

BROXTOWE BOROUGH COUNCIL ANNUAL STATEMENT OF ACCOUNTS 2019/20

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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.”

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



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

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

It has been five years since we launched our Corporate Plan 2016-2020 so here are some of the key achievements during this time;

Housing

- 496 homes built on brownfield since 2016
- Planning permission granted for 1,321
- 93% tenant satisfaction on average
- £1.64 million spent on improving the homes of people with disabilities
- 126 empty homes brought back in to use

Business Growth

- Secured future of Beeston Square with a new cinema and residential scheme
- This brought in circa £664,000 of rental income in 2019/20
- 29 businesses received a free business health check
- Agreement to provide Free Wi-Fi in town centres
- 130 more businesses in Broxtowe than in 2016
- New business start-up grant scheme and business hub

Community Safety

- Prevented anti-social behaviour through 4 Public Space Protection Orders, over 100 Community Protection Warnings and Notices and re-possession of properties and injunctions
- White Ribbon Campaign Accreditation for work to prevent domestic abuse

Health

- Nearly 5 million visits to our Leisure Centres and other events
- 3,470 children booked on swimming lessons - Bramcote Leisure Centre is the largest single site swim school in the East Midlands
- 6 Public Space Protection Orders to prohibit alcohol fuelled anti-social behaviour
- 18 takeaways signed up to Healthy Options Takeaway Scheme
- Funding and working group to support people with Mental Health issues
- Training sessions and clinics to help people improve their health

Environment

- 10% decrease in fly tipping incidents, bucking local trends
- Launched our Clean and Green campaign - 200 residents have joined Community Clean Teams
- 91% of parks now meet Broxtowe Parks Standard
- £783,000 invested in parks and open spaces thanks to the Pride in Parks investment programme and external funding
- Over 19,600 residents recycling their garden waste
- 32,000 litres less diesel used by our refuse vehicles

Key developments during 2019/20 included:

- Significant progress with the Beeston Square Phase 2 development.
- A continued focus on reducing fly tipping
- Significant capital improvements to parks and open spaces in Broxtowe
- Achievement of white ribbon accreditation - confirming the quality of action the Council is taking to reduce domestic violence in Broxtowe.
- Another successful year for Liberty Leisure Limited providing a wide range of excellent leisure services and events.

- Updates of the Medium Term Financial Strategy and the Business Strategy with a view to identifying potential efficiencies and income generation opportunities to enable a balanced budget to be set.

The Council's income and expenditure is directed towards the support of the Corporate Plan objectives and aims. The four-year settlement agreed by the Government ends in 2019/20 therefore there is greater uncertainty over future funding. From 2019/20 no Revenue Support Grant was received directly from central government and the Council will be entirely dependent on council tax, business rates and our own income generation to fund the essential services on which our communities rely. The Government has delayed the Fair Funding Review, which will assess the relative needs and resources of local authorities and determine a new distribution mechanism before local authorities retain 75% of business rates in the future as opposed to 50% at present. In addition, the Government also delayed plans for a Comprehensive Spending Review in 2019.

Addressing this uncertain landscape will present significant challenges but also bring exciting opportunities for the Council and the residents of the borough. To reflect the format of the 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 the Corporate Plan.

Covid-19

Near the end of the 2019/20 financial year the Covid-19 Pandemic had a significant impact on Broxtowe Borough Council, and on its residents and businesses across the borough. In line with CIPFA guidance (Bulletin 05 April 2020), the following impacts need to be highlighted;

- Provision of services – during the Covid-19 Pandemic, the Council continued to provide the vast majority of its services, with a significant majority of its staff working remotely. Committee and Council meetings also continued remotely using Microsoft Teams software. Senior officers were engaged with a number of Local Resilience Forum cells set up to manage the impact of the Pandemic (eg Finance, Excess deaths, Recovery, Strategic Co-ordination Group etc)
- Council's workforce – During the Pandemic, a significant majority of staff are working from home utilising Microsoft Teams to communicate, and front-line services continue to be delivered, in line with Government guidance.
- Supply chains – Wherever possible, the Council continued to utilise existing suppliers and process payments in line with stipulated terms.
- Reserves and financial performance – The pandemic has resulted in significant loss of income (leisure, car parks, rental income) and additional costs (shielding staff, 'top-up' furlough costs), which have been reported to central government (MHCLG), on a monthly basis, and will be reported to the Finance and Resources Committee on the 9 July 2020. The overall quantification of the financial impact is difficult to ascertain, but will result in reduced general reserves. The refreshed Business Strategy, will be

developed and presented to the Finance and Resources Committee on 8 October 2020, identifying measures to mitigate and manage the financial impact of Covid-19.

- Cash-flow management – No issues with cash-flow have been identified.
- Major risks to the Council – The main risks relate to the significant loss of income at Liberty Leisure Limited, commercial rents, and car parking. Also the major distress in the food and beverage market, which has resulted in difficulties in securing tenants for the Beeston Phase 2 development.
- Recovery plan – The Council's strategic approach to the Covid-19 pandemic and its Recovery Strategy will be presented to the Policy and Performance Committee on the 1 July 2020.

2. Governance – The Changing Shape of the Council

Governance Structures

The Council operates under a committee structure with a Policy and Performance Committee and a Finance and Resources Committee to govern policy development, performance and spending. There are four policy committees which, alongside the Planning Committee and the Licencing and Appeals Committee, are 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 4,408 properties and ensures that development is managed in a complementary way with the planning function and in partnership with the private sector.
- The Community Safety Committee is tasked with developing, adopting and implementing any policy (other than those policy documents reserved to the full Council or within the remit of any other committee) relating to anti-social behaviour, food hygiene, taxi licencing and public protection strategies.
- The Jobs and Economy Committee focuses on business development and enhancing the town centres within the Borough.
- The Leisure and Environment Committee determines policies to promote artistic, sporting and cultural activities. It is also tasked with organising and implementing twinning and friendship activities, policy on waste management and functions under the Environmental Protection Act 1990.

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

Liberty Leisure Limited



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

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

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

The company includes 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 Health Committee which reviews the financial and operational performance of the Company. However, the current operating arrangements for Kimberley Leisure Centre are under review as outlined in Contingent Liabilities note 43.

As Liberty Leisure Limited is a wholly-owned company of Broxtowe Borough Council, the accounts for the company have been consolidated into the Council's own accounts to form separate group accounts. However, separate financial accounts for the company are filed at Companies House in accordance with the regulations governing Limited Companies. In 2019/20 the company achieved an after tax surplus of £19,911 (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 for this arrangement.

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

Income increased during 2019/20 by 1% compared to 2018/19 to £1.806m. Expenditure increased by 3% to £1.236m. After deducting financing and investment income, there was a deficit for the year of £0.448m. The levels of usable and unusable reserves at 31 March 2020 decreased by £0.287m and £0.056m to £0.271m and £1.53m respectively. The financial statements of the Joint Committee are published separately and were presented to the Joint Committee Meeting on 25 June 2020.

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 2019/20 the Council (including Liberty Leisure Limited) made a contribution equivalent to 14.4% of pensionable pay (plus an additional £0.706m) into the Pension Fund to help ensure there are sufficient resources with the Pension Fund to meet future liabilities.

The Council took advantage of the opportunity offered by the Pension Fund to pay the lump sum element for the years from 2017/18 to 2019/20 in a single payment of £2.07m in April 2017 rather than the total £2.122m due over the three-year period. The sum paid is allocated over the three-year period in the Council's accounts.

The contribution rate is determined by the Pension Fund's Actuary based on an actuarial valuation every three years. The last actuarial valuation was in 2016 and covered the period ending 31st March 2020. Details about how the costs are identified and financed are given in note 42 to the accounts while the value of the Council's net liability in the Pension Fund is detailed within the Balance Sheet. The extent to which this liability will impact on council tax and rent levels is reflected in the latest actuarial valuation of the Pension Fund. Based on the latest actuarial valuation as at 31 March 2019 (covering the next 3 financial years), the Council will make a contribution of 18% of pensionable pay plus an additional £0.264m into the Nottinghamshire County Council Pension Fund in 2020/21.

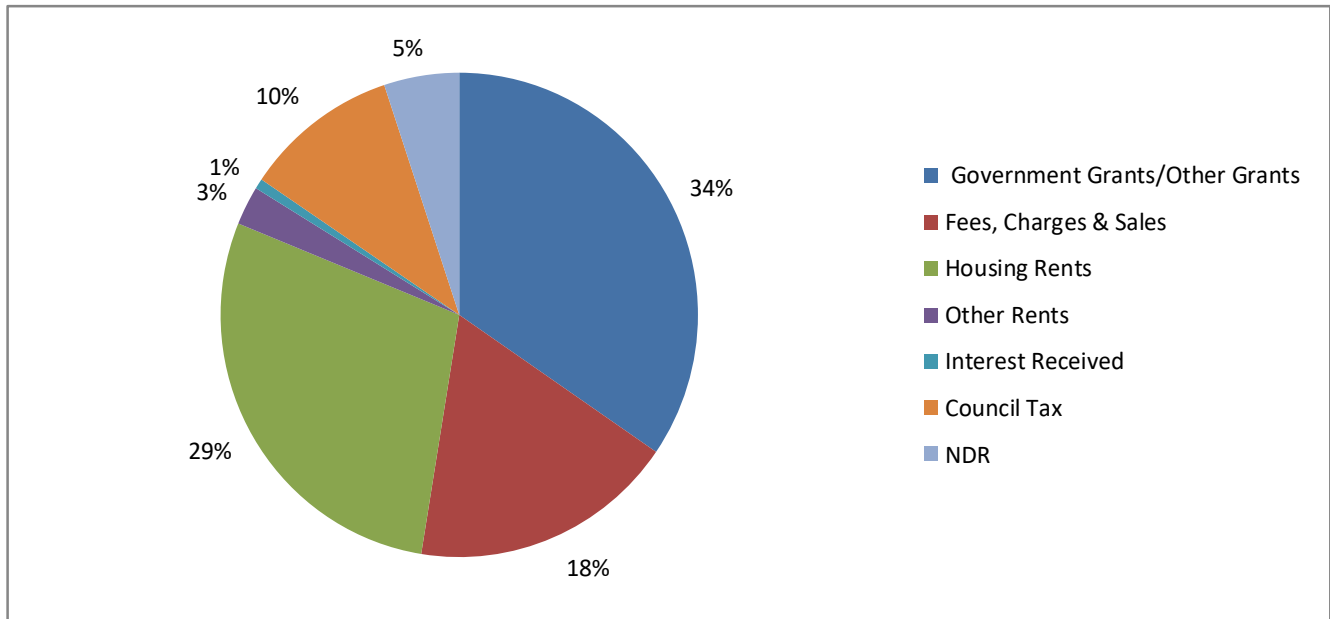
3. Spending and performance

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

Income and Expenditure on Services

The biggest pressure on Council income is the loss of Revenue Support Grant, which fell to zero in 2019/20. This means the Council is now 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 main sources of income in 2019/20. In 2019/20 18% of the Council's income was derived from fees, charges and sales, compared to 16% in 2018/19.

Figure 1: Sources of income 2019/20



Changes in spending highlight the increased focus in 2019/20 on the corporate objectives but the table above also reflects the extent to which the Council is generating income from new sources or from enhancements to existing services: income from trade waste and garden waste collection, for example, and rental income from the Beeston Square Phase 1 development.

Table 1 shows the balance of spending on the main corporate priorities compared to 2018/19. This analysis provides the out-turn position and therefore excludes notional pension charges. The position was reported to the Finance and Resources Committee on 9 July 2020.

Table 1: Changes in gross expenditure 2018/19 to 2019/20

Gross expenditure	Actual 2018/19 £	Actual 2019/20 £	Change £
Strategic Housing	586,023	653,844	(67,821)
Environment	10,040,992	10,471,196	(430,204)
Business Growth	2,313,038	2,537,588	(224,550)
Community Safety	2,885,389	2,733,611	151,778
Health	2,119,575	2,576,403	(456,828)

The management of the Council’s finances in 2019/20 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 2020 the Council has general reserves of £5.452m and earmarked reserves of £0.313m, which amounts to £5.765m in total. This compares to a total of £6.391m as at 31 March 2019.

Financial Performance

The outturn presented to the Council's Finance & Resources Committee on 9 July 2020 reported a net revenue budget under-spend of £0.363m on services.

Non-Domestic Rates income including Government Grants (Section 31 Grant) is £0.322m higher than budgeted. Section 31 Grant is paid to compensate Local Authorities for the loss of income through various small business rates schemes. The grant is £0.08m lower than initially budgeted based on actual relief awarded.

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 Council pays a levy into the Pool based on the proportion over which it is above its financial baseline funding formula. The amount of levy paid was lower than forecast by £0.105m. During 2019/20 the Nottinghamshire Pool as a whole generated a surplus which has provided Broxtowe with an additional £0.209m.

Tight financial control along with the continued implementation of measures in the Business Strategy during the year has resulted in reduced costs and/or increased income across the five priority areas during 2019/20. Table 2 shows the actual net spend compared to the budgeted spend.

Table 2 – General Fund financial performance 2019/20

General Fund (excluding Bramcote Bereavement Services)	Revised Budget £'000	Actual £'000	Difference £'000
Net Expenditure on Services	10,311	9,948	(363)
Funded by:			
Collection Fund	(5,450)	(5,450)	0
Revenue Support Grant	0	0	0
Non Domestic Rates	(3,499)	(3,821)	(322)
Council Tax Collection Fund surplus	(51)	(51)	0
	(9,000)	(9,322)	(322)
Net Balance for Year	1,311	626	(685)
Transfer to/(from) Other Reserves	(265)	(30)	235
Balance Brought Forward	(6,048)	(6,048)	0
Balance Carried Forward	(5,002)	(5,452)	(450)

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

- Underspends of £0.072m on Community Team work. This was due to reduced staffing resulting in less involvement in health promotion work and crime reduction projects
- Changes to cross service charges both to and from the CCTV services have resulted in a reduced cost of CCTV of £0.06m

- An underspend of £0.129m on electoral registration due to grant being received from government for the implementation of the Individual Electoral Registration initiative not being fully spent in the year. The underspend has been transferred to an earmarked reserve to fund future expenditure
- A proportion of the government grant for addressing homelessness, £0.04m, has not been utilised and has been transferred to an earmarked reserve to fund spend in future years
- An underspend on bed and breakfast costs of £0.046m relating to homelessness costs though these are likely to increase in 2020/21 due to the pandemic
- The net cost of Rent Allowances and Rent Rebates (payments made less subsidy received) was £0.086m greater than anticipated within the Benefits Administration service. This was more than offset by a reduction in the provision for the recovery of housing benefit overpayments, £0.084m, further Department for Work and Pensions grants, £0.045m and a pension strain budget that was not required, £0.03m

In addition to spending on strategic housing through the Council's general resources, the Council also operates a Housing Revenue Account (HRA) which captures all rental income and spend on managing the council's housing stock and looking after tenants. There was a net underspending of £0.899m in 2019/20 when compared with the revised estimate for the year and an overall surplus of £0.623m in 2019/20 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. This analysis provides the out-turn position and was reported to the Finance and Resources Committee on 9 July 2020. Depreciation and impairment charges are excluded as these are notional amounts which are not budgeted for and do not impact upon the out-turn position.

Table 3: Housing Revenue Account financial performance 2019/20

HOUSING REVENUE ACCOUNT	Revised budget 2019/20 £	Actual 2019/20 £	Variance from budget	
			£	%
Expenditure	12,340,741	12,545,491	204,750	2
Income	(16,095,450)	(16,196,897)	(101,447)	1
Other HRA Operating Expenditure and Income	4,030,905	3,028,844	(1,002,061)	(25)
Deficit/(Surplus)	276,196	(622,562)	(898,758)	(325)

The main variances are due to the following: -

- An underspend of £0.193m relating to employee costs, primarily due to vacancies within the Housing Repairs Administration, Tenancy Services, Independent Living and Housing Strategy and Performance functions
- An underspend on premises expenses of £0.128m. This was mainly due to some Independent Living Projects not proceeding. These projects have been classified as capital related in 2020/21
- Capital charges were £0.368m higher than budget, mainly relating to the cost of borrowing (known as the Item 8 Debit Determination)

- Lower than expected expenditure on the capital programme meant that a reduced revenue contribution was required to finance the 2019/20 HRA capital expenditure. This underspend amounted to £0.592m
- Housing Rent Income is £0.12m more than budgeted. 49 weeks of rent were charged in 2019/20 giving an extra 0.7 weeks' worth of income to the account
- Other income received was £0.02m less than budgeted, due mainly to lower occupancy of garages and higher charges to leaseholders

Business Performance

In terms of business performance, we did well against our five priorities in terms of our critical success indicators and key performance indicators. The Council is always seeking continuous improvement in the delivery of services and the Corporate Plan is designed to encourage this by focusing on key areas of activity. This will require investment in, for example, the regeneration of Beeston Town Centre, the expansion of services to support healthy lifestyles through Liberty Leisure Limited, the development of new affordable homes and in improvements to the Council's parks and open spaces, and investment in Stapleford from the Governments Towns Fund

Some performance highlights for 2019/20 were:

- Council Tax collection rates have been maintained at 98.3%
- NNDR collection is, at the end of 19/20, at the rate of 98.6%
- Over recent years benefits processing times of new claims have significantly improved with a reduction from 12.6 days to 8.6 days over a three year period. Change in Circumstances Claims processing has changed from 4.4 to 5 days in the same period
- Council House Rent arrears (total of current and former arrears) have increased by 0.52% when comparing April 2019 and April 2020.
- 97% of food safety inspections were completed in the year
- 4.5 more kilos of waste per head of population were collected in 19/20 compared with the previous year as recycling rates plateau in line with national trends
- 1,179 more households subscribed to the garden waste collection service compared with the previous year and an additional £5,198 was generated in trade waste income thanks to an increase in businesses served by our scheme.

In addition, under the Housing priority nearly all policies have been reviewed and updated. The results of a major review of the Independent Living service have been evaluated and a house building delivery plan is being delivered. Under Business Growth, plans for a major development of Beeston Town Centre are progressing and the Part 2 Local Plan has been adopted. Under Environment, the Green Infrastructure Strategy continues to be implemented. Progress against these and the indicators for all priorities will continue to be monitored in 2020/21.

More detail on performance relating to the Council's five priorities is available on the Council's website at www.broxtowe.gov.uk/councilpublications.

4. Spending on Assets

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

In 2019/20 the Council funded capital items to the value of £10.821m. This compares with a budget of £15.106m after taking account of items carried forward from 2018/19. The net underspending of £4.285m (28.4%) was mainly due to expenditure on schemes being carried forward into the following year, many of which were outside the Council's control.

In 2019/20 £1.931m of capital receipts (including items brought forward from 2018/19) were used to finance capital expenditure, the balance of the expenditure being matched by funding from the Housing Revenue Account Major Repairs Reserve £4.192m, borrowing £1.974m, direct revenue funding £1.227m and other grants and contributions £1.497m.

Total loans repayable by the Council to external parties at 31 March 2020 for capital spending (including accrued interest but excluding loans relating to Bramcote Bereavement Services) amounted to £98.014m. 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 2018/19 by £2.352m. This was primarily due to expenditure of £1.976m on the Beeston Square Phase 2 development and an increase of £0.321m on Housing Revenue Account schemes.

This Council's share of capital expenditure in respect of Bramcote Bereavement Services amounted to £0.043m in 2019/20. This represented a reduction of £0.006m on the expenditure of £0.049m in 2018/19. The 2019/20 capital expenditure was mainly incurred on works to the fence on the boundary of the site intended to enhance security and prevent unauthorised access. 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 with all assets revalued at least once every five years.

Council dwellings are valued on the existing use value - social housing (EUV-SH) basis using an appropriate discount factor. The discount factor used to value Council dwellings at 31 March 2020 was 42% as set out in the updated Guidance on Stock Valuation for Resource Accounting published in November 2016. The valuation of the housing stock at 31 March 2020 resulted in a total gain of £8.219m whilst the valuation of other property assets at 31 March 2020 resulted in upward revaluations of £0.923m and downward revaluations of £0.577m. Further details on these revaluations can be found in notes 15 and 40 to the accounts.

