to exceed resources.

Regular discussions are held at weekly meetings of GMT about issues where governance is of concern and periodically a specific discussion takes place to identify areas of concern on the horizon, whether these may arise from such as legislative changes, changing service demands, political matters or financial problems, risk assessment that has been undertaken and any changes in the risk environment in which the Council is operating, and matters to be reported to future committees.

The Deputy Chief Executive, as the appointed Section 151 Officer, is a key member of GMT. Being part of GMT, together with meeting with leading Members and attending full Council, Cabinet and other appropriate committees, as required, ensures that the Section 151 Officer can provide corporate financial advice to the Council at the appropriate level and that financial implications and risks are properly taken into account.

All reports to decision making committees incorporate a statement on financial implications where appropriate which are subject to review by the Section 151 Officer and the Head of Finance Services (Deputy Section 151 Officer). As such the Council's financial arrangements conform to the governance requirements of the CIPFA Statement on the Role of the Chief Financial Officer in Local Government (2016).



The Section 151 Officer's responsibilities include ensuring that GMT and senior Members are made aware of any financial issues at the earliest opportunity and making sure that these are acted upon as appropriate.

The Monitoring Officer also attends GMT. Part of their responsibilities include ensuring that any legislative changes are known about and implemented as appropriate, together with monitoring that the Council does not act unlawfully.

Chief Officers are responsible for ensuring that legislation and policy relating to service delivery and health and safety are implemented in practice. Each Chief Officer signs a Statement of Internal Control to acknowledge responsibility in maintaining and operating functions in accordance with the Council's procedures and practices that uphold the internal control and assurance framework.

In 2022/23 the Statements of Internal Control were reviewed to determine whether any further strengthening of the control environment can be achieved. Any areas identified have been addressed or are part of ongoing development of increased controls to be implemented during 2023/24.

## Internal Audit

The Chief Audit and Control Officer is the Council's designated 'Head of Internal Audit' and is under the management of the Deputy Chief Executive. Whilst the Chief Audit and Control Officer is not a member of GMT, in all other respects the role is in accordance with guidance as laid down in the Public Sector Internal Audit Standards and the CIPFA Statement on the Role of the Head of Internal Audit, including their attendance at the Governance, Audit and Standards Committee and presenting reports in their own name.

The Chief Audit and Control Officer is responsible for the review of the systems of internal control and for giving an opinion on both the corporate and service specific standards in place. As reported to the Governance, Audit and Standards Committee on 18 July 2022, the Chief Audit and Control Officer has undertaken such a review and concluded that, in his opinion, "the current internal control environment is satisfactory such as to maintain the adequacy of the governance framework".

The Internal Audit Charter covers all activities of the Council at a level and frequency determined using a risk management methodology. The approach is designed to be risk-based so that it can focus resources on the key areas of risk facing the Council.

In advance of each financial year the Governance, Audit and Standards Committee is responsible for approving the Internal Audit Plan that governs each year's activity. Upon completion of each audit assignment, a report is produced for management with agreed actions for improvement. Regular progress reports on Internal Audit activity are submitted to the Governance, Audit and Standards Committee for scrutiny. This Committee can request further reviews to be undertaken and can request other committees to further investigate matters arising from any activities within their remit.

## External Audit



The external auditor reviews the Council's arrangements for:

- preparing accounts in compliance with statutory and other relevant requirements
- ensuring the proper conduct of financial affairs and monitoring their adequacy and effectiveness in practice
- securing economy, efficiency and effectiveness.

The external auditor gives their opinion on the Council's accounts and whether or not proper arrangements exist to secure value for money.

The Council continues to examine the use of its financial systems to help produce information for financial management, the capacity of the Finance Services team and the financial reporting processes used to advise Members during the year.

## Fraud and Corruption

The Department of Work and Pensions (DWP) established a Single Fraud Investigation Service (SFIS) to manage benefit fraud investigation on a national basis. Officers employed by the Council to investigate benefit fraud transferred to SFIS in November 2015.

The Chief Audit and Control Officer is the central contact for non-benefit fraud allegations. The role of Internal Audit has been extended to act as a co-ordinating and investigating service for all non-benefit related fraud and corruption reports and to manage the Council's response to such reports. Internal Audit is supported in this by procuring specialist fraud investigation services, as required, from local partners.

## Partnerships

The Governance, Audit and Standards Committee has the responsibility to examine further procurement and collaborative working opportunities with the private sector and other local authorities. Cabinet has included in its remit the power to direct the work of any delivery vehicles established to deliver services. This may include partnership arrangements, including those with the voluntary and community sector. Where grants are provided to voluntary sector organisations, conditions are applied regarding the reporting of the activities of the grant receiving body and its financial standing. In particular, where grant funding exceeds a given value, a service level agreement may be used to gain assurance over the use of funds.

## Significant Governance Issues – Action Plan

We propose over the coming year to take steps to address the matters listed as ‘opportunities for improvement’ to further enhance our governance arrangements. We are satisfied that these steps will address the need for improvements that were identified in our review of effectiveness and will monitor their implementation and operation as part of our next annual review.

### Action

1. Induction training for new Councillors on Code of Conduct.
2. Relaunch and refresh membership of a forum led by people with disabilities.
3. Review citizen engagement arrangements.
4. Develop a new Corporate Plan.
5. Develop a new strategy for Climate Change.
6. Develop a new strategy for Economic Development and Regeneration.
7. Set up a Housing Improvement Board and deliver a programme of improvements relating to the Housing service.
8. Develop a new strategy for People Management, Organisational Development and Workforce Capacity.
9. Review and update Financial Procedure Rules.
10. Review and update Contract Procedure Rules.



Councillor M Radulovic MBE  
Leader of the Council  
Broxtowe Borough Council  
31 May 2023



R Hyde OBE  
Chief Executive  
Broxtowe Borough Council  
31 May 2023

## **STATEMENT OF RESPONSIBILITIES FOR THE STATEMENT OF ACCOUNTS**

### **The Authority's Responsibilities**

The authority is required:

- under section 151 of the Local Government Act 1972 to make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of those affairs. In this authority, that officer is the Deputy Chief Executive
- to manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets
- to approve the statement of accounts.

### **The Deputy Chief Executive's Responsibilities**

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

In preparing this Statement of Accounts, the Deputy Chief Executive has:

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

The Deputy Chief Executive has also:

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

This statement of accounts is that upon which the auditor should enter his certificate and opinion and has been prepared under the Local Government Finance Act 2003. It gives a true and fair view of the financial position of the authority at 31 March 2023 and its income and expenditure for the year then ended.



**Z Darr**  
**Deputy Chief Executive**  
**31 May 2023**

## COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT

This statement shows the accounting cost in the year of providing services in accordance with generally accepted accounting practices, rather than the amount to be funded from taxation. Authorities raise taxation to cover expenditure in accordance with regulations; this may be different from the accounting cost. The taxation position is shown in the Movement in Reserves Statement.

Year Ended 31 March 2022				Year Ended 31 March 2023			
Gross Expend £'000	Income £'000	Net Expend £'000		Gross Expend £'000	Income £'000	Net Expend £'000	Notes
946	(678)	268	Housing	1,024	(629)	395	
8,213	(4,041)	4,172	Environment	9,127	(4,357)	4,770	
2,297	(1,269)	1,028	Business Growth	2,848	(2,179)	669	
2,459	(516)	1,943	Community Safety	2,756	(713)	2,043	
1,897	(309)	1,588	Health	1,493	(65)	1,428	
16,196	(15,162)	1,034	Revenues, Benefits & Customer Services	16,042	(15,009)	1,033	
8,508	(3,229)	5,279	Resources	8,679	(3,528)	5,151	
1,171	(481)	690	ICT & Business Transformation	1,247	(434)	813	
(9,422)	(16,553)	(25,975)	Local Authority Housing (HRA)	(615)	(17,234)	(17,849)	
<b>32,265</b>	<b>(42,238)</b>	<b>(9,973)</b>	<b>Cost of Services – Continuing Operations</b>	<b>42,601</b>	<b>(44,148)</b>	<b>(1,547)</b>	
		8,478	Other Operating Expenditure			5,400	12
		3,754	Financing and Investment Income and Expenditure			4,557	13
		(12,896)	Taxation and Non-Specific Grant Income			(14,410)	14
		<b>(10,637)</b>	<b>(Surplus) or Deficit on Provision of Services</b>			<b>(6,000)</b>	
		(2,014)	(Surplus) or Deficit on Revaluation of Property, Plant and Equipment Assets			(731)	
		(15,515)	Measurements of the Net Defined Benefit Liability/(Asset)			(63,925)	37
		<b>(17,529)</b>	<b>Other Comprehensive Income and Expenditure</b>			<b>(64,656)</b>	
		<b>(28,166)</b>	<b>Total Comprehensive Income and Expenditure</b>			<b>(70,656)</b>	

## MOVEMENT IN RESERVES STATEMENT

This statement shows the movement in the year on the different reserves held by the authority, analysed into 'usable reserves' (i.e. those that can be applied to fund expenditure or reduce local taxation) and other 'unusable reserves'. The statement shows how the movements in year of the authority's reserves are broken down between gains and losses incurred in accordance with generally accepted accounting practices and the statutory adjustments required to return to the amounts chargeable to council tax (or rents) for the year. The Net Increase/Decrease line shows the statutory General Fund Balance and Housing Revenue Account Balance movements in the year following those adjustments.

	General Fund & Earmarked Reserves £'000	Housing Revenue Account £'000	Capital Receipts Reserve £'000	Major Repairs Reserve £'000	Capital Grants Unapplied £'000	Bramcote Bereav't Services £'000	Total Usable Reserves £'000	Unusable Reserves £'000	Total Reserves £'000
<b>Balance at 31 March 2021 Carried Forward</b>	<b>(14,712)</b>	<b>(5,926)</b>	<b>(3,544)</b>	<b>0</b>	<b>0</b>	<b>(390)</b>	<b>(24,572)</b>	<b>(43,029)</b>	<b>(67,601)</b>
<b>Movement in Reserves during 2021/22</b>									
Total Comprehensive Income and Expenditure	4,795	(15,550)	0	0	0	118	(10,637)	(17,529)	(28,166)
Adjustments between accounting basis & funding basis under regulations (Note 10)	(1,091)	16,514	(711)	0	0	(78)	14,634	(14,634)	0
<b>(Increase)/decrease in 2021/22</b>	<b>3,704</b>	<b>964</b>	<b>(711)</b>	<b>0</b>	<b>0</b>	<b>40</b>	<b>3,997</b>	<b>(32,163)</b>	<b>(28,166)</b>
<b>Balance at 31 March 2022 Carried Forward</b>	<b>(11,008)</b>	<b>(4,962)</b>	<b>(4,255)</b>	<b>0</b>	<b>0</b>	<b>(350)</b>	<b>(20,575)</b>	<b>(75,192)</b>	<b>(95,767)</b>
<b>Movement in Reserves during 2022/23</b>									
Total Comprehensive Income and Expenditure	1,851	(7,961)	0	0	0	110	<b>(6,000)</b>	(64,656)	<b>(70,656)</b>
Adjustments between accounting basis & funding basis under regulations (Note 10)	1,397	9,954	(3,362)	0	0	(50)	7,939	(7,939)	0
<b>(Increase)/decrease in 2022/23</b>	<b>3,248</b>	<b>1,993</b>	<b>(3,362)</b>	<b>0</b>	<b>0</b>	<b>60</b>	<b>1,939</b>	<b>(72,595)</b>	<b>(70,656)</b>
<b>Balance at 31 March 2023 Carried Forward</b>	<b>(7,760)</b>	<b>(2,969)</b>	<b>(7,617)</b>	<b>0</b>	<b>0</b>	<b>(290)</b>	<b>(18,636)</b>	<b>(147,787)</b>	<b>(166,423)</b>

**BALANCE SHEET**

The Balance Sheet shows the value as at the Balance Sheet date of the assets and liabilities recognised by the authority. The net assets of the authority (assets less liabilities) are matched by the reserves held by the authority. Reserves are reported in two categories, usable and unusable. Usable reserves are those reserves that the authority may use to provide services, subject to the need to maintain a prudent level of reserves and any statutory limitations on their use (for example the Capital Receipts Reserve that may only be used to fund capital expenditure or repay debt). Unusable reserves are those that the authority is not able to use to provide services. This category of reserves includes reserves that hold unrealised gains and losses (for example the Revaluation Reserve), where amounts would only become available to provide services if the assets are sold; and reserves that hold timing differences shown in the Movement in Reserves Statement line Adjustments between accounting basis and funding basis under regulations.

<b>31 March 2022 £'000</b>		<b>31 March 2023 £'000</b>	<b>Notes</b>
250,405	Property, Plant & Equipment	263,916	<b>15</b>
404	Heritage Assets	534	<b>16</b>
245	Intangible Assets	127	
6,309	Long Term Investments	5,657	<b>17</b>
67	Long Term Debtors	84	
<b>257,430</b>	<b>Long Term Assets</b>	<b>270,318</b>	
0	Short Term Investments	0	<b>17</b>
0	Assets Held for Sale	0	<b>20</b>
255	Inventories	237	
9,573	Short Term Debtors	5,832	<b>18</b>
14,431	Cash and Cash Equivalents	6,837	<b>19</b>
<b>24,259</b>	<b>Current Assets</b>	<b>12,906</b>	
(9,787)	Short Term Borrowing	(7,656)	<b>17</b>
(15,515)	Short Term Creditors	(12,261)	<b>20</b>
(335)	Provisions	(316)	
(7,147)	Revenue Grants Receipts in Advance	(691)	<b>31</b>
<b>(32,784)</b>	<b>Current Liabilities</b>	<b>(20,924)</b>	
(662)	Provisions	(887)	<b>21</b>
(85,837)	Long Term Borrowing	(80,441)	<b>17</b>
(62,166)	Net Pension Liability	(3,446)	<b>37</b>
(4,473)	Capital Grants Receipts in Advance	(11,103)	<b>31</b>
<b>(153,138)</b>	<b>Long Term Liabilities</b>	<b>(95,877)</b>	
<b>95,767</b>	<b>Net Assets</b>	<b>166,423</b>	
(20,575)	Usable Reserves	(18,636)	<b>22</b>
(75,192)	Unusable Reserves	(147,787)	<b>23</b>
<b>(95,767)</b>	<b>Total Reserves</b>	<b>(166,423)</b>	

Z Darr BSc CPFA MBA – Deputy Chief Executive and Section 151 Officer  
31 May 2023

## CASH FLOW STATEMENT

The Cash Flow Statement shows the changes in cash and cash equivalents of the authority during the reporting period. The statement shows how the authority generates and uses cash and cash equivalents by classifying cash flows as operating, investing and financing activities. The amount of net cash flows arising from operating activities is a key indicator of the extent to which the operations of the authority are funded by way of taxation and grant income or from the recipients of services provided by the authority. Investing activities represent the extent to which cash outflows have been made for resources which are intended to contribute to the authority's future service delivery. Cash flows arising from financing activities are useful in predicting claims on future cash flows by providers of capital (ie borrowing) to the authority.

2021/22 £'000		2022/23 £'000	Notes
<b>10,637</b>	<b>Net surplus or (deficit) on the provision of services</b>	<b>6,000</b>	
3,180	Adjustments to net surplus or deficit for non-cash movements	(7,064)	<b>24</b>
(3,286)	Adjustments for items included in the net surplus or deficit on the provision of services that are investing and financing activities	(6,717)	<b>24</b>
<b>10,531</b>	<b>Net cash flows from operating activities</b>	<b>(7,781)</b>	
(9,253)	Investing activities	696	<b>25</b>
1,627	Financing activities	(509)	<b>26</b>
<b>2,905</b>	<b>Net increase or (decrease) in cash</b>	<b>(7,594)</b>	
11,526	Cash and cash equivalents at the beginning of the reporting period	14,431	
<b>14,431</b>	<b>Cash and cash equivalents at the end of the reporting period</b>	<b>6,837</b>	<b>19</b>

## NOTES TO THE CORE FINANCIAL STATEMENTS

### 1. Accounting Policies

#### (i) General Principles

The Statement of Accounts summarises the authority's transactions for the 2022/23 financial year and its position at the year end of 31 March 2023. The authority is required to prepare an annual Statement of Accounts by the Accounts and Audit (England) Regulations 2015 in accordance with proper accounting practices. These practices primarily comprise the Code of Practice on Local Authority Accounting 2022/23 (the Code) supported by International Financial Reporting Standards (IFRS), International Accounting Standards and statutory guidance issued under section 12 of the Local Government Act 2003.

The accounting convention adopted in the Statement of Accounts is principally historical cost, modified by the revaluation of certain categories of non-current assets and financial instruments.

The Statement of Accounts has been prepared on a going concern basis. As required by IAS1, it has been assumed that the Council will continue in operation for the foreseeable future.

#### (ii) Accruals of Income and Expenditure

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

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

An exception to the above relates to electricity and other similar quarterly payments which are charged at the date of meter reading rather than being apportioned between financial years. This policy is consistently applied each year and therefore does not have a material effect on the year's accounts.



As regards private sector housing benefits, payments can relate to periods partly in advance and partly in arrears. The cut-off date applied to such payments is as near to the year end as possible and ensures consistency with the figures used to calculate government subsidy received on such payments.

Council housing rents become chargeable on the Monday of each week for the week ahead. Rent income is accounted for up to and including the last Monday in the financial year. This can therefore include an element relating to the following year for which no adjustment is made.

### **(iii) 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. Cash equivalents are investments that mature in three months or less from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

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.

### **(iv) Exceptional Items**

When items of income and expense are material, their nature and amounts is disclosed separately, either on the face of the Comprehensive Income and Expenditure Statement or in the notes to the accounts, depending on how significant the items are to an understanding of the Council's financial performance.

### **(v) Prior Year 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, i.e. 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 effects 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. See note 2 for more details.

Material errors discovered in prior period figures are corrected retrospectively by amending opening balances and comparative amounts for the prior period. See note 6 for more details.

### **(vi) Charges to Revenue for Non-Current Assets**

Services, support services and trading accounts are debited with the following amounts to record the cost of holding fixed 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 fixed assets attributable to the service.

With the exception of works vehicles, depreciation is calculated on a straight line basis over the estimated useful life of the asset. The following useful lives have been used in the calculation of depreciation:

- Council Dwellings (Non-components) – 80 years
- Council Dwellings (Components) – 15 to 40 years
- Other Land and Buildings:
  - Council Offices – 60 years
  - Pavilions – 30 years
  - Cemetery Chapels – 30 years
  - Other Land and Buildings – 40 years
- Vehicles, Plant, Furniture and Equipment – 5 years
- Infrastructure – 40 years

Any significant components identified in the revaluation of an asset are depreciated separately over their estimated useful life.

Works vehicles are depreciated over their estimated useful lives but with a greater depreciation charge in the early years to reflect the use and diminishing value of these assets.

Where an impairment loss is charged to the Comprehensive Income and Expenditure Statement, but there were accumulated revaluation gains in the Revaluation Reserve for that particular asset, an amount up to the value of that loss is transferred from the Revaluation Reserve to the Capital Adjustment Account.

The Council is not required to raise council tax or council housing rents to fund depreciation, revaluation and impairment losses or amortisations. 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 authority in accordance with statutory guidance. This is known as the Minimum Revenue Provision (MRP).

Depreciation, revaluation and impairment losses and amortisations are therefore reversed out of the General Fund (and the Housing Revenue Account (HRA)) and replaced by the MRP. This is completed with an adjusting transaction with the Capital Adjustment Account within the Movement in Reserves Statement for the difference between the two. This ensures that depreciation, revaluation and impairment losses and amortisations have no overall effect on council tax or housing rent levels.

The Local Authorities (Capital Finance and Accounting) (England) (Amendment) Regulations 2008, require local authorities to approve an MRP policy at the beginning of each financial year on setting aside a sum of money from revenue for the repayment of principal on outstanding debt. From 2012/13 onwards the Council has approved a policy such that, for capital expenditure incurred before 1 April 2008, the MRP is based on 4% of the authority's Capital Financing Requirement for the General Fund.

For General Fund capital expenditure incurred after 1 April 2008, the MRP is based upon the estimated life of those assets where the financing was provided by borrowing. The Council has also decided that no voluntary provision for the repayment of debt relating to the HRA should be made in 2022/23.

## **(vii) Employee Benefits**

### Benefits Payable During Employment

Short term employee benefits are those due to be settled within 12 months of the year-end. They include such benefits as salaries, paid annual leave and sick leave and are recognised as an expense for service in the year in which employees render service to the Council.

### 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 and are charged on an accruals basis to the appropriate service line in the Comprehensive Income and Expenditure Statement when the Council is demonstrably committed to the termination of the employment of an officer or making an offer to encourage voluntary redundancy.

Where termination benefits involve the enhancement of pensions, statutory provisions require the General Fund or Housing Revenue Account balance to be charged with the amount payable by the Council to the pension fund or pensioner in the year, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves 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 the cash paid to the pension fund and pensioners and any such amounts payable but unpaid at the year-end.

### Post-Employment Benefits

Employees of the Council are members of the Local Government Pension Scheme, administered by Nottinghamshire County Council. The scheme is a defined benefit scheme in that it provides defined benefits to members (retirement lump sums and pensions), earned as employees worked for the Council.

### The Local Government Pension Scheme

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

- The liabilities of the Nottinghamshire County Council Pension Fund 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 that reflects the time value of money and the characteristics of the liability.

