

# THE CORE FINANCIAL STATEMENTS



## 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.

|   | 2021/22       |                 |                    | 2020/21       |                 |                    | Note            |
|---|---------------|-----------------|--------------------|---------------|-----------------|--------------------|-----------------|
|   | Expenditure   | Income          | Net<br>Expenditure | Expenditure   | Income          | Net<br>Expenditure |                 |
|   | £'000         | £'000           | £'000              | £'000         | £'000           | £'000              |                 |
| Chief Executive Officer                         | 716           | (79)            | 637                | 543           | 0               | 543                |                 |
| Resources and Business Transformation           | 31,348        | (25,336)        | 6,012              | 35,985        | (28,811)        | 7,174              |                 |
| Legal and Governance                            | 2,339         | (670)           | 1,669              | 2,008         | (555)           | 1,453              |                 |
| Place & Communities                             | 18,366        | (6,882)         | 11,484             | 20,023        | (9,360)         | 10,663             |                 |
| Housing & Assets                                | 5,560         | (2,522)         | 3,038              | 4,234         | (1,814)         | 2,420              |                 |
| HRA - Housing Revenue Account                   | 12,161        | (24,830)        | (12,669)           | 18,709        | (24,422)        | (5,713)            |                 |
| <b>Cost Of Services</b>                         | <b>70,490</b> | <b>(60,319)</b> | <b>10,171</b>      | <b>81,502</b> | <b>(64,962)</b> | <b>16,540</b>      |                 |
| <b>Other Operating Expenditure</b>              |               |                 |                    |               |                 |                    |                 |
| Parish Council Precepts                         |               |                 | 289                |               |                 | 290                | Collection Fund |
| Contribution to Housing Pooled Capital Receipts |               |                 | 555                |               |                 | 555                | Note 25b        |
| Net Loss or (Gain) on sale of Fixed Assets      |               |                 | (27)               |               |                 | (215)              | Note 16         |
| <b>Total Operating Expenditure</b>              |               |                 | <b>10,988</b>      |               |                 | <b>17,170</b>      |                 |

## Comprehensive Income and Expenditure Statement (Continued)

|  | 2021/22<br>Net<br>Expenditure<br>£'000 | 2020/21<br>Net<br>Expenditure<br>£'000 | Note     |
|--|--|--|----------|
| <b>Financing and Investment Income and Expenditure</b>     |  |  |          |
| Interest Payable and Other Charges                         | 3,517                                  | 3,525                                  | Note 10  |
| Interest Receivable and Investment Income                  | (4,429)                                | (4,146)                                |          |
| Pensions Net Interest Cost                                 | 2,438                                  | 2,132                                  | Note 35b |
| Crematorium Pensions Net Interest Cost                     | 14                                     | 11                                     |          |
|  | 1,540                                  | 1,522                                  |          |
| Net Operating Expenditure                                  | 12,528                                 | 18,692                                 |          |
| <b>Taxation and Non-Specific Grant Income</b>              |  |  |          |
| Government Grants  | (1,858)                                | (3,937)                                | Note 9   |
| Capital Grants   | (11,881)                               | (3,988)                                | Note 9   |
| NNDR Receipts  | (7,355)                                | (6,115)                                | Note 9   |
| Council Tax  | (6,760)                                | (6,721)                                |          |
|  | (27,854)                               | (20,761)                               |          |
| <b>(Surplus) or Deficit on Provision of Services</b>       | <b>(15,326)</b>                        | <b>(2,069)</b>                         |          |
| Surplus or deficit on revaluation of fixed assets          | (11,725)                               | (10,034)                               |          |
| Remeasurements on pension assets / liabilities             | (18,429)                               | 28,485                                 | Note 35b |
| Crematorium Remeasurements on pension assets / liabilities | (53)                                   | 244                                    | Note 25g |
| <b>Other Comprehensive Income and Expenditure</b>          | <b>(30,207)</b>                        | <b>18,695</b>                          |          |
| <b>Total Comprehensive Income and Expenditure</b>          | <b>(45,533)</b>                        | <b>16,626</b>                          |          |

## **Movement in Reserves Statement**

This statement shows the movement in the year on the different reserves held by the Council, analysed into useable reserves (i.e. those that can be applied to fund expenditure or reduce taxation) and other reserves.

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

## Movement in Reserves Statement (Continued)

The movement in reserves statement for 2021/22 is set out below.

|  | General<br>Fund<br>Balance<br>£'000 | Service<br>Earmarked<br>Reserves<br>£'000 | Taxation<br>Earmarked<br>Reserve<br>£'000 | Housing<br>Revenue<br>Account<br>£'000 | Housing<br>Major Repair<br>Reserves<br>£'000 | HRA<br>Earmarked<br>Reserves<br>£'000 | Capital<br>Receipts<br>Reserve<br>£'000 | Capital<br>Grants<br>Reserve<br>£'000 | <b>Total<br/>Usable<br/>Reserves<br/>£'000</b> | <b>Total<br/>Unusable<br/>Reserves<br/>£'000</b> | <b>Total<br/>Authority<br/>Reserves<br/>£'000</b> |
|--|-------------------------------------|---|---|--|--|---------------------------------------|---|---------------------------------------|--|--|---|
| <b>Balance at 31 March 2021</b>  | 7,901                               | 14,250                                    | 4,836                                     | 41,622                                 | 310  | 900                                   | 3,901                                   | 4,937                                 | <b>78,657</b>                                  | <b>63,965</b>                                    | <b>142,622</b>                                    |
| Surplus or (deficit) on provision of services<br>(accounting basis)              | 6,159                               | 0   | 0   | 9,167                                  | 0  | 0                                     | 0                                       | 0                                     | 15,326   | 0  | 15,326  |
| Other Comprehensive Expenditure and<br>Income                                    | 0                                   | 0   | 0   | 0                                      |  | 0                                     | 0                                       | 0                                     | 0  | 30,207   | 30,207  |
| <b>Total Comprehensive Expenditure and Income</b>                                | <b>6,159</b>                        | <b>0</b>                                  | <b>0</b>                                  | <b>9,167</b>                           | <b>0</b>                                     | <b>0</b>                              | <b>0</b>                                | <b>0</b>                              | <b>15,326</b>                                  | <b>30,207</b>                                    | <b>45,533</b>                                     |
| Adjustments between accounting basis &<br>funding basis under regulations        | (6,708)                             | 0   | 0   | (7,899)                                | 890  | 0                                     | 1,615                                   | 980                                   | <b>(11,122)</b>                                | <b>11,122</b>                                    | <b>0</b>  |
| <b>Net Increase / (Decrease) before Transfers<br/>to/from Earmarked Reserves</b> | <b>(549)</b>                        | <b>0</b>                                  | <b>0</b>                                  | <b>1,268</b>                           | <b>890</b>                                   | <b>0</b>                              | <b>1,615</b>                            | <b>980</b>                            | <b>4,204</b>                                   | <b>41,329</b>                                    | <b>45,533</b>                                     |
| Transfers to / (from) Earmarked Reserves   | 1,652                               | 947                                       | (2,599)                                   | 79                                     | 0  | (79)                                  | 0                                       | 0                                     | <b>0</b>                                       | <b>0</b>   | <b>0</b>  |
| <b>Increase / (Decrease) in Year</b>   | <b>1,103</b>                        | <b>947</b>                                | <b>(2,599)</b>                            | <b>1,347</b>                           | <b>890</b>                                   | <b>(79)</b>                           | <b>1,615</b>                            | <b>980</b>                            | <b>4,204</b>                                   | <b>41,329</b>                                    | <b>45,533</b>                                     |
| <b>Balance at 31 March 2022</b>  | <b>9,004</b>                        | <b>15,197</b>                             | <b>2,237</b>                              | <b>42,969</b>                          | <b>1,200</b>                                 | <b>821</b>                            | <b>5,516</b>                            | <b>5,917</b>                          | <b>82,861</b>                                  | <b>105,294</b>                                   | <b>188,155</b>                                    |
| Notes  |                                     | Note 24a                                  | Note 24b                                  | HRA Statement                          | HRA Note 4                                   | HRA Note 7                            | Note 24d                                | Note 24c                              |  | Note 25  |   |

## Movement in Reserves Statement (Continued)

The movement of reserves for 2020/21 for comparison purposes is set out below.

|  | General Fund Balance<br>£'000 | Earmarked Reserves<br>£'000 | Taxation Earmarked Reserve<br>£'000 | Housing Revenue Account<br>£'000 | Housing Major Repair Reserves<br>£'000 | HRA Earmarked Reserves<br>£'000 | Capital Receipts Reserve<br>£'000 | Capital Grants Reserve<br>£'000 | Total Usable Reserves<br>£'000 | Total Unusable Reserves<br>£'000 | Total Authority Reserves<br>£'000 |
|--|-------------------------------|-----------------------------|-------------------------------------|----------------------------------|--|---------------------------------|-----------------------------------|---------------------------------|--------------------------------|----------------------------------|-----------------------------------|
| <b>Balance at 31 March 2020</b>  | 6,713                         | 9,670                       | 0                                   | 36,817                           | 0                                      | 944                             | 2,666                             | 4,025                           | <b>60,835</b>                  | <b>98,413</b>                    | <b>159,248</b>                    |
| Surplus or (deficit) on provision of services (accounting basis)             | (166)                         | 0                           | 0                                   | 2,235                            |  | 0                               | 0                                 | 0                               | <b>2,069</b>                   | 0                                | 2,069                             |
| Other Comprehensive Expenditure and Income                                   | 0                             | 0                           | 0                                   | 0                                |  | 0                               | 0                                 | 0                               | <b>0</b>                       | (18,695)                         | (18,695)                          |
| Total Comprehensive Expenditure and Income                                   | (166)                         | 0                           | 0                                   | 2,235                            | 0                                      | 0                               | 0                                 | 0                               | <b>2,069</b>                   | <b>(18,695)</b>                  | <b>(16,626)</b>                   |
| Adjustments between accounting basis & funding basis under regulations       | 10,770                        | 0                           | 0                                   | 2,526                            | 310                                    | 0                               | 1,235                             | 912                             | <b>15,753</b>                  | <b>(15,753)</b>                  | <b>0</b>                          |
| <b>Net Increase / (Decrease) before Transfers to/from Earmarked Reserves</b> | 10,604                        | 0                           | 0                                   | 4,761                            | 310                                    | 0                               | 1,235                             | 912                             | <b>17,822</b>                  | <b>(34,448)</b>                  | <b>(16,626)</b>                   |
| Transfers to / from Earmarked Reserves                                       | (9,416)                       | 4,580                       | 4,836                               | 44                               | 0                                      | (44)                            | 0                                 | 0                               | <b>0</b>                       | <b>0</b>                         | <b>0</b>                          |
| Increase / (Decrease) in Year  | 1,188                         | 4,580                       | 4,836                               | 4,805                            | 310                                    | (44)                            | 1,235                             | 912                             | <b>17,822</b>                  | <b>(34,448)</b>                  | <b>(16,626)</b>                   |
| <b>Balance at 31 March 2021</b>  | <b>7,901</b>                  | <b>14,250</b>               | <b>4,836</b>                        | <b>41,622</b>                    | <b>310</b>                             | <b>900</b>                      | <b>3,901</b>                      | <b>4,937</b>                    | <b>78,657</b>                  | <b>63,965</b>                    | <b>142,622</b>                    |
| Notes  |                               | Note 24a                    | Note 24b                            | HRA Statement                    | HRA Note 4                             | HRA Note 7                      | Note 24d                          | Note 24c                        |                                | Note 25                          |                                   |

## Balance Sheet

The Balance Sheet shows the value of the assets and liabilities recognised by the Council as at the 31 March 22. The net assets of the Council (assets less liabilities) are matched by its reserves. Reserves are reported in two categories.

- Usable reserves, i.e. those reserves that the Council 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).
- Those that the Council is not able to use to provide services. This category 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'.

|   | Note     | As at 31st<br>March 2022<br>£'000 | As at 31st<br>March 2021<br>£'000 |
|---|----------|-----------------------------------|-----------------------------------|
| Property, Plant & Equipment               | Note 11  | 332,869                           | 303,612                           |
| Heritage Assets                           | Note 12  | 828                               | 828                               |
| Intangible Assets                         | Note 15  | 0                                 | 0                                 |
| Investment Properties                     | Note 14  | 50,670                            | 52,793                            |
| Long Term Debtors                         | Note 19  | 0                                 | 0                                 |
| <b>Long Term Assets</b>                   |          | <b>384,367</b>                    | <b>357,233</b>                    |
| Short Term Investments                    | Note 17e | 14,012                            | 0                                 |
| Inventories                               | Note 18  | 601                               | 515                               |
| Short Term Debtors                        | Note 19  | 8,429                             | 13,919                            |
| Cash and Cash Equivalents                 | Note 20  | 30,825                            | 17,593                            |
| Assets held for sale                      | Note 21  | 1,120                             | 226                               |
| <b>Current Assets</b>                     |          | <b>54,987</b>                     | <b>32,253</b>                     |
| Bank Overdraft                            | Note 20  | (2,186)                           | 0                                 |
| Short Term Borrowing                      | Note 17a | (6,503)                           | 0                                 |
| Short Term Creditors                      | Note 22  | (32,655)                          | (19,567)                          |
| Provisions                                | Note 23  | (656)                             | (632)                             |
| Revenue Grants Received in Advance        | Note 9   | (2,974)                           | (525)                             |
| <b>Current Liabilities</b>                |          | <b>(44,974)</b>                   | <b>(20,724)</b>                   |
| Long Term Creditors                       | Note 22  | 0                                 | 0                                 |
| Pension Liability                         | Note 35b | (110,625)                         | (124,085)                         |
| Crematorium Pension Liability             | Note 38  | (699)                             | (746)                             |
| Provisions                                | Note 23  | (2,639)                           | (2,485)                           |
| Long Term Borrowing                       | Note 17a | (91,966)                          | (98,476)                          |
| Revenue Contributions Received in Advance | Note 9   | (187)                             | (239)                             |
| Capital Contributions Received in Advance | Note 9   | (109)                             | (109)                             |
| <b>Long Term Liabilities</b>              |          | <b>(206,225)</b>                  | <b>(226,140)</b>                  |
| <b>Net Assets</b>                         |          | <b>188,155</b>                    | <b>142,622</b>                    |



|  | Note       | As at 31st<br>March 2022<br>£'000 | As at 31st<br>March 2021<br>£'000 |
|--|------------|-----------------------------------|-----------------------------------|
| <b>Usable Reserves</b>                   |            |                                   |                                   |
| General Fund Balance                     | MIR        | (9,004)                           | (7,901)                           |
| Service Earmarked Reserves               | Note 24a   | (15,197)                          | (14,250)                          |
| Taxation Earmarked Reserve               | Note 24b   | (2,237)                           | (4,836)                           |
| Housing Revenue Account                  | HRA SMB    | (42,969)                          | (41,622)                          |
| HRA Earmarked Reserves                   | HRA Note 7 | (821)                             | (900)                             |
| Major Repairs Reserve                    | HRA Note 4 | (1,200)                           | (310)                             |
| Usable Capital Receipts Reserve          | Note 24d   | (5,516)                           | (3,901)                           |
| Capital Grants Unapplied Reserve         | Note 24c   | (5,917)                           | (4,937)                           |
|  |            | <u>(82,861)</u>                   | <u>(78,657)</u>                   |
| <b>Unusable Reserves</b>                 |            |                                   |                                   |
| Revaluation Reserve                      | Note 25a   | (95,061)                          | (86,258)                          |
| Capital Adjustments Account              | Note 25b   | (123,924)                         | (109,241)                         |
| Pensions Reserve                         | Note 25c   | 110,625                           | 124,085                           |
| Crematorium Pensions Reserve             | Note 25g   | 706                               | 759                               |
| Accumulated Absences Account             | Note 25d   | 623                               | 594                               |
| Collection Fund Adj Acc - Council Tax    | Note 25f   | (46)                              | 54                                |
| Collection Fund Adj Acc - NNDR           | Note 25f   | 1,088                             | 5,338                             |
| Financial Instruments Adjustment Account | Note 25e   | 695                               | 704                               |
|  |            | <u>(105,294)</u>                  | <u>(63,965)</u>                   |
| <b>Total Reserves</b>                    |            | <u><b>(188,155)</b></u>           | <u><b>(142,622)</b></u>           |

## Cash Flow Statement

The Cash Flow statement shows the changes in cash and cash equivalents of the Council during the reporting period. The statement shows how the Council 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 Council are funded by way of taxation and grant income or income generated from services provided by the Council. Investing activities represent the extent to which cash outflows have been made for resources, which are intended to contribute to the Council's future service delivery. Cash flows arising from financing activities are useful in predicting claims on future cash flows by providers of borrowing to the Council. Further explanation supporting the Cash Flow can be found at Note 26.

|  | <b>2021/22</b><br><b>£'000</b> | <b>2020/21</b><br><b>£'000</b> | <b>Note</b> |
|--|--------------------------------|--------------------------------|-------------|
| Net surplus or (deficit) on the provision of services  | 15,326                         | 2,069                          | Note 7      |
| Adjustment to surplus or deficit on the provision of services for non-cash movements   | 33,974                         | 21,459                         | Note 26a    |
| Adjust for items included in the net surplus or deficit on the provision of services that are investing and financing activities | (13,858)                       | (5,664)                        | Note 26a    |
| Net Cash flows from operating activities   | 35,442                         | 17,864                         |             |
| Net Cash flows from Investing Activities   | (24,396)                       | (3,457)                        | Note 26c    |
| Net Cash flows from Financing Activities   | 0                              | (5,005)                        | Note 26d    |
| Net increase or decrease in cash and cash equivalents  | 11,046                         | 9,402                          |             |
| Cash and cash equivalents at the beginning of the reporting period   | 17,593                         | 8,191                          | Note 20     |
| Cash and cash equivalents at the end of the reporting period   | <b>28,639</b>                  | <b>17,593</b>                  | Note 20     |

# NOTES TO THE CORE FINANCIAL STATEMENTS



## **1. Accounting standards to be adopted**

The Code of Practice on Local Authority Accounting requires the Council to disclose the expected impact of new standards that have been issued but not yet adopted by the Code for the financial year. The standards applicable for 2021/22 financial statements, which will apply from 2022/23, are:

- The annual IFRS improvement programme notes 4 changed standards:
  - IFRS 1 (First-time adoption) – amendment relates to foreign operations of acquired subsidiaries transitioning to IFRS
  - IAS 37 (Onerous contracts) – clarifies the intention of the standard
  - IFRS 16 (Leases) – amendment removes a misleading example that is not referenced in the Code material
  - IAS 41 (Agriculture) – one of a small number of IFRSs that are only expected to apply to local authorities in limited circumstances.
- Property, Plant and Equipment: Proceeds before intended use (Amendments to IAS 16).