The increase in the value of other property assets was primarily due to an increase of £0.5m in the value of the Council's car parks (including £0.268m for the Foster Avenue car park) and to an increase of £0.152m in the value of the Beeston Square Phase 1 site.

There was a downward reduction of £0.52m in the value of the former fire station site in Beeston that is due to be sold to a developer for the provision of residential accommodation as part of the wider redevelopment of Beeston town centre.

5. Outlook

On 13 February 2020 an updated Medium Term Financial Strategy (MTFS) was presented to the Finance and Resources Committee that highlighted a potential shortfall in resources of £5.514m from 2020/21 through to 2023/24. This was based upon a number of significant assumptions including generating a further £0.300m per annum from savings on vacant posts over the duration of the MTFS.

The accounts of Bramcote Bereavement Services show a revenue account balance of £99,287 at 31 March 2020 which represents a reduction of £213,436 on the balance of £312,723 at 31 March 2019. This has not impacted upon the distribution of the surplus to the Council from Bramcote Bereavement Services in 2019/20 however the amounts distributed are budgeted to decrease from £500,000 in 2019/20 to £300,000 in 2020/21.

Liberty Leisure Limited achieved a surplus of £19,911 for 2019/20. The management fee paid by the Council to the company for 2019/20 was £995,000 as opposed to £1,030,000 in 2018/19. The Leisure Facility Strategy is due to be completed and shared for consultation in July 2020.

The Council has a Business Strategy designed to ensure that the Council is:

- 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 Business Strategy comprises a range of initiatives across all areas of the Council to either reduce costs or generate additional income and designed to ensure that the best use is being made of available resources. An updated Business Strategy was presented to the Finance and Resources Committee on 9 January 2020. This will be refreshed to reflect recent developments and a revised version will be presented to the Policy and Performance Committee on 8 October 2020.

The Council will be carefully monitoring events in the external environment and assessing potential future financial implications arising from these accordingly. The impact of Covid-19 on the Council's services will continue to be monitored closely. These events include the Spending Review, the move to 75% localisation of business rates from April 2020, the Fair Funding Review and the impact of the United Kingdom exit from the European Union.

The General Fund balance at 31 March 2020 was £5.765m. This was greater than the figure projected of £5.002m as reported to Finance and Resources Committee on 13 February 2020 and reflects measures taken to address the Council's financial position. The Medium Term Financial Strategy will be updated to reflect the 2019/20 outturn and other recent changes including those set out above. This will be presented to the Finance and Resources Committee on 8 October 2020.

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

6. The Statement of Accounts

The Council's statutory accounts for the year 2019/20 are set out on pages 28 to 31. They have been compiled in accordance with accounting policies that comply with the relevant recommended accounting practices and are set out in the notes to the accounts from page 32 onwards.

The financial statements consist of:

- the Statement of Responsibilities – which sets out the responsibilities on the authority and the Deputy Chief Executive (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 2020.
- 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 Ltd which is wholly owned by the Council.

These accounts are supported by the Statement of Accounting Policies and various notes to the accounts, both of which follow the Cash Flow Statement. In addition, an Annual Governance Statement, presented to the Governance, Audit and Standards Committee on 18 May 2020, has been included. The accounts for 2019/20 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 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 2019/20 were initially issued and certified by Zulfiqar Darr (Deputy Chief Executive) on 30 June 2020 for submission to the auditors. The final audited accounts will be presented for approval to the Governance, Audit and Standards Committee on 30th November 2020 in accordance with the Accounts and Audit (England) Regulations 2015 and Accounts and Audit (Coronavirus)(Amendment) Regulation 2020.

7. Further Information

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

ANNUAL GOVERNANCE STATEMENT

Corporate Values

The Council’s governance arrangements are reflected in our corporate values which are:

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

Competency Framework and Employee Performance Appraisal

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

The Constitution, Standing Orders and Delegated Authority

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

The main checks and balances on the respective power of officers and members is summarised in the table below. The table provides some of the key ways in which officers and members are held accountable to local residents. Website links are made to where you can find further information.

Officer checks/balances	Member checks/balances	Accountability to residents
<ul style="list-style-type: none"> • <u>Officer delegations within Constitution</u> • <u>Pay Policy underpinned by Job evaluation policy</u> • <u>Disciplinary Policy</u> • <u>Employee Code of Conduct</u> • <u>Statutory Officers (Chief Executive Head of Paid Service; Deputy Chief Executive section 151 officers; Monitoring Officer; Chief Information Officer-Strategic Director</u> 	<ul style="list-style-type: none"> • <u>Elections</u> • <u>Independent Remuneration Panel</u> • <u>Members Allowances scheme</u> • <u>Governance Audit and Standards Committee</u> • <u>Statutory Officers (Chief Executive Head of Paid Service; Deputy Chief Executive section 151 officers; Monitoring Officer; Chief Information Officer-Strategic Director</u> 	<ul style="list-style-type: none"> • <u>Broxtowe Matters Annual Report</u> • <u>Public Questions at Council Meetings</u> • <u>Petitions at Council Meetings</u> • <u>Community Trigger for Anti-social Behaviour</u> • <u>Communications strategy 2018-21</u> • <u>Open Data</u> • <u>Transparency framework</u> • <u>Publication scheme</u>

Officer checks/balances	Member checks/balances	Accountability to residents
<ul style="list-style-type: none"> • <u>Financial standing orders within constitution</u> • <u>Contract standing orders within constitution</u> • Fraud Prevention Policy • Treasury Management policy • Business Continuity Plans • <u>Whistleblowing Policy</u> • <u>Strategic Risk Register</u> • <u>Risk Management Policy</u> • <u>Health & Safety Policy; Procedures; Health & Safety Group</u> • <u>Information Management Arrangements</u> • Staff engagement exercises • <u>Complaints and compliments procedure</u> • <u>Licensing and Appeals Committee</u> (employment and grievance appeals) • Statement of Internal Control (SIC) 	<ul style="list-style-type: none"> • <u>Questions to Committee chairs at Council meetings</u> • <u>Member code of conduct</u> • <u>Reports at Council by Members of Outside Bodies at Council meetings</u> • <u>Ward Member reports at Council meetings</u> • <u>Public Consultations</u> • <u>Register of Members Interests</u> • <u>Community Action Team Meetings</u> • Declaration of interests at all meetings • <u>Protocol for Councillor/Officer Relationships</u> 	<ul style="list-style-type: none"> • <u>Publication of Committee decisions</u> • <u>Tenant and Leaseholder Matters</u> • <u>Broxtowe Parks Standard</u> • Public satisfaction surveys • External audit annual letter to Governance at Audit committee • <u>Internal and external audit progress reports at Governance and Audit Committee</u> • Periodic external inspections e.g. EFLG/IIP/IIE/LGA • Peer review • Benchmarking through APSE/ CIPFA/SOCITIM/ Housemark • <u>Finance Data online</u> • <u>Licensing and Appeals Committee</u> (Taxi, alcohol, licensing matters) • <u>Commenting on Planning applications and speaking to Planning Committee</u>

Corporate Plan and Business Plans

The Council's Corporate Plan sets out the Council's Vision and Priorities.

The Council's vision is *“Broxtowe - a greener, safer healthier place where everyone prospers.”*

The priorities are succinctly expressed:

- Housing:** A good quality home for everyone
- Environment:** Protect the environment for the future
- Business:** Invest in our towns and our people
- Health:** Support people to live well
- Community safety:** A safe place for everyone

Each priority has objectives which are set out in the plan and specific measureable outcome measures, in year 1 of the plan (2020/21) and at year 4.

Strategy and Policy Framework

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

Decision-making Structures

The Council has adopted a committee system, which means that all the political parties are represented within the decision making committees. Neither the Leader of the Council or the Chairs of Committees have executive power, which enables decision making to take place in a democratic fashion with scrutiny taking place as part and parcel of decision making. The Council may set up task and finish or working group arrangements to come forward with proposals for policy development or on topics which members consider require further investigation and enquiry.

investigation and enquiry.

- Full 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 includes 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.
- Committees mirror the Council's main priority themes of Community Safety, Housing, Jobs and Economy, Leisure and Health and Environment and Climate Change. These are allocated authority by the Council to develop and deliver policy within their specific remit set out in the constitution.
- Separate quasi-judicial committees exist for Planning, Licensing and Appeals, Alcohol and Entertainments.
- A specific committee exists for personnel decisions and policies.
- Matters relating to governance and standards are dealt with by the Governance, Audit and Standards Committee. The role of this committee is particularly relevant to the operation of the SOLACE/CIPFA code and is set out in more detail below:

Role of the Governance, Audit and Standards Committee

The role and operation of the Governance, Audit and Standards Committee is in line with a toolkit and publication produced by CIPFA entitled Audit Committees – Practical Guidance for Local Authorities. The specific functions delegated to this Committee are provided in its Terms of Reference which include:

- To determine attendance of members at conferences.

- To determine responses on behalf of the Council to any government, local authority or other consultation on matters within the remit of the Committee.
- The functions conferred in relation to standards of conduct by the Local Government Act 2000, the Localism Act 2011 and associated legislation.
- Without prejudice to the generality of the foregoing:
 - promoting and maintaining high standards of conduct for all members and officers
 - preparing for adoption or revision by the Council policies and codes of conduct for members, co-opted members and officers
 - monitoring the operation of the codes of conduct
 - granting dispensations to members (including co-opted members) from requirements relating to interests set out in the Members' Code of Conduct
 - advising and training members, co-opted members and officers on matters relating to conduct
 - undertaking the same duties as detailed above in respect of parish or town Councils within the Council's area
 - considering, determining and dealing with matters referred by the Monitoring Officer
 - considering, determining and dealing with matters referred by the Chief Executive or Monitoring Officer under the Council's Whistleblowing Policy
 - monitoring the complaints made against the Council including those made via the Ombudsman service
 - assessing (and reviewing if appropriate) all complaints made in respect of breaches of the Members' Code of Conduct.
- The Committee will:
 - To oversee the arrangements for the maintenance of the Council's internal control environment
 - To monitor and make recommendations regarding the Council's corporate governance arrangements including the appointment of the external auditor
 - Consider ways of achieving reductions in ongoing financial commitments through a review of essential and desirable services and service levels.
 - Identify opportunities for future income generation and cost savings.
 - Examine further procurement and collaborative working opportunities with the private sector and other local authorities.
- Consider the Council's published financial accounts and associated documents, including the Annual Governance Statement, and give approval to them when satisfied;
- Review the work of the internal audit section including the approval of an audit strategy and annual audit plans;
- Consider significant issues arising from internal audit reviews, make recommendations accordingly and monitor management's response;
- Receive reports from the Council's external auditors, the Council's internal auditor and from any inspection agencies and monitor action in response to any issues raised;
- Oversee the effectiveness of the Council's risk management procedures, the control environment and associated fraud and anti-corruption arrangements including the approval of amendments to the strategic risk register and associated action plans;
- Monitor and review the Council's business continuity arrangements;
- Consider the Council's arrangements for corporate governance and recommend necessary action to maintain best practice and to comply with the code of corporate governance;

- Determine the discretionary elements of both national and local conditions of service;
- Determine employment and health and safety policies;
- The power to make payments or provide other benefits in cases of maladministration (section 92 Local Government Act 2000);
- To receive reports directly from the Chief Internal Auditor as and when he/she thinks fit;
- To receive reports directly from the Council's external auditors as and when appropriate.
- The Committee may appoint Panels comprising of a proportionate combination of three or five members of the main Committee.
- To determine responses on behalf of the Council to any government, local authority or other consultation on matters within the remit of the Committee.
- Consider in detail polling district boundaries for the Borough Council's administrative area and any necessary changes to ensure that:
 - electors have such reasonable facilities for voting as are practicable in the circumstances.
 - as far as is reasonable and practicable, that polling places are accessible to all electors, including those who are disabled, and when designating a polling place, have regard to the accessibility needs of disabled persons.
- Consider polling places for the Borough Council's administrative area.
- Consider the warding arrangements for Broxtowe to ensure electoral equality in all areas.
- Consider the boundaries of parish councils in the Borough and warding arrangements in those areas, if appropriate.
- Consider the names of Borough Council and parish council wards.

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

Two internal committees recommend changes to employee policy pay and conditions – the Local Joint Consultative Committee which considers employee related matters and the Independent Remuneration Panel, which considers matters relating to the remuneration of members. The Independent Remuneration Panel reviewed members' allowances in January 2020 and decided on a further in-depth review later in the year due to the increase in the number of committees at the Council.

The Panel recommended an increase in the allowance in-line with the employee pay award. Full Council received the report of the Panel's findings on 4 March 2020 and accepted the recommendation.

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

Regular meetings take place between relevant senior officers and members of the Council to discuss and propose policy.

The Constitution also includes sections on the conduct of meetings, Financial Regulations, Financial Regulations (Contracts) and Codes of Conduct for members and officers.

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

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

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

Strategies, Policies and Business Plans

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

Electoral Arrangements

There were Borough wide elections in 2019/20. The Council participated in a pilot voter ID exercise as part of these elections.

Statutory Officers

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

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

The Deputy Chief Executive is the appointed Section 151 Officer and is a key member of GMT. Being part of GMT, together with meeting with leading members and attending full Council, Policy

and Performance Committee, Finance and Resources Committee and other appropriate committees, as required, ensures that the Section 151 Officer can provide corporate financial advice to the Council at the appropriate level and that financial implications and risks are properly taken into account.

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

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

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

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

In 2019/20 the Statements of Internal Control were reviewed to determine whether any further strengthening of the control environment can be achieved. Any areas identified have been addressed or are part of ongoing development of increased controls to be implemented during 2020/21.

Internal Audit

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

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. As reported to the Governance, Audit and Standards Committee on 20 July 2020, he has undertaken such a review and concluded that, in his opinion, "the current internal control environment is satisfactory such as to maintain the adequacy of the governance framework".

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

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

External Audit

The external auditor reviews the Council's arrangements for:

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

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

The Council continues to examine the use of its financial systems to help produce information for financial management, the capacity of the Finance Services 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) established a Single Fraud Investigation Service (SFIS) to manage benefit fraud investigation on a national basis. Officers employed by the Council to investigate benefit fraud transferred to SFIS in November 2015.

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

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.

Significant Governance Issues – Action Plan

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

Action
1. A new Organisational Development Strategy will be completed in 2020/21
2. An LGA Peer Review will be completed in 2020/21
3. Conduct a budget consultation exercise with residents in 2020/21 for the budget 2021/22
4. Engage and consult with the community regarding the future of Stapleford prior to the submission of a Towns Fund bid
5. Consulting with tenants and the public on a new Housing Strategy
6. Review and amend the Council’s Constitution (May 2020)
7. Continue to support the development of Neighbourhood Plans (March 2021)
8. Further update the Business Strategy in preparation for the 2021/22 budget round
9. Complete a new Housing Strategy
10. Complete a new Waste Strategy following the new Government strategy being published
11. Complete a Vision and Action Plan for Stapleford
12. Complete a new Carbon Reduction Plan
13. Review the operation and financing of leisure in Broxtowe following the Covid-19 pandemic and update the Leisure Facilities Strategy (June 2020)
14. Complete a new Asset Management Strategy
15. Following the pandemic, develop a Recovery Plan
16. Ensure the full implementation of a new Contract Management Framework
17. Improve aspects of financial administration including <ul style="list-style-type: none"> • Improving the accuracy of the cash receipting system • Completion of the intelligent scanning invoice matching system • New system for appraisal of capital projects and prioritisation • Improve the bank reconciliation systems (ICON)
18. Implement the agreed outcomes of the Housing Repairs review
19. Review the management structure in the light of changing service demands and economic realities
20. Develop a new Fire Safety Policy and risk assessment procedures and update fire risk assessments
21. Following the pandemic, as soon as practically possible, catch up with the backlog of housing repairs and gas safety checks
22. Develop a flood risk assessment and response plan for Kimberley depot
23. Review and expand the open data section of the website
24. Develop a governance risk and reporting system for major projects to be reported to Governance Audit and Standards Committee on a regular basis



**Councillor M Radulovic MBE
Leader of the Council
Broxtowe Borough Council
30 November 2020**



**R Hyde
Chief Executive
Broxtowe Borough Council
30 November 2020**

STATEMENT OF RESPONSIBILITIES FOR THE STATEMENT OF ACCOUNTS

The Authority's Responsibilities

The authority is required:

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

The Deputy Chief Executive's Responsibilities

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

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

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

The Deputy Chief Executive has also:

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

This statement of accounts is that upon which the auditor should enter his certificate and opinion and has been prepared under the Local Government Finance Act 2003. It gives a true and fair view of the financial position of the authority at 31st March 2020 and its income and expenditure for the year then ended.



Z Darr
Deputy Chief Executive
30th November 2020

COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT

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

Year Ended 31 March 2019 Restated				Year Ended 31 March 2020			
Gross Expend £'000	Income £'000	Net Expend £'000		Gross Expend £'000	Income £'000	Net Expend £'000	Notes
548	(361)	187	Housing	623	(376)	247	
8,098	(4,099)	3,999	Environment	7,959	(3,569)	4,390	
1,755	(1,220)	535	Business Growth	1,956	(1,151)	805	
2,353	(363)	1,990	Community Safety	2,188	(378)	1,810	
1,883	(21)	1,862	Health	2,345	(478)	1,867	
21,188	(20,708)	480	Revenues, Benefits & Customer Services	18,268	(17,594)	674	
7,689	(2,534)	5,155	Resources	8,100	(2,732)	5,368	
1,258	(359)	899	ICT & Business Transformation	1,468	(428)	1,040	
5,743	(16,065)	(10,322)	Local Authority Housing (HRA)	4,176	(16,196)	(12,020)	
50,515	(45,730)	4,785	Cost of Services – Continuing Operations	47,083	(42,902)	4,181	
		5,780	Other Operating Expenditure			5,736	12
		3,930	Financing and Investment Income and Expenditure			4,166	13
		(12,300)	Taxation and Non-Specific Grant Income			(11,694)	14
		2,195	(Surplus) or Deficit on Provision of Services			2,389	
		(8,279)	(Surplus) or Deficit on Revaluation of Property, Plant and Equipment Assets			(179)	
		(7,359)	Measurements of the Net Defined Benefit Liability/(Asset)			(2,872)	42
		(15,638)	Other Comprehensive Income and Expenditure			(3,051)	
		(13,443)	Total Comprehensive Income and Expenditure			(662)	

MOVEMENT IN RESERVES STATEMENT

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

	General Fund & Earmarked Reserves £'000	Housing Revenue Account £'000	Capital Receipts Reserve £'000	Major Repairs Reserve £'000	Capital Grants Unapplied £'000	Bramcote Bereav't Services £'000	Total Usable Reserves £'000	Unusable Reserves £'000	Total Reserves £'000
Balance at 31 March 2018 Carried Forward Restated	(6,299)	(3,862)	(3,011)	0	0	(333)	(13,505)	(58,418)	(71,923)
Movement in Reserves during 2018/19									
Total Comprehensive Income and Expenditure	4,148	(2,043)	0	0	0	90	2,195	(15,638)	(13,443)
Adjustments between accounting basis & funding basis under regulations (Note 10)	(4,240)	1,902	(1,465)	0	0	(36)	(3,839)	3,839	0
(Increase)/decrease in 2018/19	(92)	(141)	(1,465)	0	0	54	(1,644)	(11,799)	(13,443)
Balance at 31 March 2019 Carried Forward	(6,391)	(4,003)	(4,476)	0	0	(279)	(15,149)	(70,217)	(85,366)
Movement in Reserves during 2019/20									
Total Comprehensive Income and Expenditure	6,064	(3,900)	0	0	0	225	2,389	(3,051)	(662)
Adjustments between accounting basis & funding basis under regulations (Note 10)	(5,438)	3,277	(298)	0	0	(82)	(2,541)	2,541	0
(Increase)/decrease in 2019/20	626	(623)	(298)	0	0	143	(152)	(510)	(662)
Balance at 31 March 2020 Carried Forward	(5,765)	(4,626)	(4,774)	0	0	(136)	(15,301)	(70,727)	(86,028)

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".

