

BROXTOWE BOROUGH COUNCIL ANNUAL STATEMENT OF ACCOUNTS 2016/17

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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 great place to live, work and enjoy spending leisure time.”

As part of Greater Nottingham, and with excellent communication and transport links as well as thriving business areas, nearby Universities and amenities, the Borough 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 greenspace 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, Attenborough Nature Reserve, and parts of the Trent and Erewash Valley river corridors.



The Council's corporate plan 2016-20, 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



Our objectives are:



Housing

- Increase the rate of housebuilding on brownfield sites
- Become an excellent service provider
- Improve the quality and availability of the private sector stock to meet local housing need



Business Growth

- Increase the number of new businesses starting in Broxtowe
- Help our town centres to compete and attract more visitors
- Complete the regeneration of Beeston Town Centre and seek opportunities to regenerate town centres throughout Broxtowe Borough Council



Community Safety

- Reduce the amount of anti-social behaviour in Broxtowe
- Reduce domestic violence in Broxtowe



Health

- Increase the number of people who have active lifestyles
- Work with partners to improve the health of the local population
- Reduce alcohol related harm in Broxtowe.



Environment

- Reduce fly tipping to make Broxtowe cleaner
- Maintain and improve the green infrastructure of Broxtowe
- Increase recycling and composting and energy renewables/efficiency projects as resources allow

Key developments during the year affecting these intended outcomes include:

- The confirmation that Toton will be a station on the new High Speed Rail Link connecting London with the North East and North West (HS2), thus being identified as a strategic area for growth
- Approval for the aligned Core Strategy and major planning approvals for developments at the former Boots Site, Beeston Business Park and Toton
- The publication of a Green Infrastructure Strategy to ensure that environmental matters are taken into account in planning decisions, a Playing Pitch Strategy to secure and shape leisure facilities in the borough and a new Waste and Recycling Strategy to bring forward a range of new approaches to increase recycling
- The purchase of Beeston Square to achieve ownership by the Council of the whole of the site and to create the opportunity to enhance Beeston as a destination
- The transfer of Disabled Facilities grants to the Better Care Fund administered by Nottinghamshire County Council to ensure local commitment to home improvements to meet the needs of an increasingly older population
- Re-commissioning of Domestic Violence Services by Nottinghamshire County Council and a county-wide review of the Sanctuary scheme to help create protected spaces for victims of domestic violence
- The transfer of the Council's Leisure Centres to a wholly-owned Company – Liberty Leisure – from October 2016.

The Council's income and expenditure is directed towards the support of these objectives and aims. After a long period of uncertainty over funding, the Council has a clear path towards a future of self-sufficiency following the Government's decision to provide a four year settlement from 2016/17. By 2019/20 we will receive no Revenue Support Grant directly from central government and be entirely dependent on Council Tax, Business Rates and our own income-generation to fund the essential services on which our communities rely.

Addressing this changing landscape will present significant challenges but also bring exciting opportunities for the Council and the residents of the borough. To reflect the development of the new Corporate Plan we have structured the financial information underlying the accounts statements in line with these priorities so that it is clear where our resources and efforts to improve performance have been directed during the past financial year.

In overall terms the statements presented within the Council's accounts demonstrate a healthy position for the Borough Council. Despite the challenges during the year, we have maintained our prudent and sensible approach to financial management and we will continue to do so as we move forward with our new Corporate Plan.

2. Governance – the changing shape of the Council

Governance structures

In order to strengthen its capacity to meet its key objectives during 2016/17 the Council changed its governance structures. In May 2016 the existing Cabinet and Scrutiny model was replaced with a committee structure. A main Policy and Performance Committee and a Finance and Resources Committee were created to govern policy development, performance and spending, while four policy committees were created which, alongside the Planning Committee and the Licencing and Appeals Committee, were designed to drive progress on the key objectives in the Corporate Plan:

- The Housing Committee oversees management of the Council's retained social housing stock of 4,500 properties and ensures that development is managed in a complementary way with the planning function and in partnership with the private sector
- The Environment and Community Safety Committee was created to oversee developments in public health: combining the aims of enhancing the facilities and infrastructure within our communities with the aim of strengthening those communities to make Broxtowe a better place to live.
- The Jobs and Economies Committee focuses on business development and enhancing the town centres within the Borough
- The Leisure, Parks and Cemeteries Committee was created to drive the Council's ambition to increase participation in sport and leisure while maintaining the green infrastructure of the Borough.

Following the creation of Liberty Leisure, the roles of the Environment and Community Safety and the Leisure Parks and Cemeteries Committees were revised to reflect the changing structure of the Council. A Community Safety Committee was introduced to increase the focus on that specific theme, while the Health and Environment themes were brought together into a new Leisure and Environment Committee.

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

Liberty Leisure



Liberty Leisure 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 two Members of the Council's Senior Management Team and the Managing Director of the company and 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 management of, and delivery of services at, Bramcote Leisure Centre and two leisure centres at Kimberley and Chilwell owned jointly with local schools. Ownership of the assets themselves (fully for Bramcote Leisure Centre and jointly for the other two centres) has been retained by the Council.

The company also manages the Council's culture offer through management of the DH Lawrence Museum and events and is responsible for sports development. The Council maintains control over the company through retained decision-making powers and through the scrutiny of the Leisure and Environment Committee which reviews the financial and operational performance of the Company.

The first set of accounts for Liberty Leisure cover the six-month period 1 October 2016 to 31 March 2017. As Liberty Leisure is a wholly-owned company of Broxtowe Borough Council, the accounts for the company have been consolidated into the Council's own accounts. However, separate financial accounts for the company are filed at Companies House in accordance with the regulations governing Limited Companies. For the first six months of operation the company achieved a pre-tax surplus of £0.093m (excluding pension liabilities).

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 a management fee 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.

During 2016/17 income increased by 3.6% compared to 2015/16 to £1.914m. Expenditure increased by 22.2% to £1.282m but this was primarily due to increased capital charges. The rise in spending was offset by an increase in asset values and, after deductions for financing and investment income, this left a surplus of £0.408m to be taken to reserves. Financial statements of the Joint Committee are published separately and were presented to the Joint Committee Meeting of 22 June 2017.

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 2016/17 the Council (including Liberty Leisure) made a contribution equivalent to 13.2% of pensionable pay plus an additional £0.755m into the Pension Fund, to help ensure that the fund has sufficient resources to meet future liabilities.

The contribution rate is determined by the Pension Fund's Actuary based on an actuarial valuation every three years. The latest revaluation took place in 2016. Details about how the costs are identified and financed are given in note 44 to the accounts while the value of the Council's net liability in the Pension Fund is detailed within the Consolidated 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 actuarial valuation as at 31 March 2016, the Council will make a contribution of 14.4% of pensionable pay plus an additional £0.690m into the Nottinghamshire County Council Pension Fund in 2017/18.

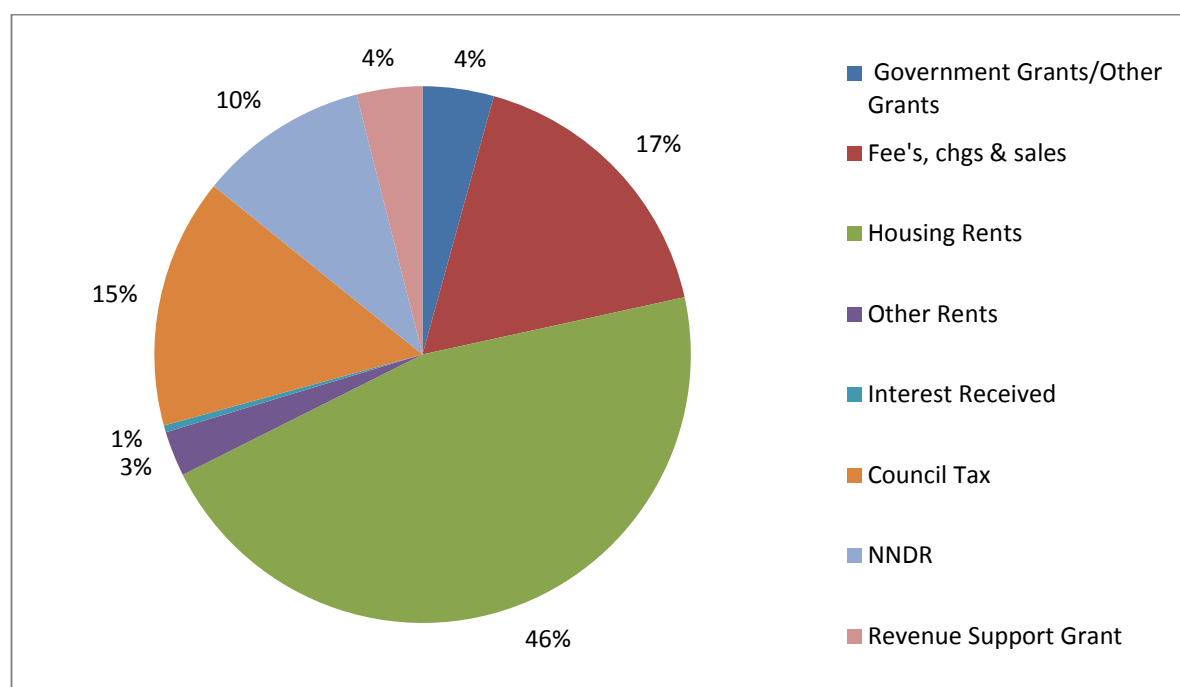
3. Spending and performance

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 spending on services

The biggest pressure on Council incomes is the continued reduction of Revenue Support Grant, which reduced by 29% between 2015/16 and 2016/17 and is set to fall to zero by 2019/20. This means that the Council is now far more dependent on income from its business operations, Council Tax, and business rates. Income from housing rents forms the largest source of income but this is reserved for spending on housing only. Figure 1 shows the overall balance of income in 2016/17. 17% of the Council's income is now derived from fees, charges and sales.

Figure 1: Sources of income 2016/17



Changes on spending between years highlights the increased focus on the corporate objectives but 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 Beeston Square.

Table 1 shows the balance of spending on corporate priorities compared to 2015/16. The reduction in expenditure across all areas except Business Growth and spend on housing properties reflects the impact of the Business Strategy introduced in 2015 to reduce General Fund costs by £2.377m over three years and existing plans for improvements to the Council's housing stock.

Table 1: Changes in gross expenditure 2015/16 to 2016/17

Gross expenditure	Actual 2016/17 (£)	Actual 2015/16 (£)	Change (£)
Strategic Housing	593,364	859,142	(265,778)
Housing	596,434	9,545,247	(8,948,813)
Housing – Exceptional Item	(32,436,063)	0	(32,436,063)
Environment	6,967,200	6,757,351	209,849
Business Growth	1,955,339	2,016,094	(60,755)
Community Safety	2,317,818	2,458,312	(140,494)
Health	4,765,877	5,881,045	(1,115,168)

The management of the Council's finances in 2016/17 means that we have retained sufficient balances to help meet our financial challenges over the coming years while maintaining spending at the levels required to deliver the desired standard of service. At 31 March 2017 the Council has general reserves of £4.746m and earmarked reserves of £0.802m, which amounts to £5,548m in total. This compares to £4,987m as at 31 March 2016.

The Council's Medium Term Financial Strategy indicates that there are sufficient reserves to maintain adequate balances for the period to 2020/21. This is dependent on meeting the savings commitments that have been identified in the Business Strategy and employee savings programme.

Financial performance

The outturn presented to the Council's Finance & Resources Committee reports a revenue budget under-spend of £0.431m on net spending on services. This is a very pleasing outcome, particularly considering the decline in direct funding of £3,811m between 2010/11 and 2016/17 that the Council has had to address.

In addition there has been a positive movement on Non-Domestic Rates although this will be offset by an increased deficit on the Collection Fund for subsequent years. Therefore, while it appears to be a favourable variance, it is the result of timing differences rather than an increase in business rates income. In fact, for 2016/17 Broxtowe experienced a reduction in business rates income from anticipated levels such that the Council received a Safety Net payment of (£133,990) compared to an anticipated growth contribution of £200,000. This was due to an increase in the provision for appeals.

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. However this increases the risks to the Council's finances as changes in the amount of business rates collectable can have a significant impact on our income. To help mitigate such risks and to maximise funding opportunities, the Council is a member, along with other Nottinghamshire local authorities, of

the Nottinghamshire Business Rates Pool. The pool generated a surplus during the year which will provide Broxtowe with an additional £16,000 income that was not budgeted for and also generated income of £1,440,265 for investment across Nottinghamshire.

Tight financial control along with the implementation of a new Business Strategy and Business Planning approach during the year has resulted in reduced costs and/or increased income across the five priority areas during 2016/17. Table 2 shows the actual net spend compared to the budgeted spend.

Table 2 – General Fund financial performance 2016/17

General Fund (excluding Bramcote Bereavement Services)	Revised Budget	Actual	Difference
	£'000	£'000	£'000
Net Expenditure on Services	10,308	9,883	(425)
Funded by:			
Collection Fund	(5,310)	(5,310)	0
Revenue Support Grant	(1,413)	(1,413)	0
Non Domestic Rates	(2,887)	(3,633)	(746)
CT Collection Fund surplus	(87)	(87)	0
	(9,697)	(10,443)	(746)
Net Balance for Year	611	(560)	(1,171)
Transfer to/(from) Other Reserves	(68)	(52)	16
Balance Brought Forward	(4,134)	(4,134)	0
Balance Carried Forward	(3,591)	(4,746)	(1,155)

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

- an underspend of £0.482m on employee costs due to the control of vacant posts that was partly offset by one-off redundancy costs totalling £0.126m that should result in reduced employee costs in future years.
- items that were in progress at the year-end but where the projects will not be completed until 2017/18 totalling £0.145m.

These were offset by:

- overspending on agency staff in Environmental Services of £0.213m as a result of vacancies and sickness absence levels
- income from planning fees was £0.119m less than anticipated as a result of reductions in major planning applications. This is expected to reverse in 2017/8 now that site allocations have been determined in the Part 2 Local Plan.

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. This also showed a reduction in costs during the year which will ensure that more resources are available for funding improvements in the housing stock in the coming years. Table 3 shows the financial performance on the HRA for the year:

Table 3: Housing Revenue Account financial performance 2016/17

HOUSING REVENUE ACCOUNT	Revised budget 2016/17	Actual 2016/17	Variance from budget	
			£	%
Expenditure	11,599,600	10,754,507	(845,093)	(7.3)
Income	(16,467,700)	(16,474,327)	(6,627)	0.0
Appropriations	5,446,400	5,538,826	92,426	1.7
Deficit/(Surplus)	578,300	(180,994)	(759,294)	

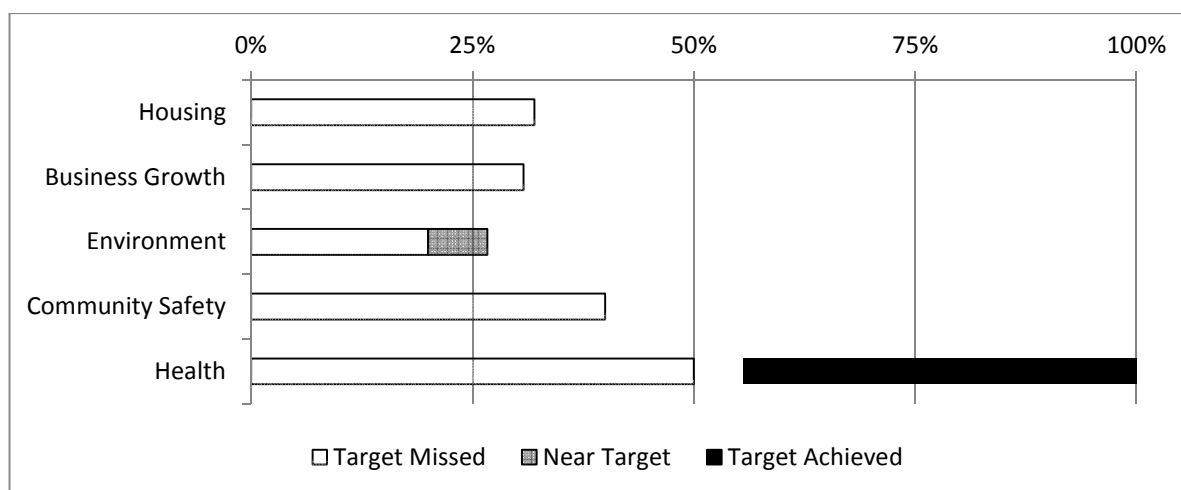
The main savings/underspendings against the revised budget resulted from:

- an underspend of £0.405m on revenue contributions to planned capital expenditure that was due to take place in the year but will now be delivered in 2017/18
- other revenue items that were in progress at the year-end but where the projects will not be completed until 2017/18 totalling £0.173m
- an underspend of £0.267m on employee costs due to the control of vacant posts
- additional income of £0.128m was recovered through concentrated efforts to recover the costs of works required to vacated properties
- materials and waste disposal costs were £0.101m lower than budgeted, in part due to the transfer of electrical testing and voids maintenance work in-house during the year.

Business performance

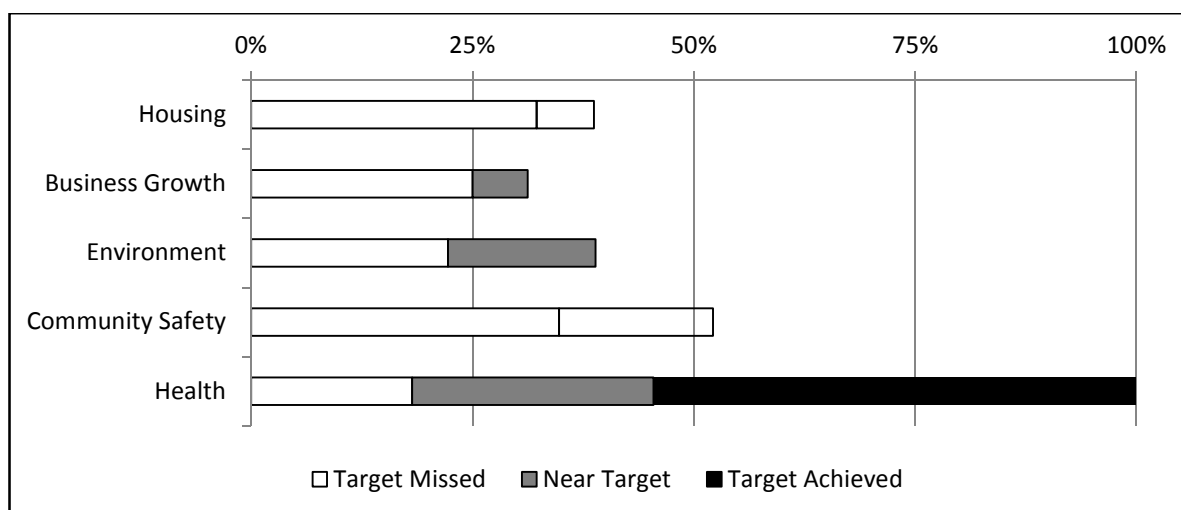
In terms of business performance, figure 2 shows we did well against our five priorities but the Council is always seeking continuous improvement in the delivery of services and the Corporate Plan is designed to encourage this by focusing on key areas of activity. This will require investment in, for example the regeneration of Beeston Town Square, the expansion of services to support healthy lifestyles through Liberty Leisure, the development of new affordable homes and the implementation of the Green Infrastructure Strategy.

Figure 2: Overall performance against targets in 2016/17:



The performance represents an improvement on the 2015/16 position in respect of the key performance indicators for the Housing, Business Growth and Environment objectives (Figure 3). The Health objective targets are primarily related to leisure activities and 2016/17 was a transitional year. Progress against these indicators will be monitored in 2017/18

Figure 3: Overall performance against targets in 2015/16:



For Community Safety, performance was reduced in relation to regulatory activities, such as food inspections, and dealing with Anti-Social Behaviour cases but additional resources have been identified to address this. However it is also the case that a range of measures have been revised following changes to the way that data is captured by the Police and Crime Commissioner. Therefore progress against the performance indicators overall cannot readily

be compared from year-to-year. National benchmarking information suggests that the South Nottinghamshire Community Safety Partnership is achieving well compared to other partnerships across the country. South Nottinghamshire has the lowest rate of crimes per 1,000 population in comparison with all 14 of its comparator organisations.

More detail on performance relating to the Council's five priorities is available in a pull-out section of Broxtowe Matters, published in June 2017. Copies are available on the Council's website at www.broxtowe.gov.uk/councilpublications.

4. Spending on assets in 2016/17

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, computer equipment and industrial development. Further details can be found in note 13 to the accounts.

In 2016/17 the Council funded capital items to the value of £17.791m. This compares with a budget of £19.455m after taking account of items carried forward from 2015/16. The net underspending of £1.665m (8.6%) was mainly due to expenditure on schemes being carried forward into the following year, many of which were outside the Council's control.

In 2016/17, £1.526m of capital receipts (including items brought forward from 2015/16) were used to finance capital expenditure, the balance of the expenditure being matched by funding from the Housing Revenue Account Major Repairs Reserve (£3.485m), borrowing (£8,573m) and direct revenue funding (£3.086m). Borrowing included £7.586m in respect of the purchase of Beeston Square.

Total loans repayable by the Council to external parties at 31 March 2017 for capital spending (including accrued interest but excluding loans relating to Bramcote Bereavement Services) amounted to £98.755m. This included £66.446m 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 increased in comparison with 2015/16 by around £8.581m. This was primarily due to the purchase of Beeston Square and one-off capital spending of £0.567m to improve the initial offer of Liberty Leisure.

This Council's share of capital expenditure in respect of Bramcote Bereavement Services amounted to £0.073m in 2016/17. This represented a significant increase on the expenditure of £0.022m in 2015/16 and was primarily due to a scheme to increase the capacity of the Reflection Chapel. This capital expenditure was financed entirely from internal funds.

In order to reflect changing property prices the Council's property assets are revalued on the basis of a 5-year revaluation programme – which is to say that all assets are revalued at least once every five years.

