Rushcliffe
Borough Council

Statement of Accounts

For year ended 31 March 2018

RUSHCLIFFE - GREAT PLACE ▪ GREAT LIFESTYLE ▪ GREAT SPORT

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NOTES TO THE ACCOUNTS

A. NARRATIVE STATEMENT

Welcome to the Statement of Accounts

Peter Linfield, Executive Manager (Finance and Corporate Services)

Introduction

As the Council's Chief Finance Officer, I have pleasure in presenting the Narrative Statement to Rushcliffe's 2017/18 Statement of Accounts. The Statement of Accounts is required by law and provides statutory and other information in line with professional best practice. In doing so, the Financial Statements continue to accord with International Financial Reporting Standards (IFRS) ensuring consistency with accounts produced by organisations in other sectors of the economy.

The Narrative Statement reports on the accounts by summarising key events and their financial impact as well as non-financial performance indicators against key corporate priorities and commentary on key risks. It also provides additional context on some of the issues and challenges that have faced the Council during the year. I hope that this Narrative Statement, and the information that follows, gives a clear picture of how Council Tax and our other sources of income are used to deliver a wide range of services. The Narrative Statement, along with the Annual Governance Statement and the Auditor's report, are outside the scope of the Statement of Accounts, but all of the documents, as one, constitute the Council's Financial Report for 2017/18.

In light of the difficult economic circumstances currently facing the public sector, the Council has maintained its focus on achieving a viable Medium Term Financial Strategy. The Council continues to aim to secure value for money and remains committed to delivering quality frontline services, working with partners and most importantly, delivering services residents want whilst meeting the Council's corporate priorities of:

- Supporting economic growth to ensure a sustainable, prosperous and thriving local economy.
- Maintaining and enhancing our residents' quality of life.
- Transforming the Council to enable the delivery of efficient high quality services.

Should you have any queries regarding these accounts or suggestions as to how we could improve the information provided please forward them to me at finance@rushcliffe.gov.uk.

Peter Linfield
Executive Manager (Finance and Corporate Services)

1. The Statement of Accounts

The Executive Manager (Finance and Corporate Services) is the statutory officer responsible for the proper administration of the Council's financial affairs (sometimes referred to as the Chief Finance Officer). He is required by law to confirm that the Council's system of internal controls can be relied upon to produce an accurate Statement of Accounts. To do so the Chief Finance Officer ensures that the Council maintains proper and up to date accounting records and takes all reasonable steps to prevent and detect fraud and any other irregularities. His Statement of Assurance for 2017/18 (known as *The Statement of Responsibilities*) appears on Page 1 of the Statement of Accounts.

The Statement of Accounts has been produced in accordance with *The Code of Practice on Local Authority Accounting* ('the Code') developed by the Chartered Institute of Public Finance and Accountancy (CIPFA) and the Council's Accounting Policies, which are written to take into account the Code, are outlined on pages 9 to 24 of the Statement of Accounts.

2. Council Performance

Performance is reported quarterly to the Council's Performance Management Board (PMB). At the end of 2017/18, the PMB report of 26 June 2018 will consider 20 indicators with 'green status' (achieving or within 1% of their target). Particular highlights for each corporate priority include:

<u>Supporting economic growth to ensure a sustainable, prosperous and thriving local economy</u>

Indicator ref *Indicator Description*

LITR31 - Percentage of new private homes on the colliery site completed. The build out of this site has slowed, 71% have been completed against a target of 85%, however only 25 have not been started. (More than 5% below target)

LITR32 - Percentage of new affordable homes on the colliery site completed. There have been 89 new affordable homes built out of the 137 due to be built on this site, providing an opportunity for families on lower incomes to rent and buy in an area where more supply is much needed. (More than 5% below target)

LITR34 - Percentage of employment units on the Cotgrave colliery site occupied. The new units were completed in August 2018 and all units have been let. (Exceeded target)

LITR35 - Percentage of Growth Deal money drawn down and allocated. To date £3m (48%) of the Growth Deal money has been secured, the remainder will be allocated to new projects once confirmation has been given by D2N2. (More than 5% below target)

<u>Maintaining and enhancing our residents' quality of life</u>

LIFCS01 – Percentage of users satisfied with sports and leisure centres - Satisfaction remains high at 92.8% and has increased over 2% in the past 12 months. The opening of the new Rushcliffe Arena in January 2017 has provided residents with an outstanding leisure centre with the opportunity to choose from a wide spectrum of sporting activities. (Target exceeded)

LINS24 – Number of affordable homes delivered – the target was exceeded by 33 as a greater than expected number of affordable homes have been delivered. The 112 completions have continued the increased provision, following the previous year's achievement of 73 in 2016/17. (Target exceeded)

<u>Transforming the Council to enable delivery of efficient high quality services</u>

LITR03a – Percentage increase in self-serve transactions – this tracks the growth in the uptake of self-service services the Council offers through its automated channels. This is increasing year on year with an increase of 8.5% (from 108,784 to 118,037) this year which is largely due to the popularity of online registering for services and paying for the green bin service. (Contextual Indicator – no target)

LITR12 – Percentage of RBC owned industrial units occupied – the units have remained occupied almost throughout the whole year although the overall percentage occupation was impacted by the letting period of the new Cotgrave Colliery units and therefore the 94.4% has fallen short of the record performance of 99.45% in 2016/17. (Target exceeded)

LITR13 – Level of income generated through letting property owned by the Council but not occupied by the Council – the income received has exceeded target by £3,000 with actual performance at £0.984m against a target of £0.981m. (Target exceeded)

This is the second year of the new Corporate Strategy 2016-20. There have been significant outcomes for the community already. The highlights for each task are listed below (All targets expected to meet the due date):

<u>Supporting economic growth to ensure a sustainable, prosperous and thriving local economy</u>

ST1620_01 Develop a programme of Growth Boards initially focusing on West Bridgford, Bingham and Radcliffe on Trent to support economic growth and infrastructure in these areas
Growth boards have been set up for the three areas (with East Leake now an additional Growth Board) and have been making progress. The West Bridgford Commissioners published their report in November 2017 with their recommendations for the way forward to improve shopping in West Bridgford town centre after consultation with residents, businesses, partners and community groups. One initiative that has been launched for all areas is #WYDT to boost the digital presence of businesses on Rushcliffe high streets.

ST1620_02 Proactively engage with partnership activities to maximise the benefits of collaborative working for Rushcliffe residents and businesses, including: • Playing an active role in D2N2 • Combined Authority • Collaboration Partners
The Council continues to be involved in various collaboration activities. The Economic Prosperity Committee, comprising all Nottinghamshire Councils has been re-established and met in September 2017. Additionally, Cabinet on 9 January 2018, approved the formation of a partnership with Trent Bridge Community Trust for the delivery of the YouNG programme.

ST1620_03 Activate the Asset Investment Strategy to maximise the Council's asset portfolio as the conditions prescribed in the Strategy arise
Properties have been purchased in Coalville, Leicestershire and Finch Close, Nottingham. The additional income generated has been reflected in the Transformation Programme. Further opportunities are currently being considered and evaluated.

ST1620_04 Work with partners to progress infrastructure projects, including: • Improvements to the A52 • Improvements to the rail connections between Nottingham and Grantham • Feasibility of a fourth Trent crossing
Phase 1 of the A52 road improvements are complete, and the business case for improved services on the 'Poacherline' between Nottingham and Bingham has been finalised and submitted for Government consideration.

ST1620_05 Regenerate Cotgrave, including:
New housing on the colliery site
- Employment opportunities through jobs clubs, apprenticeships and training,
- Additional employment units on the colliery site
- A vibrant town centre with new public sector facilities and refurbished shops and public areas

Over 230 new homes are completed plus an additional 89 affordable homes, providing much needed accommodation whilst also providing opportunities for local young people to apply for apprenticeships. The new employment units are completed and have been let to businesses. Work is underway to build the multiservice centre that will house GP's, police, library and the Council's contact point. The shop units in Cotgrave Precinct are also being refurbished and 9 new business units created above the shops from former flats. This work will be completed during May 2018.

ST1620_06 Contribute towards economic growth in the Borough
The Council was successful in its application for 'Growth Deal 2' funding, nearly 50% has been secured and will be used to help development at sites in Bingham, Cotgrave and Newton. The remainder is being allocated to new projects including the Fairham Pastures development and approval is being sought from D2N2 for these new schemes.

Maintaining and enhancing our residents' quality of life

ST1620_07 Activate the Leisure Strategy to best provide leisure facilities and activities as the conditions prescribed in the Strategy arise
The building of Rushcliffe Arena, a new joint leisure centre and civic office, has enhanced the provision of leisure facilities in Rushcliffe and provided modern, fit for purpose office accommodation. Significant work has been undertaken to investigate the site options and financial implications of replacing Bingham Leisure Centre. Further information is awaited from the project consultants before wider discussions take place with key stakeholders.

ST1620_08 Facilitate activities for Children and Young People to enable them to reach their potential
Cabinet on 9 January 2018 approved the formation of a partnership with Trent Bridge Community Trust for the delivery of the YouNG programme. This will over time lead to greater synergy between the YouNG and Positive Futures programmes.

ST1620_09 Deliver Part 2 of the Rushcliffe Local Plan
The consultation for the proposed Local Plan Part 2 housing allocations closed on 27 November 2017. Around 1,550 responses were received and officers produced a final plan which was approved by Councilors' on 26 April 2018.

Transforming the Council to enable delivery of efficient high quality services

ST1620_10 Deliver the Medium Term Financial Strategy

The Medium Term Finance Strategy for 2017/18 has delivered the required savings, and has been refreshed for 2018/19.

ST1620_11 Continue to reduce costs and increase efficiencies
Access to Council services online continues to increase as more activities can be reported, applied for and paid electronically. For example, a number of Housing Benefit forms have been added to the applications available online.

ST1620_12 Continue to develop the Council's Property Portfolio to enhance the Council's financial position and deliver community outcomes
Progress has been made for Council operations to move out of the Abbey Road depot site. The Council was successful in attaining an award of £300k from the Land Release Fund which would help to make the site available for redevelopment. The Council's industrial unit portfolio has increased to 50 units following the addition at Cotgrave, and in 2018/19 this should increase to 60 units, with 10 new units at Bingham.

In 2017 the Council initiated a Corporate Peer Challenge (CPC) which was carried out in January 2018. This is a review of the Council undertaken by the Local Government Association (LGA), looking at areas which the LGA believes are critical to council performance and improvement. The final report arising from the review was presented to Cabinet in May 2018 along with an action plan to address any key areas for improvement. The CPC report was overwhelmingly positive regarding the current leadership, priorities, pace and record of delivery of the Council. These were reflected through the team's key observations, which included:

- Responsive to, and understanding of, RBC communities;
- Some very engaged and enthusiastic Members who use their knowledge and skills to help make strategic decisions and set the direction of the Council;
- Seen as a 'go to' partner that delivers for a variety of stakeholders spanning different sectors at lots of different levels;
- An organisation that has commercialisation in its DNA leading to multiple and diverse positive outcomes;
- Well-respected and admired corporate brand and reputation with potential to lead, inspire and motivate others; and
- Dedicated, enthusiastic, knowledgeable, and adaptable staff who are proud to work for RBC.

The key areas for improvement included:

- Position Chief Executive and Leader roles to maximise dialogue and engagement at local, regional and national level;
- Explore scope for greater strategic collaboration with and on behalf of neighbouring district and borough councils;
- Improve engagement with Nottinghamshire County Council.
- Continue to implement and develop the Commercial Strategy;
- Clarify, with partners, the role of the Economic Prosperity Committee;
- Cabinet and EMT should spend team development time identifying and understanding one another's skills, and preferences;
- Review pay, reward and progression package for staff.

3. Risk Management

The Council's Risk Management Strategy was refreshed and updated to ensure that it reflects the current operational structure, given staffing changes during the year. The Council's Risk Management Strategy was reviewed in May 2018 and continues to provide the framework for managing risk. The Corporate Governance Group (CGG) is provided with updates on the risk management arrangements, and the Group's responsibility is "to oversee and scrutinise the effective management of risk by officers".

Throughout the year the Executive Management Team has met as the Council's Risk Management Group in order to oversee the management of risk across the organisation and review, where necessary, strategic and operational risk. The number of risks within the registers will fluctuate throughout the year as active risk management is undertaken. Changing pressures facing local government and the proactive work of managers to identify risks as they emerge, will continue to influence new risks added to the register and demonstrates the Council's aim to be proactive to mitigate risk as soon as possible after identification. There are currently 34 corporate risks (as reported to CGG on 10 May 2018). The number of operational risks has decreased from 32 to 29. Therefore the total number of risks has remained at 63.

Examples of risks that have been changed following the review process are:

Risks removed:

- OR_FCS04 Failure to implement Paperlite working practice for Members - this risk has been removed following successful implementation.
- OR_TR22 Potential delay over completion and handover of Bridgford Hall – this risk has been removed following successful completion.

Risks added or proposed by Risk Management Group:

- CRR_TR23 Grenfell Tower post incident risk to commercial buildings in Rushcliffe.
- OR_CO06 Loss of income as a result of the refund of planning application fees (under the provisions of the Government's Planning Performance and Planning Guarantee).
- OR_NS30 Reduced levels of performance and leisure provision at East Leake Leisure Centre.

The Council's Medium Term Financial Strategy highlights key financial risks; the higher rated risks are as follows:

Risk	Likelihood	Impact	Action
Fluctuation in business rates linked to appeals and in particular the power station	High	High	Growth plans and accurate monitoring; lobbying central government
Central Government policy changes e.g. changes to NHB and 100% Business Rates to local government	High	High	Engagement in consultation in policy creation

Reductions in Government Funding	High	High	Lobbying and service transformation and budget planning
Pensions triennial revaluation and the potential increase to pension contributions.	High	High	To be aware of actuary's report and implications. Risks affected by local demographics and the impact on interest rates and share prices of international economic conditions. Also the ability to influence central government policy on the Local Government scheme.