31 March 2018 Restated £'000	31 March 2019 Restated £'000		31 March 2020 £'000	Notes
214,489	219,062	Property, Plant & Equipment	223,362	15
328	320	Heritage Assets	315	16
291	519	Intangible Assets	467	18
1,964	4,068	Long Term Investments	4,754	19
146	110	Long Term Debtors	78	21
217,218	224,079	Long Term Assets	228,976	
7,990	2,003	Short Term Investments	0	19
0	3,495	Assets Held for Sale	2,080	23
186	195	Inventories	197	20
3,798	6,529	Short Term Debtors	6,014	21
3,401	8,971	Cash and Cash Equivalents	11,031	22
15,375	21,193	Current Assets	19,322	
(15,388)	(14,318)	Short Term Borrowing	(15,265)	19
(5,893)	(8,009)	Short Term Creditors	(7,601)	24
(424)	(340)	Provisions	(322)	25
(21,705)	(22,667)	Current Liabilities	(23,188)	
(550)	(340)	Provisions	(475)	25
(82,964)	(82,955)	Long Term Borrowing	(82,946)	19
(54,553)	(52,503)	Net Pension Liability	(53,931)	42
(898)	(1,441)	Capital Grants Receipts in Advance	(1,730)	36
(138,965)	(137,239)	Long Term Liabilities	(139,082)	
71,923	85,366	Net Assets	86,028	
(13,505)	(15,149)	Usable Reserves	(15,301)	26
(58,418)	(70,217)	Unusable Reserves	(70,727)	27
(71,923)	(85,366)	Total Reserves	(86,028)	

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.

2018/19 Restated £'000		2019/20 £'000	Notes
(2,195)	Net surplus or (deficit) on the provision of services	(2,389)	
10,963	Adjustments to net surplus or deficit for non-cash movements	12,133	28
1,956	Adjustments for items included in the net surplus or deficit on the provision of services that are investing and financing activities	(2,141)	28
10,724	Net cash flows from operating activities	7,603	
(4,746)	Investing activities	(6,071)	29
(408)	Financing activities	528	30
5,570	Net increase or (decrease) in cash equivalents	2,060	
3,401	Cash and cash equivalents at the beginning of the reporting period	8,971	
8,971	Cash and cash equivalents at the end of the reporting period	11,031	22

NOTES TO THE CORE FINANCIAL STATEMENTS

1. Accounting Policies

(i) General Principles

The Statement of Accounts summarises the authority's transactions for the 2019/20 financial year and its position at the year end of 31 March 2020. The authority is required to prepare an annual Statement of Accounts by the Accounts and Audit (England) Regulations 2015 in accordance with proper accounting practices. These practices primarily comprise the Code of Practice on Local Authority Accounting 2019/20 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 contracts with service recipients, whether for services or the provision of goods, is recognised when (or as) the goods or services are transferred to the service recipient in accordance with the performance obligations in the contract.
- Supplies are recorded as expenditure when they are consumed – where there is a gap between the date supplies are received and their consumption they are carried as inventories on the Balance Sheet.
- Expenses in relation to services received (including services provided by employees) are recorded as expenditure when the services are received rather than when payments are made.
- Interest receivable on investments and payable on borrowings is accounted for respectively as income and expenditure on the basis of the effective interest rate for the relevant financial instrument rather than the cash flows fixed or determined by the contract.
- Where revenue and expenditure have been recognised but cash has not been received or paid, a debtor or creditor for the relevant amount is recorded in the Balance Sheet. Where debts may not be settled, the balance of debtors is written down and a charge made to revenue for the income that might not be collected.

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

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

Council housing rents become chargeable on the Monday of each week for the week ahead. Rent income is accounted for up to and including the last Monday in the financial year. For 2019/20 this has led to 53 weeks of Housing Rent due being charged on the Rent Accounting system but the arrears position reflected within the statements is at 31st March 2020.

(iii) Cash and Cash Equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are investments that mature in three months or less from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

In the Cash Flow Statement, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Council's cash management.

(iv) Exceptional Items

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

(v) Prior Year Adjustments, Changes in Accounting Policies and Estimates and Errors

Prior period adjustments may arise as a result of a change in accounting policies or to correct a material error. Changes in accounting estimates are accounted for prospectively, i.e. in the current and future years affected by the change, and do not give rise to a prior period adjustment.

Changes in accounting policies are only made when required by proper accounting practices or the change provides more reliable or relevant information about the effects of transactions, other events and conditions on the Council's financial position or financial performance. Where a change is made, it is applied retrospectively (unless stated otherwise) by adjusting opening balances and comparative amounts for the prior period as if the new policy had always been applied. See note 2 for more details.

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

(vi) Charges to Revenue for Non-Current Assets

Services, support services and trading accounts are debited with the following amounts to record the cost of holding fixed assets during the year:

- Depreciation attributable to the assets used by the relevant service

- Revaluation and impairment losses on assets used by the service where there are no accumulated gains in the Revaluation Reserve against which the losses can be written off
- Amortisation of intangible fixed assets attributable to the service

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

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

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

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

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

The Council is not required to raise council tax or council housing rents to fund depreciation, revaluation and impairment losses or amortisations. However, it is required to make an annual contribution from revenue towards the reduction in its overall borrowing requirement equal to an amount calculated on a prudent basis determined by the authority in accordance with statutory guidance. This is known as the Minimum Revenue Provision (MRP).

Depreciation, revaluation and impairment losses and amortisations are therefore reversed out of the General Fund (and 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 2019/20.

(vii) Employee Benefits

Benefits Payable During Employment

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

Termination Benefits

Termination benefits are amounts payable as a result of a decision by the Council to terminate an officer's employment before the normal retirement date or an officer's decision to accept voluntary redundancy and are charged on an accruals basis to the appropriate service line in the Comprehensive Income and Expenditure Statement when the Council is demonstrably committed to the termination of the employment of an officer or making an offer to encourage voluntary redundancy.

Where termination benefits involve the enhancement of pensions, statutory provisions require the General Fund or Housing Revenue Account balance to be charged with the amount payable by the Council to the pension fund or pensioner in the year, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement, appropriations are required to and from the Pensions Reserve to remove the notional debits and credits for pension enhancement termination benefits and replace them with debits for the cash paid to the pension fund and pensioners and any such amounts payable but unpaid at the year-end.

Post-Employment Benefits

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

The Local Government Pension Scheme

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

- The liabilities of the Nottinghamshire County Council pension fund attributable to the Council are included in the Balance Sheet on an actuarial basis using the projected unit method – i.e. an assessment of the future payments that will be made in relation to retirement benefits earned to date by employees based on assumptions about mortality rates, employee turnover rates, etc. and projections of projected earnings for current employees.
- Liabilities are discounted to their value at current prices using a discount rate that reflects the time value of money and the characteristics of the liability.
- The assets of the Nottinghamshire County Council pension fund attributable to the Council are included in the Balance Sheet at their fair value:
 - Quoted securities – current bid price

- Unquoted securities – professional estimate
- Unquoted securities – current bid price
- Property – market value

The change in the net pension's liability is analysed into the following components:

- Service cost comprising:
 - Current service cost – the increase in liabilities as a result of years of service earned this year (allocated in the Comprehensive Income and Expenditure Statement to the services for which the employees worked).
 - Past service cost – the increase in liabilities as a result of a scheme amendment or curtailment whose effect relates to years of service earned in earlier years (debited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement as part of Resources).
 - Net interest on the net defined benefit liability or asset (i.e. the net interest expense for the Council) – the change during the period in the net defined liability or asset that arises from the passage of time charged to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement). This is calculated by applying the discount rate used to measure the defined benefit obligation at the beginning of the period to the net defined benefit liability or asset at the beginning of the period after taking into account any changes in the net defined benefit liability or asset during the period as a result of contribution and benefit payments.
- Re-measurements comprising:
 - The return on plan assets (excluding amounts included in net interest on the net defined benefit liability or asset) charged to the Pensions Reserve as Other Comprehensive Income and Expenditure.
 - Actuarial gains and losses (changes in the net pensions liability that arise because events have not coincided with assumptions made at the last actuarial valuation or because the actuaries have updated their assumptions) charged to the Pensions Reserve as Other Comprehensive Income and Expenditure.
- Contributions paid to the Nottinghamshire County Council pension fund – cash paid as employer's contributions to the pension fund in settlement of liabilities (not accounted for as an expense).

In relation to retirement benefits, statutory provisions require the General Fund and Housing Revenue Account balance to be charged with the amount payable by the Council to the pension fund in the year, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement, this means that there are appropriations to and from the Pensions Reserve to remove the notional debits and credits for retirement benefits and replace them with debits for the cash paid to the pension fund and any amounts payable but unpaid at the year end. The negative balance that arises on the Pensions Reserve thereby measures the beneficial impact to the General Fund and Housing Revenue Account of being required to account for retirement benefits on the basis of cash flows rather than as benefits are earned by employees.

Discretionary Benefits

The authority also has restricted powers to make discretionary awards of retirement benefits in the event of early retirements. Any liabilities estimated to arise as a result of an award to

any member of staff are accrued in the year of the decision to make the award and accounted for using the same policies as are applied to the Local Government Pension Scheme.

(viii) Events after the Balance Sheet Date

Events after the Balance Sheet date are those events, both favourable and unfavourable, that occur between the end of the reporting period and the date when the Statement of Accounts is authorised for issue. Two types of events can be identified:

- Those that provide evidence of conditions that existed at the end of the reporting period – the Statement of Accounts is adjusted to reflect such events.
- Those that are indicative of conditions that arose after the reporting period – the Statement of Accounts is not adjusted to reflect such events but, where a category of events would have a material effect, disclosure is made in the notes of the nature of the events and their estimated financial effect.

Events taking place after the date of authorisation for issue are not reflected in the Statement of Accounts.

(ix) Financial Instruments

Financial Liabilities

Financial liabilities are recognised on the Balance Sheet when the authority becomes a party to the contractual provisions of a financial instrument, and are initially assessed at fair value and are carried at amortised cost. Annual charges to the Financing and Investment income and expenditure line in the Comprehensive Income and Expenditure Statement for interest payable are based on the carrying amount of the liability multiplied by the effective rate of interest for the instrument. The effective interest rate is the rate that exactly discounts estimated future cash payments over the life of the instrument to the amount at which it was originally recognised.

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

Gains and losses on the repurchase or early settlement of borrowing are credited and debited to the Financing and Investment income and expenditure line in the Comprehensive Income and Expenditure Statement in the year of repurchase/settlement. However, where repurchase has taken place as part of a restructuring of the loan portfolio that involves the modification or exchange of existing instruments, the premium or discount is respectively deducted from or added to the amortised cost of the new or modified loan and the write down to the Comprehensive Income and Expenditure Statement is spread over the life of the loan by an adjustment to the effective interest rate.

Where premiums and discounts have been charged to the Comprehensive Income and Expenditure Statement or the Housing Revenue Account, regulations allow the impact on the General Fund and Housing Revenue Account Balance respectively to be spread over future years. The Council has a policy of spreading the gain or loss over the term that was remaining on the loan against which the premium was payable or discount receivable when it was repaid. The reconciliation of amounts charged to the Comprehensive Income and Expenditure

Statement or the Housing Revenue Account to the net charge required against the General Fund or Housing Revenue Account Balance is managed by a transfer to or from the Financial Instruments Adjustment Account in the Movement in Reserves Statement.

Financial Assets

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

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

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

The Council's business model is to hold investments to collect contractual cash flows. Financial assets are therefore classified as amortised cost, except for those whose contractual payments are not solely payment of principal and interest.

Financial Assets measured at Amortised Cost

Financial assets measured at amortised cost are recognised on the Balance Sheet when the Council becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value. They are subsequently measured at their amortised cost. Annual credits to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement for interest receivable are based on the carrying amount of the asset multiplied by the effective rate of interest for the instrument.

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

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

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

Expected Credit Loss Model

The Council recognises expected credit losses on all of its financial assets held at amortised cost either on a 12 month or lifetime basis. The expected credit loss model also applies to lease receivables and contract assets. Only lifetime losses are recognised for trade receivables held by the Council.

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

Financial Assets measured at Fair Value through Profit or Loss

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

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

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

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

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

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

Financial Assets measured at Fair Value through Other Comprehensive Income

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

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

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

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

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

- Level 3 inputs – unobservable inputs for the asset.

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

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

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

(x) Government Grants and Contributions

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

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

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

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

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

(xi) Heritage Assets

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

(xii) Intangible Assets

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

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

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

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

An asset is tested for impairment whenever there is an indication that the asset might be impaired. Any losses recognised are posted to the relevant service line(s) in the Comprehensive Income and Expenditure Statement. Any gain or loss arising on the disposal or abandonment of an intangible asset is posted to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement.

Where expenditure on intangible assets qualifies as capital expenditure for statutory purposes, amortisation, impairment losses and disposal gains and losses are not permitted to have an impact on the General Fund Balance. The gains and losses are therefore reversed out of the General Fund Balance in the Movement in Reserves Statement and posted to the Capital

Adjustment Account and (for any sales proceeds greater than £10,000) the Capital Receipts Reserve.

(xiii) Interests in Companies and Other Entities

The authority has material interests in companies and other entities that have the nature of subsidiaries, associates and jointly controlled entities and require it to prepare group accounts. Liberty Leisure Ltd is a wholly owned subsidiary of the authority which manages the provision of leisure and culture services and its accounts are consolidated with the authority's in accordance with IAS 27. See also policy xvi below.

(xiv) Inventories and Long Term Contracts

Inventories are included in the Balance Sheet at cost. Whilst the Code of Practice on Local Authority Accounting 2019/20 requires inventories to be shown at the lower of cost and net realisable value, a departure from this is permitted under IFRS due to:

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

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

(xv) Investment Property

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

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

Rentals received in relation to investment properties are credited to the Financing and Investment income and expenditure line in the Comprehensive Income and Expenditure Statement and result in a gain for the General Fund Balance. However, revaluation and disposal gains and losses are not permitted by statutory arrangements to have an impact on the General Fund Balance. The gains and losses are therefore reversed out of the General Fund Balance in the Movement in Reserves Statement and posted to the Capital Adjustment Account and (for any sale proceeds greater than £10,000) the Capital Receipts Reserve.

The Council does not currently have any investment properties.

(xvi) Jointly Controlled Operations and Jointly Controlled Assets

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

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

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

(xvii) Leases

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

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

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

The Council as Lessee**(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**(iii) 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.

(iv) Operating Leases

Where the Council grants an operating lease over a property or an item of plant or equipment, the asset is retained in the Balance Sheet. Rental income is credited to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement. Credits are made on a straight-line basis over the life of the lease.

New standards in respect to leasing come into effect from 1 April 2020 which will change the accounting treatment of finance and operating leases. The Council is assessing the implications but considering the low number of leases the Council currently holds as lessee the impact is not considered to be material.

(xviii) Overhead and Support Services

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

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

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

(xix) Property, Plant and Equipment

Assets that have physical substance and are held for use in the production or supply of goods or services, for rental to others, or for administrative purposes and that are expected to be used during more than one financial year are classified as Property, Plant and Equipment.

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

Recognition

Expenditure on the acquisition, creation or enhancement of property, plant and equipment is capitalised on an accruals basis, provided that it is probable that the future economic benefits or service potential associated with the item will flow to the Council and the cost of the item can be measured reliably. Expenditure that maintains but does not add to an asset's potential to deliver future economic benefits or service potential (i.e. repairs and maintenance) is charged as an expense when it is incurred.

Measurement

Assets are initially measured at cost, comprising:

- the purchase price.
- any costs attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

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

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

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

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

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

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

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

Assets included in the Balance Sheet at fair value are revalued sufficiently regularly to ensure that their carrying amount is not materially different from their fair value at the year end, but as a minimum every five years. Increases in valuations are matched by credits to the Revaluation Reserve to recognise unrealised gains. (Exceptionally, gains might be credited to the

Comprehensive Income and Expenditure Statement where they arise from a reversal of a loss previously charged to a service).

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

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

Impairment

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

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

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

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

Depreciation

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

Depreciation is calculated on the following bases:

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

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

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

Disposals and Non-Current Assets Held for Sale

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

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

Assets that are to be abandoned or scrapped are not reclassified as Assets Held for Sale

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

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

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.

(xx) Provisions, Contingent Liabilities and Contingent Assets

Provisions

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

Provisions are charged as an expense to the appropriate service line in the Comprehensive Income and Expenditure Statement in the year that the Council becomes aware of the obligation and are measured as the best estimate at the Balance Sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties. When payments are eventually made, they are charged to the provision carried in the Balance Sheet. Estimated settlements are reviewed at the end of each financial year – where it becomes less than probable that a transfer of economic benefits will now be required (or a lower settlement than anticipated is made), the provision is reversed and credited back to the relevant service.

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

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

Contingent Liabilities

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

Contingent liabilities are not recognised in the Balance Sheet but disclosed in a note to the accounts. Further details can be found in note 43 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 44 to the accounts.

(xxi) Reserves

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

(xxii) Revenue Expenditure Funded from Capital under Statute

Expenditure incurred during the year that may be capitalised under statutory provisions but that does not result in the creation of a non-current asset has been charged as expenditure to the relevant service in the Comprehensive Income and Expenditure Statement in the year. Where the Council has determined to meet the cost of this expenditure from existing capital resources or by borrowing, a transfer in the Movement in Reserves Statement from the General Fund or Housing Revenue Account balance to the Capital Adjustment Account then reverses out the amounts charged so that there is no impact on the level of council tax or council house rents.

(xxiii) VAT

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

(xxiv) Collection Fund

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

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

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

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

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

As the Collection Fun 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 2019/20 Code of Practice requires changes in accounting policy to be applied retrospectively unless alternative transitional arrangements are specified in the Code. The Code also requires the Authority to disclose information relating to the impact of an accounting change that will be required by a new standard that has been issued but not yet adopted by the Code for the relevant year.

The additional disclosures that may be required in the financial statements in respect of accounting changes that are introduced in the 2020/21 Code of Practice relate to:

- IAS 28 Investment in Associates and Joint Ventures
- IAS 19 Employee Benefits
- IFRS 3 Business Combinations
- Annual improvements to IFRS Standards 2015-2017 Cycle

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:

- As outlined in the Narrative Statement there remains uncertainty in respect of future funding as the Council awaits the Government's conclusion on the Fair Funding Review, the Comprehensive Spending Review and the operation of 75% Business Rates Retention.
- Municipal Mutual Insurance Limited (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 2020 the estimate for the one claim outstanding is £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 claw-back some of the amounts previously paid out. A levy of 25%, equivalent to £137,695, has been repaid to MMI up to 31 March 2020. 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.

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 2020 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
Debt Impairment	It is recognised that a proportion of the Council’s short term debt will not be collected. To allow for this a provision for debt impairment is calculated to ensure the balance shown in the accounts reflect the income likely to be received. The impairment is calculated on the basis of the age of the debt and the likelihood of recovery. In addition, significant balances are assessed individually.	The debt impairment on short term debtors is £0.736m. However, in the current climate of Covid-19 it is not certain that such an allowance would be sufficient. If collection rates were to deteriorate an increase in the amount of impairment would be required.