These are not expected to have a material impact on the statement of accounts for next year.

## **2. Critical Judgements in Applying Accounting Policies**

In applying the accounting policies as set out in the Statement of Accounting Policies, the Council has had to make critical judgements about complex transactions and those involving uncertainty about future events.

### **Future Funding**

There is a high degree of uncertainty about future levels of funding for local government. However, the Council has determined that this uncertainty is not as yet sufficient to provide an indication that the assets of the Council might be impaired, as a result of a need to close facilities and reduce levels of service provision.

## **3. Assumptions made about the future and sources of uncertainty**

The Statement of Accounts contains estimated figures that are based upon assumptions made by the Council about the future or that are otherwise uncertain. Estimates are made taking into account historical experience, current trends and other relevant factors. However, because balances cannot be determined with certainty, actual results could be materially different from the assumptions and estimates. The items in the Council's Balance Sheet at 31<sup>st</sup> March 2022 for which

there is a significant risk of material adjustment in the forthcoming financial year are as follows:

#### **a. Business Rates Appeals**

The Business Rate Retention scheme introduced a requirement to maintain a provision for rating appeals. The system is complex and neither the number of successful appeals nor the percentage reduction in rateable value (RV) achieved can be pre-determined. The current provision totals £5.597m, of which the Council's share as a billing authority is £2.239m, as detailed in note 23.

A change of 5% in the assumed RV reduction achieved for each NDR appeal could increase or decrease the provision requirement by around £280k. Of this, the Council's share as a billing authority would be £112k.

#### **b. Property, Plant and Equipment**

Assets are depreciated over useful lives that are dependent on assumptions about the level of repairs and maintenance that will be incurred in relation to individual assets. The current economic climate makes it uncertain that the Council will be able to sustain its current spending on repairs and maintenance, bringing into doubt the useful lives assigned to assets. If the useful life of assets is reduced, depreciation increases and the carrying amount of the assets falls. It is estimated that the annual depreciation charge for Property, Plant and Equipment would increase by £323k for every year that useful lives have to be reduced. This figure has increased in the current year due to increases in valuations for land and buildings.

#### **c. Pensions Liability**

Estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets. A firm of consulting actuaries is engaged to provide the Council with expert advice about the assumptions to be applied.

The effects on the net pension liability of changes in individual assumptions can be measured. For example, a one-year increase in the mortality assumption (life expectancy) would result in an increase of £11.882m in the pension liability, and a 0.1% increase in the discount rate assumption would result in a decrease in the pension liability of £4.836m. This is detailed at note 35. Differences arising from actual experiences or future changes in assumptions will be reflected in subsequent periods.

#### **d. Arrears and Doubtful Debts**

An estimate of the impairment allowance for doubtful debts is based upon the age and type of each debt. A collective assessment matrix is used, including the value of items with shared characteristics, e.g. type of debt, the period overdue, together with a weighting factor for the probability of default. At 31 March 2022, the Council had a balance for outstanding debtors of £11.346m. The total impairment for doubtful debts is £2.917m, as detailed at note 19. The on-going potential impact of Covid-19 on arrears levels and doubtful debt has been considered in the estimates.

The largest type of arrears and doubtful debts relates to overpaid Housing Benefits. There is a provision that relates specifically to those cases where adjustment to on-going benefit is not possible and the debt is pursued through the usual recovery methods. Given the current position on the account and the expected rate of recovery, this provision has decreased from £982k to £922k. In terms of overpaid Housing Benefit collected through on-going benefit the provision for bad debt has decreased from £105k to £79k.

### **4. Material Items of Income and Expense**

#### **e. Pensions**

The Council participates in the Local Government Pension Scheme administered locally by Nottinghamshire County Council. In addition to the recognised gains and losses included in the Comprehensive Income and Expenditure Statement, a positive re-measurement of £18.429m (compared to a negative re-measurement of £28.485m in 2020/21) is included in 'Other Comprehensive Income and Expenditure'.

#### **f. Impairment of Council Housing Stock**

A desktop valuation of all Council Dwellings was undertaken at 31st January 2022, which has resulted in £11.2m being credited to the Revaluation Reserve. The valuation has required that £3.0m of Capital Expenditure be impaired and a further £7.6m reversal of impairment from previous years.

### **5. Events after the Balance Sheet Date**

There have been no Post Balance Sheet events.

For the purposes of consideration, Post Balance Sheet events can occur up to approval of the Statements by the Audit Committee on 26<sup>th</sup> September 2022.

## **6. Expenditure and Funding Analysis**

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

|   | 2021/22   |  |   | 2020/21   |  |   |
|---|---|--|---|---|--|---|
|   | Net Expenditure Chargeable to the General Fund and HRA Balances | Adjustments between the Funding and Accounting Basis | Net Expenditure in the Comprehensive Income and Expenditure Statement | Net Expenditure Chargeable to the General Fund and HRA Balances | Adjustments between the Funding and Accounting Basis | Net Expenditure in the Comprehensive Income and Expenditure Statement |
|   | £'000   | £'000  | £'000   | £'000   | £'000  | £'000   |
| Chief Executive Officer   | 397   | 240  | 637   | 454   | 89   | 543   |
| Resources and Business Transformation                                       | 3,231   | 2,781  | 6,012   | 1,756   | 5,418  | 7,174   |
| Legal and Governance  | 1,532   | 137  | 1,669   | 1,421   | 32   | 1,453   |
| Place & Communities   | 7,615   | 3,869  | 11,484  | 7,560   | 3,103  | 10,663  |
| Housing and Assets  | 1,425   | 1,613  | 3,038   | 1,563   | 857  | 2,420   |
| HRA - Housing Revenue Account   | (5,160)   | (7,509)  | (12,669)  | (8,515)   | 2,802  | (5,713)   |
| <b>Net Cost Of Services</b>   | <b>9,040</b>  | <b>1,131</b>   | <b>10,171</b>   | <b>4,239</b>  | <b>12,301</b>  | <b>16,540</b>   |
| Other Income and Expenditure  | (9,759)   | (15,738)   | (25,497)  | (19,417)  | 808  | (18,609)  |
| <b>(Surplus)/Deficit in Year</b>  | <b>(719)</b>  | <b>(14,607)</b>                                      | <b>(15,326)</b>   | <b>(15,178)</b>   | <b>13,109</b>  | <b>(2,069)</b>  |
| <b>Opening General Fund, HRA and Earmarked Reserves Balance</b>             | <b>(69,509)</b>   |  |   | <b>(54,331)</b>   |  |   |
| Plus Surplus on General Fund and HRA Balances in Year                       | (719)   |  |   | (15,178)  |  |   |
| <b>Closing General Fund, HRA and Earmarked Reserves Balance at 31 March</b> | <b>(70,228)</b>   |  |   | <b>(69,509)</b>   |  |   |



## 6A. Notes to the Expenditure Fund Analysis.

The note for 2021/22 is set out below:

| Adjustments from<br>General Fund to arrive<br>at the Comprehensive<br>Income and Expenditure<br>Statement amounts  | Adjustments for<br>Capital Purposes | Net Change for<br>the Pensions<br>Adjustments | Other Differences | Total<br>Adjustments |
|--|-------------------------------------|---|-------------------|----------------------|
|  | (Note a)                            | (Note b)                                      | (Note c)          |                      |
|  | £'000                               | £'000   | £'000             | £'000                |
| Chief Executive Officer  | 0                                   | 240   | 0                 | 240                  |
| Resources and Business<br>Transformation   | 2,662                               | 393   | (274)             | 2,781                |
| Legal and Governance   | 0                                   | 136   | 1                 | 137                  |
| Place & Communities  | 2,923                               | 946   | 0                 | 3,869                |
| Housing and Assets   | 1,409                               | 204   | 0                 | 1,613                |
| HRA - Housing Revenue<br>Account   | 3,901                               | 611   | (12,022)          | (7,509)              |
| <b>Net Cost of Services</b>  | <b>10,895</b>                       | <b>2,531</b>                                  | <b>(12,295)</b>   | <b>1,131</b>         |
| <b>Other income and<br/>expenditure from the<br/>Expenditure and<br/>Funding Analysis</b>  | <b>13,646</b>                       | <b>2,452</b>                                  | <b>(31,836)</b>   | <b>(15,738)</b>      |
| <b>Difference between<br/>General Fund surplus or<br/>deficit and<br/>Comprehensive Income<br/>and Expenditure<br/>Statement Surplus or<br/>Deficit on the Provision<br/>of Services</b> | <b>24,541</b>                       | <b>4,983</b>                                  | <b>(44,131)</b>   | <b>(14,607)</b>      |

The note for 2020/21 is set out below:

| Adjustments from<br>General Fund to arrive<br>at the Comprehensive<br>Income and Expenditure<br>Statement amounts  | Adjustments for<br>Capital Purposes | Net Change for<br>the Pensions<br>Adjustments | Other Differences | Total<br>Adjustments |
|--|-------------------------------------|---|-------------------|----------------------|
|  | (Note a)                            | (Note b)                                      | (Note c)          |                      |
|  | £'000                               | £'000   | £'000             | £'000                |
| Chief Executive Officer  | 0                                   | 89  | 0                 | 89                   |
| Resources and Business<br>Transformation   | 5,707                               | 86  | (375)             | 5,418                |
| Legal and Governance   | 0                                   | 32  | 0                 | 32                   |
| Place & Communities  | 2,901                               | 202   | 0                 | 3,103                |
| Housing and Assets   | 814                                 | 43  | 0                 | 857                  |
| HRA - Housing Revenue<br>Account   | 3,816                               | 125   | (1,139)           | 2,802                |
| <b>Net Cost of Services</b>  | <b>13,239</b>                       | <b>577</b>                                    | <b>(1,514)</b>    | <b>12,301</b>        |
| <b>Other income and<br/>expenditure from the<br/>Expenditure and<br/>Funding Analysis</b>  | <b>5,918</b>                        | <b>2,143</b>                                  | <b>(7,253)</b>    | <b>808</b>           |
| <b>Difference between<br/>General Fund surplus or<br/>deficit and<br/>Comprehensive Income<br/>and Expenditure<br/>Statement Surplus or<br/>Deficit on the Provision<br/>of Services</b> | <b>19,157</b>                       | <b>2,720</b>                                  | <b>(8,767)</b>    | <b>13,109</b>        |

### a. Adjustments for Capital Purposes

This column adds in depreciation and impairment and revaluation gains and losses in the services line, and for:

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

### b. Net Change for the Pensions Adjustments

This column is the 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 authority 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.

### c. Other Differences

This column highlights 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.

## 6B. Segmental Income

Income received on a segmental basis is analysed below:

|   | <b>2021/22</b>  | <b>2020/21</b>  |
|---|-----------------|-----------------|
|   | <b>£'000</b>    | <b>£'000</b>    |
| <b>Services</b>                                   |                 |                 |
| Chief Executive Officer                           | (79)            | 0               |
| Resources & Business Transformation               | (25,336)        | (28,811)        |
| Legal & Governance                                | (670)           | (555)           |
| Place & Communities                               | (6,882)         | (9,360)         |
| Housing & Assets                                  | (2,522)         | (1,814)         |
| HRA - Housing Revenue Account                     | (24,830)        | (24,422)        |
| <b>Total income analysed on a segmental basis</b> | <b>(60,319)</b> | <b>(64,962)</b> |

## 7. Expenditure and Income Analysed by Nature

|  | 2021/22<br>£'000 | 2020/21<br>£'000 |
|--|------------------|------------------|
| <b>Expenditure</b>   |                  |                  |
| Employee benefits expenses   | 28,391           | 25,423           |
| Other services expenses  | 30,123           | 41,436           |
| Depreciation, amortisation, impairment                               | 14,428           | 16,786           |
| Interest Payments  | 3,517            | 3,525            |
| Precepts and Levies  | 289              | 290              |
| Payments to Housing Capital Receipts Pool                            | 555              | 555              |
| Loss/(Gain) on the disposal of assets                                | (27)             | (215)            |
| <b>Total Expenditure</b>   | <b>77,276</b>    | <b>87,800</b>    |
| <b>Income</b>  |                  |                  |
| Fees, charges and other service income                               | (60,319)         | (64,962)         |
| Interest and investment income                                       | (4,429)          | (4,146)          |
| Income from council tax, non-domestic rates,<br>district rate income | (14,115)         | (12,836)         |
| Capital grants   | (11,881)         | (3,988)          |
| Government grants and contributions                                  | (1,858)          | (3,937)          |
| <b>Total Income</b>  | <b>(92,602)</b>  | <b>(89,869)</b>  |
| <b>Surplus or Deficit on the Provision of Services</b>               | <b>(15,326)</b>  | <b>(2,069)</b>   |

## **8. Adjustment between accounting basis and funding basis under statute**

This note details the adjustments that are made to the financial position as identified within the Comprehensive Income and Expenditure Statement in accordance with proper accounting practice to the resources that are specified by statutory provision as being available to the District Council to meet future capital and revenue expenditure.

### **General Fund Balance**

The General Fund is the statutory fund into which all the receipts of an authority are required to be paid and out of which all liabilities of the Council 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 Housing Revenue Account (HRA) services.

### **Housing Revenue Account Balance**

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

### **Major Repairs Reserve**

The Authority is required to maintain the Major Repairs Reserve (MRR), which controls an element of the capital resources limited to being used on capital expenditure of HRA assets or the financing of historical capital expenditure by the HRA. The balance shows the Major Repairs Allowance (MRA) that has yet to be applied at the year-end.

### **Capital Receipts Reserve**

The Capital Receipts Reserve holds the proceeds from the disposal of land or other assets, which are restricted by statute from being used other than to fund new capital expenditure or to be set aside to finance historical capital expenditure.

The balance on the reserve shows the resources that have yet to be applied for these purposes at the year-end.