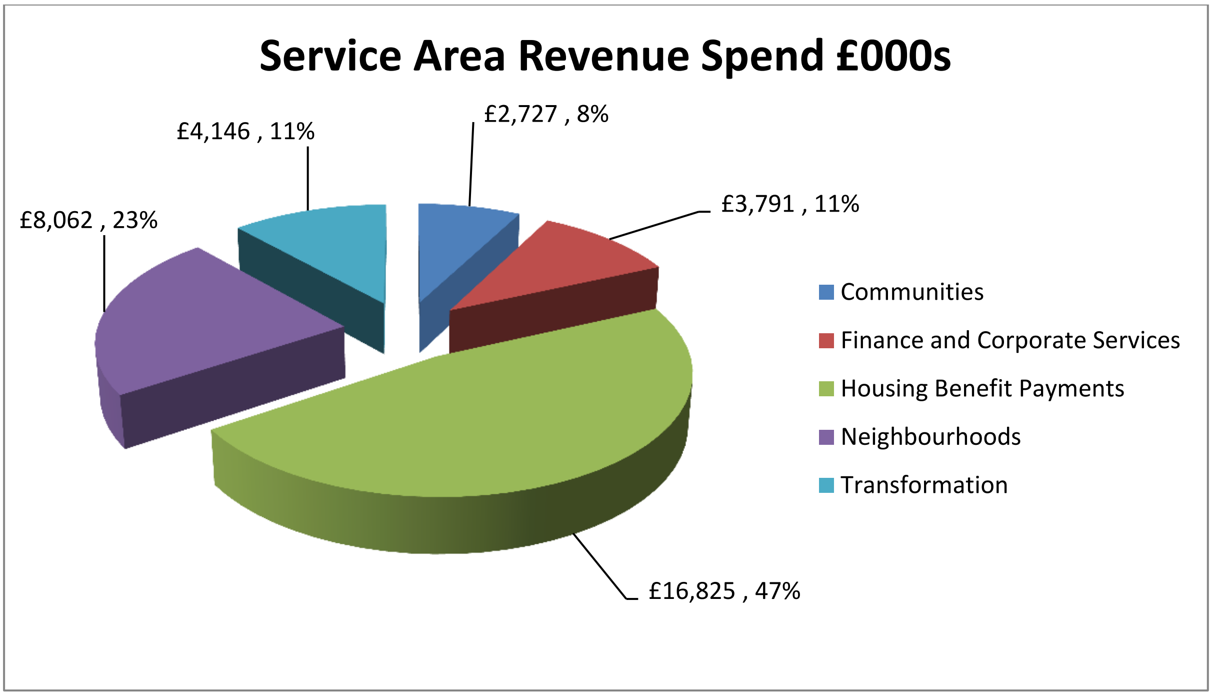
4. Revenue Expenditure and Income

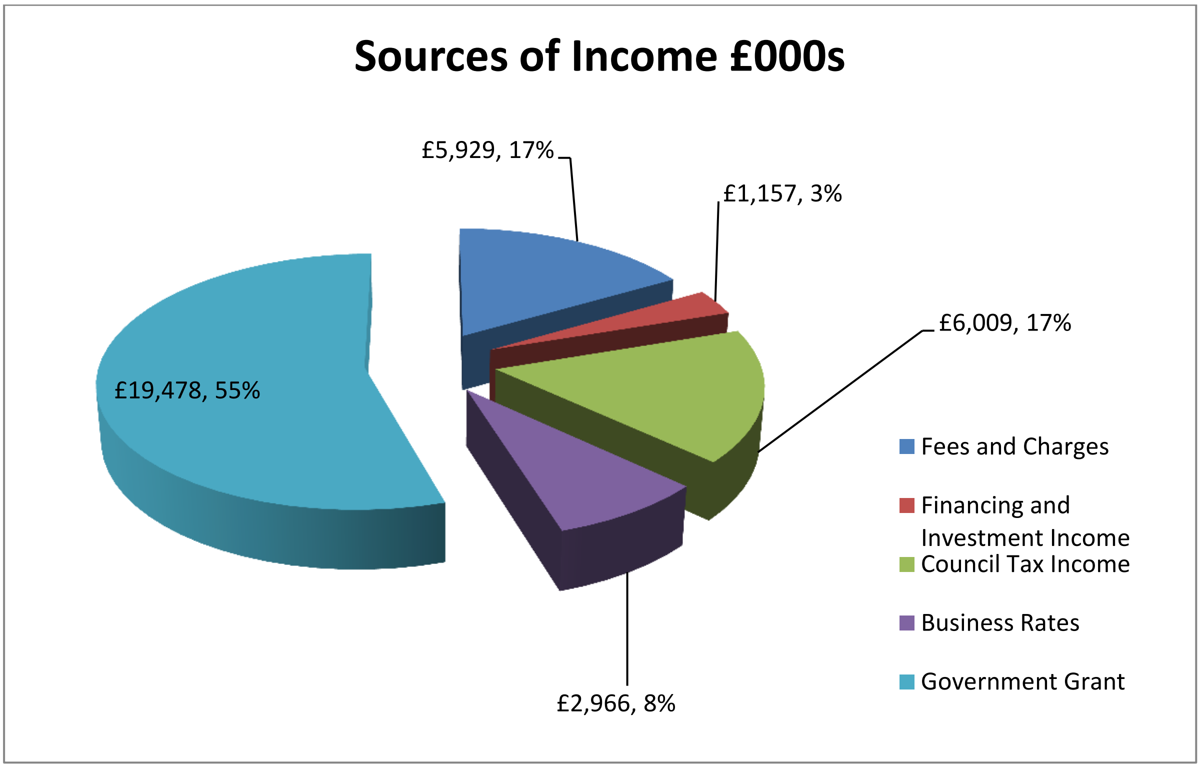
The Council receives and spends money from various sources. The income comes primarily from central government, local residents in the form of Council Tax, and local businesses (as Business Rates). Each year the Council spends its money on key services, delivered in accordance with our local priorities and legal requirements. During the year officers have made a conscious effort to constrain expenditure, increase income and continue to deliver effective services. As a result the Council achieved a balanced budget, with Reserves increasing by a net £0.317m. Of the £2.024m transferred to reserves, £1.835m was New Homes Bonus (NHB). The remainder was largely due to the year-end underspend. Much of the £1.707m use of Reserves was in relation to the use of New Homes Bonus to offset Minimum Revenue Provision (MRP) charges in relation to the capital cost of the Arena. Reserves are available to meet future cost pressures, thus:

- Enabling delivery of the transformation programme by which the Council will balance future budgets and continue to deliver high quality services;
- Smoothing saving requirements between financial years;
- Enabling the Council to deal with the volatility from changes to central government funding methodology (such as a fall in business rate values);
- Funding capital expenditure including enhancement of property, plant and equipment; and
- Ensuring the Council's IT infrastructure and equipment is of sufficient quality to facilitate the delivery of modern services.

The Movement in Reserves Statement (page 5) demonstrates prudent financial management throughout the year, with the Council having had few reasons to call on its reserves. As a result the General Fund Balance remains unchanged from 2016/17 at £2.604m. Earmarked reserves have increased by £0.317m from £10.215m to £10.532m (see Note 9). The level of reserves puts the Council in a strong position to both withstand future financial pressures and look at opportunities to develop the Borough.

The following charts demonstrate where money was spent in 2017/18, and how this expenditure was funded:





5. Capital Expenditure and Income

As well as delivering day to day services, the Council also spends money on capital works, creating or enhancing assets which are shown on the balance sheet primarily as Property, Plant and Equipment, or as Investment Property. It can be seen from the chart on page IX that just over 60% of the capital expenditure in the year was attributable to *Non Operational Investment Property* (£5.944m) primarily as part of the activation of the Council's Asset Investment Strategy. Investments include the completion of

15 Industrial Units at Cotgrave, plus two investment properties were acquired; an industrial unit located at Bardon near Coalville and an office and warehouse at Finch Close, Nottingham.

Assets under Construction account for just over 17% of capital expenditure in the year at £1.67m. £1.16m was in relation to the continued regeneration of Cotgrave Town Centre.

Expenditure on *Vehicle, Plant and Equipment* is the next largest category of spend at just over 4% (£0.397m). The main element of this related to the Council's vehicle replacement programme (£0.187m) and also included the purchase of wheeled bins (£0.087m) and the ICT replacement programme (£0.163m).

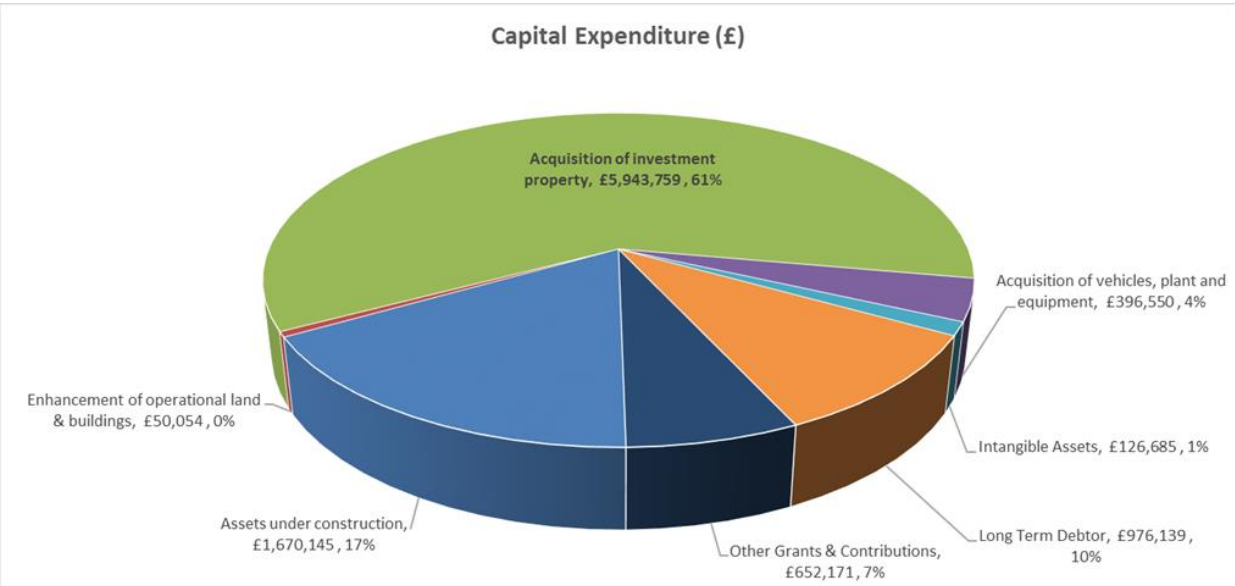
Spend on Operational Land and Buildings amounted to £0.050m (2016-17 £7.039m) with the continued activation of the Leisure Strategy.

The other significant form of capital expenditure comprises capital grants and contributions released to finance capital assets owned by third parties. Of the £0.652m released, £0.558m was in the form of mandatory and top-up Disabled Facilities Grants. The balance of £0.094m arises from partnership grants for example, £0.020m contribution for enhancements at Bingham Leisure Centre.

A long-term debtor continues from 2016/17 with a loan to Nottinghamshire County Cricket Club (£0.976m) to help improve this iconic test match facility.

The Council has to ensure its Capital Programme is not only prudent, but also affordable and sustainable. In 2017/18 the Council spent £9.816m compared to an overall Capital Programme of £22.535m giving rise to a variance of £12.719m, which is mainly due to programme slippage, and the remaining balance on the Asset Investment Strategy (£5.649m). Carry forward commitments total £12.176m the most significant of which are £5.649m for the Asset Investment Strategy, £3.041m for Cotgrave Regeneration, £0.896m support for registered housing providers and £0.465m for the enhancement of the car park at the Arena leisure centre. The remaining savings are associated with Land North of Bingham and vehicle replacement.

The following chart shows the Capital expenditure for 2017/18:

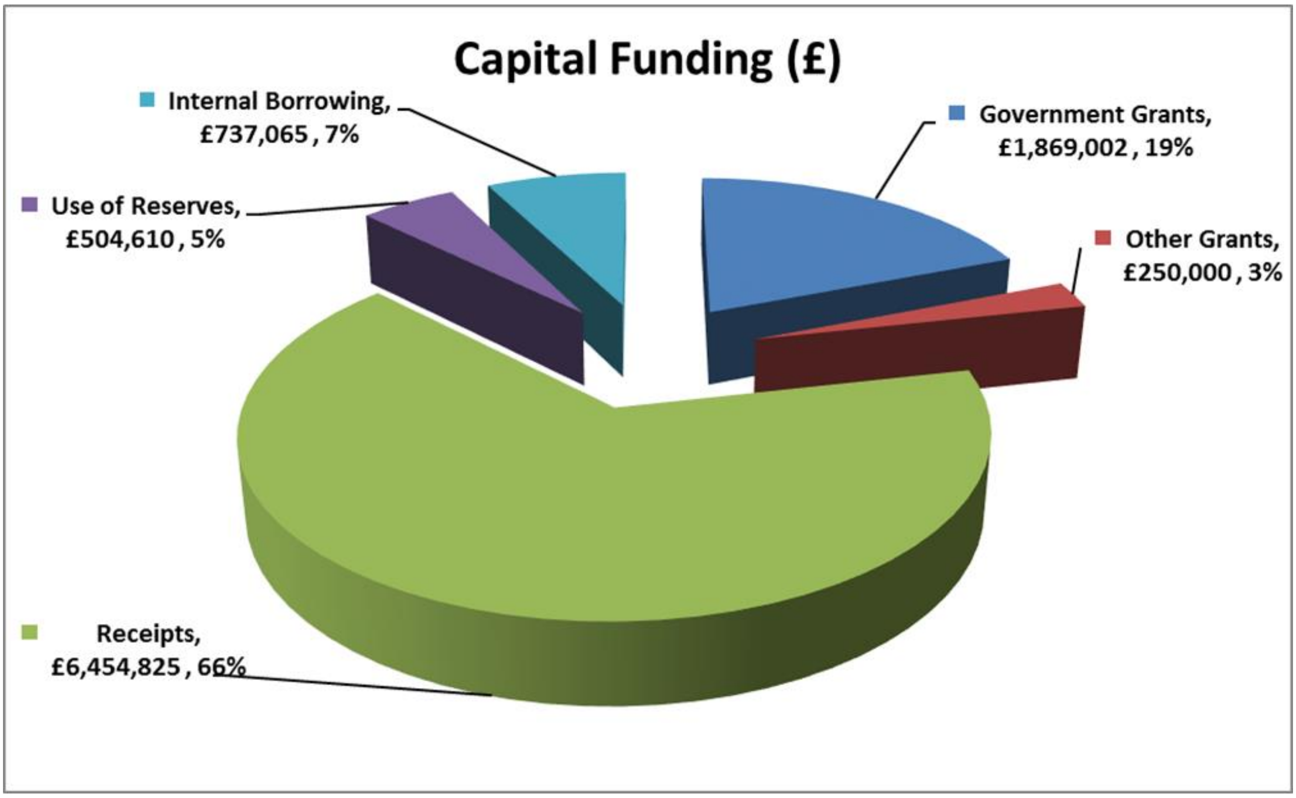


Source: Capital Expenditure and Capital Financing – Note 33

The Council has no external borrowing and has been debt free since May 2003. Although this situation has not changed, in 2016/17 the Council used internal resources (internal borrowing) to temporarily finance the Arena Development. Where this happens, Central Government legislation requires the Council to make a charge to its revenue budget over time, to reinstate the Council's resources. The Council has chosen to make a charge of £1m a year until the £10.1m is recovered. The charge (MRP) to the revenue budget has been covered by the release of New Homes Bonus reserves and exceeds the amount we would have to pay if it was based upon the asset life. In 2017/18 the Council's internal borrowing increased by a further £0.737m, which is currently covered by the existing provision. After taking account of the £1m MRP this means that the overall movement for 2017/18 in internal borrowing (and CFR) is a reduction of £0.263m.