Council dwellings are valued on the existing use value - social housing (EU-SH) basis using an appropriate discount factor. The discount factor used to value Council dwellings at 31 March 2017 was 42% as set out in the updated Guidance on Stock Valuation for Resource

Accounting published in November 2016. Whilst the valuation of the housing stock at 31 March 2017 resulted in a total gain of £39.377m, the valuation of other property assets at 31 March 2017 resulted in net downward revaluations totalling £1.667m. Further details on these impairment charges can be found in notes 13 and 41 to the accounts.

The increase in asset values is primarily due to the purchase of the freehold of Beeston Square which was previously valued on the basis of its lease value. This resulted in an increase in value of £4.765m. There was also an increase in value of Bramcote Leisure Centre of £1.437m and upward revaluations of Bramcote Crematorium (£0.284m) and the Council's Offices in Beeston by £0.244m.

Reductions in asset values relate to the revaluation of Durban House which was taken out of use as a part of the Council's DH Lawrence Heritage offer and subsequently let to a local business. The valuation was stated at £0.390m as at 31 March 2017. Reduction in asset values was also due to the discontinuation of the former cash office at Nottingham Road, Eastwood (reduction of £0.071m), and the former Beeston Market site (£0.075m).

5. Outlook

In February 2015 a budget gap of £2.377m was reported to the Council's Cabinet. A Business Strategy was then developed which was designed to ensure that in four years' time the Council will be:

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

The exercise generated a wide range of suggestions leading to potential savings or increased income amounting to £1.49m over the lifetime of the Medium Term Financial Strategy (MTFS).

During 2015/16 efficiencies of £0.679m against this target were achieved and further efficiencies of approximately £0.7m have been achieved during 2016/17. A further £92,350 is available to be achieved within the existing Business Strategy. However a further iteration of the strategy is underway. This has increased the potential gains to £0.181m based on revised projections of income and savings. Additional savings can be generated by the consolidation of office space, for which a project team has been established, and by the Revenues and Benefits integration with Erewash which is a proposed development of the existing managed service.

A Commercial Manager has been in post since February 2017 and a Commercial Strategy, which will set out a framework for achieving further efficiencies and focusing on developing new income streams is to be presented to the Policy and Performance Committee in the autumn.

Progress on the Employee Savings Programme is due to be reported to the Policy and Performance Committee in July 2017. This achieved £309k savings which were incorporated into the 2017/18 budgets over and above those identified in the Business Strategy. A further £300k was identified and can still be realised although this will be offset to some extent by proposed staffing restructures. Included in the further £300k is approximately £70 - £110k in relation to the Housing Restructure proposals which will be primarily savings to the HRA and will not therefore have an impact on the General Fund MTFS and have been excluded.

Further positive gains have been made from Bramcote Bereavement Services. The accounts show a revenue account balance of £205,151 at the end of 2016/17, a decrease of £193,809 when compared to 2015/16 but £62,891 above the original estimated amount. This may make possible an increased proposed distribution in 2018/19. This has been allowed for in the MTFS.

As noted above, Liberty leisure also achieved a positive outturn against projected spend for the first six months of its operation. However no account has yet been taken of this as a full year of operation is needed to understand future likely contributions from or to the company.

Taking the above matters into account a revised MTFS can be projected as follows. This shows an overall positive balance on reserves which is sufficient to meet future needs.

	2017/18 £000	2018/19 £000	2019/20£ 000	2020/21 £000
Surplus/(Deficit to be funded)	(859)	(683)	(272)	283
Planned use of/(addition to) reserves				
- General	914	-	-	-
- Earmarked	(55)	(11)	(31)	(80)
TOTAL (£0.794k)	0	(694)	(303)	203
Balance on reserves	4,687	4,004	3,732	4,015
Required balance	1,500	1,500	1,500	1,500
Available reserves	3,187	2,504	2,232	2,515

The revised position includes two key assumptions:

- That existing salary savings targets are already included (i.e. the potential savings identified in the attached do not include salaries reductions which arise from overall reductions in the staff base)
- That all other existing assumptions concerning inflation, pay and pension cost increases, interest rates, general price increases for chargeable service and capital costs remain the same

If these projections were achieved, the Council's General Fund reserves would be £4,015 at 31 March 2021. Some of the initiatives may generate capital receipts which can be used to help finance future capital programmes.

6. The statement of accounts

The Council's statutory accounts for the year 2016/17 are set out on pages 37 to 42. They have been compiled in accordance with accounting policies that comply with the relevant recommended accounting practices and are set out in the notes to the accounts from page 43 onwards.

The financial statements consist of:

- the Statement of Responsibilities – which sets out the responsibilities on the authority and the Deputy Chief Executive (as the chief financial officer).
- the 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.
- the 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.
- the Balance Sheet - which sets out the financial position of the Council as at 31 March 2017.
- the Cash Flow Statement - which summarises the total movement of the Council's funds.
- the Housing Revenue Account - which shows income and expenditure on council housing.
- the 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/Town Councils.
- Group accounts incorporating the financial performance of Liberty Leisure during the first half-year of its operation.

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, to be presented to the Governance, Audit and Standards Committee

on 26 June 2017, has been included. The accounts for 2016/17 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 2016/17 were initially issued and certified by Shane Flynn (Deputy Chief Executive) on 23 June 2017 for submission to the auditors. The accounts (awaiting final audit opinion) were presented for approval to the Governance, Audit and Standards Committee on 29 September 2017 in accordance with the Accounts and Audit (England) Regulations 2015. The final audit opinion will be presented to the members of the Governance, Audit and Standards Committee.

10. 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

Scope of Responsibility

Broxtowe Borough Council is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded, properly accounted for, and used economically, efficiently and effectively. Broxtowe Borough Council also has a duty under the Local Government Act 1999 to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.

In discharging this overall responsibility, Broxtowe Borough Council is responsible for putting in place proper arrangements for the governance of its affairs and facilitating the effective exercise of its functions, which includes suitable arrangements for the management of risk.

Broxtowe Borough Council has approved and adopted a code of corporate governance, which is consistent with the principles of the CIPFA/SOLACE Framework *Delivering Good Governance in Local Government 2011*. A copy of the code can be obtained from Broxtowe Borough Council, Council Offices, Foster Avenue, Beeston, Nottingham NG9 1AB. The Code is due to be revised to take into account the 2016 revisions to the *Framework*.

This Statement explains how Broxtowe Borough Council has complied with the code in force and also meets the requirements of the Accounts and Audit Regulations 2015, regulation 6(1), which requires all relevant bodies to prepare an Annual Governance Statement.

Purpose of the Governance Framework

The governance framework comprises the systems and processes, culture and values by which the Council is directed and controlled and its activities through which it accounts to, engages with, and leads its communities. It enables the Council to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate, cost-effective services.

The system of internal control is a significant part of that framework and is designed to manage risk to a reasonable level. It cannot eliminate all risk of failure to achieve policies, aims and objectives and can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of the Council's policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically.

The governance framework has been in place at Broxtowe Borough Council for the year ended 31 March 2017 and up to the date of approval of the Statement of Accounts.

Assessment of the effectiveness of the Governance Framework

A key component of the Council's governance framework is that the business of the organisation is conducted to achieve effective outcomes and to deliver those outcomes with due regard to the efficient and effective use of resources. The assessment of effectiveness

therefore covers the means by which the Council sets its priorities and measures progress towards achieving them and the key structures in place to ensure that progress is made in a constructive manner with appropriate management of the level of risk.

Corporate priorities and policy development

The Council's Corporate Plan for the period 2016 to 2020 sets out its vision, values, objectives and outcome targets. It is used to support the Council's future budget plans and detailed service plans. The Corporate Plan is available on the Council's website.

During 2015/16 the previous Corporate Plan 2012 to 2016 was updated with a new Corporate Plan 2016-2020 and a new set of objectives which came into force on 1 April 2016 and have been implemented during the course of 2016/17. To support the transition to the new objectives, a revised reporting structure was required to ensure that expenditure and income related to each objective could be presented accordingly. In addition a new Committee system was introduced from May 2016 and changes to the committee structure were implemented during the year as the system developed. The Council's financial statements for the financial year 2016/17 reflect this revised format.

Progress against the Corporate Plan during 2016/17 was monitored by the new Policy and Performance Committee on a quarterly basis. The reports, which are presented along with a brief financial update, highlight the progress against key targets. More detailed monitoring of progress against specific service objectives and plans was undertaken by the relevant policy committees using extract 'scorecard' reports from the Covalent performance management system. Co-inciding with the introduction of the new Corporate Plan, the Council revised its service delivery planning arrangements, retitling the plans "Business plans" to reflect a more commercial approach to business planning, and introducing a hierarchy of performance indicators which distinguished between "critical success Indicators" (CSIs) – the strategic outcome indicators; at the next level the key performance indicators (KPIs) by which forward progress aligned to the corporate plan objectives is measured; and lastly management performance indicators (MPIs) through which Managers track the operational level performance of the services they are responsible for.

Financial information showing the budget for each service area and financial targets expected to be achieved during the financial year are contained in the business Plans and in this way service and financial planning is integrated. This was reflected in the presentation of business plans and budget proposals, taken together, to the relevant policy committees in February 2016 and a composite suite of reports to the Finance and Resources Committee dealing with the strategic budget decisions and a number of associated strategies. This enabled the Council to ensure that the impact of any service development proposals and budget reductions were clearly taken into account within the Council's overall financial and budget arrangements and that spending decisions were focused on the Council's priorities as laid down in the Corporate Plan.

The Council approves and keeps under regular review all the strategic policies which it reserves for its own consideration, including the following:

- Constitution
- Performance Management Framework

- Sustainable Community Strategy
- Crime and Disorder Reduction Strategy
- Capital Programme, Capital Strategy and Asset Management Strategy
- Revenue Budget and Medium Term Financial Strategy
- Treasury Management and Investment Strategies
- Housing Business Plan
- People Strategy and Pay Policy
- ICT Strategy.
- Core Strategy/Local Plan part 2.

All of the above have been reviewed and revised as appropriate during the last three years with the financially based strategic policies being updated annually as part of the budget-setting process. In order to ensure that a comprehensive view is taken of the Council's financial position, and that the controls to ensure that these policies are complied with are in place, all of the appropriate financial reports are brought together to the Finance and Resources committee prior to going forward to full Council for approval.

In 2015/16 the Council adopted a Core Strategy to govern its approach to planning and development. During 2016/17 Part 2 of the Local Plan was developed which sets out detailed planning objectives for the borough. Alongside this, parish and town councils were engaged on developing Neighbourhood Plans for their areas. The key elements of the Local Plan Part 2 were approved by the Jobs and Economy Committee in 2016/17 and the formal plan will be assembled for adoption by the Council in 2017/18.

Other key policy developments during 2016/17 include:

- a Green Infrastructure Strategy and Playing Pitch Strategy were approved to inform planning considerations and to establish the Council's approach to maintaining and developing green spaces and playing fields
- a revised Waste Strategy was adopted to refocus the Council's attention on recycling and sustainable waste management
- a Vulnerable Adults Safeguarding Policy was introduced to complement the Safeguarding Children Policy adopted in November 2015 and an Anti-Social Behaviour policy was introduced alongside a Hate Crime Policy to govern approaches to tackling anti-social behaviour and hate incidents
- a Tenancy Sustainment Strategy was adopted alongside an Income Recovery policy following extensive work on the action plan to address issues with rent recovery identified during 2015/16
- an Aids and Adaptations Policy was approved to support those with specific needs to be able to remain in their own homes

- A Corporate Enforcement Policy was adopted to protect the public, the environment, consumers and legitimate businesses by ensuring that legal requirements are met and that everyone acts/operates within the law.

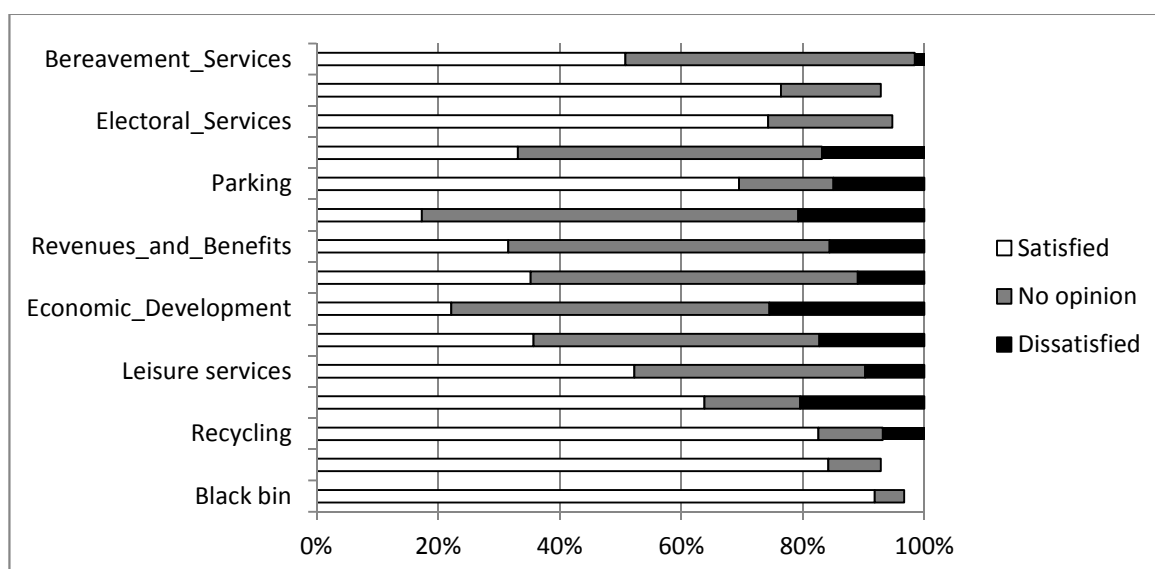
Each of these policies and strategies was accompanied by an Equality Impact Assessment.

The last annual governance report from the Council's external auditors, which covered the 2015/16 financial year, concluded that the Council "had proper arrangements in place to ensure it took properly informed decisions and deployed resources to achieve planned and sustainable outcomes for taxpayers and local people."

Assessment of quality of Services

The Council actively takes part in numerous benchmarking activities and consultation initiatives in order to assess quality, value for money and customer satisfaction. The latest full resident satisfaction survey was conducted in October 2013. Therefore in 2016 the budget consultation exercise for 2017/18 incorporated questions on satisfaction with services and invited commentary both on those services and on the local area. In overall terms, local people are satisfied with the Borough of Broxtowe and the Council's management of it. 84% of people are 'satisfied' or very 'satisfied' with the area in which they live, while 73% are 'satisfied' or 'very satisfied' with the way that the Council delivers services. Figure 1 shows the level of satisfaction with services provided by the Council:

Figure 1: Satisfaction with services provided



As one aspect of the process to review the quality of services, the Council has in place a comprehensive system for monitoring compliments and complaints. The Council's General Management Team (which comprises the Chief Executive, Deputy Chief Executive and Chief

Officers) reviews the results and these are formally reported to the Governance, Audit and Standards Committee. The report provides details, in particular, of those complaints that are referred to the Ombudsman. Any complaints where a financial settlement is appropriate, or has been made, are also reported in detail to the Governance, Audit and Standards Committee.

Each year the Council produces performance data based upon performance indicators agreed by the General Management Team and the Policy and Performance Committee (previously considered by Overview and Scrutiny Committee) detailing performance against targets. An audit of data quality is conducted annually and all performance indicators are required to be signed off at a senior management level to ensure that the quality of any data produced is of a sufficient standard.

Improvement and Efficiency

The Council continually reviews processes and procedures to achieve cost efficiencies. The Business Transformation Programme, which is of particular significance in this regard, will eventually cover all major services and employee reviews brought about through the vacancy control procedure. A detailed Business Transformation Programme Highlights report is compiled quarterly to chart progress against the improvement activities specified by each department within the programme. This is compiled by the Business Transformation and Project Officer using information compiled by service departments.

The Council's Chief Information Officer monitors benefits realisation using established measurement techniques and reports on these regularly to the General Management Team and Members.

The Council's financial plans are based on a Medium Term Financial Strategy (MTFS) which identifies future budget pressures. This is revised annually as part of the budget setting process and is kept under review throughout the financial year. As at February 2015, the MTFS identified a potential draw on the Council's reserves, due to anticipated reductions in Government funding, amounting to approximately £2.377m over the forthcoming three years.

In order to address the budget gap the General Management Team developed a Business Strategy, designed to ensure that in four years' time the Council will be:

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

The Business Strategy identified potential efficiencies and income generation opportunities amounting to around £1.9m over the three years of the MTFS from 2015/16 to 2017/18. Year-on-year budget reductions arising from this approach, amounting to approximately £653,000 per annum, were realised during budget setting for 2016/17 and a further £640,000 was achieved during budget setting for 2017/18.

Annual budget setting includes ongoing employee savings targets which provide a significant way of helping to meet the challenges that the Council faces as a result of decreasing government resources. During 2016/17 an Employee Savings Programme was developed to supplement the Business Strategy. This identified £605,000 potential savings, from which an employee savings target of £406,226 was derived. This reflected cashable savings realisable during the 2017/18 financial year only. The employee efficiency target for 2016/17 was met during the financial year.

The Council introduced charges for the collection of garden waste from April 2014 and this income stream continues to grow. Over 18,000 households have now signed up for this service. This has provided a valuable income stream that is assisting the Council with addressing the budget challenges that it faces.

Further opportunities to generate income are being considered for other service areas following the success of this approach. This includes, in particular, increasing facilities for memorialisation at Bramcote Crematorium, greater use of assistive living technology and increased use of Council properties. However increased income generation at Bramcote Crematorium may require a formal trading account to be established and work has been commissioned to develop the business case for change in Bereavement Services.

In May 2016 the Council purchased the leasehold title for Beeston Square from Henry Boot Ltd. This returned full control over the land and buildings in the Square to the Council to enable development along with the adjacent vacant site. A full risk assessment and business appraisal was undertaken prior to purchase.

The Council continues to pursue opportunities for efficiency savings through shared services and collaborative working. During 2016/17 a shared management service provided by Erewash Borough Council was introduced for Revenues and Benefits and a shared Legal Services arrangement implemented with Rushcliffe Borough Council. The latter arrangement finished at the end of April 2017. The Council's Chief Audit and Control Officer provides management support for Erewash Borough Council's Internal Audit function while the Council's Estates Manager supports Ashfield District Council's property management function. In return, the Council purchases business rates management support from Ashfield.

A Shared Services Board, chaired by the Chief Executive, meets regularly to keep these arrangements under review. Steps were taken to tighten control over shared services arrangements in 2016/17 and a report highlighting the value of these arrangements was presented to Policy and Performance Committee in July 2016.

New service delivery arrangements were considered during 2015/16 following a review of the Council's approach to commercialisation undertaken by external consultants. This resulted in the establishment of a Leisure Services company – Liberty Leisure Ltd – from 1 October 2016. The arrangement includes proposals for reductions in costs and increases in 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 was retained by the Council through the governance arrangements put in place.

Proposals for the development of a Bereavement Services company and a Housing development company are under active consideration. Electrical maintenance and housing voids repairs functions were brought back in house as a means of reducing cost and improving quality.

The introduction of policy committees from May 2017 has increased the degree of member involvement in considerations of service quality, value for money and financial management. The committee structure allows for a more detailed consideration of matters affecting specific service areas while an overview is maintained by the Policy and Performance Committee and the Finance and Resources Committee which receive reports, and referrals from other committees, on proposed policy changes, staff establishment changes and adjustments to income and expenditure.

Revised decision-making structures

In May 2016 the existing Cabinet and Scrutiny model was replaced with a committee structure. In preparation for this, the Council's constitution was reviewed and revised extensively to accommodate the new arrangements. This required a detailed mapping exercise to ensure that the powers vested in Cabinet, Overview and Scrutiny and other committees were transferred to the new committees and adjusted as necessary. In essence, the delegated authority arrangements introduced from May 2016 are as follows:

- The Council decides upon policy and certain other specialist functions that cannot be delegated elsewhere, including the setting of the Council Tax
- The Policy and Performance Committee, which consists of the chairs of all other policy committees, has overall responsibility for developing and delivering policies of the Council and monitoring progress against the objectives of the Corporate Plan
- The Finance and Resources Committee has responsibility for reviewing the Council's budget and financial management and makes recommendations to Council with regard to the setting of Council Tax
- Policy Committees relating to Community Safety, Housing, Jobs and Economy and Leisure and Environment are allocated authority by the Council to develop and deliver policy within their specific remit
- Separate committees exist for Planning, Licensing and Appeals, Alcohol and Entertainments
- Matters relating to governance and standards are dealt with by the Governance, Audit and Standards Committee
- Two joint committees exist: the Economic Prosperity, which consists of the Leaders of all councils in Nottinghamshire to consider County-wide development matters; Bramcote Bereavement Service Joint Committee which oversees the operation of Bramcote Crematorium, which is jointly owned with Erewash Borough Council
- Two internal committees exist governing 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.

- Delegation arrangements to officers are set out in detail within the Constitution
- 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, Financial Regulations (Contracts) and codes of conduct for Members and officers. All of these have been updated as part of the overall review of the Constitution following the decision by the Council to change to a committee structure. Each of the functions of the Cabinet and committees were transferred to new committees following approval of the revised constitution in May 2016. Intermediate updates to aspects of the Constitution take place in response to various issues that may arise during the year, including any legislative changes.

As part of the change to the governance arrangements, the Council committed to an on-going appraisal in order to review the system.

The Governance, Audit and Standards Committee resolved at a meeting on 28 November 2016 that all councillors should be asked to appraise the changes through a written questionnaire designed to elicit as much comment as possible from those returning the forms. The questionnaire produced limited results. The views of those Councillors who responded on the effectiveness of the new system compared with the previous governance system were reported and discussed, and the outcome was that the new system has remained in force.

The Independent Remuneration Panel reviewed Members' allowances in November 2016 and took into account the changes in the role of Members under the new structure. The panel recommended increases in basic allowances and review of allowances for some specific roles. Full Council received the report of the panel's findings on 1 March 2017 but did not accept the recommendations, which would, if adopted, have increased allowances.