### **Capital Grants Unapplied**

The Capital Grants Unapplied Account (Reserve) holds the grants and contributions received towards capital projects, for which the Council has 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 or the year in which it can take place.

|   | <b>General Fund<br/>Balance</b> | <b>Housing<br/>Revenue<br/>Account</b> | <b>Housing<br/>Major Repair<br/>Reserves</b> | <b>Capital<br/>Receipts<br/>Reserve</b> | <b>Capital Grants<br/>Reserve</b> | <b>Movement in<br/>Unusable<br/>Reserves</b> |
|---|---------------------------------|--|--|---|-----------------------------------|--|
|   | <b>£'000</b>                    | <b>£'000</b>                           | <b>£'000</b>                                 | <b>£'000</b>                            | <b>£'000</b>                      | <b>£'000</b>                                 |
| <b>Capital Adjustment Account</b>   |                                 |  |  |   |                                   |  |
| Charges for depreciation and impairment of non-current assets   | (2,418)                         | 0                                      | 0  | 0                                       | 0                                 | (2,418)                                      |
| Revaluation losses on Property Plant and Equipment  | (3,388)                         | 4,273                                  | 0  | 0                                       | 0                                 | 885  |
| Capital Grants and Contributions  | 11,881                          | 0                                      | 0  | 0                                       | (980)                             | 10,901                                       |
| Revenue Expenditure Funded from Capital under Statute   | (1,294)                         | 0                                      | 0  | 0                                       | 0                                 | (1,294)                                      |
| Non-current assets written off on disposal  | 27                              | 0                                      | 0  | 0                                       | 0                                 | 27   |
| Statutory Provision for the financing of capital investment   | 2,293                           | 0                                      | 0  | 0                                       | 0                                 | 2,293  |
| Voluntary Revenue Provision   | 0                               | 200                                    | 0  | 0                                       | 0                                 | 200  |
| Contribution from the Capital Receipts Reserve to finance the payments to the Government capital receipts pool                | (555)                           | 0                                      | 0  | 0                                       | 0                                 | (555)  |
| Capital Expenditure charged against Revenue   | 180                             | 4,047                                  | 0  | 0                                       | 0                                 | 4,227  |
|   | <b>6,726</b>                    | <b>8,520</b>                           | <b>0</b>                                     | <b>0</b>                                | <b>(980)</b>                      | <b>14,266</b>                                |
| <b>Capital Receipts Reserve</b>   |                                 |  |  |   |                                   |  |
| Transfer of sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement | 0                               | 0                                      | 0  | (1,977)                                 | 0                                 | (1,977)                                      |
| Use of the Capital Receipts reserve to finance new expenditure  | 0                               | 0                                      | 0  | 362                                     | 0                                 | 362  |
|   | <b>0</b>                        | <b>0</b>                               | <b>0</b>                                     | <b>(1,615)</b>                          | <b>0</b>                          | <b>(1,615)</b>                               |
| <b>Pension Reserve</b>  |                                 |  |  |   |                                   |  |
| Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement   | (8,742)                         | (611)                                  | 0  | 0                                       | 0                                 | (9,353)                                      |
| Employers pension contribution payable in the year  | 4,384                           |  | 0  | 0                                       | 0                                 | 4,384  |
|   | <b>(4,358)</b>                  | <b>(611)</b>                           | <b>0</b>                                     | <b>0</b>                                | <b>0</b>                          | <b>(4,969)</b>                               |



|  | General Fund<br>Balance<br>£'000 | Housing<br>Revenue<br>Account<br>£'000 | Housing<br>Major Repair<br>Reserves<br>£'000 | Capital<br>Receipts<br>Reserve<br>£'000 | Capital Grants<br>Reserve<br>£'000 | Movement in<br>Unusable<br>Reserves<br>£'000 |
|--|----------------------------------|--|--|---|------------------------------------|--|
| <b>Collection Fund Adjustment</b>  |                                  |  |  |   |                                    |  |
| Amount by which business rates income credited to the Comprehensive Income and Expenditure Statement is different from business rates income calculated for the year in accordance with statutory requirements | 4,250                            | 0                                      | 0  | 0                                       | 0                                  | 4,250  |
| Amount by which council tax income credited to the Comprehensive Income and Expenditure Statement is different from council tax income calculated for the year in accordance with statutory requirements       | 100                              | 0                                      | 0  | 0                                       | 0                                  | 100  |
|  | <b>4,350</b>                     | <b>0</b>                               | <b>0</b>                                     | <b>0</b>                                | <b>0</b>                           | <b>4,350</b>                                 |
| <b>Accumulating Short term Compensated Absences Account</b>  |                                  |  |  |   |                                    |  |
| Amount by which staff remuneration charged to the Comprehensive Income and Expenditure Statement on an accrual basis is different from that chargeable in the year in accordance with statutory requirements   | (19)                             | (10)                                   | 0  | 0                                       | 0                                  | (29)   |
| <b>Major Repairs Reserve</b>   |                                  |  |  |   |                                    |  |
| Reversal of Major Repair Allowance credited to the HRA   | 0                                | 0                                      | 0  | 0                                       | 0                                  | 0  |
| Use of the Major Repair Reserve to finance new capital expenditure   | 0                                | 0                                      | 3,011  | 0                                       | 0                                  | 3,011  |
| Excess of Depreciation Charged to HRA Compared to the Major Repairs Allowance Element of Housing Subsidy   | 0                                | 0                                      | (3,901)                                      | 0                                       | 0                                  | (3,901)                                      |
|  | <b>0</b>                         | <b>0</b>                               | <b>(890)</b>                                 | <b>0</b>                                | <b>0</b>                           | <b>(890)</b>                                 |
| <b>Financial Instrument Adjustment Account</b>   |                                  |  |  |   |                                    |  |
| Financial Instruments - Reconciliation to Amortised Costs  | 9                                | 0                                      | 0  | 0                                       | 0                                  | 9  |
|  | <b>9</b>                         | <b>0</b>                               | <b>0</b>                                     | <b>0</b>                                | <b>0</b>                           | <b>9</b>                                     |
|  | <b>6,708</b>                     | <b>7,899</b>                           | <b>(890)</b>                                 | <b>(1,615)</b>                          | <b>(980)</b>                       | <b>11,122</b>                                |

**Statement for Prior Financial Period 2020/21**

|   | <b>General Fund<br/>Balance</b> | <b>Housing<br/>Revenue<br/>Account</b> | <b>Housing<br/>Major Repair<br/>Reserves</b> | <b>Capital<br/>Receipts<br/>Reserve</b> | <b>Capital Grants<br/>Reserve</b> | <b>Movement in<br/>Unusable<br/>Reserves</b> |
|---|---------------------------------|--|--|---|-----------------------------------|--|
|   | <b>£'000</b>                    | <b>£'000</b>                           | <b>£'000</b>                                 | <b>£'000</b>                            | <b>£'000</b>                      | <b>£'000</b>                                 |
| <b>Capital Adjustment Account</b>   |                                 |  |  |   |                                   |  |
| Charges for depreciation and impairment of non-current assets   | (2,979)                         | 0                                      | 0  | 0                                       | 0                                 | (2,979)                                      |
| Revaluation losses on Property Plant and Equipment  | (5,875)                         | (3,389)                                | 0  | 0                                       | 0                                 | (9,264)                                      |
| Capital Grants and Contributions  | 3,988                           | 0                                      | 0  | 0                                       | (912)                             | 3,076  |
| Revenue Expenditure Funded from Capital under Statute   | (703)                           | 0                                      | 0  | 0                                       | 0                                 | (703)  |
| Non-current assets written off on disposal  | 215                             | 0                                      | 0  | 0                                       | 0                                 | 215  |
| Statutory Provision for the financing of capital investment   | 2,270                           | 0                                      | 0  | 0                                       | 0                                 | 2,270  |
| Voluntary Revenue Provision   | 0                               | 50                                     | 0  | 0                                       | 0                                 | 50   |
| Contribution from the Capital Receipts Reserve to finance the payments to the Government capital receipts pool                | (555)                           | 0                                      | 0  | 0                                       | 0                                 | (555)  |
| Capital Expenditure charged against Revenue   | 190                             | 1,000                                  | 0  | 0                                       | 0                                 | 1,190  |
|   | <b>(3,449)</b>                  | <b>(2,339)</b>                         | <b>0</b>                                     | <b>0</b>                                | <b>(912)</b>                      | <b>(6,700)</b>                               |
| <b>Capital Receipts Reserve</b>   |                                 |  |  |   |                                   |  |
| Transfer of sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement | 0                               | 0                                      | 0  | (1,676)                                 | 0                                 | (1,676)                                      |
| Use of the Capital Receipts reserve to finance new expenditure  | 0                               | 0                                      | 0  | 441                                     | 0                                 | 441  |
|   | <b>0</b>                        | <b>0</b>                               | <b>0</b>                                     | <b>(1,235)</b>                          | <b>0</b>                          | <b>(1,235)</b>                               |
| <b>Pension Reserve</b>  |                                 |  |  |   |                                   |  |
| Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement   | (5,909)                         | (1,160)                                | 0  | 0                                       | 0                                 | (7,069)                                      |
| Employers pension contribution payable in the year  | 3,326                           | 1,035                                  | 0  | 0                                       | 0                                 | 4,361  |
|   | <b>(2,583)</b>                  | <b>(125)</b>                           | <b>0</b>                                     | <b>0</b>                                | <b>0</b>                          | <b>(2,708)</b>                               |

|   | General Fund<br>Balance<br>£'000 | Housing<br>Revenue<br>Account<br>£'000 | Housing<br>Major Repair<br>Reserves<br>£'000 | Capital<br>Receipts<br>Reserve<br>£'000 | Capital Grants<br>Reserve<br>£'000 | Movement in<br>Unusable<br>Reserves<br>£'000 |
|---|----------------------------------|--|--|---|------------------------------------|--|
| <b>Collection Fund Adjustment</b>   |                                  |  |  |   |                                    |  |
| Amount by which business rate income credited to the Comprehensive Income and Expenditure Statement is different from business rates income calculated for the year in accordance with statutory requirements | (4,637)                          | 0                                      | 0  | 0                                       | 0                                  | (4,637)                                      |
| Amount by which council tax income credited to the Comprehensive Income and Expenditure Statement is different from council tax income calculated for the year in accordance with statutory requirements      | 32                               | 0                                      | 0  | 0                                       | 0                                  | 32   |
|   | <b>(4,605)</b>                   | <b>0</b>                               | <b>0</b>                                     | <b>0</b>                                | <b>0</b>                           | <b>(4,605)</b>                               |
| <b>Accumulating Short term Compensated Absences Account</b>   |                                  |  |  |   |                                    |  |
| Amount by which staff remuneration charged to the Comprehensive Income and Expenditure Statement on an accrual basis is different from that chargeable in the year in accordance with statutory requirements  | (142)                            | (62)                                   | 0  | 0                                       | 0                                  | (204)  |
| <b>Major Repairs Reserve</b>  |                                  |  |  |   |                                    |  |
| Reversal of Major Repair Allowance credited to the HRA  | 0                                | 0                                      | 3,506  | 0                                       | 0                                  | 3,506  |
| Use of the Major Repair Reserve to finance new capital expenditure  | 0                                | 0                                      | (3,816)                                      | 0                                       | 0                                  | (3,816)                                      |
| Excess of Depreciation Charged to HRA Compared to the Major Repairs Allowance Element of Housing Subsidy  | 0                                | 0                                      | 0  | 0                                       | 0                                  | 0  |
|   | <b>0</b>                         | <b>0</b>                               | <b>(310)</b>                                 | <b>0</b>                                | <b>0</b>                           | <b>(310)</b>                                 |
| <b>Financial Instrument Adjustment Account</b>  |                                  |  |  |   |                                    |  |
| Amortisation of Premiums and Discounts  | 0                                | 0                                      | 0  | 0                                       | 0                                  | 0  |
| Financial Instruments - Reconciliation to Amortised Costs   | 9                                | 0                                      | 0  | 0                                       | 0                                  | 9  |
|   | <b>9</b>                         | <b>0</b>                               | <b>0</b>                                     | <b>0</b>                                | <b>0</b>                           | <b>9</b>                                     |
|   | <b>(10,770)</b>                  | <b>(2,526)</b>                         | <b>(310)</b>                                 | <b>(1,235)</b>                          | <b>(912)</b>                       | <b>(15,753)</b>                              |

## 9. Grant Income

The Council received the following major government grants and contributions to the Comprehensive Income and Expenditure Statement within 2021/22.

Comparators are shown for 2021/22 for other grants and contributions.

|   | 2021/22<br>£'000 | 2020/21<br>£'000 |
|---|------------------|------------------|
| <b>Government Grants Credited to Services</b>     |                  |                  |
| Rent Allowances Subsidy                           | 11,571           | 12,826           |
| Rent Rebates Subsidy                              | 9,815            | 10,583           |
| Benefits Administration Grant                     | 348              | 362              |
| Council Tax Admin Grant                           | 175              | 172              |
| New Burdens Grant (Other)                         | 69               | 183              |
| Non Domestic Rates Admin Allowance                | 147              | 148              |
| Elections   | 137              | 48               |
| Homelessness Assistance                           | 322              | 202              |
| Apprenticeship Levy                               | 48               | 55               |
| Domestic Abuse (LAs)                              | 32               | 0                |
| Future High Streets Funding                       | 0                | 5                |
| Towns Fund - Capacity Funding                     | 0                | 100              |
| Towns Fund - Enterprise Ashfield Scheme           | 279              | 0                |
| Rough Sleeper                                     | 1,286            | 847              |
| Syrian Vulnerable Persons Resettlement Scheme     | 138              | 175              |
| Safer Streets                                     | 261              | 0                |
| Summer Holidays Activities & Food                 | 138              | 0                |
| Restoring Your Railway                            | 28               | 0                |
| Other Revenue Grants                              | 22               | 17               |
| <u>Covid Related Grants</u>                       |                  |                  |
| Council Tax Hardship Fund                         | 0                | 1,384            |
| Local Council Tax Support Scheme                  | 159              | 0                |
| Reopening of High Streets                         | 147              | 75               |
| Local Authority Compliance and Enforcement Grant  | 0                | 74               |
| Track & Trace Administration Grant                | 53               | 29               |
| COVID Administration Grants                       | 131              | 402              |
| Local Authority Discretionary Grant Fund          | 0                | 846              |
| Track & Trace Support Payment Discretionary Grant | 16               | 211              |
| Local Restrictions Support Grant - Open           | 0                | 239              |
| Additional Restrictions Grant                     | 1,219            | 3,170            |
| Cold Weather Funding                              | 0                | 10               |
| National Leisure Recovery Fund                    | 19               | 266              |
| <b>Sub Total</b>                                  | <b>26,560</b>    | <b>32,429</b>    |

## Grants Income (Continued)

|   | 2021/22<br>£'000         | 2020/21<br>£'000         |
|---|--------------------------|--------------------------|
| <b>Other Grants and Contributions Credited to Services</b>  |                          |                          |
| Discretionary Housing Payments  | 88                       | 250                      |
| Mansfield Joint Crematorium   | 353                      | 323                      |
| Rough Sleeper   | 67                       | 70                       |
| Community Safety  | 58                       | 56                       |
| Leisure Centre  | 0                        | 39                       |
| Leisure Operator Contract Contribution  | 188                      | 0                        |
| Elections   | 69                       | 89                       |
| Health & Wellbeing  | 68                       | 95                       |
| Contain Funding (Covid Related)   | 221                      | 249                      |
| Other Revenue Grants and Contributions  | 210                      | 340                      |
| <b>Sub Total</b>  | <b>1,322</b>             | <b>1,511</b>             |
| <b>Grants and Contributions Credited to Services Total</b>  | <b>27,882</b>            | <b>33,940</b>            |
| <b>Credited to Taxation and Non Specific Grant Income</b>   |                          |                          |
| Revenue Support Grant (*CIES Government Grants)   | 198                      | 197                      |
| New Homes Bonus Grant (*CIES Government Grants)   | 651                      | 1,155                    |
| Lower Tier Service Grant  | 182                      | 0                        |
| Covid Grant (*CIES Government Grants)   | 817                      | 2,327                    |
| Sales, Fees and Charges compensation (*CIES Government Grants)  | 10                       | 258                      |
| Capital Grants and Contributions  | 11,881                   | 3,988                    |
| Net Non-Domestic Rates Receipts   | 3,105                    | 10,752                   |
| <b>Total Grants</b>   | <b>16,844</b>            | <b>18,677</b>            |
|   | <b>2021/22<br/>£'000</b> | <b>2020/21<br/>£'000</b> |
| <b>Memorandum Account NDR</b>   |                          |                          |
| Retained Business Rates - transfer from Collection Fund   | 15,192                   | 15,352                   |
| Tariff payable direct to Nottinghamshire County Council   | (9,786)                  | (9,786)                  |
| Total Retained Business Rates   | 5,406                    | 5,566                    |
| Small Business & Empty Rate - Sct 31 - Grant  | 3,006                    | 5,283                    |
| Business Rates Levy   | (1,939)                  | (1,244)                  |
| Returned Levy - Nottinghamshire Pooling Agreement   | (5)                      | 7                        |
| Returned Levy - Nottinghamshire Pooling Agreement   | 1,086                    | 696                      |
| Levy Account Surplus Grant  |                          |                          |
| Distribution of estimated NDR deficit/surplus   | (4,497)                  | (432)                    |
| Renewable Energy NNDR wholly retained   | 21                       | 24                       |
| Taxation Income Guarantee Scheme  | 27                       | 852                      |
|   | <b>3,105</b>             | <b>10,752</b>            |
| Amount Credited to the Comprehensive Income and Expenditure Statement after adjustment for the Collection Fund Adjustment Account | <b>7,355</b>             | <b>6,115</b>             |

## Grants Income (Continued)

Note: Sales Fees and Charges Compensation Grant from Central Government has been included in Taxation and Non-Specific Grants instead of Credited to Services. The compensation was provided to mitigate the net budget gap, which irrecoverable losses have created. This presentation means it is shown transparently and consistently with the non-specific Covid-19 Grant.