The remainder of the 2017/18 Capital programme has been funded from the use of Capital Receipts, Government Grants, other Grants and Contributions, and Reserves.

The following chart shows the funding for the capital expenditure incurred in 2017/18:



Source: Capital Expenditure and Capital Financing – Note 33

Just under 70% of capital expenditure has been met by the use of Capital Receipts £6.455m which compares to the total of new capital receipts generated in 2017/18 (see comments below). Government Grants of £1.869m have been applied and the main element of this is £1.3m of Growth Deal Funding to support regeneration in Cotgrave. A further £0.531m relating to Better Care Funding has been utilised to support the delivery of Disabled Facilities Grants, the Handyperson Scheme and Assistive Technology. Use of other grants and contributions accounts for £0.250m of the funding required. This was received from Nottinghamshire County Council and used for funding towards the

Cotgrave Town Centre regeneration. The Council released £0.505m from Reserves to balance the funding of the capital programme most of which was applied to the Cotgrave Town Centre Regeneration and Bridgford Hall refurbishment as the Council continues to actively use its resources to support capital investment.

At 31 March 2018, the balance in the Usable Capital Receipts Reserve stood at £8.168m (2016/17 £13.929m). The Council continues to generate its own resources through the disposal of assets deemed surplus. During 2017/18 £0.69m of capital receipts were received, primarily repayment of capital loans and clawback income from the Right to Buy Agreement of house sales. Capital Receipts have been applied to support expenditure on Cotgrave Regeneration, Investment Property in relation to the activation of the Asset Investment Strategy, the Vehicle Replacement programme and to facilitate the loan to Nottinghamshire County Cricket Club. .

Looking ahead, the Council has approved an ambitious Capital Programme for 2018/19 onwards and intends to support this expenditure through the continued application of Capital Receipts, Use of Reserves, Government and Other Grants and Contributions. As the available capital resources are depleted, there will be a need to undertake some further 'internal borrowing' which will require an increase in the Minimum Revenue Provision (MRP), offset by the application of NHB. The level of 'internal borrowing' and the potential need to undertake external borrowing will be dependent upon future capital income streams and receipt of monies that can be set aside into reserves, particularly NHB.

6. Major Service Developments and Future Challenges

During 2017/18 the Council continued to respond positively to challenges presented by the funding restrictions facing local government. The success of the Council in addressing this difficult financial context can be seen in the positive Value for Money conclusion given by our external auditors, KPMG in their 2017 Annual Audit Letter, the delivery of transformational activity such as the completion of Bridgford Hall and Cotgrave Employment Units, and looking forward, the regeneration of Cotgrave Town Centre and the maintenance of a balanced revenue budget without reductions in service quality. It also reflects the continued work in the Transformation Strategy to identify efficiency savings with £0.29m required by 2019/20 through initiatives based upon three core principles of business cost reduction, income generation and service redesign.

Looking ahead the Council faces a range of challenges and opportunities. These include:

- Meeting the financial challenge of maintaining a sustainable Medium Term Financial Strategy

  Whilst the Council's reserves provide a buffer against funding and service risks, it is important that the Council continues to deliver savings from the Transformation Strategy and monitors the position on significant projects such as alternative service delivery vehicles, for example, Streetwise (as a company) and savings arising from the Leisure and Office Accommodation projects. Further commentary on Streetwise is covered in the Group Accounts on page XIV. Against the backdrop of austerity, the Council continues to invest in local priorities and frontline services such as Waste Collection, Economic Development, Housing and Leisure which creates opportunities for new jobs in, and improves the quality of life for, local communities.

- Changes to Local Government funding

Revenue Support Grant (RSG) is being reduced to zero by 2019/20 with more punitive reductions in earlier years (from 2013/14 this amounts to £3.0m or 96%). Furthermore due to the Council's ability to raise more than most councils in Council Tax, in 2019/20 there is an expectation that the Council will pay £0.25m as a 'tariff' to the Government, which effectively amounts to negative RSG. The result of the Government redirecting resources into areas such as Adult Social Care, means that NHB is expected to reduce from £1.83m (2017/18) to £1.4m (2018/19). There is further downside risk in relation to growth in Business Rates due to the potential de-commissioning of Ratcliffe-on-Soar Power Station and other potential business rate appeals.

We will continue to campaign to ensure that Rushcliffe does benefit from the proposed repatriation of 100% of business rates from central to local government, which will be subject to future consultation. The Council continues to be a member of the Nottinghamshire Business Rates Pool to help mitigate business rates risk and maximise funding opportunities.

- Pension Contributions

The improved funding position as a result of prepayment of the deficit and the changes in actuarial assumptions has seen a reduction in the overall defined benefit obligation with the net pension fund liability reducing by 8.6%. Statutory arrangements should ensure the financial position of the Council's Pension Fund remains healthy. On-going national reforms, which commenced in April 2014, should assist the Council in closing the funding gap.

- Commitment to Growth

Whilst overall funding is reducing, it is important that the Borough continues to grow. Business rates, council tax and NHB income streams will increase as we grow, whilst at the same time we have to meet the cost pressures that arise from growth (for example with more houses more refuse collections are required) . Currently the Fair Funding and Business Rates reforms present significant risks to future financial projections.. The Council is well placed to take advantage of growth opportunities and remains committed to attracting businesses to the Borough and enabling housing growth, encouraging both inward and outward investment. The Council has previously been successful in levering external funding for Bridgford Hall and Growth Deal funding for employment and housing sites alongside the A46 allied to significant Council investment for Cotgrave and this year has secured £9.95m in Housing Infrastructure Fund Grant in relation to Clifton. This is indicative of the Council's commitment to support housing and business growth. The Council has created a Strategic Growth Board supplemented by 3 other Growth Boards to facilitate growth in Cotgrave, Radcliffe and Bingham, and West Bridgford; and in 2017 the introduction of the East Leake Growth Board. The Council has set aside £20m within its Capital Programme for the Asset Investment Strategy, with a view to improving socio-economic development within the Borough and resultant income streams to help support the budget. £2.85m in property investments at Finch Close (Nottingham) and Bardon (Coalville, Leicestershire) and £1.75m on industrial units at Moorbridge Road (also providing employment for Bingham). These are expected to generate around £0.28m in income. As at 31 March 2018 ££8.8m remains to be allocated to projects that demonstrate a positive return through a robust appraisal process and the Council will continue to look at projects both within and outside the Borough.

7. Financial Statements

The financial activities of the Council can be split between revenue and capital, and in general terms, the definitions are as follows:-

- Income and expenditure within the revenue accounts of the Council relate to items consumed within the year; and
- Income and expenditure within the capital accounts relate to items with a life in excess of one year.

The Council's accounts consist of:

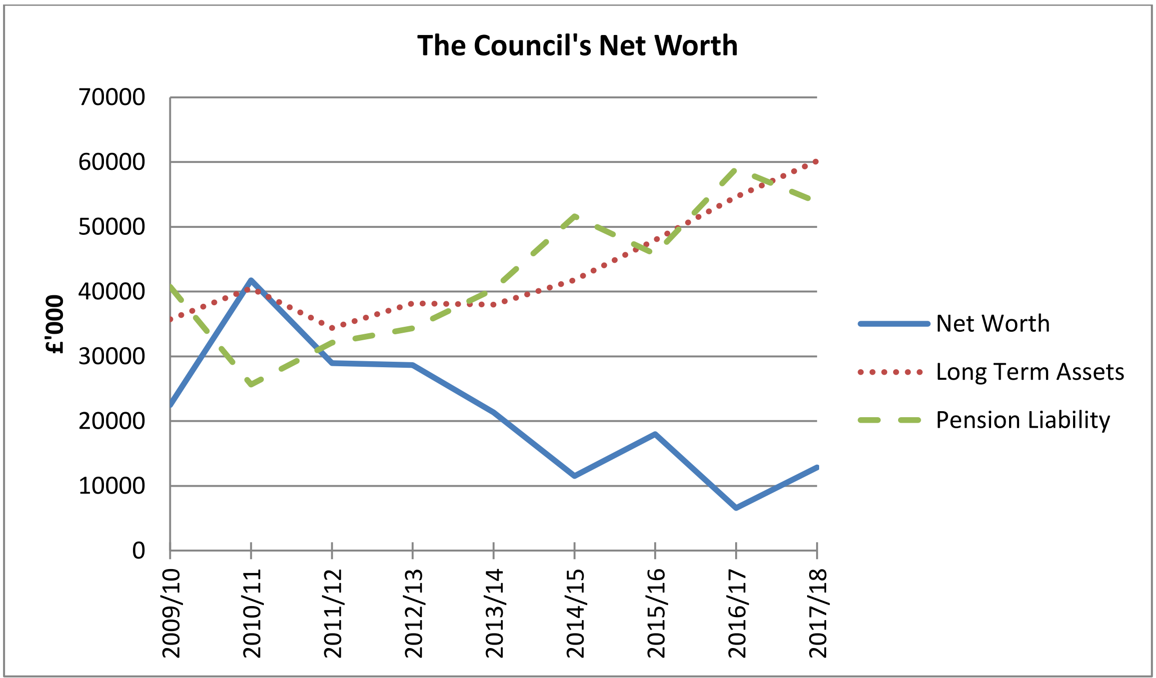
- **Expenditure and Funding Analysis (page 3)** - this statement shows which service areas the statutory adjustments (for capital and pension and collection fund purposes) have originally been charged against, and reconciles the Surplus/Deficit on the Provision of Services position between the funding position charges levied on the General Fund and the accounting position. This shows a surplus of £0.317m, 2.5% of service net expenditure (£12.406m).

- **Comprehensive Income and Expenditure Statement (Page 4) -** this shows the accounting cost in the year of providing services in accordance with IFRS rather than the amount to be funded from taxation.
  The Net Cost of Service has decreased from £13.98m in 2016/17 to £12.4m which is mainly due to an increase in income associated with the Green Waste Scheme. There has also been a reduction in the amount of income received in Finance and Corporate Services which primarily relates to a reduction in the amount of Housing Benefit Subsidy received but this is offset by the amount of Housing Benefit expenditure incurred. The movement in Financing and Investment Income and Expenditure is technical in nature. The change of £3.649m between years is largely due to the change in fair value of investment properties in 2017/18, is as a result of developing Bridgford Hall and Colliers Business Park (this is not unusual for assets involved in regeneration). The combination of the aforementioned variances means there is now a deficit of £1.995m compared to a surplus £1.563m the previous year on the 'Provision of Services'. Non-current assets have been revalued during the year and this has resulted in a surplus of £3.6m (Deficit of £1.4m in 16/17) being recognised in the CIES. This relates mostly to the upward revaluation of car parks in the borough of £2.1m and the Arena of £0.5m. Changes in actuarial assumptions in the pension fund have resulted in a gain of £4.5m (16/17 loss of £1.4m) mostly resulting from a change in methodology for estimating the discount rate and inflation forecasts.

- **Movement in Reserves Statement (Page 5) –** this shows the movement in the year of the different reserves held by the Council, analysed into 'usable reserves' (i.e. those that can be applied to fund expenditure) and 'unusable reserves' (those that an authority is not able to utilise to provide services).

- **Balance Sheet (Page 7) –** The Balance Sheet shows the Council's assets and liabilities at 31 March each year, in accordance with the Council's Accounting Policies. As this is reported annually, the position over a longer period is not always obvious. The Chart below shows how the higher value components of the Balance Sheet, namely Long Term Assets and the Pensions Liability, have affected the Council's overall Net Worth since the introduction of IFRS and national changes to the Local Government Pension Scheme (as covered in previous years accounts). There is an inverse relationship between the Council's net worth and in particular pension liabilities i.e. as pension liabilities increase the Council's net worth reduces and vice versa. The net worth has increased by £6.3m largely due to the increases in £7.4m investment properties as a result of Council asset acquisitions, an increase in short term (less than 1 year debtors) of £1.6m and a decrease in the Council's Pensions' Liability of £5.1m as a result of prepayment of the deficit and changes in actuarial assumptions (see Note 36, page 53). As the Council has been using 'internal borrowing' ie its own cash resources for capital schemes and asset acquisitions there are reductions in Long Term Investments (£2.9m) and Cash (£7.65m) which partially offset the aforementioned asset increases and pension liability reduction.