Item	Uncertainties	Effect if Actual Results differ from Assumptions
<p>Property, Plant and Equipment</p>	<p>Assets are depreciated over useful lives that are dependent on assumptions about the level of repairs and maintenance that will be incurred in relation to individual assets. The current economic climate makes it uncertain that the Council will be able to sustain its current spending on repairs and maintenance, bringing into doubt the useful lives assigned to some assets.</p> <p>The Covid-19 outbreak has impacted upon market activity across all sectors. The valuations of land and buildings included in these accounts, as set out in Note 15, have therefore been reported by the Council's valuer on the basis of 'material valuation uncertainty' as per VPS3 and VPGA 10 of the RICS Red Book Global. Consequently, less certainty and a higher degree of caution should be attached to the valuation of the Council's land and buildings at 31 March 2020.</p>	<p>If the useful life of assets is reduced, depreciation increases and the carrying amount of the assets falls. It is estimated that the annual depreciation charge for Other Land and Buildings would increase by £12,525 for every year that useful lives of these assets were to be reduced.</p> <p>Valuation uncertainty associated with the Covid-19 pandemic means that an asset value may change in future. If an asset value was lower than recorded, this may result to a charge to Comprehensive Income and Expenditure Statement if there is no revaluation reserve balance for that particular asset. If the asset value is higher than recorded, this will result in a higher revaluation reserve balance. The impact upon the Comprehensive Income and Expenditure Statement would be a reversal of any previous loss</p>

Item	Uncertainties	Effect if Actual Results differ from Assumptions
Pensions Liability	<p>Estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets. A firm of consulting actuaries is engaged to provide the Council with expert advice about the assumptions to be applied.</p> <p>As more market information becomes available in response to the Covid-19 outbreak there may be adjustments to the carrying amounts of pension fund assets in 2020/21.</p>	<p>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 £2.809m and an increase of £6.109m respectively in the present value of the defined benefit obligation.</p> <p>An increase in the discount rate would, if all other factors remained unchanged, result in a decrease in the present value of the defined benefit obligation.</p>
Council house rent arrears	<p>At 31 March 2020, council house rent arrears (including former tenants) amounted to £0.449m. With the difficult economic conditions that currently exist due to the Covid-19 outbreak and anticipated welfare changes, it is possible that collection rates may deteriorate from those achieved in recent years.</p>	<p>If collection rates were to deteriorate by 10%, this would increase arrears by £45k and further impairment would need to be provided for within the Housing Revenue Account.</p>
Appeals on Non Domestic Rates valuations	<p>Businesses are able to challenge valuations involved in setting Business Rates. The current approach is based upon appeals lodged with the Valuation Office. The current provision for appeals is £1.188m. There remains potential for further appeals to be made against the 2017 valuation listing.</p>	<p>If the value of successful appeals were to increase by 10% an increase in provision of £0.1188m would be required which would be shared with preceptors and the Government. Broxtowe's element would be £0.048m. There is also uncertainty as to how appeals will be managed under 75% business rate retention once introduced.</p>

Item	Uncertainties	Effect if Actual Results differ from Assumptions
Britain leaving the European Union	There is a high level of uncertainty about the implications of Britain leaving the European Union. At the current time we are in a transition period with an exit date of 31 December 2020. The assumption has been made that this will not significantly impair the value of the Council's assets or change the discount rate. However, this assumption needs to be revisited and reviewed regularly.	Higher impairment allowances may need to be charged in the future if asset values fall. If the discount rate changes, the size of the net pension liability will also vary.

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

5. Material Items of Income and Expense

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

6. Prior Period Adjustment

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

In 2019/20 Bramcote Crematorium Joint Committee adopted IAS 19 Employee Benefits and have disclosed the costs of the Local Government Pension Scheme in their accounts for the first time. In line with the requirements of the Code of Practice on Local Authority Accounting 2019/20 comparative figures for 2018/19 have also been included within the accounts.

This has impacted on the Council's 2018/19 core statement figures as detailed below in the table below:

	Published 2018/19 £'000	Adjustment £'000	Adjusted 2018/19 £'000
<u>Comprehensive Income and Expenditure Statement</u>			
Environment - Gross Expenditure	8,087	11	8,098
Environment - Net expenditure	3,988	11	3,999
Total Continuing Operations - Gross Expenditure	50,504	11	50,515
Total Continuing Operations - Net Expenditure	4,774	11	4,785
Financing and Investment Income and Expenditure	3,918	12	3,930
(Surplus) or Deficit on Provision of Services	2,172	23	2,195
Measurement of the Net Defined Liability/(Asset)	(7,590)	231	(7,359)
Other Comprehensive Income and Expenditure	(15,869)	231	(15,638)
Total Comprehensive Income and Expenditure	(13,697)	254	(13,443)
<u>Movement in Reserves Statement</u>			
Total Comprehensive Income and Expenditure:			
Bramcote Bereavement Services	90	23	113
Total Usable Reserves	2,172	23	2,195
Unusable Reserves	(15,869)	231	(15,638)
Total Reserves	(13,697)	254	(13,443)
Adjustments between accounting basis and funding basis under regulations:			
Bramcote Bereavement Services	(36)	(23)	(59)
Total Usable Reserves	(3,816)	(23)	(3,839)
Unusable Reserves	3,816	23	3,839
<u>Balance Sheet</u>			
Net Pension Liability	(51,904)	(599)	(52,503)
Long Term Liabilities	(136,640)	(599)	(137,239)
Net Assets	85,965	(599)	85,366
Unusable Reserves	(70,816)	599	(70,217)
Total Reserves	(85,965)	599	(85,366)
<u>Cash Flow Statement</u>			
Net surplus or (Deficit) on the Provision of Services	(2,172)	(23)	(2,195)
Adjustments to net surplus or deficit for non cash movements	10,940	23	10,963

The Council's Group Accounts and any relevant core statement notes and group accounts notes have been updated as appropriate with the adjustments above.

7. Events After the Reporting Period

The Statement of Accounts was authorised for issue by the Deputy Chief Executive on 30 June 2020. Events taking place after this date are not reflected in the financial statements or notes. Where events taking place before this date provided information about conditions existing at 31 March 2020, the figures in the financial statements and notes have been adjusted in all material respects to reflect the impact of this information.

For the purposes of consideration, Post Balance Sheet events can occur up to the approval of the Statement on 30th November 2020 by the Governance, Audit and Standards Committee.

8. Expenditure and Funding Analysis

The Expenditure and Funding Analysis shows how annual expenditure is used and funded from resources (government grants, rents, council tax and business rates) by local authorities in comparison with those resources consumed or earned by authorities in accordance with generally accepted accounting practices. It also shows how expenditure is allocated for decision making purposes between the council's committees. Income and expenditure accounted for under generally accepted accounting practices is presented more fully in the Comprehensive Income and Expenditure Statement.

2018/19 Restated				2019/20		
Net Expenditure Chargeable to the General Fund and HRA balances £'000	Adjustments between the Funding and Accounting Basis £'000	Net Expenditure in the Comprehensive Income and Expenditure Statement £'000		Net Expenditure Chargeable to the General Fund and HRA balances £'000	Adjustments between the Funding and Accounting Basis £'000	Net Expenditure in the Comprehensive Income and Expenditure Statement £'000
			Corporate Priority			
190	(3)	187	Housing	249	(2)	247
3,568	431	3,999	Environment	3,766	624	4,390
658	(123)	535	Business Growth	885	(80)	805
1,135	855	1,990	Community Safety	1,176	634	1,810
1,417	445	1,862	Health	1,490	377	1,867
619	(139)	480	Revenues, Benefits and Customer Services	820	(146)	674
3,052	2,103	5,155	Resources	1,704	3,664	5,368
780	119	899	ICT and Business Transformation	905	135	1,040
(3,939)	(6,383)	(10,322)	Local Authority Housing (HRA)	(7,861)	(4,159)	(12,020)
7,480	(2,695)	4,785	Net Cost of Service	3,134	1,047	4,181
(7,659)	5,069	(2,590)	Other Income and Expenditure	(2,988)	1,196	(1,792)
(179)	2,374	2,195	Surplus or Deficit	146	2,243	2,389
10,494			Opening General Fund and HRA balances at 1 April	10,673	The respective increase/decrease on the General Fund and HRA are detailed in the Movement on Reserves Statement on page 29	
179			Less/Plus Surplus or (Deficit) on General Fund and HRA Balance in Year	(146)		
10,673			Closing General Fund and HRA Balance at 31 March	10,527		

Adjustments between Funding and Accounting Basis

Adjustments from General Fund to arrive at the Comprehensive Income and Expenditure Statement amounts	Adjustments for Capital Purposes £'000	Net change for Pensions Adjustments £'000	Other Statutory Adjustments £'000	Total Adjustments £'000
2018/19 Restated				
Housing	0	(3)	0	(3)
Environment	864	(433)	0	431
Business Growth	18	(141)	0	(123)
Community Safety	966	(111)	0	855
Health	451	(6)	0	445
Revenues, Benefits & Customer Services	0	(139)	0	(139)
Resources	882	1,221	0	2,103
ICT & Business Transformation	154	(35)	0	119
Local Authority Housing (HRA)	(6,030)	(353)	0	(6,383)
Net Cost of Services	(2,695)	0	0	(2,695)
Other income and expenditure from the Expenditure and Funding Analysis	944	4,619	(494)	5,069
Difference between General Fund surplus or deficit and Comprehensive Income and Expenditure Statement Surplus or Deficit on the Provision of Services	(1,751)	4,619	(494)	2,374
2019/20				
Housing	0	(2)	0	(2)
Environment	1,079	(455)	0	624
Business Growth	84	(164)	0	(80)
Community Safety	752	(118)	0	634
Health	384	(7)	0	377
Revenues, Benefits & Customer Services	0	(146)	0	(146)
Resources	2,291	1,373	0	3,664
ICT & Business Transformation	174	(39)	0	135
Local Authority Housing (HRA)	(3,717)	(442)	0	(4,159)
Net Cost of Services	1,047	0	0	1,047
Other income and expenditure from the Expenditure and Funding Analysis	(2,718)	3,594	320	1,196
Difference between General Fund surplus or deficit and Comprehensive Income and Expenditure Statement Surplus or Deficit on the Provision of Services	(1,671)	3,594	320	2,243

Adjustments for Capital Purposes

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

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

Net Change for Pension Adjustments

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

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

Other Statutory Adjustments

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

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

9. Expenditure and Income Analysed by Nature

2019/20	Housing £'000	Environment £'000	Business Growth £'000	Community Safety £'000	Health £'000	Revenues, Benefits & Customer Services £'000	Resources £'000	ICT & Business Transformation £'000	Local Authority Housing (HRA) £'000	Corporate Items £'000	Total £'000
Expenditure											
Employee Benefits Expenses	97	3,677	1,445	1,121	117	1,375	3,574	456	4,227	0	16,089
Expenditure on Joint Associates	0	421	0	0	0	0	0	0	0	0	421
Other Services Expenses	526	2,781	427	315	1,844	16,893	2,235	838	3,666	0	29,525
Depreciation, Amortisation & Impairment	0	1,080	84	752	384	0	2,291	174	(3,717)	0	1,048
Interest Payments	0	0	0	0	0	0	0	0	0	2,911	2,911
Precepts and Levies	0	0	0	0	0	0	0	0	0	876	876
Payments to Housing Capital Receipts Pool	0	0	0	0	0	0	0	0	0	417	417
(Gain)/Loss on the Disposal of Assets	0	0	0	0	0	0	0	0	0	4,442	4,442
Pensions Interest Cost	0	0	0	0	0	0	0	0	0	1,260	1,260
(Gain)/Loss on Revaluation of Financial Instruments	0	0	0	0	0	0	0	0	0	355	355
Total Expenditure	623	7,959	1,956	2,188	2,345	18,268	8,100	1,468	4,176	10,261	57,344
Income											
Fees, Charges and Other Service Income	(236)	(2,741)	(1,117)	(378)	(394)	(456)	(3,199)	(419)	(16,196)	0	(25,136)
Income on Joint Associates	0	(828)	0	0	0	0	622	0	0	0	(206)
Interest and Investment Income	0	0	0	0	0	0	0	0	0	(359)	(359)
Income from Council Tax & Non Domestic Rates	0	0	0	0	0	0	0	0	0	(10,197)	(10,197)
Government Grants & Contributions	(140)	0	(34)	0	(84)	(17,138)	(155)	(9)	0	(1,497)	(19,057)
Total Income	(376)	(3,569)	(1,151)	(378)	(478)	(17,594)	(2,732)	(428)	(16,196)	(12,053)	(54,955)
Surplus or Deficit on Provision on Services	247	4,390	805	1,810	1,867	674	5,368	1,040	(12,020)	(1,792)	2,389

2018/19 Restated	Housing £'000	Environment £'000	Business Growth £'000	Community Safety £'000	Health £'000	Revenues, Benefits & Customer Services £'000	Resources £'000	ICT & Business Transformation £'000	Local Authority Housing (HRA) £'000	Corporate Items £'000	Total £'000
Expenditure											
Employee Benefits Expenses	29	4,631	1,333	1,069	50	1,540	4,640	415	3,822	0	17,529
Expenditure on Joint Associates	0	447	0	0	0	0	0	0	0	0	447
Other Services Expenses	519	2,156	404	318	1,382	19,648	2,167	689	4,046	0	31,329
Depreciation, Amortisation & Impairment	0	864	18	966	451	0	882	154	(2,125)	0	1,210
Interest Payments	0	0	0	0	0	0	0	0	0	2,879	2,879
Precepts and Levies	0	0	0	0	0	0	0	0	0	833	833
Payments to Housing Capital Receipts Pool	0	0	0	0	0	0	0	0	0	335	335
(Gain)/Loss on the Disposal of Assets	0	0	0	0	0	0	0	0	0	4,612	4,612
Pensions Interest Cost	0	0	0	0	0	0	0	0	0	1,414	1,414
(Gain)/Loss on Revaluation of Financial Instruments	0	0	0	0	0	0	0	0	0	(82)	(82)
Total Expenditure	548	8,098	1,755	2,353	1,883	21,188	7,689	1,258	5,743	9,991	60,506
Income											
Fees, Charges and Other Service Income	(263)	(3,225)	(1,220)	(360)	(5)	(657)	(2,836)	(350)	(16,065)	0	(24,981)
Income on Joint Associates	0	(854)	0	0	0	0	512	0	0	0	(342)
Interest and Investment Income	0	0	0	0	0	0	0	0	0	(281)	(281)
Income from Council Tax & Non Domestic Rates	0	0	0	0	0	0	0	0	0	(10,443)	(10,443)
Government Grants & Contributions	(98)	(20)	0	(3)	(16)	(20,051)	(210)	(9)	0	(1,857)	(22,264)
Total Income	(361)	(4,099)	(1,220)	(363)	(21)	(20,708)	(2,534)	(359)	(16,065)	(12,581)	(58,311)
Surplus or Deficit on Provision on Services	187	3,999	535	1,990	1,862	480	5,155	899	(10,322)	(2,590)	2,195

10. Adjustments between Accounting Basis and Funding Basis under Regulations

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

General Fund Balance

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

Housing Revenue Account Balance

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

Capital Receipts Reserve

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

Major Repairs Reserve

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

Capital Grants Unapplied

The Capital Grants Unapplied Account (Reserve) holds the grants and contributions received towards capital projects for which the Council has not yet met the conditions that would otherwise require repayment of the monies but which have yet to be applied to meet

expenditure. The balance is restricted by grant terms as to the capital expenditure against which it can be applied and/or the financial year in which this can take place.

Bramcote Bereavement Services

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

<u>2019/20</u>	Usable Reserves					
	General Fund Balance £'000	Housing Revenue Account £'000	Capital Receipts Reserve £'000	Major Repairs Reserve £'000	Capital Grants Unapplied £'000	Bramcote Bereavement Services £'000
Adjustments to the Revenue Resources						
<u>Amounts by which income and expenditure included in the Comprehensive Income and Expenditure Statement are different from revenue for the year calculated in accordance with statutory requirements:</u>						
Pension costs (transferred to (or from) the Pensions Reserve)	(2,721)	(826)	0	0	0	(47)
Financial Instruments (transferred to the Financial Instruments Adjustment Account)	36	0	0	0	0	0
Financial Instruments (transferred to the Pooled Fund Adjustment Account)	(355)	0	0	0	0	0
Council Tax and NDR (transfers to (or from) Collection Fund Adjustment Account)	(1)	0	0	0	0	0
Reversal of entries included in the Surplus or Deficit on the Provision of Services in relation to capital expenditure (these items are charged to the Capital Adjustment Account)	(4,162)	(2,475)	0	0	0	(78)
Total Adjustments to Revenue Resources	(7,203)	(3,301)	0	0	0	(125)
Adjustments between Revenue and Capital Resources						
Transfer of non current asset sale proceeds from revenue to the Capital Receipts Reserve	1,479	1,166	(2,645)	0	0	0
Payments to the government housing receipts pool (funded by a transfer from the Capital Receipts Reserve)	(417)	0	417	0	0	0
Posting of HRA resources from revenue to the Major Repairs Reserve	0	4,191	0	(4,191)	0	0
Statutory provision for the repayment of debt (transfer from the Capital Adjustment Account)	697	0	0	0	0	0
Capital expenditure financed from revenue balances (transfer to the Capital Adjustment Account)	6	1,221	0	0	0	43
Total Adjustments between Revenue and Capital Resources	1,765	6,578	(2,228)	(4,191)	0	43
Adjustments to Capital Resources						
Use of the Capital Receipts Reserve to finance capital expenditure	0	0	1,930	0	0	0
Use of the Major Repairs Reserve to finance capital expenditure	0	0	0	4,191	0	0
Application of capital grants to finance capital expenditure	0	0	0	0	0	0
Cash payments in relation to deferred capital receipts	0	0	0	0	0	0
Total Adjustments between Revenue and Capital Resources	0	0	1,930	4,191	0	0
Total Adjustments	(5,438)	3,277	(298)	0	0	(82)

<u>2018/2019 Restated</u>	Usable Reserves					
	General Fund Balance £'000	Housing Revenue Account £'000	Capital Receipts Reserve £'000	Major Repairs Reserve £'000	Capital Grants Unapplied £'000	Bramcote Bereavement Services £'000
Adjustments to the Revenue Resources						
<u>Amounts by which income and expenditure included in the Comprehensive Income and Expenditure Statement are different from revenue for the year calculated in accordance with statutory requirements:</u>						
Pension costs (transferred to (or from) the Pensions Reserve)	(3,848)	(771)	0	0	0	0
Financial Instruments (transferred to the Financial Instruments Adjustment Account)	36	1	0	0	0	0
Financial Instruments (transferred to the Pooled Fund Adjustment Account)	82	0	0	0	0	0
Council Tax and NDR (transfers to (or from) Collection Fund Adjustment Account)	375	0	0	0	0	0
Reversal of entries included in the Surplus or Deficit on the Provision of Services in relation to capital expenditure (these items are charged to the Capital Adjustment Account)	(1,933)	(5,051)	0	0	0	(85)
Total Adjustments to Revenue Resources	(5,288)	(5,821)	0	0	0	(85)
Adjustments between Revenue and Capital Resources						
Transfer of non current asset sale proceeds from revenue to the Capital Receipts Reserve	560	2,036	(2,596)	0	0	0
Payments to the government housing receipts pool (funded by a transfer from the Capital Receipts Reserve)	(335)	0	335	0	0	0
Posting of HRA resources from revenue to the Major Repairs Reserve	0	3,904	0	(3,904)	0	0
Statutory provision for the repayment of debt (transfer from the Capital Adjustment Account)	664					
Capital expenditure financed from revenue balances (transfer to the Capital Adjustment Account)	159	1,783	0	0	0	49
Total Adjustments between Revenue and Capital Resources	1,048	7,723	(2,261)	(3,904)	0	49
Adjustments to Capital Resources						
Use of the Capital Receipts Reserve to finance capital expenditure	0	0	796	0	0	0
Use of the Major Repairs Reserve to finance capital expenditure	0	0	0	3,904	0	0
Application of capital grants to finance capital expenditure	0	0	0	0	0	0
Cash payments in relation to deferred capital receipts	0	0	0	0	0	0
Total Adjustments between Revenue and Capital Resources	0	0	796	3,904	0	0
Total Adjustments	(4,240)	1,902	(1,465)	0	0	(36)

11. Transfer to/from Earmarked Reserves

This note sets out the amounts set aside from the General Fund and Housing Revenue Account (HRA) balances in earmarked reserves to provide financing for future expenditure plans and the amounts posted back from earmarked reserves to meet General Fund and HRA expenditure in 2019/20.