### Grants received in advance

The Council has received a number of grants and contributions that have yet to be recognised as income as they have conditions attached to them that had not been met at the Balance Sheet date, which may require the monies to be returned to the giver. The balances at the year-end are:

|   | 2021/22<br>£'000 | 2020/21<br>£'000 |
|---|------------------|------------------|
| <b>Revenue Grants Received in Advance - Short Term</b>      |                  |                  |
| Additional Restrictions Grant                               | 0                | 525              |
| NNDR Covid Additional Restrictions Fund (CARF) Grant        | 2,718            | 0                |
| Discretionary Council Tax Rebate Grant                      | 256              | 0                |
|   | <b>2,974</b>     | <b>525</b>       |
| <b>Revenue Contribution Received in Advance - Long Term</b> |                  |                  |
| Section 106 Contributions                                   | 187              | 239              |
|   | <b>187</b>       | <b>239</b>       |
| <b>Capital Contribution Received in Advance - Long Term</b> |                  |                  |
| Private Sector Enforced Sale Capital Receipt                | 109              | 109              |
|   | <b>109</b>       | <b>109</b>       |

## 10. Interest Payable and Other Charges

|   | 2021/22<br>£'000 | 2020/21<br>£'000 |
|---|------------------|------------------|
| Loan Interest                                   | 3,514            | 3,519            |
| General Fund                                    | 3                | 6                |
| <b>Total Interest Payable and Other Charges</b> | <b>3,517</b>     | <b>3,525</b>     |

## 11. Tangible Non-current Assets

The analysis for this table has changed to reflect HRA assets in relevant categories. The 2020/21 has been restated for the change.

|  | <b>Council Dwellings</b> | <b>Land and Buildings</b> | <b>Community Assets</b> | <b>Vehicles, Plant and Equipment</b> | <b>Infra-structure</b> | <b>Surplus Assets</b> | <b>Assets under Construction</b> | <b>Total</b>    |
|--|--------------------------|---------------------------|-------------------------|--------------------------------------|------------------------|-----------------------|----------------------------------|-----------------|
| <b>Cost or Valuation</b>                           | <b>£'000</b>             | <b>£'000</b>              | <b>£'000</b>            | <b>£'000</b>                         | <b>£'000</b>           | <b>£'000</b>          | <b>£'000</b>                     | <b>£'000</b>    |
| As at 1st April 2021                               | 229,687                  | 64,719                    | 941                     | 8,776                                | 96                     | 1,953                 | 6,183                            | 312,355         |
| Additions  | 6,891                    | 548                       | 0                       | 1,016                                | 0                      | 0                     | 15,787                           | 24,242          |
| Disposals  | (2,163)                  | 0                         | 0                       | (328)                                | 0                      | 0                     | 0                                | (2,491)         |
| Reclassifications                                  | 847                      | 711                       | 0                       | 61                                   | 0                      | 0                     | (1,619)                          | 0               |
| Transferred to Assets Held for Sale                | 0                        | (4)                       | 0                       | 0                                    | 0                      | (1,300)               | 0                                | (1,304)         |
| Revaluations / (Impairments)                       |                          |                           |                         |                                      |                        |                       |                                  |                 |
| Recognised in the Revaluation Reserve              | 7,599                    | (47)                      | 0                       | 0                                    | 0                      | 40                    | 0                                | 7,592           |
| Recognised in Provision of Services                | 4,623                    | (1,024)                   | 0                       | 0                                    | 0                      | 0                     | 0                                | 3,599           |
| <b>As at 31st March 2022</b>                       | <b>247,484</b>           | <b>64,903</b>             | <b>941</b>              | <b>9,525</b>                         | <b>96</b>              | <b>693</b>            | <b>20,351</b>                    | <b>343,993</b>  |
| <b>Depreciation and Impairments</b>                |                          |                           |                         |                                      |                        |                       |                                  |                 |
| As at 1st April 2021                               | (303)                    | (5,166)                   | (406)                   | (2,831)                              | (37)                   | 0                     | 0                                | (8,743)         |
| Charge for the year                                | (3,649)                  | (1,536)                   | (65)                    | (1,066)                              | (3)                    | 0                     | 0                                | (6,319)         |
| Disposals  | 0                        | 0                         | 0                       | 211                                  | 0                      | 0                     | 0                                | 211             |
| Reclassifications                                  | 0                        | 0                         | 0                       | 0                                    | 0                      | 0                     | 0                                | 0               |
| Revaluations / (Impairments)                       |                          |                           |                         |                                      |                        |                       |                                  |                 |
| Recognised in the Revaluation Reserve              | 3,649                    | 31                        | 0                       | 0                                    | 0                      | 0                     | 0                                | 3,680           |
| Recognised in Provision of Services                |                          | 47                        | 0                       | 0                                    | 0                      | 0                     | 0                                | 47              |
| <b>As at 31st March 2022</b>                       | <b>(303)</b>             | <b>(6,624)</b>            | <b>(471)</b>            | <b>(3,686)</b>                       | <b>(40)</b>            | <b>0</b>              | <b>0</b>                         | <b>(11,124)</b> |
| <b>Balance Sheet Net Amount at 31st March 2022</b> | <b>247,181</b>           | <b>58,279</b>             | <b>470</b>              | <b>5,839</b>                         | <b>56</b>              | <b>693</b>            | <b>20,351</b>                    | <b>332,869</b>  |

The tangible non-current assets at 31<sup>st</sup> March 2021 for comparative purposes are set out below:

|  | <b>Council Dwellings</b> | <b>Land and Buildings</b> | <b>Community Assets</b> | <b>Vehicles, Plant and Equipment</b> | <b>Infra-structure</b> | <b>Surplus Assets</b> | <b>Assets under Construction</b> | <b>Total</b>   |
|--|--------------------------|---------------------------|-------------------------|--------------------------------------|------------------------|-----------------------|----------------------------------|----------------|
| <b>Cost or Valuation</b>                           | <b>£'000</b>             | <b>£'000</b>              | <b>£'000</b>            | <b>£'000</b>                         | <b>£'000</b>           | <b>£'000</b>          | <b>£'000</b>                     | <b>£'000</b>   |
| As at 1st April 2020                               | 229,830                  | 62,368                    | 941                     | 8,726                                | 96                     | 2,012                 | 3,020                            | 306,993        |
| Additions  | 3,762                    | 171                       | 0                       | 80                                   | 0                      | 0                     | 3,803                            | 7,816          |
| Disposals  | (1,825)                  | 0                         |                         | (254)                                | 0                      | 0                     | 0                                | (2,079)        |
| Reclassifications                                  | (38)                     | 829                       | 0                       | 228                                  | 0                      | 0                     | (640)                            | 379            |
| Revaluations / (Impairments)                       |                          |                           |                         |                                      |                        |                       |                                  |                |
| Recognised in the Revaluation Reserve              | 1,303                    | 1,344                     | 0                       | (4)                                  | 0                      | (59)                  | 0                                | 2,584          |
| Recognised in Provision of Services                | (3,345)                  | 7                         | 0                       | 0                                    | 0                      | 0                     | 0                                | (3,338)        |
| <b>As at 31st March 2021</b>                       | <b>229,687</b>           | <b>64,719</b>             | <b>941</b>              | <b>8,776</b>                         | <b>96</b>              | <b>1,953</b>          | <b>6,183</b>                     | <b>312,355</b> |
| <b>Depreciation and Impairments</b>                |                          |                           |                         |                                      |                        |                       |                                  |                |
| As at 1st April 2020                               | (303)                    | (7,223)                   | (341)                   | (1,718)                              | (35)                   | 0                     | 0                                | (9,620)        |
| Charge for the year                                | (3,635)                  | (1,749)                   | (65)                    | (1,344)                              | (2)                    | 0                     | 0                                | (6,795)        |
| Disposals  | 0                        | 0                         | 0                       | 231                                  | 0                      | 0                     | 0                                | 231            |
| Reclassifications                                  | 0                        | 63                        | 0                       | 0                                    | 0                      | 0                     | 0                                | 63             |
| Revaluations / (Impairments)                       |                          |                           |                         |                                      |                        |                       |                                  |                |
| Recognised in the Revaluation Reserve              | 3,635                    | 3,820                     | 0                       | 0                                    | 0                      | 0                     | 0                                | 7,455          |
| Recognised in Provision of Services                | 0                        | (77)                      | 0                       | 0                                    | 0                      | 0                     | 0                                | (77)           |
| <b>As at 31st March 2021</b>                       | <b>(303)</b>             | <b>(5,166)</b>            | <b>(406)</b>            | <b>(2,831)</b>                       | <b>(37)</b>            | <b>0</b>              | <b>0</b>                         | <b>(8,743)</b> |
| <b>Balance Sheet Net Amount at 31st March 2021</b> | <b>229,384</b>           | <b>59,553</b>             | <b>535</b>              | <b>5,945</b>                         | <b>59</b>              | <b>1,953</b>          | <b>6,183</b>                     | <b>303,612</b> |



## **Capital Commitments**

The Council has entered into the following major contracts:

- The refurbishment of Council Dwellings from early 2021/22 to 2024/25. This contract has an estimated value of £33m, and
- Main contractor for the new Kirkby Leisure Centre from January 2021 to October 2022 the total contract value is estimated to be £12m.

## **Effects of Changes in Estimates**

In 2021/22, a desktop valuation of Council Dwelling stock was completed. Many of these valuations were revised upwards on the 31<sup>st</sup> March 2022. The desktop valuation has increased the building values, this is expected to result in an estimated £174k increase in Council Dwelling Depreciation in 2022/23.

## **Revaluations**

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. Valuations of land and buildings were carried out in accordance with the methodologies and bases for estimation set out in the professional standards of the Royal Institution of Chartered Surveyors.

The significant assumptions applied in estimating the fair values are:

- It has been assumed for the purpose of these valuations that there are no onerous covenants or conditions, which would be imposed on the disposals of the assets.
- The Council housing stock has been valued on the basis of existing use value discounted for social housing, in accordance with the financial framework for Stock Valuation for Resource Accounting Guidance for Valuers 2016 (as supplied by the Department for Communities and Local Government).

## 12. Heritage Assets

### Cenotaphs

The Authority has seven cenotaphs at various locations throughout the District. The valuation for these cenotaphs is based on the average replacement cost and this has been agreed following discussions with our internal valuer.

### Statues and Artwork

Insurance valuations were used to value the Harold Larwood Statue in Kirkby. All other Heritage Assets comprising of Walter Jack Painting Brierley Park, Mosaic Marker Stone at Spring Street Hucknall, Flight of Fancy Statue at Hucknall Market Place and the Miners Statue at Station Road Hucknall are all valued at historic cost.

|                          | <b>Cenotaphs</b> | <b>Statues<br/>and<br/>Artwork</b> | <b>Total</b> |
|--------------------------|------------------|------------------------------------|--------------|
|                          | <b>£'000</b>     | <b>£'000</b>                       | <b>£'000</b> |
| <b>Cost or Valuation</b> |                  |                                    |              |
| 1st April 2021           | 330              | 498                                | 828          |
| Acquisitions             | 0                | 0                                  | 0            |
| <b>31st March 2022</b>   | <b>330</b>       | <b>498</b>                         | <b>828</b>   |

|                          |            |            |            |
|--------------------------|------------|------------|------------|
| <b>Cost or Valuation</b> |            |            |            |
| 1st April 2020           | 330        | 498        | 828        |
| Acquisitions             | 0          | 0          | 0          |
| <b>31st March 2021</b>   | <b>330</b> | <b>498</b> | <b>828</b> |

### 13. Tangible Non-Current Asset Valuations

The following table shows the progress of the Council's rolling programme for the revaluation of non-current assets. The purpose of the rolling programme is to ensure that all assets valued at current value are re-valued at least every five years. The table shows the annual movement in asset values arising from the revaluation programme.

|  | <b>Council Dwellings</b> | <b>Land and Buildings</b> | <b>Community Assets</b> | <b>Vehicles, Plant and Equipment</b> | <b>Infra-structure</b> | <b>Surplus Assets</b> | <b>Assets under Construction</b> | <b>Total</b>   |
|--|--------------------------|---------------------------|-------------------------|--------------------------------------|------------------------|-----------------------|----------------------------------|----------------|
|  | <b>£'000</b>             | <b>£'000</b>              | <b>£'000</b>            | <b>£'000</b>                         | <b>£'000</b>           | <b>£'000</b>          | <b>£'000</b>                     | <b>£'000</b>   |
| <b>Gross book value of assets 31st March 2022</b>                                    | 247,484                  | 64,903                    | 941                     | 9,525                                | 96                     | 693                   | 20,351                           | 343,993        |
| Valued at historical cost  | (303)                    | (8,306)                   | (941)                   | (9,525)                              | (96)                   | 0                     | (20,351)                         | (39,522)       |
|  | <u>247,181</u>           | <u>56,597</u>             | <u>0</u>                | <u>0</u>                             | <u>0</u>               | <u>693</u>            | <u>0</u>                         | <u>304,471</u> |
| Crematorium Valuation (2018/19)  | 0                        | 1,206                     | 0                       | 0                                    | 0                      | 0                     | 0                                | 1,206          |
| Valued at current value:   |                          |                           |                         |                                      |                        |                       |                                  |                |
| 31st March 2022 by the Estates Manager (MRICS) employed by ADC                       | 247,181                  | 64                        | 0                       | 0                                    | 0                      | 518                   | 0                                | 247,763        |
| 31st March 2021 by the Estates Manager (MRICS) employed by ADC                       | 0                        | 39,871                    | 0                       | 0                                    | 0                      | 175                   | 0                                | 40,046         |
| 31st March 2020 by the Estates Manager (MRICS) employed by ADC                       | 0                        | 95                        | 0                       | 0                                    | 0                      | 0                     | 0                                | 95             |
| 31st January 2019 and 31st March 2019 by the Estates Manager (MRICS) employed by ADC | 0                        | 3,557                     | 0                       | 0                                    | 0                      | 0                     | 0                                | 3,557          |
| 31st March 2018 by the Estates Manager (MRICS) employed by ADC                       | 0                        | 11,804                    | 0                       | 0                                    | 0                      | 0                     | 0                                | 11,804         |
|  | <u>247,181</u>           | <u>56,597</u>             | <u>0</u>                | <u>0</u>                             | <u>0</u>               | <u>693</u>            | <u>0</u>                         | <u>304,471</u> |

## 14. Investment Properties

The following items of income and expense have been accounted for in the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement:

|  | <b>2021/22</b><br><b>£'000</b> | <b>2020/21</b><br><b>£'000</b> |
|--|--------------------------------|--------------------------------|
| Rental Income From Investment Properties                   | 4,514                          | 4,311                          |
| Direct operating expenses arising from investment property | (121)                          | (194)                          |
| Net gain/(loss)  | <u>4,393</u>                   | <u>4,117</u>                   |

There are no restrictions on the authority's ability to realise the value inherent in its investment property or on the authority's right to the remittance of income and the proceeds of disposal. The authority has no contractual obligations to purchase, construct or develop investment property or repairs, maintenance or enhancement.

The following table summarises the movement in the fair value of investment properties over the year:

|  | <b>2021/22</b><br><b>£'000</b> | <b>2020/21</b><br><b>£'000</b> |
|--|--------------------------------|--------------------------------|
| Balance at Start of the Year                 | 52,793                         | 55,242                         |
| Additions:                                   |                                |                                |
| - Purchases                                  | 0                              | 3,305                          |
| - Construction                               | 0                              | 0                              |
| - Subsequent expenditure                     | 0                              | 0                              |
| Disposals                                    | 0                              | 0                              |
| Net gains/losses from fair value adjustments | (2,123)                        | (5,754)                        |
| Transfers:                                   |                                |                                |
| - to/from inventories                        | 0                              | 0                              |
| - to/from property, plant and equipment      | 0                              | 0                              |
| Other Changes                                | 0                              | 0                              |
| Balance at end of year                       | <u>50,670</u>                  | <u>52,793</u>                  |

## Fair Value Hierarchy

Details of the authority's investment properties and information about the fair value hierarchy as at 31 March 2022 and 31 March 2021 are as follows:

| <b>2021/22 Fair Value Hierarchy</b>      | <b>Quoted prices<br/>in active<br/>markets for<br/>identical assets<br/>(level 1)<br/>£'000</b> | <b>Other<br/>significant<br/>observable<br/>inputs (level 2)<br/>£'000</b> | <b>Significant<br/>unobservable<br/>inputs (level 3)<br/>£'000</b> | <b>Fair Value as<br/>at 31 March<br/>2022<br/>£'000</b> |
|--|---|--|--|---|
| Recurring fair value measurements using: |   |  |  |   |
| Residential (market rental) properties   | 0   | 0  | 0  | 0   |
| Office units                             | 0   | 0  | 0  | 0   |
| Commercial Units                         | 50,670  | 0  | 0  | 50,670  |
| <b>Total</b>                             | <b>50,670</b>   | <b>0</b>   | <b>0</b>   | <b>50,670</b>   |

  

| <b>2020/21 Comparative Figures</b>       | <b>Quoted prices<br/>in active<br/>markets for<br/>identical assets<br/>(level 1)<br/>£'000</b> | <b>Other<br/>significant<br/>observable<br/>inputs (level 2)<br/>£'000</b> | <b>Significant<br/>unobservable<br/>inputs (level 3)<br/>£'000</b> | <b>Fair Value as<br/>at 31 March<br/>2021<br/>£'000</b> |
|--|---|--|--|---|
| Recurring fair value measurements using: |   |  |  |   |
| Residential (market rental) properties   | 0   | 0  | 0  | 0   |
| Office units                             | 0   | 0  | 0  | 0   |
| Commercial Units                         | 53,035  | 0  | 0  | 53,035  |
| <b>Total</b>                             | <b>53,035</b>   | <b>0</b>   | <b>0</b>   | <b>53,035</b>   |

## 15. Intangible Non-Current Assets

The Council 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. There have been no software purchases in 2021/22, which meet the definition of intangible non-current assets.