The following graph shows the change in the Council's net worth over the past eight years and the slight upturn in 2017/18.:



Source: Balance Sheet

- **Cash-flow Statement (Page 8)** – this shows the inflows and outflows of cash arising from transactions with third parties for revenue and capital purposes**.**

- **Notes (pages 9-62) –** these provide supporting context to the above Statements.

- **Accounting Policies (Pages 9-23) –** these explain the bases of the figures presented in the accounts.

8. Supplementary Financial Statements

- **Collection Fund (pages 65-67) –** this reflects the statutory requirement for the Council to maintain a separate account providing details of receipts of Council Tax and Business Rates and any associated payments to precepting authorities and central government. As stated in Accounting Policy xxiii the accounting arrangements for Business Rates altered in 2013/14 with the introduction of the Business Rates Retention Scheme. It is noted that there is now a surplus of £0.525m on the Business Rates section of the Collection Fund. There are a number of variables that affect this including valuation appeals by businesses to the Valuation Office and collection rates.

- **Group Accounts (pages 68-75) –** according to statutory requirements the Council is required to produce Group Accounts where it has subsidiaries, joint ventures or associates. Streetwise Environmental Ltd commenced trading on 1 September 2014 with its financial year ending on 31 March. The company accounts have been consolidated with the Council's. Some of the key points to note are as follows:

  (a) The company made a surplus of £35,130 which after taking into account pension adjustments is a total comprehensive income of £120,250 which is reflected in the Group Movement in Reserves Statement;
  (b) Profit before tax for Streetwise is £38,200 and this is reflected in the decrease in the deficit on provision of services to £1.956 million in the Group Comprehensive Income and Expenditure Statement; and
  (c) The Balance Sheet changes largely reflect an increase in Creditors and decrease in Debtors in relation to transactions for amounts owed or due to Streetwise. Fixed assets have also increased taking into account the vehicles which Streetwise hold.

9. Summary

Like many public sector organisations the Council has, and continues to face, many significant financial challenges. The Council's response has been to not only develop a culture of prudence but to also deliver initiatives focusing on investment and growth in the community. This has been nationally recognised with the Local Government Chronicle awarding Rushcliffe Entrepreneurial Council of the year 2018 and the Council's general management and performance drew much praise from the Corporate Peer Challenge (accepting the Council can always improve and will deliver on the action plan arising from the review).

The Council is committed to delivering the services our residents' value, economic growth and change for the Borough through the delivery of its key strategies, including the Asset Investment Strategy and Transformation Strategy. Initiatives such as the Asset Investment Strategy and the establishment of council owned companies are indicative of the innovative way the Council continues to progress and provide better value for money for taxpayers. The challenges that face Rushcliffe are ones which both members and officers of the Borough Council are determined to meet.

10. Further Information

Further information about the Statement of Accounts is available from the Financial Services section at the Rushcliffe Arena, Rugby Road West Bridgford, Nottinghamshire NG2 7YG, telephone 0115 9819911 or by e-mail: finance@rushcliffe.gov.uk. In addition, members of the public have a statutory right to inspect the accounts before the annual audit is completed. The availability of the accounts for inspection is advertised on our website at www.rushcliffe.gov.uk.

Peter Linfield
Executive Manager (Finance and Corporate Services)
27th July 2018

B. ANNUAL GOVERNANCE STATEMENT

1. SCOPE AND PURPOSE

1.1 Scope of responsibility

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

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

Rushcliffe Borough Council has approved and adopted a code of corporate governance which is consistent with the principles of the CIPFA/SOLACE Framework *Delivering Good Governance in Local Government (2016)*. The seven principles (A-G) are highlighted at various points within the statement. This statement explains how Rushcliffe Borough Council has complied with the code and also meets the requirements of regulation 4(2) of the Accounts and Audit Regulations 2003 as amended by the Accounts and Audit (Amendment) (England) Regulations 2006, 2011 and 2015, in relation to the publication of a statement on internal control.

1.2 The purpose of the governance framework

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

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

The governance framework has been in place at Rushcliffe Borough Council for the year ended 31 March 2018 and up to the date of approval of the statement of accounts.

2 THE GOVERNANCE FRAMEWORK

Principles C & D – *Defining outcomes in terms of sustainable benefits (economic, social and environmental) and determining interventions to achieve them*

2.1 **Vision and priorities**

Long term strategic planning has enabled Rushcliffe to address its immediate financial pressures, develop a medium term financial strategy to 2022/23 and introduce its sixth Corporate Strategy covering the period 2016 to 2020. The three key themes for this strategy are:

- Delivering economic growth to ensure a sustainable, prosperous and thriving local economy;
- Maintaining and enhancing our residents' quality of life; and
- Transforming the Council to enable the delivery of efficient high quality services.

The integration of service and financial planning has continued through the budgets for both 2017/18 and 2018/19, and the financial strategy to 2022/23.

During 2017/18 the Council reviewed its approach to the financial pressures facing all public bodies through the continued development of its Transformation Strategy. This outlines how the Council will meet its financial challenges until 2022/23. The Transformation Strategy focuses upon three key elements: income generation, service re-design and business cost reduction. It highlights the relationship between the Corporate Strategy, the Medium Term Financial Strategy and the Transformation Strategy. As part of the service re-design process the Council is continuously reviewing the services it provides to identify improved or alternative methods of delivery which will enable it to meet its financial targets without eroding the high quality of service for which Rushcliffe is known.

Progress against previous priorities and actions, as laid down in previous service plans, has been reported to the Performance Management Board during the course of the year. All key tasks within the current service delivery plans have been linked directly to the Council's objectives.

2.2 **Improvement and Efficiency**

As with other public bodies the Council faces unprecedented financial pressures. The impact of the reductions in Revenue Support Grant of around £3.25m (from 2013/14 to 2019/20) has meant the Council has to find significant efficiencies, maximise its income streams and be increasingly innovative and commercial. The Transformation Programme has delivered in excess of £4m in efficiencies and the Council's commitment to utilising its own resources to fund commercial property investments, along with other cost constraints and income generation, has meant that what was a £1m target by 2019/20, reported last year, has substantially reduced to £0.29m and the Council is on-track to be self-sufficient and not reliant upon Government grant. This is subject to the Council continuing to deliver on both its Asset Investment Strategy commitment and other areas of the Transformation Programme. There remains the need to continue to identify savings via the Transformation Strategy in order to meet financial pressures in the medium term, the Transformation Strategy fulfilling the role of the Council's Efficiency Statement, a requirement in accepting the four year settlement from the Government. The following thematic areas summarise how the budget will be balanced in future years:-

(a) Service Efficiencies – focusing on both the customer and looking at streamlining services;

(b) Management budget reviews – challenging base budgets each year;

(c) Transformational Projects - projects such as building control and garage partnerships; and

(d) ‘Thinking big’ reviews – for example the continued activation of the Leisure Strategy and Depot relocation projects.

To secure a medium term financial position the Council will maintain progress and focus on managing budget reductions where appropriate, manage inflationary pressures on its operational costs, whilst increasing income where appropriate, to deliver balanced budgets annually.

Critical to this is the Council’s approach to commercialism, covered in the Transformation Strategy. An important pillar of this is property investments with the Council’s Asset Investment Fund rising to £20m. The Council’s Capital and Investment Strategy now incorporates reporting on commercial investments (complying with professional recommended practice) governing the risk of such investments individually; and collectively in relation to the Council’s other income streams. The Transformation Programme anticipates a further £300k in relation to such investments.

2.3 The Constitution

Principle A - *Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law*

A comprehensive document detailing the Council’s constitution exists which sets out the clearly defined structure for the Council’s organisational arrangements based upon a cabinet executive model. In essence the different roles can be summarised as follows:

- Council decides upon certain policies and other specialist functions that cannot be delegated elsewhere, including the setting of the council tax;
- Cabinet is allocated authority by Council to approve policies not reserved for consideration by Council, deliver policies and to take most significant executive decisions;
- Cabinet works to a Forward Plan of forthcoming decisions for up to three months ahead;
- The work of Cabinet is supported by four scrutiny groups;
- Scrutiny groups develop their own work programme for the review of Council policies in addition to scrutinising the work of the Cabinet;
- Separate committees exist for Planning, Employment Appeals, Alcohol and Entertainments Licensing, Interviewing and Licensing; and
- Delegation arrangements to officers are set out in detail within the Constitution.

The constitution also provides detailed guidance on standing orders, financial regulations and the conduct of meetings. In addition, it contains codes of conduct applying to members and officers as well as a protocol for councillor/officer relationships. The codes include reference to the need to declare any interests which may conflict with the individual’s role at the Council. The registers for councillors and officers are maintained by the Council’s Monitoring Officer and the Strategic Human Resources Manager respectively. The Council has in place a confidential reporting code (whistleblowing policy) and any referrals under the policy are investigated.

The Constitution as a whole is reviewed when necessary and appropriate. The last review was undertaken in 2017/18. This was a significant review, overseen by the Corporate Governance Group and lead by a Member working group, rationalising the document and improving its accessibility and transparency.

2.4 Policies, Procedures, Laws and Regulations

The Council has three statutory officer roles: the Chief Executive, the Section 151 Officer and the Monitoring Officer. The Chief Executive has overall corporate management and operational responsibility (as such is the Head of Paid Service) including overall management responsibility for all officers. The Monitoring Officer ensures lawfulness and fairness in decision making and ensures the Constitution is up-to-date.

The Section 151 Officer is specifically responsible for the proper discharge of financial arrangements and must advise the Council where any proposal might be unlawful or where expenditure is likely to exceed resources.

The Council's financial management arrangements should conform with the governance requirements of the CIPFA Statement on the Role of the Chief Finance Officer in Local Government (2010). During 2017/18, the Council's financial management arrangements complied in all respects with the governance requirements of the aforementioned statement, in particular:

- During 2017/18 the Executive Manager (Finance and Corporate Services) held the post of Chief Finance Officer. The post holder is a professionally qualified accountant with direct access to the Chief Executive, Leader of the Council and other Cabinet Members. The post holder also has direct access to the Corporate Governance Group and the Council's internal and external auditors.
- The Chief Finance Officer has a line of professional accountability for all finance staff and for ensuring that the finance function is 'fit for purpose'. The Council has established robust arrangements to manage its finances, including a Medium Term Financial Strategy, annual budget process and compliance with CIPFA's Codes and Guidance on the Prudential Framework for Capital Finance, Treasury Management and the management of reserves.
- Internal audit services are provided to the Council by RSM. The effectiveness of this service is monitored by the Corporate Governance Group.

Executive Managers are responsible for ensuring that legislation and policy relating to service delivery and health and safety are implemented in practice. Oversight of these arrangements is provided by the Executive Manager (Operations and Transformation).

2.5 Risk Management

Principle F – *Managing risks and performance through robust internal control and strong public financial management*

The Council's risk management arrangements are regularly reviewed. The effectiveness of the overall risk management arrangements is monitored by the Corporate Governance Group (CGG) throughout the year. As part of the annual review of Risk Management (December 2017) the CGG considered actions taken to review risk management arrangements, including acknowledging that the previous year's recommendations had been implemented. The 2017/18 Annual Report by Internal Audit acknowledges that the Council has an adequate and effective framework for risk management, governance and internal control with further enhancements required.

2.6 Development and training needs

Principle E – *Developing the council's capacity including the capability of council leadership and staff*

The Council achieved Councillor Member Development Charter status in March 2011 and has a cross party Member Development Group (MDG) to oversee development and delivery of Councillor learning and training. This Group meets on a quarterly basis.

Each Councillor is offered the opportunity to undertake an annual Personal Development Plan the results of which are used to inform the on-going Member Development Programme. Development needs are also identified directly by feedback from Councillors and in response to issues which may occur throughout the year.

To support new and returning Councillors a comprehensive induction programme has been developed for delivery after the local elections. The delivery of this is overseen by the cross party MDG who evaluates its effectiveness upon its completion based on Councillor feedback. A revised programme of training was agreed by the MDG in 2016/17 and has been subsequently monitored and refreshed at its meeting in August 2017 and January 2018.

The identification and delivery of appropriate training for officers is dealt with via the Learning and Development Plan which links to the annual performance development review (PDR) process. The Council recognises the importance of training to its workforce this includes, for example, the offer of the Masters in Public Administration Programme, working as a triumvirate with Gedling and Newark and Sherwood District Councils.

2.7 Communication

Principle B - *Ensuring openness and comprehensive stakeholder engagement*

Three editions of Rushcliffe Reports – the Council's newsletter for residents – are printed and circulated to all 48,000 households and these set out details of a number of key service changes, and ask for customer feedback.

The Council also undertakes consultation to inform decisions relating to policy changes. Over the course of this year, various additional consultation was undertaken, for example on Local Plan 2, car park charging, West Bridgford Commissioners survey. We use social media (Facebook, Twitter and LinkedIn) and the Council's website to promote these consultations in a timely fashion, linking through to online consultation to encourage responses.

The Council's resident satisfaction survey was last completed in October 2015 when over 700 residents completed the survey which was available online and through Rushcliffe Reports. 90% of residents responding to the survey are happy with the borough as a place to live, 76% are satisfied with the way the Council runs things, and 65% believe the Council provides value-for-money. On-going customer satisfaction surveys were undertaken by several key customer facing services such as planning, revenues and benefits and customer services. The feedback received from these exercises is used to improve services to all customers. The next resident satisfaction survey is planned for summer 2018.

The Council also undertakes consultation to inform decisions relating to policy changes. In December 2017, the Council's staff completed a survey with 97% of staff reporting that they understand the values of this organisation and 'how I am expected to do things', 81% felt the

Chief Executive and Executive Managers are more visible and accessible in the new office and 77% said they are enjoying new ways of working. Overall, the results were excellent, and this positive response was echoed in the initial findings of the Corporate Peer Challenge undertaken in January 2018. The findings were reported to Cabinet in May 2018.