- The assets of the Nottinghamshire County Council 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 pension's 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 services for which the employees worked).
  - Past service cost – the increase in liabilities as a result of a scheme amendment or curtailment whose effect relates to years of service earned in earlier years (debited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement as part of Resources).
  - Net interest on the net defined benefit liability or asset (i.e. the net interest expense for the Council) – the change during the period in the net defined liability or asset that arises from the passage of time charged to the Financing and Investment Income and Expenditure line in 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 after 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 net 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 Nottinghamshire County Council 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 and Housing Revenue Account 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. In the Movement in Reserves Statement, 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 but unpaid at the year end. The negative balance that arises on the Pensions Reserve thereby measures the beneficial impact to the General Fund and Housing Revenue Account of being required to account for retirement benefits on the basis of cash flows rather than as benefits are earned by employees.

### Discretionary Benefits

The authority 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.

### **(viii) Events after the Balance Sheet Date**

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 events 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.

### **(ix) Financial Instruments**

#### Financial Liabilities

Financial liabilities are recognised on the Balance Sheet when the authority becomes a party to the contractual provisions of a financial instrument, and are initially assessed at fair value and are carried at amortised cost. Annual charges to the Financing and Investment income and expenditure line in 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 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.

All borrowings shown in the Balance Sheet consist of the outstanding principal repayable plus accrued interest. Annual interest is charged to the Comprehensive Income and Expenditure Statement in accordance with the loan agreement.

Gains and losses on the repurchase or early settlement of borrowing are credited and debited to the Financing and Investment income and expenditure line 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 or the Housing Revenue Account, regulations allow the impact on the General Fund and Housing Revenue Account Balance respectively to be spread over future years. The Council has a policy of spreading the gain or 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 or the Housing Revenue Account to the net charge required against the General Fund or Housing Revenue Account Balance is managed by a transfer to or from the Financial Instruments Adjustment Account in the Movement in Reserves Statement.

### Financial Assets

Certain reserves are kept to manage the accounting processes for non-current fixed assets and retirement benefits and do not represent usable resources for the Council - these reserves are explained in the relevant policies below.

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

- amortised cost
- fair value through profit or loss
- fair value through other comprehensive income

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.

### 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 for interest receivable are based on the carrying amount of the asset multiplied by the effective rate of interest for the instrument.

All such assets held on the Balance Sheet consist of the outstanding principal receivable plus accrued interest. Annual interest is credited to the Comprehensive Income and Expenditure Statement in accordance with the loan agreement.

The Council has provided a number of "soft loans" to employees at less than market rates for the purchase of motor vehicles. These should be correctly shown in the Balance Sheet at fair value. However, the value of these loans is not considered to be material. Accordingly, the value as shown in the Balance Sheet represents the value of any loans made less any repayments that have been received.

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

### 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 held by the Council.

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

### Financial Assets measured at Fair Value through Profit or Loss

Financial assets measured at fair value through profit or loss are recognised on the balance sheet when the Council becomes a party to the contractual provisions of a financial instrument and are initially measured and carried at fair value. Fair value gains and losses are recognised as they occur in the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement.

The fair value measurements of the financial assets are based on the following techniques:

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

The inputs to the measurement technique are categorised in accordance with the following:

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

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

### Financial Assets measured at Fair Value through Other Comprehensive Income

Financial assets measured at fair value through other comprehensive income are recognised on the balance sheet when the authority becomes a party to the contractual provisions of a financial instrument and are initially measured and carried at fair value. Annual income received from the financial instrument is credited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement when it becomes receivable by the authority.

The fair value measurements of the financial assets are based on the following techniques:

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

The inputs to the measurement technique are categorised in accordance with the following:

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

The Council can elect to classify certain instruments as Fair Value through Other Comprehensive Income, dependent on the contractual arrangements for the instrument.

For an elected financial asset fair value gains and losses are recognised as they occur in Other Comprehensive Income within the Comprehensive Income and Expenditure Statement but are balanced by an entry in the Financial Instrument Revaluation Reserve. In all other circumstances the gain or loss is recognised in the Financing and Investment Income and Expenditure line on the Comprehensive Income and Expenditure Statement before being transferred to the Financial Instrument Revaluation Reserve via the Movement in Reserve Statement

On derecognition of an elected financial asset the balance on the Financial Instrument Revaluation Reserve is transferred to the General Fund via the Movement in Reserves Statement. In all other circumstances the balance on the Financial Instrument Revaluation Reserve is transferred to the Financing and Investment Income and Expenditure line within the Comprehensive Income and Expenditure Statement.

#### **(x) 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 acquired by using 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 (non-ring fenced 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 in 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.

#### **(xi) Heritage Assets**

The Council's Heritage Assets consist of the DH Lawrence Birthplace Museum building and a painting by Dr Ala Bashir, a respected sculptor and painter, of DH Lawrence which is linked to his most famous novel, Lady Chatterley's Lover. The museum building is held for its historical and artistic significance and to promote knowledge and culture. The DH Lawrence Birthplace Museum is recognised and measured (including the treatment of depreciation and revaluation gains and losses) in accordance with the Authority's accounting rules on property, plant and equipment. The building was revalued at 31 March 2022 in accordance with the Council's five-year revaluation cycle for such assets. The painting was donated to the Council in 2008.

The carrying amounts of heritage assets are reviewed where there is evidence of impairment. For example, this may be where the asset has suffered physical deterioration or breakage or where doubts arise as to its authenticity. Any impairment is recognised and measured in accordance with the Council's general policies on impairment.

#### **(xii) Intangible Assets**

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

Internally generated assets are capitalised where it is demonstrable that the project is technically feasible and is intended to be completed (with adequate resources being available) and the Council will be able to generate future economic benefits or deliver service potential by being able to sell or use the asset. Expenditure is capitalised where it can be measured reliably as attributable to the asset and is restricted to that incurred during the development phase. Research expenditure cannot be capitalised.

Expenditure on the development of websites is not capitalised if the website is solely or primarily intended to promote or advertise the Council's goods or services.

Intangible assets are measured initially at cost. Amounts are only re-valued where the fair value of the assets held by the Council can be determined by reference to an active market. In practice, no intangible asset held by the Council meets this criterion and they are therefore carried at amortised cost. The depreciable amount of an intangible asset is amortised over its useful life to the relevant service line(s) in the Comprehensive Income and Expenditure Statement.

An asset is tested for impairment whenever there is an indication that the asset might be impaired. Any losses recognised are posted to the relevant service line(s) in the Comprehensive Income and Expenditure Statement.

Any gain or loss arising on the disposal or abandonment of an intangible asset is posted to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement.

Where expenditure on intangible assets qualifies as capital expenditure for statutory purposes, amortisation, impairment losses and disposal gains and losses are not permitted to have an impact on the General Fund Balance. The gains and losses are therefore reversed out of the General Fund Balance in the Movement in Reserves Statement and posted to the Capital Adjustment Account and (for any sales proceeds greater than £10,000) the Capital Receipts Reserve.

### **(xiii) Interests in Companies and Other Entities**

The authority has material interests in companies and other entities that have the nature of subsidiaries, associates and jointly controlled entities and require it to prepare group accounts. Liberty Leisure Limited is a wholly owned subsidiary of the authority which manages the provision of leisure and culture services and its accounts are consolidated with the authority's in accordance with IAS27. See also policy xvi below.

### **(xiv) Inventories and Long Term Contracts**

Inventories are included in the Balance Sheet at cost. Whilst the Code of Practice on Local Authority Accounting requires inventories to be shown at the lower of cost and net realisable value, a departure from this is permitted under IFRS due to:

- the value of inventories not being considered to be material.
- the cost of analysing inventories between cost and net realisable value outweighing the value to the user of the accounts.

Long term contracts are accounted for on the basis of charging the Surplus or Deficit on the Provision of Services with the value of works and services received under the contract during the financial year

### **(xv) Investment Property**

Investment properties are those that are used solely to earn rentals and/or for capital appreciation. The definition is not met if the property is used in any way to facilitate the delivery of services or production of goods or is held for sale.

Investment properties are measured initially at cost and subsequently at fair value, based on the amount at which the asset could be exchanged between knowledgeable parties at arm's-length. Properties are not depreciated but are re-valued annually according to market conditions at the year-end. Gains and losses on revaluation are posted to the Financing and Investment income and expenditure line in the Comprehensive Income and Expenditure Statement. The same treatment is applied to gains and losses on disposal.

Rentals received in relation to investment properties are credited to the Financing and Investment income and expenditure line in the Comprehensive Income and Expenditure Statement and result in a gain for the General Fund Balance. However, revaluation and disposal gains and losses are not permitted by statutory arrangements to have an impact on the General Fund Balance.

The gains and losses are therefore reversed out of the General Fund Balance in the Movement in Reserves Statement and posted to the Capital Adjustment Account and (for any sale proceeds greater than £10,000) the Capital Receipts Reserve.

The Council does not currently have any investment properties.

#### **(xvi) Jointly Controlled Operations and Jointly Controlled Assets**

Jointly controlled operations are activities undertaken by the Council in conjunction with other venturers that involve the use of assets and resources of the venturers rather than the establishment of a separate entity. The Council recognises on its Balance Sheet the assets that it controls and the liabilities that it incurs and debits and credits the Comprehensive Income and Expenditure Statement with the expenditure it incurs and the share of income it earns from the activity.

Jointly controlled assets are items of property, plant and equipment that are jointly controlled by the Council and other venturers, with the assets being used to obtain benefits for the venturers. The joint venture does not involve the establishment of a separate entity. The Council accounts for only its share of the jointly controlled assets, the liabilities and expenses that it incurs on its own behalf or jointly with others in respect of its interest in the joint venture and income that it earns from the venture.

Whilst the Council does not strictly have any jointly controlled operations and jointly controlled assets in line with the definitions above, the Council has a 50% interest in the Bramcote Bereavement Services Joint Committee with the other 50% relating to Erewash Borough Council. Whilst the Bramcote Bereavement Services Joint Committee is a separate entity in its own right, its decision making and operational arrangements fulfil many of features associated with a jointly controlled operation. Therefore, the Council recognises 50% of the assets and liabilities of the Joint Committee on its Balance Sheet and debits and credits the Comprehensive Income and Expenditure Statement with 50% of the expenditure and income of the Joint Committee. This is also recognised in the Movement in Reserves Statement and the Cash Flow Statement as appropriate.

#### **(xvii) 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 upon 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. The asset recognised is matched by a liability for the obligation to pay the lessor. Contingent rents are charged as expenses in the periods in which they are incurred. All assets acquired through finance leases have been fully written down at the Balance Sheet date.

- 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.

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.
- 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.

New standards in respect to leasing come into effect from 1 April 2023 which will change the accounting treatment of finance and operating leases. The Council is assessing the implications but considering the low number of leases the Council currently holds as lessee the impact is not considered to be material.

#### **(xviii) Overhead and Support Services**

The costs of overheads and support services are charged to those that benefit from the supply or service in accordance with the costing principles of the CIPFA Service Reporting Code of Practice (SerCOP). The total absorption costing principle is used – the full cost of overheads and support services are shared between users in proportion to the benefits received, with the exception of:

- Corporate and Democratic Core – costs relating to the authority's status as a multi-functional, democratic organisation
- Non Distributed Costs – the cost of discretionary benefits awarded to employees retiring early

These two cost categories are defined in the Service Reporting Code of Practice but are accounted for under Resources in the Comprehensive Income and Expenditure Statement.

#### **(xix) 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.

The Council operates a de-minimis level in valuing assets. Any assets valued at less than £5,000 are excluded from Balance Sheet values.

## 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 (i.e. repairs and maintenance) is charged as an expense when it is incurred.

## 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 Council does not capitalise borrowing costs incurred whilst assets are under construction.

The cost of assets acquired other than by purchase is deemed to be its fair value, unless the acquisition does not have commercial substance (i.e. it will not lead to a variation in the cash flows of the Council). In the latter case, where an asset is acquired via an exchange, the cost of the acquisition is the carrying amount of the asset given up by the Council.

Donated assets are measured initially at fair value. The difference between fair value and any consideration paid is credited to the Taxation and Non-Specific Grant Income line of the Comprehensive Income and Expenditure Statement, unless the donation has been made conditionally. Until conditions are satisfied, the gain is held in the Donated Assets Account. Where gains are credited to the Comprehensive Income and Expenditure Statement, they are reversed out of the General Fund Balance to the Capital Adjustment Account in the Movement in Reserves Statement.

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

- Infrastructure, community assets and assets under construction – depreciated historical cost
- Dwellings - fair value, determined using the basis of existing use value for social housing (EUV-SH)
- All other assets – fair value, determined as the amount that would be paid for the asset in its existing use (existing use value – EUV)

Where there is no market-based evidence of fair value because of the specialist nature of an asset, depreciated replacement cost (DRC) is used as an estimate of fair value.

Where non-property assets that have short useful lives or low values (or both) are involved, depreciated historical cost basis is used as a proxy for fair value.

Assets included in the Balance Sheet at fair value are revalued sufficiently regularly to ensure that their carrying amount is not materially different from their fair value at the year end, but as a minimum every five years. 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 a reversal of a loss previously charged to a service).

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.

### 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 on all property, plant and equipment assets held 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:

- Dwellings and other buildings – straight line allocation over the useful life of the property.
- Vehicles, plant, furniture and equipment – straight line allocation over the useful life of the asset. New specialist vehicles may also have an additional depreciation provision made from the year following acquisition as advised by a suitably qualified officer.
- Infrastructure – straight line allocation over 40 years.

Where an item of Property, Plant and Equipment asset has major components whose cost is significant in relation to the total cost of the item, the components are depreciated separately. This applies particularly in respect of council house dwellings.

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 previous losses recognised in the Surplus or Deficit on 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 (i.e. netted off against the carrying value of the asset at the time of the disposal). Any revaluation gains accumulated for the asset in the Revaluation Reserve are transferred to the Capital Adjustment Account.

If part of an asset is replaced with a similar identifiable component, the carrying amount of the replaced or restored component is derecognised with the carrying amount of the new component being recognised. Any gain or loss arising from this process is credited or debited to the Comprehensive Income and Expenditure Statement as appropriate.

With regards to the de-recognition of infrastructure assets or components of an asset, typically infrastructure assets/components are de-recognised when an asset/component is replaced. In these circumstances the Council will be utilising the Statutory Provision 'The Local Authorities (Capital Finance and Accounting) (England) (Amendment) Regulations 2022 SI 1232/2022'. The Council will derecognise infrastructure assets/component at £nil value (i.e. fully depreciated). The exception to this is where an infrastructure asset/component is disposed of via a means other than replacement expenditure (e.g. the

sale of an asset). In this case the accounting methods for disposal as set out above will be followed.

Amounts received for a disposal in excess of £10,000 are categorised as capital receipts. The Council has committed to a government scheme whereby, as from 2012/13, housing capital receipts from right to buy sales can only be used towards new affordable council housing, and within five years of their receipt, otherwise they become payable to the government. The balance of receipts held is required to be credited to the Capital Receipts Reserve and can then only be used for new capital investment on council housing or set aside to reduce the underlying need to borrow (the Capital Financing Requirement). Receipts are appropriated to the Reserve from the General Fund Balance in the Movement in Reserves Statement.

The written off value of disposals is not a charge against council tax or housing rents, as the cost of fixed assets is fully provided for under separate arrangements for capital financing. Amounts are appropriated to the Capital Adjustment Account from the General Fund Balance in the Movement in Reserves Statement.

## **(xx) 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 in the year that the Council becomes aware of the obligation and are measured as 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 (e.g. 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.

A provision exists in relation to outstanding insurance claims, based upon information supplied by the Council's insurers. All insurance claims transactions during the course of the year are passed through the provision with the appropriate charge being made against the service lines within the Comprehensive Income and Expenditure Statement.



### 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 obligation cannot be measured reliably.

Contingent liabilities are not recognised in the Balance Sheet but disclosed in a note to the accounts. Further details can be found in note 38 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 authority.

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. Further details can be found in note 39 to the accounts.

### **(xxi) Reserves**

The Council sets aside specific amounts as reserves for future policy purposes or to cover contingencies. Reserves are created by appropriating amounts out of the General Fund or Housing Revenue Account balance in the Movement in Reserves Statement. 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 appropriated back into the General Fund or Housing Revenue Account balance in the Movement in Reserves Statement so that there is no net charge against council tax or housing rents for the expenditure.

### **(xxii) 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 in the Movement in Reserves Statement from the General Fund or Housing Revenue Account balance to the Capital Adjustment Account then reverses out the amounts charged so that there is no impact on the level of council tax or council house rents.

### **(xxiii) VAT**

VAT payable is included as an expense only to the extent that it is not recoverable from HM Revenue and Customs. VAT receivable is excluded from income.

**(xxiv) Collection Fund**

Billing authorities are required to maintain a separate fund for the collection and distribution of amounts due in respect of council tax and non-domestic rates. The Council acts as an agent, collecting and distributing council tax and business rates income on behalf of the major precepting authorities and central government as well as itself.

The difference between the income collected in the Comprehensive Income and Expenditure Statement and the amount by regulation to be credited to the General Fund is taken to the Collection Fund Adjustment Account and included as reconciling item in the Movement in Reserves Statement.

The Balance Sheet includes the Authority's share of year end balances in respect of Council Tax and Non Domestic Rates relating to arrears, impairment allowances for doubtful debts and overpayments and prepayments and appeals.

Non Domestic Rates amounts are collected on behalf of the other partners of Central Government, Nottinghamshire County Council and Nottinghamshire Fire Authority.

Council Tax amounts are collected on behalf of the other preceptors of Nottinghamshire County Council, Nottinghamshire Police Authority and Nottinghamshire Fire Authority.

As the Collection Fund is conducted on an agency basis, there is a debtor or creditor position between the Council and the major precepting authorities and central government.

**Council Tax**

The Local Council Tax Support Scheme is reviewed by Cabinet prior to the commencement of the financial year and any amendments are approved by full Council.

**2. Accounting Standards that have been Issued but not yet Adopted**

The 2022/23 Code of Practice requires changes in accounting policy to be applied retrospectively unless alternative transitional arrangements are specified in the Code. The Code also requires the Authority to disclose information relating to the impact of an accounting change that will be required by a new standard that has been issued but not yet adopted by the Code for the relevant year.

The additional disclosures that may be required in the financial statements in respect of accounting changes that are introduced in the 2023/24 Code of Practice relate to:

- IAS 8 Definition of Accounting Estimates
- IAS 1 Disclosure of Accounting Policies
- IAS12 Deferred Tax relating to Assets and Liabilities arising from a Single Transaction
- IFRS 3 Business Combinations
- IFRS 16 Leases

It is not anticipated that the above amendments will have a material impact on the information provided in the Council's financial statements. In respect of IFRS 16 the Council has chosen to not voluntarily implement the changes for 2023/24.

### 3. Critical Judgements in applying Accounting Policies

In applying the accounting policies set out earlier in this document the authority 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:

- As outlined in the Narrative Statement there remains uncertainty in respect of future funding as the Council awaits the Government's conclusion on its Comprehensive Spending Review, the Fair Funding Review, and the operation of 75% Business Rates Retention.

### 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 by taking into account historical experience, current trends and other relevant factors. However, because balances cannot be determined with certainty, actual results could be materially different from the assumptions and estimates.

The items in the Council's Balance Sheet at 31 March 2023 for which there is a significant risk of material adjustment in the forthcoming financial year are as follows:

Item	Uncertainties	Effect if Actual Results differ from Assumptions
Expected Credit Losses	It is recognised that a proportion of the Council's short term debt will not be collected. To allow for this a provision for expected credit loss is calculated to ensure the balance shown in the accounts reflect the income likely to be received. The loss is calculated on the basis of the age of the debt and the likelihood of recovery. In addition, significant balances are assessed individually.	The expected credit loss on short term debtors is £1.022m. If collection rates were to deteriorate an increase in the amount of loss would be required. The Council also has an additional £0.238m credit loss in respect of the Council's proportion of the Council Tax and Non Domestic Rates Collection Fund.

Item	Uncertainties	Effect if Actual Results differ from Assumptions
Property, Plant and Equipment	Assets are depreciated over useful lives that are dependent on assumptions about the level of repairs and maintenance that will be incurred in relation to individual assets. The current economic climate makes it uncertain that the Council will be able to sustain its current spending on repairs and maintenance, bringing into doubt the useful lives assigned to some assets.	If the useful life of assets is reduced, depreciation increases and the carrying amount of the assets falls. It is estimated that the annual depreciation charge for Other Land and Buildings would increase by £12,506 for every year that useful lives of these assets were to be reduced.
Pensions Liability	Estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets. A firm of consulting actuaries is engaged to provide the Council with expert advice about the assumptions to be applied.	The effects on the net pensions liability of changes in individual assumptions can be measured. For example, a 0.1% increase in the discount rate assumption and an increase of one year in the mortality age rating assumption would result in a decrease of £1.753m and an increase of £4.484m respectively in the present value of the defined benefit obligation. An increase in the discount rate would, if all other factors remained unchanged, result in a decrease in the present value of the defined benefit obligation.
Council house rent arrears	At 31 March 2022, council house rent arrears (including former tenants) amounted to £0.289m.	If collection rates were to deteriorate by 10%, this would increase arrears by £29k and further credit loss would need to be provided for within the Housing Revenue Account.

Item	Uncertainties	Effect if Actual Results differ from Assumptions
Appeals on Non Domestic Rates valuations	Businesses are able to challenge valuations involved in setting Business Rates. The current approach is based upon appeals lodged with the Valuation Office. The current provision for appeals is £2.217m. There remains potential for further appeals to be made against the 2017 valuation listing.	If the value of successful appeals were to increase by 10% an increase in provision of £0.222m would be required which would be shared with preceptors and the Government. Broxtowe's element would be £0.089m. There is also uncertainty as to how appeals will be managed under 75% business rate retention once introduced.