	Balance at 31 March 2018 £'000	Transfers Out 2018/19 £'000	Transfers In 2018/19 £'000	Balance at 31 March 2019 £'000	Transfers Out 2019/20 £'000	Transfers In 2019/20 £'000	Balance at 31 March 2020 £'000
General Fund:							
Land Searches Reserve	(137)	0	0	(137)	137	0	0
Elections Reserve	(60)	0	(30)	(90)	90	(135)	(135)
Local Authority Mortgage Scheme Reserve	(38)	0	0	(38)	38	0	0
Homelessness Grant Initiatives	0	0	(68)	(68)	0	(41)	(109)
Stapleford Town Fund Reserve	0	0	0	0	0	(26)	(26)
Planning Reserve	0	0	0	0	0	(17)	(17)
Noise Monitoring Equipment Replacement	0	0	0	0	0	(15)	(15)
Other small balances	(10)	0	0	(10)	0	(1)	(11)
Total	(245)	0	(98)	(343)	265	(235)	(313)

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:

- Land Searches Reserve. This reserve was created from an allocation of funds received from the government and was earmarked for use in helping to meet any costs that may have been awarded against the Council as a result of legal action regarding historical land charges. The reserve is no longer required and the balance has been returned to the General Fund in 2019/20.
- Elections Reserve. Yearly amounts are paid into the reserve in order to spread out the high costs of council elections when they occur once every four years. In 2019/20 grant monies received from the government in respect of the Individual Electoral registration initiative have been transferred to the reserve. It is intended these monies will contribute towards the costs associated with running individual registration.
- Local Authority Mortgage Scheme (LAMS) Reserve. This reserve holds any additional premium interest earned on the deposit with Lloyds Bank. Any costs in respect of mortgage defaults would have been set off against this reserve. The reserve is no longer required and the balance has been returned to the General Fund in 2019/20.
- Homelessness Grant Initiatives. This earmarked reserve represents funding received from the Government in respect of Flexible Homelessness Grant and New Burdens Funding Grant. This reserve is to fund specific initiatives to prevent and manage homelessness within the Borough.

- Stapleford Town Fund Reserve. This reserve was created from an allocation of the General Fund to contribute to the drawing up of a bid to apply for funding from the Government's Town Funds initiative. The purpose of this is to regenerate town centres, boost businesses and improve infrastructure.
- Planning Reserve. A reserve was created in 2019/20 in respect of Planning. This reserve was created from grant monies from the government in relation to Custom Build grant and Brownfield Sites grant. It is intended these monies will contribute towards the costs associated with setting up and maintaining the custom/self-build properties and brownfield sites registers.
- Noise Monitoring Equipment Replacement. – This reserve was created in 2019/20. It is intended that there will be an annual contribution from unspent budget which will fund the required expenditure to replace or upgrade the equipment every 2/3 years.
- Other small balances. This relates to a small balance held on a charities account.

12. Other Operating Expenditure

2018/19 £'000		2019/20 £'000
833	Parish Council Precepts	876
335	Payments to the Government Housing Capital Receipts Pool	417
4,612	Gains/losses on the disposal of non-current assets	4,443
5,780	Total	5,736

13. Financing and Investment Income and Expenditure

2018/19 Restated £'000		2019/20 £'000
2,879	Interest payable and similar charges	2,911
1,414	Net interest on the net defined benefit liability/(asset)	1,260
(281)	Interest receivable and similar income	(360)
(82)	Gains/losses on revaluation of financial instruments	355
3,930	Total	4,166

14. Taxation and Non Specific Grant Income

2018/19 £'000		2019/20 £'000
(6,323)	Council tax income	(6,350)
(4,120)	Non-Domestic Rates (NDR)	(3,847)
(423)	Grant (RSG)	0
(1,434)	Capital grants and contributions	(1,497)
(12,300)	Total	(11,694)

15. Property, Plant and Equipment

Movements in 2019/20	Council Dwellings £'000	Other Land and Buildings £'000	Vehicles, Plant, Furniture & Equipment £'000	Infrastructure Assets £'000	Community Assets £'000	Surplus Assets £'000	Assets Under Construction £'000	Total Property, Plant & Equipment £'000
Cost or Valuation:								
At 1 April 2019	181,702	32,200	3,944	4,834	312	0	4	222,996
Additions	5,909	0	910	0	0	0	6	6,825
Revaluation increases/ (decreases) recognised in the Revaluation Reserve	147	548	0	0	0	0	0	695
Revaluation increases/ (decreases) recognised in the Surplus/Deficit on the Provision of Services	3,896	317	0	0	0	0	0	4,213
Derecognition – Disposals	(6,192)	0	0	0	0	0	0	(6,192)
Derecognition – Other	0	(312)	(524)	0	0	0	0	(836)
Assets reclassified (to)/from Held for Sale	0	0	0	0	0	0	0	0
Other movements in Cost or Valuation	(168)	168	0	0	0	0	0	0
At 31 March 2020	185,294	32,921	4,330	4,834	312	0	10	227,701
Accumulated Depreciation and Impairment:								
At 1 April 2019	0	(675)	(2,001)	(1,193)	(65)	0	0	(3,934)
Depreciation charge	(4,085)	(501)	(619)	(121)	0	0	0	(5,326)
Depreciation written out	0	0	0	0	0	0	0	0
Derecognition – Disposals	0	0	0	0	0	0	0	0
Derecognition – Other	0	312	524	0	0	0	0	836
Assets reclassified (to)/from Held for Sale	0	0	0	0	0	0	0	0
Other movements in Depreciation and Impairment	4,085	0	0	0	0	0	0	4,085
At 31 March 2020	0	(864)	(2,096)	(1,314)	(65)	0	0	(4,339)
Net Book Value:								
At 31 March 2020	185,294	32,057	2,234	3,520	247	0	10	223,362
At 31 March 2019	181,702	31,525	1,943	3,641	247	0	4	219,062

Movements in 2018/19	Council Dwellings £'000	Other Land and Buildings £'000	Vehicles, Plant, Furniture & Equipment £'000	Infrastructure Assets £'000	Community Assets £'000	Surplus Assets £'000	Assets Under Construction £'000	Total Property, Plant & Equipment £'000
Cost or Valuation:								
At 1 April 2018	180,896	27,201	3,886	4,834	312	84	0	217,213
Adjustment to opening balance	0	766	0	0	0	0	0	766
Additions	5,482	0	601	0	0	0	4	6,087
Revaluation increases/ (decreases) recognised in the Revaluation Reserve	185	5,537	0	0	0	21	0	5,743
Revaluation increases/ (decreases) recognised in the Surplus/Deficit on the Provision of Services	2,212	17	0	0	0	0	0	2,229
Derecognition – Disposals	(7,178)	0	0	0	0	0	0	(7,178)
Derecognition – Other	0	(270)	(543)	0	0	0	0	(813)
Assets reclassified (to)/from Held for Sale	0	(1,051)	0	0	0	0	0	(1,051)
Other movements in Cost or Valuation	105	0	0	0	0	(105)	0	0
At 31 March 2019	181,702	32,200	3,944	4,834	312	0	4	222,996
Accumulated Depreciation and Impairment:								
At 1 April 2018	0	314	(1,901)	(1,072)	(65)	0	0	(2,724)
Adjustment to opening balance	0	(766)	0	0	0	0	0	(766)
Depreciation charge	(3,819)	(511)	(643)	(121)	0	0	0	(5,094)
Depreciation written out	0	270	543	0	0	0	0	813
Derecognition – Disposals	0	0	0	0	0	0	0	0
Derecognition – Other	0	0	0	0	0	0	0	0
Assets reclassified (to)/from Held for Sale	0	18	0	0	0	0	0	18
Other movements in Depreciation and Impairment	3,819	0	0	0	0	0	0	3,819
At 31 March 2019	0	(675)	(2,001)	(1,193)	(65)	0	0	(3,934)
Net Book Value:								
At 31 March 2019	181,702	31,525	1,943	3,641	247	0	4	219,062
At 31 March 2018	180,896	27,515	1,985	3,762	247	84	0	214,489

Capital Commitments

At 31 March 2020, the Council has entered into a number of significant contracts for the construction or enhancement of property, plant and equipment in 2019/20 and future years budgeted to cost £32.451m. Similar commitments at 31 March 2019 were £35.57m. The major commitments at 31 March 2020 are:

	Total project value £'000	Of which spent by 31 March 2020 £'000
Housing Modernisation	24,059	14,624
Central Heating Replacement	5,050	3,921
UPVC Windows and Doors	600	325
New Bungalows Willoughby Street	265	0
External Decorations	497	425
External Paths & Paving	390	260
Garage Repairs/Replacements	690	443
Aids & Adaptations	900	549

Effects of Changes in Estimates

There have been no changes in estimated asset life or residual asset values in 2019/20 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 (RICS).

Bramcote Quarry was last revalued at 31 March 2004. The site is currently leased to a contractor and should have been returned to the Council. However, the contractor has encountered delays in restoring the site to an acceptable condition and the site has not yet been formally handed back to the Council. The site will be revalued once it has been returned to the Council. The asset is shown in the balance sheet with a value of £24,000 at 31 March 2020.

The valuation of council dwellings at 31 March 2020 resulted in a revaluation gain of £8.129m which is included under Other Comprehensive Income and Expenditure in the Comprehensive Income and Expenditure Statement. This was matched by a credit of £7.981m to the Capital Adjustment Account to partly offset impairment losses in previous years and a credit of £0.148m to the Revaluation Reserve.

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

The outbreak of Covid-19 declared by the World Health Organisation as a global pandemic on 11 March 2020 has impacted on global financial markets and market activity has been impacted in many sectors. This means that, as at the valuation date of 31 March 2020, less weight could be attached to previous market evidence, for comparison purposes to inform opinions of value. In addition, the response to Covid-19 presented an unprecedented set of circumstances on which to base valuation judgements. Valuations for 31 March 2020 are therefore reported on the basis of “material valuation uncertainty” as per VPS 3 and VPGA 10 of the RICS Valuation – Global Standards. Consequently, less certainty, and a higher degree of caution, should be attached to the valuations than would normally be the case.

	Council Dwellings	Other Land and Buildings	Vehicles, Plant, Furniture & Equipment	Infrastructure Assets	Community Assets	Surplus Assets	Assets Under Construction	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Carried at historical cost	0	168	2,234	3,520	247	0	10	6,179
Valued at fair values as at:								
31-Mar-20	185,294	15,997	0	0	0	0	0	201,291
31-Mar-19	0	1,933	0	0	0	0	0	1,933
31-Mar-18	0	744	0	0	0	0	0	744
31-Mar-17	0	12,991	0	0	0	0	0	12,991
31-Mar-16	0	200	0	0	0	0	0	200
31-Mar-15	0	0	0	0	0	0	0	0
31-Mar-14	0	0	0	0	0	0	0	0
31-Mar-13	0	0	0	0	0	0	0	0
31-Mar-12	0	24	0	0	0	0	0	24
Total Cost or Valuation	185,294	32,057	2,234	3,520	247	0	10	223,362

Included among council dwellings is a value of £0.105m in respect the former Beeston Market site. This closed as a market some years ago and the Policy and Performance Committee on 12 December 2018 agreed to appropriate the site from the General Fund to the Housing Revenue Account with the objective to develop two dementia friendly bungalows on the site. This work is currently underway and expenditure incurred to 31 March 2020 is shown under Assets Under Construction in the table above.

Included among Other Land and Buildings is a value at historic cost of £0.168m in respect of the former Stapleford Police Station that was purchased in January 2014. The purchase was

financed from the Housing Revenue Account on the expectation that the site would form part of a wider housing development in due course. This did not prove possible and approval was received in 2019/20 to transfer this from the Housing Revenue Account to the General Fund. It is presently being developed for small business and office use and will be re-valued once this work is complete.

As reported to the Finance and Resources Committee on 11 October 2018 the Council purchased some open space land at Redwood Crescent in Beeston at a cost of £5,117. This purchase was also financed from the Housing Revenue Account. Further expenditure of £19,487 was incurred on this site in 2019/20 and the total of £24,604 is included among the figure for fair value in the table above.

There are no surplus assets at 31 March 2020.

16. Heritage Assets

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

	DH Lawrence Birthplace Museum £'000	Painting £'000	Total Assets £'000
Cost or valuation			
At 1 April 2018	288	40	328
Revaluation increases/(decreases) recognised in the Revaluation Reserve	0	(1)	(1)
Depreciation	(7)	0	(7)
At 31 March 2019	281	39	320
Cost or valuation			
At 1 April 2019	281	39	320
Revaluation increases/(decreases) recognised in the Revaluation Reserve		2	2
Depreciation	(7)	0	(7)
At 31 March 2020	274	41	315

DH Lawrence Birthplace Museum

The Museum building was last 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.

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

Painting

The painting by Dr Ala Bashir was donated to the Council free of charge in 2008. A revised valuation of the painting was received from Dr Bashir on 14 August 2013 and this was used 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. There are no specific conditions attached to this donation. This asset has artistic content and could be considered to be making a strong contribution towards knowledge and culture.

17. Investment Properties

The Council currently has no investment properties.

18. 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 £0.119m in 2019/20 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:

	2018/19 £'000	2019/20 £'000
Net carrying amount at start of year	291	519
Additions during year	290	67
Amortisation during year	(62)	(119)
Net carrying amount at end of year	519	467

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 2018/19 or 2019/20.

19. Financial Instruments

Categories of financial instruments

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

- Amortised cost (where cash flows are solely payments of principal and interest and the Council's model is to collect those cash flows) comprising
 - cash in hand

- bank current and deposit accounts
- trade receivables for goods and services provided
- short term investments with other local authorities
- Fair value through profit and loss (all other financial assets) comprising:
 - money market funds managed by Northern Trust International Fund Administration Services, Royal London Investment Management and Aberdeen Global Services S.A.
 - property funds managed by CCLA Fund Managers Ltd held as strategic investments

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

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

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

	Long Term		Current	
	2018/19 £'000	2019/20 £'000	2018/19 £'000	2019/20 £'000
Investments				
Amortised cost	0	0	2,431	6,203
Fair value through profit or loss	4,068	4,754	8,543	4,828
Total Investments	4,068	4,754	10,974	11,031
Debtors				
Amortised cost	110	78	4,005	3,755
Total included in Debtors	110	78	4,005	3,755
Borrowings				
Amortised cost	(82,955)	(82,946)	(14,318)	(15,265)
Total Borrowings	(82,955)	(82,946)	(14,318)	(15,265)
Creditors				
Amortised cost	0	0	(7,808)	(6,779)
Total included in Creditors	0	0	(7,808)	(6,779)

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

Short term debtors as shown on the balance sheet include £2.259m debtors (£2.524m 2018/19) which do not meet the definition of a financial asset as they relate to non-exchange transactions.

Short term creditors as shown on the balance sheet includes £0.822m (£0.201m 2018/19) that does not meet the definition of a financial liability as they relate to non-exchange transactions. Where loans are advanced at below market rates they are classed as 'soft loans'. The Council had soft loans to employees at less than market rates for the purchase of motor vehicles which totalled £74,480 as at 31 March 2020 (£92,982 as at 31 March 2019) and which are included under debtors in the table above. These should be correctly shown in the Balance Sheet at

fair value. However, the value of these loans is not considered to be material. Accordingly, the value as shown in the Balance Sheet represents the value of any loans made less any repayments that have been received.

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

	Long Term		Current	
	2018/19 £'000	2019/20 £'000	2018/19 £'000	2019/20 £'000
Borrowing				
Nominal Amount	(82,779)	(82,769)	(14,268)	(15,208)
Accrued Interest	(176)	(177)	(50)	(57)
Total Borrowings as per Balance Sheet	(82,955)	(82,946)	(14,318)	(15,265)
Investments				
Nominal Amount	4,030	4,701	10,965	11,024
Accrued Interest	38	53	9	7
Total Investments as per Balance Sheet	4,068	4,754	10,974	11,031

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

Income, Expense, Gains and Losses

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

31 March 2019 £'000		31 March 2020 £'000
	Net gains/losses on:	
0	Financial assets measured at amortised cost	0
(82)	Financial assets measured at fair value through profit or loss	355
0	Financial liabilities measured at amortised cost	0
(82)	Total net gains/losses	355
	Interest and investment income	
(74)	Financial assets measured at amortised cost	(85)
(163)	Financial assets measured at fair value through profit or loss	(229)
(44)	Other interest received	(46)
(281)	Total interest and investment income	(360)
	Interest payable	
2,879	Financial liabilities measured at amortised cost	2,911
2,879	Total interest payable	2,911

Financial Instruments - Fair Values

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

Financial instruments classified at amortised cost are carried in the balance sheet at amortised cost. Their fair values can be assessed by calculating the present value of the cash flows that will take place over the remaining term of the instruments, using the following assumptions:

- estimated ranges of interest rates at 31 March 2020 of 1.25% to 2.17% for loans from the PWLB and 2.1% for other loans receivable and payable, based on new lending rates for equivalent loans at that date
- no early repayment or impairment is recognised
- where an instrument will mature in the next 12 months, the carrying amount is assumed to approximate to fair value
- the fair value of trade and other receivables is taken to be the invoiced or billed amount

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

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

Fair values of assets:

Balance Sheet 31 Mar 19 £'000	Fair Value 31 Mar 19 £'000		Fair Value Level	Balance Sheet 31 Mar 20 £'000	Fair Value 31 Mar 20 £'000
		Financial assets held at fair value:			
8,536	8,536	Money market funds	1	4,823	4,823
4,068	4,068	Property funds	1	4,754	4,754
		Financial assets held at amortised cost:			
0	0	Loans with other local authorities		6,005	6,005
2,438	2,438	Bank deposits	2	203	203
88	88	Car loans		72	72
4,027	4,027	Trade Receivables		3,761	3,761
19,157	19,157	Total		19,618	19,618
2,524		Assets for which fair value is not disclosed		2,259	
21,681	19,157	Total Financial Assets		21,877	19,618
		Recorded on balance sheet as:			
4,068		Long term investments		4,754	
110		Long term debtors		78	
2,003		Short term investments		0	
6,529		Short term debtors		6,014	
8,971		Cash and cash equivalents		11,031	
21,681		Total Financial Assets		21,877	

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

Fair value of liabilities:

Balance Sheet 31 Mar 19 £'000	Fair Value 31 Mar 19 £'000		Fair Value Level	Balance Sheet 31 Mar 20 £'000	Fair Value 31 Mar 20 £'000
		Financial liabilities held at amortised cost:			
(79,955)	(91,183)	Long term loans from PWLB	2	(79,946)	(89,846)
(3,000)	(4,765)	Other long term loans	2	(3,000)	(5,016)
(14,050)	(14,050)	Short term loans with other local authorities		(15,057)	(15,057)
(268)	(268)	Other short term loans		(208)	(208)
(7,808)	(7,808)	Short term creditors		(6,779)	(6,779)
(105,081)	(118,074)	Total		(104,990)	(116,906)
(201)		Liabilities for which fair value is not disclosed		(822)	
(105,282)	(118,074)	Total Financial Liabilities		(105,812)	(116,906)
		Recorded on balance sheet as:			
(14,318)		Short term borrowing		(15,265)	
(8,009)		Short term creditors		(7,601)	
(82,955)		Long term borrowing		(82,946)	
(105,282)		Total Financial Liabilities		(105,812)	

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

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

20. Inventories

2018/19 £'000		2019/20 £'000
195	Central Stores	197
195	Total	197

21. Debtors

Short-Term Debtors

2018/19 £'000		2019/20 £'000
1,058	Central government bodies	653
300	Housing benefit overpayments	210
2,605	Other local authorities	1,421
309	HMRC	479
294	Housing rents	289
175	Council tax payers	195
119	Non Domestic Rates payers	170
289	Non Domestic Rates Pool	229
1,380	Other entities and individuals	2,368
6,529	Total	6,014

Long-Term Debtors

2018/19 £'000		2019/20 £'000
88	Car loans with over one year remaining	72
22	Other	6
110	Total	78

22. 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.