Policies, Procedures, Laws and Regulations

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.

The Council's statutory officers are the Chief Executive (as Head of Paid Service), the Deputy Chief Executive (as Section 151 Officer) and the Director of Legal and Planning Services (as Monitoring Officer). All three officers are members of the General Management Team, which meets weekly, 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, they 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 General Management Team meetings 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 is the Council's appointed Section 151 Officer and is a key member of the General Management Team. Being part of the General Management Team, together with meeting with leading Members and attending full Council and 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. 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 (2010).

The Section 151 Officer's responsibilities include ensuring that the General Management Team 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 Director of Legal and Planning Services is the Council's Monitoring Officer and also attends the General Management Team. Part of the Monitoring Officer's 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 2016/17 the Statements of Internal Control identified five specific issues where further strengthening of the control environment can be achieved:

- Improvements in management relating to gas safety
- Improvements in procurement and contract management
- Development and strengthening of whistleblowing procedures
- Strengthening financial management of agency costs

- Reviewing business continuity plans in the light of increased threat of disruption.

These matters have been addressed or are part of ongoing development of increased controls to be implemented during 2017/18.

In addition, during the year a number of complaints and grievances were raised internally and from anonymous sources with the General Management Team and Council Members. An investigation was commissioned into these matters by external legal advisers on the Council's behalf. The report is awaited. This is considered further under 'Conclusion' below.

Codes of Conduct

The Council's Constitution contains codes of conduct applying to Members and officers as well as a protocol for councillor/officer relationships and the Council's whistleblowing policy. The codes include reference to the need to declare any interests which may conflict with the individual's role at the Council and such registers for Members and officers are maintained by the Head of Administrative Services. An independent person has been appointed to deal with standards issues that arise. Training was given to Members on the former Standards Committee and all Members are regularly requested to complete a register of interests form.

The Constitution was revised in March 2017 to incorporate arrangements governing an Ad Hoc Committee and an Investigation and Disciplinary Committee should circumstances give rise to the need for such committees.

The Council has in place a Whistleblowing Charter and any referrals under the Charter are fully investigated. Notification of such a Charter is included within contracts with major external service providers. Officers are periodically reminded of the requirements to register any personal interests, abide by the Code of Conduct and be aware of the Whistleblowing Charter.

Audit and Control

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 the General Management Team, in all other respects the role is in accordance with guidance as laid down in the CIPFA Statement on the Role of the Head of Internal Audit, including attendance at the Governance, Audit and Standards Committee and presenting reports in his own name.

Although it has not proved necessary to date, the Committee is satisfied that it can have independent access to the Chief Audit and Control Officer if it is considered to be necessary. The Chief Audit and Control Officer is satisfied that in all respects he has the necessary resources and authority to assess the Council's governance, risk and internal control environment and highlight any problems that he considers should be drawn to the attention of the Council.

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 entitled *Audit Committees – Practical Guidance for Local Authorities*. Specific functions delegated to this Committee include:

- to oversee the arrangements for the maintenance of the Council's internal control environment and to receive reports of the Monitoring Officer and Chief executive in relation to whistleblowing and complaints
- to undertake the functions conferred in relation to standards of conduct by the Local Government Act 2000 and the Localism Act 2011 and associated legislation
- to review and approve the Council's published accounts and associated documents
- to oversee the Council's arrangements for risk management
- to monitor and make recommendations regarding the Council's corporate governance arrangements
- to determine employment policies
- to consider matters in relation to elections, polling districts and ward boundaries.

In addition, the Committee reviews the plans and work of internal audit and receives reports on the findings from each audit that is concluded.

Internal Audit

Internal Audit 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. The three-year Internal Audit Strategy covers all activities of the Council at a level and frequency determined using a risk management methodology.

The Internal Audit approach is designed to be risk-based, focusing resources on the key areas of risk facing the Council and freeing up resources to strengthen the accountancy and control functions within Finance Services. The approach includes arrangements for sharing Internal Audit management resources with Erewash Borough Council. The Governance, Audit and Standards Committee approved the Internal Audit Plan 2017/18 plan in March 2017.

The annual Internal Audit Plan governs each year's activity and, at the completion of each audit, a report is produced for management with agreed actions for improvement. Regular reports covering Internal Audit activities 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.

Recommendations raised as part of the annual audit work are followed up in the subsequent financial year to ensure that management action has been taken to address any control weaknesses identified. Progress on these matters is reported to the Committee on a regular basis.

The latest review of the effectiveness of the system of internal audit was considered by the Governance, Audit and Standards Committee in June 2016. There were no material issues arising that would undermine the Council's governance arrangements.

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 Annual Governance Report presented to the Council in September 2016 recommended that further measures be taken to develop arrangements, including reviewing working practices, to improve the final accounts preparation process. The Council continues to examine the use of financial systems to help produce information for financial management, the capacity of the Finance Services teams and the financial reporting processes used to advise Members during the course of the year.

Fraud and Corruption

The Department of Work and Pensions (DWP) has established a Single Fraud Investigation Service (SFIS) to manage benefit fraud investigation on a national basis. The officers employed by the Council to investigate benefit fraud transferred to SFIS in November 2015. Any indications of potential fraud in respect of benefits have been forwarded to SFIS for investigation since that date.

An analysis of residual non-benefits related fraud investigation requirements was undertaken prior to the transfer which identified no substantial areas of immediate concern for the Council other than that which can normally be addressed as part of the work of Internal Audit. However a more proactive approach has been undertaken by the introduction of the Fraud and Error Reduction Incentive Scheme (FERIS) approach, sponsored by the DWP, and the introduction of a risk-based assessment framework for benefits applications, including the Local Council Tax Support Scheme, for which the Council remains fully accountable.

For the future, the service specification for the Revenues and Benefits Managed Service arrangements with Erewash Borough Council incorporated collaboration on counter-fraud

matters to provide potential resources for tackling non-benefit fraud. The arrangement included investigative resources which can be drawn on as necessary.

The Chief Audit and Control Officer acts as the central contact for fraud allegations. During the year one instance of potential money laundering was identified which was reported to the National Crime Agency as required under the anti-money laundering policy.

Data matching exercises continue to be undertaken by the National Fraud Initiative, now run by the Cabinet Office. A Single Person Discount review is scheduled to be undertaken jointly across Nottinghamshire in 2017/18. The results of these exercises were used to shape future programmes of counter fraud activity.

The Council's Counter-Fraud Strategy and Anti-money Laundering Policy were refreshed and presented to the Governance, Audit and Standards Committee in March 2017.

Risk Management

The Council's updated Risk Management Policy and Strategy were approved by the Governance, Audit and Standards Committee on 20 June 2016. The Strategic Risk Register is maintained on the Council's website and updated with changes to risks and action taken to mitigate risks. The Council has in place a Strategic Risk Management Group with representation from all directorates which reports to the General Management Team. The Governance, Standards and Audit Committee will consider and approve updates to the Strategic Risk Register at each committee meeting.

All key decision reports submitted to committees contain a risk assessment where appropriate, which is used to update the Strategic Risk Register. All action points within Business Plans are required to be risk assessed.

The remit of the Audit and Control section includes responsibility for risk management in order to provide a co-ordinated approach to this process. Presentations on risk management have been provided to members by Council officers and external consultants and an e-learning module has been introduced to enable members to access training on risk management whenever convenient to them. These have been designed to promote awareness of risk management.

A corporate Business Continuity Plan exists which seeks to mitigate the effects of a potential disruption to services so that the impact of such a disruption can be minimised and services restored to an acceptable pre-determined level within pre-set timescales. The Business Continuity Plan is kept under regular review by the strategic Risk Management group.

The Health and Safety Committee and Civil Contingencies Planning Group which are chaired by the Chief Executive and comprise relevant senior officers, consider and develop plans to mitigate risks arising in workplace settings, or threats from flooding, major emergency events or risks to health such as pandemic flu.

Given the significance of information and communications technology (ICT) to the Council's operations, a key component of the Corporate Business Continuity Plan is the ICT Business Continuity Plan which is based largely upon sharing staff and other facilities with other organisations.

Testing of the ICT Business Continuity Plans takes place periodically to ensure that it meets the Council's requirements. Arrangements with a third party provider for ICT disaster recovery facilities were re-tendered during 2014/15.

Business Continuity plans are in place for service areas to help ensure that business can continue in the event of severe disruption.

Development and Training Needs

From June 2016 a web-based learning management system has been introduced. Broxtowe Learning Zone provides great flexibility and access to learning for both officers and members from any digital device with internet connection both at work and home. Employees are automatically enrolled onto specific governance training required of their role. Participation is closely monitored and action is taken to ensure that all required officers complete their courses.

During 2016/17 the following new courses were developed in addition to modules brought forward from the previous development and training regime:

- two year re-certification of the four Level One - Information Management courses, with some staff now being prompted to re-certify their Level Two – Information Management courses.
- Safeguarding for Adults and Safeguarding for Children, along with Prevent Awareness and Autism Awareness training, which is a requirement of Nottinghamshire County Council
- As a requirement of the Equality and Diversity Action Plan, courses have been rolled out covering Autism Awareness, Learning Disabilities Awareness, Dementia Awareness and Deaf Awareness and Communicating with Customers
- In preparation of Performance Appraisals, the Corporate Core Abilities and Performance Appraisal e-learning courses were launched in February 2017.

A Member Training and Development Strategy Working Group, which sought to formulate and deliver suitable learning and development opportunities for Council Members was in operation until June 2016. The group monitored spending on learning and development events and reviewed the effectiveness of all learning and development opportunities for Members whether delivered internally or externally.

From June 2016 all Members have had access to the Councils' Learning Management System, Broxtowe Learning Zone. The following courses have been added during 2016/17 to assist Members:

- Working with the Media for Councillors
- Safeguarding Adults – Awareness for Councillors
- Safeguarding Children – Awareness for Councillors
- Social Media for Members
- Prevent Awareness – for Councillors
- Protecting You and Your Community – Awareness for Councillors

Further courses will be added in 2017/18.

As part of the Corporate Induction programme new employees to the Council are provided with information on the Council's values, key corporate objectives and priorities and are given an overview of the Nolan seven principles of public life by the Chief Executive. The induction programme is under review with the intention of replacing the existing one-day formal programme with a range of advice, support and development opportunities underpinned by programmed use of on-line training delivered through the Broxtowe Learning Zone

Communication

The Council has continued to grow its digital presence over the past year, with new followers to social media increasing month on month and the Email Me Service reaching 13,000 subscribers. Work to develop these channels to maximise channel shift is on-going.

Digital is combined with more traditional methods of communication and the Council's bi-annual newsletter, Broxtowe Matters has had a much needed redesign to ensure it is attractive to read for residents. Arrangements with an external company to source advertising revenue have helped to cover the cost, as well as helping to promote local services and businesses.

One of the most significant projects of the past year has been the launch of a new Council website to bring it up to date, make it fully responsive and quick and easy for visitors to find the information and transactions they want. Improvements are continual to enable residents to access information and services in a way that is convenient for them and to encourage more channel shift. Since 2013, the number of online transactions has been greater than contacts via the telephone or in person and are expected to reach approximately 300,000 this year.

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. All of the policy committees have included in their remit the power to direct the work of any delivery vehicles established to deliver services within their remit. 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.

The range of partnership arrangements, including shared services, increased significantly during 2015/16 and 2016/17 and a review of governance arrangements relating to shared services was initiated in 2016, as noted above.

Electoral Arrangements

In 2016/17 there were a number of elections including elections of the Police and Crime Commissioner elections in May followed by the EU Referendum in June and a parish council by-election in July. Because of the level of interest in the Referendum particularly there was a significant increase both in the number of applications to register and in voting by post. A full review of procedures relating to postal vote opening, liaison with polling staff and the count had been undertaken in 2015 and revised arrangements were implemented for the elections. A report presented to the Governance, Audit and Standards Committee in September outlined the impact of the elections and the success of the new ways of working.

The Local Government Boundary Commission for England carried out a review of the County Council's electoral arrangements during 2014/15 which will be implemented from the elections in May 2017. The effect of the review on the Broxtowe Council area is that the number of divisions has been reduced from 8 to 7 and the number of County Councillors from 10 to 9.

The Council has made representations to the Boundary Commission for England on its proposals for a review of parliamentary constituency boundaries which will seek to reduce the number of constituencies from 533 to 501 and the number of MPs from 650 to 600. Commissioners will decide whether to revise the initial proposals in light of comments received during the two consultation stages and will consult on those revisions towards the end of 2017. The Commission is due to publish its final report in September 2018, with the new arrangements coming into effect in May 2019 for the next scheduled parliamentary elections.

Efforts continued to increase the number of registered electors, particularly the under-represented groups, and also the accuracy of the register through data matching. As a result the number of electors is currently higher than it has been for the last 3 years. Regular reports are submitted to the Governance, Audit and Standards Committee on registration initiatives both through the annual canvass and on an on-going basis.

Conclusion

The Council has responsibility for conducting, at least annually, a review of the effectiveness of its governance framework including the system of internal control. The review of effectiveness is informed by the work of senior managers within the organisation who have responsibility for the development and maintenance of the governance environment, the Chief Audit and Control Officer's annual report and also by comments made by the external auditors and other review agencies and inspectorates.

The operation of the Governance Framework during 2016/17 has provided the Council with assurance that proper practices are in place governing the conduct of the Council's business, subject to the items identified in this statement and specified in the attached action plan.

During the year an investigation was commissioned into a number of complaints and grievances that have been raised internally and from anonymous sources. The review was commissioned by external legal advisers on the Council's behalf. Whilst the external investigator may recommend that disciplinary proceedings should be considered by the Council, it is not within the scope of his instructions to recommend any particular action or reach any conclusions in respect of the findings of any such disciplinary issues.

The report of the external investigator has been received at the date of publication of this statement. In order to tackle all the issues raised within the external investigator's report, the Council has developed a governance, risk and compliance improvement plan.

Implementation of the actions specified in the attached Action Plan will help to ensure that the Council's governance arrangements continue to be fit for purpose in accordance with the governance framework.

Implementation of previous action plan

Actions identified in the previous financial year have been implemented as stated above and summarised in the table below:

1. Embed the operation of a new Corporate Plan and a revised committee structure following the May 2015 elections.	New structure in place and operating effectively
2. Revise reporting lines to Members as to how the Council is performing following the transfer of responsibilities of Cabinet and the Overview and Scrutiny Committee to committees under the new governance and leadership structure. -	Business plans and service and financial performance monitoring allocated to policy committees.
3. Address budget challenges and financial pressures by continuing to investigate and pursue opportunities for shared services and increased collaborative working with other authorities where these are of benefit to the Council and by identifying and implementing efficiencies and commercial opportunities.	Implementation of Business Strategy
4. Respond to challenges arising from ongoing changes to the Government's welfare reform programme, most notably the reductions in housing benefits, the increased emphasis on discretionary housing payments, legislation regarding High Income Social Tenants and the introduction of Universal Credit.	Tenancy Sustainment and Income Management policies approved. Shared services in Revenues and Benefits allows cross-fertilisation of approaches and increased resources
5. Establish an appropriate counter-fraud resource following the transfer of benefit fraud officers to the Single Fraud Investigation Service.	New Counter-Fraud Strategy approved and revised money laundering procedures
6. Take appropriate action to respond to the findings of the external auditor as set out in their Annual Governance Report, Audit Opinion Plan and Certification of Claims	Fixed asset software implemented. Accounts working papers review implemented, simplified overhead allocation procedures.

and Returns Annual Report.	
7. Implement the improvement plan in respect of housing rents recovery procedures.	Improvement plan was developed by the General Management Team which is responsible for ensuring that the plan is implemented. Issues raised during the course of 2016/17 have prevented the action plan from being implemented in full. The plan continues to be kept under review pending the resolution of these issues.
8. Undertake and complete reviews under the Business Transformation Programme in accordance with the approved toolkit and report on such reviews accordingly.	Reviews of overtime and administration completed. Customer contact management implemented through increases in electronic transactions and social media. Transformation Programme Highlights report monitored progress.
9. Implement the Capital Strategy, the Asset Management Strategy, the Housing Strategy and the Safeguarding Children Policy approved during 2015/16.	Implemented through management of the capital programme, appointment of Commercial manager to review use of property and purchase of Beeston Square. Safeguarding Children policy implemented through training and partnership across Nottingham.

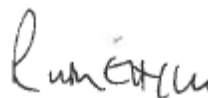
Significant Governance Issues – Action Plan

1. Update the Local Code of Corporate Governance in line with the revised principles of the CIPFA/SOLACE *Framework*
2. Implement the policies and strategies published during 2016/17 as identified in this Statement.
3. In 2017/18 complete a new People Strategy and ICT Strategy; review the Economic Regeneration Strategy; complete a new Leisure Facilities Strategy; and complete the Local Plan part 2 and Neighbourhood Plans.
4. Continue to address budget challenges and financial pressures by completing a new Business Strategy and Commercial Strategy and revising the Asset Management Strategy to identify and implement efficiencies and commercial opportunities, making the best use of the Council's assets and by continuing to investigate and pursue opportunities for shared services and increased collaborative working with other authorities where these are of benefit to the Council.
5. Take appropriate action to respond to the findings of the external auditor as set out in their Annual Governance Report, Audit Opinion Plan and Certification of Claims and Returns Annual Report.
6. Continue to implement the improvement plan in respect of housing rents recovery procedures.
7. Strengthen controls over gas safety procedures.
8. Review procurement and contract management arrangements in respect of the Housing Management Software upgrade
9. Revise whistleblowing procedures
10. Improve budgetary control over staff and agency costs
11. Update business continuity plans
12. Address the findings of the external investigation, including reviews of the employee code of conduct, the disciplinary policy and the trade union recognition and consultation procedures.
13. Ensure that appropriate governance arrangements are in place for trading companies.

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



Councillor R Jackson
Leader of the Council
Broxtowe Borough Council
8 February 2018



R Hyde
Chief Executive
Broxtowe Borough Council
8 February 2018

STATEMENT OF RESPONSIBILITIES FOR THE STATEMENT OF ACCOUNTS

The Authority's Responsibilities

The authority is required:

- to make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of those affairs. In this authority, 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:

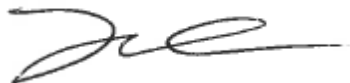
- selected suitable accounting policies and then applied them consistently;
- made judgements and estimates that were reasonable and prudent;
- complied with the Code of Practice.

The Deputy Chief Executive has also:

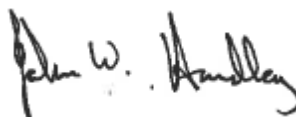
- kept proper accounting records which were up to date
- taken reasonable steps for the prevention and detection of fraud and other irregularities

Certificate of the Deputy Chief Executive

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 2017 and its income and expenditure for the year then ended.



Z Darr
Deputy Chief Executive
8 February 2018



Councillor J Handley
Chair – Governance, Audit & Standards Committee
8 February 2018

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 this expenditure is allocated for decision making purposes between the Council's directorates/services/departments. Income and expenditure accounted for under generally accepted accounting practices is presented more fully in the Comprehensive Income and Expenditure Statement.

2015/16				2016/17		
Net Expenditure Chargeable to the General Fund and HRA balances	Adjustments between the Funding and Accounting Basis	Net Expenditure in the Comprehensive Income and Expenditure Statement	Corporate Priority	Net Expenditure Chargeable to the General Fund and HRA balances	Adjustments between the Funding and Accounting Basis	Net Expenditure in the Comprehensive Income and Expenditure Statement
£000	£000	£000		£000	£000	£000
843	(253)	590	Housing	117	169	286
3,851	928	4,779	Environment	2,882	1,285	4,167
957	(31)	926	Business Growth	1,065	48	1,113
1,469	486	1,955	Community Safety	1,390	578	1,968
2,196	243	2,439	Health	1,907	1,019	2,926
896	(114)	782	Revenues, Benefits and Customer Services	1,008	63	1,071
(4,997)	6,814	1,817	Resources	(3,015)	4,955	1,940
(165)	165	0	ICT and Business Transformation	(192)	192	0
0	0	0	Housing Revenue Account - Exceptional Item	0	(32,436)	(32,436)
(5,666)	(6,691)	(12,357)	Housing Revenue Account	(5,760)	(10,350)	(16,110)
(616)	1,547	931	Net Cost of Service	(598)	(34,477)	(35,075)
289	116	405	Other Income and Expenditure	(58)	966	908
(327)	1,663	1,336	Surplus or Deficit	(656)	(33,511)	(34,167)
7,261			Opening General Fund and HRA balances at 1 April	7,588	The respective increase/decrease on the General Fund and HRA are detailed in the Movement on Reserves Statement on page 40.	
327			Less/Plus Surplus or (Deficit) on General Fund and HRA Balance in Year	657		
7,588			Closing General Fund and HRA Balance at 31 March	8,245		

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.