## 16. Gains and Losses from the Sale of Assets

The Comprehensive Income and Expenditure Statement includes gains and losses from the sale of Council assets. The value of the gains and losses for 2021/22 is as follows:

|                          | 2021/22     | 2020/21      |
|--------------------------|-------------|--------------|
|                          | £'000       | £'000        |
| Council house sales      | 0           | 0            |
| General fund assets      | (27)        | (215)        |
| <b>Total (Gain)/Loss</b> | <b>(27)</b> | <b>(215)</b> |

## 17. Financial Instruments

### a. Financial liabilities held at amortised cost

|                                    | Long Term                   |                             | Short Term                  |                             |
|------------------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|
|                                    | 31st March<br>2022<br>£'000 | 31st March<br>2021<br>£'000 | 31st March<br>2022<br>£'000 | 31st March<br>2021<br>£'000 |
| <b>Financial Liabilities</b>       |                             |                             |                             |                             |
| Borrowings at Amortised Cost       | 91,966                      | 98,477                      | 6,503                       | 0                           |
| Finance Leases                     | 0                           | 0                           | 0                           | 0                           |
| Trade Creditors                    | 0                           | 0                           | 7,399                       | 5,274                       |
| <b>Total Financial Liabilities</b> | <b>91,966</b>               | <b>98,477</b>               | <b>13,902</b>               | <b>5,274</b>                |

## b. Financial Assets – Loans and receivables held at amortised cost

|                                    | Long Term  |            | Short Term    |              |
|------------------------------------|------------|------------|---------------|--------------|
|                                    | 31st March | 31st March | 31st March    | 31st March   |
|                                    | 2022       | 2021       | 2022          | 2021         |
|                                    | £'000      | £'000      | £'000         | £'000        |
| <b>Loans and Receivables</b>       |            |            |               |              |
| Investments                        | 0          | 0          | 14,012        | 0            |
| Trade Debtors                      | 0          | 0          | 7,257         | 7,737        |
| <b>Total Loans and Receivables</b> | <b>0</b>   | <b>0</b>   | <b>21,269</b> | <b>7,737</b> |

## c. Gains and Losses on Financial Instruments

|  | 2021/22      | 2020/21      |
|--|--------------|--------------|
|  | £'000        | £'000        |
| <b>Interest Expense</b>                  |              |              |
| Liabilities measured at 'Amortised Cost' | 3,514        | 3,511        |
| <b>Interest Income</b>                   |              |              |
| Loans and Receivables                    | (32)         | (28)         |
| <b>Net Gain / (Loss) for the Year</b>    | <b>3,482</b> | <b>3,483</b> |

\* 20/21 interest expense restated - reduced by £28k

## d. Fair Value of Assets and Liabilities carried at Amortised Cost

Financial liabilities and financial assets (represented by loans and receivables) are carried in the Balance Sheet at amortised cost. Capita Asset Services plc provides the fair values to be utilised.

|                                   | 31st March 2022          |                     | 31st March 2021          |                     |
|-----------------------------------|--------------------------|---------------------|--------------------------|---------------------|
|                                   | Carrying Amount<br>£'000 | Fair Value<br>£'000 | Carrying Amount<br>£'000 | Fair Value<br>£'000 |
| <b>Financial Liabilities</b>      |                          |                     |                          |                     |
| PWLB                              | 57,811                   | 60,324              | 62,816                   | 71,145              |
| Money Market                      | 34,155                   | 46,182              | 35,661                   | 51,958              |
|                                   | <u>91,966</u>            | <u>106,506</u>      | <u>98,477</u>            | <u>123,104</u>      |
| <b>Short Term Borrowing</b>       |                          |                     |                          |                     |
| Money Market maturing in one year | 1,499                    | 1,557               | 0                        | 0                   |
| PWLB maturing in one year         | 5,004                    | 5,083               | 0                        | 0                   |
|                                   | <u>6,503</u>             | <u>6,640</u>        | <u>0</u>                 | <u>0</u>            |
|                                   | <u>98,469</u>            | <u>113,146</u>      | <u>98,477</u>            | <u>123,104</u>      |
| <b>Loans and Receivables</b>      |                          |                     |                          |                     |
| Other Securities                  | 0                        | 0                   | 0                        | 0                   |
| Direct Short Term Investments     | 14,012                   | 13,982              | 0                        | 0                   |
| Money Market less than 12 months  | 0                        | 0                   | 0                        | 0                   |
|                                   | <u>14,012</u>            | <u>13,982</u>       | <u>0</u>                 | <u>0</u>            |

#### e. Investments

Under the Council's accounting policy on Cash Equivalents, instant access accounts are deemed to be classified as cash equivalents within the balance sheet and cash flow statements while investments of greater than 3 months, are classified as investments.

|  | 31st March<br>2022<br>£'000 | 31st March<br>2021<br>£'000 |
|--|-----------------------------|-----------------------------|
| <b>Short Term Investments:</b>             |                             |                             |
| Direct Short Term Investments              | 14,012                      | 0                           |
| Money Market less than 12 months           | 0                           | 0                           |
| Investments of Joint Crematorium Committee | 0                           | 0                           |
|  | <u>14,012</u>               | <u>0</u>                    |
| <b>Long Term Investments:</b>              |                             |                             |
| Other Securities                           | 0                           | 0                           |
|  | <u>0</u>                    | <u>0</u>                    |
| <b>Total Investments</b>                   | <u>14,012</u>               | <u>0</u>                    |



## 18. Inventories

A breakdown of the balance sheet figure is given below:

|                          | <b>2021/22</b><br><b>£'000</b> | <b>2020/21</b><br><b>£'000</b> |
|--------------------------|--------------------------------|--------------------------------|
| Balance at 1st April     | 515                            | 514                            |
| Purchases                | 1,817                          | 1,514                          |
| Recognised as an expense | (1,731)                        | (1,513)                        |
| Balance at 31st March    | <u><b>601</b></u>              | <u><b>515</b></u>              |

## 19. Debtors

An analysis of the balance sheet figure is given below:

|                                | <b>31st March</b><br><b>2022</b><br><b>£'000</b> | <b>31st March</b><br><b>2021</b><br><b>£'000</b> |
|--------------------------------|--|--|
| Central Government Bodies      | 1,615  | 5,200  |
| Other Local Authorities        | 1,381  | 3,226  |
| NHS Bodies                     | 8  | 140  |
| Other entities and individuals | 8,342  | 8,432  |
| Provision for Bad Debt         | (2,917)  | (3,079)  |
|                                | <u><b>8,429</b></u>                              | <u><b>13,919</b></u>                             |

|                          | <b>31st March</b><br><b>2022</b><br><b>£'000</b> | <b>31st March</b><br><b>2021</b><br><b>£'000</b> |
|--------------------------|--|--|
| <b>Long Term Debtors</b> | <u>0</u>   | <u>0</u>   |
|                          | <u><b>0</b></u>                                  | <u><b>0</b></u>                                  |

### Debtors For Local Taxation

|                    | <b>31st March</b><br><b>2022</b><br><b>£'000</b> | <b>31st March</b><br><b>2021</b><br><b>£'000</b> |
|--------------------|--|--|
| Council Tax        | 632  | 603  |
| Non Domestic Rates | 799  | 896  |
|                    | <u><b>1,431</b></u>                              | <u><b>1,499</b></u>                              |

## 20. Cash and Cash Equivalents

The balance of Cash and Cash Equivalents is made up of the following elements:

|                       | <b>31st March<br/>2022<br/>£'000</b> | <b>31st March<br/>2021<br/>£'000</b> |
|-----------------------|--------------------------------------|--------------------------------------|
| Bank Current Accounts | (2,186)                              | 181                                  |
| Short Term Deposits   | 30,825                               | 17,412                               |
|                       | <b><u>28,639</u></b>                 | <b><u>17,593</u></b>                 |

## 21. Assets Held For Sale

International Reporting Standard 5 requires Non-Current Assets Held for Sale and Discontinued Operations to be reported separately in the balance sheet. The Council in 2021/22 has several assets that meet the definition of Assets Held for Sale i.e. surplus garage plots and sites and land on Diamond Avenue in Kirkby in Ashfield.

During the year, the Council has disposed of Huthwaite Leisure Centre and two pieces land at Butlers Hill in Hucknall.

|  | <b>31st March<br/>2022<br/>£'000</b> | <b>31st March<br/>2021<br/>£'000</b> |
|--|--------------------------------------|--------------------------------------|
| Opening Balance                          | 226                                  | 936                                  |
| Transfer To Property Plant and Equipment | 0                                    | (442)                                |
| Transfer From Surplus Asset              | 1,300                                | 0                                    |
| Transfer From Housing Revenue Account    | 4                                    | 0                                    |
| Disposals                                | (226)                                | (168)                                |
| Revaluations / (Impairments)             |                                      |                                      |
| Recognised in the Revaluation Reserve    | 114                                  | (100)                                |
| Recognised in Provision of Services      | (298)                                | 0                                    |
| Closing Balance                          | <b><u>1,120</u></b>                  | <b><u>226</u></b>                    |

## 22. Creditors

An analysis of the balance sheet figure is given below:

|                                | <b>31st March<br/>2022<br/>£'000</b> | <b>31st March<br/>2021<br/>£'000</b> |
|--------------------------------|--------------------------------------|--------------------------------------|
| <b>Short Term Creditors</b>    |                                      |                                      |
| Central Government Bodies      | 16,738                               | 10,678                               |
| Other Local Authorities        | 5,884                                | 2,294                                |
| NHS Bodies                     | 696                                  | 77                                   |
| Other entities and individuals | 9,337                                | 6,518                                |
|                                | <b><u>32,655</u></b>                 | <b><u>19,567</u></b>                 |
| <b>Long Term Creditors</b>     | <u>0</u>                             | <u>0</u>                             |
|                                | <b><u>0</u></b>                      | <b><u>0</u></b>                      |

Note: The creditors with Central Government bodies as at 31 March 2022 include £3.746m (£4.830m in 2020/21) in relation to S31 grants paid by Central Government to cover additional business rates relief granted to businesses during 2021/22. This was paid to the Council to ease cashflow pressures, due to the Council being the billing authority for the collection fund. This amount will not fall on the Council's General Fund and will be repaid to Central Government in 2022/23.

The creditors with Central Government bodies as at 31 March 2022 also include £12.598m (£4.668m in 2020/21) balance of grant income, where the Council has acted as agent for Central Government in paying Business Grants to eligible recipients. The Council is acting as agent as it has no control over the amount allocated to recipients. The balance represent the cash being held on behalf of Central Government as at 31 March 2022. £4.595m is in respect of grant schemes that have closed and the balances will be returned to Central Government and £8.003m relates to an ongoing scheme and will be paid out in future grants as the Council continues to act as agent in distributing the grants, with any remaining balance being returned to Central Government.

## 23. Provisions

The Council has created provisions in respect of a number of issues that may result in a cost to the Council. These are analysed below for 2021/22, with 2020/21 provided for comparative purposes.

|                                  | Balance at<br>31st March<br>2021<br>£'000 | Receipts in<br>year<br>£'000 | Payments in<br>year<br>£'000 | Balance at<br>31st March<br>2022<br>£'000 |
|----------------------------------|---|------------------------------|------------------------------|---|
| <b>Short Term:</b>               |   |                              |                              |   |
| Accumulated Absences             | (594)                                     | (623)                        | 594                          | (623)                                     |
| Termination Costs                | 0   | (13)                         | 0                            | (13)                                      |
| Legal costs                      | (7)                                       | (20)                         | 7                            | (20)                                      |
| Dilapidations                    | (31)                                      | 0                            | 31                           | 0   |
| <b>Long Term:</b>                |   |                              |                              |   |
| Planning Appeal Costs            | (125)                                     | (90)                         | 90                           | (125)                                     |
| NDR Appeals                      | (2,154)                                   | (633)                        | 548                          | (2,239)                                   |
| Insurance Funds:                 |   |                              |                              |   |
| Municipal Mutual Insurance (MMI) | (57)                                      | 0                            | 0                            | (57)                                      |
| Liability                        | (124)                                     | (97)                         | 81                           | (140)                                     |
| Property                         | (25)                                      | (73)                         | 20                           | (78)                                      |
| <b>Total</b>                     | <b>(3,117)</b>                            | <b>(1,549)</b>               | <b>1,371</b>                 | <b>(3,295)</b>                            |

  

|                                  | Balance at<br>31st March<br>2020<br>£'000 | Receipts in<br>year<br>£'000 | Payments in<br>year<br>£'000 | Balance at<br>31st March<br>2021<br>£'000 |
|----------------------------------|---|------------------------------|------------------------------|---|
| <b>Short Term:</b>               |   |                              |                              |   |
| Accumulated Absences             | (390)                                     | (594)                        | 390                          | (594)                                     |
| Termination Costs                | (13)                                      | 0                            | 13                           | 0   |
| Legal costs (Land Charges)       | 0   | (7)                          | 0                            | (7)                                       |
| Dilapidations                    | (45)                                      | 0                            | 14                           | (31)                                      |
| Employment Tribunals             | (48)                                      | 0                            | 48                           | 0   |
| <b>Long Term:</b>                |   |                              |                              |   |
| Planning Appeal Costs            | (125)                                     | (115)                        | 115                          | (125)                                     |
| NDR Appeals                      | (1,970)                                   | (512)                        | 328                          | (2,154)                                   |
| Insurance Funds:                 |   |                              |                              |   |
| Municipal Mutual Insurance (MMI) | (57)                                      | 0                            | 0                            | (57)                                      |
| Liability                        | (122)                                     | (50)                         | 48                           | (124)                                     |
| Property                         | (30)                                      | 0                            | 5                            | (25)                                      |
| <b>Total</b>                     | <b>(2,800)</b>                            | <b>(1,278)</b>               | <b>961</b>                   | <b>(3,117)</b>                            |

### a. Accumulated Absences

The provision represents the value of employee benefits, mainly flexi time and annual holiday entitlement not taken at 1 April 2022. This is a short-term liability.

## **b. Termination Costs**

As at the 31 March 2022 a service restructure has been approved and the affected employees have agreed their termination offers. The payments will not be made until early 2022/23.

## **c. Legal Costs**

During 2021/22 the amount provided for in 2020/21 was fully utilised to meet the legal costs that had been incurred in defending a disrepair claim. A further provision has been made in 2021/22 in respect of estimated legal costs on a disrepair claim, that have been settled in 2021/22, where the legal costs are to be finalised and paid in 2022/23.

## **d. Dilapidations**

During 2021/22 the balance on this provision was fully utilised to meet the dilapidation obligation it had been set aside to fund. The obligation was in relation to a commercial property.

## **e. Planning Appeal Costs**

This arises as a result of reviewing planning appeals and the payment of legal costs should these be successful.

## **f. National Non-Domestic Rates (NDR) Appeals**

The Business Rate Retention regime places a liability on the Council to refund ratepayers who successfully appeal against the rateable value of their properties on the rating list. A provision of £2.239m has been made, representing the Council's estimated share of such liabilities at 31 March 2022.

## **g. Insurances**

At the end of the year, the Council had a £275k insurance provision, which is maintained to meet its outstanding liability (within the policy excess) for claims. The amount of provision required is calculated by the Council's Insurers. Most claims come to fruition within 1-2 years. The factors affecting these values can change and the Insurance Companies regularly review the provision requirement. The main risk is that several incurred but not reported claims could affect its adequacy. Over and above this provision, the Council also maintains Insurance Fund Reserves.

## 24. Usable Reserves

Movements in the Council's usable reserves are detailed in the Movement in Reserves Statement and the following note.