2018/19 £'000		2019/20 £'000
1	Cash in hand	2
430	Bank current accounts	201
0	Other Local Authorities	6,000
8,540	Money Market Funds	4,828
8,971	Total	11,031

23. Assets Held for Sale

2018/19 £'000		2019/20 £'000
0	Balance outstanding at start of year	3,495
	Assets newly classified:	
1,033	Property Plant and Equipment	0
(406)	Revaluation Losses	(520)
2,868	Revaluation Gains	0
0	Impairment Losses	0
	Assets declassified	
0	Property Plant and Equipment	0
0	Assets sold	(895)
3,495	Balance outstanding at year end	2,080

Full Council on 17 October 2018 agreed that, subject to planning and contractual issues being satisfactorily resolved, a bid of £425,000 from the Redeemer/Cornerstone Church be accepted for the disposal of the Town Hall in Beeston. The asset was then revalued to this sum and shown as an asset held for sale at 31 March 2019. Contracts were then exchanged following the granting of planning permission and sale was completed in January 2020.

Finance and Resources Committee on 12 July 2018 resolved that bids be sought for the disposal of Cavendish Lodge in Beeston. The same committee, on 13 December 2018, resolved that the highest unconditional offer of £470,000 for the property be accepted. The asset was revalued to this sum and was shown as an asset held for sale at 31 March 2019. The sale was concluded in April 2019 with the proceeds from the sale received on 15 April 2019.

Finance and Resources Committee on 8 January 2019 resolved that an unconditional offer of £2.6m be accepted for the disposal of the former Beeston Fire Station site for residential accommodation as part of the scheme to redevelop Beeston Town Centre. The asset was revalued to this sum and was shown as an asset held for sale at 31 March 2019. However, progress in completing the sale with the successful bidder was slow. When given a final deadline, the successful bidder attempted to lower the purchase price. As reported to Policy and Performance Committee on 2 October 2019, the Deputy Chief Executive used his delegated powers to invite further bids for this site and the Project Board agreed to accept an unconditional bid of £2,080,000. The site has been revalued to £2,080,000 at 31 March 2020 and the completion of the sale is anticipated later in 2020/21.

24. Creditors

Short-Term Creditors

2018/19 £'000		2019/20 £'000
(990)	Central government bodies	(1,785)
(2,404)	Other local authorities	(563)
(6)	NHS bodies	0
(207)	HMRC	0
(92)	Council Tax payers	(92)
(165)	Non Domestic Rates payers	(96)
(563)	Non Domestic Rates Pool	(508)
(3,582)	Other entities and individuals	(4,282)
0	Housing Rents	(275)
(8,009)	Total	(7,601)

25. Provisions

Short Term Provisions

	Total £'000
Balance at 31 March 2018	(424)
Additional provisions made in 2018/19	(431)
Amounts used in 2018/19	515
Balance as 31 March 2019	(340)
Additional provisions made in 2019/20	(497)
Amounts used in 2019/20	515
Balance as 31 March 2020	(322)

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 £150,000 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 2018	(550)
Additional provisions made in 2018/19	(162)
Amounts used in 2018/19	372
Balance as 31 March 2019	(340)
Additional provisions made in 2019/20	(151)
Amounts used in 2019/20	16
Balance as 31 March 2020	(475)

As part of the National Business Rates Retention scheme, the billing authority (Broxtowe Borough Council) is responsible for refunding business ratepayers who successfully appeal against the rateable value of properties on their rating list. A provision has been made for the possible settlement of refunds, based on consideration of the type and history of appeals awarded in the past and the length of time normally taken for the appeal process. The above represents the Council's share of the provision as the total provision is disaggregated as part of the Collection Fund arrangements.

26. Usable Reserves

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

27. Unusable Reserves

2018/19 Restated £'000		2019/20 £'000
(24,573)	Revaluation Reserve	(24,463)
(99,203)	Capital Adjustment Account	(100,865)
245	Financial Instruments Adjustment Account	209
53,209	Pensions Reserve	53,931
119	Collection Fund Adjustment Account	120
(14)	Pooled Investment Funds Adjustment Account	341
(70,217)	Total	(70,727)

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 2018	(15,681)	(658)	(317)	(16,656)
Revaluation Gain 2018/19	(8,675)	(185)	0	(8,860)
Less:				
Impairment Losses 2018/19	579	0	0	579
Removal of Gain on Disposed Asset	0	0	0	0
Transfer of Balances to CAA	(210)	0	0	(210)
Excess current value over historic cost depreciation	567	0	7	574
Balance as at 31 March 2019	(23,420)	(843)	(310)	(24,573)
Revaluation Gain 2019/20	(566)	(147)	0	(713)
Less:				
Impairment Losses 2019/20	537	0	0	537
Removal of Gain on Disposed Asset	280	0	0	280
Transfer of Balances to CAA	0	0	0	0
Excess current value over historic cost depreciation	0	0	6	6
Balance as at 31 March 2020	(23,169)	(990)	(304)	(24,463)

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.

2018/19 £'000		2019/20 £'000
(98,555)	Balance as at 1 April	(99,203)
	<u>Reversal of items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement</u>	
5,970	Charges for depreciation and impairment of non-current assets	8,253
(5,972)	Revaluation (gains)/losses on Property, Plant and Equipment	(8,297)
62	Amortisation of intangible assets	119
1,235	Revenue expenditure funded from capital under statute	1,027
7,209	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	7,109
8,504 (364)	Adjusting amounts written out of the Revaluation Reserve	8,211 (287)
8,140	Net written out amount of the cost of non-current assets consumed in the year	7,924
	<u>Capital financing applied in the year:</u>	
(796)	Use of the Capital Receipts Reserve to finance new capital expenditure	(1,931)
(3,904)	Use of the Major Repairs Reserve to finance new capital expenditure	(4,191)
(1,434)	Capital grants and contributions credited to the Comprehensive Income and Expenditure Statement that have been applied to capital financing	(1,497)
(665)	Statutory provision for the financing of capital investment charged against the General Fund, Housing Revenue Account and Bramcote Crematorium balances	(697)
(1,989)	Capital expenditure charged against the General Fund, Housing Revenue Account and Bramcote Crematorium balances	(1,270)
(648)		(1,662)
(99,203)	Balance as at 31 March	(100,865)

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 2020 will be charged to the General Fund over the next 7 years.

	General Fund £'000	Housing Revenue Account £'000	Total £'000
Balance as at 31 March 2018	281	1	282
Charge to balances in 2018/19	(36)	(1)	(37)
Balance as at 31 March 2019	245	0	245
Charge to balances in 2019/20	(36)	0	(36)
Balance as at 31 March 2020	209	0	209

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.

2018/19 Restated £'000		2019/20 £'000
55,949	Balance as at 1 April	53,209
(7,359)	Remeasurements of the net defined benefit liability/(asset)	(2,872)
6,078	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	5,126
(1,459)	Employer's pensions contributions and direct payments to pensioners payable in the year	(1,532)
53,209	Balance as at 31 March	53,931

Collection Fund Adjustment Account

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

2018/19 £'000		2019/20 £'000
494	Balance as at 1 April	119
(375)	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
119	Balance as at 31 March	120

Pooled Investment Funds Adjustment Account

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

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

On 1 April 2018 the implementation of IFRS 9 reclassified Available for Sale Financial Instruments as Fair Value through Profit/Loss.

2018/19 £'000		2019/20 £'000
0	Balance as at 1 April	(14)
68	Transfer from Available for Sale Financial Instruments Reserve	0
(82)	Changes in Fair Value of long and short term investments	355
(14)	Balance as at 31 March	341

28. Cash Flow Statement - Operating Activities

The cash flows for operating activities include the following items:

2018/19 £'000		2019/20 £'000
(264)	Interest received	(344)
2,865	Interest paid	2,902

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

2018/19 Restated £'000		2019/20 £'000
5,925	Depreciation	8,255
(5,972)	Impairment and revaluations	(8,298)
62	Amortisation	119
(572)	Increase/decrease in creditors	1,924
(696)	Increase/decrease in debtors	(1,391)
(9)	Increase/decrease in inventories	(2)
5,309	Pension liability	4,300
(294)	Contributions to/from provisions	117
7,210	Carrying amount of non current assets sold	7,109
10,963	Total Adjustments	12,133

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

2018/19 £'000		2019/20 £'000
(1,434)	Capital grants credited to surplus or deficit on the provision of services	(1,497)
5,987	Proceeds from reduction in investments	2,001
(2,597)	Proceeds from the sale of property, plant and equipment and intangible assets	(2,645)
1,956	Total Operating Activities	(2,141)

29. Cash Flow Statement - Investing Activities

2018/19 £'000		2019/20 £'000
(7,233)	Purchase of property, plant and equipment, investment property and intangible assets	(9,834)
(2,087)	Purchase of short-term and long-term investments	(668)
2,597	Proceeds from the sale of property, plant and equipment, investment property and intangible assets	2,645
1,977	Other receipts from investing activities	1,786
(4,746)	Total Investing Activities	(6,071)

30. Cash Flow Statement - Financing Activities

2018/19 £'000		2019/20 £'000
14,258	Cash receipts of short- and long-term borrowing	15,197
(15,351)	Repayments of short- and long-term borrowing	(14,268)
685	Other payments for financing activities	(401)
(408)	Total Financing Activities	528

31. Reconciliation of Liabilities arising from Financing Activities

	2019/20 1 April £'000	Financing Cash Flows £'000	Non Cash Changes		2019/20 31 March £'000
			Transfers £'000	Other Non Cash Changes £'000	
Long term borrowings	(82,955)	0	10	(1)	(82,946)
Short term borrowings	(14,318)	(929)	(10)	(8)	(15,265)
Lease liabilities	0	0	0	0	0
Total liabilities from financing activities	(97,273)	(929)	0	(9)	(98,211)

	2018/19 1 April £'000	Financing Cash Flows £'000	Non Cash Changes		2018/19 31 March £'000
			Transfers £'000	Other Non Cash Changes £'000	
Long term borrowings	(82,964)	0	9	0	(82,955)
Short term borrowings	(15,388)	1,093	(9)	(14)	(14,318)
Lease liabilities	0	0	0	0	0
Total liabilities from financing activities	(98,352)	1,093	0	(14)	(97,273)

32. Agency Services

The Council is part of a countywide parking partnership operated by Nottinghamshire County Council (NCC) 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 account.

The total amount collected in PCN income was £86,465 (2018/19 £100,651). This income was offset by NCC's processing fee of £18,972 (2018/19 £24,561), resulting in a net income to Broxtowe Borough Council of £67,493. These amounts are included within the Comprehensive Income and Expenditure Statement.

33. Members Allowances

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

2018/19 £'000		2019/20 £'000
273	Salaries (including national insurance)	266
14	Allowances	14
6	Expenses	4
293	Total Members Allowances	284

34. Officers Remuneration

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

	Number of employees	
	2018/19	2019/20
£50,000 - £54,999	4	0
£55,000 - £59,999	1	6

The remuneration disclosures for 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 2019/20 £	Total Remuneration including Pension Contributions 2018/19 £
Chief Executive	112,241	0	112,241	17,472	129,713	125,886
Deputy Chief Executive (from April 2019)	94,430	0	94,430	13,598	108,028	0
Strategic Director (from November 2019)	30,737	0	30,737	4,426	35,163	0
Director of Housing, Leisure and Property Services (up to July 2018)	0	0	0	0	0	34,178
Monitoring Officer (to September 2019)	38,486	0	38,486	0	38,486	62,571

From July 2017 to March 2019 the Council employed an Interim Deputy Chief Executive and Section 151 Officer through an agency, as a result of which comparative salary costs for this post are not shown above. The total fees paid to the agency for this role in 2018/19 were £174,160.

From September 2017 to October 2019 the Council employed the Strategic Director through a secondment from Rushcliffe Borough Council. As such the salary costs for this post are not shown above. The total remuneration paid to Rushcliffe Borough Council for this role for 8 months in 2019/20 was £58,159 (£103,522.25 for 12 months in 2018/19).

The post of Director of Housing, Leisure and Property Services has been deleted from the Establishment.

From March 2020 the Council have employed an Interim Monitoring Officer through an agency. The total fees paid to the agency for this role in 2019/20 were £3,509.

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

Exit packages cost band	No. of compulsory redundancies		No. of other departures agreed (inc voluntary redundancies)		Total number of exit packages		Total cost of exit packages in each band	
	2018/19	2019/20	2018/19	2019/20	2018/19	2019/20	2018/19	2019/20
£0 - £15,000	2	0	9	5	11	5	105,708	27,082
£15,001- £30,000	0	0	0	2	0	2	0	49,757
£30,001- £45,000	0	0	0	0	0	0	0	0
£45,001- £60,000	0	0	0	0	0	0	0	0
Total	2	0	9	7	11	7	105,708	76,839

The exit packages for 2019/20 were in respect of employees based in Deputy Chief Executive's (5) and Chief Executive's (2).

35. External Audit Costs

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

2018/19 £'000		2019/20 £'000
36	Fees payable with regard to external audit services carried out for the year by Mazars	35
9	Fees payable in respect of grant claim services carried during the year by KPMG	0
5	Fees payable in respect of Housing Pooled Receipt claim services carried out during the year by KPMG	5
4	Fees payable in respect of other services carried out during the year by Mazars	0
54	Total	40

36. Grant Income

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

2018/19 £'000		2019/20 £'000
	Credited to Taxation and Non Specific Grant Income	
(925)	Non Domestic Rates	(1,143)
(423)	Revenue Support Grant	0
(89)	Developer Contributions	(41)
(907)	Disabled Facilities Grants	(749)
0	Local Authority Parks Improvement Funding	(32)
(1)	Nottinghamshire Wildlife Trust	0
(366)	Nottinghamshire County Council	(500)
(57)	FCC Communities Foundation	(143)
(14)	Other Grants and Contributions	(32)
(2,782)	Total	(2,640)
	Credited to Services	
(3)	Community Safety	0
(16)	Register of Electors	(84)
(98)	Homelessness Prevention	(140)
(19,830)	Housing and Council Tax Benefits	(16,923)
(210)	New Homes Bonus Grant	(147)
(221)	Council Tax and Non-Domestic Rates Administration	(215)
0	Planning Policy	(34)
(29)	Other Grants	(17)
(20,407)	Total	(17,560)

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:

2018/19 £'000	Capital Grants Receipts in Advance	2019/20 £'000
(3)	Efficiency East Midlands Ltd	(3)
(25)	Nottingham Pre-Development Fund	(25)
(47)	Developer Contributions – Open Spaces	(60)
(734)	Developer Contributions – Transport Measures	(933)
0	Developer Contributions - Affordable Housing	(280)
(201)	Developer Contributions – Education	(4)
(2)	Environment Agency – Erewash Valley Trail	(2)
(66)	Growth Point	(66)
(61)	Park Improvements	(3)
0	Other	(2)
(302)	Disabled Facilities Grants	(352)
(1,441)	Total	(1,730)

37. 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 2020 are shown in note 36.

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 2019/20 is shown in note 33. During 2019/20 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
Transform Training Ltd.	0	2
Royal Mail	0	41
Environment Agency	0	2
Chilwell Memorial Institute	0	1
Middle Street Resource Centre	(1)	10
SOLACE	0	1

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

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

Officers

Employer’s pension contributions are paid into the Local Government Pension Scheme that is administered locally by Nottinghamshire County Council. Further details can be found in note 42. As stated in note 19, 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
- Liberty Leisure Ltd – a wholly owned subsidiary of the authority - Group Accounts
- Agency arrangements - Note 32 to the accounts
- Partners in capital projects (contributions) - Note 36 and 38 to the accounts

Details of significant outstanding debtors and creditors in respect of related parties are included within notes 21 and 24.

38. 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.

2018/19 £'000		2019/20 £'000
99,896	Opening Capital Financing Requirement	99,621
	<u>Capital Investment</u>	
6,988	Property, Plant and Equipment	9,767
0	Investment Properties	0
290	Intangible Assets	67
1,235	Revenue Expenditure Funded from Capital under Statute	1,027
	<u>Sources of Finance</u>	
(796)	Capital Receipts	(1,931)
(1,434)	Government Grants and Other Contributions	(1,497)
(1,989)	Direct Revenue Contributions	(1,270)
(3,904)	Major Repairs Reserve	(4,191)
(665)	Minimum Revenue Provision	(697)
99,621	Closing Capital Financing Requirement	100,896
	<u>Explanation of Movements in Year</u>	
0	Increase in Underlying need to borrowing (supported by government financial assistance)	0
(275)	Increase in Underlying need to borrowing (unsupported by government financial assistance)	1,275
(275)	Increase/(decrease) in Capital Financing Requirement	1,275

39. Leases

Authority as Lessee

Finance Leases

No assets were acquired under finance leases in 2018/19 or 2019/20. There were no outstanding obligations in respect of finance leases as at 31 March 2019 or 31 March 2020.

Operating Leases

Land and Buildings - the Council leases several items of land. The leasing arrangements for each being accounted for as operating leases and held under peppercorn.

Authority as Lessor

Finance Leases

No leases were granted under finance leases in 2018/19 or 2019/20.

The Council held no finance leases as at 31 March 2020.

Operating Leases

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

2018/19 £'000		2019/20 £'000
598	Not later than one year	621
2,276	Later than one year and not later than five years	2,258
6,558	Later than five years	5,992
9,432	Total	8,871

40. Impairment Losses

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 £0.923m and downward valuations totalling £0.577m. Upward revaluations of £0.566m were charged to the Revaluation Reserve whilst upward revaluations of £0.357m were charged to the Capital Adjustment Account to offset losses on individual assets that arose in previous years. Of the downward valuations, £0.536m was charged to the Revaluation Reserve to offset gains on individual assets that arose in previous years whilst £0.041m was charged to the Capital Adjustment Account.

The Estates Officer revalued the Bramcote Crematorium land and buildings at 31 March 2017 in line with the 5 year asset valuation programme. He considers that no material changes occurred during 2019/20 that required a revaluation as at 31 March 2020. The next revaluation is due to take place at 31 March 2022.

41. Termination Benefits

Note 34 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 by an employee of voluntary redundancy.

42. Defined Benefit Pension Schemes

Participation in Pension Schemes

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

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

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

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

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

Transactions Relating to Post-Employment Benefits

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

transactions have been made in the Comprehensive Income and Expenditure Statement and the Movement in Reserves Statement during 2019/20:

2018/19 Restated £'000		2019/20 £'000
	Comprehensive Income and Expenditure Statement	
	Cost of Services:	
	<u>Service Cost comprising:</u>	
4,622	Service Cost	3,824
42	Administration Expenses	42
	<u>Financing and Investment Income and Expenditure:</u>	
1,414	Net Interest Expense	1,260
6,078	Total Post Employment Benefits Charged to the Surplus or Deficit on the Provision of Services	5,126
	Other Post Employment Benefits Charged to the Comprehensive Income and Expenditure Statement	
	<u>Remeasurement of the Net Defined Benefit Liability</u>	
	<u>comprising:</u>	
5,884	Return on plan assets (excluding the amount included in the net interest expense)	(9,450)
0	Other actuarial gain/(losses) on assets	136
(7,376)	Changes in financial assumptions	14,703
8,851	Change in demographic assumptions	2,403
0	Experience loss/(gain) on defined benefit obligation	(4,920)
13,437	Total Post Employment Benefits Charged to the Comprehensive Income and Expenditure Statement	7,998
	Movement in Reserves Statement	
(6,078)	Reversal of net charges made to the Surplus or Deficit for the Provision of Services for Post Employment Benefits in accordance with the Code	(5,126)
	Actual amount charged against the General Fund Balance for pensions in the year	
1,459	Employers' contributions payable to the scheme	1,532

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:

2018/19 Restated £'000		2019/20 £'000
156,713	Present Value of the Defined Benefit Obligation	148,311
(103,855)	Fair Value of Plan Assets	(94,682)
52,858	Sub-Total	53,629
351	Other Movements in the Liability (Asset)	302
(706)	Payment of Deficit	0
52,503	Net Liability Arising From Defined Benefit Obligation	53,931

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:

2018/19 £'000 Restated		2019/20 £'000
98,879	Opening Fair Value of Scheme Assets	103,855
2,484	Interest Income	2,466
	<u>Remeasurement gain/(loss):</u>	
5,883	The return on plan assets (excluding the amount included in the net interest expense)	(9,450)
0	Other actuarial gains/(losses)	136
1,459	Contributions from employer	1,532
584	Contributions from employees into the scheme	632
(5,392)	Estimated Benefits Paid (plus unfunded net of transfers in)	(4,447)
(42)	Administration expenses	(42)
103,855	Closing Fair Value of Scheme Assets	94,682

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

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

2018/19 Restated £'000		2019/20 £'000
154,828	Opening Balance at 1 April	157,064
3,408	Current Service Cost	3,720
3,897	Interest Cost	3,726
584	Contribution from Scheme Participants	632
7,376	Change in Financial Assumptions	(14,703)
(8,851)	Change in demographic assumptions	(2,403)
0	Experience loss/(gain) on defined benefit obligation	4,920
0	Liabilities assumed/(extinguished) on settlements	0
1,214	Past Service Cost (including curtailments)	105
(5,360)	Benefits Paid (net of transfers in)	(4,420)
(32)	Unfunded Pension Payments	(28)
157,064	Closing Balance at 31 March	148,613

Local Government Pension Scheme Assets

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

2018/19 Restated £'000		2019/20 £'000
2,513	Cash and Cash Equivalents	3,848
69,284	Equity Instruments	58,223
3,382	Gilts	3,928
9,624	Other Bonds	8,696
14,053	Property	14,103
4,999	Infrastructure	5,884
103,855	Total Assets	94,682

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 2016.