2.8 **Partnerships**

The Council has in place a scrutiny group that reviews significant partnerships with which the Council is involved. The Council has put in place strong governance arrangements around the major leisure services, garage services, Streetwise Environmental Ltd and car parking contracts. The Cabinet Portfolio Holder also chairs quarterly strategic board meetings with the two main leisure providers, Parkwood and in the past Carillion. There are also quarterly meetings of the Streetwise Board chaired by the Leader of the Council. Whilst Streetwise brings opportunity there is also risk in terms of how the Company develops so it continues to make a financial surplus. The impact of pension accounting on its financial statements is a continuing example of some of the risks it faces.

2.9 **Transparency**

Principle G – *Implementing good practice in transparency, reporting and audit to deliver effective accountability*

All reports to meetings of Council, Cabinet, Scrutiny Groups and other committees are publicly available on the Council's website. Minutes are also published providing a record of the meeting and any decisions taken. Other forms of public accountability reporting include the Annual Statement of Accounts, the Council's Annual Report and in-year financial and performance monitoring reports. Reports from the Council's internal (RSM) and external (KPMG) auditors are published online, including their annual reports.

The Corporate Governance Group and Performance Management Board monitor performance against targets on a quarterly basis. Internal Audit comply with the requirements of the Public Sector Internal Audit Standards and has direct access to councillors and all staff in order to discharge their duties.

The Council publishes information in accordance with the Local Authorities (Data Transparency) Code.

The Council welcomes peer challenge reviews and inspections from regulatory bodies and will act on any recommendations arising as appropriate. In April 2017 the Planning Peer Review was reported upon and was largely complimentary on the work of the Planning Service and the challenges it faces.

3 **REVIEW OF EFFECTIVENESS**

3.1 **Introduction**

Rushcliffe Borough Council has responsibility for conducting, at least annually, a review of the effectiveness of its governance framework including the system of internal control. The review of effectiveness is informed by the work of the senior managers within the authority who have responsibility for the development and maintenance of the governance environment, the Head of Internal Audit's annual report, and also by comments made by the external auditors and other review agencies and inspectorates and this review is considered by the Corporate Governance Group.

3.2 **The Council**

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

- The Constitution
- The Corporate Strategy
- The Capital Programme and Revenue Budget
- The Housing Strategy
- The Local Development Framework

3.3 **The Cabinet**

The Cabinet carries out the executive functions of the Council as required by the legislation and the Council's constitution. It accordingly:

- Takes key decisions
- Takes other executive decisions
- Approves policies other than those reserved for Council
- Recommends to Council policies and budgetary decisions

3.4 **Scrutiny groups- Corporate Governance Group**

The Corporate Governance Group is the group within the Council that is charged with Governance and has a number of responsibilities including:

- Overseeing financial governance arrangements
- Overseeing strategic risk management
- Scrutinising the Annual Governance Statement
- Scrutinising the Statement of Accounts prior to its agreement by Full Council
- Reviewing the plans and work of Internal Audit
- Overseeing the review of the Constitution
- Receiving reports from external audit in relation to the audit arrangements.

3.5 **Other Scrutiny Groups**

The Performance Management Board reviews the performance of the Council against the approved targets. Other reports are taken to this group and during the last year the group has considered the equality and diversity plan, the contract with Streetwise Environmental Ltd and the leisure services contracts with Parkwood Leisure and Glendale Golf.

In addition to the Performance Management Board the Council has two other scrutiny groups which were formed during 2007. The first, Community Development looks at areas that affect the community such as reputational management and the Leisure Strategy. The other group is Partnership Delivery which is tasked with looking at the effectiveness of current and future potential partnerships across all areas of the Council in achieving the Corporate Plan.

Linked to the Corporate Peer Challenge the Council will be reviewing scrutiny arrangements during 2018/19.

3.6 **Executive Managers**

Executive Managers are responsible for ensuring proper standards of internal control within their service areas. On-going reviews are undertaken throughout the year. At the end of the financial year Executive Managers are required to confirm that they have reviewed the system of internal control and identify any areas where improvements are necessary.

3.7 **Internal Audit**

Internal Audit is responsible for the review of the systems of internal control and for giving an opinion on both the corporate and service specific standards in place. Following a joint procurement process with Bassetlaw and Gedling Councils in 2015/16 this contract was awarded to RSM until 2019/20. An Audit Strategy has been developed covering all activities of the Council at a level and frequency determined using a risk management methodology. The current Strategy now covers the period from 2016/17 to 2018/19.

An annual audit plan governs each year's activity and at the completion of each audit, a report is produced for management with recommendations for improvement. Regular reports covering internal audit activities are submitted to the Corporate Governance Group for scrutiny.

The Head of Internal Audit is required to provide an annual opinion on the overall adequacy and effectiveness of the Authority's framework of governance, risk management and control, together with reasons if the opinion is unfavourable.

A detailed annual review of the effectiveness of the Council's system of internal audit is undertaken every year and reported to the Corporate Governance Group. As mentioned at Section 2.5 the Council maintains an adequate and effective framework for risk management, governance and internal control (with enhancements required), as recognised by the Head of Internal Audit.

3.8 **External Audit**

The external auditors, KPMG, review the Council's arrangements for:

- Preparing accounts in compliance with statutory and other relevant requirements
- Ensuring the proper conduct of financial affairs and monitoring their adequacy and effectiveness in practice
- Managing performance to secure economy, efficiency and effectiveness in the use of resources.

The auditors give an opinion on the Council's accounts, corporate governance and performance management arrangements. The Council takes appropriate action where improvements need to be made. In the annual report for 2017/18 KPMG concluded that Rushcliffe Borough Council has good processes in place for the production of the accounts and provided a strong draft for audit. This was supported by good quality supporting working papers. Officers dealt efficiently with audit queries and the audit process has been completed within the planned timescales. In terms of value for money, KPMG concluded that the Authority has made proper arrangements to ensure it took properly informed decisions and deployed resources to achieve planned and sustainable outcomes for taxpayers and local people.

The current external audit contract expires 31 March 2018, with KPMG auditing the 2017/18 Final Accounts, before the newly appointed Mazars take over for 5 years commencing with the 2018/19 accounts.

4 SIGNIFICANT GOVERNANCE ISSUES

4.1 Issues Identified and remedial action

The Council continues to utilise partnership arrangements with other public bodies and private organisations to deliver services. The Council therefore remains committed to meeting the challenge of ensuring that the appropriate governance arrangements are in place for each of the major partnerships that the Council has entered or will enter.

In recent years the Council's external auditors have recognised the quality in the production of the Statement of Accounts. In terms of delivering value for money it is recognised that delivering on-going savings remains a challenge given anticipated future funding reductions. Mitigation regarding this is covered in Section 2.2 and the delivery of the Transformation Strategy. The Council in July 2016, also introduced the Asset Investment Strategy (AIS) which is subject to continued review (and revised in 2017/18) and focuses on both encouraging growth and delivering a financial return.

The Council has agreed £20m to be allocated for asset investment (to resource the AIS). In 2015/16 the Authority awarded a Loan of £2.7m to Nottinghamshire County Cricket Club (NCCC). The Section 151 Officer continues to review the position regarding the loan and the project progress with the s151 Officers of Nottinghamshire County Council and Nottingham City Council and the Director of Finance of NCCC. During 2017/18 the Council has committed the Asset Investment Fund to invest in up to 15 industrial units at Moorbridge Road Bingham and the purchase of Bardon at Coalville, Leicestershire and Finch Close, Lenton Lane. These amount to a commitment of £4.6m all of which are expected to contribute approximately £280k in additional income, with other purchases in the pipeline for 2018/19.

Cabinet, at its meeting on 13 June 2017, adopted the Leisure Facilities Strategy 2017-2027. Within this strategy Bingham Leisure Centre, as the largest and oldest of the sites assessed, is identified as requiring the most significant works in the short, medium and long term of the Council's leisure property portfolio. The cost of maintaining Bingham continues to increase within each five year time frame over the fifteen year period. Bingham is therefore highlighted as a priority site for replacement/substantial improvement. Cabinet therefore supported the development of an options appraisal and business case for capital investment for major facility improvement of leisure facilities at Bingham within 5 years.

During 2018/19 the Council will need to manage a number of challenges arising from the on-going financial pressures as a result of reduction in central government revenue support grant and the movement to funding via business rates and in the future 100% of business rates income being devolved to local government (currently the Council receives 40%). One of the biggest financial risks to the Council remains power station appeals given the relatively large proportion of the business rates tax base the Radcliffe on Soar power station constitutes and the history of appeals against its business rates valuation. In addition, the likely de-commissioning of the power station, given it accounts for around one quarter of Business Rates income, potentially undermines any benefits the Council may gain in business rates from business growth. The Council is actively looking at options to mitigate this risk. The Medium Term Financial Strategy does highlight an improving position on business rates; this is subject to risks concerning the level, and success, of ongoing Business Rates appeals.

Challenges arising from welfare reform and the continued phased introduction of Universal Credit, now planned for October 2018 for the majority of Rushcliffe, are further financial and operational risks. The Council also has to address the issue of ensuring there is sufficient housing supply to meet its housing targets within its local plan. Whilst the Core Strategy was approved in 2014, the work is on-going to identify preferred options for Local Plan part 2, which was approved by Full Council on 27 April 2018. The Council has obtained £9.95m of Housing Infrastructure Fund funding earmarked to deliver 3,000 new homes at land south of Clifton.

The Cotgrave Masterplan is a significant project which demonstrates the Council's commitment to developing the community and provides affordable housing. The Council has been successful in leveraging external funding for both Bridgford Hall; and the 'Growth Deal' for employment and housing sites alongside the A46. This is indicative of the Council's commitment to support housing and business growth. As already mentioned the Council is committed to utilising the Asset Investment Strategy as the catalyst to release up to £20m to both grow the local economy and provide a financial return to enable the Council to balance the budget and meet its corporate objectives.

The Council continues to be involved in various collaboration activities including payroll, green bins, tree advice, ICT provision and Building Control, with further opportunities being considered, such as extending the green bin service to other Councils and consideration of how other services can be delivered in the future. In addition, where opportunities arise, consideration is given to the appropriate delivery model and how to involve partners to maximise objectives.

The external auditors have noted a number of risks in reviewing the Council's accounts, namely:

- The completeness and accuracy regarding the Council's valuation of property, plant and equipment (Significant Risk);
- The Local Government Pension Scheme and thee risk that the data is inaccurate and the impact of these inaccuracies on the financial accounts as well as the accounting treatment of the prepayment (Significant Risk);
- The Council is making the appropriate steps for a 'faster' closedown (given the 31 May deadline for the production of the financial statements and the requirement that they are approved by Full Council by the 31 July 2018) (Other area of audit focus);
- The level of Business Rates appeals are reasonable (Other area of audit focus);
- Financial resilience – the continued delivery of future savings to secure long term financial and operational sustainability remains challenging and therefore poses a risk to financial resilience (VFM); and
- Governance over the Asset Investment Strategy Fund (VFM).

Other challenges and risks for 2018/19 include: the Depot relocation project, and as the Council becomes increasingly innovative the management of alternative service delivery vehicles. This includes the implementation of both a new company and management structure for Streetwise Environmental Ltd and the potential development of a company to manage and invest in property. These will help address issues raised by the Corporate Peer Challenge.

It is recognised that ICT threats and opportunities continue to evolve, it is imperative that the Borough Council has a clear understanding of how these impact on their day to day operations, particularly in the light of recent global cyber security threats. A review of Data Protection requirements has been undertaken during 2017/18 to ensure compliance with the General Data Protection Regulations which came into force in May 2018, this work will be ongoing.

The CIPFA Prudential Code and CIPFA Treasury Code were updated in December 2017. In addition, the Government issued revised guidance on local authority investments in February 2016. These change the emphasis of the Treasury Management code resulting in the Council producing a Capital and Investment Strategy (presented to Council as part of the Medium Term Financial Strategy). The revised definition of investments in the CIPFA Treasury Code now includes assets which the organisation holds primarily for financial returns, such as investment property portfolios. Whilst not required to fully adopt these changes until 2019/20, the Council decided to reflect the changes in its Capital and Investment Strategy 2018/19, acknowledging that due to the short timescale between the notification of the guidance and the report, the Strategy will need to be given the opportunity to evolve.

Finally, the Council continues to be mindful of significant uncertainty created by the Government's ongoing review of local government finance with both the Fair Funding and Business Rates reviews and a review of negative revenue support grant due imminently. This is compounded by the fact that what was a 'four year settlement' only has two years remaining, and the impact of BREXIT, making financial projections beyond 2019/20 subject to heightened risk.

Based on our review of the governance framework, the following significant issues will be addressed in 2018/19:

Issue	Reporting to	Methodology	Timescale
Monitor the delivery of the Asset Investment Strategy	Report to Corporate Governance Group and Cabinet	On-going financial and treasury reports	Quarterly after investments have occurred
Monitor the delivery of the Leisure Facilities Strategy	Report to Community Development Group and Cabinet	On-going financial and performance reports	Quarterly
Monitor Business Rates and Welfare Reform	Report to Cabinet and Full Council	Included as part of the Medium Term Financial Strategy reporting	March 2019
Post implementation review of General Data Protection Requirements	Report to Corporate Governance Group	Report by Chief Information Officer	May 2019 update
Review of application of new CIPFA Treasury Code	Part of the Internal Audit programme reporting to the Executive Manager – Financial and Corporate Services	Report of the Head of Internal Audit	March 2019

5 STATEMENT OF THE CHIEF EXECUTIVE AND THE LEADER OF THE COUNCIL

We have been advised of the implications of the result of the review of the effectiveness of the governance framework by the Corporate Governance Group. The arrangements continue to be regarded as fit for purpose in accordance with the governance framework. The areas already addressed and those to be specifically addressed, with new actions planned, are outlined above.

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

Signed…………………………….	Signed………………………………..
Councillor S Robinson (Leader)	A Graham (Chief Executive)
Date 31 July 2018	Date 31 July 2018

C. Independent Auditor’s Report

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of Rushcliffe Borough Council (‘the Authority’) for the year ended 31 March 2018 which comprise the Authority and Group Comprehensive Income and Expenditure Statement(s), the Authority and Group Balance Sheet(s), the Authority and Group Movement in Reserves Statement(s), the Authority and Group Cash Flow Statement(s), the Collection Fund and the related notes, including the accounting policies in note E.