This list does not include assets and liabilities that are carried at fair value based on a recently observed market price.

## 5. Material Items of Income and Expense

All material items have been disclosed on the face of the Comprehensive Income and Expenditure Statement.

## 6. Prior Period Adjustment

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 by 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.

No prior period adjustments were made for the 2022/23 figures within the statement.

## 7. Events After the Reporting Period

The Statement of Accounts was authorised for issue by the Deputy Chief Executive on 31 May 2023. Events taking place after this date are not reflected in the financial statements or notes. Where events taking place before this date provided information about conditions existing at 31 March 2023, the figures in the financial statements and notes have been adjusted in all material respects to reflect the impact of this information.

For the purposes of consideration, Post Balance Sheet events can occur up to the approval of the Statement on 18 September 2023 by the Governance, Audit and Standards Committee.

## 8. Expenditure and Funding Analysis

The Expenditure and Funding Analysis 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 expenditure is allocated for decision making purposes between the council's committees. Income and expenditure accounted for under generally accepted accounting practices is presented more fully in the Comprehensive Income and Expenditure Statement.

2021/22				2022/23		
Net Expenditure Chargeable to the General Fund and HRA balances £'000	Adjustments 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	Adjustments between the Funding and Accounting Basis £'000	Net Expenditure in the Comprehensive Income and Expenditure Statement £'000
			<b>Corporate Priority</b>			
318	(50)	268	Housing	449	(54)	395
3,966	206	4,172	Environment	4,880	(110)	4,770
1,000	28	1,028	Business Growth	467	202	669
1,409	534	1,943	Community Safety	1,453	590	2,043
1,206	382	1,588	Health	1,304	124	1,428
1,285	(251)	1,034	Revenues, Benefits and Customer Services	1,299	(266)	1,033
970	4,309	5,279	Resources	978	4,173	5,151
561	129	690	ICT and Business Transformation	681	132	813
(6,636)	(19,339)	(25,975)	Local Authority Housing (HRA)	(5,508)	(12,341)	(17,849)
<b>4,079</b>	<b>(14,052)</b>	<b>(9,973)</b>	<b>Net Cost of Service</b>	<b>6,003</b>	<b>(7,550)</b>	<b>(1,547)</b>
629	(1,293)	(664)	Other Income and Expenditure	(702)	(3,751)	(4,453)
<b>4,708</b>	<b>(15,345)</b>	<b>(10,637)</b>	<b>Surplus or Deficit</b>	<b>5,301</b>	<b>(11,301)</b>	<b>(6,000)</b>
<b>21,028</b>			<b>Opening General Fund and HRA balances at 1 April</b>	<b>16,320</b>	The respective increase/decrease on the General Fund and HRA are detailed in the Movement on Reserves Statement on page 32	
<b>(4,708)</b>			<b>Less/Plus Surplus or (Deficit) on General Fund and HRA Balance in Year</b>	<b>(5,301)</b>		
<b>16,320</b>			<b>Closing General Fund and HRA Balance at 31 March</b>	<b>11,019</b>		

# Adjustments between Funding and Accounting Basis

Adjustments from General Fund to arrive at the Comprehensive Income and Expenditure Statement amounts	Adjustments for Capital Purposes £'000	Net change for Pensions Adjustments £'000	Other Statutory Adjustments £'000	Total Adjustments £'000
<b><u>2021/22</u></b>				
Housing	0	(50)	0	(50)
Environment	896	(690)	0	206
Business Growth	264	(236)	0	28
Community Safety	728	(194)	0	534
Health	392	(10)	0	382
Revenues, Benefits & Customer Services	0	(251)	0	(251)
Resources	2,077	2,232	0	4,309
ICT & Business Transformation	201	(72)	0	129
Local Authority Housing (HRA)	(18,610)	(729)	0	(19,339)
<b>Net Cost of Services</b>	<b>(14,052)</b>	<b>0</b>	<b>0</b>	<b>(14,052)</b>
Other income and expenditure from the Expenditure and Funding Analysis	(930)	4,645	(5,008)	(1,293)
<b>Difference between General Fund surplus or deficit and Comprehensive Income and Expenditure Statement Surplus or Deficit on the Provision of Services</b>	<b>(14,982)</b>	<b>4,645</b>	<b>(5,008)</b>	<b>(15,345)</b>
<b><u>2022/23</u></b>				
Housing	0	(54)	0	(54)
Environment	717	(827)	0	(110)
Business Growth	505	(303)	0	202
Community Safety	801	(211)	0	590
Health	145	(21)	0	124
Revenues, Benefits & Customer Services	0	(266)	0	(266)
Resources	1,620	2,553	0	4,173
ICT & Business Transformation	210	(78)	0	132
Local Authority Housing (HRA)	(11,548)	(793)	0	(12,341)
<b>Net Cost of Services</b>	<b>(7,550)</b>	<b>0</b>	<b>0</b>	<b>(7,550)</b>
Other income and expenditure from the Expenditure and Funding Analysis	(5,760)	4,934	(2,925)	(3,751)
<b>Difference between General Fund surplus or deficit and Comprehensive Income and Expenditure Statement Surplus or Deficit on the Provision of Services</b>	<b>(13,310)</b>	<b>4,934</b>	<b>(2,925)</b>	<b>(11,301)</b>

## 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 - adjusts 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 i.e. 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.

## Net Change for Pension 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.

## Other Statutory Adjustments

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.



## 9. Expenditure and Income Analysed by Nature

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

2021/22 £'000		2022/23 £'000
	<b>Expenditure</b>	
17,628	Employee Benefits Expenses	19,244
441	Expenditure on Joint Associates	443
28,249	Other Services Expenses	30,464
(14,053)	Depreciation, Amortisation & Impairment	(7,550)
2,853	Interest Payments	2,980
913	Precepts and Levies	938
417	Payments to Housing Capital Receipts Pool	0
7,148	(Gain)/Loss on the Disposal of Assets	4,462
1,447	Pensions Interest Cost	1,597
(298)	(Gain)/Loss on Revaluation of Financial Instruments	673
<b>44,745</b>	<b>Total Expenditure</b>	<b>53,251</b>
	<b>Income</b>	
(25,921)	Fees, Charges and Other Service Income	(28,678)
(334)	Income on Joint Associates	(347)
(248)	Interest and Investment Income	(693)
(11,814)	Income from Council Tax & Non Domestic Rates	(11,550)
(17,065)	Government Grants & Contributions	(17,983)
<b>(55,382)</b>	<b>Total Income</b>	<b>(59,251)</b>
<b>(10,637)</b>	<b>Surplus or Deficit on Provision on Services</b>	<b>(6,000)</b>

## 10. 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 authority in the year, in accordance with proper accounting practice, to the resources that are specified by statutory provisions as being available to the authority 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 the authority are required to be paid and out of which all liabilities of the authority are to be met, 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. 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.

**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 available to be applied for these purposes at the year end.

**Major Repairs Reserve**

The Council is required to maintain a Major Repairs Reserve. Depreciation charges made to the HRA are matched with accompanying credits to the Major Repairs Reserve. These are then used to assist in the financing of HRA capital expenditure.

**Capital Grants Unapplied**

The Capital Grants Unapplied Account (Reserve) holds the grants and contributions received towards capital projects for which the Council has not yet 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.

**Bramcote Bereavement Services**

The Bramcote Bereavement Services Account holds a 50% share of the balance relating to the Bramcote Bereavement Services Joint Committee, the other 50% being held by Erewash Borough Council. The Joint Committee is a separate entity but is regarded by the Council as a jointly controlled operation such that a 50% share of the accounts has been incorporated into those of this Council. The balance on the account is 50% of the available resources of the Joint Committee at the financial year end but the use is restricted to that approved by the Joint Committee.

<b>2022/23</b>	<b>Usable Reserves</b>					
	<b>General Fund Balance</b>	<b>Housing Revenue Account</b>	<b>Capital Receipts Reserve</b>	<b>Major Repairs Reserve</b>	<b>Capital Grants Unapplied</b>	<b>Bramcote Bereavement Services</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>Adjustments to the Revenue Resources</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 statutory requirements:						
Pension costs (transferred to (or from) the Pensions Reserve)	(3,475)	(1,411)	0	0	0	(48)
Financial Instruments (transferred to the Financial Instruments Adjustment Account)	32	0	0	0	0	0
Financial Instruments (transferred to the Pooled Fund Adjustment Account)	(674)	0	0	0	0	0
Council Tax and NDR (transfers to (or from) Collection Fund Adjustment Account)	3,567	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 the Capital Adjustment Account)	(1,372)	12,325	0	0	0	(41)
<b>Total Adjustments to Revenue Resources</b>	<b>(1,922)</b>	<b>10,914</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(89)</b>
<b>Adjustments between Revenue and Capital Resources</b>						
Transfer of non current asset sale proceeds from revenue to the Capital Receipts Reserve	2,173	2,017	(4,190)	0	0	0
Payments to the government housing receipts pool (funded by a transfer from the Capital Receipts Reserve)	0	0	0	0	0	0
Posting of HRA resources from revenue to the Major Repairs Reserve	0	(4,763)	0	4,763	0	0
Statutory provision for the repayment of debt (transfer from the Capital Adjustment Account)	1,146	0	0	0	0	0
Capital expenditure financed from revenue balances (transfer to the Capital Adjustment Account)	0	1,786	0	0	0	39
<b>Total Adjustments between Revenue and Capital Resources</b>	<b>3,319</b>	<b>(960)</b>	<b>(4,190)</b>	<b>4,763</b>	<b>0</b>	<b>39</b>
<b>Adjustments to Capital Resources</b>						
Use of the Capital Receipts Reserve to finance capital expenditure	0	0	828	0	0	0
Use of the Major Repairs Reserve to finance capital expenditure	0	0	0	(4,763)	0	0
Application of capital grants to finance capital expenditure	0	0	0	0	0	0
Cash payments in relation to deferred capital receipts	0	0	0	0	0	0
<b>Total Adjustments between Revenue and Capital Resources</b>	<b>0</b>	<b>0</b>	<b>828</b>	<b>(4,763)</b>	<b>0</b>	<b>0</b>
<b>Total Adjustments</b>	<b>1,397</b>	<b>9,954</b>	<b>(3,362)</b>	<b>0</b>	<b>0</b>	<b>(50)</b>

<b>2021/22</b>	<b>Usable Reserves</b>					
	<b>General Fund Balance</b>	<b>Housing Revenue Account</b>	<b>Capital Receipts Reserve</b>	<b>Major Repairs Reserve</b>	<b>Capital Grants Unapplied</b>	<b>Bramcote Bereavement Services</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>Adjustments to the Revenue Resources</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 statutory requirements:						
Pension costs (transferred to (or from) the Pensions Reserve)	(3,291)	(1,302)	0	0	0	(52)
Financial Instruments (transferred to the Financial Instruments Adjustment Account)	34	0	0	0	0	0
Financial Instruments (transferred to the Pooled Fund Adjustment Account)	298	0	0	0	0	0
Council Tax and NDR (transfers to (or from) Collection Fund Adjustment Account)	4,676	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 the Capital Adjustment Account)	(3,598)	9,136	0	0	0	(42)
<b>Total Adjustments to Revenue Resources</b>	<b>(1,881)</b>	<b>7,834</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(94)</b>
<b>Adjustments between Revenue and Capital Resources</b>						
Transfer of non current asset sale proceeds from revenue to the Capital Receipts Reserve	63	2,264	(2,327)	0	0	0
Payments to the government housing receipts pool (funded by a transfer from the Capital Receipts Reserve)	(417)	0	417	0	0	0
Posting of HRA resources from revenue to the Major Repairs Reserve	0	4,347	0	(4,347)	0	0
Statutory provision for the repayment of debt (transfer from the Capital Adjustment Account)	1,125					
Capital expenditure financed from revenue balances (transfer to the Capital Adjustment Account)	19	2,069	0	0	0	16
<b>Total Adjustments between Revenue and Capital Resources</b>	<b>790</b>	<b>8,680</b>	<b>(1,910)</b>	<b>(4,347)</b>	<b>0</b>	<b>16</b>
<b>Adjustments to Capital Resources</b>						
Use of the Capital Receipts Reserve to finance capital expenditure	0	0	1,199	0	0	0
Use of the Major Repairs Reserve to finance capital expenditure	0	0	0	4,347	0	0
Application of capital grants to finance capital expenditure	0	0	0	0	0	0
Cash payments in relation to deferred capital receipts	0	0	0	0	0	0
<b>Total Adjustments between Revenue and Capital Resources</b>	<b>0</b>	<b>0</b>	<b>1,199</b>	<b>4,347</b>	<b>0</b>	<b>0</b>
<b>Total Adjustments</b>	<b>(1,091)</b>	<b>16,514</b>	<b>(711)</b>	<b>0</b>	<b>0</b>	<b>(78)</b>

## 11. Transfer to/from Earmarked Reserves

This note sets out the amounts set aside from the General Fund and Housing Revenue Account (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.

	Balance at 31 March 2021 Carried Forward £'000	Transfers Out 2021/22 £'000	Transfers In 2021/22 £'000	Balance at 31 March 2022 £'000	Transfers Out 2022/23 £'000	Transfers In 2022/23 £'000	Balance at 31 March 2023 Carried Forward £'000
<b>General Fund:</b>							
Elections Reserve	(171)	0	(30)	(201)	0	(30)	(231)
Homelessness Grant Initiatives	(142)	0	(69)	(211)	31	0	(180)
Stapleford Town Fund Reserve	(72)	0	0	(72)	0	(592)	(664)
Planning Reserve	(17)	0	(14)	(31)	0	0	(31)
Noise Monitoring Equipment Replacement	(15)	0	0	(15)	0	0	(15)
Council Tax Equalisation	(66)	0	0	(66)	0	0	(66)
NDR Equalisation	(7,345)	4,369	0	(2,976)	2,976	0	0
Shared Prosperity Fund	0	0	0	0	0	(174)	(174)
Other small balances	(11)	0	0	(11)	0	(1)	(12)
<b>Total</b>	<b>(7,839)</b>	<b>4,369</b>	<b>(113)</b>	<b>(3,583)</b>	<b>3,007</b>	<b>(797)</b>	<b>(1,373)</b>

Apart from a small amount held on a charities account within "Other small balances", all of the above reserves shown under the General Fund can be used to fund any General Fund expenditure. The prime intent of each of the reserves is given below:

- Elections Reserve - Yearly amounts are paid into the reserve in order to spread out the high costs of council elections when they occur once every four years. Grant monies received from the government in respect of the Individual Electoral registration initiative are also transferred to the reserve. It is intended these monies will contribute towards the costs associated with running individual registration.
- Homelessness Grant Initiatives - This earmarked reserve represents funding received from the Government in respect of Flexible Homelessness Grant and New Burdens Funding Grant. This reserve is to fund specific initiatives to prevent and manage homelessness within the Borough.
- Stapleford Town Fund Reserve - This reserve was created from an allocation of the General Fund to contribute to the drawing up of a bid to apply for funding from the Government's Town Funds initiative. The purpose of this is to regenerate town centres, boost businesses and improve infrastructure.
- Planning Reserve - This reserve was created from grant monies from the government in relation to Custom Build grant and Brownfield Sites grant. It is intended these monies will contribute towards the costs associated with setting up and maintaining the custom/self-build properties and brownfield sites registers.

- Noise Monitoring Equipment Replacement - It is intended that there will be an annual contribution from unspent budget which will fund the required expenditure to replace or upgrade the equipment every 2/3 years.
- Council Tax Equalisation - Government funding was provided to local authorities to help offset the reduction in council tax received from taxpayers as a result of the Covid-19 pandemic. A proportion of this funding has been set aside to offset the continued deficit in future years.
- NDR Equalisation - Government funding was provided to local authorities to help offset the reduction in NDR received from ratepayers as a result of the Covid-19 pandemic. A proportion of this funding has been set aside to offset the continued deficit in future years. The reserve was fully utilised in 2022/23.
- Shared Prosperity Fund – This is part of the government's levelling up agenda and is funding provided by central government for local investment which includes supporting Local Businesses, Communities and People and Skills. Grants are available for individuals/businesses within each of these three areas. The SPF runs from April 2022 to March 2025. Monies received in 2022/23 have been set aside to fund grant expenditure in future years
- Other small balances. This relates to a small balance held on a charities account.

## 12. Other Operating Expenditure

2021/22 £'000		2022/23 £'000
913	Parish Council Precepts	938
417	Payments to the Government Housing Capital Receipts Pool	0
0	Donated Asset	(156)
7,148	Gains/losses on the disposal of non-current assets	4,618
<b>8,478</b>	<b>Total</b>	<b>5,400</b>

## 13. Financing and Investment Income and Expenditure

2021/22 £'000		2022/23 £'000
2,853	Interest payable and similar charges	2,980
1,447	Net interest on the net defined benefit liability/(asset)	1,597
(248)	Interest receivable and similar income	(693)
(298)	Gains/losses on revaluation of financial instruments	673
<b>3,754</b>	<b>Total</b>	<b>4,557</b>

## 14. Taxation and Non Specific Grant Income

<b>2021/22 £'000</b>		<b>2022/23 £'000</b>
(6,791)	Council tax income	(7,045)
(5,023)	Non-Domestic Rates (NDR)	(4,505)
(123)	Lower Tier Services Grant and Services Grant	(332)
(959)	Capital grants and contributions	(2,528)
<b>(12,896)</b>	<b>Total</b>	<b>(14,410)</b>

## 15. Property, Plant and Equipment

Movements in 2022/23	Council Dwellings £'000	Other Land and Buildings £'000	Vehicles, Plant, Furniture & Equipment £'000	Community Assets £'000	Surplus Assets £'000	Assets Under Construction £'000	Total Property, Plant & Equipment £'000
<b>Cost or Valuation:</b>							
At 1 April 2022	212,354	32,923	5,650	312	19	424	251,682
Additions	8,620	1,477	1,097	0	0	1,400	12,594
Revaluation increases/ (decreases) recognised in the Revaluation Reserve	0	667	0	0	0	0	667
Revaluation increases/ (decreases) recognised in the Surplus/Deficit on the Provision of Services	11,819	158	0	0	0	0	11,977
Derecognition – Disposals	(8,749)	(59)	0	0	0	0	(8,808)
Derecognition – Other	(10)	(1,694)	(32)	0	0	0	(1,736)
Assets reclassified (to)/from Held for Sale	0	0	0	0	0	0	0
Other movements in Cost or Valuation	0	0	0	0	0	0	0
<b>At 31 March 2023</b>	<b>224,034</b>	<b>33,472</b>	<b>6,715</b>	<b>312</b>	<b>19</b>	<b>1,824</b>	<b>266,376</b>
<b>Accumulated Depreciation and Impairment:</b>							
At 1 April 2022	0	(1,322)	(3,168)	(65)	0	0	(4,555)
Depreciation charge	(4,595)	(505)	(842)	0	0	0	(5,942)
Depreciation written out		218		0	0	0	218
Derecognition – Disposals	0	0	0	0	0	0	0
Derecognition – Other	0	(1)	0	0	0	0	(1)
Assets reclassified (to)/from Held for Sale	0	0	0	0	0	0	0
Other movements in Depreciation and Impairment	4,595	0	0	0	0	0	4,595
<b>At 31 March 2023</b>	<b>0</b>	<b>(1,610)</b>	<b>(4,010)</b>	<b>(65)</b>	<b>0</b>	<b>0</b>	<b>(5,685)</b>
<b>Net Book Value:</b>							
<b>At 31 March 2023</b>	<b>224,034</b>	<b>31,862</b>	<b>2,705</b>	<b>247</b>	<b>19</b>	<b>1,824</b>	<b>260,691</b>
<b>At 31 March 2022</b>	<b>212,354</b>	<b>31,601</b>	<b>2,482</b>	<b>247</b>	<b>19</b>	<b>424</b>	<b>247,127</b>



<b>Movements in 2021/22</b>	<b>Council Dwellings £'000</b>	<b>Other Land and Buildings £'000</b>	<b>Vehicles, Plant, Furniture &amp; Equipment £'000</b>	<b>Community Assets £'000</b>	<b>Surplus Assets £'000</b>	<b>Assets Under Construction £'000</b>	<b>Total Property, Plant &amp; Equipment £'000</b>
<b>Cost or Valuation:</b>							
At 1 April 2022	193,939	30,905	4,591	312	19	74	229,840
Additions	9,479	10	1,059	0	0	424	10,972
Revaluation increases/ (decreases) recognised in the Revaluation Reserve	(337)	2,246	0	0	0	0	1,909
Revaluation increases/ (decreases) recognised in the Surplus/Deficit on the Provision of Services	18,882	160	0	0	0	0	19,042
Derecognition – Disposals	(9,474)		0	0	0	0	(9,474)
Derecognition – Other		(398)	0	0	0	(74)	(472)
Assets reclassified (to)/from Held for Sale	0	0	0	0	0	0	0
Other movements in Cost or Valuation	(135)	0	0	0	0	0	(135)
<b>At 31 March 2022</b>	<b>212,354</b>	<b>32,923</b>	<b>5,650</b>	<b>312</b>	<b>19</b>	<b>424</b>	<b>251,682</b>
<b>Accumulated Depreciation and Impairment:</b>							
At 1 April 2022	0	(1,197)	(2,343)	(65)	0	0	(3,605)
Depreciation charge	(4,213)	(524)	(825)	0	0	0	(5,562)
Depreciation written out		399		0	0	0	399
Derecognition – Disposals	0	0	0	0	0	0	0
Derecognition – Other	0	0	0	0	0	0	0
Assets reclassified (to)/from Held for Sale	0	0	0	0	0	0	0
Other movements in Depreciation and Impairment	4,213	0	0	0	0	0	4,213
<b>At 31 March 2022</b>	<b>0</b>	<b>(1,322)</b>	<b>(3,168)</b>	<b>(65)</b>	<b>0</b>	<b>0</b>	<b>(4,555)</b>
<b>Net Book Value:</b>							
<b>At 31 March 2022</b>	<b>212,354</b>	<b>31,601</b>	<b>2,482</b>	<b>247</b>	<b>19</b>	<b>424</b>	<b>247,127</b>
<b>At 31 March 2021</b>	<b>193,939</b>	<b>29,708</b>	<b>2,248</b>	<b>247</b>	<b>19</b>	<b>74</b>	<b>226,235</b>

### Capital Commitments

At 31 March 2023, the Council has entered into a number of significant contracts for the construction or enhancement of property, plant and equipment in 2022/23 and future years budgeted to cost £18.312m. Similar commitments at 31 March 2022 were also £12.584m. The major commitments at 31 March 2023 are:

	£'000
Housing Modernisation Programme	6,360
Heating Replacements/Energy Efficiency Works	4,120
Aids and Adaptations	1,240
External Pre-Paint Repairs & Redecoration Programme	1166
Electrical Periodic Improvement Works	1272
Fire Safety Assessment and Remedial Work	1,113
Window and Door Replacement	954
Garage Refurbishment	732
External Works- Paths Pavings & Hard Standings	572
Structural Remedial Repairs	465
Asbestos Surveys and Remedial Works	318

### Effects of Changes in Estimates

There have been no changes in estimated asset life or residual asset values in 2022/23 that would have a material effect.