Re-Statement Year Ended 31 March 2016				Year Ended 31 March 2017			
Gross Expend £'000	Income £'000	Net Expend £'000		Gross Expend £'000	Income £'000	Net Expend £'000	Notes
859	(269)	590	Housing	593	(307)	286	
7,142	(2,363)	4,779	Environment	6,968	(2,801)	4,167	
2,016	(1,090)	926	Business Growth	1,956	(843)	1,113	
2,458	(503)	1,955	Community Safety	2,318	(350)	1,968	
5,832	(3,393)	2,439	Health	4,764	(1,838)	2,926	
24,129	(23,347)	782	Revenues,Benefits & Customer Services	23,531	(22,460)	1,071	
3,433	(1,616)	1,817	Resources	4,246	(2,306)	1,940	
45	(45)	0	ICT & Business Transformation	26	(26)	0	
0	0	0	Local Authority Housing (HRA) - Exceptional Item	(32,436)	0	(32,436)	13
4,377	(16,734)	(12,357)	Local Authority Housing (HRA)	595	(16,705)	(16,110)	
50,291	(49,360)	931	Cost of Services – Continuing Operations	12,561	(47,636)	(35,075)	
		7,727	Other Operating Expenditure			7,328	10
		4,365	Financing and Investment Income and Expenditure			4,203	11
		(11,687)	Taxation and Non-Specific Grant Income			(10,623)	12
		1,336	(Surplus) or Deficit on Provision of Services			(34,167)	
		(188)	(Surplus) or Deficit on Revaluation of Property, Plant and Equipment Assets			(49)	
		(11,205)	Remeasurements of the Net Defined Benefit Liability/(Asset)			9,534	44
		0	Surplus or deficit on revaluation of available for sale financial assets			143	
		0	Any Other (Gains)/Losses			(2)	
		(11,393)	Other Comprehensive Income and Expenditure			9,626	
		(10,057)	Total Comprehensive Income and Expenditure			(24,541)	

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 reserves. The "Surplus or (Deficit) on the Provision of Services" line shows the true economic cost of providing the authority's services, more details of which are shown in the Comprehensive Income and Expenditure Statement. These are different from the statutory amounts required to be charged to the General Fund (GF) Balance and the HRA for council tax setting and dwellings rent setting purposes. The net increase/decrease before "Transfers to Earmarked Reserves" line shows the statutory GF Balance and HRA Balance before any discretionary transfers to or from earmarked reserves undertaken by the Council.

	General Fund (GF) & 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
Balance at 31 March 2015	(5,571)	(1,431)	(788)	0	(28)	(259)	(8,077)	(20,148)	(28,225)
Re-Statement Movement in Reserves during 2015/16									
Surplus or (deficit) on the provision of services	3,686	(2,275)	0	0	0	(76)	1,335	0	1,335
Other Comprehensive Income and Expenditure	0	0	0	0	0	0	0	(11,393)	(11,393)
Total Comprehensive Income and Expenditure	3,686	(2,275)	0	0	0	(76)	1,335	(11,393)	(10,058)
Adjustments between accounting basis & funding basis under regulations (Note 8)	(3,102)	1,412	(492)	0	28	28	(2,126)	2,126	0
Net increase/decrease before Transfers to Earmarked Reserves	584	(863)	(492)	0	28	(48)	(791)	(9,267)	(10,058)
Transfers to/from Earmarked Reserves (Note 9)	0	0	0	0	0	0	0	0	0
Increase/decrease in 2015/16	584	(863)	(492)	0	28	(48)	(791)	(9,267)	(10,058)
Balance at 31 March 2016 Carried Forward	(4,987)	(2,294)	(1,280)	0	0	(307)	(8,868)	(29,415)	(38,283)
Movement in Reserves during 2016/17									
Surplus or (deficit) on provision of services	4,442	(38,689)	0	0	0	79	(34,168)	0	(34,168)
Other Comprehensive Income and Expenditure	0	0	0	0	0	0	0	9,627	9,627
Total Comprehensive Income and Expenditure	4,442	(38,689)	0	0	0	79	(34,168)	9,627	(24,541)
Adjustments between accounting basis & funding basis under regulations (Note 8)	(5,004)	38,508	520	0	0	7	34,031	(34,031)	0
Net Increase/Decrease before Transfers to Earmarked Reserves	(562)	(181)	520	0	0	86	(137)	(24,404)	(24,541)
Transfers to/from Earmarked Reserves (Note 9)	0	0	0	0	0	0	0	0	0
Increase/decrease in 2016/17	(562)	(181)	520	0	0	86	(137)	(24,404)	(24,541)
Balance at 31 March 2017 Carried Forward	(5,549)	(2,475)	(760)	0	0	(221)	(9,005)	(53,819)	(62,824)

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".

Re-Styled 31-Mar-16 £'000		31-Mar-17 £'000	Notes
168,313	Property, Plant & Equipment	213,784	13
259	Heritage Assets	335	14
60	Intangible Assets	213	16
0	Assets Held for Sale	69	21
0	Long Term Investments	1,855	
91	Long Term Debtors	96	19
168,723	Long Term Assets	216,352	
7,050	Short Term Investments	3,031	
206	Inventories	182	18
3,531	Short Term Debtors	5,044	19
2,092	Cash and Cash Equivalents	4,334	20
0	Assets Held for Sale	0	21
12,879	Current Assets	12,591	
(7,404)	Short Term Borrowing	(13,300)	17
(6,751)	Short Term Creditors	(6,214)	22
(360)	Provisions	(281)	23
(14,515)	Current Liabilities	(19,795)	
0	Long Term Creditors	0	
(707)	Provisions	(1,209)	
(80,059)	Long Term Borrowing	(85,023)	17
(47,602)	Net Pension Liability	(59,501)	44
(436)	Capital Grants Receipts in Advance	(590)	37
(128,804)	Long Term Liabilities	(146,323)	
38,283	Net Assets	62,825	
(8,869)	Usable Reserves	(9,005)	
(29,414)	Unusable Reserves	(53,820)	25
(38,283)	Total Reserves	(62,825)	



Z Darr C.P.F.A. – Deputy Chief Executive

8 February 2018

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.

2015/16 £'000		2016/17 £'000	Notes
1,336	Net surplus or (deficit) on the provision of services	34,167	
(12,516)	Adjustments to net surplus or deficit for non-cash movements	(23,618)	
2,605	Adjustments for items included in the net surplus or deficit on the provision of services that are investing and financing activities	(2,171)	
(8,575)	Net cash flows from operating activities	8,378	26
7,031	Investing activities	(16,580)	27
1,825	Financing activities	10,444	28
281	Net (increase) or decrease in cash equivalents	2,242	
(2,373)	Cash and cash equivalents at the beginning of the reporting period	2,092	
(2,092)	Cash and cash equivalents at the end of the reporting period	4,334	

NOTES TO THE ACCOUNTS

1. Accounting Policies

(i) General Principles

The Statement of Accounts summarises the authority's transactions for the 2016/17 financial year and its position at the year end of 31 March 2017. The authority is required to prepare an annual Statement of Accounts by the Accounts and Audit (England) Regulations 2016 in accordance with proper accounting practices. These practices primarily comprise the Code of Practice on Local Authority Accounting 2016/17 and the Service Reporting Code of Practice for Local Authorities, 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 IAS 1, 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 the sale of goods is recognised when the Council transfers the significant risks and rewards of ownership to the purchaser and it is probable that economic benefits or service potential associated with the transaction will flow to the Council.
- Revenue from the provision of services is recognised when the Council can measure reliably the percentage of completion of the transaction and it is probable that economic benefits or service potential associated with the transaction will flow to the Council.
- Supplies are recorded as expenditure when they are consumed – where there is a gap between the date supplies are received and their consumption, they are carried as inventories on the Balance Sheet
- Expenses in relation to services received (including services provided by employees) are recorded as expenditure when the services are received rather than when payments are made.
- Interest receivable on investments and payable on borrowings is accounted for respectively as income and expenditure on the basis of the effective interest rate for the relevant financial instrument rather than the cash flows fixed or determined by the contract
- Where revenue and expenditure have been recognised but cash has not been received or paid, a debtor or creditor for the relevant amount is recorded in the Balance Sheet. A minimum value of £500 is applied to all such debtor and creditor accruals. 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) Acquisitions and Discontinued Operations

The most significant acquisition during the financial year 2016/17 was the purchase of the leasehold interest in Beeston Square from Henry Boot Ltd in May 2016. More detail is provided at note 40 to the accounts.

The Council introduced a cash taking facility at Beeston through an automated kiosk following the discontinuation of the provision of cash offices at Eastwood, Stapleford and Beeston at 31 March 2016 but maintained a cash taking facility at Beeston through an automated kiosk. Following the decision to cease Council operations at Durban House in Eastwood, the building has been leased to an external organisation. The Council has also marketed the former cash office in Eastwood for sale and agreed a sale with a prospective buyer.

(iv) 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.

(v) 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.

(vi) 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 5b for more details.

(vii) 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

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 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 2016/17.

The Council is responsible for the management of loan debt in respect of assets transferred to other authorities after reorganisation in 1974. Repayments are made to the Council by the relevant other authorities on the basis of a 5% increase in principal per annum.

(viii) 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 "Non-Distributed Costs" 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 Non-Distributed Costs)
 - 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.

(ix) 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.

(x) 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

Financial assets are classified into two types:

- Loans and Receivables – assets that have fixed or determinable payments but are not quoted in an active market
- Available for Sale Assets – assets that have a quoted market price and/or do not have any fixed or determinate payments

(i) Loans and Receivables

Loans and receivables include long term debtors, debtors (sometimes referred to as accounts receivable), payments in advance, investments and cash either in hand or at the bank. They 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.

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.

(ii) Available for Sale Assets

The authority does not currently have any Available for Sale Assets.

(xi) 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.

Community Infrastructure Levy

The Council has not charged a Community Infrastructure Levy (CIL) in 2016/17. In October 2015 members agreed to receive a report on options for preparing a CIL charging schedule once work on the Part 2 Local Plan was sufficiently progressed.

(xii) 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 has been revalued at 31 March 2017 in accordance with the Council's 5 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.

(xiii) 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.

(xiv) Interests in Companies and Other Entities

The authority had no 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. See note Xvii below.

(xv) Inventories and Long Term Contracts

Inventories are included in the Balance Sheet at cost. Whilst the Code of Practice on Local Authority Accounting 2016/17 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.

(xvi) 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.

(xvii) 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.

(xviii) 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

(i) 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.

(ii) 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

(i) 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.

(ii) 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.

(xix) 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 2016/17 (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 and accounted for as separate headings in the Comprehensive Income and Expenditure Statement as part of Net Expenditure on Continuing Services.

(xx) 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

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

Impairment

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

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

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

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

Depreciation

Depreciation is provided 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.

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 three 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 Council's 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.

(xxi) Private Finance Initiative and Similar Contracts

The Council has no such contracts in existence.

(xxii) 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 the obligation cannot be measured reliably.

Contingent liabilities are not recognised in the Balance Sheet but disclosed in a note to the accounts. There are a number of contingent liabilities at the current time which are set out in more detail at note 45 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 46 to the accounts.

(xxiii) 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.

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

(xxiv) 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.

(xxv) VAT

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

(xxvi) 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.

Non Domestic Rates

From April 2013 the business rates included in the Comprehensive Income and Expenditure Statement is the accrued income for the year. Any difference between the income in the Comprehensive Income and Expenditure Statement and the estimated share of income is taken to the Collection Fund Adjustment Account and included as an adjusting item in the Movement in Reserves Statement. As the collection of business rates 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 the Finance and Resources Committee 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 2016/17 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 will be required in the 2016/17 and 2017/18 financial statements in respect of accounting changes that are introduced in the 2017/18 Code of Practice are :

- Amendment to the reporting of pension scheme transaction costs
- Amendment to the reporting of investment concentration

It is not anticipated that the above amendments will have a material impact on the information provided in the Council's financial statements.

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:

- There is some uncertainty about future levels of funding, particularly for the General Fund beyond 2016/17, although this uncertainty was reduced by the announcement of a four-year Local Government finance settlement in December 2015. The Finance and Resources Committee on 19 September 2016 agreed to accept this settlement. Uncertainty still remains with regards to the future of funding streams such as New Homes Bonus following the changes announced in December 2016 and further details are awaited regarding the intention to move to 100% localisation of business rates.
- Failure to provide sufficient value of work in a number of partnership procurement contracts could lead to claims against the authority. It is felt that there is not a material risk of this occurring at present subject to the caveat about overall funding levels above.
- The position with regard to the run off of the liabilities of Municipal Mutual Insurance Limited (MMI) continues. MMI ceased accepting new business on 30 September 1992 following financial difficulties and has since been running off its liabilities in respect of policies issued prior to that date. As at 31 March 2017 the estimate for the one claim outstanding is a nominal £1. The Council received notice that MMI was unlikely to have sufficient funds to enable the run off to come to a conclusion without issuing a levy against relevant local authorities to clawback some of the amounts previously paid out. A levy of 25%, equivalent to £137,621, has been repaid to MMI up to 31 March 2017. If the aggregated levy proves to be insufficient then further sums may be reclaimed back from the Council. The situation is being kept under review. With regard to the outstanding claims, 75% of any claims substantiated should initially be met by MMI from its run off with the balance falling on the insurance provision.
- The Council has been dealing with a legal claim made in respect of the charges made previously for personal searches. This is part of a national issue and the Local Government Association is involved in co-ordinating the defence of this Council and others against lodged claims. An earmarked reserve has been set up using funds previously provided by the government in respect of this issue. The value of the earmarked reserve was £136,892 at 31 March 2017. However, this is unlikely to be all the costs awarded against the Council and further amounts will be charged in future years as they are determined.

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 2017 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
Property, Plant and Equipment	Assets are depreciated over useful lives that are dependant on assumptions about the level of repairs and maintenance that will be incurred in relation to individual	If the useful life of assets is reduced, depreciation increases and the carrying amount of the assets falls. It is estimated that the annual

	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.	depreciation charge for Other Land and Buildings would increase by £8,349 for every year that useful lives of these assets were to be reduced.
Insurance	The Council has received a number of insurance claims that remain unresolved at 31 March 2017. This gives rise to a potential liability for the Council if all of these claims were to be upheld.	A provision of £0.281m at 31 March 2017 has been established to meet the potential liability of insurance claims that are still to be settled. If claims were to be settled at amounts above this provision, then there would be an additional cost to the General Fund or Housing Revenue Account appropriately.
Land Charges	The Environmental Information Regulations now require that personal searches of the local land charges register are not chargeable. There is a possibility that a number of retrospective claims for the recovery of these fees will be made against the Council.	A reserve of £0.137m is in place at 31 March 2017 to meet a potential liability from such claims. This matter is being pursued nationally by the Local Government Association.
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 £2.874m and an increase of £5.917m respectively in the present value of the defined benefit obligation.
Council house rent arrears	At 31 March 2017, council house rent arrears (including former tenants) amounted to £0.427m. With the difficult economic conditions that currently exist and anticipated welfare changes, it is possible that collection rates may deteriorate from those achieved in recent years.	If collection rates were to deteriorate, a doubling of the amount required to meet doubtful debts would require an additional £0.255m to be set aside as an allowance within the Housing Revenue Account.

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

5a. Material Items of Income and Expense

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

5b. Prior Period Adjustments

Prior period adjustments may arise as a result of a change in accounting policies or to correct a material error. Material errors discovered in prior period figures are corrected retrospectively by amending opening balances and comparative amounts for the prior period.

The 2015/16 Comprehensive Income and Expenditure Statement has been restated following a change in requirements as set out in the CIPFA Code of Practice on Local Authority Accounting 2016/17. The net cost of services was previously based on classifications set out in the Service Reporting Code of Practice for Local Authorities. It is now utilises classifications based upon the Council's corporate priority and support service areas.

6. Events After the Reporting Period

The Statement of Accounts was authorised for issue by the Deputy Chief Executive on 8 February 2018. 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 2017, the figures in the financial statements and notes have been adjusted in all material respects to reflect the impact of this information.

7a. Note to the Expenditure and Funding Analysis

Adjustments from General Fund to arrive at the Comprehensive Income and Expenditure Statement amounts	Adjustments between Funding and Accounting Basis			
	Adjustments for Capital Purposes see Note A £'000	Net change for Pension Adjustments see Note B £'000	Other Differences see Note C £'000	Total Adjustments £'000
2015/16				
Housing	0	(253)	0	(253)
Environment	1,196	(268)	0	928
Business Growth	51	(82)	0	(31)
Community Safety	528	(42)	0	486
Health	414	(171)	0	243
Revenues, Benefits & Customer Services	0	(114)	0	(114)
Resources	178	6,636	0	6,814
ICT & Business Transformation	188	(23)	0	165
HRA	(6,691)		0	(6,691)
Net Cost of Services	(4,136)	5,683	0	1,547
Other income and expenditure from the Expenditure and Funding Analysis	2,861	(2,656)	(89)	116
Difference between General Fund surplus or deficit and Comprehensive Income and Expenditure Statement Surplus or Deficit on the Provision of Services	(1,275)	3,027	(89)	1,663
2016/17				
Housing	0	169	0	169
Environment	1,106	179	0	1,285
Business Growth	(3)	51	0	48
Community Safety	552	26	0	578
Health	961	58	0	1,019
Revenues, Benefits & Customer Services	0	63	0	63
Resources	968	3,987	0	4,955
ICT & Business Transformation	176	16	0	192
HRA - Exceptional Item	(32,436)	0	0	(32,436)
HRA	(10,350)	0	0	(10,350)
Net Cost of Services	(39,026)	4,549	0	(34,477)
Other income and expenditure from the Expenditure and Funding Analysis	1,781	(2,184)	1,369	966
Difference between General Fund surplus or deficit and Comprehensive Income and Expenditure Statement Surplus or Deficit on the Provision of Services	(37,245)	2,365	1,369	(33,511)

Note A

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.

Note B

Net change for the removal of pension contributions and the addition of IAS19 Employee Benefits pension related expenditure and income:

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

Note C

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 in the Collection Fund.

7b. Expenditure and Income Analysed by Nature

2016/17	Housing £'000	Environment £'000	Business Growth £'000	Community Safety £'000	Health £'000	Revenues, Benefits & Customer Services £'000	Resources £'000	ICT & Business Transformation £'000	Housing Revenue Account £'000	HRA Exceptional Item £'000	Corporate Items £'000	Total £'000
Expenditure												
Employee Benefits Expenses	265	4,451	905	559	1,371	1,489	4,818	413	3,641			17,912
Other Services Expenses	270	1,398	938	1,765	2,128	22,042	(1,475)	(552)	3,819			30,333
Depreciation, Amortisation & Impairment	58	1,119	92	16	1,265		903	165	(6,865)	(32,436)		(35,683)
Interest Payments											2,836	2,836
Precepts and Levies											760	760
Payments to Housing Capital Receipts Pool											339	339
(Gain)/Loss on the Disposal of Assets											6,229	6,229
Pensions Interest Cost											1,635	1,635
Expenditure on Trading Undertakings											60	60
Total Expenditure	593	6,968	1,935	2,340	4,764	23,531	4,246	26	595	(32,436)	11,859	24,421
Income												
Fees, Charges and Other Service Income	(306)	(2,801)	(843)	(321)	(1,838)	(290)	(1,471)		(16,705)			(24,575)
Interest and Investment Income											(153)	(153)
Income from Council Tax & Non Domestic Rates											(8,383)	(8,383)
Government Grants & Contributions	(1)			(29)		(22,170)	(835)	(26)			(2,240)	(25,301)
Income from Trading Undertakings											(176)	(176)
Total Income	(307)	(2,801)	(843)	(350)	(1,838)	(22,460)	(2,306)	(26)	(16,705)	0	(10,952)	(58,588)
Surplus or Deficit on Provision on Services	286	4,167	1,092	1,990	2,926	1,071	1,940	0	(16,110)	(32,436)	907	(34,167)

2015/16	Housing £'000	Environment £'000	Business Growth £'000	Community Safety £'000	Health £'000	Revenues, Benefits & Customer Services £'000	Resources £'000	ICT & Business Transformation £'000	Housing Revenue Account £'000	HRA Exceptional Item £'000	Corporate Items £'000	Total £'000
Expenditure												
Employee Benefits Expenses	0	4,267	1,414	660	2,752	1,899	5,563	367	3,950			20,872
Other Services Expenses	840	1,794	1,032	1,760	3,057	22,230	(2,368)	(488)	3,720			31,577
Depreciation, Amortisation & Impairment	19	740	95	38	23	0	238	166	3,479			4,798
Interest Payments											3,143	3,143
Precepts and Levies											733	733
Payments to Housing Capital Receipts Pool											424	424
(Gain)/Loss on the Disposal of Assets											6,570	6,570
Pensions Interest Cost											1,800	1,800
Expenditure on Trading Undertakings											71	71
Total Expenditure	859	6,801	2,541	2,458	5,832	24,129	3,433	45	11,149	0	12,741	69,988
Income												0
Fees, Charges and Other Service Income	(184)	(1,728)	(1,845)	(465)	(3,366)	(335)	(1,089)	(45)	(16,733)			(25,790)
Interest and Investment Income											(157)	(157)
Income from Council Tax & Non Domestic Rates											(8,839)	(8,839)
Government Grants & Contributions	(86)	(91)	0	(38)	(28)	(23,012)	(823)	0	0		(2,848)	(26,926)
Income from Trading Undertakings											(168)	(168)
Total Income	(270)	(1,819)	(1,845)	(503)	(3,394)	(23,347)	(1,912)	(45)	(16,733)	0	(12,012)	(61,880)
Surplus or Deficit on Provision on Services	589	4,982	696	1,955	2,438	782	1,521	0	(5,584)	0	729	8,108

8. 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.

Earmarked General Fund Reserves

The Council has taken the decision to separate out part of the General Fund Balance into several earmarked reserves which it is intended to use for more specific purposes. The balances on these reserves show the resources available to spend at the financial year end. It is within the power of the Council to transfer the balances on these reserves back into the General Fund should it so wish.

Housing Revenue Account Balance

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

Major Repairs Reserve

The Council is required to maintain 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 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.

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.