In our opinion the financial statements:

- give a true and fair view of the financial position of the Authority and the Group as at 31 March 2018 and of the Authority’s and the Group’s expenditure and income for the year then ended; and
- have been properly prepared in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2017/18.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (“ISAs (UK)”) and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the Authority in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Going concern

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least twelve months from the date of approval of the financial statements. We have nothing to report in these respects.

Other information published with the financial statements

The Executive Manager – Financial and Commercial is responsible for the other information published with the financial statements, including the Narrative Statement and the Annual Governance Statement. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except as explicitly stated below, any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work we have not identified material misstatements in the other information. In our opinion the other information published with the financial statements for the financial year is consistent with the financial statements.

Chief Financial Officer's responsibilities

As explained more fully in the statement set out on page 1, the Chief Financial Officer is responsible for: the preparation of the Authority's financial statements in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2017/18; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Authority's and the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting on the assumption that the functions of the Authority and the Group will continue in operational existence for the foreseeable future.

Auditor's responsibilities

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities

REPORT ON OTHER LEGAL AND REGULATORY MATTERS

Report on the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources

Conclusion

On the basis of our work, having regard to the guidance issued by the Comptroller and Auditor General in November 2017, we are satisfied that, in all significant respects, Rushcliffe Borough Council put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2018.

Respective responsibilities in respect of our review of arrangements for securing economy, efficiency and effectiveness in the use of resources

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

We are required under Section 20(1) (c) of the Local Audit and Accountability Act 2014 to satisfy ourselves that the Authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. We report if significant matters have come to our attention which prevent us from concluding that the Authority has put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources. We are not required to consider, nor have we considered, whether all aspects of the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively.

We have undertaken our review in accordance with the Code of Audit Practice, having regard to the guidance on the specified criterion issued by the Comptroller and Auditor General in November 2017, as to whether Rushcliffe Borough Council had proper arrangements to ensure it took properly informed decisions and deployed resources to achieve planned and sustainable outcomes for taxpayers and local people. The Comptroller and Auditor General determined this criterion as that necessary for us to consider under the Code of Audit Practice in satisfying ourselves whether Rushcliffe Borough Council put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2018.

Statutory reporting matters

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

- any matters have been reported in the public interest under Section 24 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of, the audit;
- any recommendations have been made under Section 24 of the Local Audit and Accountability Act 2014;
- an application has been made to the court for a declaration that an item of account is contrary to law under Section 28 of the Local Audit and Accountability Act 2014;
- an advisory notice has been issued under Section 29 of the Local Audit and Accountability Act 2014;
- an application for judicial review has been made under Section 31 of the Local Audit and Accountability Act 2014.

We have nothing to report in these respects

THE PURPOSE OF OUR AUDIT WORK AND TO WHOM WE OWE OUR RESPONSIBILITIES

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

DELAY IN CERTIFICATION OF COMPLETION OF THE AUDIT

Due to work on the WGA Return not being completed by the 31st July 2018

We cannot formally conclude the audit and issue an audit certificate until we have completed the work necessary to issue our assurance statement in respect of the Authority's Whole of Government Accounts consolidation pack. We are satisfied that this work does not have a material effect on the financial statements or on our value for money conclusion.

Andrew Bush

for and on behalf of KPMG LLP, Statutory Auditor

Chartered Accountants

St Nicholas House

31 Park Row

Nottingham

NG1 6FQ

STATEMENT OF ACCOUNTS

2017/18

STATEMENT OF RESPONSIBILITIES FOR THE STATEMENT OF ACCOUNTS

THE COUNCIL'S RESPONSIBILITIES

The Council is required to:

- make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of those affairs. In this Council, that officer is the Executive Manager (Finance and Corporate Services).
- manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets.
- approve the Statement of Accounts.

THE EXECUTIVE MANAGER (FINANCE AND CORPORATE SERVICES) RESPONSIBILITIES

The Executive Manager (Finance and Corporate Services) is responsible for the preparation of the Council's Statement of Accounts in accordance with proper practices, as set out in the Chartered Institute of Public Finance and Accountancy's "Code of Practice on Local Authority Accounting in the United Kingdom" ("the Code of Practice").

In preparing this Statement of Accounts, the Executive Manager (Finance and Corporate Services) has:

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

The Executive Manager (Finance and Corporate Services) has also:

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

The Executive Manager (Finance and Corporate Services) should sign and date the Statement of Accounts, stating that it gives a true and fair view of the financial position of the Council at the accounting date and its income and expenditure for the year ended 31 March 2018.

CERTIFICATE

This statement of accounts is unaudited and may be subject to change prior to formal approval by Full Council.

I hereby certify that the following Statement of Accounts gives a true and fair view of the financial position of Rushcliffe Borough Council at 31 March 2018 and its income and expenditure for the financial year ended 31 March 2018.

Peter Linfield
Executive Manager (Finance and Corporate Services)
31 July 2018

FORMAL APPROVAL

Full Council approved the audited Statement of Accounts on 26th July 2018

On behalf of the Council
Councillor Stockwood
Mayor of the Council

D. THE FINANCIAL STATEMENTS

EXPENDITURE AND FUNDING ANALYSIS FOR THE YEAR 1 APRIL 2017 TO 31 MARCH 2018

The Expenditure and Funding Analysis shows how annual expenditure is used and funded from resources (government grants, rents, council tax and business rates) by authorities compared to 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 service areas. Income and expenditure accounted for under generally accepted accounting practices is presented more fully in the Comprehensive Income and Expenditure Statement.

EXPENDITURE AND FUNDING ANALYSIS						
2016/17				2017/18		
Net Expenditure Chargeable to the General Fund £'000	Adjustments between the Funding and Accounting Basis (Note 7) £'000	Net Expenditure in the Comprehensive Income and Expenditure Statement £'000		Net Expenditure Chargeable to the General Fund £'000	Adjustments between the Funding and Accounting Basis (Note 7) £'000	Net Expenditure in the Comprehensive Income and Expenditure Statement £'000
975	354	1,329	Communities	979	245	1,224
3,411	1,778	5,189	Finance and Corporate	3,255	112	3,367
3,111	690	3,801	Neighbourhoods	3,264	651	3,915
2,905	760	3,665	Transformation	3,289	603	3,892
10,402	**3,582**	**13,984**	**Net Cost of Services**	**10,787**	**1,611**	**12,398**
(11,077)	(4,470)	(15,547)	Other Income and Expenditure	(11,104)	701	(10,403)
(675)	**(888)**	**(1,563)**	**(Surplus) or Deficit**	**(317)**	**2,312**	**1,995**
12,144			Opening General Fund Balance	12,819		
675			Surplus/(Deficit) on General Fund in Year	317		
12,819			**Closing General Fund Balance at 31 March**	**13,136**		

D. THE FINANCIAL STATEMENTS

COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT FOR THE YEAR 1 APRIL 2017 TO 31 MARCH 2018

This statement shows the accounting cost in the year of providing services in accordance with International Financial Reporting Standards (IFRS), 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.

2016/17					2017/18		
Gross Exp	Income	Net Exp			Gross Exp	Income	Net Exp
£'000	£'000	£'000		Note	£'000	£'000	£'000
2,846	(1,517)	1,329	Communities		2,727	(1,503)	1,224
23,966	(18,777)	5,189	Finance and Corporate		20,616	(17,249)	3,367
6,620	(2,819)	3,801	Neighbourhoods		8,062	(4,147)	3,915
4,152	(487)	3,665	Transformation		4,146	(254)	3,892
37,584	**(23,600)**	**13,984**	**Cost of Services**		**35,551**	**(23,153)**	**12,398**
		1,564	Other Operating Expenditure	10			1,739
		(678)	Financing and Investment Income and Expenditure	11			2,971
		(16,433)	Taxation and Non-Specific Grant Income	12, 31			(15,113)
		(1,563)	**(Surplus)/Deficit on Provision of Services**				**1,995**
		1,403	(Surplus)/Deficit on Revaluation of Non-Current Assets				(3,628)
		31	(Surplus)/Deficit on Revaluation of Available for Sale Financial Assets				(96)
		11,535	Actuarial (Gains)/Losses on Pension Assets / Liabilities	36			(4,532)
			Other Recognisable (Gains)/ Losses				
		12,969	**Other Comprehensive Income and Expenditure**				**(8,256)**
		11,406	**Total Comprehensive Income and Expenditure**				**(6,261)**

D. THE FINANCIAL STATEMENTS

MOVEMENT IN RESERVES STATEMENT (MIRS) FOR THE PERIOD 1 APRIL 2017 TO 31 MARCH 2018

This statement shows the movement in the year on the different reserves held by the Council, analysed into 'usable reserves' (i.e. those that can be applied to fund expenditure or reduce local taxation) and other reserves. The Surplus or Deficit on the Provision of Services line shows the true economic cost of providing the 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 for council tax setting. The Net Increase/Decrease before Transfers to Earmarked Reserves line shows the statutory General Fund Balance before any discretionary transfers to or from earmarked reserves.

		Total Usable Reserves						
		General Fund Balance	Earmarked GF Reserves (Note 9)	Capital Receipts Reserve	Capital Grants Unapplied	Total Usable Reserves (Note 22)	Unusable Reserves (Note 23)	Total Reserves
	Note	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Balance as at 1 April 2017		**2,604**	**10,215**	**13,929**	**54**	**26,802**	**(20,228)**	**6,574**
Movement in Reserves during 2017/18								
Surplus/(Deficit) on the provision of services		(1,995)	0	0	0	(1,995)	0	(1,995)
Other Comprehensive Income and Expenditure		0	0	0	0	0	8,256	8,256
Other Recognisable Gains/(Losses)		0	0	0	0	0	0	0
Total Comprehensive Income and Expenditure		**(1,995)**	**0**	**0**	**0**	**(1,995)**	**8,256**	**6,261**
Adjustments between accounting basis & funding basis under regulations	(8)	2,312	0	(5,761)	54	(3,395)	3,395	0
Net Increase/(Decrease) before Transfers to Earmarked Reserves		**317**	**0**	**(5,761)**	**54**	**(5,390)**	**11,651**	**6,261**
Transfers to/from Earmarked Reserves	(9)	(317)	317	0	0	0	0	0
Increase (Decrease) in year		**0**	**317**	**(5,761)**	**54**	**(5,390)**	**11,651**	**6,261**
Balance as at 31 March 2018 c/f		**2,604**	**10,532**	**8,168**	**108**	**21,412**	**(8,577)**	**12,835**

D. THE FINANCIAL STATEMENTS

MOVEMENT IN RESERVES STATEMENT (MIRS) FOR THE PERIOD 1 APRIL 2016 TO 31 MARCH 2017

		Total Usable Reserves						
		General Fund Balance	Earmarked GF Reserves (Note 9)	Capital Receipts Reserve	Capital Grants Unapplied	Total Usable Reserves (Note 24)	Unusable Reserves (Note 25)	Total Council Reserves
	Note	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Balance as at 1 April 2016		**2,604**	**9,540**	**9,773**	**42**	**21,959**	**(3,979)**	**17,980**
Movement in Reserves during 2017/18								
Surplus/(Deficit) on the provision of services		1,563	0	0	0	1,563		1,563
Other Comprehensive Income and Expenditure		0	0	0	0	0	(12,969)	(12,969)
Other Recognisable Gains/(Losses)						0		0
Total Comprehensive Income and Expenditure		**1,563**	**0**	**0**	**0**	**1,563**	**(12,969)**	**(11,406)**
Adjustments between accounting basis & funding basis under regulations	(8)	(888)	0	4,156	12	3,280	(3,280)	0
Net Increase/(Decrease) before Transfers to Earmarked Reserves		**675**	**0**	**4,156**	**12**	**4,843**	**(16,249)**	**(11,406)**
Transfers to/from Earmarked Reserves	(9)	(675)	675	0	0	0	0	0
Increase (Decrease) in year		**0**	**675**	**4,156**	**12**	**4,843**	**(16,249)**	**(11,406)**
Balance as at 31 March 2017 c/f		**2,604**	**10,215**	**13,929**	**54**	**26,802**	**(20,228)**	**6,574**

D. THE FINANCIAL STATEMENTS

BALANCE SHEET AS AT 31 MARCH 2018

This shows the value of the assets and liabilities recognised by the Council. The net assets of the Council (assets less liabilities) are matched by the reserves held by the Council. Reserves are reported in two categories. The first category of reserves are 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 may only be used to fund capital expenditure or repay debt). The second category of reserves is those that the Council is not able to use to provide services. This category of reserves includes reserves that hold unrealised gains and losses (for example the Revaluation Reserve), where amounts would only become available to provide services if the assets are sold; and reserves that hold timing differences shown in the Movement in Reserves Statement line 'Adjustments between accounting basis and funding basis under regulations'.

31 Mar 2017 £'000		Note	31 Mar 2018 £'000
39,476	Property, Plant and Equipment	13	39,559
68	Heritage Assets		67
7,120	Investment Property	14	14,544
78	Intangible Assets	15	157
6,027	Long Term Investments	17	3,121
1,857	Long Term Debtors	17,18	2,700
54,626	**Long Term Assets**		**60,148**
2,050	Short Term Investments		3,002
0	Assets Held for Sale	16	213
19	Inventories		11
2,744	Short Term Debtors	18	4,363
25,779	Cash and Cash Equivalents	19	18,115
30,592	**Current Assets**		**25,704**
0	Short Term Borrowing	17	0
(7,511)	Short Term Creditors	20	(6,562)
0	Short Term Provisions	21	0
(7,511)	**Current Liabilities**		**(6,562)**
(2,127)	Long Term Provisions	21	(1,914)
(10,035)	Capital Grant Receipts in Advance	17,31	(10,687)
(58,971)	Pension Liabilities	36	(53,854)
(71,133)	**Long Term Liabilities**		**(66,455)**
6,574	**Net Assets**		**12,835**
13,929	Usable Capital Receipts Reserve		8,168
2,604	General Fund Balance		2,604
10,215	Earmarked Reserves	9	10,532
54	Capital Grants Unapplied		108
26,802	**Usable Reserves**	22	**21,412**
(20,228)	**Unusable Reserves**	23	**(8,577)**
6,574	**Total Reserves**		**12,835**

D. THE FINANCIAL STATEMENTS

CASH FLOW STATEMENT AS AT 31 MARCH 2018 (INDIRECT METHOD)

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 from the recipients of 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 capital (i.e. borrowing) to the Council.