### Revaluations and other changes

The authority 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, although material changes to asset valuations will be adjusted as they occur. General Fund properties were valued by external valuers Innes England and Musson Liggins. HRA Dwellings were valued by J. Beaumont BSc MRICS, Registered Valuer (employed the Council) in accordance with the methodologies and bases for estimation set out in the professional standards of the Royal Institution of Chartered Surveyors (RICS).

Bramcote Quarry was last revalued at 31 March 2004. The site is currently leased to a contractor and should have been returned to the Council. However, the contractor has encountered delays in restoring the site to an acceptable condition and the site has not yet been formally handed back to the Council. The site will be revalued once it has been returned to the Council. The asset is shown in the balance sheet with a value of £0.024m as at 31 March 2023.

The valuation of council dwellings at 31 March 2023 resulted in a net revaluation gain of £16.332m. A revaluation gain for HRA Dwellings of £16.332m is included under Other Comprehensive Income and Expenditure in the Comprehensive Income and Expenditure Statement. This was matched by a credit of £16.332m to the Capital Adjustment Account to partly offset impairment losses in previous years. A debit of £0.082m has been posted to the Revaluation Reserve for the decrease in value of the HRA Garages.

The valuation figures incorporated in the accounts are the aggregate of separate valuations of parts of the portfolio, not a valuation of the portfolio valued as a whole. Valuations of vehicles, plant, furniture and equipment are based on current prices where there is an active second hand market or latest list prices adjusted for the condition of the asset.

The significant assumptions applied in estimating the fair values based upon the type of property are:

- Market Value – Non-operational property (investment, surplus and development property) (where applicable)
- Existing Use Value – Operational non specialised property
- Depreciated Replacement Cost – Operational specialised property
- Existing Use Value (Social Housing) – Council housing stock

	<b>Council Dwellings</b>	<b>Other Land and Buildings</b>	<b>Vehicles, Plant, Furniture &amp; Equipment</b>	<b>Infrastructure Assets</b>	<b>Community Assets</b>	<b>Surplus Assets</b>	<b>Assets Under Construction</b>	<b>Total</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Carried at historical cost	0	449	2,705	3,225	247	19	1,824	<b>8,469</b>
Valued at fair values as at:								
31 March 2023	224,034	13,844	0	0	0	0	0	<b>237,878</b>
31 March 2022	0	11,165	0	0	0	0	0	<b>11,165</b>
31 March 2021	0	625	0	0	0	0	0	<b>625</b>
31 March 2020	0	2,700	0	0	0	0	0	<b>2,700</b>
31 March 2019	0	1,838	0	0	0	0	0	<b>1,838</b>
31 March 2018	0	77	0	0	0	0	0	<b>77</b>
31 March 2017	0	1,164	0	0	0	0	0	<b>1,164</b>
<b>Total Cost or Valuation</b>	<b>224,034</b>	<b>31,862</b>	<b>2,705</b>	<b>3,225</b>	<b>247</b>	<b>19</b>	<b>1,824</b>	<b>263,916</b>

At its meeting on 16 January 2020 the Bramcote Crematorium Joint Committee declared a parcel of land adjacent to the crematorium to be surplus to requirements. The terms of the sale are still being discussed with a potential buyer and therefore this asset is still held as Surplus in the accounts.

### Infrastructure Assets

In accordance with the temporary relief offered by the update to the Code on infrastructure assets this note does not include disclosure of gross cost and accumulated depreciation for infrastructure assets because historical reporting practices and resultant information deficits mean that this would not faithfully represent the asset position to the users of the financial statements.

The authority has chosen not to disclose this information as the previously reported practices and resultant information deficits mean that gross cost and accumulated depreciation are not measured accurately and would not provide the basis for the users of the financial statements to take economic or other decisions relating to infrastructure assets.

	2021/22 £'000	2022/23 £'000
<b>Cost or Valuation</b>		
At 1 April 2022	4,834	4,834
Additions	0	68
At 31 March 2023	4,834	4,902
<b>Accumulated Depreciation and Impairment</b>		
At 1 April 2022	(1,435)	(1,556)
Depreciation charge	(121)	(121)
At 31 March 2023	(1,556)	(1,677)
<b>Net Book Value</b>		
<b>At 31 March</b>	<b>3,278</b>	<b>3,225</b>
<b>At 1 April</b>	<b>3,399</b>	<b>3,278</b>

## 16. Heritage Assets

### DH Lawrence Birthplace Museum

This asset is a Victorian building in Eastwood that was the birthplace of the author DH Lawrence in 1885. The museum allows visitors to learn about his family life and how growing up in a mining community was to shape his future years through the display of furniture and other artefacts including some of DH Lawrence's water colour paintings and personal items. The asset is held for its historical and artistic significance and to promote knowledge and culture.

The Museum building was last revalued as at 31 March 2022 in accordance with the Council's policies for a five-year revaluation cycle of such buildings. Although the Code of Practice indicates that depreciation does not need to be charged on such assets, this is a building which requires maintenance and repair as with other council properties and it is therefore felt to be appropriate to charge depreciation in the same way.

### DH Lawrence Museum Collection

In 2022/23 the Council's Culture offer was transferred back to the Council from Liberty Leisure LTD. Included in this was the transfer of the D.H Lawrence museum collection. Given their historic and artistic value this collection was deemed to be making a strong contribution towards knowledge and culture and was therefore classified as Heritage assets. The collection is made up of 129 pieces including art, ornaments, and other objects of artistic, historic, and cultural value. Details as to the value of the collection can be found in Note 15 (Heritage Assets - Additions). As the Council received these assets with no consideration paid and with no conditions attached they were treated as donated assets, without conditions, for the purpose of the 2022/23 accounts.

### Painting

The painting by Dr Ala Bashir was donated to the Council free of charge in 2008. A revised valuation of the painting was received from Dr Bashir on 14 August 2013 and this was used again to revalue the painting at 31 March 2017 based upon the exchange rate at that date. In

2022/23 a revaluation was received from the Museums Officer at the D.H Lawrence museum (employed by the Council). This revaluation is in compliance with The CIPFA Code 2022/23 which states "Valuations may be made by any method that is appropriate and relevant. There is no requirement for valuations to be carried out or verified by external valuers, nor is there any prescribed minimum period between valuations." as it is deemed that the opinion of an experienced Museums Officer, who has a strong knowledge of this piece and similar pieces, is appropriate and relevant. No depreciation is charged on the painting. There are no specific conditions attached to this donation. This asset has artistic content and could be considered to be making a strong contribution towards knowledge and culture.

## 17. Financial Instruments

### Categories of financial instruments

A financial asset is a right to future economic benefits controlled by the Council. The financial assets held by the Council during the year are accounted for under the following classifications:

- Amortised cost (where cash flows are solely payments of principal and interest and the Council's model is to collect those cash flows) comprising:
  - cash in hand
  - bank current and deposit accounts
  - trade receivables for goods and services provided
  - short term investments with other local authorities
- Fair value through profit and loss (all other financial assets) comprising:
  - money market funds managed by Northern Trust International Fund Administration Services, Royal London Investment Management, Federated Investors (UK) LLP and Aberdeen Global Services S.A.
  - property funds managed by CCLA Fund Managers Ltd held as strategic investments

A financial liability is an obligation to transfer economic benefits controlled by the Council. All of the Council's financial liabilities held during the year are measured at amortised cost and comprised:

- long term loan with Barclays Bank plc
- long term loans from the Public Works Loan Board (PWLb)
- short term loans from other local authorities
- short term loan from Bramcote Crematorium Joint Committee

The following categories of financial instruments are carried in the Balance Sheet:

	Long Term		Current	
	2021/22 £'000	2022/23 £'000	2021/22 £'000	2022/23 £'000
<b>Investments</b>				
Amortised cost	0	0	735	271
Fair value through profit or loss	6,309	5,657	13,696	6,566
<b>Total Investments</b>	6,309	5,657	14,431	6,837
<b>Debtors</b>				
Amortised cost	67	84	1,047	2,037
<b>Total included in Debtors</b>	67	84	1,047	2,037
<b>Borrowings</b>				
Amortised cost	(85,837)	(80,441)	(9,787)	(7,656)
<b>Total Borrowings</b>	(85,837)	(80,441)	(9,787)	(7,656)
<b>Creditors</b>				
Amortised cost	0	0	(12,037)	(2,807)
<b>Total included in Creditors</b>	0	0	(12,037)	(2,807)

Total investments shown in the table above consist of short term investments and cash and cash equivalents as shown in the balance sheet.

Short term debtors as shown on the balance sheet include £3.795m debtors (£8.526m 2021/22) which do not meet the definition of a financial asset as they relate to non-exchange transactions.

Short term creditors as shown on the balance sheet includes £9.454m (£3.535m 2021/22) that does not meet the definition of a financial liability as they relate to non-exchange transactions.

Where loans are advanced at below market rates they are classed as 'soft loans'. The Council had soft loans to employees at less than market rates for the purchase of motor vehicles which totalled £0.091m at 31 March 2023 (£0.068m at 31 March 2022) and which are included under debtors in the table above. These should be correctly shown in the Balance Sheet at fair value. However, the value of these loans is not considered to be material. Accordingly, the value as shown in the Balance Sheet represents the value of any loans made less any repayments that have been received.

The following table reflects the composition of investments and debt as recorded on the Balance Sheet:

	Long Term		Current	
	2021/22 £'000	2022/23 £'000	2021/22 £'000	2022/23 £'000
<b>Borrowing</b>				
Nominal Amount	(85,644)	(80,230)	(9,785)	(7,629)
Accrued Interest	(193)	(211)	(2)	(27)
<b>Total Borrowings as per Balance Sheet</b>	<b>(85,837)</b>	<b>(80,441)</b>	<b>(9,787)</b>	<b>(7,656)</b>
<b>Investments</b>				
Nominal Amount	6,276	5,618	14,425	6,808
Accrued Interest	33	39	6	29
<b>Total Investments as per Balance Sheet</b>	<b>6,309</b>	<b>5,657</b>	<b>14,431</b>	<b>6,837</b>

The portion of long-term liabilities and investments due to be settled within 12 months of the Balance Sheet date are presented in the Balance Sheet under 'current liabilities' or 'current assets'. Investments placed in accounts "on call" are included within 'cash and cash equivalents' and are reflected in the table above. This also includes accrued interest for long term investments and borrowings as well as accrued interest for cash and cash equivalents. Cash in transit or at bank is included in investments in the tables above. Any bank overdrafts are included within borrowing in the tables above.

### Income, Expense, Gains and Losses

The gains and losses recognised in the Comprehensive Income and Expenditure Statement in relation to financial instruments consist of the following:

31 March 2022 £'000		31 March 2023 £'000
	<b>Net gains/losses on:</b>	
0	Financial assets measured at amortised cost	0
(298)	Financial assets measured at fair value through profit or loss	673
0	Financial liabilities measured at amortised cost	0
<b>(298)</b>	<b>Total net gains/losses</b>	<b>673</b>
	<b>Interest and investment income</b>	
(1)	Financial assets measured at amortised cost	(108)
(221)	Financial assets measured at fair value through profit or loss	(547)
(26)	Other interest received	(38)
<b>(248)</b>	<b>Total interest and investment income</b>	<b>(693)</b>
	<b>Interest payable</b>	
2,853	Financial liabilities measured at amortised cost	2,980
<b>2,853</b>	<b>Total interest payable</b>	<b>2,980</b>

## Financial Instruments - Fair Values

Financial instruments, except those classified at amortised cost, are carried on the balance sheet at fair value. The fair value of a financial instrument is the price that would be received or paid to another market participant in an arm's length transaction. For the Council's investments in money market funds and other pooled funds the fair value is taken from the market price.

Financial instruments classified at amortised cost are carried in the balance sheet at amortised cost. Their fair values 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 following assumptions:

- estimated ranges of interest rates at 31 March 2023 of 4.66% to 5.28% for loans from the PWLB and 4.75% for other loans receivable and payable, based on new lending rates for equivalent loans at that date
- no early repayment or impairment is recognised
- where an instrument will mature in the next 12 months, the carrying amount is assumed to approximate to fair value
- the fair value of trade and other receivables is taken to be the invoiced or billed amount

Fair values are shown in the table below, split by their level in the fair value hierarchy:

- Level 1- fair value is only derived from quoted prices in active markets for identical assets or liabilities
- Level 2 – fair value is calculated from inputs other than quoted process that are observable for the asset or liability
- Level 3 – fair value is determined using unobservable inputs



## Fair values of assets:

Balance Sheet 31 Mar 22 £'000	Fair Value 31 Mar 22 £'000		Fair Value Level	Balance Sheet 31 Mar 23 £'000	Fair Value 31 Mar 23 £'000
		<b>Financial assets held at fair value:</b>			
13,696	13,696	Money market funds	1	6,566	6,566
6,309	6,309	Property funds	1	5,657	5,657
		<b>Financial assets held at amortised cost:</b>			
0	0	Loans with other local authorities		0	0
735	735	Bank deposits	2	271	271
68	68	Car loans		84	84
1,046	1,046	Trade Receivables		2,037	2,037
21,854	21,854	<b>Total</b>		14,615	14,615
8,526		Assets for which fair value is not disclosed		3,795	
30,380	21,854	<b>Total Financial Assets</b>		18,410	14,615
		<b>Recorded on balance sheet as:</b>			
6,309		Long term investments		5,657	
67		Long term debtors		84	
0		Short term investments		0	
9,573		Short term debtors		5,832	
14,431		Cash and cash equivalents		6,837	
<b>30,380</b>		<b>Total Financial Assets</b>		<b>18,410</b>	

The fair value of short term financial assets held at amortised cost, including trade receivables, is assumed to approximate to the carrying amount on the balance sheet.

Fair value of liabilities:

Balance Sheet 31 Mar 22 £'000	Fair Value 31 Mar 22 £'000		Fair Value Level	Balance Sheet 31 Mar 23 £'000	Fair Value 31 Mar 23 £'000
		<b>Financial liabilities held at amortised cost:</b>			
(82,818)	(85,452)	Long term loans from PWLB	2	(77,422)	(69,254)
(3,019)	(4,283)	Other long term loans	2	(3,019)	(2,699)
(5,001)	(5,001)	Short term loans with other local authorities		0	0
(4,514)	(4,514)	Short Term loans from PWLB		(7,441)	(7,332)
(272)	(272)	Other short term loans		(215)	(215)
(12,037)	(12,037)	Short term creditors		(2,807)	(2,807)
(107,661)	(111,559)	Total		(90,904)	(82,307)
(3,478)		Liabilities for which fair value is not disclosed		(9,454)	
<b>(111,139)</b>	<b>(111,559)</b>	<b>Total Financial Liabilities</b>		<b>(100,358)</b>	<b>(82,307)</b>
		<b>Recorded on balance sheet as:</b>			
(9,787)		Short term borrowing		(7,656)	
(15,515)		Short term creditors		(12,261)	
(85,837)		Long term borrowing		(80,441)	
<b>(111,139)</b>		<b>Total Financial Liabilities</b>		<b>(100,358)</b>	

The fair value of short term financial liabilities held at amortised cost, including trade payables is assumed to approximate to the carrying amount on the balance sheet.

The fair value of financial liabilities held at amortised cost is lower than their balance sheet carrying amount because the Council's portfolio of loans includes a number of loans where the interest rate payable is lower than the current rates available for similar loans as at the balance sheet date.

## 18. Debtors

### Short-Term Debtors

2021/22 £'000		2022/23 £'000
3,229	Central government bodies	457
65	Housing benefit overpayments	57
2,967	Other local authorities	2,296
504	HMRC	844
179	Housing rents	80
341	Council tax payers	362
487	Non Domestic Rates payers	179
577	Non Domestic Rates Pool	412
1,224	Other entities and individuals	1,145
<b>9,573</b>	<b>Total</b>	<b>5,832</b>

Short Term Debtors include expected credit losses totalling £1.202m as at 31 March 2023 (£1.195m as at 31 March 2022). Provisions for rent arrears, housing benefit overpayments and sundry debtors are calculated on an annual basis and take into account existing levels of debt and an assessment of expected recovery rates. Provision balances remain high due to the impact of the Covid 19 pandemic.

## 19. Cash and Cash Equivalents

Cash comprises cash on hand and in demand deposits. Cash will also include bank overdrafts that are repayable on demand and that are integral to the authority's cash management. Balances classified as 'Cash Equivalents' fit the definition of being short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

2021/22 £'000		2022/23 £'000
1	Cash in hand	1
733	Bank current accounts	271
11,736	Other Local Authorities	4,619
1,961	Money Market Funds	1,946
<b>14,431</b>	<b>Total</b>	<b>6,837</b>

## 20. Creditors

### Short-Term Creditors

2021/22 £'000		2022/23 £'000
(9,680)	Central Government bodies	(6,058)
(266)	Other local authorities	(1,593)
(132)	Council Tax payers	(180)
(508)	Non Domestic Rates payers	(1,014)
(979)	Non Domestic Rates Pool	(660)
(651)	Housing Rents	(668)
(3,299)	Other entities and individuals	(2,088)
<b>(15,515)</b>	<b>Total</b>	<b>(12,261)</b>

## 21. Provisions

### Long-Term Provisions

	<b>Total £'000</b>
<b>Balance at 31 March 2021 Carried Forward</b>	<b>(640)</b>
Additional provisions made in 2021/22	(280)
Amounts used in 2021/22	258
<b>Balance at 31 March 2022</b>	<b>(662)</b>
Additional provisions made in 2022/23	(461)
Amounts used in 2022/23	236
<b>Balance at 31 March 2023 Carried Forward</b>	<b>(887)</b>

As part of the National Business Rates Retention scheme, the billing authority (Broxtowe Borough Council) is responsible for refunding business ratepayers who successfully appeal against the rateable value of properties on their rating list. 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. The above represents the Council's share of the provision as the total provision is disaggregated as part of the Collection Fund arrangements.

## 22. Usable Reserves

Movements in the authority's usable reserves are detailed in the Movement in Reserves Statement, note 10 and note 11.

## 23. Unusable Reserves

2021/22 £'000		2022/23 £'000
(21,433)	Revaluation Reserve	(21,751)
(119,039)	Capital Adjustment Account	(129,400)
138	Financial Instruments Adjustment Account	106
62,437	Pensions Reserve	3,446
2,942	Collection Fund Adjustment Account	(625)
(237)	Pooled Investment Funds Adjustment Account	437
<b>(75,192)</b>	<b>Total</b>	<b>(147,787)</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 (and intangible assets). 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, or
- disposed of and the gains are realised.

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

	General Fund £'000	Housing Revenue Account £'000	Bramcote Cremat- orium £'000	Total £'000
<b>Balance at 31 March 2021 Carried Forward</b>	<b>(18,827)</b>	<b>(1,022)</b>	<b>(298)</b>	<b>(20,147)</b>
Revaluation Gain 2021/22	(5,170)	0	0	(5,170)
Less:				
Impairment Losses 2021/22	2,819	337	0	3,156
Removal of Gain on Disposed Asset	0	0	0	0
Transfer of Balances to CAA	0	0	0	0
Excess current value over historic cost depreciation	722	0	6	728
<b>Balance at 31 March 2022</b>	<b>(20,456)</b>	<b>(685)</b>	<b>(292)</b>	<b>(21,433)</b>
Revaluation Gain 2022/23	(1,441)	(82)	0	(1,523)
Less:				
Impairment Losses 2022/23	792	0	0	792
Removal of Gain on Disposed Asset	17	0	0	17
Transfer of Balances to CAA	0	0	0	0
Excess current value over historic cost depreciation	389	0	7	396
<b>Balance at 31 March 2023 Carried Forward</b>	<b>(20,699)</b>	<b>(767)</b>	<b>(285)</b>	<b>(21,751)</b>

The excess current value over historic cost depreciation of £722,000 in 2021/22 includes £389,000 for 2021/22 but also includes £177,000 for 2019/20 and £156,000 for 2020/21 as these transactions were erroneously missed in the relevant years and have therefore been applied in 2021/22.