2016/17	Usable Reserves						Movement in Unusable Reserves £000
	General Fund Balance £000	Housing Revenue Account £000	Capital Receipts Reserve £000	Major Repairs Reserve £000	Capital Grants Unapplied £000	Bramcote Crematorium £000	
Adjustments primarily involving the Capital Adjustment Account:							
<u>Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement</u>							
Charges for depreciation and impairment of non current assets	(3,015)	42,786	0	(3,485)	0	(110)	(36,176)
Amortisation of intangible assets	(39)	0	0	0	0	0	39
Capital grants and contributions applied	827	0	0	0	0	0	(827)
Revenue expenditure funded from capital under statute	(713)	0	0	0	0	0	713
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	(91)	(7,483)	0	0	0	0	7,574
<u>Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement:</u>							0
Statutory provision for the financing of capital investment	580	0	0	0	0	0	(580)
Capital expenditure charged against the General Fund and HRA balances	317	3,063	0	0	0	117	(3,497)
Adjustments primarily involving the Revaluation Reserve:							0
<u>Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement</u>							0
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	0	0	0	0	0	0	0
Adjustments involving the Capital Grants Unapplied Account:							0
Capital grants and contributions unapplied credited to the Comprehensive Income and Expenditure Statement	0	0	0	0	0	0	0
Application of grants to capital financing transferred to the Capital Adjustment Account	0	0	0	0	0	0	0
Adjustments primarily involving the Capital Receipts Reserve:							0
Transfer of cash sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	550	795	(1,345)	0	0	0	0
Use of the Capital Receipts Reserve to finance new capital expenditure	0	0	1,526	0	0	0	(1,526)
Contribution from the Capital Receipts Reserve towards administrative costs of non current asset disposals	0	0	0	0	0	0	0
Contribution from the Capital Receipts Reserve to finance the payments to the Government capital receipts pool.	(339)	0	339	0	0	0	0
Transfer of deferred capital receipts upon receipt of cash	0	0	0	0	0	0	0
Adjustment involving the Major Repairs Reserve:							0
Reversal of MRA credited to the HRA	0	0	0	3,485	0	0	(3,485)
Use of MRR to finance new capital expenditure	0	0	0	0	0	0	0
Adjustments involving the Financial Instruments Adjustment Account:							0
Proportion of premiums incurred and discounts received in previous financial years to be charged against balances in 2016/17 in accordance with statutory requirements	36	1	0	0	0	0	(37)
Adjustments involving the Pensions Reserve:							0
Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement	(3,895)	(654)	0	0	0	0	4,549
Employer's pensions contributions and direct payments to pensioners payable in the year	2,184	0	0	0	0	0	(2,184)
Adjustments involving the Collection Fund Adjustment Account:							0
Amount by which council tax income credited to the Comprehensive Income and Expenditure Statement is different from council tax income calculated for the year in accordance with statutory requirements.	(1,406)	0	0	0	0	0	1,406
Total Adjustments	(5,004)	38,508	520	0	0	7	(34,031)

2015/16 Comparative Figures	Usable Reserves						Movement in Unusable Reserves
	General Fund Balance £000	Housing Revenue Account £000	Capital Receipts Reserve £000	Major Repairs Reserve £000	Capital Grants Unapplied £000	Bramcote Crematorium £000	
Adjustments primarily involving the Capital Adjustment Account:							
<u>Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement</u>							
Charges for depreciation and impairment of non current assets	(2,022)	6,773	0	(3,479)	0	(59)	(1,213)
Amortisation of intangible assets	(63)	0	0	0	0	0	63
Capital grants and contributions applied	819	0	0	0	0	0	(819)
Revenue expenditure funded from capital under statute	(579)	0	0	0	0	0	579
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	(97)	(8,145)	0	0	0	0	8,242
<u>Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement:</u>							0
Statutory provision for the financing of capital investment	684	0	0	0	0	0	(684)
Capital expenditure charged against the General Fund and HRA balances	432	2,198	0	0	0	87	(2,717)
Adjustments primarily involving the Revaluation Reserve:							0
<u>Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement</u>							0
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	0	0	0	0	0	0	0
Adjustments primarily involving the Capital Grants Unapplied Account:							0
Capital grants and contributions unapplied credited to the Comprehensive Income and Expenditure Statement	0	0	0	0	0	0	0
Application of grants to capital financing transferred to the Capital Adjustment Account	0	0	0	0	28	0	(28)
Adjustments primarily involving the Capital Receipts Reserve:							0
Transfer of cash sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	419	1,253	(1,672)	0	0	0	0
Use of the Capital Receipts Reserve to finance new capital expenditure	0	0	756	0	0	0	(756)
Contribution from the Capital Receipts Reserve towards administrative costs of non current asset disposals	0	0	0	0	0	0	0
Contribution from the Capital Receipts Reserve to finance the payments to the Government capital receipts pool.	(424)	0	424	0	0	0	0
Transfer of deferred capital receipts upon receipt of cash	0	0	0	0	0	0	0
Adjustment involving the Major Repairs Reserve:							0
Reversal of MRA credited to the HRA	0	0	0	3,479	0	0	(3,479)
Use of MRR to finance new capital expenditure	0	0	0	0	0	0	0
Adjustments involving the Financial Instruments Adjustment Account:							0
Proportion of premiums incurred and discounts received in previous financial years to be charged against balances in 2016/17 in accordance with statutory requirements	37	1	0	0	0	0	(38)
Adjustments involving the Pensions Reserve:							0
Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement	(5,015)	(668)	0	0	0	0	5,683
Employer's pensions contributions and direct payments to pensioners payable in the year	2,656	0	0	0	0	0	(2,656)
Adjustments involving the Collection Fund Adjustment Account:							0
Amount by which council tax income credited to the Comprehensive Income and Expenditure Statement is different from council tax income calculated for the year in accordance with statutory requirements.	51	0	0	0	0	0	(51)
Total Adjustments	(3,102)	1,412	(492)	0	28	28	2,126

9. 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 in 2016/17.

	Balance at 31 March 2015 £'000	Transfers Out 2015/16 £'000	Transfers In 2015/16 £'000	Balance at 31 March 2016 £'000	Transfers Out 2016/17 £'000	Transfers In 2016/17 £'000	Balance at 31 March 2017 £'000
General Fund:							
Renewals Reserve	(897)	309	0	(588)	295	(295)	(588)
Land Searches Reserve	(62)	0	(80)	(142)	11	(6)	(137)
Elections Reserve	(120)	120	0	0		(30)	(30)
Local Council Tax Support Reserve	(87)	0	0	(87)	87	0	0
Local Authority Mortgage Scheme Reserve	(14)	0	(12)	(26)	0	(12)	(38)
Other small balances	(53)	106	(62)	(9)		(1)	(10)
Total	(1,233)	535	(154)	(852)	393	(343)	(802)
HRA:							
Housing Repairs Account	0	0	0	0	0	0	0
Total	(1,233)	535	(154)	(852)	393	(343)	(802)

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:

- Renewals Reserve. This reserve is used to provide for replacement of vehicles and plant.
- Land Searches Reserve. This reserve was created from an allocation of funds received from the government and is earmarked for use in helping to meet any costs that may be awarded against the Council as a result of legal action that is taking place on a national scale and which challenges the charges made for certain land searches in the past.
- Elections Reserve. This reserve was created in 2011/12 and yearly amounts are to be paid into the reserve in order to spread out the high costs of council elections when they occur once every four years.
- Local Council Support Tax Reserve. This reserve was created in 2012/13 from unused government grant towards implementation of a local council tax support scheme. The funds are earmarked to help support the scheme in future years.
- Local Authority Mortgage Scheme (LAMS) Reserve. This reserve was set up in 2013/14 and holds any additional premium interest earned on the deposit with Lloyds Bank. This will be used to offset the cost of any mortgage defaults that may occur.
- Other small balances. This relates to small balances held on the stores oncost accounts and a charities account.

10. Other Operating Expenditure

2015/16 £'000		2016/17 £'000
733	Parish council precepts	760
424	Payments to the government Housing Capital Receipts Pool	339
6,570	(Gains)/losses on the disposal of non current assets	6,229
7,727	Total	7,328

11. Financing and Investment Income and Expenditure

2015/16 £'000		2016/17 £'000
2,819	Interest payable and similar charges	2,836
1,800	Net interest on the defined benefit liability/(asset)	1,635
(157)	Interest receivable and similar income	(152)
(97)	(Surplus)/Deficit on trading undertakings	(116)
4,365	Total	4,203

12. Taxation and Non Specific Grant Income

2015/16 £'000		2016/17 £'000
(6,120)	Council Tax Income	(4,750)
(2,719)	Non Domestic Rates (NDR)	(3,633)
(2,004)	Grant (RSG)	(1,413)
(819)	Capital grants and contributions	(827)
(25)	Other Grants	0
(11,687)	Total	(10,623)

13. Property, Plant and Equipment

<u>Movements in 2016/17</u>	Council Dwellings	Other Land and Buildings	Vehicles, Plant, Furniture & Equipment	Infrastructure Assets	Community Assets	Surplus Assets	Assets Under Construction	Total Property, Plant & Equipment
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Cost or Valuation:								
At 1 April 2016	140,038	23,108	4,892	4,816	313	0	15	173,182
Additions	7,711	7,974	837	18	0	0	0	16,540
Revaluation increases/(decreases) recognised in the Revaluation Reserve	0	2,005	0	0	0	0	0	2,005
Revaluation increases/(decreases) recognised in the Surplus/Deficit on the Provision of Services	39,377	(3,672)	0	0	0	0	0	35,705
Derecognition – Disposals	(7,483)	0	0	0	0	0	0	(7,483)
Derecognition – Other	0	(1,937)	(1,702)	0	0	0	0	(3,639)
Assets reclassified (to)/from Held for Sale	0	0	0	0	0	0	0	0
Other movements in Cost or Valuation	15	(148)	0	0	(1)	75	(15)	(74)
At 31 March 2017	179,658	27,330	4,027	4,834	312	75	0	216,236
Accumulated Depreciation and Impairment:								
At 1 April 2016	0	(1,160)	(2,814)	(830)	(65)	0	0	(4,869)
Depreciation charge	(3,409)	(340)	(764)	(121)	0	0	0	(4,634)
Depreciation written out	0	1,937	1,702	0	0	0	0	3,639
Derecognition – Disposals	0	0	0	0	0	0	0	0
Derecognition – Other	0	0	0	0	0	0	0	0
Other movements in Depreciation and Impairment	3,409	3	0	0	0	0	0	3,412
At 31 March 2017	0	440	(1,876)	(951)	(65)	0	0	(2,452)
Net Book Value:								
At 31 March 2017	179,658	27,770	2,151	3,883	247	75	0	213,784
At 31 March 2016	140,038	21,948	2,078	3,986	248	0	15	168,313

<u>Restated Comparative Movements in 2015/16</u>	Council Dwellings	Other Land and Buildings	Vehicles, Plant, Furniture & Equipment	Infrastructure Assets	Community Assets	Surplus Assets	Assets Under Construction	Total Property, Plant & Equipment
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Cost or Valuation:								
At 1 April 2015	137,282	22,205	6,520	4,810	313	0	910	172,040
Additions	7,394	0	454	6	0	0	15	7,869
Revaluation increases/(decreases) recognised in the Revaluation Reserve	0	982	0	0	0	0	0	982
Revaluation increases/(decreases) recognised in the Surplus/Deficit on the Provision of Services	2,597	0	0	0	0	0	0	2,597
Derecognition – Disposals	(8,145)	(50)	0	0	0	0	0	(8,195)
Derecognition – Other	0	(29)	(2,082)	0	0	0	0	(2,111)
Assets reclassified (to)/from Held for Sale	0	0	0	0	0	0	0	0
Other movements in Cost or Valuation	910	0	0	0	0	0	(910)	0
At 31 March 2016	140,038	23,108	4,892	4,816	313	0	15	173,182
Accumulated Depreciation and Impairment:								
At 1 April 2015	0	(859)	(3,909)	(709)	(65)	0	0	(5,542)
Depreciation charge	(3,381)	(332)	(987)	(121)	0	0	0	(4,821)
Depreciation written out	0	29	2,082	0	0	0	0	2,111
Derecognition – Disposals	0	2	0	0	0	0	0	2
Derecognition – Other	0	0	0	0	0	0	0	0
Other movements in Depreciation and Impairment	3,381	0	0	0	0	0	0	3,381
At 31 March 2016	0	(1,160)	(2,814)	(830)	(65)	0	0	(4,869)
Net Book Value:								
At 31 March 2016	140,038	21,948	2,078	3,986	248	0	15	168,313
At 31 March 2015	137,282	21,346	2,611	4,101	248	0	910	166,498

Depreciation

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 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.

Capital Commitments

At 31 March 2017, the Council has entered into a number of significant contracts for the construction or enhancement of property, plant and equipment in 2016/17 and future years budgeted to cost £34.275m. Similar commitments at 31 March 2016 were £35.589m. The major commitments at 31 March 2017 are:

	Total project value £'000	Of which spent by 31 March 2017 £'000
Housing Modernisation	24,059	7,484
Central Heating Replacement	6,997	3,569
UPVC Windows and Doors	389	192
Composite Communal Doors	216	88
External Decorations	1,220	313
External Wall Insulation	1,394	1,356

Effects of Changes in Estimates

There have been no changes in estimated asset life or residual asset values in 2016/17 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. Properties are valued by M. Kirk, MRICS, a Chartered Surveyor employed by the Council, in accordance with the methodologies and bases for estimation set out in the professional standards of the Royal Institution of Chartered Surveyors.

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 £24,000 at 31 March 2017.

The valuation of council dwellings at 31 March 2017 resulted in a revaluation gain of £42.801m which is included under Other Comprehensive Income and Expenditure in the Comprehensive Income and Expenditure Statement. This was matched by a credit of £42.801m to the Capital Adjustment Account to partly offset impairment losses in previous years.

As shown in the Comprehensive Income and Expenditure Statement on page 39, the total revaluation gain of £42.801m includes an exceptional item of £32.436 to reflect the change in the social housing adjustment factor from 34% to 42% at 31 March 2017.

The revaluation increase of £39.377m recognised in the Surplus/Deficit on the Provision of Services is comprised of the total revaluation gain of £42.801m less the 2016/17 depreciation charge of £3.409m minus £0.015m in respect of assets under construction at 31 March 2016 that were transferred into the housing stock in 2016/17.

Valuations are based on beacon properties which are then multiplied by the total stock for each category of dwelling. The last full revaluation of the housing stock was at 31 March 2014 and included an external check of the individual beacons. The valuation at 31 March 2017 was based upon revaluing existing beacon properties. The next full revaluation of all Council dwellings is due to take place on 31 March 2019.

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

	Council Dwellings	Other Land and Buildings	Vehicles, Plant, Furniture & Equipment	Infrastructure Assets	Community Assets	Surplus Assets	Total
	£000	£000	£000	£000	£000	£000	£000
Carried at historical cost	168	0	2,151	3,883	247	75	6,524
Valued at fair values as at:							
31-Mar-17	179,490	14,858	0	0	0	0	194,348
31-Mar-16	0	8,245	0	0	0	0	8,245
31-Mar-15	0	1,934	0	0	0	0	1,934
31-Mar-14	0	1,990	0	0	0	0	1,990
31-Mar-13	0	693	0	0	0	0	693
31-Mar-12	0	50	0	0	0	0	50
Total Cost or Valuation	179,658	27,770	2,151	3,883	247	75	213,784

Included among council dwellings is a value at historic cost of £0.168m in respect the former Stapleford Police Station that was purchased in January 2014. The purchase was financed from the Housing Revenue Account and it is anticipated that the site will form part of a wider housing development in due course.

Assets under construction at 31 March 2016 referred to a housing scheme at Bexhill Court in Beeston that had not been completed at that date. The scheme was completed in 2016/17 and the resulting 6 housing units form part of the housing stock at 31 March 2017.

Surplus assets at 31 March 2017 refers to the former Beeston Market site. This closed as a market some years ago and the site is to be subject to a planning application for change of use. Redevelopment of the site is anticipated during 2017/18.

The former Beeston Fire Station site has, as in previous years, been included among Other Land and Buildings at 31 March 2017. It has been assigned a nominal value as an industrial development site, not as part of the redevelopment of Beeston Square. The building has now been demolished and it is intended that the site will be redeveloped. The nature of the redevelopment will depend upon the viability of the options under consideration.

The multi-storey car park in Beeston was demolished during the summer of 2012. Part of the site was occupied by Nottingham City Council for the purpose of tram construction works whilst the remainder has been converted into a surface level car park. As with the former Beeston fire station, the intention is that the site will be redeveloped. It has also been revalued at 31 March 2017 to a nominal value. A further valuation will be undertaken once agreement has been reached on a preferred option.

14. Heritage Assets

Reconciliation of the carrying value of Heritage Assets held by the Council:

	DH Lawrence Birthplace Museum	Painting	Total Assets
	(£'000)	(£'000)	(£'000)
Cost or valuation			
01-Apr-15	234	31	265
Revaluation Decreases recognised in the Revaluation Reserve	0	0	0
Depreciation	(6)	0	(6)
31-Mar-16	228	31	259
Cost or valuation			
01-Apr-16	228	31	259
Revaluation Decreases recognised in the Revaluation Reserve	73	9	82
Depreciation	(6)	0	(6)
31-Mar-17	295	40	335

DH Lawrence Birthplace Museum

The Museum building was revalued as at 31 March 2017 in accordance with the Council's policies for a 5 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.

Painting

The painting by Dr Ala Bashir was donated to the Council free of charge in 2008. This item was not immediately separately recognised in the Council's accounts previously but was subsequently recognised by adjusting the Balance Sheet as at 31 March 2011. The initial valuation was based on information supplied to the Council's insurers in 2008 when the painting was acquired and was based on the exchange rate between the pound and the US dollar at that time. The painting was then revalued as at both 31 March 2012 and 31 March 2013 based on the updated exchange rate at that time. A revised valuation of the painting was received from Dr Bashir on 14 August 2013 and this was used to revalue the painting at 31 March 2017 based upon the exchange rate at that date. No further revaluations have been undertaken since that date. No depreciation is charged on the painting.

15. Investment Properties

The Council currently has no investment properties.

16. Intangible Assets

The authority accounts for its software as intangible assets, to the extent that the software is not an integral part of a particular IT system and accounted for as part of the hardware item of Property, Plant and Equipment. The intangible assets include both purchased licenses and internally generated software.

All software is given a finite useful life of 5 years. The carrying amount of intangible assets is amortised on a straight-line basis. The amortisation of £0.039m in 2016/17 was charged to the ICT service cost centre and then absorbed as an overhead across all the service headings in the cost of the service. It is not possible to quantify exactly how much of the amortisation is attributable to each service heading.

The movement on Intangible Asset balances during the year is as follows:

2015/16 £'000		2016/17 £'000
124	Net carrying amount at start of year	60
0	Additions during year	191
-64	Amortisation during year	-39
60	Net carrying amount at end of year	212

The Council does not currently undertake revaluations of its software assets and they are reflected in the Balance Sheet at historical cost, net of depreciation. There were no disposals of intangible assets in either 2015/16 or 2016/17.

17. Financial InstrumentsCategories of financial instruments

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

	Long-term		Current	
	31-Mar-16 £'000	31-Mar-17 £'000	31-Mar-16 £'000	31-Mar-17 £'000
Investments				
Loans and receivables	0	0	9,142	6,363
Available-for-Sale Financial Assets	0	1,855	0	1,002
Total Investments	0	1,855	9,142	7,365
Debtors				
Loans and receivables	90	96	2,009	3,356
Financial assets carried at contract amount	0	0	0	0
Total included in debtors	90	96	2,009	3,356
Borrowings				
Financial liabilities at amortised cost	(80,059)	(85,023)	(7,404)	(13,300)
Financial liabilities at fair value through profit or loss	0	0	0	0
Total included in borrowings	(80,059)	(85,023)	(7,404)	(13,300)
Creditors				
Financial liabilities at amortised cost	0	0	(5,420)	(5,250)
Financial liabilities carried at contract amount	0	0	0	0
Total creditors	0	0	(5,420)	(5,250)

The loans and receivables shown under investments in the table above consist of short term investments and cash equivalents as shown in the balance sheet.

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 £102,203 as at 31 March 2017 (£184,786 as at 31 March 2016) and which are included under debtors – loans and receivables 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		Short Term	
	31-Mar 2016 £'000	31-Mar 2017 £'000	31-Mar 2016 £'000	31-Mar 2017 £'000
Borrowing:				
Nominal Amount	(79,881)	(84,834)	(7,400)	(13,283)
Accrued Interest	(178)	(189)	(4)	(17)
Total Borrowings as per Balance Sheet	(80,059)	(85,023)	(7,404)	(13,300)
Investments:				
Nominal Amount	0	1,855	9,092	7,336
Accrued Interest	0		50	29
Total Investments as per Balance Sheet	0	1,855	9,142	7,365

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.

Financial Instruments – Gains and Losses

The Council had no applicable gains or losses in the year.

Financial Instruments – Fair Values

Financial liabilities, financial assets represented by loans and receivables and long-term debtors and creditors 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 2017 of 0.95% to 2.20% for loans from the PWLB and 2.066% 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

Carrying amount 31-Mar-16 £'000	Fair Value 31-Mar-16 £'000		Carrying amount 31-Mar-17 £'000	Fair Value 31-Mar-17 £'000
(7,404)	(9,320)	Financial Liabilities:		
(80,059)	(96,304)	Short term Borrowing	(13,300)	(13,300)
		Long Term Borrowing	(85,023)	(101,155)
(87,463)	(105,624)	Total Financial Liabilities	(98,323)	(114,455)

The 2017/18 Code of Practice requires the fair values of these assets and liabilities to be disclosed for comparison purposes. The fair value of a financial instrument on initial recognition is generally the transaction price. The Council's debt outstanding at 31 March 2016 and 31 March 2017 consisted of loans from the PWLB, market loans, loans from other local authorities and loans in respect of the Bramcote Bereavement Services. The PWLB has provided the Council with fair value amounts in relation to its debt portfolio. The PWLB has assessed the fair values by calculating the amounts the Council would have to pay to extinguish the loans on these dates. In the case of market loans, the Council's treasury adviser has calculated the fair value based on equivalent swap rates at the Balance Sheet date. The carrying amount of the loan with Erewash Borough Council and temporary loan from Bramcote Bereavement Services to Broxtowe Borough Council have both been treated as being the same as the fair value given the partnership arrangement that exists in respect of the crematorium activities. Any bank overdraft is short term in nature and the fair value has been treated as the same as the carrying amount.

The fair value of the liabilities is higher than the carrying amount because the Council's portfolio of loans includes a number of fixed rate loans where the interest rate payable is higher than the prevailing rates at the Balance Sheet date. The result is that premiums would be payable if such loans were to be extinguished. This shows a future notional loss (based on economic conditions at 31 March 2017) arising from a commitment to pay interest to lenders above current market rates.