The principal assumptions used by the actuary have been:

2018/19 %		2019/20 %
	<u>Mortality Assumptions:</u>	
	Longevity at 65 for current pensioners:	
21.6	- Men	21.8
24.4	- Women	24.4
	Longevity at 65 for future pensioners:	
23.3	- Men	23.2
26.2	- Women	25.8
	<u>Financial Assumptions:</u>	
	Rate of Inflation	
2.4	- Rate of Increase in Retail Price Index (RPI)	2.7
1.4	- Rate of Increase in Consumer Price Index (CPI)	1.9
3.9	Rate of Increase in Salaries	2.9
2.4	Rate of Increase in Pensions	1.9
2.4	Rate for Discounting Scheme Liabilities	2.35

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)	6,160	(5,896)
Rate of increase in salaries (increase or decrease by 0.1%)	221	(219)
Rate of increase in pensions (increase or decrease by 0.1%)	2,695	(2,642)
Rate for discounting scheme liabilities (increase or decrease by 0.1%)	(2,846)	2,906

Impact on the Council's Cash Flows

The Council anticipates paying contributions of £1.808m to the scheme in 2020/21.

The weighted average duration of the defined benefit obligation for scheme members is 20 years in 2019/20 (19 years for 2018/19).

43. Contingent Liabilities

At 31 March 2020 the Council had two material contingent liabilities:

- Municipal Mutual Insurance Limited (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 2020 the estimate for the one claim outstanding is £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 claw-back some of the amounts previously paid out. A levy of 25%, equivalent to £137,695, has been repaid to MMI up to 31 March 2020. 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 and its Leisure Management Company, Liberty Leisure Ltd operate Kimberley Leisure Centre under a 'joint use agreement' with the local school. The school has provided the Council with notice to terminate the agreement. Both parties are in discussion to assess the future of the centre and the legal and financial implications, which at this point are not known.

44. Contingent Assets

At 31 March 2020 the Council had one contingent asset.

- In 2011/12 Nottingham City Council used an Act of Parliament to compulsorily acquire or temporarily use 127 plots of Broxtowe Borough Council's land to construct and operate the tram extension from Nottingham Station to Toton Lane. The most significant land take was at Beeston Square but other land was also taken including car parks, retirement living schemes and public open space.

Broxtowe Borough Council and its advisors have been in ongoing discussions with Nottingham City Council regarding an appropriate level of compensation for the use of Broxtowe's land. Amounts received to 31 March 2020 total £1.522m, however, further amounts are considered due. The Policy and Performance Committee on 21 November 2017 agreed to give delegated powers to the Deputy Chief Executive to refer the matter to the Upper Tribunal (Lands Chamber) to accelerate progress if necessary.

Broxtowe Borough Council and its advisors do not regard the matter as closed and anticipate further compensation payments will be received. However, the timing and value of these is not known at present. No allowance has been made in the accounts for any sums that may be payable over and above those already received.

45. Nature and Extent of Risks Arising from Financial Instruments

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

- credit risk - the possibility that the counterparty might fail to pay amounts due to the Council. Credit risk arises from deposits with banks and financial institutions, as well as credit exposures to the Council's customers.
- liquidity risk - the possibility that the Council might not have funds available to meet its commitments to make payments
- market risk - the possibility that financial loss might arise for the Council as a result of changes in such measures as interest rates and stock market movements.

The Council's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the resources available to fund services. Risk management is carried out by a central treasury team, under policies approved by the Council in the annual Treasury Management Strategy. The Council provides written principles for overall risk management, as well as written policies covering specific areas such as interest rate risk, credit risk and the investment of surplus cash. The Council complies with CIPFA's Code of Practice on Treasury Management and Prudential Code for Capital Finance in Local Authorities.

Credit Risk: Treasury Investments

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

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

31 March 2019		Credit Rating	31 March 2020	
Long Term £'000	Short Term £'000		Long Term £'000	Short Term £'000
0	0	AAA	0	0
0	0	AA+	0	0
0	0	AA	0	0
0	0	AA-	0	0
0	10,680	A+	0	4,860
0	0	A	0	0
0	0	A-	0	0
0	0	BBB+	0	0
0	0	Unrated local authorities	0	6,000
0	10,680	Total	0	10,860
4,000	0	Credit risk not applicable	5,000	0
4,000	10,680	Total Investments	5,000	10,860

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

Loss allowances on treasury investments have been calculated by reference to historic default data published by credit rating agencies multiplied by 3.65% to adjust for current and forecast economic conditions. A two-year delay in cash flows is assumed to arise in the event of default. Investments are determined to have suffered a significant increase in credit risk where they have been downgraded by three or more credit rating notches or equivalent since initial recognition unless they can retain an investment grade credit rating. They are determined to be credit impaired when awarded a "D" credit rating or equivalent. At 31 March 2020 there were no loss allowances related to treasury investments.

Credit Risk: Trade and Lease Receivables

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

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

2018/19 £'000		2019/20 £'000
1,662	Up to 6 months	2,696
134	Above 6 months and up to 12 months	146
219	Above 12 months and up to 24 months	72
111	Above 24 months and up to 36 months	18
321	Over 36 months	66
2,447	Total	2,998

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

A loss allowance of £0.380m has been made for gross trade receivables of £2.498m.

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 2020 (including temporary borrowing on behalf of Bramcote Crematorium) was as follows:

31 March 2019			31 March 2020	
£'000	% of total debt portfolio		£'000	% of total debt portfolio
		Short Term Borrowing		
14,266	15	Less than 1 year	15,207	16
		Long Term Borrowing		
10	0	Over 1 but not over 2	5,612	6
17,539	18	Over 2 but not over 5	20,093	20
41,549	43	Over 5 but not over 10	41,110	42
17,681	18	Over 10 but not over 15	9,955	10
0	0	Over 15 but not over 20	0	0
0	0	Over 20 but not over 25	0	0
0	0	Over 25 but not over 30	0	0
3,000	3	Over 30 but not over 35	3,000	3
0	0	Over 35 but not over 40	0	0
0	0	Over 40 but not over 45	0	0
3,000	3	Over 45	3,000	3
82,779	85	Total Long Term Borrowing	82,770	84
97,045	100	Total Borrowing	97,977	100

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

2018/19 £'000		2019/20 £'000
79,789	Public Works Loans Board	79,780
3,000	Barclays Bank Plc	3,000
14,000	Other Local Authorities	15,000
256	Temporary Borrowing (Bramcote Crematorium)	197
97,045	Total	97,977

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

Market Risk

(i) Interest Rate Risk

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

- borrowings at variable rates – the interest expense charged to the Surplus or Deficit on the Provision of Services will rise

- borrowings at fixed rates – the fair value of the liabilities will fall
- investments at variable rates – the interest income credited to the Surplus or Deficit on the Provision of Services will rise
- investments at fixed rates – the fair value of the assets will fall

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

The Council has a number of strategies for managing interest rate risk. For example, the Treasury Management Strategy sets up an upper limit of 40% on external debt that can be subject to variable interest rates. At 31 March 2020 100% of the debt portfolio was held in fixed rate instruments and 0% in variable rate instruments.

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

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

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

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

2018/19 £'000		2019/20 £'000
0	Increase in interest payable on variable rate borrowings	0
0	Increase in interest receivable on variable rate investments	0
(24)	Decrease in fair value of investments held at FVPL	(44)
(24)	Impact on Surplus or Deficit on the Provision of Services	(44)
(32)	Decrease in fair value of investments held at FVOCI	0
(56)	Impact on Comprehensive Income and Expenditure	(44)
(3)	Decrease in fair value of loans and investments at amortised cost	(3)
(7,667)	Decrease in fair value of fixed rate borrowing	(7,022)

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

(ii) Price Risk

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

The Council's investment in a pooled property fund is subject to the risk of falling commercial property prices. This risk is limited by the Council's maximum exposure to property investments of £5m. A 5% fall in commercial property prices to 31 March 2020 would result in a £0.092m (£0.099m at 31 March 2019) charge to the Surplus or Deficit on Provision of Services which would then be transferred to the Pooled Investment Funds Adjustment Account.

The Council's investment in pooled equity funds is subject to the risk of falling share prices. This risk is limited by the Council's maximum exposure to equity investments of £5m. A 5% fall in share prices at 31 March 2019 would result in a £0.057m charge to the Surplus or Deficit on Provision of Services which would then be transferred to the Pooled Investment Funds Adjustment Account.

(iii) Foreign Exchange Risk

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

HOUSING REVENUE ACCOUNT

HOUSING REVENUE ACCOUNT INCOME AND EXPENDITURE STATEMENT

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

2018/19 £'000		2019/20 £'000
	Expenditure	
3,195	Repairs and Maintenance	3,291
4,476	Supervision and Management	4,387
69	Rents, Rates, Taxes and Other Charges	66
(2,125)	Depreciation and Impairment of Non-Current Assets	(3,717)
128	Movement in Allowance for Bad Debts	149
5,743	Total Expenditure	4,176
	Income	
(15,016)	Dwelling Rents (gross)	(15,044)
(257)	Non-Dwellings Rents (gross)	(276)
(141)	Charges for Services and Facilities	(210)
(651)	Contribution towards Expenditure	(666)
(16,065)	Total Income	(16,196)
(10,322)	Net expenditure or income of HRA services as included in the Comprehensive Income and Expenditure Statement	(12,020)
491	HRA services' share of Corporate and Democratic Core	461
(9,831)	Net Income for HRA Services	(11,559)
	HRA share of the operating income and expenditure included in the Comprehensive Income and Expenditure Statement	
5,140	(Gain)/Loss on sale of HRA non current assets	5,027
2,424	Interest Payable and Similar Charges	2,456
(115)	Interest and Investment Income	(158)
339	Net interest on the net defined benefit liability	334
(2,043)	(Surplus)/Deficit for the year on HRA Services	(3,900)

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.

2018/19 £'000			2019/20 £'000	
	(3,862)	HRA Balance brought forward		(4,003)
	(2,043)	(Surplus)/Deficit on the HRA Income and Expenditure Statement		(3,900)
		<u>Adjustments between Accounting Basis and Funding Basis under Regulations:</u>		
(5,141)		Gain or loss on sale of HRA non-current assets	(5,027)	
(771)		HRA share of contributions to or from the Pension Reserve	(826)	
1		Premiums and discounts on early repayment of debt	0	
1,783		Capital expenditure charged against HRA balance	1,221	
9,934	5,806	Transfers to/(from) the Capital Adjustment Account	12,100	7,468
	3,763	Net (Increase)/Decrease before transfers to or from reserves		3,568
	(3,904)	Transfers (to)/from Major Repairs Reserve		(4,191)
	(141)	(Increase)/Decrease in year in the HRA		(623)
	(4,003)	Balance on HRA at the end of the current year		(4,626)

NOTES TO THE HOUSING REVENUE ACCOUNT

1. Housing Stock

The Council was responsible for managing an average stock of 4,415 dwellings during 2019/20 (2018/19 – 4,440). The stock at 31 March 2020 was made up as follows:

Houses	1,572
Flats	2,147
Bungalows	688
Other	1
Total	4,408

The change in stock can be summarised as follows:

2018/19		2019/20
4,458	Stock at 1 April	4,422
(37)	Less Sales	(17)
0	Plus Additions	4
1	Net transfers/other disposals	(1)
4,422	Stock at 31 March	4,408

In addition to the above, the Council has a stock of 861 garages (869 at 31 March 2019). These were valued at £2,853,125 at 31 March 2020 (£2,803,659 at 31 March 2019).

2. Value of the Housing Stock

The value of the Council's housing stock at 31 March 2020 was £182,310,886 (£178,619,888 at 31 March 2019). A full revaluation of the housing stock was undertaken as at 31 March 2019 and each year the dwellings are valued on the basis of a social housing adjustment factor which was 42% as at 31 March 2020.

The vacant possession value of dwellings at 31 March 2020 was £434,073,538 (£425,285,449 at 31 March 2019). The difference between the vacant possession value and the balance sheet value, amounting to £251,762,652, represents the economic cost to government of providing council housing at less than open market rents. Revaluations of the housing stock are undertaken on 31 March each year with the next full revaluation taking place on 31 March 2024.

3. Major Repairs Reserve

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

2018/19 £'000		2019/20 £'000
0	Balance at 1 April	0
(3,904)	Depreciation charge to Housing Revenue Account	(4,191)
3,904	Expenditure financed from Major Repairs Reserve	4,191
0	Balance at 31 March	0

4. Capital Expenditure and Capital Receipts

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

2018/19 £'000		2019/20 £'000
5,695	Capital Expenditure	6,013
	Financed by:	
0	Borrowing	0
0	Capital Receipts	579
8	Government/Other Grants	22
0	Section 106 Contributions	0
3,904	Major Repairs Reserve	4,191
1,783	Revenue Contributions	1,221
5,695		6,013

Proceeds from the sale of dwellings within the Housing Revenue Account amounted to £1.153m for 2019/20 (£2.036m for 2018/19).

5. Depreciation

The Council's Estates Officer has determined that the assessed land value within council dwellings should not be depreciated. A 20 year depreciation period has been applied in respect of garages. Adjustments are made for improvement expenditure and sales occurring during the year. The total depreciation charge in 2019/20 was £4,084,689 (2018/19 - £3,818,834).

The depreciation charge for 2019/20 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 2019/20 was £44,526 (2018/19 - £50,828).

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 2019/20 was £62,202 (2018/19 - £34,735).

6. Impairment and Revenue Expenditure Funded from Capital under Statute

Impairment charges are identified by examining records of insurance claims made during the year for damage to Council dwellings together with a review of asset values by the Estates Officer. The Estates Officer's review of the Council's housing stock at 31 March 2020 resulted in an increase of £7.981m in the value of the Council's housing stock. The entire sum was charged to the Capital Adjustment Account to offset impairment charges accumulated in previous years.

7. Rent Arrears

The total amount of rent arrears as at 31 March 2020 was £448,600 (2018/19 - £425,094). The provision for doubtful debts is £159,400 (2018/19 - £130,750).

8. Contribution from Pensions Reserve

International Accounting Standard 19 requires the services within the Housing Revenue Account to be charged with 'current service' pension costs. The Council's superannuation rate paid to the Nottinghamshire County Council Pension Fund in 2019/20 was 14.4% in respect of future service plus a monetary amount to cover historic deficits. This equated to an overall rate of approximately 19.9%. 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 2019/20 the contribution from the pensions reserve amounted to £492,070 (2018/19 – contribution from reserve of £431,494).

9. Interest Payable

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

COLLECTION FUND

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

2018/19				Note	2019/20		
Non Domestic Rates £'000	Council Tax £'000	Total £'000			Non Domestic Rates £'000	Council Tax £'000	Total £'000
			Income				
0	(63,389)	(63,389)	Council Tax Receivable	1 & 3	0	(66,554)	(66,554)
(25,909)	0	(25,909)	Business Rates Receivable	1 & 2	(27,061)	0	(27,061)
0	0	0	Contributions Towards Previous Year's Deficit	1	0	0	0
(901)	0	(901)	Central Government		(289)	0	(289)
(721)	0	(721)	Broxtowe Borough Council		(232)	0	(232)
(162)	0	(162)	Nottinghamshire County Council		(52)	0	(52)
(18)	0	(18)	Nottinghamshire Fire Authority		(6)	0	(6)
0	0	0	Nottinghamshire Police Authority		0	0	0
(27,711)	(63,389)	(91,100)			(27,640)	(66,554)	(94,194)
			Expenditure				
			Council Tax Precepts and Demands/ Shares of NDR	1			
			Income:				
13,997	0	13,997	Central Government		13,580	0	13,580
11,198	5,414	16,612	Broxtowe Borough Council		11,062	5,450	16,512
2,520	47,478	49,998	Nottinghamshire County Council		2,465	49,706	52,171
280	2,593	2,873	Nottinghamshire Fire Authority		274	2,687	2,961
0	6,535	6,535	Nottinghamshire Police Authority		0	7,386	7,386
2	0	2	Adjustment to Business Rates Deficit position as reported to Government	2	0	0	0
0	808	808	Parish/Town Councils		0	851	851
0	25	25	Beeston Special Expenses Area		0	25	25

2018/19				Note	2019/20		
Non Domestic Rates £'000	Council Tax £'000	Total £'000			Non Domestic Rates £'000	Council Tax £'000	Total £'000
			Distribution of Previous Year's Surplus	1			
0	0	0	Central Government		0	0	0
0	43	43	Broxtowe Borough Council		0	51	51
0	316	316	Nottinghamshire County Council		0	391	391
0	17	17	Nottinghamshire Fire Authority		0	21	21
0	43	43	Nottinghamshire Police Authority		0	54	54
			Charges to the Collection Fund				
303	(263)	40	Write Offs & Uncollectable Increase/(Decrease) in Bad Debt provision		99	170	269
(365)	20	(345)	Increase/(Decrease) in Appeals provision		1	40	41
(525)	0	(525)	Transitional Protection		339	0	339
(654)	0	(654)	Payment to/(from) Central Government		(349)	0	(349)
103	0	103	Cost of Collection allowance		103	0	103
26,859	63,029	89,888			27,574	66,832	94,406
(852)	(360)	(1,212)	Deficit/(Surplus) for the year		(66)	278	212
1,289	(205)	1,084	Deficit/(Surplus) b/fwd at 1 April		437	(565)	(128)
437	(565)	(128)	Deficit/(Surplus) at 31 March		371	(287)	84

NOTES TO THE COLLECTION FUND

1. The Collection Fund

General

The Collection Fund is an agent's statement that reflects the statutory obligation for billing authorities such as Broxtowe Borough Council to maintain a separate Collection Fund. The statement shows the transactions of the billing authority in relation to the collection from taxpayers and distribution to local authorities and the Government of Council Tax and non-domestic rates (business rates).

Council Tax

The Council Tax precepts and demands of this Council, Nottinghamshire County Council, the Nottinghamshire Police Authority and the Nottinghamshire Fire Authority are paid out from the Collection Fund and collected from taxpayers. The Council Tax requirement of this Council includes funding for Parish/Town Councils and Beeston Special Expenses Area, totalling £876,321 in 2019/20 (£833,134 in 2018/19) which is distributed to these bodies from the Council's General Fund. Any balance generated on the Fund attributable to council tax, for example due to any difference between forecast and actual council tax base and collection rates, will be distributed (or recovered) in future years in proportion to the value of the respective precepts and demands.

Business Rates

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

The amount of Non-Domestic Rates receivable is set by the Non Domestic Rate Multiplier- see note 2. Under the system of business rates retention, Non Domestic Rates income is distributed between Central Government (50%), Broxtowe Borough Council (40%), Nottinghamshire County Council (9%) and Nottinghamshire Fire Authority (1%). Of the Non Domestic Rates income the Council receives £7.890m in 2019/20 (£7.713m in 2018/19) is paid in a tariff to Nottinghamshire County Council in accordance with the Business Rates retention scheme.