### **Capital Adjustment Account**

The Capital Adjustment Account absorbs the timing differences arising from the different arrangements for accounting 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 subsequent costs as depreciation, impairment losses and amortisations are charged to the Comprehensive Income and Expenditure Statement (with reconciling postings from the Revaluation Reserve to convert fair value figures to a historical cost basis). The account is credited with the amounts set aside by the authority as finance for the costs of acquisition, construction and subsequent costs.

The account contains accumulated gains and losses on investment properties and gains recognised on donated assets that have yet to be consumed by the authority.

The account also contains revaluation gains accumulated on property, plant and equipment before 1 April 2007, the date that the Revaluation Reserve was created to hold such gains.

2021/22 £'000		2022/23 £'000
<b>(104,040)</b>	<b>Balance as at 1 April</b>	<b>(119,039)</b>
	<u>Reversal of items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement</u>	
8,130	Charges for depreciation and impairment of non-current assets	7,696
(23,255)	Revaluation (gains)/losses on Property, Plant and Equipment	(16,491)
134	Amortisation of intangible assets	0
951	Revenue expenditure funded from capital under statute	1,282
9,505	Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	8,652
<b>(4,535)</b>		<b>1,139</b>
(728)	Adjusting amounts written out of the Revaluation Reserve	(413)
<b>(5,263)</b>	<b>Net written out amount of the cost of non-current assets consumed in the year</b>	<b>726</b>
	<u>Capital financing applied in the year:</u>	
(1,199)	Use of the Capital Receipts Reserve to finance new capital expenditure	(828)
(4,347)	Use of the Major Repairs Reserve to finance new capital expenditure	(4,763)
(961)	Capital grants and contributions credited to the Comprehensive Income and Expenditure Statement that have been applied to capital financing	(2,527)
(1,125)	Statutory provision for the financing of capital investment charged against the General Fund, Housing Revenue Account and Bramcote Crematorium balances	(1,146)
(2,104)	Capital expenditure charged against the General Fund, Housing Revenue Account and Bramcote Crematorium balances	(1,823)
<b>(14,999)</b>		<b>(10,361)</b>
<b>(119,039)</b>	<b>Balance as at 31 March</b>	<b>(129,400)</b>

### Financial Instruments Adjustment Account

The Financial Instruments Adjustment Account absorbs the timing differences arising from the different arrangements for accounting for income and expenses relating to certain financial instruments and for bearing losses or benefiting from gains per statutory provisions. The authority 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 the 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 council tax. In the authority's case, this period is the unexpired term that was outstanding on the loans when they were redeemed. As a result, the balance on the account at 31 March 2023 will be charged to the General Fund over the next 4 years.

	<b>General Fund £'000</b>
<b>Balance at 31 March 2021 Carried</b>	<b>172</b>
Charge to balances in 2021/22	(34)
<b>Balance at 31 March 2022</b>	<b>138</b>
Charge to balances in 2022/23	(32)
<b>Balance at 31 March 2023 Carried</b>	<b>106</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 Pensions 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.

<b>2021/22 £'000</b>		<b>2022/23 £'000</b>
<b>73,307</b>	<b>Balance as at 1 April</b>	<b>62,437</b>
(15,515)	Remeasurements of the net defined benefit liability/(asset)	(63,924)
6,564	Reversal of items relating to retirement benefits debited or credited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement	7,019
(1,919)	Employer's pensions contributions and direct payments to pensioners payable in the year	(2,086)
<b>62,437</b>	<b>Balance as at 31 March</b>	<b>3,446</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.



2021/22 £'000		2022/23 £'000
7,618	<b>Balance as at 1 April</b>	2,942
(4,676)	Amount by which council tax and non-domestic rates income credited to the Comprehensive Income and Expenditure Statement is different from council tax and non-domestic rates income calculated for the year in accordance with statutory requirements	(3,567)
2,942	<b>Balance as at 31 March</b>	(625)

### Pooled Investment Funds Adjustment Account

The Pooled Investment Funds Adjustment Account contains the gains made by the authority arising from increases in the value of its investments that have quoted market prices or otherwise do not have fixed or determinable payments and have been classified as fair value through profit/loss. The balance is reduced when investments with accumulated gains are:

- revalued downwards or impaired and the gains are lost
- disposed of and the gains are realised

2021/22 £'000		2022/23 £'000
61	<b>Balance as at 1 April</b>	(237)
(298)	Changes in Fair Value of long and short term investments	674
(237)	<b>Balance as at 31 March</b>	437

## 24. Cash Flow Statement – Operating Activities

The cash flows for operating activities include the following items:

2021/22 £'000		2022/23 £'000
(251)	Interest received	(687)
2,866	Interest paid	2,937

The surplus or deficit on the provision of services has been adjusted for the following non-cash movements:

2021/22 £'000		2022/23 £'000
5,691	Depreciation	6,078
(19,836)	Impairment and revaluations	(14,984)
134	Amortisation	110
2,593	Increase/decrease in creditors	(13,280)
241	Increase/decrease in debtors	270
(65)	Increase/decrease in inventories	18
4,907	Pension liability	5,206
40	Contributions to/from provisions	207
9,475	Carrying amount of non current assets sold	8,808
0	Other non cash items	503
<b>3,180</b>	<b>Total Adjustments</b>	<b>(7,064)</b>

The surplus or deficit on the provision of services has been adjusted for the following items that are investing or financing activities.

2021/22 £'000		2022/23 £'000
(959)	Capital grants credited to surplus or deficit on the provision of services	(2,527)
0	Proceeds from reduction in investments	0
(2,327)	Proceeds from the sale of property, plant and equipment and intangible assets	(4,190)
<b>(3,286)</b>	<b>Total Operating Activities</b>	<b>(6,717)</b>

## 25. Cash Flow Statement – Investing Activities

2021/22 £'000		2022/23 £'000
(14,193)	Purchase of property, plant and equipment, investment property and intangible assets	(12,651)
(328)	Purchase of short-term and long-term investments	0
2,327	Proceeds from the sale of property, plant and equipment, investment property and intangible assets	4,190
2,941	Other receipts from investing activities	9,157
<b>(9,253)</b>	<b>Total Investing Activities</b>	<b>696</b>

## 26. Cash Flow Statement - Financing Activities

2021/22 £'000		2022/23 £'000
18,799	Cash receipts of short- and long-term borrowing	9,470
(24,275)	Repayments of short- and long-term borrowing	(17,040)
7,103	Other payments for financing activities	7,061
<b>1,627</b>	<b>Total Financing Activities</b>	<b>(509)</b>

## 27. Reconciliation of Liabilities arising from Financing Activities

2022/23	1 April £'000	Financing Cash Flows £'000	Non Cash Changes		31 March £'000
			Transfers £'000	Other Non Cash Changes £'000	
Long term borrowings	(85,837)	(2,000)	7,413	(17)	(80,441)
Short term borrowings	(9,787)	9,571	(7,413)	(27)	(7,656)
Lease liabilities	0	0	0	0	0
<b>Total liabilities from financing activities</b>	<b>(95,624)</b>	<b>7,571</b>	<b>0</b>	<b>(44)</b>	<b>(88,097)</b>

2021/22	1 April £'000	Financing Cash Flows £'000	Non Cash Changes		31 March £'000
			Transfers £'000	Other Non Cash Changes £'000	
Long term borrowings	(77,327)	(13,000)	4,515	(25)	(85,837)
Short term borrowings	(23,786)	18,476	(4,515)	38	(9,787)
Lease liabilities	0	0	0	0	0
<b>Total liabilities from financing activities</b>	<b>(101,113)</b>	<b>5,476</b>	<b>0</b>	<b>13</b>	<b>(95,624)</b>

## 28. Members Allowances

The Council paid the following amounts to members of the Council during the year:

2021/22 £'000		2022/23 £'000
277	Salaries (including national insurance)	298
22	Allowances	23
2	Expenses	2
<b>301</b>	<b>Total Members Allowances</b>	<b>323</b>

## 29. Officers Remuneration

The remuneration disclosures for Senior Officers (excluding statutory officers and those responsible for the management of the authority) are as follows:

	Number of employees	
	2021/22	2022/23
£50,000 - £54,999	1	5
£55,000 - £59,999	3	2
£60,000 - £64,999	0	3

The remuneration disclosures for those responsible for the management of the authority are as follows:

<b>Post Title</b>	<b>Salary (Including Fees and Allowances)</b>	<b>Benefit in Kind</b>	<b>Total Remuneration excluding pension contributions</b>	<b>Pension Contributions</b>	<b>Total Remuneration including Pension Contributions 2022/23</b>	<b>Total Remuneration including Pension Contributions 2021/22</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Chief Executive	118,983	0	118,983	21,582	140,565	104,094
Deputy Chief Executive	100,407	0	100,407	18,073	118,480	116,209
Executive Director	89,929	0	89,929	16,187	106,116	101,872
Monitoring Officer	79,900	0	79,900	14,382	94,282	70,578

The numbers of exit packages with total cost per band and total cost of the compulsory and other redundancies are set out in the table below:

Exit packages cost band	No. of compulsory redundancies		No. of other departures agreed (inc voluntary redundancies)		Total number of exit packages		Total cost of exit packages in each band	
	2021/22	2022/23	2021/22	2022/23	2021/22	2022/23	2021/22	2022/23
£0 - £15,000	0	0	3	2	3	2	29,581	9,200
£15,001- £30,000	0	0	3	0	3	0	68,908	0
£30,001- £45,000	0	0	1	0	1	0	33,142	0
£45,001- £60,000	0	0	0	0	0	0	0	0
<b>Total</b>	<b>0</b>	<b>0</b>	<b>7</b>	<b>2</b>	<b>7</b>	<b>2</b>	<b>131,631</b>	<b>9,200</b>

The exit packages for 2022/23 were in respect of employees based in the Chief Executive's Department.

### 30. External Audit Costs

The Authority has incurred the following costs in relation to the audit of the Statement of Accounts:

2021/22 £'000		2022/23 £'000
49	Fees payable with regard to external audit services carried out for the year by Mazars	60
10	Fees payable in respect of grant claim services carried out during the year by KPMG	16
<b>59</b>	<b>Total</b>	<b>76</b>

## 31. Grant Income

The Council credited the following grants, contributions and donations to the Comprehensive Income and Expenditure Statement:

2021/22 £'000		2022/23 £'000
	<b>Credited to Taxation and Non Specific Grant Income</b>	
(11,146)	Non Domestic Rates	(3,863)
(111)	Council Tax	0
(313)	Income Loss Compensation Scheme	0
(134)	Contain and Enforcement Grant	0
(123)	Lower Tier Services Grant	(133)
0	Services Grant	(199)
(142)	Developer Contributions	(118)
(724)	Disabled Facilities Grants	(768)
0	Nottingham Warm Homes on Prescription	(24)
0	Shared Prosperity Fund (Capital)	(23)
0	EV Grant	(5)
0	Pasture Road Recreation Ground	(47)
0	Stapleford Towns Fund	(1,542)
(1)	Efficiency East Midlands Ltd	0
(23)	Notts PCC - Stapleford Place Funding	0
(105)	Levelling Up (Stapleford Town) Funding	0
<b>(12,822)</b>	<b>Total</b>	<b>(6,722)</b>
	<b>Credited to Services</b>	
	Revenues and Benefits Covid Support Grants	
(131)	- New Burdens	0
(34)	- Covid Secure Additional Funding (Local Elections)	0
(519)	- Local Authority Support Grant	0
(52)	- Test and Trace	0
(360)	Homelessness Prevention	(333)
(14,645)	Housing and Council Tax Benefits	(12,771)
(19)	New Homes Bonus Grant	(352)
(120)	Council Tax and Non-Domestic Rates Administration	(113)
(20)	Planning Policy	(10)
0	Bio Diversity Net Gain Grant	(10)
0	Shared Prosperity Funding	(300)
0	Stapleford Towns Fund (Revenue)	(697)
0	Re-opening High Streets Safely	(100)
(83)	Other Grants	(437)
<b>(15,983)</b>	<b>Total</b>	<b>(15,123)</b>

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

2021/22 £'000	Revenue Grants Receipts in Advance	2022/23 £'000
	Covid Grants	
(6)	- Test and Trace	(6)
(34)	- Tier 5	(32)
	- Tier 4	(25)
(18)	- Closed Business Lockdown	0
0	- Tier 3	0
(6)	- Local Restrictions	(9)
(135)	- Small Business	(135)
(6,948)	Council Tax Energy Rebate	(56)
0	Energy Rebate Alternative Scheme	(428)
<b>(7,147)</b>	<b>Total</b>	<b>(691)</b>

2021/22 £'000	Capital Grants Receipts in Advance	2022/23 £'000
(2)	Efficiency East Midlands Ltd	(8)
(25)	Nottingham Pre-Development Fund	(25)
(207)	Developer Contributions – Open Spaces	(385)
(320)	Developer Contributions – Transport Measures	(343)
(1,296)	Developer Contributions - Affordable Housing	(2,832)
(4)	Developer Contributions – Education	51
0	Developer Contributions – Health	(39)
0	Environment Agency – Erewash Valley Trail	(2)
(67)	Growth Point	(67)
(3)	Park Improvements	(3)
(15)	Other	(15)
(671)	Disabled Facilities Grants	(806)
(52)	Stapleford Town Fund	(52)
(54)	FCC Communities Foundation	(54)
0	CCTV Camera Upgrade	(26)
0	Shared Prosperity Fund	(12)
(73)	FCC Dovecote Park	(73)
(436)	Nottingham City - LAD2 Funding	(701)
(1,248)	Stapleford Town Fund	(5,711)
<b>(4,473)</b>	<b>Total</b>	<b>(11,103)</b>

## 32. Related Parties

The Council is required to disclose material transactions with related parties. These are 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 users of the accounts to assess 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 to be assessed.

## Central Government

Central government has significant influence 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 that the Council has with other parties (e.g. council tax bills, housing benefits). Grant receipts outstanding at 31 March 2023 are shown in note 31.

## Members

Members of the Council have direct control over the Council's financial and operating policies and receive an approved allowance for their work. The total of members allowances paid in 2022/23 is shown in note 28. During 2022/23 the Council maintained a register of members' interests together with a record of interests declared at committee and Council meetings. In addition, a specific declaration of any transactions with related parties was required. These records have been reviewed and material transactions with organisations referred to in these records were as follows:

	Receipts £'000	Payments £'000
Broxtowe Youth Homelessness	0	13
Environment Agency	0	2
Hawley and Rodgers Solicitors	1	6
Labour Party	1	0
Middle Street Resource Centre	1	0
Royal Mail	0	5
Stapleford Town Council	6	0
The Helpful Bureau	0	10
Transform Training Ltd	0	3

Where grants were given, they were made with proper consideration of declarations of interest and the relevant Members did not take part in any discussion or decision relating to the grants.

The Register of Members' Interests shows potential financial and other interests, including involvement with voluntary organisations, public authorities and representation on various bodies. A copy of the register of Members' Interests is available on the Council's website and further information can be obtained from Member Services via [committees@broxtowe.gov.uk](mailto:committees@broxtowe.gov.uk) or telephone 0115 917 7777.

## Officers

Employer's pension contributions are paid into the Local Government Pension Scheme that is administered locally by Nottinghamshire County Council. Further details can be found in note 37. As stated in note 17, the Council provides subsidised car loans to officers that meet certain eligibility criteria.

## Liberty Leisure Ltd

Liberty Leisure Ltd is a company limited by guarantee and is wholly owned by Broxtowe Borough Council. The company is overseen by a board of directors which consists of two



Broxtowe Borough Council elected members, two Broxtowe Borough Council officers and the managing director of the company. During the year Liberty Leisure Ltd paid £0.241m to the Council in respect of administration costs and owed them £0.04m at 31 March 2023. The Council paid £0.700m management fees to Liberty Leisure Ltd and owed them £0.010m at 31 March 2023. The consolidated group accounts which include the accounts of Liberty Leisure Ltd are included in this statement on page 112.

### Other Public Bodies

The most significant related party transactions with other public bodies are disclosed elsewhere in the Statement of Accounts, as follows:

- Precepts from other local authorities – Collection Fund Accounts
- Partners in capital projects (contributions) - Notes 31 and 33 to the accounts

Details of significant outstanding debtors and creditors in respect of related parties are included within notes 18 and 20.

## 33. Capital Expenditure and Capital 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 CFR is analysed in the second part of this note.

2021/22 £'000		2022/23 £'000
<b>106,123</b>	<b>Opening Capital Financing Requirement</b>	<b>110,582</b>
	<u>Capital Investment</u>	
13,220	Property, Plant and Equipment	12,612
0	Investment Properties	0
7	Intangible Assets	0
951	Revenue Expenditure Funded from Capital under Statute	1,283
	<u>Sources of Finance</u>	
(1,200)	Capital Receipts	(829)
(959)	Government Grants and Other Contributions	(2,527)
(2,087)	Direct Revenue Contributions	(1,786)
(4,348)	Major Repairs Reserve	(4,763)
(1,125)	Minimum Revenue Provision	(1,146)
<b>110,582</b>	<b>Closing Capital Financing Requirement</b>	<b>113,426</b>
	<u>Explanation of Movements in Year</u>	
0	Increase in Underlying need to borrowing (supported by government financial assistance)	0
4,459	Increase in Underlying need to borrowing (unsupported by government financial assistance)	2,844
<b>4,459</b>	<b>Increase/(decrease) in Capital Financing Requirement</b>	<b>2,844</b>

## 34. Leases

### Authority as Lessee

#### Finance Leases

No assets were acquired under finance leases in 2021/22 or 2022/23. There were no outstanding obligations in respect of finance leases as at 31 March 2022 or 31 March 2023.

#### Operating Leases

Land and Buildings - the Council leases items of land as car parks at Mansfield Road in Eastwood and Technology Drive in Beeston. The leasing arrangements for each being accounted for as operating leases and held under peppercorn.

The potential impact the introduction of IFRS 16 Leases on Broxtowe Borough Council has been considered. The two land assets above have been valued by N. Hawkes BSc MRICS, Registered Valuer (employed by the Council).

The valuations have been made for capital accounting purposes in accordance with International Reporting Standards (IFRS) as applied to the UK public sector and interpreted by current CIPFA Code of Practice for Local Authority Accounting. The valuation is made in accordance with the RICS Global Standards (the 'Red Book') including the International Valuation Standards.

In respect of the car park at Mansfield Road in Eastwood, the Valuer is of the opinion that the liability is £nil in view of the rent payable and that the fair value is £0.065m at 31 March 2023.

In respect of the car park at Technology Drive in Beeston, the Valuer is of the opinion that the liability is £nil in view of the rent payable and that the fair value is £0.035m at 31 March 2023.

### Authority as Lessor

#### Finance Leases

No leases were granted under finance leases in 2021/22 or 2022/23.

The Council held no finance leases as at 31 March 2023.

#### Operating Leases

The Council has granted leases in respect of a range of industrial and office units, shops and land. All are accounted for as operating leases, and all the leases where the Council is the lessor are land and buildings. The Council does not currently lease vehicle, plant or equipment. The future minimum lease payments receivable in future years are:

2021/22 £'000		2022/23 £'000
574	Not later than one year	857
1,995	Later than one year and not later than five years	2,716
5,211	Later than five years	7,489
<b>7,780</b>	<b>Total</b>	<b>11,062</b>

### 35. Impairment Losses

The Estates' Officer's valuation, based on a report from External Valuers, of a number of property assets in line with the rolling 5 year asset valuation programme resulted in upward valuations totalling £1.631m and downward valuations totalling £0.824m. Upward revaluations of £1.441 were charged to the Revaluation Reserve whilst upward revaluations of £0.190m were charged to the Capital Adjustment Account to offset losses on individual assets that arose in previous years. Of the downward valuations, £0.792 were charged to the Revaluation Reserve to offset gains on individual assets that arose in previous years whilst £0.032 were charged to the Capital Adjustment Account.

The Estates Officer revalued the Bramcote Crematorium land and buildings at 31 March 2017 in line with 5 year asset valuation programme. As per the 5 year plan, a revaluation was due at 31 March 2022, however it was deemed that the General fund and HRA revaluations should take priority and given the limited availability of external valuers and internal resources the planned revaluation of the Bramcote Crematorium assets has been postponed until 31 March 2024.

### 36. Termination Benefits

Note 29 contains details of the number of exit packages and total cost per band. No other benefits were paid to an employee as a result of a decision to terminate their employment before.

### 37. Defined Benefit Pension Schemes

#### Participation in Pension Schemes

As part of the terms and conditions of its employees, the Council makes contributions towards the cost of post-employment benefits. Although these benefits will not actually be payable until employees retire, the Council has a commitment to make the payments and disclose them at the time that employees earn their future entitlement.

The Council participates in the Local Government Pension Scheme, administered locally by Nottinghamshire County Council. This is a funded defined benefit final salary scheme, meaning that both the Council and employees pay contributions into a fund, calculated at a level intended to balance the pensions liabilities with investment assets.

Arrangements for the award of discretionary post-retirement benefits upon early retirement is an unfunded defined benefit arrangement under which liabilities are recognised when awards are made. However, there are no investment assets built up to meet these pension liabilities and cash has to be generated to meet actual pension payments as they fall due.