Carrying amount 31-Mar-16 £'000	Fair Value 31-Mar-16 £'000		Carrying amount 31-Mar-17 £'000	Fair Value 31-Mar-17 £'000
0	0	Financial Assets:		
9,060	8,958	Long term investments	1,855	1,855
100	100	Short term investments	6,991	6,991
		Other receivable amounts	102	102
9,160	9,058	Total Financial Assets	8,948	8,948

In the case of the Council's short term investments, these consisted entirely of term deposits with banks, building societies and on deposit in call accounts. The maturity dates of these investments were within 12 months of the Balance Sheet date. The contracts of term deposits do not permit premature redemption. The fair value of the investment is less than the carrying amount because the Council's portfolio of investments includes a number of fixed rate loans where the interest rate receivable is lower than the rates available for similar loans at the Balance Sheet date. This shows a notional future loss (based on economic conditions at 31 March 2017) attributable to the commitment to receive interest below current market rate. None of the investments were impaired (i.e. at risk of default). Other loans and receivables payable to the Council exist in respect of car loans to employees. The basis of these receivable amounts and the relatively small amount involved is such that the fair value has been taken to be the same as the carry value.

18. Inventories

2015/16 £'000	Consumable Stores	2016/17 £'000
296	Balance outstanding at start of year	206
676	Purchases	748
(777)	Recognised as an expense in the year	(775)
11	Revaluations	3
0	Written off balances	0
206	Balance outstanding at year end	182
	Year end balance made up as follows:	
178	Central Stores	182
20	Sports Centres	0
8	DH Lawrence Museum / Durban House	0
206	Total	182

19. DebtorsShort-Term Debtors

31-Mar-16 £'000		31-Mar-17 £'000
0	Central government bodies	430
133	Other local authorities	346
517	HMRC	472
533	Housing rents	619
401	Council tax payers	227
0	NNDR	566
2,704	Other entities and individuals	3,666
4,288	Sub-total	6,326
	Less: provision for doubtful debts	
(217)	Rents	(123)
(15)	Industrial development	0
(117)	Court costs	0
(295)	Housing benefits	(367)
(61)	Housing repairs	(259)
(2)	Legal fees	0
(34)	Council tax payers	(41)
0	NDR	(286)
0	Housing Advances	(2)
(16)	Sundry debtors	(203)
(757)		(1,281)
3,531	TOTAL	5,045

Long-Term Debtors

31-Mar-16 £'000		31-Mar-17 £'000
0	Debt administered for other authorities	0
90	Car loans with over one year remaining	96
90		96

20. 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.

31-Mar-16 £'000		31-Mar-17 £'000
5	Cash in hand	1
77	Bank current accounts	402
0	Bank overdraft	0
0	Call accounts (same day access funds)	0
2,010	Money Market Funds	3,931
2,092	Total Cash and Cash Equivalents Balance	4,334

21. Asset Held for Sale

In accordance with the requirements of the International Financial Reporting Standing (IFRS) 5 on Non Current Assets Held for Sale and Discontinued Operations (paragraphs 6-14), the Estates Officer's review of assets at 31 March 2017 has identified an asset that he considered to be "held for sale". The former cash office in Eastwood is considered to be the only asset held for sale. This has been marketed for a reasonable period and an offer accepted of £115,000 by Policy and Performance Committee on 8 March 2017.

22. CreditorsShort-Term Creditors

31-Mar-16 £'000		31-Mar-17 £'000
(161)	Central government bodies	(324)
(693)	Other local authorities	(484)
0	NHS Bodies	0
(225)	HMRC	(234)
0	Housing rentals	0
(131)	Council tax payers	(186)
(207)	NNDR	(241)
(5,334)	Other entities and individuals	(4,745)
(6,751)	Total	(6,214)

23. ProvisionsShort-Term Provisions

	Total £'000
Balance at 31 March 2015	(302)
Additional provisions made in 2015/16	(706)
Amounts used in 2015/16	648
Balance at 31 March 2016	(360)
Additional provisions made in 2016/17	(672)
Amounts used in 2016/17	750
Balance at 31 March 2017	(281)

The Council has just one short-term provision that relates to insurance. This has been established under local act powers and is used to cover excesses on claims and certain small risks. Claim excesses falling on the provision amount to £15,000 for public liability, £10,000 for employer's liability and £250 for motor and property insurance. In addition there is an aggregate limit on liability cover borne by the insurance provision of £185,000 in any one financial year. The objective is to minimise premiums whilst holding sufficient insurance cover. The balance represents potential liabilities arising from claims still to be settled.

Long-Term Provisions

	Total £'000
Balance at 31 March 2015	(576)
Additional provisions made in 2015/16	(253)
Amounts used in 2015/16	122
Balance at 31 March 2016	(707)
Additional provisions made in 2016/17	(877)
Amounts used in 2016/17	375
Balance at 31 March 2017	(1,209)

New arrangements for the retention of business rates came into effect on 1 April 2013 that saw local authorities assume responsibility for refunding business ratepayers who successfully appeal against the rateable value of properties on their rating list. This includes amounts that were paid over to Central Government in respect of 2012/13 and prior years. Previously, such amounts would not have been recognised as income by the authorities but would have been transferred to the Department for Communities and Local Government (DCLG). 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.

24. Usable Reserves

Movements in the authority's usable reserves are outlined in the Movement in Reserves Statement.

Usable Capital Receipts Reserve

Up until June 2012 the Usable Capital Receipts Reserve represented the proportion of capital receipts arising from the disposal of assets which is available to finance other capital expenditure after setting aside the statutory amounts for the repayment of external loans and paying 75% of the receipts from the sale of council houses to the central government pool. As from July 2012 the authority operated within the government's new regime whereby a proportion of housing capital receipts can be retained so long as they are used towards new council housing within three years of them being received. As previously, receipts other than those related to council housing are 100% retained for use by the authority. Further details of the movements are set out below:

2015/16 £'000		2016/17 £'000
(788)	Balance as at 1 April	(1,280)
(1,672)	Capital receipts in year	(1,345)
(2,460)		(2,625)
	Less:	
424	Capital receipts paid to the central capital receipts pool	339
756	Capital receipts used for financing	1,526
0	Capital receipts set aside re transferred debt	0
(1,280)	Balance as at 31 March	(760)

25. Unusable Reserves

Re-Styled 31-Mar-16 £'000		31-Mar-17 £'000
(9,800)	Revaluation Reserve	(16,455)
(67,480)	Capital Adjustment Account	(98,641)
356	Financial Instruments Adjustment Account	319
47,602	Pensions Reserve	59,501
(92)	Collection Fund Adjustment Account	1,314
0	Available for Sale Financial Instruments Reserve	143
(29,414)	Total Unusable Reserves	(53,819)

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 Crematorium £'000	Total £'000
Balance as at 31 March 2015	(8,442)	(495)	(43)	(8,980)
Revaluation Gains 2015/16	(966)	0	0	(966)
Less:				
Impairment Losses 2015/16	0	0	0	0
Removal of Gain on Disposed Asset	9	0	0	9
Excess current value over historic cost depreciation	135	0	2	137
Balance as at 31 March 2016	(9,264)	(495)	(41)	(9,800)
Revaluation Gains 2016/17	(6,508)	0	(284)	(6,792)
Less:				
Impairment Losses 2016/17	0	0	0	0
Removal of Gain on Disposed Asset	0	0	0	0
Excess current value over historic cost depreciation	135	0	2	137
Balance as at 31 March 2017	(15,637)	(495)	(323)	(16,455)

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.

The provision for repayment of loans in 2016/17 and how this relates to the depreciation charge in respect of the Council's financial activities is shown below:

	£000
Non-Housing Capital Financing Requirement	684
Voluntary Housing amount	0
Adjustment re commutation	0
MINIMUM REVENUE PROVISION	684
Less: Amount charged as Depreciation	(4,889)
Excess of Depreciation over M.R.P	(4,205)

Note 8 provides details of the source of all the transactions posted to the account, apart from those involving the Revaluation Reserve.

Re-Styled 2015/16 £'000		2016/17 £'000
(67,301)	Balance as at 1 April	(67,480)
	<u>Reversal of items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement</u>	
5,561	Charges for depreciation and impairment of non-current assets	12,947
(14)	Revaluation (gains)/losses on Property, Plant and Equipment	(281)
63	Amortisation of intangible assets	39
579	Revenue expenditure funded from capital under statute	713
8,242	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	7,574
14,431		20,992
(6,125)	Adjusting amounts written out of the Revaluation Reserve	(42,237)
8,306	Net written out amount of the cost of non-current assets consumed in the year	(21,245)
	<u>Capital financing applied in the year:</u>	
(756)	Use of the Capital Receipts Reserve to finance new capital expenditure	(1,526)
(3,479)	Use of the Major Repairs Reserve to finance new capital expenditure	(3,485)
(819)	Capital grants and contributions credited to the Comprehensive Income and Expenditure Statement that have been applied to capital financing	(827)
(28)	Application of grants to capital financing from the Capital Grants Unapplied Account	0
(684)	Statutory provision for the financing of capital investment charged against the General Fund, Housing Revenue Account and Bramcote Crematorium balances	(580)
(2,719)	Capital expenditure charged against the General Fund, Housing Revenue Account and Bramcote Crematorium balances	(3,498)
(179)		(31,161)
(67,480)	Balance as at 31 March	(98,641)

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 2017 will be charged to the General Fund over the next 11 years.)

	General Fund	Housing Revenue Account	Total
	£'000	£'000	£'000
Balance as at 31 March 2015	390	3	393
Charge to balances in 2015/16	(36)	(1)	(37)
Balance as at 31 March 2016	354	2	356
Charge to balances in 2016/17	(36)	(1)	(37)
Balance as at 31 March 2017	318	1	319

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.

2015/16 £'000		2016/17 £'000
55,782	Balance at 1 April	47,602
(11,205)	Remeasurements of the net defined benefit liability/(asset)	9,534
5,681	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	4,549
(2,656)	Employer's pensions contributions and direct payments to pensioners payable in the year	(2,184)
47,602	Balance at 31 March	59,501

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.

2015/16 £'000		2016/17 £'000
-42	Balance at 1 April	-92
-50	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	1,406
-92	Balance at 31 March	1,314

Available for Sale Financial Instruments Reserve

The Available for Sale Financial Instruments Reserve 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. 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.

2015/16 £'000		2016/17 £'000
0	Balance at 1 April	0
0	Changes in Fair Value of long and short term investments	143
0	Balance at 31 March	143

26. Cash Flow Statement – Operating Activities

The cash flows for operating activities include the following items:

2015/16 £'000		2016/17 £'000
153	Interest received	181
2,823	Interest paid	2,811

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

2015/16 £'000		2016/17 £'000
(4,825)	Depreciation	(4,640)
6,038	Impairment and revaluations	34,571
(63)	Amortisation	(39)
(2,006)	Increase/decrease in creditors	513
(114)	Increase/decrease in debtors	1,079
(90)	Increase/decrease in inventories	(24)
(3,025)	Pension liability	(26)
(189)	Contributions to/from provisions	(242)
(8,242)	Carrying amount of non current assets sold	(7,574)
(12,516)		23,618

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

2015/16 £'000		2016/17 £'000
818	Capital grants credited to surplus or deficit on the provision of services	826
115	Proceeds from Reduction in Investments	0
1,672	Proceeds from the sale of property, plant and equipment and intangible assets	1,345
2,605		2,171

27. Cash Flow Statement – Investing Activities

2015/16 £'000		2016/17 £'000
8,671	Purchase of property, plant and equipment, investment property and intangible assets	20,974
49,650	Purchase of short-term and long-term investments	21,585
27	Other payments for investing activities	56
(1,672)	Proceeds from the sale of property, plant and equipment, investment property and intangible assets	(1,345)
(48,767)	Proceeds from short-term and long-term investments	(23,585)
(878)	Other receipts from investing activities	(1,105)
7,031	Net cash flows from investing activities	16,580

28. Cash Flow Statement – Financing Activities

2015/16 £'000		2016/17 £'000
(10,707)	Cash receipts of short- and long-term borrowing	19,000
12,653	Repayments of short- and long-term borrowing	(8,164)
(186)	Other payments for financing activities	(392)
65	Billing authorities – council tax and NNDR adjustments	0
1,825	Net cash flows from financing activities	10,444

29. [Blank]

This note has been intentionally left blank.

30. Acquired and Discontinued Operations

Cash Offices

As agreed by Cabinet on 22 September 2015, the Council closed its cash offices at Beeston, Stapleford and Eastwood on 31 March 2016. However, a payment kiosk facility was installed in the Council Offices in Beeston to mitigate the impact of the cash office closures.

The cash office at Stapleford was located in a building owned by Stapleford Town Council and the rental agreement was subsequently terminated. The site of the cash office at Eastwood was put up for sale following the closure and the Policy and Performance Committee agreed on 8 March 2017 to accept an offer for the property. Further details can be found in Note 21 (Assets Held for Sale).

Durban House

As agreed by Cabinet on 22 September 2015, the Council closed the DH Lawrence Heritage Centre based at Durban House on 31 March 2016. Various options with regards to the property were then considered.

Following the decision of the Planning Committee on 7 December 2016 to allow the change of use of the property to a day spa with accompanying facilities for beauty treatments, the property was subsequently let to a beauty therapist.

31. Trading Operations

The Council has set up a trading company (Liberty Leisure) to undertake its leisure and culture activities. The company is wholly owned by the Council and is limited by guarantee. Liberty Leisure commenced operations on 1 October 2016 and the staff transferred to the new company from the Council with effect from this date.

The Council paid a management fee of £614,046 to Liberty Leisure in 2016/17 and this is included within the Health corporate priority expenditure in the Comprehensive Income and Expenditure Statement. As Liberty Leisure is wholly owned by the Council, its 2016/17 expenditure and income as well as its opening and closing assets and liabilities at 1 October and 31 March 2017 have been consolidated with those of the Council in the Group Accounts set out in pages 115 to 123.

32. Agency Services

The Council is part of a countywide parking partnership operated by Nottinghamshire County Council which is involved in the collection of monies due from on and off street car parking, including the recovery of fines arising from Penalty Charge Notices (PCNs). Only those activities involving the recovery of monies due from PCNs in respect of off street parking are relevant to Broxtowe's accounts. The amount paid out for this work in 2016/17 was £24,039 (2015/16 £29,042) off set by income collected of £109,908 (2015/16 £125,365). These amounts are included within the Comprehensive Income and Expenditure Statement.

33. Pooled Budgets

Pooled funds are not legal entities. The partners in a pool will nominate one partner to be the “host” to the pool. That host has legal responsibility for the administration of the pool and is required to produce a memorandum account of the activity of the pool. Disclosure of an authority’s involvement in a pooled scheme is required for a proper understanding of an authority’s accounts.

Choice Based Lettings

“Choice Based Lettings” was a partnership project between Broxtowe, Gedling and Rushcliffe Borough Councils that allows applicants for social housing to apply for available vacancies which are advertised widely.

Total expenditure on this scheme amounted to £103,115 in 2016/17 and related to the ongoing running costs of the scheme and as such the partnership arrangement has now ended.

34. Members' Allowances

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

2015/16 £000		2016/17 £000
275	Salaries (incl national insurance and pension contributions)	262
14	Allowances	14
9	Expenses	8
298	Total	284

35. Officers' Remuneration

The total number of employees (including senior officers as listed below) whose remuneration, excluding pension contributions, was £50,000 or more in bands of £5,000 was:

	Number of employees	
	2016/17	2015/16
£50,000 - £54,999	6	5
£55,000 - £59,999	0	0
£60,000 - £64,999	0	0
£65,000 - £69,999	0	1
£70,000 - £74,999	0	0
£75,000 - £79,999	1	1
£80,000 - £84,999	0	0
£85,000 - £89,999	2	1
£90,000 - £94,999	0	0
£95,000 - £99,999	0	0
£100,000 - £104,999	0	0
£105,000 - £109,999	1	1

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

Post Title	Salary (Including Fees and Allowances)	Benefit in Kind	Total Remuneration excluding pension contributions	Pension Contributions	Total Remuneration including Pension Contributions 2016/17	Total Remuneration including Pension Contributions 2015/16
	£	£	£	£	£	£
Chief Executive	106,814		106,814	21,203	128,017	128,723
Deputy Chief Executive and S151 Officer	89,864	131	89,995	17,703	107,698	105,476
Director of Housing, Leisure & Property Services	77,063		77,063	15,123	92,186	93,098
Director of Legal and Planning, and Monitoring Officer	88,891		88,891	17,511	106,402	78,173

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		Total number of exit packages		Total cost of exit packages in each band	
	2015/16	2016/17	2015/16	2016/17	2015/16	2016/17	2015/16	2016/17
£0 - £20,000	7	5	5	4	12	9	94,483	92,363
£20,001 - £40,000	0	0	4	1	4	1	70,814	70,815
£40,001 - £60,000	0	0	0	0	0	0	0	0
£60,001 - £80,000	0	0	0	0	0	0	0	0
Total	7	5	9	5	16	10	165,297	163,178

The exit packages for 2016/17 were in respect of employees based in Legal and Planning Services (3), Deputy Chief Executive's (4) and Housing, Leisure and Property Services (1) and

36. External Audit Costs

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

2015/16 £000		2016/17 £000
47	Fees payable to KPMG with regard to external audit services carried out by the appointed auditor for the year	47
12	Fees payable in respect of other services carried out by KPMG during the year	13
59		60

37. Grant Income

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

2015/16 £000	Credited to Taxation and Non Specific Grant Income	2016/17 £000
(6,120)	Council Tax	(4,750)
(25)	Efficiency Support Grant	0
(150)	Developer Contributions	(207)
(377)	Disabled Facilities Grants	(507)
0	Growth Point	0
0	Kimberley School	(7)
(2,719)	Non Domestic Rates	(3,633)
0	Nottingham City Council	0
(154)	Nottinghamshire County Council	0
(24)	Other Grants and Contributions	(75)
(2,004)	Revenue Support Grant	(1,413)
(114)	WREN	(31)
(11,687)	Total	(10,623)

2015/16 £000	Credited to Services	2016/17 £000
(35)	Community Safety	(26)
0	Economic Development	0
(86)	Homelessness Prevention	0
(22,882)	Housing and Council Tax Benefits	(22,060)
(23)	Local Council Tax Support Grant	(1)
(742)	New Homes Bonus Grant	(829)
(108)	Non-Domestic Rates Administration	(109)
(121)	Other Grants	(45)
(23,997)	Total	(23,070)

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:

31-Mar-16 £000	Capital Grants Receipts in Advance	31-Mar-17 £000
0	Beeston BID Software Contribution	0
0	Developer Contributions – Affordable Housing	0
(32)	Developer Contributions – Education	(127)
(2)	Developer Contributions - Environment	0
(152)	Developer Contributions – Open Spaces	(110)
(173)	Developer Contributions – Transport Measures	(119)
(2)	Environment Agency – Erewash Valley Trail	(2)
(68)	Growth Point	(67)
(7)	D Wilson Homes – Hetley Pearson Recreation Ground	0
0	Tesco - Banks Road Open Space Access Works	(6)
0	VIA East Midlands Ltd - contribution towards Beeston	(2)
0	Footpaths 17 & 117	(2)
0	United Living CSR Fund-contribution for Broadgate Park Play Area	(8)
(1)	Nottinghamshire County Council – Independent Living Fund	(1)
0	Disabled Facilities Grants 2016/17	(146)
(437)	Total	(588)

38. 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 2017 are shown in note 37.

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 2016/17 is shown in note 34. During 2016/17 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
The Environment Agency		7
Kimberley School	9	26
Chilwell School		22
Grants to Parish/Town Councils		87
Stapleford Town Council (as landlord)	8	3
Eastwood Town Council	8	
Chilwell Community Association		8
Association of Retained Council Housing (ARCH)		3
Transform Training Ltd.		10
Total	25	166

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.

During 2016/17 two members of the Council sat on governing bodies of local schools that have significant financial transactions with the Council through the joint use of sports facilities at each site. The costs incurred were primarily for utilities. The costs incurred were up to 30 September 2016 whereupon they became the responsibility of Liberty Leisure.

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 or telephone 0115 917 7777.

Officers

A register for officers' outside interests and hospitality is also maintained. Again, this has been reviewed and found to contain no entries that would suggest a material related party transaction occurred in 2016/17.

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 44.

As stated in note 17, the Council provides subsidised car loans to officers that meet certain eligibility criteria.

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 |
| • Agency arrangements | Note 32 to the accounts |
| • Partners in capital projects (contributions) | Note 37 and 39 to the accounts |

Details of significant outstanding debtors and creditors in respect of related parties are included within notes 19 and 22.

39. 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.

2015/16 £000		2016/17 £000
90,605	Opening Capital Financing Requirement	91,352
	<u>Capital Investment</u>	
8,653	Property, Plant and Equipment	16,965
0	Investment Properties	0
0	Intangible Assets	191
579	Revenue Expenditure Funded from Capital under Statute	713
	<u>Sources of Finance</u>	
(756)	Capital Receipts	(1,526)
(848)	Government Grants and Other Contributions	(827)
(2,718)	Direct Revenue Contributions	(3,499)
(3,479)	Major Repairs Reserve	(3,485)
(684)	Minimum Revenue Provision	(580)
91,352	Closing Capital Financing Requirement	99,304
	<u>Explanation of Movements in Year</u>	
0	Increase in Underlying need to borrowing (supported by government financial assistance)	0
747	Increase in Underlying need to borrowing (unsupported by government financial assistance)	7,952
747	Increase/(decrease) in Capital Financing Requirement	7,952

40. Leases

Authority as Lessee

Finance Leases

No assets were acquired under finance leases in 2015/16 or 2016/17. There were no outstanding obligations in respect of finance leases as at 31 March 2015 or 31 March 2016.

Operating Leases

No assets were acquired under operating leases in 2015/16 or 2016/17. There were no outstanding obligations in respect of operating leases as at 31 March 2016 or 31 March 2017.

Authority as Lessor

Finance Leases

The Council owned an area of the town centre in Beeston which is occupied by a number of retail premises and accommodation units. The area was let on a long-term lease through to March 2096. The leasehold interest was held by Henry Boot Ltd and the Council received no income in respect of the retail premises and accommodation units. The lease in respect of buildings was valued at zero in the Balance Sheet at 31 March 2016. In May 2016 the Council completed the purchase of the leasehold interest and an appropriate value for the buildings based on the income receivable is reflected in the accounts for 2016/17.