31 Mar 2017 £'000		Note	31 Mar 2018 £'000
(1,563)	Net (surplus) or deficit on the provision of services		1,995
(11,350)	Adjustments to net surplus or deficit on the provision of services for non - cash movements		(4,190)
11,003	Adjustments for items included in the net surplus or deficit on the provision of services that are investing and financing activities		2,139
(1,910)	**Net cash flow from Operating Activities**	24	**(56)**
806	Investing Activities	25	5,996
(904)	Financing Activities	26	1,724
(2,008)	**Net (increase) or decrease in cash and cash equivalents**	19	**7,664**
(23,771)	Cash and cash equivalents as at 1 April	19	(25,779)
(25,779)	**Cash and cash equivalents as at 31 March - (Asset)/Liability**	19	**(18,115)**

E. NOTES TO THE ACCOUNTS

1. ACCOUNTING POLICIES

i. General Principles

The Statement of Accounts summarises the Council's transactions for the 2017/18 financial year and its position at the year-end of 31 March 2018. It has been prepared in accordance with the Accounts and Audit Regulations 2015 which require the accounts to be prepared in accordance with proper accounting practices. These practices primarily comprise the Code of Practice on Local Authority Accounting in United Kingdom 2017/18 supported by IFRS It also complies with guidance notes issued by CIPFA on the application of accounting standards (Standard Statement of Accounting Practice and Financial Reporting Standards) to the local authority accounts.

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

ii. Accruals of Income and Expenditure

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

- **Revenue from the sale of goods** is recognised when the Council transfers the significant risks and rewards of ownership to the purchaser and it is probable that economic benefits or service potential associated with the transaction will flow to the Council.
- **Revenue from the provision of services** is recognised when the Council can measure reliably the percentage of completion of the transaction and it is probable that economic benefits or service potential associated with the transaction will flow to the Council.
- **Supplies are recorded as expenditure** when they are consumed – where there is a gap between the date supplies are received and their consumption they are carried as inventories on the Balance Sheet.
- **Expenses in relation to services received** (including services provided by employees) are recorded as expenditure when the services are received rather than when payments are made.
- **Interest payable on borrowings and receivable on investments** is accounted for on the basis of the effective interest rate for the relevant financial instrument rather than the cash flows fixed or determined by the contract.
- **Where revenue and expenditure have been recognised but cash has not been received or paid**, a debtor or creditor for the relevant amount is recorded in the Balance Sheet. Where it is doubtful that debts will be settled, the balance of debtors is written down and a charge made to revenue for the income that might not be collected.

iii. Cash and Cash Equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are investments that mature in three months or less from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value. In the Cash Flow Statement, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Council's cash management.

iv. Prior Period Adjustments, Changes in Accounting Policies and Estimates and Errors

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

Changes in accounting policies are only made when required by proper accounting practices or where the change provides more reliable or relevant information about the effect of transactions, other events and conditions on the Council's financial position or financial performance.

Where a change is made, it is applied retrospectively (unless stated otherwise) by adjusting opening balances and comparative amounts for the prior period as if the new policy had always been applied.

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

v. Charges to Revenue for Non-Current Assets

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

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

The Council is not required to raise Council Tax to cover depreciation, revaluation and impairment losses or amortisation. These are therefore reversed out of the General Fund and into an unusable capital reserve.

It is however, required to make annual provision from revenue towards the reduction in its overall borrowing requirement; this is referred to as Minimum Revenue Provision (MRP). Guidance was issued by the Secretary of State under section 21 (1A) of the Local Government Act 2003 for the calculation of this provision.

vi. Employee Benefits

Benefits payable during employment

Short-term employee benefits are those due to be settled within 12 months of the year-end. They include such benefits as wages and salaries, paid annual leave and paid sick leave for current employees and are recognised as an expense for services in the year in which employees render service to the Council. An accrual is made for the cost of holiday entitlements (or any form of leave, for example, time off in lieu) earned by employees but not taken before the year-end which employees can carry forward into the next financial year, where material. The accrual is made at the wage and salary rates applicable in the following year, being the period in which the employee takes the benefit. The accrual is charged to Surplus or Deficit on the Provision of Services, but then reversed out through the MIRS so that holiday benefits are charged to revenue in the financial year in which the holiday absence occurs.

Termination Benefits

Termination benefits are amounts payable as a result of a decision by the Council to either terminate an officer's employment before the normal retirement date or an officer's decision to accept voluntary redundancy. These are charged on an accruals basis to the appropriate service segment or, where applicable to a corporate service segment at the earlier of when the authority can no longer withdraw the offer of those benefits or when the authority recognises costs for a restructuring.

When termination benefits involve the enhancement of pensions, statutory provisions require the General Fund balance to be charged with the amount payable by the Council to the pension fund or pensioner in the year, not the amount calculated according to the relevant accounting standards. In the MIRS, appropriations are required to and from the Pension Reserve to remove the notional debits and credits for pension enhancement termination benefits. These are replaced with debits for the cash paid to the pension fund and pensioners and any such amounts payable but unpaid at the year-end.

Post-Employment Benefits

Employees are members of the Local Government Pension Scheme (LGPS), which is administered by Nottinghamshire County Council and is accounted for as a defined benefits scheme providing defined benefits to members (Retirement Lump Sums and Pensions) earned as employees working for the Council.

The liabilities of the pension scheme attributable to the Council are included in the Balance Sheet on an actuarial basis using the projected unit method – (i.e. an assessment of the future payments that will be made in relation to retirement benefits earned to date by employees, based on assumptions about mortality rates, employee turnover rates, etc., and projected earnings for current employees).

The assets of the pension fund attributed to the Council are included in the Balance Sheet at their fair value:-

- **Quoted Securities** - current bid price
- **Unquoted Securities** – professional estimate
- **Unitised Securities** - current bid price
- **Property** - market value

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

- **Current Service Cost** – the increase in liabilities as a result of years of service earned this year – allocated in the Comprehensive Income and Expenditure Statement to the service for which the employees worked.
- **Past Service Cost** – the increase in liabilities arising from current year decisions whose effect relates to years of service earned in earlier years – debited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement as part of Non Distributed Costs.
- **Net interest on the net defined benefit liability (asset)** i.e. net interest expense for the Council– the change during the period in the net defined benefit liability (asset) that arises from the passage of time charged to the Financing and Investment Income and Expenditure line of the Comprehensive Income and Expenditure Statement – this is calculated by applying the discount rate used to measure the defined benefit obligation at the beginning of the period to the net defined benefit liability (asset) at the beginning of the period – taking into account any changes in the net defined benefit liability (asset) during the period as a result of contribution and benefit payments
- **Re-measurements comprising**

- The return on plan assets – excluding amounts included in net interest on the net defined benefit liability (asset) – charged to the Pension Reserve as Other Comprehensive Income and Expenditure;
- Actuarial gains and losses – changes in the net pensions liability that arise because events have not coincided with assumptions made at the last actuarial valuation or because the actuaries have updated their assumptions– charged to the Pensions Reserve as Other Comprehensive Income and Expenditure

- **Contributions Paid to the Pension Fund** – cash paid as employer's contributions to the pension fund in settlement of liabilities; not accounted for as an expense.

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

Discretionary Benefits

The Council has restricted powers to make discretionary awards of retirement benefits in the event of early retirements. Any liabilities estimated to arise as a result of an award to any member of staff are accrued in the year of the decision to make the award and accounted for using the same policies as are applied to the LGPS.

vii. Events after the Balance Sheet Date

Those events, both favourable and unfavourable, that occur between the end of the reporting period and the date when the Statement of Accounts is authorised for issue. Two types of event can occur:

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

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

viii. Financial Instruments

General

The Council recognises a financial asset or liability on the Balance Sheet when it becomes party to the contractual provisions of an instrument.

Financial Liabilities

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

The Council currently has no long term debt but any future long term debt would be within the Council's Treasury Management Strategy, Minimum Revenue Provision Policy and future Accounting Policies.

Financial Assets

Financial assets are classified as either:

- **Loans and Receivables** – assets that have fixed or determinable payments but are not quoted in an active market.

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

  The Council made a loan to the Nottinghamshire Cricket Club in 2007 at less than market rates (soft loan). When such a soft loan is made, a loss is recorded in the Comprehensive Income and Expenditure Statement (debited to the appropriate service) for the present value of the interest that will be foregone over the life of the instrument, resulting in a lower amortised cost than the outstanding principal. Interest is credited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement at a marginally higher effective rate of interest than the rate receivable, with the difference serving to increase the amortised cost of the loan on the Balance Sheet. The Council has also made a soft loan to Streetwise Environmental Ltd but as they are a subsidiary of the Council this loss is treated as an additional investment in the company. Statutory provisions require that the impact of soft loans on the General Fund Balance is the interest receivable for the financial year – the reconciliation of amounts debited and credited to the Comprehensive Income and Expenditure Statement to the net gain required against the General Fund Balance is managed by a transfer to or from the Financial Instruments Adjustment Account in the MIRS.

  If an asset was identified as impaired because of a likelihood arising from a past event that payments due under the contract will not be made, the asset is written down and a charge made to the relevant service (for receivables specific to that service) or the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement. The impairment loss is measured as the difference between the carrying amount and the present value of the revised future cash flows discounted at the asset's original effective interest rate.

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

- **Available-for-sale assets** – assets that have a quoted market price and/or do not have fixed or determinable payments. These are non-derivative financial assets designated available for sale which are measured at fair value. Income (eg dividends) is credited to the Comprehensive Income and Expenditure Statement when it becomes receivable by the authority. Changes in value are balanced by an entry in the Available-for-Sale Reserve and the gain/ loss is recognised in the Surplus or Deficit on Revaluation of Available-for-Sale Financial Assets in the Comprehensive Income and Expenditure Statement, with the exception of impairment losses which are debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement. Impairment loss is measured as any shortfall of fair value against the acquisition cost of the instrument (net of any principal repayment and amortisation). Accumulated gains or losses are recycled to the Comprehensive Income and Expenditure statement on de-recognition.

ix. Government Grants and Contributions

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

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

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

Monies advanced as grants and contributions for which conditions have not been satisfied are carried on the Balance Sheet as creditors (Receipts in Advance). When conditions are satisfied, the grant or contribution is credited to the Comprehensive Income and Expenditure Statement.

Where capital grants and contributions including Section 106s are credited to the Comprehensive Income Expenditure Statement as Taxation and Non Specific Grant Income, they are reversed out of the General Fund Balance in the Movement in Reserves Statement. Where the grant has yet to be used to finance capital expenditure it is posted to the Capital Grants Unapplied Reserve. Where it has been applied it is posted to the Capital Adjustment Account. Amounts in the Capital Grants Unapplied Reserve are transferred to the Capital Adjustment Account once they have been applied to fund capital expenditure.

Community Infrastructure Levy

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

CIL is received without outstanding conditions; it is therefore recognised at the commencement date of the chargeable development in the Comprehensive Income and Expenditure Statement in accordance with the accounting policy for government grants and contributions set out above. CIL charges will be largely used to fund capital expenditure. However, a proportion of the charges may be used to fund revenue expenditure.

x. Heritage Assets

The Council has two classifications of Heritage Assets; a small art collection and a war memorial. Heritage Assets are recognised and measured (including the treatment of revaluation gains and losses) in accordance with the Council's accounting policies on property, plant and equipment.

The carrying amounts of Heritage Assets are reviewed where there is evidence of impairment, for example, where an item has suffered physical deterioration or breakage or where doubts arise as to its authenticity. Any impairment is recognised and measured in accordance with the Council's general policies on impairment.

Art collection

The assets within the art collection are deemed to have indeterminate lives; hence the Council does not consider it appropriate to charge depreciation.

Acquisitions are made by purchase or donation. Purchases are initially recognised at cost and donations are recognised at valuation.

War Memorial

The War Memorial is situated in West Bridgford and is held at depreciated historical cost (a proxy for current value).

xi. Intangible Assets

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

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

Intangible assets are measured initially at cost. Amounts are only revalued where the fair value of the assets held by the authority can be determined by reference to an active market. In practice, no intangible asset held by the authority meets this criterion, and they are therefore carried at amortised cost. The depreciable amount of an intangible asset is amortised over its useful life to the relevant service line(s) in the Comprehensive Income and Expenditure Statement. An asset is tested for impairment whenever there is an indication that the asset might be impaired – any losses recognised are posted to the relevant service line(s) in the Comprehensive Income and Expenditure Statement. Any gain or loss arising on the disposal or abandonment of an intangible asset is posted to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement.

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

Balance in the Movement in Reserves Statement and posted to the Capital Adjustment Account and (for any sale proceeds greater than £10,000) the Capital Receipts Reserve.

xii. Inventories and Long Term Contracts

Inventories are included on the Balance Sheet at the lower of cost and net realisable value. Long term contracts are accounted for on the basis of charging the surplus or deficit on the provision of services with the value of works and services received under contract during the financial year.

xiii. Interests in Companies and Other Entities

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

xiv. Investment Property

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

Investment properties are measured initially at cost and subsequently at fair value, and are not depreciated but are re-valued annually. Gains and losses on revaluation are posted to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement. The same treatment is applied to gains and losses on disposal.

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

xv. Leases

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

An exception is made where leases were in existence prior to the introduction of IFRS and not treated in accordance with proper practice as at 31st March 2010. Under the terms of the Local Authorities (Capital Finance and Accounting) (Amendment) (England) Regulations 2010 no 454, the Council may continue to account for money received in accordance with the original type of leases.

Leases classified as Investment Properties are not required to show a split between the land and building elements.