The Local Government Pension Scheme in Nottinghamshire is operated under a regulatory framework and the governance of the scheme is the responsibility of the Pension Fund Committee at Nottinghamshire County Council. Policy is determined in accordance with the Pensions Fund Regulations.

The principal risks to this Council of the scheme are the longevity assumptions, statutory changes to the scheme, structural changes to the scheme (i.e. large scale withdrawals from the scheme), changes to inflation, bond yields and the performance of the equity investments held by the scheme. These are mitigated to a certain extent by the statutory requirements to charge to the General Fund and Housing Revenue Account the amounts required by statute as described in the accounting policies in note 1.

### **Transactions Relating to Post-Employment Benefits**

The cost of retirement benefits is recognised in the reported cost of services within the Comprehensive Income and Expenditure Statement when they are earned by employees rather than when the benefits are eventually paid as pensions. However, the charge that is required to be made against council tax and housing rents is based on the cash payable during the year and therefore the real cost of retirement benefits is reversed out of the General Fund and Housing Revenue Account in the Movement in Reserves Statement. The following transactions have been made in the Comprehensive Income and Expenditure Statement and the Movement in Reserves Statement:

2021/22 £'000		2022/23 £'000
	<b>Comprehensive Income and Expenditure Statement</b>	
	<b>Cost of Services:</b>	
	<u>Service Cost comprising:</u>	
5,057	Service Cost	5,363
60	Administration Expenses	59
	<u>Financing and Investment Income and Expenditure:</u>	0
1,447	Net Interest Expense	1,597
<b>6,564</b>	<b>Total Post Employment Benefits Charged to the Surplus or Deficit on the Provision of Services</b>	<b>7,019</b>
	<b>Other Post Employment Benefits Charged to the Comprehensive Income and Expenditure Statement</b>	
	<u>Remeasurement of the Net Defined Benefit Liability comprising:</u>	
7,610	Return on plan assets (excluding the amount included in the net interest expense)	(5,394)
0	Other actuarial gain/(losses) on assets	(753)
8,363	Changes in financial assumptions	67,741
0	Change in demographic assumptions	10,379
(458)	Experience loss/(gain) on defined benefit obligation	(8,048)
<b>22,079</b>	<b>Total Post Employment Benefits Charged to the Comprehensive Income and Expenditure Statement</b>	<b>70,944</b>
	<b>Movement in Reserves Statement</b>	
(6,564)	Reversal of net charges made to the Surplus or Deficit for the Provision of Services for Post Employment Benefits in accordance with the Code	(7,019)
	<b>Actual amount charged against the General Fund Balance for pensions in the year</b>	
1,919	Employers' contributions payable to the scheme	2,085

### Pension Assets and Liabilities Recognised in the Balance Sheet

The amount included in the Balance Sheet arising from the Council's obligation in respect of its defined benefit plans is as follows:

2021/22 £'000		2022/23 £'000
183,625	Present Value of the Defined Benefit Obligation	119,459
(121,457)	Fair Value of Plan Assets	(116,158)
<b>62,168</b>	<b>Sub-Total</b>	<b>3,301</b>
269	Other Movements in the Liability (Asset)	145
(271)	Payment of Deficit	0
<b>62,166</b>	<b>Net Liability Arising From Defined Benefit Obligation</b>	<b>3,446</b>

**Reconciliation of the Movement in the Fair Value of Scheme Assets**

Opening and closing balances of the fair value of the scheme assets are reconciled as:

<b>2021/22 £'000</b>		<b>2022/23 £'000</b>
<b>113,615</b>	<b>Opening Fair Value of Scheme Assets</b>	<b>121,457</b>
2,253	Interest Income	3,129
	<u>Remeasurement gain/(loss):</u>	0
7,610	The return on plan assets (excluding the amount included in the net interest expense)	(5,394)
0	Other actuarial gains/(losses)	(752)
1,919	Contributions from employer	2,085
656	Contributions from employees into the scheme	732
(4,535)	Estimated Benefits Paid (plus unfunded net of transfers in)	(5,039)
(61)	Administration expenses	(60)
<b>121,457</b>	<b>Closing Fair Value of Scheme Assets</b>	<b>116,158</b>

**Reconciliation of Present Value of the Scheme Liabilities (Defined Benefit Obligation)**

Opening and closing balances of the fair value of the scheme liabilities are reconciled as:

<b>2021/22 £'000</b>		<b>2022/23 £'000</b>
<b>186,922</b>	<b>Opening Balance at 1 April</b>	<b>183,894</b>
5,026	Current Service Cost	5,363
3,700	Interest Cost	4,726
656	Contribution from Scheme Participants	732
(8,363)	Change in Financial Assumptions	(67,740)
0	Change in demographic assumptions	(10,379)
457	Experience loss/(gain) on defined benefit obligation	8,048
0	Liabilities assumed/(extinguished) on settlements	0
31	Past Service Cost (including curtailments)	0
(4,509)	Benefits Paid (net of transfers in)	(5,019)
(26)	Unfunded Pension Payments	(20)
<b>183,894</b>	<b>Closing Balance at 31 March</b>	<b>119,605</b>

## Local Government Pension Scheme Assets

The fair value of the Local Government Pension Scheme assets was:

2021/22 £'000		2022/23 £'000
7,236	Cash and Cash Equivalents	5,706
79,767	Equity Instruments	77,611
3,557	Gilts	2,408
8,236	Other Bonds	7,245
15,494	Property	14,223
7,167	Infrastructure	8,965
<b>121,457</b>	<b>Total Assets</b>	<b>116,158</b>

## Basis for Estimating Assets and Liabilities

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

The principal assumptions used by the actuary have been:

2021/22 %		2022/23 %
	<u>Mortality Assumptions:</u>	
	Longevity at 65 for current pensioners:	
21.6	- Men	21.6
24.3	- Women	24.3
	Longevity at 65 for future pensioners:	
23.0	- Men	23.0
25.8	- Women	25.8
	<u>Financial Assumptions:</u>	
	Rate of Inflation	
3.2	- Rate of Increase in Consumer Price Index (CPI)	3.2
4.2	Rate of Increase in Salaries	4.2
3.2	Rate of Increase in Pensions	3.2
2.6	Rate for Discounting Scheme Liabilities	2.6

The estimation of the defined benefit obligations is sensitive to the actuarial assumptions set out in the table above. The sensitivity analyses below have 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 assumptions in longevity, for example, assume that life expectancy increases or decreases for men and women. In practice, this is unlikely to occur and changes in some of the assumptions may be interrelated. The estimations in the sensitivity analysis have followed the accounting policies for the scheme i.e. on an actuarial basis using

the projected unit credit method. The methods and types of assumptions used in preparing the sensitivity analysis below did not change from those used in the previous period.

The impact on the defined benefit obligation in the scheme of changes in assumptions is as follows:

	<b>Increase in Assumption £'000</b>	<b>Decrease in Assumption £'000</b>
Longevity (increase or decrease in 1 year)	4,520	(4,341)
Rate of increase in salaries (increase or decrease by 0.1%)	108	(107)
Rate of increase in pensions (increase or decrease by 0.1%)	1,737	(1,696)
Rate for discounting scheme liabilities (increase or decrease by 0.1%)	(1,766)	1,813

### Impact on the Council's Cash Flows

The Council anticipates paying contributions of £2.090m to the scheme in 2023/24.

The weighted average duration of the defined benefit obligation for scheme members is 20 years in 2022/23 (20 years for 2021/22).

## 38. Contingent Liabilities

The Council had five material contingent liabilities as at 31 March 2023:

- The Council is involved three separate employment tribunal matters involving both current and former employees. In two of these cases the hearing dates are listed for later in 2023. The Council is continuing to defend these claims but cannot currently estimate the potential liability values in each case.
- A pre-action letter under the Judicial Review Pre Action Protocol was submitted by the claimant on 22 March 2023 to quash a Council decision made on 16 February 2023 by the Planning Committee to grant building consent for a local development. The Council has sought advice from Counsel and agreed not to resist the claim and to remedy the position by agreeing to quash the decision and pay costs. Given the timing of the receipt of the claim, the estimated costs are not yet known.
- There is a case where planning enforcement and stop notices have been served on a local development. The developer has 28 days to appeal the enforcement notice and, should the developer be successful, the Council could be held liable for the costs in defending these notices and for a substantial compensation for the delay in works. It is too soon to quantify these costs and/or the risk of any compensation at this stage.
- There are three planning appeals pending, the most notable being in respect of an education establishment where the third party's legal representatives have submitted a bill for costs which are still being negotiated. The other two planning appeals are ongoing although the potential costs are not considered material.



- There are currently nineteen housing disrepair claims that could cost the Council up to £15,000 per case if liability was found or accepted. These claims are still at an early stage and no cases have been issued at Court.

## 39. Contingent Assets

The Council had two contingent assets as at 31 March 2023:

- The Council are party to a legal claim by the Local Government Association on behalf of a group of local authorities, for damages and/or other relief in respect of loss and damage suffered as a result of inflated pricing for medium and heavy trucks between 1997 and 2011. As purchasers of waste disposal vehicles, the Council are claiming for overcharging as a result of prices which were inflated compared to what they otherwise would have been. The claim is ongoing, although there has been little recent activity in the case.
- In 2011/12 Nottingham City Council used an Act of Parliament to compulsorily acquire or temporarily use 127 plots of Broxtowe Borough Council land to construct and operate the tram extension from Nottingham Station to Toton Lane. The most significant land take was at Beeston Square but other land was also taken including car parks, retirement living schemes and public open spaces. Broxtowe and its advisors have been in ongoing discussion with Nottingham City Council regarding an appropriate level of compensation for the use of Broxtowe land. Total sums received up to 31 March 2023 amount to £3.673m, including payments totalling £2.151m received during 2022/23. The matter is nearing resolution and a final sum of £300k is still considered to be due.

## 40. Nature and Extent of Risks Arising from Financial Instruments

The Council's activities expose it to a variety of financial risks. The most significant of these risks are:

- Credit risk - the possibility that the counterparty might fail to pay amounts due to the Council. Credit risk arises from deposits with banks and financial institutions, as well as credit exposures to the Council's customers.
- 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 rates and stock market movements.

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. Risk management is carried out by a central treasury team, under policies approved by the Council in the annual Treasury Management Strategy. The Council provides written principles for overall risk management, as well as written policies covering specific areas such as interest rate risk, credit risk and the investment of surplus cash. The Council complies with CIPFA's Code of Practice on Treasury Management and Prudential Code for Capital Finance in Local Authorities.

### Credit Risk: Treasury Investments

The risk is minimised through the annual Investment Strategy, which requires that deposits are not made with financial institutions unless they meet identified minimum long-term ratings of BBB+ (or equivalent) set by the three main credit rating agencies. The annual Investment Strategy also permits maximum sums to be invested with financial institutions located within each category.

The table below summarises the credit risk exposure of the Council's treasury investment portfolio by credit rating and remaining time to maturity:

31 March 2022		Credit Rating	31 March 2023	
Long Term £'000	Short Term £'000		Long Term £'000	Short Term £'000
0	0	AAA	0	0
0	0	AA+	0	0
0	0	AA	0	0
0	0	AA-	0	0
0	11,882	A+	0	2
0	0	A	0	4,590
0	0	A-	0	0
0	0	BBB+	0	0
0	0	Unrated local authorities	0	0
<b>0</b>	<b>11,882</b>	<b>Total</b>	<b>0</b>	<b>4,592</b>
6,000	2,000	Credit risk not applicable	6,000	2,000
<b>6,000</b>	<b>13,882</b>	<b>Total Investments</b>	<b>6,000</b>	<b>6,592</b>

Credit risk is not applicable to pooled funds where the Council has no contractual right to receive any sum of money.

Loss allowances on treasury investments have been calculated by reference to historic default data published by credit rating agencies multiplied by 112% to adjust for current and forecast economic conditions. A two-year delay in cash flows is assumed to arise in the event of default. Investments are determined to have suffered a significant increase in credit risk where they have been downgraded by three or more credit rating notches or equivalent since initial recognition unless they can retain an investment grade credit rating. They are determined to be credit impaired when awarded a "D" credit rating or equivalent. At 31 March 2022 there were no loss allowances related to treasury investments.

### Credit Risk: Trade and Lease Receivables

Customers for goods and services are assessed, taking into account their financial position, past experience and other factors, with individual credit limits being set in accordance with internal ratings in accordance with parameters set by the Council.

The Council does not generally allow credit for customers. The past due but not impaired amount for the Council's major customers covered by sundry debts and housing rents can be analysed by age as follows:

<b>2021/22 £'000</b>		<b>2022/23 £'000</b>
900	Up to 6 months	679
94	Above 6 months and up to 12 months	136
163	Above 12 months and up to 24 months	181
199	Above 24 months and up to 36 months	181
88	Over 36 months	101
<b>1,444</b>	<b>Total</b>	<b>1,278</b>

Loss allowances on trade and lease receivables have been calculated by reference to the Council's historic experience of default. Receivables are written off to the Surplus or Deficit on the Provision of Services when they are two years past due.

A loss allowance of £0.734m has been made for gross trade receivables of £1.278m.

### Liquidity Risk

The Council has a comprehensive cash flow management system that seeks to ensure that cash is available as needed. If unexpected movements happen, the Council has ready access to borrowings from the money markets and the Public Works Loan Board. There is no significant risk that the Council will be unable to raise finance to meet its commitments under financial instruments. Instead, the risk is that the Council will be bound to replenish a significant proportion of its borrowings at a time of unfavourable interest rates. The Council sets limits on the proportion of its fixed rate borrowing during specific periods.

The Council's strategy is to ensure that no more than 15% of loans are due to mature within any year through a combination of careful planning of new loans taken out and making early repayments. The Council would only borrow in advance of need where there is a clear business case for doing so and will only do so for the current capital programme or to finance future debt maturities.

The maturity analysis of the nominal value of the Council's debt at 31 March 2023 (including temporary borrowing on behalf of Bramcote Crematorium) was as follows:

31 March 2022			31 March 2023	
£'000	% of total debt portfolio		£'000	% of total debt portfolio
10,044	10	<b>Short Term Borrowing</b> Less than 1 year	7,830	9
7,400	8	<b>Long Term Borrowing</b> Over 1 but not over 2	8,150	9
24,950	26	Over 2 but not over 5	26,000	30
39,046	41	Over 5 but not over 10	36,001	41
6,262	7	Over 10 but not over 15	2,093	2
0	0	Over 15 but not over 20	0	0
0	0	Over 20 but not over 25	0	0
2,000	2	Over 25 but not over 30	5,000	6
3,000	3	Over 30 but not over 35	0	0
0	0	Over 35 but not over 40	0	0
0	0	Over 40 but not over 45	0	0
3,000	3	Over 45	3,000	3
85,658	90	<b>Total Long Term Borrowing</b>	80,244	91
<b>95,702</b>	<b>100</b>	<b>Total Borrowing</b>	<b>88,074</b>	<b>100</b>

The source of the Council's loan liabilities and the associated sums are as follows:

2021/22 £'000		2022/23 £'000
87,158	Public Works Loans Board	84,644
3,000	Barclays Bank Plc	3,000
5,000	Other Local Authorities	0
544	Temporary Borrowing (Bramcote Crematorium)	430
<b>95,702</b>	<b>Total</b>	<b>88,074</b>

All trade and other payables are due to be paid in less than one year.

## Market Risk

### (i) Interest Rate Risk

The Council is exposed to risks in terms of its exposure to interest rate movements on its borrowings and investments. Movements in interest rates have a complex impact on the Council. For instance, a rise in interest rates would have the following effects:

- borrowings at variable rates – the interest expense charged to the Surplus or Deficit on the Provision of Services will rise
- borrowings at fixed rates – the fair value of the liabilities will fall
- investments at variable rates – the interest income credited to the Surplus or Deficit on the Provision of Services 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 and affect the General Fund Balance. Movements in the fair value of fixed rate investments measured at fair value will be reflected in Other Comprehensive Income and Expenditure or the Surplus or Deficit on the Provision of Services as appropriate.

The Council has a number of strategies for managing interest rate risk. For example, the Treasury Management Strategy sets up an upper limit of 40% on external debt that can be subject to variable interest rates. At 31 March 2023 100% of the debt portfolio was held in fixed rate instruments and 0% in variable rate instruments.

During periods of falling interest rates, and where economic circumstances make it favourable, the early repayment of fixed rate loans will be considered in order to limit exposure to losses. The risk of loss is ameliorated by the fact that a proportion of government grant payable on financing costs will normally move with prevailing interest rates or the Council's cost of borrowing and provide compensation for a proportion of any higher costs.

The treasury management team has an active strategy for assessing interest rate exposure that feeds into the setting of the annual budget and which is used to update the budget during the year. This allows any adverse changes to be accommodated and is also used to advise whether any new borrowing taken out is on a fixed or variable basis.

Investments are also subject to movements in interest rates. As investments are made at fixed rates, but for shorter periods of time than borrowings, there is greater exposure to interest rate movements. This risk has to be balanced against actions taken to mitigate credit risk.

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

2021/22 £'000		2022/23 £'000
0	Increase in interest receivable on variable rate investments	0
87	Decrease in fair value of investments held at FVPL	108
<b>87</b>	<b>Impact on Surplus or Deficit on the Provision of Services</b>	<b>108</b>
0	Decrease in fair value of loans and investments at amortised cost	0
6,155	Decrease in fair value of fixed rate borrowing	4,204

The approximate impact of a 1% fall in interest rates would be as above but with the movements being reversed.

## (ii) Price Risk

The market prices of the Council's units in pooled funds are governed by prevailing interest rates. The price risk associated with these instruments is managed alongside interest rate risk.

The Council's investment in a pooled property fund is subject to the risk of falling commercial property prices. This risk is limited by the Council's maximum exposure to property

investments of £5m. A 5% fall in commercial property prices to 31 March 2023 would result in a £0.099m (£0.12m at 31 March 2022) charge to the Surplus or Deficit on Provision of Services which would then be transferred to the Pooled Investment Funds Adjustment Account.

The Council's investment in pooled equity funds is subject to the risk of falling share prices. This risk is limited by the Council's maximum exposure to equity investments of £5m. A 5% fall in share prices at 31 March 2023 would result in a £0.045m (£0.072m at 31 March 2022) charge to the Surplus or Deficit on Provision of Services which would then be transferred to the Pooled Investment Funds Adjustment Account.

(iii) Foreign Exchange Risk

The Council has no financial asset or liabilities denominated in a foreign currency. It therefore has no exposure to loss arising as a result of adverse movements in exchange rates.

## HOUSING REVENUE ACCOUNT

### HOUSING REVENUE ACCOUNT INCOME AND EXPENDITURE STATEMENT

The HRA Income and Expenditure Statement shows the economic cost in the year of providing housing services in accordance with generally accepted 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 of which rents are raised, is shown in the Movement on the HRA Statement.

<b>2021/22 £'000</b>		<b>2022/23 £'000</b>
3,721	Repairs and Maintenance	4,864
5,256	Supervision and Management	5,887
190	Rents, Rates, Taxes and Other Charges	122
(18,611)	Depreciation and Impairment of Non-Current Assets	(11,548)
22	Movement in Allowance for Bad Debts	60
<b>(9,422)</b>	<b>Total Expenditure</b>	<b>(615)</b>
	<b>Income</b>	
(15,185)	Dwelling Rents (gross)	(15,882)
(259)	Non-Dwellings Rents (gross)	(278)
(403)	Charges for Services and Facilities	(364)
(706)	Contribution towards Expenditure	(710)
<b>(16,553)</b>	<b>Total Income</b>	<b>(17,234)</b>
<b>(25,975)</b>	<b>Net expenditure or income of HRA services as included in the Comprehensive Income and Expenditure Statement</b>	<b>(17,849)</b>
436	HRA services' share of Corporate and Democratic Core	426
<b>(25,539)</b>	<b>Net Income for HRA Services</b>	<b>(17,423)</b>
	<b>HRA share of the operating income and expenditure included in the Comprehensive Income and Expenditure Statement</b>	
7,211	(Gain)/Loss on sale of HRA non current assets	6,732
2,517	Interest Payable and Similar Charges	2,584
(107)	Interest and Investment Income	(236)
368	Net interest on the net defined benefit liability	383
<b>(15,550)</b>	<b>(Surplus)/Deficit for the year on HRA Services</b>	<b>(7,960)</b>

## MOVEMENT ON THE HOUSING REVENUE ACCOUNT STATEMENT

The overall objectives for the Movement on the HRA Statement and the general principles for its construction are the same as those generally for the Movement in Reserves Statement into which it is consolidated. The statement takes the outturn on the HRA Income and Expenditure Statement and reconciles it to the surplus or deficit for the year on the HRA balance, calculated in accordance with the requirements of the Local Government and Housing Act 1989.