Operating Leases

The Council owned an area of the town centre in Beeston which is occupied by a number of retail premises and accommodation units. The area was let on a long-term lease through to March 2096. Under the terms of the lease the Council is entitled to receive ground rent in respect of its title to the land. In 2015/16 the Council received income of £116,411, calculated on the basis of as a share of net rental income from the various properties. The annual income included a sum of £20,611 "head rent" that was a minimum receivable irrespective of the level of occupancy of these units. In May 2016 the Council completed the purchase of the leasehold interest and the amount in excess of the head rent in 2015/16, along with all amount due in 2016/17, formed part of the overall lease surrender settlement.

Since the lease has been surrendered, at 31 March 2017 there were no future lease payments due.

41. Impairment Losses

Paragraph 4.7.4.2(1) of the 2015/16 Code of Practice requires disclosure by class of assets of the amounts for impairment losses and impairment reversals charged to the Surplus or Deficit on the Provision of Services and to Other Comprehensive Income and Expenditure. These disclosures are consolidated in notes 13 and 16 reconciling the movement over the year in the Property, Plant and Equipment and Intangible Asset balances.

The Estates Officer's valuation of a number of property assets in line with the rolling 5 year asset valuation programme resulted in upward valuations totalling £8.751m. The upward valuations were charged to the Revaluation Reserve. Of the downward valuations, £2.829m was charged to the Revaluation Reserve to offset gains on individuals assets that arose in previous years whilst £0.002m was charged to the Capital Adjustment Account.

The Estates Officer also revalued the Bramcome Crematorium land and buildings at 31 March 2017 to reflect the fact that the last revaluation was on 31 March 2012. There was a revaluation gain of £0.568m that was charged to the Revaluation Reserve.

42. Capitalisation of Borrowing Costs

The authority has not capitalised borrowing costs during the financial year 2016/17.

43. Termination Benefits

Note 35 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 the normal retirement date or the acceptance

44. 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 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 during 2016/17:

2015/16 £'000		2016/17 £'000
	Comprehensive Income and Expenditure Statement	
	Cost of Services:	
	Service Cost comprising:	
3,879	Service Cost	545
2	Administration Expenses	30
	Financing and Investment Income and Expenditure:	
1,800	Net Interest Expense	1,635
5,681	Total Post Employment Benefits Charged to the Surplus or Deficit on the Provision of Services	2,210
	Other Post Employment Benefits Charged to the Comprehensive Income and Expenditure Statement	
	Remeasurement of the Net Defined Benefit Liability comprising:	
3,421	Return on plan assets (excluding the amount included in the net interest expense)	(15,805)
0	Other actuarial gain/(losses) on assets	1,050
(14,660)	Changes in financial assumptions	32,339
0	Change in demographic assumptions	544
34	Experience loss/(gain) on defined benefit obligation	(6,255)
(5,524)	Total Post Employment Benefits Charged to the Comprehensive Income and Expenditure Statement	14,083
	Movement in Reserves Statement	
(5,681)	Reversal of net charges made to the Surplus or Deficit for the Provision of Services for Post Employment Benefits in accordance with the Code	(2,210)
	Actual amount charged against the General Fund Balance for pensions in the year	
2,656	Employers' contributions payable to the scheme	2,184

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:

2015/16 £'000		2016/17 £'000
130,324	Present Value of the Defined Benefit Obligation	155,320
(83,132)	Fair Value of Plan Assets	(96,238)
47,192	Sub-Total	59,082
410	Other Movements in the Liability (Asset)	419
47,602	Net Liability Arising From Defined Benefit Obligation	59,501

Reconciliation of the Movement in the Fair Value of Scheme Assets

The opening and closing balances of the fair value of the scheme assets are reconciled as follows:

2015/16 £'000		2016/17 £'000
83,922	Opening Fair Value of Scheme Assets	83,132
2,767	Interest Income	2,912
	<u>Remeasurement gain/(loss):</u>	
(3,421)	• The return on plan assets (excluding the amount included in the net interest expense)	15,805
	• Other	(1,050)
2,656	Contributions from employer	2,184
742	Contributions from employees into the scheme	663
(3,532)	Estimated Benefits Paid (plus unfunded net of transfers in)	(4,407)
0	Settlement prices received/(paid)	(2,971)
(2)	Benefits Paid	(30)
83,132	Closing Fair Value of Scheme Assets	96,238

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

The opening and closing balances of the present value of the scheme liabilities are reconciled as follows:

2015/16 £'000		2016/17 £'000
139,704	Opening Balance at 1 April	130,734
3,406	Current Service Cost	2,739
4,567	Interest Cost:	4,547
742	Contribution from Scheme Participants	663
(14,660)	Change in Financial Assumptions	32,339
0	Change in demographic assumptions	544
34	Experience loss/(gain) on defined benefit obligation	(6,255)
0	Liabilities assumed/(extinguished) on settlements	(5,310)
473	Past Service Cost (including curtailments)	145
(3,491)	Benefits Paid (net of transfers in)	(4,369)
(41)	Unfunded Pension Payments	(38)
130,734	Closing Balance at 31 March	155,739

Local Government Pension Scheme Assets

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

31-Mar-16 £000		31-Mar-17 £000
3,371	Cash and Cash Equivalents	4,842
60,217	Equity Instruments	69,712
2,587	Gilts	2,942
5,686	Other Bonds	5,806
10,500	Property	10,700
771	Infrastructure	2,236
83,132	Total Assets	96,238

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 2013.

The principle assumptions used by the actuary have been:

2015/16 %		2016/17 %
	<u>Mortality Assumptions:</u>	
	Longevity at 65 for current pensioners:	
22.1	• Men	22.5
25.3	• Women	25.5
	Longevity at 65 for future pensioners:	
24.4	• Men	24.7
27.7	• Women	27.8
	<u>Financial Assumptions:</u>	
	Rate of Inflation:	
3.2	• Rate of Increase in Retail Price Index (RPI)	3.6
2.3	• Rate of Increase in Consumer Price Index (CPI)	2.7
4.1	Rate of Increase in Salaries	4.2
2.3	Rate of Increase in Pensions	2.7
3.6	Rate for Discounting Scheme Liabilities	2.7

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:

	Increase in Assumption £000	Decrease in Assumption £000
Longevity (increase or decrease in 1 year)	5,917	(5,693)
Rate of increase in salaries (increase or decrease by 0.1%)	327	(324)
Rate of increase in pensions (increase or decrease by 0.1%)	2,603	(2,553)
Rate for discounting scheme liabilities (increase or decrease by 0.1%)	(2,874)	2,932

Impact on the Council's Cash Flows

The Council anticipates paying contributions of £2.201m to the scheme in 2017/18.

The weighted average duration of the defined benefit obligation for scheme members is 19 years in 2016/17 (18 years for 2015/16).

45. Contingent Liabilities

At 31 March 2017 the Council had three material contingent liabilities:

- Municipal Mutual Insurance Limited (MMI) ceased accepting new business on 30 September 1992 following financial difficulties. MMI has since been running off its liabilities in respect of policies issued prior to that date. As at 31 March 2017 the estimate for the one claim outstanding is a nominal £1. The gross claims payments made under the scheme of arrangement since 1992/93 is £600,485. MMI was unlikely to have sufficient funds to enable the run off to come to a conclusion without issuing a levy against relevant local authorities to clawback some of the amounts previously paid out. A total levy of 25%, equivalent to £137,621, has been repaid to MMI up to 31 March 2017. The net claim paid by MMI after repayment of the levy is £462,864. If the aggregated 25% levy proves to be insufficient then further sums may be reclaimed back from the Council. With regard to outstanding claims, 75% of any claims substantiated should initially be met by MMI from its run off with the balance falling on the insurance provision.
- On 17 June 2001, the Independent Insurance Company Limited (IICL) presented a petition to the High Court for the winding-up of the company. Provisional liquidators were subsequently appointed. The Council had £253,675 of outstanding liability claims relating to cover provided by the Independent which had been settled out of the Council's insurance fund as at 31 March 2017. The Council entered into a Scheme of Arrangement with IICL and lodged a claim with the provisional liquidators for the full value of amounts paid. The Scheme Administrators has now declared a first and final dividend equivalent to 14.47%. The Council subsequently received a dividend of £36,701 on 19 May 2017 that has been returned to the insurance fund.
- The Council has been dealing with a legal claim made in respect of the charges made previously for personal searches. This is part of a national issue and the Local Government Association is involved in co-ordinating the defence of this Council and others against lodged claims. An earmarked reserve has been set up using funds previously provided by the Government in respect of this issue. A grant of £5,755 was received from the Government in 2016/17 and added to the reserve. Settlement payments totalling £11,069 were made in 2016/17 that were also met from the reserve. This resulted in the balance under the reserve changing reducing to £136,891 as at 31 March 2017. It is anticipated that further costs will be awarded against the Council in future years and these will be met from this reserve.

46. Contingent Assets

The Council and its advisors are in advanced discussions with Nottingham City Council and the NET tram consortium regarding compensation payable as a result of the consortium taking possession of a number of Council owned retail units and occupying a number of other areas. A sum of £44,161 was received in 2013/14 with £30,911 and £13,250 allocated to revenue and capital resources respectively. A further sum of £285,552 was received in 2015/16 and this has been allocated towards meeting the costs of developing Beeston Square Phase 2.

Whilst no compensation income was received in 2016/17, further significant sums are expected in 2017/18 and beyond but this will depend upon the outcome of the discussions. No allowance has been made in the accounts for any sums that may be payable over and above those already received.

47. 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 other parties might fail to pay amounts due to the Council

liquidity risk - the possibility that the Council might not have funds available to meet its commitments to make payments

market risk - the possibility that financial loss might arise for the Council as a result of changes in such measures as interest 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.

Credit Risk

Credit risk arises from deposits with banks and financial institutions, as well as credit exposures to the Council's customers.

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.

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's maximum exposure to credit risk in relation to its investments in banks and building societies cannot be assessed generally as the risk of any institution failing to make interest payments or repay the principal sum will be specific to each individual institution. Recent experience has shown that it is rare for such entities to be unable to meet their commitments. A risk of irrecoverability applies to all of the Council's investments but there was no evidence at 31 March 2017 that this was likely to happen.

No credit limits were exceeded during the reporting period and the Council does not expect any losses from non-performance by any of its counterparties in relation to its investments.

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, benefit overpayments and housing rents can be analysed by age as follows:

31-Mar-16 £'000		31-Mar-17 £'000
772	Up to six months	949
289	Above six months and up to twelve months	265
250	Above 12 months and up to 24 months	247
340	Above 24 months and up to 36 months	217
167	Over 36 months	439
1,818	Total	2,117

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 2017 (including temporary borrowing on behalf of Bramcote Crematorium) was as follows:

31-Mar-16			31-Mar-17	
£'000	% of total debt portfolio		£'000	% of total debt portfolio
		Short Term Borrowing		
7,832	9	Less than 1 year	13,993	14
		Long Term Borrowing		
43	0	Over 1 but not over 2	2009	2
29	0	Over 2 but not over 5	5632	6
34,622	40	Over 5 but not over 10	30,530	31
39,992	46	Over 10 but not over 15	40,581	41
2,155	2	Over 15 but not over 20	46	0
0	0	Over 20 but not over 25	0	0
0	0	Over 25 but not over 30	0	0
0	0	Over 30 but not over 35	0	0
3,000	3	Over 35 but not over 40	3,000	3
0	0	Over 40 but not over 45	0	0
0	0	Over 45	3000	3
79,841	91	Total Long Term Borrowing	84,798	86
87,673	100	Total Borrowing	98,791	100

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

31-Mar-16 £'000	Loans and other long term liabilities outstanding (nominal value):	31-Mar-17 £'000
79,812	Public Works Loans Board	79,805
7,000	Market Debt	18,000
76	Loan from Erewash Borough Council	36
785	Temporary Borrowing (Bramcote Crematorium)	950
87,673	Total	98,791

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

Borrowings are not carried at fair value, so nominal gains and losses on fixed rate borrowings would not impact on the Surplus or Deficit on the Provision of Services or Other Comprehensive Income and Expenditure. 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 that have a quoted market price will be reflected in Other Comprehensive Income and Expenditure.

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 2017, 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.

As the Council has no variable rate borrowings or investments, other than the £2m investment in the CCLA Property Fund - a 1% change in interest rates would have very little impact upon the Comprehensive Income and Expenditure Statement. If interest rates had been 1% higher at 31 March 2017 then, with other variables remaining constant, the fair value of fixed rate borrowings would be

(ii) Price Risk

The Council does not invest in equity shares and therefore has no exposure to risk from movements in share prices.

(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.

48. Heritage Assets: Further informationDH Lawrence Birthplace Museum

This asset is a Victorian building in Eastwood that was the birthplace of the author DH Lawrence in 1885. Guided tours are available that allow visitors to learn about his family life and how growing up in a mining community were to shape his future years.

Each room is set out with Victorian furniture and other artefacts showing how the Lawrence family would have lived. There is also a DVD room with a short programme on DH Lawrence as well as an exhibition room displaying some of DH Lawrence's water colour paintings and some personal items.

There is also a museum gift shop offering a selection of gifts, books and other souvenirs relating to the author.

The asset is held for its historical and artistic significance and to promote knowledge and culture.

Painting

At Durban House there is a painting titled "From Eastwood to the World" by Dr Ala Bashir. The painting depicts DH Lawrence and is linked to his most famous novel, Lady Chatterley's Lover.

Dr Bashir was Saddam Hussein's personal physician for 20 years from 1983 and is considered to be Iraq's most celebrated painter and sculptor as well as plastic surgeon. His art has been in exhibitions throughout the world.

When the Saddam regime was toppled in 2003, he moved to Nottinghamshire and pursued his interest in painting. He wanted to pay a tribute to DH Lawrence and produced this painting which he donated to the Council in 2008. 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.

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.

2015/16 £'000		2016/17 £'000	Notes
	Expenditure		
3,774	Repairs and Maintenance	3,488	
3,850	Supervision and Management	3,799	
(33)	Rents, Rates, Taxes and Other Charges	24	
(3,310)	Depreciation and Impairment of Non-Current Assets	(39,317)	
95	Movement in Allowance for Bad Debts	166	
4,376	Total Expenditure	(31,840)	
	Income		
(15,866)	Dwelling Rents (gross)	(15,626)	
(161)	Non-Dwellings Rents (gross)	(217)	
(76)	Charges for Services and Facilities	(218)	
(630)	Contribution towards Expenditure	(645)	3
(16,733)	Total Income	(16,706)	
(12,357)	Net expenditure or income of HRA services as included in the Comprehensive Income and Expenditure Statement	(48,546)	
319	HRA services' share of Corporate and Democratic Core	229	
	HRA share of other amounts included in net expenditure of continuing operations but not allocated to specific services		
(12,038)	Net Income for HRA Services	(48,317)	
	HRA share of the operating income and expenditure included in the Comprehensive Income and Expenditure Statement		
6,892	(Gain) or loss on sale of HRA non-current assets	6,688	
2,519	Interest payable and similar charges	2,548	
(61)	Interest and Investment Income	(74)	
413	Net interest on the net defined benefit liability	464	
(2,275)	(Surplus)/Deficit for the Year on HRA Services	(38,691)	

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.

2015/16 £'000			2016/17 £'000		Notes
	(1,431)	Balance on the HRA at the end of the previous year		(2,294)	
	(2,275)	(Surplus) or Deficit for year on the HRA Income and Expenditure Statement		(38,690)	
		<u>Adjustments between accounting basis and funding basis under statute</u>			
(6,892)		Gain or loss on sale of HRA non-current assets	(7,152)		
(255)		HRA share of contributions to or from the Pension Reserve	(190)		
(413)		Pensions interest cost and expected return on pensions assets	0		
1		Premiums and discounts on early repayment of debt	1		
0		Provision for repayment of debt	0		
8,971		Capital expenditure charged against HRA balance	45,850		
0		Use of Major Repairs Allowance to finance capital expenditure	0		
0		Developers' contribution to capital expenditure	0		
	1,412			38,509	
	(863)	Net Increase (or decrease) before transfers to or from reserves		(181)	
	0	Transfer of Major Repairs Allowance to/(from) Major Repairs Reserve		0	
	(863)	(Increase) or decrease in year on HRA		(181)	
	(2,294)	Balance on HRA at the end of the current year		(2,475)	

NOTES TO THE HOUSING REVENUE ACCOUNT

1. Housing Stock

The Council was responsible for managing an average stock of 4,501 dwellings during 2016/17 (2015/16 – 4,518). The stock at 31 March 2017 was made up as follows:

Houses	1,649
Flats	2,158
Bungalows	689
Other	1
Total	4,497

The change in stock can be summarised as follows:

2015/16		2016/17
4,532	Stock at 1 April	4,505
(27)	Less Sales	(20)
0	Plus Additions	12
0	Net transfers/other disposals	0
4,505	Stock at 31 March	4,497

In addition to the above, the Council has a stock of 881 garages (881 at 31 March 2016). These were valued at £2,643,016 at 31 March 2017 (£2,057,777 at 31 March 2016).

2. Value of the Housing Stock

The value of the Council's housing stock at 31 March 2017 was £176,847,024 (£137,812,353 at 31 March 2016). A full revaluation of the housing stock was undertaken as at 31 March 2014, and each year the dwellings are valued on the basis of a social housing adjustment factor which was 42% as at 31 March 2017. The vacant possession value of dwellings at 31 March 2017 was £421,064,343 (£405,330,450 at 31 March 2016). The difference between the vacant possession value and the balance sheet value, amounting to £244,217,319 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 scheduled for 31 March 2019.

3. Contributions towards Expenditure

The Supporting People regime was introduced on 1 April 2003. This requires the cost of providing sheltered scheme services to be separately accounted for and for charges to be levied to the recipients of the service. For 2016/17 the Council gave transitional protection to all tenants resident prior to 1 April 2005 but introduced charges for new residents taking up occupation after that date. Transitional protection for new tenants between 1 April 2003 and 31 March 2005 was, until 31 March 2016, paid to the Housing Revenue Account from the General Fund. The cost for 2016/17 is not considered material and from 1 April 2016 will be met by the Housing Revenue Account. Amounts are as follows:

2015/16 £'000		2016/17 £'000
(9)	Supporting People	(0)
(230)	Contribution from General Fund	(250)
(391)	Fees and charges	(391)
	Housing Benefits	
	Other	
	Contributions from Other Local Authorities	(4)
(630)		(645)

4. Major Repairs Reserve

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

2015/16 £'000		2016/17 £'000
0	Balance at 1 April	0
(3,479)	Depreciation charge to Housing Revenue Account	(3,485)
3,479	Expenditure financed from Major Repairs Reserve	3,485
0	Balance at 31 March	0

5. 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:

2015/16 £'000		2016/17 £'000
7,409	Capital Expenditure	7,813
	Financed By:	
1,497	Borrowing	347
248	Capital Receipts	917
7	Government / Other Grants	0
0	Section 106 contributions	0
3,479	Major Repairs Reserve	3,485
2,178	Revenue Contributions	3,064
7,409		7,813

Proceeds from the sale of dwellings within the Housing Revenue Account amounted to £0.795m for 2016/17 (£1.253m)

6. 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 2016/17 was £3,409,379 (2015/16 - £3,380,620).

The depreciation charge for 2016/17 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 2016/17 was £59,219 (2015/16 - £82,582).

Further depreciation is charged in respect of information technology assets along with seven vehicles and mobile devices that were purchased in 2013/14 as part of the transfer to the in-house provision of gas servicing arrangements. The acquisition of these assets was financed through the Housing Revenue Account. The charge in 2016/17 was £16,115 (2015/16 - £16,115).

7. 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 Estates Officer. The Estates Officer's review of the Council's housing stock at 31 March 2017 resulted in an increase of £42.893m 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.

8. Rent Arrears

The arrears at the end of the year were as follows:

	2016/17 £'000	2015/16 £'000
Rent arrears at 31 March	427	454

The provision for doubtful debts is £254,505 (2015/16 - £217,431).

The above figures for rent arrears include former tenants but exclude amounts outstanding on various current tenant rent accounts where such amounts have been outstanding for less than two weeks. These ties into current practice whereby rent amounts due are only reflected in tenant accounts every two weeks.

9. 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 2016/17 was 13.2% in respect of future service plus a monetary amount to cover historic deficits. This equated to an overall rate of approximately 19.7%. 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 2016/17 the contribution from the pensions reserve amounted to £189,546 (2015/16 – contribution from reserve of £255,522).

10. 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.