### a. Service Earmarked Reserves

This note sets out the amounts set aside from the General Fund balances to earmarked reserves for future service expenditure plans. Further detail on the movement of reserves can be found within the Narrative Statement.

|   | Balance at<br>31st March<br>2022<br>£'000 | Movements<br>in Year<br>£'000 | Balance at<br>31st March<br>2021<br>£'000 | Movements<br>in Year<br>£'000 | Balance at<br>31st March<br>2020<br>£'000 |
|---|---|-------------------------------|---|-------------------------------|---|
| District Planning Inquiry                 | 232                                       | (80)                          | 312                                       | (63)                          | 375                                       |
| Elections                                 | 118                                       | 54                            | 64  | 54                            | 10  |
| Harold Farr Bequest                       | 2   | 0                             | 2   | (3)                           | 5   |
| Joint Use Maintenance Fund                | 0   | 0                             | 0   | (201)                         | 201                                       |
| Asset Repair & Renewal Reserve            | 646                                       | (96)                          | 742                                       | (30)                          | 772                                       |
| LAMS Reserve                              | 16  | (60)                          | 76  | 0                             | 76  |
| Joint Crematorium Reserve                 | 541                                       | (35)                          | 576                                       | 89                            | 487                                       |
| Insurance Related Funds                   | 363                                       | (26)                          | 389                                       | (28)                          | 417                                       |
| Revenue Grant Reserve                     | 3,218                                     | (509)                         | 3,727                                     | 1,969                         | 1,758                                     |
| NNDR Equalisation Reserve                 | 3,211                                     | 1,086                         | 2,125                                     | 695                           | 1,430                                     |
| Supported Housing Reserve                 | 53  | 35                            | 18  | 7                             | 11  |
| Commercial Property Investment Reserve    | 3,500                                     | 350                           | 3,150                                     | 850                           | 2,300                                     |
| Economic Development and Place Reserve    | 384                                       | 0                             | 384                                       | 175                           | 209                                       |
| Brexit Reserve                            | 0   | (51)                          | 51  | 0                             | 51  |
| Covid-19 Reserve                          | 886                                       | 0                             | 886                                       | 824                           | 62  |
| Selective Licensing                       | 56  | 30                            | 26  | 14                            | 12  |
| Licensing                                 | 214                                       | 59                            | 155                                       | 45                            | 110                                       |
| Corporate Transformation Reserve          | 1,328                                     | (18)                          | 1,346                                     | (38)                          | 1,384                                     |
| Legal Reserve                             | 10  | 5                             | 5   | 5                             | 0   |
| Winter Maintenance Reserve                | 10  | 5                             | 5   | 5                             | 0   |
| Commercial Property Dilapidations Reserve | 20  | 10                            | 10  | 10                            | 0   |
| Leisure Maintenance Reserve               | 389                                       | 188                           | 201                                       | 201                           | 0   |
|   | <b>15,197</b>                             | <b>947</b>                    | <b>14,250</b>                             | <b>4,580</b>                  | <b>9,670</b>                              |

Details of the major usable reserves are set out below:

#### District Planning Inquiry Reserve

This reserve is to fund the costs of having and maintaining a Local Plan as required by legislation.

### **Elections Reserve**

This reserve is used to smooth election related expenditure over the 4-year cycle for District Elections.

### **Leisure Maintenance Reserve**

This reserve is to fund future maintenance expenditure at our leisure centres. This has been partially funded by the balance from the Joint Use Maintenance Fund.

### **Asset Repair & Renewal Reserve**

This reserve is to part fund investment into the Council's land, buildings & vehicles, further stock condition surveys and to progress the asset rationalisation programme.

### **Joint Crematorium Reserve**

This reserve is to fund Ashfield District Council's proportion of any maintenance expenditure to the crematorium, which is jointly run between Ashfield District Council, Mansfield District Council and Newark and Sherwood District Council.

### **Insurance Related Reserves**

To provide self-insurance for smaller value claims and to smooth claims between years. Also, to fund future liability claims because of liquidation of MMI and Independent Insurance Company.

### **Revenue Grant Reserve**

This reflects the unused element of revenue grants awarded to the Council, for which the conditions of the grant are expected to be met or for which there are no conditions. The reserve will be used to meet future years' revenue expenditure as required. This includes several Covid-19 related grants such as Council Tax Hardship Fund, New Burdens and Contain funding. It also contains Towns Fund capacity and revenue scheme funding to be utilised in 2022/23.

### **National Non-Domestic Rates (NDR) Equalisation Reserves**

This reserve holds gains relating to the variations to the NDR forecast and is utilised to fund deficits on the collection of NDR in future years.

## Commercial Property Investment Reserve

This reserve is to provide funding to mitigate the impact of void periods on revenue and to mitigate fluctuations within the property market.

## Economic Development and Place Reserve

To provide funding for feasibility studies to unlock external funding or to support projects that will result in economic growth or support inward investment.

## Covid-19 Reserve

This reserve reflects the transfer to the reserve of the unused element of the non-specific grant income received to mitigate against Covid-19 pressures in 2020/21. The reserve will be utilised as additional Covid-19 impacts, and pressures are identified.

## Licensing Reserve

This reserve is to hold profit on the taxi licencing application service, to ensure it is earmarked for reinvestment back into the service.

## Corporate Transformation Reserve

This reserve is to fund changes in service delivery through service reviews and technology investment to enable change to take place.

### b. Taxation Earmarked Reserve

|  | Balance at<br>31st March<br>2022<br>£'000 | Movements<br>in Year<br>£'000 | Balance at<br>31st March<br>2021<br>£'000 | Movements<br>in Year<br>£'000 | Balance at<br>31st March<br>2020<br>£'000 |
|--|---|-------------------------------|---|-------------------------------|---|
| NDR S31 Grant & NDR/CTax<br>Compensation Reserve | 2,237                                     | (2,599)                       | 4,836                                     | 4,836                         | 0   |



This reserve has been established to account for the Council's share of Section 31 grant received from Central Government to offset additional business rates reliefs given during the Covid-19 pandemic, as directed by Central Government. Due to the collection fund accounting rules, the impact of the additional reliefs creates a deficit taken to the Collection Fund Adjustment Account in the year following the reliefs are granted. This deficit will be transferred back to the General Fund in the following year and the reserve will be released to fund the deficit.

It also contains Council Tax and NDR Tax Income Guarantee Compensation. This has been paid by Central Government to partly compensate for losses on the Collection Fund due to the impact of during the Covid-19 pandemic in 2020/21. As outlined above due to the Collection Fund accounting rules, these losses created a deficit taken to the Collection Fund Adjustment Account as at 31 March 2022. The relief measure allowed for this element of the deficit to be taken to the general fund over three years, this element of the reserve will be released over three years to match the spreading of the deficit.

### c. Capital Grants Unapplied Reserve

This reserve details the amounts received in unspent capital grant and contribution income that does not have material conditions attached and is therefore available for financing future capital expenditure purposes.

|   | <b>2021/22</b><br><b>£'000</b> | <b>2020/21</b><br><b>£'000</b> |
|---|--------------------------------|--------------------------------|
| <b>Opening Balance</b>  | 4,937                          | 4,025                          |
| Capital Grants and Contributions credited to the Comprehensive Income and Expenditure Statement                       | 11,881                         | 3,988                          |
| Application of Capital Grants and Contributions within the period and adjusted through the Capital Adjustment Account | <u>(10,901)</u>                | <u>(3,076)</u>                 |
| <b>Closing balance</b>  | <b><u>5,917</u></b>            | <b><u>4,937</u></b>            |

#### d. Capital Receipts Reserve

|   | 2021/22<br>£'000 | 2020/21<br>£'000 |
|---|------------------|------------------|
| <b>Opening Balance</b>  | 3,901            | 2,666            |
| Transfer of sale proceeds credited as part of the gain/loss on disposal to the CIES | 1,977            | 1,676            |
| Use of the reserve to finance new expenditure                                       | (362)            | (441)            |
| <b>Closing Balance</b>  | <b>5,516</b>     | <b>3,901</b>     |

#### 25. Unusable Reserves

The unusable reserves arise from accounting entries and cannot be used to finance expenditure. The table below contains an analysis of the unusable reserves.

|  | Balance at 31st<br>March 2022<br>£'000 | Movements<br>in Year<br>£'000 | Balance at 31st<br>March 2021<br>£'000 | Movements<br>in Year<br>£'000 | Balance at 31st<br>March 2020<br>£'000 |
|--|--|-------------------------------|--|-------------------------------|--|
| Revaluation Reserve                              | (95,061)                               | (8,803)                       | (86,258)                               | (7,335)                       | (78,923)                               |
| Capital Adjustment Account                       | (123,924)                              | (14,683)                      | (109,241)                              | 5,546                         | (114,787)                              |
| Pensions Reserve                                 | 110,625                                | (13,460)                      | 124,085                                | 31,193                        | 92,892                                 |
| Crematorium Pensions Reserve                     | 706                                    | (53)                          | 759                                    | 244                           | 515                                    |
| Accumulated Absences Reserve                     | 623                                    | 29                            | 594                                    | 204                           | 390                                    |
| Collection Fund Adjustment Account - Council Tax | (46)                                   | (100)                         | 54                                     | (32)                          | 86                                     |
| Collection Fund Adjustment Account - NNDR        | 1,088                                  | (4,250)                       | 5,338                                  | 4,637                         | 701                                    |
| Financial Instruments Adjustment Account         | 695                                    | (9)                           | 704                                    | (9)                           | 713                                    |
|  | <b>(105,294)</b>                       | <b>(41,329)</b>               | <b>(63,965)</b>                        | <b>34,448</b>                 | <b>(98,413)</b>                        |

### a. Revaluation Reserve

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

- revalued downward
- used in the provision of services and the gains are consumed through depreciation
- disposed of and the gains realised.

|  | <b>2021/22</b><br><b>£'000</b> | <b>2020/21</b><br><b>£'000</b> |
|--|--------------------------------|--------------------------------|
| Opening Balance  | (86,258)                       | (78,923)                       |
| Asset Impairment   | 0                              | 0                              |
| Revaluation of Assets  | (11,272)                       | (10,039)                       |
| Heritage Assets  | 0                              | 0                              |
| Investment Properties  | (340)                          | (95)                           |
| Assets Held for Sale   | (114)                          | 100                            |
| Adjustment between current value depreciation and historic cost depreciation | 2,386                          | 1,906                          |
| Write out of revaluation on disposal; property, plant and equipment          | 537                            | 793                            |
| Closing Balance  | <u><b>(95,061)</b></u>         | <u><b>(86,258)</b></u>         |

The reserve contains revaluation gains accumulated since 1 April 2007, the date that the reserve was created; prior to this date revaluation gains were consolidated into the Capital Adjustment Account.

## b. 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 the financing of these assets under statutory provision.

The table below identifies the transactions posted to this account during the period.

|   | <b>2021/22</b><br><b>£'000</b> | <b>2020/21</b><br><b>£'000</b> |
|---|--------------------------------|--------------------------------|
| Opening Balance   | (109,241)                      | (114,787)                      |
| Charges for depreciation and impairment of non-current assets   | 2,418                          | 2,979                          |
| Revaluation losses / (gains) on Property Plant and Equipment  | (885)                          | 9,264                          |
| Capital Grants and Contributions  | (10,901)                       | (3,076)                        |
| Revenue Expenditure Funded from Capital under Statute   | 1,294                          | 703                            |
| Carrying Value of non-current assets written off on disposal  | 2,506                          | 2,016                          |
| Transfer of sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement | (917)                          | (996)                          |
| Statutory Provision for the financing of capital investment   | (2,293)                        | (2,270)                        |
| Voluntary Revenue Provision   | (200)                          | (50)                           |
| Capital Expenditure charged against Revenue   | (4,227)                        | (1,190)                        |
| Contribution from the Capital Receipts Reserve to finance the payments to the Government capital receipts pool                | 555                            | 555                            |
| Reversal of Major Repair Allowance credited to the HRA  | 3,901                          | 3,816                          |
| Use of the Major Repair Reserve to finance new capital expenditure  | (3,011)                        | (3,506)                        |
| <u>Other Reserve Movements</u>  |                                |                                |
| Adjustment between current value depreciation and historic cost depreciation  | (2,386)                        | (1,906)                        |
| Write out of revaluation on disposal; property, plant and equipment   | (537)                          | (793)                          |
| <b>Closing Balance</b>  | <b>(123,924)</b>               | <b>(109,241)</b>               |

### c. Pension Reserve

The Pension Reserve absorbs the timing differences arising from the different arrangements for accounting for post-employment benefits and for funding those benefits in accordance with statutory provision.

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 Pension Reserve shows a substantial shortfall in the resources the Council has set aside to meet the benefits earned by past and current employees. The statutory arrangements will ensure that funding will have been set aside by the time the benefits come to be paid.

|   | <b>2021/22</b><br><b>£'000</b> | <b>2020/21</b><br><b>£'000</b> |
|---|--------------------------------|--------------------------------|
| Opening Balance   | 124,085                        | 92,892                         |
| Actuarial (gains) or losses on pension assets and liabilities   | (18,429)                       | 28,485                         |
| Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement | 9,353                          | 7,069                          |
| Employers pension contribution payable in the year  | (4,384)                        | (4,361)                        |
| <b>Closing Balance</b>  | <b>110,625</b>                 | <b>124,085</b>                 |

#### d. Accumulated Absences Reserve

The Accumulated Absences Account absorbs the difference that would otherwise arise on the General Fund Balance from providing for compensated absences earned but not taken in year.

|                  | <b>2021/22</b><br><b>£'000</b> | <b>2020/21</b><br><b>£'000</b> |
|------------------|--------------------------------|--------------------------------|
| Opening Balance  | 594                            | 390                            |
| Movement in Year | 29                             | 204                            |
|                  | <b>623</b>                     | <b>594</b>                     |

#### e. Financial Instruments Adjustment Account

The Financial Instrument Adjustment Account absorbs the timing differences arising from the different arrangements for accounting for income and expense relating to certain financial instruments and for bearing losses or benefiting from gains per statutory provisions.

|   | <b>2021/22</b><br><b>£'000</b> | <b>2020/21</b><br><b>£'000</b> |
|---|--------------------------------|--------------------------------|
| Opening Balance   | 704                            | 713                            |
| Amount by which finance costs charged to the Comprehensive Income and Expenditure Statement are different from finance costs chargeable in the year in accordance with statutory requirements | (9)                            | (9)                            |
|   | <b>695</b>                     | <b>704</b>                     |

## f. Collection Fund Adjustment Account

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

|  | <b>2021/22</b><br><b>£'000</b> | <b>2020/21</b><br><b>£'000</b> |
|--|--------------------------------|--------------------------------|
| <b>Council Tax</b>   |                                |                                |
| Opening Balance  | 54                             | 86                             |
| Amount by which council tax income credited to the Comprehensive Income and Expenditure Statement is different from council tax income calculated for the year in accordance with statutory requirements | (100)                          | (32)                           |
|  | <b>(46)</b>                    | <b>54</b>                      |
| <b>Business Rates</b>  |                                |                                |
| Opening Balance  | 5,338                          | 701                            |
| Amount by which NNDR income credited to the Comprehensive Income and Expenditure Statement is different from NNDR income calculated for the year in accordance with statutory requirements               | (4,250)                        | 4,637                          |
|  | <b>1,088</b>                   | <b>5,338</b>                   |

## g. Crematorium Pension Reserve

|   | <b>2021/22</b><br><b>£'000</b> | <b>2020/21</b><br><b>£'000</b> |
|---|--------------------------------|--------------------------------|
| Opening Balance   | 759                            | 515                            |
| Actuarial (gains) or losses on pension assets and liabilities | (53)                           | 244                            |
| <b>Closing Balance</b>  | <b>706</b>                     | <b>759</b>                     |

## 26. Cash Flow Statement Notes

### a. Net Cash Flows from Operating Activities

|  | 2021/22<br>£'000 | 2020/21<br>£'000 |
|--|------------------|------------------|
| Net Surplus or (Deficit) on the Provision of Services-   | 15,326           | 2,069            |
| Adjust net surplus or (deficit) on the provision of services for non-cash movements:   |                  |                  |
| Depreciation and Impairment  | 5,434            | 16,046           |
| Increase/Decrease in Creditors   | 15,483           | 6,694            |
| Increase/Decrease in Debtors   | 5,490            | (6,321)          |
| Increase/Decrease in Inventories   | (86)             | (1)              |
| Pension Liability  | 4,969            | 2,708            |
| Contributions to/(from) Provisions   | 178              | 317              |
| Carrying amount of non-current assets sold [property plant and equipment, investment property and intangible assets]             | 2,506            | 2,016            |
|  | <b>33,974</b>    | <b>21,459</b>    |
| Adjust for items included in the net surplus or deficit on the provision of services that are investing or financing activities: |                  |                  |
| Capital Grants credited to surplus or deficit on the provision of services   | (11,881)         | (3,988)          |
| Proceeds from the sale of property plant and equipment, investment property and intangible assets                                | (1,977)          | (1,676)          |
|  | <b>(13,858)</b>  | <b>(5,664)</b>   |



## b. Net Cash Flows from Operating Activities (Interest)

|  | <b>2021/22</b> | <b>2020/21</b> |
|--|----------------|----------------|
|  | <b>£'000</b>   | <b>£'000</b>   |
| Operating activities within the cash flow statement include the following cash flows relating to interest: |                |                |
| Ordinary interest received   | 36             | 29             |
| Interest Received  | <u>36</u>      | <u>29</u>      |
| Interest charge for year   | (3,514)        | (3,519)        |
| Other interest:  | (3)            | (6)            |
| Interest Paid  | <u>(3,517)</u> | <u>(3,525)</u> |

## c. Net Cash Flows from Investing Activities

|   | <b>2021/22</b>         | <b>2020/21</b>        |
|---|------------------------|-----------------------|
|   | <b>£'000</b>           | <b>£'000</b>          |
| Purchase of Property, Plant and Equipment, investment property and intangible assets              | (24,242)               | (7,816)               |
| Purchase of Investment Properties   | 0                      | (3,305)               |
| Sale of short and long term investments   | (14,012)               | 2,000                 |
| Proceeds from the sale of property plant and equipment, investment property and intangible assets | 1,977                  | 1,676                 |
| Capital Grants Received   | 11,881                 | 3,988                 |
| <b>Total Cash Flows from Investing Activities</b>   | <u><b>(24,396)</b></u> | <u><b>(3,457)</b></u> |

#### d. Cash Flow – Financing Activities

|   | 2021/22  | 2020/21        |
|---|----------|----------------|
|   | £'000    | £'000          |
| Cash receipts of short and long term borrowing    | 0        | 0              |
| Repayment of Short-Term and Long-Term Borrowing   | 0        | (5,005)        |
| Collection Fund Adjustment Account                | 0        | 0              |
| <b>Total Cash Flows from Financing Activities</b> | <b>0</b> | <b>(5,005)</b> |

#### 27. Members' Allowances

The total amount paid under the Members' allowances scheme during the year was £452,931 (£461,577 in 2020/21).