2021/22 £'000			2022/23 £'000	
	(5,926)	<b>HRA Balance brought forward</b>		<b>(4,962)</b>
	(15,550)	(Surplus)/Deficit on the HRA Income and Expenditure Statement		(7,960)
		<u>Adjustments between Accounting Basis and Funding Basis under Regulations:</u>		
(7,211)		Gain or loss on sale of HRA non-current assets	(6,732)	
(1,302)		HRA share of contributions to or from the Pension Reserve	(1,412)	
0		Premiums and discounts on early repayment of debt	0	
2,068		Capital expenditure charged against HRA balance	1,785	
27,306	20,861	Transfers to/(from) the Capital Adjustment Account	21,074	14,715
	5,311	Net (Increase)/Decrease before transfers to or from reserves		6,755
	(4,347)	Transfers (to)/from Major Repairs Reserve		(4,762)
	<b>964</b>	<b>(Increase)/Decrease in year in the HRA</b>		<b>1,993</b>
	<b>(4,962)</b>	<b>Balance on HRA at the end of the current year</b>		<b>(2,969)</b>



## NOTES TO THE HOUSING REVENUE ACCOUNT

### 1. Housing Stock

The Council was responsible for managing an average stock of 4,392 dwellings during 2022/23 (2021/22 – 4,417). The stock at 31 March 2023 was made up as follows:

Houses	1,536
Flats	2,126
Bungalows	690
Other	0
<b>Total</b>	<b>4,352</b>

The change in stock can be summarised as follows:

2021/22		2022/23
4,403	Stock at 1 April	4,431
(34)	Less Sales	(28)
8	Plus Additions	6
54	Net transfers/other disposals	0
0	Correction of historic miscount	(57)
<b>4,431</b>	<b>Stock at 31 March</b>	<b>4,352</b>

In addition to the above, the Council has a stock of 828 garages (828 at 31 March 2022). These were valued at £2,350,000 at 31 March 2023 (£2,350,000 at 31 March 2022).

### 2. Value of the Housing Stock

The value of the Council's housing stock at 31 March 2023 was £221.683m (£215.019m at 31 March 2022). A full revaluation of the housing stock was undertaken as at 31 March 2019 and each year the dwellings are valued on the basis of a social housing adjustment factor which was 42% as at 31 March 2023.

The vacant possession value of dwellings at 31 March 2023 was £527.818m (£511.244m at 31 March 2022). The difference between the vacant possession value and the balance sheet value, amounting to £306.135m, represents the economic cost to government of providing council housing at less than open market rents. Revaluations of the housing stock are undertaken on 31 March each year with the next full revaluation taking place on 31 March 2024.

### 3. Major Repairs Reserve

The movements in the Major Repairs Reserve during the year were as follows:

2021/22 £'000		2022/23 £'000
<b>0</b>	<b>Balance at 1 April</b>	<b>0</b>
(4,347)	Depreciation charge to Housing Revenue Account	(4,763)
4,347	Expenditure financed from Major Repairs Reserve	4,763
<b>0</b>	<b>Balance at 31 March</b>	<b>0</b>

### 4. Capital Expenditure and Capital Receipts

Capital expenditure on dwellings within the Housing Revenue Account, together with the sources of financing, can be summarised as follows:

2021/22 £'000		2022/23 £'000
9,886	Capital Expenditure	8,621
	Financed by:	
2,521	Borrowing	1,323
929	Capital Receipts	749
0	Government/Other Grants	0
0	Section 106 Contributions	0
4,348	Major Repairs Reserve	4,763
2,068	Revenue Contributions	1,786
<b>9,866</b>		<b>8,621</b>

Proceeds from the sale of dwellings within the Housing Revenue Account amounted to £2.106m for 2022/23 (£2.264m for 2021/22).

### 5. Depreciation

The Council's Estates Officer has determined that the assessed land value within council dwellings should not be depreciated. A 20-year depreciation period has been applied in respect of garages. Adjustments are made for improvement expenditure and sales occurring during the year. The total depreciation charge in 2022/23 was £4.763m (2021/22 - £4.213m).

The depreciation charge for 2022/22 in respect of the Council's housing stock was based upon the principle of component accounting. Since 2015, the valuation of council dwellings at 31 March has annually identified a number of significant components within the total valuation that are given estimated values and useful lives. These components are then depreciated separately each year from the remainder of the council dwellings.

Depreciation is also charged to the Housing Revenue Account in respect of vehicles dedicated to the activity of maintaining Council dwellings and garages. The vehicle depreciation in 2022/23 was £0.1m (2021/22 - £0.067m).

Further depreciation is charged in respect of information technology assets along vehicles and mobile devices that have subsequently been purchased. The acquisition of these assets was financed through the Housing Revenue Account. The charge in 2022/23 was £0.067m (2021/22 - £0.067m).

## **6. Impairment and Revenue Expenditure Funded from Capital under Statute**

Impairment charges are identified by examining records of insurance claims made during the year for damage to Council dwellings together with a review of asset values by the Council's internal Valuer. A review of the Council's housing stock at 31 March 2023 resulted in an increase of £16.332m in the value of the Council's housing stock. The entire sum was charged to the Capital Adjustment Account to offset impairment charges accumulated in previous years.

## **7. Rent Arrears**

The total amount of rent arrears as at 31 March 2023 was £0.29m (2022/23 - £0.422m). The provision for doubtful debts is £0.209m (2021/22 - £0.243m).

## **8. Contribution from Pensions Reserve**

International Accounting Standard 19 requires the services within the Housing Revenue Account to be charged with 'current service' pension costs. The Council's superannuation rate paid to the Nottinghamshire County Council Pension Fund in 2022/23 was 18% in respect of future service plus a monetary amount to cover historic deficits. This equated to an overall rate of approximately 20.4%. An adjustment is therefore made below net operating expenditure in order that the net cost charged against rent income is equal to the value of payments made to Nottinghamshire County Council. In 2022/23 the contribution from the pensions reserve amounted to £0.998m (2021/22 – contribution from reserve of £0.934m).

## **9. Interest Payable**

In 2011/12 the HRA acquired additional debt of £66.446 million as part of the transactions necessary to bring about the ending of the HRA subsidy system. The interest cost in respect of servicing this and other HRA loan debt is included within the HRA Income and Expenditure Statement.

## COLLECTION FUND

The Collection Fund is an agent's statement that reflects the statutory obligation for billing authorities to maintain a separate Collection Fund. The statement shows the transactions of the billing authority in relation to the collection from taxpayers and distribution to local authorities and the government of council tax and non-domestic rates.

2021/22			Note	2022/23		
Non Domestic Rates £'000	Council Tax £'000			Non Domestic Rates £'000	Council Tax £'000	Total £'000
		<b><u>Income</u></b>				
0	(72,325)	<b>Council Tax Receivable</b>	1 & 3	0	(75,828)	(75,828)
0	(13)	<b>Government Grant - Transitional Relief</b>		0	(16)	(16)
(52)	0	<b>Transitional Protection Payment</b>		0	0	0
(23,890)	0	<b>Business Rates Receivable</b>	1 & 2	(27,076)	0	(27,076)
		<b>Contributions Towards Previous Year's Deficit</b>	1			
(8,510)	0	Central Government		(3,704)	0	(3,704)
(6,808)	(43)	Broxtowe Borough Council		(2,963)	0	(2,963)
(1,532)	(344)	Nottinghamshire County Council		(667)	0	(667)
(170)	(18)	Nottinghamshire Fire Authority		(74)	0	(74)
0	(51)	Nottinghamshire Police Authority		0	0	0
(40,962)	(72,794)			(34,484)	(75,844)	(110,328)
		<b><u>Expenditure</u></b>				
		<b>Council Tax Precepts and Demands/ Shares of NDR Income:</b>	1			
14,470	0	Central Government		12,332	0	12,332
11,774	5,880	Broxtowe Borough Council		1,847	6,107	7,954
2,624	54,093	Nottinghamshire County Council		10,238	56,770	67,008
292	2,838	Nottinghamshire Fire Authority		247	2,920	3,167
0	8,358	Nottinghamshire Police Authority		0	8,779	8,779
0	913	Parish/Town Councils		0	938	938
0	25	Beeston Special Expenses Area		0	25	25

2021/22			Note	2022/23		
Non Domestic Rates £'000	Council Tax £'000			Non Domestic Rates £'000	Council Tax £'000	Total £'000
		<b>Distribution of Previous Year's Surplus</b>	1			
0	0	Central Government		0	0	0
0	0	Broxtowe Borough Council		0	21	21
0	0	Nottinghamshire County Council		0	168	168
0	0	Nottinghamshire Fire Authority		0	9	9
0	0	Nottinghamshire Police Authority		0	26	26
61	258	Provision for Uncollectable Debts		80	298	378
53	0	Provision for Appeals		561	0	561
0	0	Transitional Protection Payment		28	0	28
0	0	Renewable Energy Schemes		77	0	77
102	0	Cost of Collection Allowance		104	0	104
29,376	72,365			25,514	76,061	101,575
(11,586)	(429)	Deficit/(Surplus) for the year		(8,970)	217	(8,753)
18,886	676	Deficit/(Surplus) b/fwd at 1 April		7,300	247	7,547
<b>7,300</b>	<b>247</b>	<b>Deficit/(Surplus) at 31 March</b>		<b>(1,670)</b>	<b>464</b>	<b>(1,206)</b>

## NOTES TO THE COLLECTION FUND

### 1. The Collection Fund

#### General

The Collection Fund is an agent's statement that reflects the statutory obligation for billing authorities such as Broxtowe Borough Council 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 (business rates).

#### Council Tax

The Council Tax precepts and demands of this Council, Nottinghamshire County Council, the Nottinghamshire Police Authority and the Nottinghamshire Fire Authority are paid out from the Collection Fund and collected from taxpayers. The Council Tax requirement of this Council includes funding for Parish/Town Councils and Beeston Special Expenses Area, totalling £0.963m in 2022/23 (£0.938m in 2021/22) which is distributed to these bodies from the Council's General Fund. Any balance generated on the Fund attributable to Council Tax, for example due to any difference between forecast and actual Council Tax base and collection rates, will be distributed or recovered in future years in proportion to the value of the respective precepts and demands.

#### Business Rates

Under the Business Rates retention scheme there is a direct link between the business rates growth and the amount of income local authorities have to spend on services. Local authorities can keep a proportion of their business rates collected in their area after certain contributions to the Government have been made.

The amount of Non-Domestic Rates receivable is set by the Non-Domestic Rate Multiplier – see note 2. Under the system of business rates retention, Non-Domestic Rates income is distributed between Central Government (50%), Broxtowe Borough Council (40%), Nottinghamshire County Council (9%) and Nottinghamshire Fire Authority (1%). In 2022/23, of the Non-Domestic Rates income the Council receives, £8.019m (£8.019m in 2021/22) is paid as a tariff to Nottinghamshire County Council in accordance with the Business Rates retention scheme.

This Council is a member of the Nottinghamshire Business Rates Pool along with the six other Nottinghamshire district councils, Nottinghamshire Fire Authority and Nottinghamshire County Council. The pool is administered by Nottinghamshire County Council and has the advantage of potentially generating additional business rates growth through collaborative working. It also smooths out the impact of volatility across a wider economic area.

## 2. Non Domestic Rateable Value and Non-Domestic Rate Multiplier

The total Non-Domestic Rateable Value at 31 March 2023 amounted to £71.5m (31 March 2022 - £71.691m) and the Non-Domestic Rate Multiplier for 2022/23 was 51.2p in the pound (2021/22 - 51.2p). In 2022/23 the Small Business Rate Relief multiplier was 49.9p where applied.

## 3. Council Tax Base 2022/23

Band	Total Dwellings	Ratio to Band D	Number of Dwellings (Band D Equivalents)
A DPR	19.75	5/9	10.97
A	10,836.60	6/9	7,292.84
B	10,939.26	7/9	8,433.85
C	9,685.55	8/9	8,609.38
D	5,539.97	9/9	5,539.97
E	2,559.59	11/9	3,128.39
F	737.51	13/9	1,065.29
G	462.75	15/9	771.25
H	18.75	18/9	37.50
	40,799.73		34,889.44
Council Tax losses on Collection at Collection Rate of 98.5%			(523.34)
Class 'O'			163.90
<b>Total</b>			<b>34,530.00</b>

The Band D equivalent figures are derived by multiplying the number of dwellings in each band (adjusted for discounts) by the ratios shown above. The Band D charge for 2022/23 was £176.85.

## GROUP ACCOUNTS

### Introduction

The authority is required to adhere to proper accounting practices comprised primarily of the Code of Practice on Local Authority Accounting in the United Kingdom 2020/21, supported by International Financial Reporting Standards (IFRS), International Accounting Standards and statutory guidance issued under section 12 of the Local Government Act 2003.

An authority with interests in subsidiaries, associates and/or joint ventures is required to prepare Group Accounts in addition to their single entity financial statements unless these interests are not considered to be material.

Group Accounts are the financial statements of a group in which the assets, liabilities, reserves, income, expenses and cash flows of the parent (reporting authority) and its subsidiaries plus the investments in associates and interests in joint ventures are presented as those of a single economic entity.

Liberty Leisure Limited is a company limited by guarantee and is wholly owned by Broxtowe Borough Council. The company commenced trading on 1 October 2016. Its objectives include the provision of leisure, sports, cultural and heritage services for the benefit of the public. The company is overseen by a Board of Directors which consists of two Broxtowe Borough Council elected members, two Broxtowe Borough Council officers and the Managing Director of the Company.

In addition to paying a management fee to the company, the Council maintains control of the company's activities through retained decision making powers and through the scrutiny of the Leisure and Health Committee which reviews the financial and operational performance of the company.

Liberty Leisure Limited produce accounts with a year-end date of 31 March. The accounts for the period from 1 April 2022 to 31 March 2023 have been prepared by Haines Watts Chartered Accountants of Stapleford, Nottingham in accordance with the Financial Reporting Standard for Smaller Entities. The accounts are filed at Companies House in accordance with the Companies Act 2006.

### Accounting Policies

The notes which follow the main statements detail any variations from the accounting policies used by the authority and should be read in conjunction with the relevant notes to authority's accounts. The consolidation has been done on a merger basis as Liberty Leisure Limited is wholly owned by the Council.

Liberty Leisure Limited is subject to a charge for taxation which is based upon its results for the year and takes into account taxation deferred because of the 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 are not reversed at the balance sheet date.



## GROUP COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT

This statement shows the accounting cost in the year of providing services in accordance with generally accepted accounting practices, rather than the amount to be funded from taxation. Authorities raise taxation to cover expenditure in accordance with regulations; this may be different from the accounting cost. The taxation position is shown in the Movement in Reserves Statement.

Year Ended 31 March 2022				Year Ended 31 March 2023		
Gross Expend £'000	Income £'000	Net Expend £'000		Gross Expend £'000	Income £'000	Net Expend £'000
946	(678)	268	Housing	1,024	(629)	395
8,213	(4,041)	4,172	Environment	9,127	(4,357)	4,770
2,297	(1,269)	1,028	Business Growth	2,848	(2,179)	669
2,459	(516)	1,943	Community Safety	2,756	(713)	2,043
4,430	(3,010)	1,420	Health	5,283	(2,889)	2,394
16,196	(15,162)	1,034	Revenues, Benefits & Customer Services	16,042	(15,009)	1,033
8,508	(3,229)	5,279	Resources	8,679	(3,528)	5,151
1,171	(481)	690	ICT & Business Transformation	1,247	(434)	813
(9,422)	(16,553)	(25,975)	Local Authority Housing (HRA)	(615)	(17,234)	(17,849)
<b>34,798</b>	<b>(44,939)</b>	<b>(10,141)</b>	<b>Cost of Services – Continuing Operations</b>	<b>46,391</b>	<b>(46,972)</b>	<b>(581)</b>
		8,478	Other Operating Expenditure			5,400
		3,907	Financing and Investment Income and Expenditure			4,724
		(12,896)	Taxation and Non-Specific Grant Income			(14,410)
		<b>(10,652)</b>	<b>(Surplus) or Deficit on Provision of Services</b>			<b>(4,867)</b>
		44	Corporation Tax			(31)
		<b>(10,608)</b>	<b>Group (Surplus)/Deficit</b>			<b>(4,898)</b>
		(2,014)	(Surplus) or Deficit on Revaluation of Property, Plant and Equipment Assets			(731)
		(16,671)	Measurements of the Net Defined Benefit Liability/(Asset)			(71,580)
		<b>(18,685)</b>	<b>Other Comprehensive Income and Expenditure</b>			<b>(72,311)</b>
		<b>(29,293)</b>	<b>Total Comprehensive Income and Expenditure</b>			<b>(77,209)</b>

## GROUP MOVEMENT IN RESERVES STATEMENT

This statement shows the movement in the year on the different reserves held by the authority, analysed into 'usable reserves' (i.e. those that can be applied to fund expenditure or reduce local taxation) and other 'unusable reserves'. The statement shows how the movements in year of the authority's reserves are broken down between gains and losses incurred in accordance with generally accepted accounting practices and the statutory adjustments required to return to the amounts chargeable to council tax (or rents) for the year. The Net Increase/Decrease line shows the statutory General Fund Balance and Housing Revenue Account Balance movements in the year following those adjustments.

	General Fund & Earmarked Reserves £'000	Housing Revenue Account £'000	Capital Receipts Reserve £'000	Major Repairs Reserve £'000	Capital Grants Unapplied £'000	Bramcote Bereav't Services £'000	Total Usable Reserves £'000	Unusable Reserves £'000	Total Reserves £'000
<b>Balance at 31 March 2021 Carried Forward</b>	<b>(15,147)</b>	<b>(5,926)</b>	<b>(3,544)</b>	<b>0</b>	<b>0</b>	<b>(390)</b>	<b>(25,007)</b>	<b>(35,360)</b>	<b>(60,367)</b>
<b>Movement in Reserves during 2021/22</b>									
Total Comprehensive Income and Expenditure	4,824	(15,550)	0	0	0	118	(10,608)	(18,685)	(29,293)
Adjustments between accounting basis & funding basis under regulations	(1,287)	16,514	(711)	0	0	(78)	14,438	(14,438)	0
<b>(Increase)/decrease in 2021/22</b>	<b>3,537</b>	<b>964</b>	<b>(711)</b>	<b>0</b>	<b>0</b>	<b>40</b>	<b>3,830</b>	<b>(33,123)</b>	<b>(29,293)</b>
<b>Balance at 31 March 2022 Carried Forward</b>	<b>(11,610)</b>	<b>(4,962)</b>	<b>(4,255)</b>	<b>0</b>	<b>0</b>	<b>(350)</b>	<b>(21,177)</b>	<b>(68,483)</b>	<b>(89,660)</b>
<b>Movement in Reserves during 2022/23</b>									
Total Comprehensive Income and Expenditure	2,953	(7,961)	0	0	0	110	(4,898)	(72,311)	(77,209)
Adjustments between accounting basis & funding basis under regulations	405	9,954	(3,362)	0	0	(50)	6,947	(6,947)	0
<b>(Increase)/decrease in 2022/23</b>	<b>3,358</b>	<b>1,993</b>	<b>(3,362)</b>	<b>0</b>	<b>0</b>	<b>60</b>	<b>2,049</b>	<b>(79,258)</b>	<b>(77,209)</b>
<b>Balance at 31 March 2023 Carried Forward</b>	<b>(8,252)</b>	<b>(2,969)</b>	<b>(7,617)</b>	<b>0</b>	<b>0</b>	<b>(290)</b>	<b>(19,128)</b>	<b>(147,741)</b>	<b>(166,869)</b>

## GROUP BALANCE SHEET

The Balance Sheet shows the value as at the Balance Sheet date of the assets and liabilities recognised by the authority. The net assets of the authority (assets less liabilities) are matched by the reserves held by the authority. Reserves are reported in two categories, usable and unusable. Usable reserves are those reserves that the authority may use to provide services, subject to the need to maintain a prudent level of reserves and any statutory limitations on their use (for example the Capital Receipts Reserve that may only be used to fund capital expenditure or repay debt). Unusable reserves are those that the authority is not able to use to provide services. This category of reserves includes reserves that hold unrealised gains and losses (for example the Revaluation Reserve), where amounts would only become available to provide services if the assets are sold; and reserves that hold timing differences shown in the Movement in Reserves Statement line Adjustments between accounting basis and funding basis under regulations.

<b>31 March 2022</b> <b>£'000</b>		<b>31 March 2023</b> <b>£'000</b>
250,452	Property, Plant & Equipment	263,946
404	Heritage Assets	534
245	Intangible Assets	127
6,309	Long Term Investments	5,657
67	Long Term Debtors	84
<b>257,477</b>	<b>Long Term Assets</b>	<b>270,348</b>
0	Short Term Investments	0
0	Assets Held for Sale	0
269	Inventories	244
9,410	Short Term Debtors	5,919
15,492	Cash and Cash Equivalents	7,386
<b>25,171</b>	<b>Current Assets</b>	<b>13,549</b>
(9,787)	Short Term Borrowing	(7,656)
(15,859)	Short Term Creditors	(12,436)
(335)	Provisions	(316)
(7,147)	Revenue Grants Receipts in Advance	(691)
<b>(33,128)</b>	<b>Current Liabilities</b>	<b>(21,099)</b>
(675)	Provisions	(893)
(85,837)	Long Term Borrowing	(80,441)
(68,875)	Net Pension Liability	(3,492)
(4,473)	Capital Grants Receipts in Advance	(11,103)
<b>(159,860)</b>	<b>Long Term Liabilities</b>	<b>(95,929)</b>
<b>89,660</b>	<b>Net Assets</b>	<b>166,869</b>
(21,177)	Usable Reserves	(19,128)
(68,483)	Unusable Reserves	(147,741)
<b>(89,660)</b>	<b>Total Reserves</b>	<b>(166,869)</b>

  
 Z Darr BSc CPFA MBA – Deputy Chief Executive and Section 151 Officer  
 31 May 2023

## GROUP CASH FLOW STATEMENT

The Cash Flow Statement shows the changes in cash and cash equivalents of the authority during the reporting period. The statement shows how the authority generates and uses cash and cash equivalents by classifying cash flows as operating, investing and financing activities. The amount of net cash flows arising from operating activities is a key indicator of the extent to which the operations of the authority are funded by way of taxation and grant income or from the recipients of services provided by the authority. Investing activities represent the extent to which cash outflows have been made for resources which are intended to contribute to the authority's future service delivery. Cash flows arising from financing activities are useful in predicting claims on future cash flows by providers of capital (ie borrowing) to the authority.