2015/16			Income/Expenditure	Note	2016/17		
Non Domestic Rates £'000	Council Tax £'000	Total £'000			Non Domestic Rates £'000	Council Tax £'000	Total £'000
			Income				
0	(55,110)	(55,110)	Council Tax Receivable	1, 3	0	(57,510)	(57,510)
(25,234)	0	(25,234)	Business Rates Receivable	1, 2	(24,644)	0	(24,644)
			Contributions Towards Previous Year's Deficit	1			
(427)	0	(427)	Central Government		(195)	0	(195)
(342)	0	(342)	Broxtowe Borough Council		(156)	0	(156)
(77)	0	(77)	Nottinghamshire County Council		(35)	0	(35)
(9)	0	(9)	Nottinghamshire Fire Authority		(4)	0	(4)
0	0	0	Nottinghamshire Police Authority		0	0	0
(26,089)	(55,110)	(81,199)			(25,034)	(57,510)	(82,544)
			Expenditure				
			Council Tax Precepts and Demands/ Shares of NDR	1			
			Income:				
12,200	0	12,200	Central Government		12,987	0	12,987
9,871	5,244	15,115	Broxtowe Borough Council		10,497	5,310	15,807
2,207	40,214	42,421	Nottinghamshire County Council		2,338	42,342	44,680
245	2,347	2,592	Nottinghamshire Fire Authority		260	2,423	2,683
0	5,715	5,715	Nottinghamshire Police Authority		0	5,902	5,902
0	708	708	Parish/Town Councils		0	735	735
0	25	25	Beeston Special Expenses Area		0	25	25

			Distribution of Previous Year's Surplus	1			
0	0	0	Central Government		0	0	0
0	32	32	Broxtowe Borough Council		0	87	87
0	214	214	Nottinghamshire County Council		0	583	583
0	13	13	Nottinghamshire Fire Authority		0	34	34
0	30	30	Nottinghamshire Police Authority		0	83	83
			Charges to the Collection Fund				
249	155	404	Write Offs & Uncollectable		75	156	231
(451)	10	(441)	Increase/(Decrease) in Bad Debt provision		79	75	154
329	0	329	Increase/(Decrease) in Appeals provision		1,255	0	1,255
(105)	0	(105)	Transitional Protection Payment to/(from) Central Government		(9)	0	(9)
108	0	108	Cost of Collection allowance		108	0	108
24,653	54,707	79,360			27,590	57,755	85,345
(1,436)	(403)	(1,839)	Deficit/(Surplus) for the year		2,556	245	2,801
2,325	(435)	1,890	Deficit/(Surplus) b/fwd. 1 April		889	(838)	51
889	(838)	51	Deficit/(Surplus) at 31 March		3,445	(593)	2,852

All figures, including totals, are rounded from exact figures to the nearest £1,000.

NOTES TO THE COLLECTION FUND

1. The Collection Fund

The Collection Fund is a statutory fund in which the Council records transactions for council tax, non-domestic rates and residual community charges. The costs of administering the Fund are borne by the Council's General Fund.

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 £759,797 in 2016/17 (£733,329 in 2015/16) 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.

The amount of non-domestic rates receivable is set by the Non-Domestic Rate Multiplier- See note 3. Under the system of business rates retention which commenced 1 April 2013, non-domestic rates income is distributed between Central Government (50%), Broxtowe Borough Council (40%), Nottinghamshire County Council (9%) and Nottinghamshire Fire Authority (1%). The non-domestic rates income of this Council in 2016/17 includes £7.214m (£7.155m in 2015/16) which is payable as a tariff to Nottinghamshire County Council in accordance with the business rates retention scheme. Any balance on the fund attributable to non-domestic rates is distributed (or recovered) in accordance with the business rates retention scheme. Any growth in non-domestic rates income due to growth in the tax base is retained by the various bodies in the same proportions set out above, subject to adjustments which limit both the amount of income that can be gained and lost by each body.

This Council is a member of the Nottinghamshire NDR Pool along with the 6 other district councils, Nottinghamshire Fire Authority and Nottinghamshire County Council, which is the lead authority that administers the pool. Pool members share any income from retained non-domestic rates growth and are treated as one entity for the purposes of the adjustments mentioned above.

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

The total Non-Domestic Rateable Value at 31 March 2017 amounted to £67.052m (31 March 2016 - £60.910m) and the Non-Domestic Rate Multiplier for 2016/17 was 49.7p in the pound (2015/16– 49.3p).

3. Council Tax Base

BAND	NUMBER OF DWELLINGS (BAND D EQUIVALENTS)	RATIO TO BAND D
A DPR	14.08	5/9
A	6,836.92	6/9
B	8,094.55	7/9
C	8,261.14	8/9
D	5,564.83	1
E	2,980.85	11/9
F	983.30	13/9
G	696.67	15/9
H	32.50	2
	33,464.84	
Assumed 98.5% Collection Rate	32,962.88	
Class 'O'	163.90	
Total	33,126.78	

The Band D equivalent figures are derived by multiplying the number of dwellings in each band (adjusted for discounts) by the ratios shown above.

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 2016/17, 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 is a company limited by guarantee and is wholly owned by Broxtowe Borough Council. The company was incorporated on 12 April 2016 and 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 and is overseen by a Board of Directors which consists of two members of the Council's Senior Management Team 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 Environment Committee which reviews the financial and operational performance of the company.

Liberty Leisure produce accounts with a year end date of 31 March. The accounts for the period from 1 October 2016 to 31 March 2017 have been prepared by Ling Phipp 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 is wholly owned by the Council.

Liberty Leisure 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 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 this expenditure is allocated for decision making purposes between the Council's directorates/services/departments. Income and expenditure accounted for under generally accepted accounting practices is presented more fully in the Comprehensive Income and Expenditure Statement.

2015/16				2016/17		
Net Expenditure Chargeable to the General Fund and HRA balances	Adjustments between the Funding and Accounting Basis	Net Expenditure in the Comprehensive Income and Expenditure Statement	Corporate Priority	Net Expenditure Chargeable to the General Fund and HRA balances	Adjustments between the Funding and Accounting Basis	Net Expenditure in the Comprehensive Income and Expenditure Statement
£000	£000	£000		£000	£000	£000
843	(253)	590	Housing	117	169	286
3,851	928	4,779	Environment	2,882	1,285	4,167
957	(31)	926	Business Growth	1,065	48	1,113
1,469	486	1,955	Community Safety	1,390	578	1,968
2,196	243	2,439	Health	1,814	4,647	6,461
896	(114)	782	Revenues, Benefits and Customer Services	1,008	63	1,071
(4,997)	6,814	1,817	Resources	(2,996)	4,955	1,959
(165)	165	0	ICT and Business Transformation	(192)	192	0
0	0	0	Housing Revenue Account - Exceptional Item	0	(32,436)	(32,436)
(5,666)	(6,691)	(12,357)	Housing Revenue Account	(5,760)	(10,350)	(16,110)
(616)	1,547	931	Net Cost of Service	(672)	(30,849)	(31,521)
289	116	405	Other Income and Expenditure	(58)	1,020	962
(327)	1,663	1,336	Surplus or Deficit	(730)	(29,829)	(30,559)
7,261			Opening General Fund and HRA balances at 1 April	7,588		
327			Less/Plus Surplus or (Deficit) on General Fund and HRA Balance in Year	730		
7,588			Closing General Fund and HRA Balance at 31 March	8,318		

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.

Re-Styled Year Ended 31 March 2016				Year Ended 31 March 2017		
Gross Expend £'000	Income £'000	Net Expend £'000		Gross Expend £'000	Income £'000	Net Expend £'000
859	(269)	590	Housing	593	(307)	286
7,142	(2,363)	4,779	Environment	6,968	(2,801)	4,167
2,016	(1,090)	926	Business Growth	1,956	(843)	1,113
2,458	(503)	1,955	Community Safety	2,318	(350)	1,968
5,832	(3,393)	2,439	Health	9,810	(3,349)	6,461
24,129	(23,347)	782	Revenues,Benefits & Customer Services	23,531	(22,460)	1,071
3,433	(1,616)	1,817	Resources	4,265	(2,306)	1,959
45	(45)	0	ICT & Business Transformation	26	(26)	0
0	0	0	Local Authority Housing (HRA) - Exceptional Item	(32,436)	0	(32,436)
4,377	(16,734)	(12,357)	Local Authority Housing (HRA)	595	(16,705)	(16,110)
50,291	(49,360)	931	Cost of Services – Continuing Operations	17,626	(49,147)	(31,521)
		7,727	Other Operating Expenditure			7,328
		4,365	Financing and Investment Income and Expenditure			4,257
		(11,687)	Taxation and Non-Specific Grant Income			(10,623)
		1,336	(Surplus) or Deficit on Provision of Services			(30,559)
		(188)	(Surplus) or Deficit on Revaluation of Property, Plant and Equipment Assets			(49)
		(11,205)	Remeasurements of the Net Defined Benefit Liability/(Asset)			9,534
		0	Surplus or deficit on revaluation of available for sale financial assets			143
		0	Any Other (Gains)/Losses			(2)
		(11,393)	Other Comprehensive Income and Expenditure			9,626
		(10,057)	Total Comprehensive Income and Expenditure			(20,933)

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 reserves. The "Surplus or (Deficit) on the Provision of Services" line shows the true economic cost of providing the authority's services, more details of which are shown in the Comprehensive Income and Expenditure Statement. These are different from the statutory amounts required to be charged to the General Fund (GF) Balance and the HRA for council tax setting and dwellings rent setting purposes. The net increase/decrease before "Transfers to Earmarked Reserves" line shows the statutory GF Balance and HRA Balance before any discretionary transfers to or from earmarked reserves undertaken by the Council.

	General Fund (GF) & 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
Balance at 31 March 2015	(5,571)	(1,431)	(788)	0	(28)	(259)	(8,077)	(20,148)	(28,225)
Re-Stated Movement in Reserves during 2015/16									
Surplus or (deficit) on the provision of services	3,686	(2,275)	0	0	0	(76)	1,335	0	1,335
Other Comprehensive Income and Expenditure	0	0	0	0	0	0	0	(11,393)	(11,393)
Total Comprehensive Income and Expenditure	3,686	(2,275)	0	0	0	(76)	1,335	(11,393)	(10,058)
Adjustments between accounting basis & funding basis under regulations (Note 8)	(3,102)	1,412	(492)	0	28	28	(2,126)	2,126	0
Net increase/decrease before Transfers to Earmarked Reserves	584	(863)	(492)	0	28	(48)	(791)	(9,267)	(10,058)
Transfers to/from Earmarked Reserves (Note 9)	0	0	0	0	0	0	0	0	0
Increase/decrease in 2015/16	584	(863)	(492)	0	28	(48)	(791)	(9,267)	(10,058)
Balance at 31 March 2016 Carried Forward	(4,987)	(2,294)	(1,280)	0	0	(307)	(8,868)	(29,415)	(38,283)
Movement in Reserves during 2016/17									
Surplus or (deficit) on provision of services	8,050	(38,689)	0	0	0	79	(30,560)	0	(30,560)
Other Comprehensive Income and Expenditure	(3,682)	0	0	0	0	0	(3,682)	13,309	9,627
Total Comprehensive Income and Expenditure	4,368	(38,689)	0	0	0	79	(34,242)	13,309	(20,933)
Adjustments between accounting basis & funding basis under regulations (Note 8)	(5,004)	38,508	520	0	0	7	34,031	(34,031)	0
Net Increase/Decrease before Transfers to Earmarked Reserves	(636)	(181)	520	0	0	86	(211)	(20,722)	(20,933)
Transfers to/from Earmarked Reserves (Note 9)	0	0	0	0	0	0	0	0	0
Increase/decrease in 2016/17	(636)	(181)	520	0	0	86	(211)	(20,722)	(20,933)
Balance at 31 March 2017 Carried Forward	(5,623)	(2,475)	(760)	0	0	(221)	(9,079)	(50,137)	(59,216)

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".

Re-Styled 31-Mar-16 £'000		31-Mar-17 £'000
168,313	Property, Plant & Equipment	213,784
259	Heritage Assets	335
60	Intangible Assets	213
0	Assets Held for Sale	69
0	Long Term Investments	1,855
91	Long Term Debtors	96
168,723	Long Term Assets	216,352
7,050	Short Term Investments	3,031
206	Inventories	199
3,531	Short Term Debtors	3,184
2,092	Cash and Cash Equivalents	5,211
0	Assets Held for Sale	0
12,879	Current Assets	11,625
(7,404)	Short Term Borrowing	(13,300)
(6,751)	Short Term Creditors	(5,174)
(360)	Provisions	(281)
(14,515)	Current Liabilities	(18,755)
0	Long Term Creditors	0
(707)	Provisions	(1,209)
(80,059)	Long Term Borrowing	(85,023)
(47,602)	Net Pension Liability	(63,183)
(436)	Capital Grants Receipts in Advance	(590)
(128,804)	Long Term Liabilities	(150,005)
38,283	Net Assets	59,218
(8,869)	Usable Reserves	(9,079)
(29,414)	Unusable Reserves	(50,138)
(38,283)	Total Reserves	(59,217)

Z Darr C.P.F.A. – Deputy Chief Executive

8 February 2018

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.

2015/16 £'000		2016/17 £'000
1,336	Net surplus or (deficit) on the provision of services	30,559
(12,516)	Adjustments to net surplus or deficit for non-cash movements	(19,133)
2,605	Adjustments for items included in the net surplus or deficit on the provision of services that are investing and financing activities	(2,171)
(8,575)	Net cash flows from operating activities	9,255
7,031	Investing activities	(16,580)
1,825	Financing activities	10,444
281	Net (increase) or decrease in cash equivalents	3,119
(2,373)	Cash and cash equivalents at the beginning of the reporting period	2,092
(2,092)	Cash and cash equivalents at the end of the reporting period	5,211

Group Account Notes for 2016/17**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 39 and Balance Sheet on page 41 and the appropriate note.

1. Inter Company Transactions

The Group Accounts exclude transactions between Broxtowe Borough Council and Liberty Leisure. This ensures that expenditure and income is only reflected once within the accounts. The elements of the accounts adjusted for inter-company transactions are detailed below.

Comprehensive Income and Expenditure Statement	Broxtowe Adjusted 2016/17 £000s	Liberty Leisure Adjusted 2016/17 £000s	Group 2016/17 £000s
Cost of Services - Continuing Operations	(35,075)	3,554	(31,521)
Financing and Investment Income and Expenditure	4,203	54	4,257
(Surplus) or Deficit on Provision of Services	(34,167)	3,608	(30,559)

Balance Sheet	Broxtowe Adjusted 2016/17 £000s	Liberty Leisure Adjusted 2016/17 £000s	Group 2016/17 £000s
Inventories	182	17	199
Short Term Debtors	5,044	(1,860)	3,184
Short Term Creditors	(6,214)	1,040	(5,174)

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

	2016/17 £000s
(Surplus)/Deficit on the Council's Comprehensive Income and Expenditure Statement	(34,167)
Adjustments for transactions with other Group entities	3,608
(Surplus)/Deficit on the Group Comprehensive Income and Expenditure Statement	(30,559)

3. Note to the Expenditure and Funding Analysis

Adjustments from General Fund to arrive at the Comprehensive Income and Expenditure Statement amounts	Adjustments between Funding and Accounting Basis			
	Adjustments for Capital Purposes see Note A £'000	Net change for Pension Adjustments see Note B £'000	Other Differences see Note C £'000	Total Adjustments £'000
2016/17				
Housing	0	169	0	169
Environment	1,123	179	0	1,302
Business Growth	66	51	0	117
Community Safety	552	26	0	578
Health	982	3,686	0	4,668
Revenues, Benefits & Customer Services	0	63	0	63
Resources	1,068	3,987	0	5,055
ICT & Business Transformation	176	16	0	192
Housing Revenue Account - Exceptional Item	(32,436)	0	0	(32,436)
Housing Revenue Account	0	0	0	0
Net Cost of Services	(28,469)	8,177	0	(20,292)
Other income and expenditure from the Expenditure and Funding Analysis	1,781	(2,130)	1,369	1,020
Difference between General Fund surplus or deficit and Comprehensive Income and Expenditure Statement Surplus or Deficit on the Provision of Services	(26,688)	6,047	1,369	(19,272)

Note A

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.

Note B

Net change for the removal of pension contributions and the addition of IAS19 Employee Benefits pension related expenditure and income:

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

Note C

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 in the Collection Fund.

4. Inventories

	31 March 2017
	£000s
Broxtowe - Central Stores	182
Liberty Leisure - Stock	17
Total	199

5. Short Term Debtors

	31 March 2017
	£000s
Central Government Bodies	430
Other Local Authorities	346
HMRC	472
Housing Rents	619
Council Tax Payers	227
NNDR	566
Other Entities and Individuals	1,806
	4,466
Less: Provision for Doubtful Debts	(1,282)
Total	3,184

6. Cash and Cash Equivalents

	31 March 2017
	£000s
Cash in Hand	1
Bank Current Account	1,279
Money Market Funds	3,931
Total	5,211

7. Short Term Creditors

	31 March 2017
	£000s
Central Government Bodies	(324)
Other Local Authorities	(484)
HMRC	(234)
Housing Rents	0
Council Tax Payers	(186)
NNDR	(241)
Other Entities and Individuals	(3,705)
	(5,174)

8. 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 pensions liability of £3.682m at 31 March 2017 in respect of Liberty Leisure has been consolidated within the Group Accounts.

9. Cash Flow Statement

The cash flows in respect of Liberty Leisure have been consolidated within a cash flow statement for the Group. All Liberty Leisure cash flows in 2016/17 arose from operating activities. There were no investing or financing activities.

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Independent auditor's report to the members of Broxtowe Borough Council

We have audited the financial statements of Broxtowe Borough Council for the year ended 31 March 2017 on pages 37 to 123. The financial reporting framework that has been applied in their preparation is applicable law and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2016/17.

This report is made solely to the members of the Authority, as a body, in accordance with Part 5 of the Local Audit and Accountability Act 2014. Our audit work has been undertaken so that we might state to the members of the Authority, as a body, those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the members of the Authority, as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of the Deputy Chief Executive and auditor

As explained more fully in the Statement of the Deputy Chief Executive's Responsibilities, the Deputy Chief Executive is responsible for the preparation of the Statement of Accounts, which includes the financial statements, in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom, and for being satisfied that the financial statements give a true and fair view. Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the Authority's and the Group's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Deputy Chief Executive; and the overall presentation of the financial statements.

In addition, we read all the financial and non-financial information in the Narrative Statement identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the financial position of the Authority and the Group as at 31 March 2017 and of the Authority's and the Group's expenditure and income for the year then ended;
- have been properly prepared in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2016/17.

Matters on which we are required to report by exception

The Code of Audit Practice requires us to report to you if:

- the Annual Governance Statement set out on pages 17 to 36 does not reflect compliance with 'Delivering Good Governance in Local Government: a Framework' (CIPFA/SOLACE 2016 Edition); or
- the information given in the Narrative Statement for the financial year for which the financial statements are prepared is not consistent with the financial statements; or
- any matters have been reported in the public interest under Section 24 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of, the audit; or

- any recommendations have been made under Section 24 of the Local Audit and Accountability Act 2014; or
- any other special powers of the auditor have been exercised under the Local Audit and Accountability Act 2014.

We have nothing to report in respect of these matters.

Conclusion on Broxtowe Borough Council's arrangements for securing economy, efficiency and effectiveness in its use of resources

Authority's responsibilities

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

Auditor's responsibilities

We are required under Section 20(1) (c) of the Local Audit and Accountability Act 2014 to satisfy ourselves that the Authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. The Code of Audit Practice issued by the Comptroller and Auditor General (C&AG) requires us to report to you our conclusion relating to proper arrangements.

We report if significant matters have come to our attention which prevent us from concluding that the Authority has put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources. We are not required to consider, nor have we considered, whether all aspects of the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively.

Scope of the review of arrangements for securing economy, efficiency and effectiveness in the use of resources

We have undertaken our review in accordance with the Code of Audit Practice, having regard to the guidance on the specified criterion issued by C&AG in November 2016, as to whether Broxtowe Borough Council had proper arrangements to ensure it took properly informed decisions and deployed resources to achieve planned and sustainable outcomes for taxpayers and local people. The C&AG determined this criterion as that necessary for us to consider under the Code of Audit Practice in satisfying ourselves whether Broxtowe Borough Council put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2017.

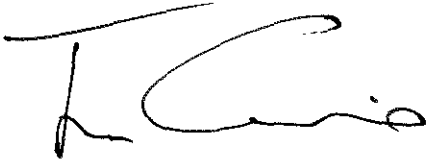
We planned our work in accordance with the Code of Audit Practice. Based on our risk assessment, we undertook such work as we considered necessary to form a view on whether, in all significant respects, Broxtowe Borough Council had put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources.

Conclusion

On the basis of our work, having regard to the guidance issued by the C&AG in November 2016, we are satisfied that, in all significant respects, Broxtowe Borough Council put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2017.

Certificate

We certify that we have completed the audit of the financial statements of Broxtowe Borough Council in accordance with the requirements of the Local Audit and Accountability Act 2014 and the Code of Audit Practice.

A handwritten signature in black ink, appearing to read 'Jon Gorrie', with a stylized, cursive script.

Jon Gorrie

For and on behalf of KPMG LLP, Statutory Auditor

Chartered Accountants

4th Floor, St Nicolas House,
Nottingham
NG1 6FQ

29 March 2018

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.

BUSINESS PLANS

As part of the reforms introduced by resource accounting, with effect from 2001 all authorities are required to produce a business plan for their Housing Revenue Account (H.R.A.). This plan is designed to complement the Housing Strategy and includes an assessment of needs, resources, objectives, strategy and targets.

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.

COUNCIL TAX BANDS

	Value of home estimated at April 1991	Proportion of the tax due relative to a band D property
Band A	Under £40,000	66.7%
Band B	£40,001-£52,000	77.8%
Band C	£52,001-£68,000	88.9%
Band D	£68,001-£88,000	100.0%
Band E	£88,001-£120,000	122.2%
Band F	£120,001-£160,000	144.4%
Band G	£160,001-£320,000	166.7%
Band H	Over £320,001	200.0%

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.

DEFERRED CAPITAL RECEIPTS

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

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 REPORTING STANDARD

A statement of accounting practice issued by the Accounting Standards Board.

FINANCIAL YEAR

The Council's financial year commences on 1 April and ends on 31 March 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 Department for Communities and Local Government (CLG) 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.

HEREDITAMENT

A property appearing in a valuation list upon which rates are levied. Applies to non-domestic property.

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. Income Support claimants may claim Housing Benefit at the same time as they claim Income Support from central government. Income Support claimants may also claim direct to the district council for Housing Benefit. All other claimants must make their claim to the district council.

The district 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 district 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 STRATEGY

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

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.

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.

NATIONAL NON-DOMESTIC RATES (NNDR)

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.

NET EXPENDITURE

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

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 was introduced by the Local Government Act 2003 and took effect on 1 April 2004. The Prudential Code was updated in 2009 and 2011. The framework 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 LOANS 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.

REGISTERED SOCIAL LANDLORD (RSL)

A non-profit making body concerned with the construction, improvement or management of houses.

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.

TRANSFERRED DEBT

The amounts, which are still owed to or by other authorities, to repay the debt outstanding on assets transferred to or from those authorities.

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.