This Council is a member of the Nottinghamshire Business Rates Pool along with the 6 other Nottinghamshire district councils, Nottinghamshire Fire Authority and Nottinghamshire County Council. The pool is administered by Nottinghamshire County Council and has the advantage of potentially generating additional business rates growth through collaborative working. It also smooths out the impact of volatility across a wider economic area.

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

The total Non-Domestic Rateable Value at 31 March 2020 amounted to £66.826m (31 March 2019 - £66.538m) and the Non-Domestic Rate Multiplier for 2019/20 was 50.4p in the pound (2017/18– 49.3p). In 2019/20 the Small Business Rate Relief multiplier was 49.1p where it applies.

3. Council Tax Base 2019/20

Band	Total Dwellings	Ratio to Band D	Number of Dwellings (Band D Equivalents)
A DPR	26.24	5/9	14.58
A	10,600.25	6/9	7,066.83
B	10,602.20	7/9	8,246.16
C	9,410.30	8/9	8,364.71
D	5,562.96	9/9	5,562.96
E	2,461.31	11/9	3,008.27
F	698.86	13/9	1,009.46
G	429.50	15/9	715.83
H	16.25	18/9	32.50
	39,807.87		34,021.30
Council Tax losses on Collection at Collection Rate of 98.5%			(510.32)
Class 'O'			163.90
Banding adjustments for parishes			(0.17)
Total			33,674.71

The Band D equivalent figures are derived by multiplying the number of dwellings in each band (adjusted for discounts) by the ratios shown above. The Band D charge for 2019/20 was £161.85.

GROUP ACCOUNTS

Introduction

The authority is required to adhere to proper accounting practices comprised primarily of the Code of Practice on Local Authority Accounting in the United Kingdom 2019/20, 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 Ltd is a company limited by guarantee and is wholly owned by Broxtowe Borough Council. The company commenced trading on 1 October 2016. Its objectives include the provision of leisure, sports, cultural and heritage services for the benefit of the public. The company is overseen by a Board of Directors which consists of one Broxtowe Borough Council elected member, three Broxtowe Borough Council officers and the Managing Director of the Company.

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

Liberty Leisure Ltd produce accounts with a year end date of 31 March. The accounts for the period from 1 April 2019 to 31 March 2020 have been prepared by Haines Watts Chartered Accountants of Stapleford, Nottingham in accordance with the Financial Reporting Standard for Smaller Entities. The accounts are filed at Companies House in accordance with the Companies Act 2006.

Accounting Policies

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

Liberty Leisure Ltd is subject to a charge for taxation which is based upon its results for the year and takes into account taxation deferred because of the timing differences between the treatment of certain items for taxation and accounting purposes. Except where otherwise required, full provision is made without discounting in respect of all timing differences which have arisen but are not reversed at the balance sheet date.

GROUP COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT

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

Year Ended 31 March 2019 Restated				Year Ended 31 March 2020		
Gross Expend £'000	Income £'000	Net Expend £'000		Gross Expend £'000	Income £'000	Net Expend £'000
548	(361)	187	Housing	623	(376)	247
8,098	(4,099)	3,999	Environment	7,959	(3,569)	4,390
1,755	(1,220)	535	Business Growth	1,956	(1,151)	805
2,353	(363)	1,990	Community Safety	2,188	(378)	1,810
7,836	(5,932)	1,904	Health	6,729	(3,766)	2,963
21,188	(20,708)	480	Revenues, Benefits & Customer Services	18,268	(17,594)	674
7,689	(2,534)	5,155	Resources	8,100	(2,732)	5,368
1,258	(359)	899	ICT & Business Transformation	1,468	(428)	1,040
5,743	(16,065)	(10,322)	Local Authority Housing (HRA)	4,176	(16,196)	(12,020)
56,468	(51,641)	4,827	Cost of Services – Continuing Operations	51,467	(46,190)	5,277
		5,780	Other Operating Expenditure			5,736
		4,010	Financing and Investment Income and Expenditure			4,249
		(12,300)	Taxation and Non-Specific Grant Income			(11,694)
		2,317	(Surplus) or Deficit on Provision of Services			3,568
		44	Corporation Tax			(2)
		2,361	Group (Surplus)/Deficit			3,566
		(8,279)	(Surplus) or Deficit on Revaluation of Property, Plant and Equipment Assets			(179)
		(7,359)	Measurements of the Net Defined Benefit Liability/(Asset)			(4,095)
		(15,638)	Other Comprehensive Income and Expenditure			(4,274)
		(13,277)	Total Comprehensive Income and Expenditure			(708)

GROUP MOVEMENT IN RESERVES STATEMENT


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

	General Fund & Earmarked Reserves £'000	Housing Revenue Account £'000	Capital Receipts Reserve £'000	Major Repairs Reserve £'000	Capital Grants Unapplied £'000	Bramcote Bereav't Services £'000	Total Usable Reserves £'000	Unusable Reserves £'000	Total Reserves £'000
Balance at 31 March 2018 Carried Forward Restated	(6,556)	(3,862)	(3,011)	0	0	(333)	(13,762)	(55,038)	(68,800)
Movement in Reserves during 2018/19									
Total Comprehensive Income and Expenditure	4,314	(2,043)	0	0	0	90	2,361	(15,638)	(13,277)
Adjustments between accounting basis & funding basis under regulations	(4,589)	1,902	(1,465)	0	0	(36)	(4,188)	4,188	0
Increase/decrease in 2018/19	(275)	(141)	(1,465)	0	0	54	(1,827)	(11,450)	(13,277)
Balance at 31 March 2019 Carried Forward	(6,831)	(4,003)	(4,476)	0	0	(279)	(15,589)	(66,488)	(82,077)
Movement in Reserves during 2019/20									
Total Comprehensive Income and Expenditure	7,241	(3,900)	0	0	0	225	3,566	(4,274)	(708)
Adjustments between accounting basis & funding basis under regulations	(6,635)	3,277	(298)	0	0	(82)	(3,738)	3,738	0
Increase/decrease in 2019/20	606	(623)	(298)	0	0	143	(172)	(536)	(708)
Balance at 31 March 2020 Carried Forward	(6,225)	(4,626)	(4,774)	0	0	(136)	(15,761)	(67,024)	(82,785)

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".

31 March 2019 Restated £'000		31 March 2020 £'000
219,105	Property, Plant & Equipment	223,451
320	Heritage Assets	315
519	Intangible Assets	467
4,068	Long Term Investments	4,754
110	Long Term Debtors	78
224,122	Long Term Assets	229,065
2,003	Short Term Investments	0
3,495	Assets Held for Sale	2,080
210	Inventories	207
6,417	Short Term Debtors	5,895
10,112	Cash and Cash Equivalents	12,299
22,237	Current Assets	20,481
(14,318)	Short Term Borrowing	(15,265)
(8,648)	Short Term Creditors	(8,380)
(340)	Provisions	(322)
(23,306)	Current Liabilities	(23,967)
(348)	Provisions	(484)
(82,955)	Long Term Borrowing	(82,946)
(56,232)	Net Pension Liability	(57,634)
(1,441)	Capital Grants Receipts in Advance	(1,730)
(140,976)	Long Term Liabilities	(142,794)
82,077	Net Assets	82,785
(15,589)	Usable Reserves	(15,761)
(66,488)	Unusable Reserves	(67,024)
(82,077)	Total Reserves	(82,785)



Z Darr BSc, CPFA., MBA – Deputy Chief Executive

30 November 2020

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.

2018/19 Restated £'000		2019/20 £'000
(2,361)	Net surplus or (deficit) on the provision of services	(3,566)
11,461	Adjustments to net surplus or deficit for non-cash movements	13,437
1,956	Adjustments for items included in the net surplus or deficit on the provision of services that are investing and financing activities	(2,141)
11,056	Net cash flows from operating activities	7,730
(4,746)	Investing activities	(6,071)
(408)	Financing activities	528
5,902	Net increase or (decrease) in cash equivalents	2,187
4,210	Cash and cash equivalents at the beginning of the reporting period	10,112
10,112	Cash and cash equivalents at the end of the reporting period	12,299

GROUP ACCOUNT NOTES

Introduction

The following notes have been prepared on an exception basis with only those items which have changed from the Borough Council's Statement of Accounts being included. For all other items, reference should be made to the Council's Comprehensive Income and Expenditure Statement on page 28 and Balance Sheet on page 30 and the appropriate note.

1. Inter Company Transactions

The Group Accounts exclude transactions between the two organisations; this ensures that expenditure and income is only reflected once within the accounts. The elements of the accounts adjusted for inter-company transactions are detailed below.

<u>Comprehensive Income and Expenditure Statement</u>	Broxtowe Adjusted 2019/20 £'000	Liberty Leisure Adjusted 2019/20 £'000	Group 2019/20 £'000
(Surplus)/Deficit on Continuing Operations	4,181	1,096	5,277
Financing and Investment Income and Expenditure	4,166	83	4,249
(Surplus)/Deficit on Provision of Services	2,389	1,179	3,568

<u>Balance Sheet</u>	Broxtowe Adjusted 2019/20 £'000	Liberty Leisure Adjusted 2019/20 £'000	Group 2019/20 £'000
Inventories	197	10	207
Short Term Debtors	6,014	(119)	5,895
Short Term Creditors	(7,601)	(779)	(8,380)

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

2018/19 Restated £'000		2019/20 £'000
2,195	(Surplus)/Deficit on the Council's Comprehensive Income and Expenditure Statement	2,389
166	Adjustments for transactions with other Group entities	1,177
2,361	(Surplus)/Deficit for the year on the Group Comprehensive Income and Expenditure Statement	3,566

3. Expenditure and Funding Analysis

The Expenditure and Funding Analysis shows how annual expenditure is used and funded from resources (government grants, rents, council tax and business rates) by local authorities in comparison with those resources consumed or earned by authorities in accordance with generally accepted accounting practices. It also shows how expenditure is allocated for decision making purposes between the council's committees. Income and expenditure accounted for under generally accepted accounting practices is presented more fully in the Comprehensive Income and Expenditure Statement.

2018/19 Restated				2019/20		
Net Expenditure Chargeable to the General Fund and HRA balances £'000	Adjustments between the Funding and Accounting Basis £'000	Net Expenditure in the Comprehensive Income and Expenditure Statement £'000		Net Expenditure Chargeable to the General Fund and HRA balances £'000	Adjustments between the Funding and Accounting Basis £'000	Net Expenditure in the Comprehensive Income and Expenditure Statement £'000
			Corporate Priority			
190	(3)	187	Housing	249	(2)	247
3,568	431	3,999	Environment	3,766	624	4,390
658	(123)	535	Business Growth	885	(80)	805
1,135	855	1,990	Community Safety	1,176	634	1,810
1,025	879	1,904	Health	1,476	1,487	2,963
619	(139)	480	Revenues, Benefits and Customer Services	820	(146)	674
3,052	2,103	5,155	Resources	1,704	3,664	5,368
780	119	899	ICT and Business Transformation	905	135	1,040
(3,939)	(6,383)	(10,322)	Local Authority Housing (HRA)	(7,861)	(4,159)	(12,020)
7,088	(2,261)	4,827	Net Cost of Service	3,120	2,157	5,277
(7,450)	4,984	(2,466)	Other Income and Expenditure	(2,994)	1,283	(1,711)
(362)	2,723	2,361	Surplus or Deficit	126	3,440	3,566
10,751			Opening General Fund and HRA balances at 1 April	11,113		
362			Less/Plus Surplus or (Deficit) on General Fund and HRA Balance in Year	(126)		
11,113			Closing General Fund and HRA Balance at 31 March	10,987		

Adjustments between Funding and Accounting Basis

Adjustments from General Fund to arrive at the Comprehensive Income and Expenditure Statement amounts	Adjustments for Capital Purposes £'000	Net change for Pensions Adjustments £'000	Other Statutory Adjustments £'000	Total Adjustments £'000
<u>2018/19 - Restated</u>				
Housing	0	(3)	0	(3)
Environment	864	(433)	0	431
Business Growth	18	(141)	0	(123)
Community Safety	966	(111)	0	855
Health	451	428	0	879
Revenues, Benefits & Customer Services	0	(139)	0	(139)
Resources	882	1,221	0	2,103
ICT & Business Transformation	154	(35)	0	119
Local Authority Housing (HRA)	(6,030)	(353)	0	(6,383)
Net Cost of Services	(2,695)	434	0	(2,261)
Other income and expenditure from the Expenditure and Funding Analysis	944	4,534	(494)	4,984
Difference between General Fund surplus or deficit and Comprehensive Income and Expenditure Statement Surplus or Deficit on the Provision of Services	(1,751)	4,968	(494)	2,723
<u>2019/20</u>				
Housing	0	(2)	0	(2)
Environment	1,079	(455)	0	624
Business Growth	84	(164)	0	(80)
Community Safety	752	(118)	0	634
Health	384	1,103	0	1,487
Revenues, Benefits & Customer Services	0	(146)	0	(146)
Resources	2,291	1,373	0	3,664
ICT & Business Transformation	174	(39)	0	135
Local Authority Housing (HRA)	(3,717)	(442)	0	(4,159)
Net Cost of Services	1,047	1,110	0	2,157
Other income and expenditure from the Expenditure and Funding Analysis	(2,718)	3,681	320	1,283
Difference between General Fund surplus or deficit and Comprehensive Income and Expenditure Statement Surplus or Deficit on the Provision of Services	(1,671)	4,791	320	3,440

Adjustments for Capital Purposes

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

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

Net Change for Pensions Adjustments

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

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

Other Statutory Adjustments

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

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

4. Inventories

2018/19 £'000		2019/20 £'000
195	Broxtowe - Central Stores	197
15	Liberty Leisure - Stock	10
210	Total	207

5. Short Term Debtors

2018/19 £'000		2019/20 £'000
1,058	Central Government Bodies	653
300	Housing Benefit Overpayments	210
2,605	Other Local Authorities	1,421
309	HMRC	479
294	Housing Rents	289
175	Council Tax Payers	195
119	Non Domestic Rates Payers	170
289	Non Domestic Rates Pool	229
1,268	Other Entities and Individuals	2,249
6,417	Total	5,895

6. Cash and Cash Equivalents

2018/19 £'000		2019/20 £'000
1	Cash in hand	2
1,571	Bank current accounts	1,469
0	Other Local Authorities	6,000
8,540	Money Market Funds	4,828
10,112	Total	12,299

7. Short Term Creditors

2018/19 £'000		2019/20 £'000
(990)	Central Government Bodies	(1,785)
(2,404)	Other Local Authorities	(563)
(6)	NHS Bodies	0
(245)	HMRC	0
(92)	Council Tax Payers	(92)
(165)	Non Domestic Rates Payers	(96)
(563)	Non Domestic Rates Pool	(508)
0	Housing Rents	(275)
(4,183)	Other entities and individuals	(5,061)
(8,648)	Total	(8,380)

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 pension liability of £3.703m at 31 March 2020 (£3.729m 31 March 2019) in respect of Liberty Leisure has been consolidated within the Group Accounts.

9. Cash Flow Statement

The cash flows in respect of Liberty Leisure Ltd have been consolidated within a cash flow statement for the group. All Liberty Leisure Ltd's cash flows in 2018/19 and 2019/20 arose from operating activities. There were no investing or financing activities.

AUDITOR'S REPORT

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GLOSSARY OF TERMS

ACCOUNTING POLICIES

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

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

Accounting policies do not include estimation techniques.

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

ACCRUALS

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

ADMINISTRATIVE BUILDINGS

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

AMORTISATION

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

ASSET REGISTER

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

BALANCES

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

BALANCE SHEET

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

BILLING AUTHORITIES

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

BUDGET

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

BUDGET REQUIREMENT

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

CAPITAL ADJUSTMENT ACCOUNT

This account replaced the former Capital Financing Account with effect from 1 April 2007 and provides a balancing mechanism between the different rates at which depreciated assets are financed through the capital controls system. The Capital Adjustment Account and the Revaluation Reserve are matched by fixed assets within the Balance Sheet. They are not resources available to the Council and are therefore termed Unusable Reserves.

CAPITAL CHARGES

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

CAPITAL EXPENDITURE

Expenditure on the acquisition or improvement of assets which will have a long-term value to the Council, e.g. land, buildings, furniture, equipment, etc. Definitions are set out in Section 40 of the Local Government and Housing Act 1989. Any expenditure that does not fall within the definition must be charged to a service revenue account.

CAPITAL PROGRAMME

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

CAPITAL RECEIPTS

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

CHARTERED INSTITUTE OF PUBLIC FINANCE AND ACCOUNTANCY (CIPFA)

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

COLLECTION FUND

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

COMMUNITY ASSETS

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

CONTINGENCY

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

CONTINGENT LIABILITIES

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

CORPORATE AND DEMOCRATIC CORE (CDC)

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

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

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

COUNCIL TAX

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

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

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

COUNCIL TAX DISCOUNTS AND EXEMPTIONS

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

COUNCIL TAX BASE

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

DEPRECIATION

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

DIRECT REVENUE FINANCING

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

EARMARKED RESERVES

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

EMOLUMENTS

All sums paid to or receivable by an employee and any sums due by way of expense allowance (as far as these sums are chargeable for income tax) and the monetary value of any other benefits received other than in cash. Pension contributions payable by either employees or employers are excluded.

EXTERNAL AUDIT

The independent examination of the activities and accounts of local authorities to ensure that the accounts have been prepared in accordance with legislative requirements and proper practices and to ensure that the Council has made proper arrangements to secure economy, efficiency and effectiveness in its use of resources.

FEES AND CHARGES

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

FINANCE LEASE

Arrangement whereby the lessee is treated as owner of the leased asset and is required to include such assets within fixed assets on the Balance Sheet.

FINANCIAL INSTRUMENT

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

FINANCIAL INSTRUMENT ADJUSTMENT ACCOUNT

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

FINANCIAL REGULATIONS

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

FINANCIAL YEAR

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

FIXED ASSET

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

FORMULA GRANT

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

F.T.E.

Full-time equivalent - relates to employee numbers.

GENERAL FUND

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

GENERALLY ACCEPTED ACCOUNTING PRINCIPLES (GAAP)

GAAP is the standard framework of guidelines for financial accounting. It includes the standards, conventions and rules accountants follow in recording and summarising transactions and in the preparation of financial statements.

GOVERNMENT GRANTS

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

GROSS EXPENDITURE

The total cost of providing Council services before taking into account income from government grants and fees and charges for services.

HERITAGE ASSETS

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

HOUSING BENEFIT

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

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

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

HOUSING REVENUE ACCOUNT (HRA)

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

HOUSING REVENUE ACCOUNT (HRA) BUSINESS PLAN

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

HOUSING STRATEGY

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

IMPAIRMENT

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

INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS)

Accounting standards adopted from 1 April 2010 for local government bodies.

INFRASTRUCTURE ASSETS

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

INTANGIBLE ASSETS

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

INTERNAL AUDIT

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

INVESTMENT PROPERTY

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

INVESTMENTS

Deposits with approved institutions.

JOINT COMMITTEE

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

LEASING

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

LONG TERM DEBTORS

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

MEDIUM TERM FINANCIAL STRATEGY

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

MINIMUM REVENUE PROVISION

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

NET EXPENDITURE

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

NON-DOMESTIC RATES (NDR)

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

NON-OPERATIONAL ASSETS

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

OPERATIONAL ASSETS

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

OPERATIONAL LEASE

An arrangement whereby the risks and rewards of ownership of the leased asset remain with the lessor.

OUT-TURN

Actual income and expenditure.

PENSION FUND

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

PRECEPT

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

PROVISIONS

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

PRUDENTIAL CODE

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

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

PUBLIC WORKS LOAN BOARD

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

RATEABLE VALUE

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

RENT REBATES

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

REPAIRS AND RENEWALS RESERVE

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

REVALUATION RESERVE

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

REVENUE EXPENDITURE

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

REVENUE EXPENDITURE FUNDED FROM CAPITAL UNDER STATUTE (REFCUS)

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

SPECIFIC GRANTS

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

STANDING ORDERS

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

SUPPORTING PEOPLE

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

UNUSABLE RESERVES

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

USABLE RESERVES

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

VIREMENT

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

VOIDS

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