<b>2021/22 £'000</b>		<b>2022/23 £'000</b>
10,608	<b>Net surplus or (deficit) on the provision of services</b>	4,898
3,693	Adjustments to net surplus or deficit for non-cash movements	(6,474)
(3,286)	Adjustments for items included in the net surplus or deficit on the provision of services that are investing and financing activities	(6,717)
<b>11,015</b>	<b>Net cash flows from operating activities</b>	<b>(8,293)</b>
(9,253)	Investing activities	696
1,627	Financing activities	(509)
<b>3,389</b>	<b>Net increase or (decrease) in cash equivalents</b>	<b>(8,106)</b>
12,103	Cash and cash equivalents at the beginning of the reporting period	15,492
<b>15,492</b>	<b>Cash and cash equivalents at the end of the reporting period</b>	<b>7,386</b>

## GROUP ACCOUNT NOTES

### Introduction

The following notes have been prepared on an exception basis with only those items which have changed from the Borough 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 28 and Balance Sheet on page 30 and the appropriate note.

### 1. Inter Company Transactions

<b><u>Comprehensive Income and Expenditure Statement</u></b>	<b>Broxtowe Adjusted 2022/23 £'000</b>	<b>Liberty Leisure Adjusted 2022/23 £'000</b>	<b>Group 2022/23 £'000</b>
(Surplus)/Deficit on Continuing Operations	(1,547)	966	(581)
Financing and Investment Income and Expenditure	4,557	167	4,724
(Surplus)/Deficit on Provision of Services	(6,000)	1,133	(4,867)

<b><u>Balance Sheet</u></b>	<b>Broxtowe Adjusted 2022/23 £'000</b>	<b>Liberty Leisure Adjusted 2022/23 £'000</b>	<b>Group 2022/23 £'000</b>
Inventories	237	7	244
Short Term Debtors	5,832	87	5,919
Short Term Creditors	(12,261)	(175)	(12,436)

### 2. Reconciliation of the Single Entity (Surplus)/Deficit to the Group (Surplus)/Deficit

<b>2021/22 £'000</b>		<b>2022/23 £'000</b>
(10,637)	(Surplus)/Deficit on the Council's Comprehensive Income and Expenditure Statement	(6,000)
29	Adjustments for transactions with other Group entities	1,102
<b>(10,608)</b>	<b>(Surplus)/Deficit for the year on the Group Comprehensive Income and Expenditure Statement</b>	<b>(4,898)</b>

### 3. Expenditure and Funding Analysis

The Expenditure and Funding Analysis 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 expenditure is allocated for decision making purposes between the council's committees. Income and expenditure accounted for under generally accepted accounting practices is presented more fully in the Comprehensive Income and Expenditure Statement.

2021/22				2022/23		
Net Expenditure Chargeable to the General Fund and HRA balances £'000	Adjustments 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	Adjustments between the Funding and Accounting Basis £'000	Net Expenditure in the Comprehensive Income and Expenditure Statement £'000
			<b>Corporate Priority</b>			
318	(50)	268	Housing	449	(54)	395
3,966	206	4,172	Environment	4,880	(110)	4,770
1,000	28	1,028	Business Growth	467	202	669
1,409	534	1,943	Community Safety	1,453	590	2,043
924	496	1,420	Health	1,445	949	2,394
1,285	(251)	1,034	Revenues, Benefits and Customer Services	1,299	(266)	1,033
970	4,309	5,279	Resources	978	4,173	5,151
561	129	690	ICT and Business Transformation	681	132	813
(6,636)	(19,339)	(25,975)	Local Authority Housing (HRA)	(5,508)	(12,341)	(17,849)
<b>3,797</b>	<b>(13,938)</b>	<b>(10,141)</b>	<b>Net Cost of Service</b>	<b>6,144</b>	<b>(6,725)</b>	<b>(581)</b>
744	(1,211)	(467)	Other Income and Expenditure	(733)	(3,584)	(4,317)
<b>4,541</b>	<b>(15,149)</b>	<b>(10,608)</b>	<b>Surplus or Deficit</b>	<b>5,411</b>	<b>(10,309)</b>	<b>(4,898)</b>
<b>21,463</b>			<b>Opening General Fund and HRA balances at 1 April</b>	<b>16,922</b>		
<b>(4,541)</b>			<b>Less/Plus Surplus or (Deficit) on General Fund and HRA Balance in Year</b>	<b>(5,411)</b>		
<b>16,922</b>			<b>Closing General Fund and HRA Balance at 31 March</b>	<b>11,511</b>		

**Adjustments between Funding and Accounting Basis**

<b>Adjustments from General Fund to arrive at the Comprehensive Income and Expenditure Statement amounts</b>	<b>Adjustments for Capital Purposes £'000</b>	<b>Net change for Pensions Adjustments £'000</b>	<b>Other Statutory Adjustments £'000</b>	<b>Total Adjustments £'000</b>
<b><u>2021/22</u></b>				
Housing	0	(50)	0	(50)
Environment	896	(690)	0	206
Business Growth	264	(236)	0	28
Community Safety	728	(194)	0	534
Health	392	104	0	496
Revenues, Benefits & Customer Services	0	(251)	0	(251)
Resources	2,077	2,232	0	4,309
ICT & Business Transformation	201	(72)	0	129
Local Authority Housing (HRA)	(18,610)	(729)	0	(19,339)
<b>Net Cost of Services</b>	<b>(14,052)</b>	<b>114</b>	<b>0</b>	<b>(13,938)</b>
Other income and expenditure from the Expenditure and Funding Analysis	(930)	4,727	(5,008)	(1,211)
<b>Difference between General Fund surplus or deficit and Comprehensive Income and Expenditure Statement Surplus or Deficit on the Provision of Services</b>	<b>(14,982)</b>	<b>4,841</b>	<b>(5,008)</b>	<b>(15,149)</b>
<b><u>2022/23</u></b>				
Housing	0	(54)	0	(54)
Environment	717	(827)	0	(110)
Business Growth	505	(303)	0	202
Community Safety	801	(211)	0	590
Health	145	804	0	949
Revenues, Benefits & Customer Services	0	(266)	0	(266)
Resources	1,620	2,553	0	4,173
ICT & Business Transformation	210	(78)	0	132
Local Authority Housing (HRA)	(11,548)	(793)	0	(12,341)
<b>Net Cost of Services</b>	<b>(7,550)</b>	<b>825</b>	<b>0</b>	<b>(6,725)</b>
Other income and expenditure from the Expenditure and Funding Analysis	(5,760)	5,101	(2,925)	(3,584)
<b>Difference between General Fund surplus or deficit and Comprehensive Income and Expenditure Statement Surplus or Deficit on the Provision of Services</b>	<b>(13,310)</b>	<b>5,926</b>	<b>(2,925)</b>	<b>(10,309)</b>

## 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 - adjusts 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.

## Net Change for 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.

## Other Statutory Adjustments

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.



#### 4. Short Term Debtors

2021/22 £'000		2022/23 £'000
3,229	Central Government Bodies	457
65	Housing Benefit Overpayments	57
2,967	Other Local Authorities	2,296
504	HMRC	844
179	Housing Rents	80
341	Council Tax Payers	362
487	Non Domestic Rates Payers	179
577	Non Domestic Rates Pool	412
1,061	Other Entities and Individuals	1,232
<b>9,410</b>	<b>Total</b>	<b>5,919</b>

#### 5. Cash and Cash Equivalents

2021/22 £'000		2022/23 £'000
1	Cash in hand	1
1,794	Bank current accounts	820
8,257	Other Local Authorities	4,619
1,961	Money Market Funds	1,946
<b>12,013</b>	<b>Total</b>	<b>7,386</b>

#### 6. Short Term Creditors

2021/22 £'000		2022/23 £'000
(9,680)	Central Government Bodies	(6,058)
(266)	Other Local Authorities	(1,593)
(132)	Council Tax Payers	(180)
(508)	Non Domestic Rates Payers	(1,014)
(979)	Non Domestic Rates Pool	(660)
(651)	Housing Rents	(668)
(3,612)	Other entities and individuals	(2,263)
<b>(15,828)</b>	<b>Total</b>	<b>(12,436)</b>

#### 7. Retirement Benefits

Retirement benefits to all employees within the Group are provided by the Local Government Pension Scheme. This is a defined benefit scheme. A pension liability of £0.046m at 31 March 2023 (£6.709m 31 March 2022) in respect of Liberty Leisure has been consolidated within the Group Accounts.

## 8. Cash Flow Statement

The cash flows in respect of Liberty Leisure Limited have been consolidated within a cash flow statement for the group. All Liberty Leisure Limited's cash flows in 2021/22 and 2022/23 arose from operating activities. There were no investing or financing activities.

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## **GLOSSARY OF TERMS**

### **ACCOUNTING POLICIES**

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

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

Accounting policies do not include estimation techniques.

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

### **ACCRUALS**

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

### **ADMINISTRATIVE BUILDINGS**

Buildings that either have a shared use or are not charged directly to a service. The costs relating to such buildings are usually pooled and then 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.

### **ASSET REGISTER**

Each local authority is required to compile a register of all its capital assets. Each asset must be professionally valued, generally at existing use value (EUV), and quinquennial revaluations are required. Depreciation charges for the use of assets are calculated on the values contained in the Asset Register.

### **BALANCES**

These are surpluses of income over expenditure that may be used to finance future 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**

This is a statement of the recorded assets, liabilities and other balances at a specific date, usually 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.



## **BUDGET**

A statement defining the Council's policies over a specified period of time which is expressed in financial terms.

## **BUDGET REQUIREMENT**

The estimated amount of net expenditure on General Fund services that needs to be financed from council tax and Formula Grant.

## **CAPITAL ADJUSTMENT ACCOUNT**

This account replaced the former Capital Financing Account with effect from 1 April 2007 and provides a balancing mechanism between the different rates at which depreciated assets are financed through the capital controls system. The Capital Adjustment 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**

A charge to service revenue accounts to reflect the cost of fixed assets used in the provision of services.

## **CAPITAL EXPENDITURE**

Expenditure on the acquisition or improvement of assets which will have a long-term value to the Council, e.g. land, buildings, furniture, equipment, etc. 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 service revenue account.

## **CAPITAL PROGRAMME**

The capital projects an authority proposes to undertake over a set period of time.

## **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 central 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 wider public sector.

## **COLLECTION FUND**

A fund maintained by the authority into which are paid amounts in respect of non-domestic business rates and council tax. Expenditure from the fund consists of payments to Central Government (50% of collectible non-domestic business rates) together with the precepting requirements of the County Council, Borough Council, Parish/Town Councils, Police Authority and the Fire Authority.

## **COMMUNITY ASSETS**

These are assets that the local 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.

**CONTINGENCY**

An amount set aside to meet unforeseen items of expenditure or shortfalls in income.

**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.

**CORPORATE AND DEMOCRATIC CORE (CDC)**

The Corporate and Democratic Core is defined by the Service Reporting Code of Practice and consists of two elements, Democratic Representation and Management (DRM) and Corporate Management.

Democratic Representation and Management includes all aspects of members' activities including corporate programme and service policy making, together with officer time in support of these functions. Examples of costs charged to DRM include all members' allowances and expenses.

Corporate Management concerns those activities and costs which allow services to be provided, whether by the authority or not, and the information which is required for public accountability. Costs properly charged to this heading include time spent in allocating corporate resources and producing the annual accounts, treasury management activities and external audit fees for the statutory audit.

**COUNCIL TAX**

A flat rate charge payable at the same rate by each household in the same valuation band in the same area.

There are eight council tax bands. The amount of council tax each household pays depends on the value of the dwellings. The bands are set out below.

	<b>Value of home estimated at April 1991</b>	<b>Proportion of the tax due relative to a band D property</b>
Band A	Under £40,000	66.70%
Band B	£40,001-£52,000	77.80%
Band C	£52,001-£68,000	88.90%
Band D	£68,001-£88,000	100.00%
Band E	£88,001-£120,000	122.20%
Band F	£120,001-£160,000	144.40%
Band G	£160,001-£320,000	166.70%
Band H	Over £320,001	200.00%

**COUNCIL TAX DISCOUNTS AND EXEMPTIONS**

Discounts are available to people who live alone and owners of homes that are not anyone's main home. Council Tax is not charged for certain properties, known as exempt properties, such as those lived in only by students.

**COUNCIL TAX BASE**

The Council Tax Base of an area is based upon the number of band D equivalent properties. To work this out, the Council counts the number of properties in each band and works out an equivalent number of band D properties. For example, one band H property is equivalent to two band D properties because it pays twice as much tax. For the purpose of calculating Formula Grant, the Government assumes a 100% collection rate. For the purpose of calculations made by a local authority 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.

**DEPRECIATION**

The measure of the cost or revalued amount of the benefits of a fixed asset that are consumed during a particular period. Consumption includes the wearing out, using up or other reduction in the useful life of the asset.

**DIRECT REVENUE FINANCING**

The financing of capital expenditure directly from revenue. The Council may determine that certain capital projects should be financed in this way or, alternatively, may include in the revenue budget a prescribed sum for this purpose.

**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 expense allowance (as far as these sums are chargeable for income tax) and the monetary value of any other benefits received other than in cash. Pension contributions payable by either employees or employers 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 and to ensure that the Council has made proper arrangements to secure economy, efficiency and effectiveness in its use of resources.

**FEES AND CHARGES**

In addition to income from the government, local authorities charge for numerous services including the use of leisure facilities and provision of car parks.

**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**

A contract which gives rise to a financial asset for one organisation and to a financial liability for another organisation.

### **FINANCIAL INSTRUMENT ADJUSTMENT ACCOUNT**

An account that holds the accumulated difference between the financing costs included in the Comprehensive Income and Expenditure Statement and the accumulated financing costs required in accordance with regulations to be charged to the General Fund Balance.

### **FINANCIAL REGULATIONS**

The rules within which the Council's financial affairs are operated.

### **FINANCIAL YEAR**

The Council's financial year commences on 1 April and ends on 31 March of the following year.

### **FIXED ASSET**

A tangible asset that yields benefits to the Council and the services it provides for a period of more than one year.

### **FORMULA GRANT**

A government grant provided by the Ministry of Housing, Communities and Local Government (MHCLG) that is based on the government's assessment as to what should be spent on local services.

### **F.T.E.**

Full-time equivalent - relates to employee numbers.

### **GENERAL FUND**

The main revenue fund of the Council with the exception of council housing, all day to day spending and receipts are met from or paid into this fund. Spending and receipts with regard to council housing are charged to a separate Housing Revenue Account (HRA).

### **GENERALLY ACCEPTED ACCOUNTING PRINCIPLES (GAAP)**

GAAP 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.

### **GOVERNMENT GRANTS**

Payments by central government towards the cost of local authority services. These are either for particular purposes or services (specific grants) or in aid of local services generally (non ringfenced).

### **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**

Heritage assets are those assets that are intended to be preserved for future generations because of their cultural, environmental or historical associations. They include historical buildings, archaeological sites, civic regalia, museum and gallery collections and works of art.

## **HOUSING BENEFIT**

This scheme provides financial assistance towards the domestic rent payments of tenants in council or privately owned accommodation, whose incomes fall below prescribed amounts.

The borough council effects such assistance by offsetting amounts due from council tenants with the appropriate amounts of benefit (rent rebate). In the case of private tenants, a payment (rent allowance) is made to the tenant or to the landlord if requested by the claimant.

The borough council is reimbursed by the government for the cost of housing benefits. The government also contributes towards the costs of administering the scheme. Some authorities choose to operate a 'local scheme' whereby allowances in excess of the standard payments are granted.

## **HOUSING REVENUE ACCOUNT (HRA)**

The statutory account into which are charged the revenue costs of providing, maintaining and managing council house dwellings. These are financed by rents charged to tenants.

## **HOUSING REVENUE ACCOUNT (HRA) BUSINESS PLAN**

This sets out Council's objectives, strategic plans and standards relating to the repair and maintenance of the Council's housing stock over the next 30 years including details of how this is intended to be financed.

## **HOUSING STRATEGY**

The Council's Housing Strategy 2015-2020 was published in July 2015.

## **IMPAIRMENT**

Impairment occurs when the value of an asset has reduced. This can be either as a result of a general fall in process 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 bodies.

## **INFRASTRUCTURE ASSETS**

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

## **INTANGIBLE ASSETS**

These are identifiable non-monetary assets without physical substance that are expected to produce future economic benefits or which have service potential. The most common class of intangible asset is computer software.

## **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.

## **INVESTMENT PROPERTY**

A property (land or a building, or part of a building, or both) held solely to earn rental income or for capital appreciation (or both).

## **INVESTMENTS**

Deposits with approved institutions.

## **JOINT COMMITTEE**

Two or more local authorities may make arrangements to discharge any of their functions through a Joint Committee. Joint arrangements may be set up under the Local Government Act 1972, the financing arrangements being determined by the participating authorities. A Joint Committee of this authority and Erewash Borough Council run Bramcote Crematorium.

## **LEASING**

A method of financing capital expenditure where a rental charge for an asset is paid for a specific period. There are two forms of lease arrangement. "Finance leases" are where the risks and rewards of ownership are transferred to the lessee. All other leases are "operating leases".

## **LONG TERM DEBTORS**

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

## **MEDIUM TERM FINANCIAL STRATEGY**

This is a statement of the Council's policies for more than one year expressed in financial terms. The objective is to enable proactive management of the budget and enable better forecasting and long term financial planning.

## **MINIMUM REVENUE PROVISION**

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

## **NET EXPENDITURE**

Gross expenditure less specific service income, but before deduction of central government grants and council tax.

## **NON-DOMESTIC RATES (NDR)**

The Council collects Non domestic rates for its area based on local rateable values multiplied by a national uniform rate. With the introduction of the Business Rates Retention Scheme on 1 April 2013, billing authorities act as agents and collect non domestic rates on behalf of the major preceptors and central government, as principals for themselves.

## **NON-OPERATIONAL ASSETS**

Fixed assets that are held by the Council but are not directly use or consumed in the delivery of its services. This includes assets that are held for sale and surplus assets.

## **OPERATIONAL ASSETS**

Fixed assets that are 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 lessor.

### **OUT-TURN**

Actual income and expenditure.

### **PENSION FUND**

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

### **PRECEPT**

This is the amount of council tax income county councils, police authorities, fire authorities and parish councils need to provide their services. The amounts for all local authorities providing services in an area appear on one council tax bill, which comes from the billing authority.

### **PROVISIONS**

These are amounts set aside for specific future expenses that are likely or certain to be incurred but uncertain as to the amounts or dates they will arise.

### **PRUDENTIAL CODE**

The Prudential Framework for Capital Finance requires local authorities to have regard to the Prudential Code for Capital Finance, developed by CIPFA, when carrying out their capital budgeting and treasury management activities.

The Code allows local authorities to borrow without government restriction as long as capital investment decisions are affordable, prudent and sustainable and provide value for money. Local authorities are required to calculate and monitor a number of prudential indicators to ensure that the objectives of the code are being met.

### **PUBLIC WORKS LOAN BOARD**

A government agency that provides long-term loans to local authorities at interest rates slightly higher than those at which the Government itself can borrow.

### **RATEABLE VALUE**

A value placed on all non-domestic properties subject to rating to which a uniform rate poundage is applied to arrive at rates payable. The value is based on a notional rent that property could be expected to yield after deducting the cost of repairs.

### **RENT REBATES**

Rent rebates are a national means tested benefit which reduces the actual amount of weekly rent payable by a tenant. The Council is compensated for the rent loss by a government grant.

### **REPAIRS AND RENEWALS RESERVE**

A reserve maintained to provide for renewals of vehicles, plant and equipment from year to year.

**REVALUATION RESERVE**

This reserve replaced the former Fixed Asset Restatement Account on 1 April 2007 and records unrealised revaluation gains arising since that date from holding assets. This reserve and the Capital Adjustment Account are matched by fixed assets in the Balance Sheet. They are not resources available to the Council and are therefore included among Unusable Reserves.

**REVENUE EXPENDITURE**

This is expenditure mainly on recurring items and consists principally of salaries and wages, capital charges and general running expenses.

**REVENUE EXPENDITURE FUNDED FROM CAPITAL UNDER STATUTE (REFCUS)**

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

**SPECIFIC GRANTS**

Government grants to local authorities in aid of particular projects or services, e.g. collection of non-domestic rates.

**STANDING ORDERS**

Rules and procedures determined by the Council to assist in the efficient performance of its activities.

**SUPPORTING PEOPLE**

Local Authorities and other social housing providers have provided specific support services such as warden services and community alarms to address the needs of vulnerable tenants as part of their housing service. From 1 April 2003 these services and their funding were brought together under the Supporting People regime to ensure that co-ordinated services are in place. All services for Supporting People are now operated and funded via contracts with the County Council.

**UNUSABLE RESERVES**

Represent gains and losses yet to be realised and which are not available to support services.

**USABLE RESERVES**

Amounts set aside in the accounts for future purposes that fall outside the definition of provisions. They include general balances and reserves that have been earmarked for specific purposes. Expenditure is not charged directly to a reserve, but to the appropriate service revenue account.

**VIREMENT**

The authorised transfer of an underspending on one budget head to another head.

**VOIDS**

An amount of rent or rates not collectable because for part of the financial year the property was not occupied.