## 28. Officers' Remuneration and Exit Packages

### a. Officers' Remuneration

The remuneration paid to the Council's senior officers was as follows:

| Post   | Salary, Fees<br>and Allowances | Bonuses | Expenses<br>Allowances | Compensation<br>for Loss of<br>Office | Total Remuneration<br>Exc. Pension<br>Contributions | Pension<br>Contributions | Total<br>Remuneration |
|--|--------------------------------|---------|------------------------|---------------------------------------|---|--------------------------|-----------------------|
|  | £                              | £       | £                      | £                                     | £   | £                        | £                     |
| Chief Executive Officer (Started 1/08/2021)              | 73,004                         | 0       | 68                     | 0                                     | 73,072  | 13,141                   | 86,213                |
| Director Place & Communities (Left 31/07/2021)           | 27,488                         | 0       | 0                      | 0                                     | 27,488  | 4,948                    | 32,436                |
| Asst Director Planning & Regulatory Services             | 61,848                         | 0       | 37                     | 0                                     | 61,885  | 11,133                   | 73,018                |
| Director of Resources and Business Transformation        | 82,464                         | 0       | 13                     | 0                                     | 82,477  | 14,844                   | 97,320                |
| Assistant Director Assets and Investments                | 61,848                         | 0       | 0                      | 0                                     | 61,848  | 11,133                   | 72,981                |
| Assistant Director of Housing Operations                 | 69,418                         | 0       | 166                    | 0                                     | 69,585  | 12,495                   | 82,080                |
| Assistant Director Housing Management & Tenancy Services | 59,464                         | 0       | 0                      | 0                                     | 59,464  | 10,704                   | 70,168                |
| Director of Housing and Assets                           | 85,619                         | 0       | 104                    | 0                                     | 85,723  | 15,412                   | 101,134               |
| Corporate Finance Manager                                | 68,231                         | 0       | 0                      | 0                                     | 68,231  | 12,281                   | 80,512                |
| Chief Executive Officer (Left 31/07/2021)                | 38,254                         | 0       | 100                    | 0                                     | 38,354  | 6,886                    | 45,240                |
| Director of Legal and Governance (Monitoring Officer)    | 82,464                         | 0       | 0                      | 0                                     | 82,464  | 14,844                   | 97,308                |
| Asst Director Resources & Transformation                 | 68,540                         | 0       | 0                      | 0                                     | 68,540  | 11,133                   | 79,673                |

Note 1: The Director of Place and Communities post became vacant 31/07/2021, the vacant post has been recruited to on an Interim basis through an agency for the remainder of the year.

The information for 2020/21 on a similar basis for comparative purposes is:

| Post   | Salary, Fees and Allowances | Bonuses | Expenses Allowances | Compensation for Loss of Office | Total Remuneration Exc. Pension Contributions | Pension Contributions | Total Remuneration |
|--|-----------------------------|---------|---------------------|---------------------------------|---|-----------------------|--------------------|
|  | £                           | £       | £                   | £                               | £   | £                     | £                  |
| Director Place & Communities                                   | 81,245                      | 0       | 0                   | 0                               | 81,245  | 14,624                | 95,869             |
| Asst Director Planning & Regulatory Services                   | 60,934                      | 0       | 157                 | 0                               | 61,091  | 10,968                | 72,060             |
| Assistant Director Neighbourhood & Environment (Left 01/11/20) | 35,714                      | 0       | 0                   | 0                               | 35,714  | 6,429                 | 42,143             |
| Director of Resources and Business Transformation              | 81,245                      | 0       | 0                   | 0                               | 81,245  | 14,624                | 95,869             |
| Assistant Director Assets and Investments                      | 60,934                      | 0       | 0                   | 0                               | 60,934  | 10,968                | 71,902             |
| Director of Housing and Assets                                 | 84,389                      | 0       | 259                 | 0                               | 84,648  | 15,190                | 99,838             |
| Corporate Finance Manager                                      | 67,222                      | 0       | 0                   | 0                               | 67,222  | 12,100                | 79,322             |
| Chief Executive Officer  | 114,761                     | 0       | 174                 | 0                               | 114,935                                       | 20,657                | 135,592            |
| Director of Legal and Governance (Monitoring Officer)          | 81,245                      | 0       | 0                   | 0                               | 81,245  | 14,624                | 95,869             |
| Asst Director Resources & Transformation                       | 60,934                      | 0       | 27                  | 0                               | 60,961  | 10,968                | 71,929             |

Note 1 – The Assistant Director Neighbourhood and Environment post became vacant 01/11/2020, the vacant post has been recruited to at a Service Manager level, pending a 12 month review.

The number of employees whose remuneration (excluding employers' pension contributions) was £50k or more in bands of £5,000 was as follows. This includes all senior management from the above tables.

| Remuneration (£)  | 2021/22 | 2020/21 |
|-------------------|---------|---------|
| 50,000 – 54,999   | 5       | 5       |
| 55,000 – 59,999   | 4       | 1       |
| 60,000 – 64,999   | 3       | 3       |
| 65,000 – 69,999   | 2       | 1       |
| 70,000 – 74,999   | 1       | 0       |
| 75,000 – 79,999   | 0       | 1       |
| 80,000 – 84,999   | 2       | 4       |
| 85,000 – 89,999   | 1       | 0       |
| 90,000 – 94,999   | 0       | 0       |
| 95,000 – 99,999   | 0       | 0       |
| 100,000 – 104,999 | 0       | 0       |
| 105,000 – 109,999 | 0       | 0       |
| 110,000 - 114,999 | 0       | 1       |
| 115,000 - 119,999 | 0       | 0       |

## b. Exit Packages

The numbers of exit packages with total cost per band and total cost of compulsory and other redundancies are set out in the table below, which shows the costs without pension strain adjustments as per IAS 19.

| Exit Package Cost Band<br>(Including Special Payments) | Number of Compulsory<br>Redundancies |          | Number of Other<br>Departures Agreed |          | Total Number of Exit<br>Packages by Cost Band<br>[(b) + (c)] |          | Total Cost of Exit Packages in<br>Each Band (£) |              |
|--|--------------------------------------|----------|--------------------------------------|----------|--|----------|---|--------------|
|  | 2020/21                              | 2021/22  | 2020/21                              | 2021/22  | 2020/21  | 2021/22  | 2020/21   | 2021/22      |
| £0 - £20,000   | 1                                    | 1        | 5                                    | 4        | 6  | 5        | 27,922  | 6,930        |
| £20,001 - £60,000                                      | 0                                    | 0        | 2                                    | 0        | 2  | 0        | 77,058  | 0            |
| £60,001 - £80,000                                      | 0                                    | 0        | 1                                    | 0        | 1  | 0        | 75,813  | 0            |
| £80,001 +  | 0                                    | 0        | 0                                    | 0        | 0  | 0        | 0   | 0            |
| <b>TOTAL</b>   | <b>1</b>                             | <b>1</b> | <b>8</b>                             | <b>4</b> | <b>9</b>   | <b>5</b> | <b>180,793</b>                                  | <b>6,930</b> |

## 29. External Audit Costs

Fees payable to Mazars LLP, KPMG and Grant Thornton in 2021/22 regarding external audit services were:

|  | 2021/22<br>£'000 | 2020/21<br>£'000 |
|--|------------------|------------------|
| External audit services carried out by the appointed auditor | 64               | 56               |
| Certification of Grant Claims                                | 17               | 17               |
| Additional Audit Fees  | 4                | 4                |
|  | <b>85</b>        | <b>77</b>        |

Included within the 2021/22 figure for external audit services fee are the agreed additional fees of £21k for the 20/21 audit.

Additional fees payable of £3.3k in respect of auditing the Pooling of Capital Receipts return, also £0.6k to Grant Thornton in respect of a Pensions Audit.

## 30. Related Party Transactions

The Council is required to disclose material transactions with related parties' bodies or individuals that have the potential to control or influence the Council or to be controlled or influenced by the Council. The disclosure of these transactions allows readers to assess the extent to which there exists the possibility that the Council might have been constrained in its ability to operate independently or might have secured the ability to influence another party's ability to bargain freely with the Council.

### a. Central Government

Central Government has effective control over the general operations of the Council – it is responsible for providing the statutory framework within which the Council operates, provides the majority of its funding in the form of grants and prescribes the terms of many transactions that the Council has with other parties (e.g. Council Tax bills, Housing Benefits). Details of major grants received from the Government are set out in Note 9 of the accounts.

## **b. Members**

Members of the Council have direct control over the Council's financial and operating policies. The total of Members' allowances paid in 2021/22 is shown in Note 27.

The Council made payments totalling £2,560 in 2021/22 under the Members Community Support Scheme.

The Council is jointly responsible for the operation of the Mansfield and District Joint Crematorium Committee, along with Mansfield District Council and Newark and Sherwood District Council. Details of the Council's share of transactions are shown at Note 38. There are three elected Members of the Council who were also Members of the Committee for 2021/22. These are Councillor T Hollis, Councillor H Smith and Councillor D Martin.

Payments totalling £288,984 were made to Parish Councils.

- A total of £233,666 was paid to Selston Parish Council, which related to the precept payment.
- A total of £55,318 was paid to Annesley and Felley Parish Council, which related to the precept payment.

During 2021/22, there were seven elected Members of the Council who were also Parish Councillors. Members of Selston Parish Council were Councillor C Chapman, Councillor D Martin and Councillor A Hankin (joined Feb 2022). Members of Annesley and Felley Parish Council were Councillor R.E. Madden, Councillor J.B. Zadrozny, Councillor D Martin and Councillor D Williamson.

Related party transactions forms were returned by all Councillors. From the records held by the Council, there is no evidence of any third party relationships which require inclusion.

In all instances where payments are involved, proper consideration of declarations of interest has been given. The relevant Members did not take part in any discussion or decision relating to payments. Details of all transactions are recorded in Register of Members' Interests, which is available for public inspection.

The disclosure note has been prepared using the Council's Register of Members Declarations of Interest and appointments made by the Council in



addition to a specific declaration obtained in respect of related party transactions as part of the closure of accounts process.

### c. Officers

Senior Officers of the Council have control over the day-to-day management of the Council and all Senior Officers have been asked to declare any related party transactions. All Senior Officers returned the declarations with nothing to declare.

## 31. Capital Financing Requirement

The total amount of capital expenditure incurred in the year is shown in the table, 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 Authority, the expenditure results in an increase in the Capital Financing Requirement (CFR), a measure of the capital expenditure incurred historically by the Authority that has yet to be financed. The CFR is analysed in the second part of this note.

|  | 2021/22<br>£'000 | 2020/21<br>£'000 |
|--|------------------|------------------|
| <b>Opening Capital Financing Requirement</b>   | <b>162,143</b>   | <b>160,852</b>   |
| <b>Capital Investment</b>  |                  |                  |
| Operational Assets   | 24,242           | 7,816            |
| Investment Properties  | 0                | 3,305            |
| REFCUS   | 1,294            | 703              |
|  | <u>25,536</u>    | <u>11,824</u>    |
| <b>Sources of Finance</b>  |                  |                  |
| Capital Receipts   | 362              | 441              |
| Reserves   | 116              | 50               |
| Government Grants and Other Contributions  | 10,901           | 3,076            |
| Major Repairs Reserve  | 3,011            | 3,506            |
| Minimum Revenue Provision  | 2,293            | 2,270            |
| Voluntary Revenue Provision  | 200              | 50               |
| Revenue Contributions  | 4,111            | 1,140            |
|  | <u>20,994</u>    | <u>10,533</u>    |
| <b>Closing Capital Financing Requirement</b>   | <b>166,685</b>   | <b>162,143</b>   |
| <b>Movement in the Year</b>  | <b>4,542</b>     | <b>1,291</b>     |
| <b>Explanation of Movement in the Year</b>   |                  |                  |
| Increase in Underlying Need to Borrow<br>(unsupported by Government Financial Assistance | 7,035            | 3,611            |
| Minimum Revenue Provision  | (2,293)          | (2,270)          |
| Voluntary Revenue Provision  | (200)            | (50)             |
|  | <u>4,542</u>     | <u>1,291</u>     |

### 32.Assets held as Lessee

The Council has no assets held as a lessee.

### 33.Assets held as Lessor

#### a. Finance Leases

The Council has no assets held under finance leases.

#### b. Operating Leases

With regard to the Council's activity as a lessor, the gross value of assets held for use in operating leases as at 31st March 2022 was £8.299m and as at 31 March 2021 was £8.318m (these properties were subject to accumulated depreciation and impairment of £0.275m in 2021/22 and £0.245m 2020/21). The net book value of these assets is £8.024m in 2021/22 and £8.073m in 2020/21. The difference is due to Depreciation and changes in valuation.

The future minimum lease payments receivable under non-cancellable leases in future years are:-

|                       | 2021/22<br>£'000 | 2020/21<br>£'000 |
|-----------------------|------------------|------------------|
| Within 1 Year         | 5,130            | 5,117            |
| Between 2 and 5 Years | 17,342           | 18,254           |
| Later than 5 Years    | 25,025           | 24,679           |
|                       | <b>47,497</b>    | <b>48,049</b>    |

### 34. Revaluation Loss

During 2021/22, the Council has recognised revaluation losses as detailed in the following table:

|  | 2021/22<br>£'000 | 2020/21<br>£'000 |
|--|------------------|------------------|
| Revaluation Losses recognised within the surplus or Deficit of the provision of services | (885)            | 9,264            |
|  | <u>(885)</u>     | <u>9,264</u>     |

### 35. Retirement Benefits

#### a. Participation in pension schemes

As part of the terms and conditions of employment of its officers, 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 (for those benefits) and to 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 the Council and the employees pay contributions into a fund, calculated at a level intended to balance the pension's liabilities with investment assets.

Arrangements for the award of discretionary post-retirement benefits upon early retirement – this 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 eventually fall due.

There were no early retirement during the year, which was not allowed for at the previous accounting date.

|                     | <b>Number</b> | <b>Salaries/<br/>Pensions<br/>£'000</b> | <b>Average Age<br/>Current<br/>Employees</b> |
|---------------------|---------------|---|--|
| Active members      | 536           | 13,083                                  | 46   |
| Deferred pensioners | 737           | 1,724                                   | 46   |
| Pensioners          | 771           | 4,896                                   | 72   |
| Unfunded pensioners | 154           | 315                                     | 79   |

The pension scheme is operated under the regulatory framework for the Local Government Pension Scheme and the governance of the scheme is the responsibility of the pensions committee of Nottinghamshire County Council. A team within the County Council undertakes day to day administration of the fund. Where appropriate, some functions are delegated to the Fund's professional advisors.

The principal risks to the authority 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 note.

#### **b. Transactions relating to retirement benefits**

The costs of retirement benefits are recognised in the reported cost of services when they are earned by employees, rather than when the benefits are eventually paid as pensions. However, the charge we are required to make against council tax is based on the cash payable in the year, so the real cost of post-employment/retirement benefits is reversed out of the General Fund via the Movement in Reserves Statement. The following transactions have been made in the Comprehensive Income and Expenditure Statement and the General Fund Balance via the Movement in Reserves Statement during the year.

|   | 2021/22<br>£'000 | 2020/21<br>£'000 |
|---|------------------|------------------|
| <b>Comprehensive Income and Expenditure Statement</b>   |                  |                  |
| Cost of Services:   |                  |                  |
| Current service cost  | 6,848            | 4,887            |
| Financing and Investment Income and Expenditure   |                  |                  |
| Net Interest on the defined liability (asset)   | 2,438            | 2,132            |
| Administration Expenses   | 67               | 50               |
| Total Post-employment Benefits charged to the Surplus or Deficit on the Provision of services | 9,353            | 7,069            |
| Other Post-employment Benefits charged to the Comprehensive Income and Expenditure Statement  |                  |                  |
| Remeasurement of the net defined benefit liability comprising;                                |                  |                  |
| Return on plan assets in excess of interest   | 7,617            | 19,905           |
| Other actuarial gains/(losses) on assets  | 0                | 0                |
| Changes in financial assumptions  | 11,414           | (53,197)         |
| Change in demographic assumptions   | 0                | 2,230            |
| Experience gain/(loss) on defined benefit obligation  | (602)            | 2,577            |
| Liabilities assumed/ (extinguished) on settlements  | 0                | 0                |
| Settlement prices received/(paid)   | 0                | 0                |
| Total Post-employment Benefits Charged to the Comprehensive Income and Expenditure Statement  | 18,429           | (28,485)         |
| Movement in reserves Statement  |                  |                  |
| reversal of net charges made for retirement benefits in accordance with the code              | (9,353)          | (7,069)          |
| Actual amount charged against the General Fund  |                  |                  |
| Balance for pensions in the year:   |                  |                  |
| Employers' contributions payable to scheme  | 4,384            | 4,361            |
| Employers' contributions pre-paid for 2019/20   | (4,969)          | (2,708)          |

## Pensions Assets and Liabilities Recognised in the Balance Sheet

|   | <b>2021/22</b><br><b>£'000</b> | <b>2020/21</b><br><b>£'000</b> |
|---|--------------------------------|--------------------------------|
| Present value of the Defined benefit obligation | 241,751                        | 245,564                        |
| Fair Value of the plan assets (bid value)       | <u>(135,013)</u>               | <u>(125,618)</u>               |
| Deficit/ Surplus                                | 106,738                        | 119,946                        |
| Present Value of unfunded obligation            | <u>3,887</u>                   | <u>4,139</u>                   |
|   | <u>110,625</u>                 | <u>124,085</u>                 |

### c. Reconciliation of the Movements in the Fair Value of the Scheme (Plan) Assets:

|  | <b>2021/22</b><br><b>£'000</b> | <b>2020/21</b><br><b>£'000</b> |
|--|--------------------------------|--------------------------------|
| Opening fair value of Scheme assets        | 125,618                        | 103,781                        |
| Interest on assets                         | 2,506                          | 2,434                          |
| Return on assets less interest             | 7,617                          | 19,905                         |
| Actuarial gains and (losses)               | 0                              | 0                              |
| Administration expenses                    | (67)                           | (50)                           |
| Employer contributions                     | 4,384                          | 4,361                          |
| Contributions by scheme participants       | 913                            | 902                            |
| Benefits paid                              | (5,958)                        | (5,715)                        |
| Settlement Prices Received/ Paid           |                                |                                |
| <b>Closing fair value of Scheme assets</b> | <u><b>135,013</b></u>          | <u><b>125,618</b></u>          |

#### d. Reconciliation of Present Value of the Scheme Liabilities

|  | 2021/22<br>£'000 | 2020/21<br>£'000 |
|--|------------------|------------------|
| Opening Defined Benefit Obligation                   | 249,703          | 196,673          |
| Current service cost                                 | 6,848            | 4,797            |
| Interest cost  | 4,944            | 4,566            |
| Change in financial assumptions                      | (11,414)         | 53,197           |
| Change in demographic assumptions                    | 0                | (2,230)          |
| Experience loss/(gain) on defined benefit obligation | 602              | (2,577)          |
| Liabilities Assumed/ (extinguished) on settlements   | 0                | 0                |
| Benefits paid (net of transfers in)                  | (5,700)          | (5,447)          |
| Past Service Cost including curtailments             | 0                | 90               |
| Contributions by scheme participants                 | 913              | 902              |
| Unfunded pension costs                               | (258)            | (268)            |
| <b>Closing Defined Benefit Obligation</b>            | <b>245,638</b>   | <b>249,703</b>   |

#### e. Pension Scheme Assets Comprise

|                  | 31st March 2022 |                | 31st March 2021 |                |
|------------------|-----------------|----------------|-----------------|----------------|
|                  | £'000           |                | £'000           |                |
| Equities         | 81,792          | 60.58%         | 81,370          | 64.78%         |
| Gilts            | 3,976           | 2.94%          | 4,221           | 3.36%          |
| Other Bonds      | 9,208           | 6.82%          | 8,610           | 6.85%          |
| Property         | 17,346          | 12.85%         | 12,833          | 10.22%         |
| Cash             | 7,557           | 5.60%          | 5,712           | 4.55%          |
| Inflation-linked | 7,113           | 5.27%          | 6,078           | 4.84%          |
| Infrastructure   | 8,021           | 5.94%          | 6,794           | 5.41%          |
| Unit Trust       |                 |                |                 |                |
|                  | <b>135,013</b>  | <b>100.00%</b> | <b>125,618</b>  | <b>100.00%</b> |

The detail of the assets as at 31 March 2022, representing the percentages of the total Fund held in each asset class.

| <b>31 March 2022</b>                 |                            |                 |                   |
|--------------------------------------|----------------------------|-----------------|-------------------|
| <b>Asset Breakdown</b>               |                            | <b>% Quoted</b> | <b>% Unquoted</b> |
| Fixed Interest Government Securities | UK                         | 3.0%            | 0.0%              |
| Corporate Bonds                      | UK                         | 2.0%            | 0.0%              |
|                                      | Overseas                   | 5.0%            | 0.0%              |
| Equities                             | UK                         | 21.0%           | 0.0%              |
|                                      | Overseas                   | 35.0%           | 0.0%              |
| Property                             | All                        | 0.0%            | 13.0%             |
| Others                               | Private Equity             | 0.0%            | 4.0%              |
|                                      | Infrastructure             | 0.0%            | 6.0%              |
|                                      | Unit trusts                | 0.0%            | 1.0%              |
|                                      | Inflation Linked           | 0.0%            | 5.0%              |
|                                      | Credit                     | 0.0%            | 3.0%              |
|                                      | Cash/Temporary Investments | 0.0%            | 2.0%              |
| <b>Total</b>                         |                            | <b>66.0%</b>    | <b>34.0%</b>      |



## f. Basis for estimating assets and liabilities

Liabilities have been assessed on an actuarial basis using the projected unit method, an estimate of the pensions that will be payable in future years dependent on assumptions about mortality rates, salary levels, etc. The County Council Fund liabilities have been assessed by Barnett Waddingham, an independent firm of actuaries, estimates for the County Council Fund being based on the latest full valuation of the scheme as at 31st March 2022.

The principal assumptions used by the actuary were:

|  | 2021/22 | 2020/21 |
|--|---------|---------|
| <b>Mortality assumptions:</b>                  |         |         |
| <b>Longevity at 65 for current pensioners:</b> |         |         |
| Men  | 21.6    | 21.6    |
| Women  | 24.3    | 24.3    |
| <b>Longevity at 65 for future pensioners:</b>  |         |         |
| Men  | 23.0    | 22.9    |
| Women  | 25.8    | 25.7    |
| <b>Financial Assumptions:</b>                  |         |         |
| Increase in Retail Price Index                 | 3.55%   | 3.20%   |
| Increase in Consumer Price Index               | 3.20%   | 2.80%   |
| Rate of increase in salaries                   | 4.20%   | 3.80%   |
| Rate of increase in pensions                   | 3.20%   | 2.80%   |
| Rate for discounting scheme liabilities        | 2.60%   | 2.00%   |

The estimation of the defined benefit obligations is sensitive to the actuarial assumptions set out in the table above. The sensitivity analysis 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.

### Sensitivity Analysis

|  | £'000   | £'000   | £'000   |
|--|---------|---------|---------|
| Adjustment to discount rate:                           | +0.1%   | 0.0%    | -0.1%   |
| Present value of total obligation                      | 240,802 | 245,638 | 250,576 |
| Projected service cost                                 | 6,109   | 6,291   | 6,479   |
| Adjustment to long term salary increase                | +0.1%   | 0.0%    | -0.1%   |
| Present value of total obligation                      | 246,094 | 245,638 | 245,186 |
| Projected service cost                                 | 6,295   | 6,291   | 6,288   |
| Adjustment to pension increases & deferred revaluation | +0.1%   | 0.0%    | -0.1%   |
| Present value of total obligation                      | 250,087 | 245,638 | 241,277 |
| Projected service cost                                 | 6,477   | 6,291   | 6,110   |
| Adjustment to mortality age rating assumption          | +1 Year | None    | -1 Year |
| Present value of total obligation                      | 257,520 | 245,638 | 234,337 |
| Projected service cost                                 | 6,571   | 6,291   | 6,022   |

### Projected Pension Expense for year to 31 March 2023

|   | 2022/23<br>£'000 |
|---|------------------|
| Service Costs                                 | 6,291            |
| Net Interest on the defined liability (asset) | 2,818            |
| Administration Expense                        | 66               |
| <b>Total</b>                                  | <u>9,175</u>     |
| Employer contribution                         | 4,184            |

Note these figures exclude the capitalised cost of any early retirements or augmentations, which may occur after 31 March 2022. These projections are based on the assumptions as at 31 March 2022, as described in the note.

## **36. Contingent Assets and Liabilities**

### **a. Insurance**

The Independent Insurance Company was the Council's Liability Insurer between 1992 and 1998 and was forced into liquidation in 2001. As at 31<sup>st</sup> March 2022, there were no outstanding claims against the Council. As the Independent Insurance Company no longer exists, the costs will fall to the Council once individual claims are settled.

In September 1992, Municipal Mutual Insurance (MMI), the Council's former insurers, ceased accepting new business. MMI and its policyholders including local authorities established a "scheme of arrangement" for the orderly run down of the company. The Council has paid to date a levy during the scheme of arrangement of £143k. The estimated full liability after the levy payment is £430k. The level provided for in the reserve, in relation to full potential liability, is as advised by the insurance brokers. The adequacy of the reserve is reviewed annually, taking this into account.

### **b. Disrepair Claims**

There is one disrepair case that is ongoing. Legal fees may be incurred in defending the claim and a compensation amount may be paid out. It is not possible to estimate the compensation amounts or legal costs of this case at this stage. (For context, the latest disrepair claim settled, paid out compensation of £1k and legal costs of £8k, and a provision for legal costs on a settled claim in 2021/22 has been made for £20k, included in the provisions at Note 23).

### **c. VAT Reclaim – Embedded VAT on Postage Costs**

Previously a contingent asset has been included in relation to the above. The Council joined (in March 2015) a Group Litigation Order aiming to reclaim embedded VAT on postal services, plus compound interest back to 1978.

Recent developments mean the Council has been advised there is now less than a 50% chance of the claim being successful and so the Council has withdrawn from the Joint Litigation Order and therefore the contingent asset is removed.

#### **d. Health & Safety Prosecution**

The Council has a potential legionella prosecution to bring against an employer under its Health and Safety duties. The employee was seriously ill but has recovered, his illness has been linked to legionella found in his place of work by Public Health England.

There have been delays in progressing this matter due to the impact of the Covid-19 pandemic however the Council is currently considering the strength of evidence. Expert evidence will need to be obtained and advice sought from a specialist barrister before a prosecution decision is made. The decision whether to prosecute will not be made for some months yet. If prosecuted, there could be a significant fine as this company is an international company with a large turnover. Costs of pursuing the case could be significant although we will seek to re-claim if the case is successful.

#### **e. Truck Cartel**

The Council has joined a possible collective compensation claim (coordinated by the LGA) against certain truck manufacturers who engaged in price fixing between 1997 and 2011. The potential claim is in the very early stages of gathering information and at this stage it is unclear the potential value of any claim or the strength of any claim. The Council has to date incurred no costs.

### **37. Deferred Credits**

There were no deferred credits utilised to fund capital expenditure in either 2021/22 or 2020/21.

### 38. Joint Crematorium Committee

The Council's share (currently 43.05% share) of income, expenditure, assets and liabilities in respect of the Joint Crematorium Committee is as follows;

|                               | 2021/22<br>£'000 | 2020/21<br>£'000 |
|-------------------------------|------------------|------------------|
| Gross Income                  | (861)            | (934)            |
| Gross Expenditure             | 633              | 592              |
| Net (Surplus)/Deficit         | <u>(228)</u>     | <u>(342)</u>     |
| Total Assets at Year End      | 1,829            | 1,921            |
| Total Liabilities at Year end | <u>(1,039)</u>   | <u>(1,169)</u>   |
| Net Assets at Year End        | <u>790</u>       | <u>752</u>       |

|  | 2021/22<br>£'000 | 2020/21<br>£'000 |
|--|------------------|------------------|
| <b>Pension Values Included Within Assets &amp; Liabilities</b> |                  |                  |
| Long Term Liability - Pension                                  | (699)            | (746)            |
| Pension Reserve  | 706              | 759              |
|  | <u>7</u>         | <u>13</u>        |

The Joint Crematorium is a member of the Local Government Pension Scheme. The Council's share above includes Pension Liabilities of £699k (£746k 2020/21).

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

#### a. Credit Risk

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

This risk is minimised by an investment policy which requires that deposits are not made with financial institutions unless they meet minimum standards. It also imposes a maximum amount which can be invested with each financial institution.

The credit criteria in respect of financial assets held by the Council are as detailed below:

| <b>Financial Asset Category</b>          | <b>Criteria</b>  | <b>Maximum Investment</b> |
|--|--|---------------------------|
| Deposits with banks & building societies | We are guided by the rating agencies and credit default swap data. Please refer to the Council's Treasury Management Strategy. | £5m per counter-party     |

The following analysis summarises the Council's potential exposure to credit, based on experience of default and failure to collect over the last five financial years, adjusted to reflect current market conditions.

|  | <b>Amount at 31st March 2022</b> | <b>Historical Experience of default</b> | <b>Historical experience adjusted for market conditions at 31st March 2022</b> | <b>Estimated maximum exposure to default and uncollectibility</b> |
|--|----------------------------------|---|--|---|
|  | <b>£'000</b>                     | <b>%</b>                                | <b>%</b>   | <b>£'000</b>  |
| Deposits with banks and financial institutions | 26,057                           | 0.0                                     | 0.007  | 2   |
| Bonds  | 0                                | 0.0                                     | 0.0  | 0   |
| Customers - Sundry Debtors                     | 1,341                            | 11.24                                   | 5.0  | 67  |
| Housing Benefit Overpayments                   | 1,844                            | 50.0                                    | 50.0   | 922   |
| Housing Benefit Overpayment Clawback           | 317                              | 25.0                                    | 25.0   | 79  |

The Council does not allow credit for its customers and at the 31st March 2022, £3.185m was due for payment. The past due amount can be analysed by age as follows:

|                    | <b>31st March 2022</b> | <b>31st March 2021</b> |
|--------------------|------------------------|------------------------|
|                    | <b>£'000</b>           | <b>£'000</b>           |
| Less than 2 months | 990                    | 708                    |
| 2 to 6 months      | 157                    | 196                    |
| 6 to 12 months     | 217                    | 277                    |
| More than 1 year   | 1,821                  | 1,953                  |
|                    | <b><u>3,185</u></b>    | <b><u>3,134</u></b>    |

## **b. Liquidity Risk**

The Council manages its cash flow on a daily basis 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 Loans Board. There is no significant risk that it 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.

An analysis of the long term borrowings included in the balance sheet is shown below:

|                         | Ranges of Interest Rates Payable % | Carrying Amount          |                          |
|-------------------------|------------------------------------|--------------------------|--------------------------|
|                         |                                    | 31st March 2022<br>£'000 | 31st March 2021<br>£'000 |
| <b>Source of Loan</b>   |                                    |                          |                          |
| Public Works Loan Board | 1.73% to 9.25%                     | 62,815                   | 62,810                   |
| Money Market            | 3.76% to 5.75%                     | 35,654                   | 35,671                   |
|                         |                                    | <b>98,469</b>            | <b>98,481</b>            |
| <b>Maturity Within:</b> |                                    |                          |                          |
| Less than a year        | 3.55%-5.75%                        | 6,504                    | 0                        |
| 1-2 years               | 4.625-5.75%                        | 4,260                    | 0                        |
| 2-5 years               | 4.50%                              | 4,031                    | 7,501                    |
| 5-10 years              | 4.25% - 9.25%                      | 9,089                    | 7,651                    |
| More than 10 years      | 1.73% - 4.75%                      | 74,585                   | 83,329                   |
|                         |                                    | <b>98,469</b>            | <b>98,481</b>            |

#### c. Market Rate Risk

The impact of a general rise in interest rates of one percent at 31st March 2022, is minimal for the Council with regards to interest payable and carries no risk on interest receivable. This is due to most borrowings being on fixed rate terms. However, the fair value of financial liabilities would decrease. This is a memorandum item only and does not change the Balance Sheet or other accounts.

#### d. Price Risk

The Council does not invest in equity shares and is not a shareholder in any businesses. The Council is not exposed to any losses arising from movements in the price of shares.

#### e. Foreign Exchange Risk

The Council has no financial assets or liabilities that are denominated in foreign currency and therefore has no exposure to gains or losses arising from movements in exchange rates.



#### **40. Trust Funds**

The Council acts as custodian trustee for a number of Trusts.

The Teversal Community Centre and Recreation Ground Trust exists for the provision and maintenance of a community centre and recreation ground for the use of the inhabitants of Teversal, Stanton Hill, Skegby and the neighbourhood thereof. Over the past few years, the Trust has incurred deficits and is working with the Council on a restructure.

The Council is also sole trustee for three recreation charities, for which no separate bank account exists. These are:

- Sutton-in-Ashfield Recreation Grounds
- Kirkby-in-Ashfield Recreation Ground, Lord Francis Park
- Skegby Recreation Ground

In each case, the value of the parcels of land is low as they are parts of larger recreational areas, which cannot be used for any other purpose. At present, there is no valuation of the land areas attributable to the Trusts. There are no other assets or liabilities relating to the three Trusts.