The Council as Lessee

Finance Leases

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

Lease payments are apportioned between:

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

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

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

Operating Leases

Rentals paid under operating leases are charged to the Comprehensive Income and Expenditure Statement as an expense of the services benefiting from the leased asset.

The Council as Lessor

Finance Leases

Finance leases are dealt with under the exception outlined above.

Operating Leases

Where the Council grants an operating lease over a property or an item of plant or equipment, the asset is retained on the Balance Sheet. Rental income is credited to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement. Initial direct costs incurred in negotiating and arranging the lease are added to the carrying amount of the relevant asset and charged as an expense over the lease term

xvi. Jointly Controlled Operations

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

xvii. Overheads and Support Services

The costs of overheads and support services are reported in accordance with the Council's arrangements for accountability and financial performance.

xviii. Property, Plant & Equipment

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

Recognition

Expenditure on the acquisition, creation or enhancement of Property, Plant and Equipment is capitalised on an accruals basis, provided that it is probable that the future economic service potential associated with the item will flow to the Council and the cost of the item can be measured reliably. Expenditure that maintains but does not add to an asset's potential to deliver future economic benefits or service potential is charged as an expense when it is incurred. In addition, expenditure needs to be in excess of the Council de-minimis level of £10,000 before it can be recognised as capital, spend below this limit is charged to revenue.

The Code requires components to be accounted for as separate items where they are material, the Council has undertaken a review of its assets relating to Property, Plant and Equipment and componentising these assets has no material impact. The Council has however componentised its assets, into two elements, land and buildings.

Measurement

Assets are initially measured at cost, comprising:

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

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

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

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

Property, Plant and Equipment	
Other Land and Buildings	Existing Use Value (EUV)
Vehicles and Plant	Depreciated Historical Cost
Infrastructure	Depreciated Historical Cost
Community Assets	Depreciated Historical Cost
Assets Under Construction	Depreciated Historical Cost

Assets included in the Balance Sheet at fair value are re-valued sufficiently regularly to ensure that their carrying amount is not materially different from their fair value at the year-end, but as a minimum every three years. Increases in valuations are matched by credits to the Revaluation Reserve to recognise unrealised gains. Exceptionally, gains might be credited to the Surplus and Deficit on the Provision of Services line of the Comprehensive Income and Expenditure Statement where they arise from the reversal of a loss previously charged to a service.

Where decreases in value are identified, they are accounted for as follows:

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

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

Impairment

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

Where impairment losses are identified, they are accounted for as follows:

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

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

Depreciation

Depreciation is provided for on all Property, Plant and Equipment assets by the systematic allocation of their depreciable amounts over their useful lives. An exception is made for assets without a determinable finite useful life (e.g. freehold land and certain Community Assets) and assets tha t are not yet available for use (i.e. assets under construction) and assets held for a commercial return (i.e. investment properties). It is calculated as follows:

Property, Plant and Equipment	
Other Land and Buildings	Straight line – over the useful life of the asset
Vehicles and Plant	Straight line – over the useful life of the asset
Infrastructure	Straight line – over the useful life of the asset

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

Disposals and Non-current Assets Held for Sale

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

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

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

Amounts received for a disposal in excess of £10,000 are categorised as capital receipts. Capital receipts are credited to the Capital Receipts Reserve and can then only be used for new capital investment, or set aside to reduce the authority's underlying need to borrow (the capital financing requirement). Receipts are appropriated to the Reserve from the General Fund Balance in the Movement in Reserves Statement.

As the cost of fixed assets is fully provided for under separate arrangements for capital finance the written-off value of disposals is not a charge against council tax. Amounts are appropriated to the Capital Adjustment Account from the General Fund Balance in the Movement in Reserves Statement.

Assets under Construction

Assets Under Construction are only recognised when it is probable that the future economic benefits will flow to the Council and the cost can be measured reliably. Assets Under Construction are capitalised at cost which includes labour and overhead costs arising directly from the construction of the asset. Assets under construction are not depreciated until they are brought into use under the relevant sections of Property Plant and Equipment.

xix. Provisions, Contingent Liabilities and Contingent Assets

Provisions

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

Provisions are charged as an expense to the appropriate service line in the Comprehensive Income and Expenditure Statement in the year that the Council becomes aware of the obligation, and are measured at the best estimate at the balance sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

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

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

Contingent Liabilities

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

Contingent Assets

A contingent asset arises where an event has taken place that gives the Council a possible asset whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the Council. Where it is probable that there will be an inflow of economic benefits or service potential, contingent assets are not recognised on the Balance Sheet but disclosed in a note to the Accounts.

xx. Reserves

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

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

xxi. Revenue Expenditure Funded from Capital under Statute

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

xxii. VAT

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

xxiii. Collection Fund – Council Tax & Non Domestic Rates (NDR)

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

The council tax and NDR income included in the Comprehensive Income and Expenditure Statement is the authority's share of accrued income for the year. Any difference between the income included in the CIES and the demand or precept is taken to the Collection Fund Adjustment Account and included as a reconciling item in the Movement in Reserves Statement. The Balance Sheet includes the authority's share of the end of year balances in respect of council tax and NDR relating to arrears, impairment allowances for doubtful debts, overpayments and prepayments and appeals. As the collection of Council Tax and NDR is an agency agreement there is a debtor/creditor position between the Council, the major preceptors and Government. As the billing authority, this Council's Cash Flow Statement includes in 'revenue activities' only its own share of the Council Tax and NDR collected.

xxiv. Fair Value Measurement

The Council measures some of its non-financial assets such as surplus assets and investment properties and some of its financial instruments at fair value at each reporting date. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement assumes that the transaction to sell the asset or transfer the liability takes place either:

a) in the principal market for the asset or liability, or

b) in the absence of a principal market, in the most advantageous market for the asset or liability.

The Council measures the fair value of an asset or liability using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

When measuring the fair value of a non-financial asset, the Council takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Council uses valuation techniques that are appropriate in the circumstances and for which sufficient data is available, maximising the use of relevant observable inputs and minimising the use of unobservable inputs. The hierarchy below is used:-

Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities that the authority can access at the measurement date

Level 2 – inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly

Level 3 – unobservable inputs for the asset or liability.

2. ACCOUNTING STANDARDS THAT HAVE BEEN ISSUED BUT HAVE NOT YET BEEN ADOPTED

The Code requires the disclosure of information relating to the expected impact on the accounting change that will be required by a new standard that has been issued but not yet adopted by the Code for the relevant financial year. This applies to the adoption of the following new or amended standards within the 2017/18 code:

IFRS 9 Financial Instruments – the Council will adopt IFRS 9 with effect from 1 April 2018. The main changes include the reclassification of financial assets and the earlier recognition of the impairment of financial assets. The Council does not expect the reclassification changes to have a material impact upon the financial statements because the majority of its financial assets will retain the same measurement basis. To this end, on 1st April 2018, the Council irrevocably elected to present changes in the fair value of the CCLA Pooled Fund in other comprehensive income as permitted by the IFRS.

IFRS 15 Revenue from Contracts with Customers- presents new requirements for the recognition of revenue.

IAS 12 Income Taxes (Amendment) – applies to deferred tax assets related to debt instruments measured at fair value.

IAS 7 Statement of Cash Flows (Amendment) – will require some additional analysis of cash flows from financing activities.

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

3. CRITICAL JUDGEMENTS IN APPLYING ACCOUNTING POLICIES

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

a. There is a high degree of uncertainty about future levels of funding for local government notably issues around welfare reform and localisation of Business Rates. However, the Council has determined that this uncertainty is not 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. Future transformation plans will have an effect on the assets of the Council, for example the Council's office accommodation and leisure facilities, these are seen as positive opportunities to improve the Council's asset base and provide efficiencies;

b. One factor that has had a significant impact on the accounts concerns the assumptions surrounding pensions and the likelihood of legislative change and the impact of such change. The impact of either a change in the discount rate of 0.1% or a change in life expectancy of 1 year, for either, would be no more than £50,000 on service costs.

c. The Council has a 'Group Relationship' with a subsidiary, namely Streetwise Environmental Ltd. The boundaries have been assessed using the criteria outlined in the Code of Practice. The interest is considered to be material in terms of the importance of Streetwise to the Council and consequently Group Accounts have been produced.

d. It is anticipated no substantial legal claims or appeals will be made against the Council in the next financial year.

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

The Statement of Accounts contains estimated figures that are based on assumptions made by the Council about the future or that are otherwise uncertain. Estimates are made taking into account historical experience, current trends and other relevant factors. However, because balances cannot be determined with certainty, actual results could be materially different from the assumptions and estimates. Most significant estimates are for pensions, bad debts (impairments), provisions and accruals. Each of these has a different process for making the estimate:

a. Pension estimates are provided by Nottinghamshire County Council and assurance is placed on the use of suitably qualified professionals to provide this estimate. Note 3(b) gives further analysis;

b. Bad debt estimates are based on prudent historical collection rates taking into account knowledge of existing conditions on outstanding debts, particularly given the current economic climate and future changes in relation to welfare reform. At 31st March 2018, the Council had sundry debtor balances of £0.609m and Housing Benefit (HB) debtors of £0.991m. If recoverability of these balances falls the amount set aside for these balances would increase. Provisions for bad debt are made according to the age of the debt. The provisions amount to £0.113m and £0.091m, respectively for sundry debtors and HB. If recoverability of the debt falls by 10% across all ages of debt an estimated further £0.29m would have to be set aside;

c. Provisions – generally most provisions are relatively low in value. Business Rate appeals (which the Valuation Office is responsible for) have been estimated in line with the new accounting requirements of the national Business Rates Retention Scheme. In total Rushcliffe's estimated liability amounts to £1.24m, with a further £1.87 million in relation to other precepting authorities and the Government. This has been calculated focusing on key determinants such as type of property, reasons for appeal and age of the appeal;

d. Purchase accruals – these are low in volume and value, but with items such as utility accruals they are based on past bills / seasonality / readings and current contract prices.

5. MATERIAL ITEMS OF INCOME AND EXPENSE

In 2017/18 there are no material items of income and expense.

6. EVENTS AFTER THE BALANCE SHEET DATE

None currently expected to be reported.

7. NOTE TO THE EXPENDITURE AND FUNDING ANALYSIS

2017/18 Adjustments between Funding & Accounting Basis				
Adjustments from General Fund to arrive at the Comprehensive Income & Expenditure Statement amounts	**Adjustments for Capital Purposes (Note 1)**	**Net change for the Pensions Adjustments (Note 2)**	**Other Differences (Note 3)**	**Total Adjustments**
Communities	210	42	(7)	245
Finance & Corporate Services	21	81	10	112
Neighbourhoods	564	83	4	651
Transformation	606	2	(5)	603
Net Cost of Service	**1,401**	**208**	**2**	**1,611**
Other income & expenditure from the Expenditure & Funding Analysis	(908)	1,535	74	701
General Fund surplus or deficit and Comprehensive Income & Expenditure Statement Surplus or Deficit on on the Provision of Services	**493**	**1,743**	**76**	**2,312**

2016/17 Adjustments between Funding & Accounting Basis				
Adjustments from General Fund to arrive at the Comprehensive Income & Expenditure Statement amounts	**Adjustments for Capital Purposes (Note 1)**	**Net change for the Pensions Adjustments (Note 2)**	**Other Differences (Note 3)**	**Total Adjustments**
Communities	350	(1)	5	354
Finance & Corporate Services	1,760	33	(15)	1,778
Neighbourhoods	697	(2)	(5)	690
Transformation	754	0	6	760
Net Cost of Service	**3,561**	**30**	**(9)**	**3,582**
Other income & expenditure from the Expenditure & Funding Analysis	(5,658)	1,622	(434)	(4,470)
General Fund surplus or deficit and Comprehensive Income & Expenditure Statement Surplus or Deficit on on the Provision of Services	**(2,097)**	**1,652**	**(443)**	**(888)**

Note 1 Adjustments for Capital Purposes

Services Line – this column adds in depreciation and impairment and revaluation gains and losses in the services line,

Other operating expenditure – adjusts for capital disposals with a transfer of income on disposal of assets and the amounts written off for those assets.

Financing and investment income and expenditure – the statutory charges for capital financing i.e. Minimum Revenue Provision and other revenue contributions are deducted from other income and expenditure as these are not chargeable under generally accepted accounting practices.

Taxation and non-specific grant income and expenditure – capital grants are adjusted for income not chargeable under generally accepted accounting practices. Revenue grants are adjusted from those receivable in the year to those receivable without conditions or for which conditions were satisfied throughout the year. The Taxation and Non Specific Grant Income and Expenditure line is credited with capital grants receivable in the year without conditions or for which conditions were satisfied in the year.

Note 2 Net Change for the Pensions Adjustments

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

For services this represents the removal of the employer pension contributions made by the 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.

Note 3 Other Differences

For Services Other differences between amounts debited/credited to the Comprehensive Income and Expenditure Statement and amounts payable/receivable to be recognised under statute i.e. Accumulated Absences.

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.

8. ADJUSTMENTS BETWEEN ACCOUNTING BASIS AND FUNDING BASIS UNDER REGULATIONS

This note details the adjustments that are made to the total Comprehensive Income and Expenditure Statement recognised by the Council in the year in accordance with proper accounting practice to the resources that are specified by statutory provisions as being available to the Council to meet future capital and revenue expenditure.

The following sets out a description of the reserves that the adjustments are set against:

General Fund Balance

The General Fund is the statutory fund into which all the receipts of a Council 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 the capital investment (or the deficit of resources that the Council is required to recover) at the end of the financial year.

Capital Receipts Reserve

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

Capital Grants Unapplied

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

2016-17 General Fund Balance £'000	2016-17 Capital Receipts Reserve £'000	2016-17 Capital Grants Unapplied £'000	2016-17 Movements in Unusable Reserves £'000		2017-18 General Fund Balance £'000	2017-18 Capital Receipts Reserve £'000	2017-18 Capital Grants Unapplied £'000	2017-18 Movements in Unusable Reserves £'000
Adjustments primarily involving the Capital Adjustment Account:								
				Reversal of items debited or credited to the CIES:				
(1,453)	0	0	1,453	Charges for depreciation and impairment of non-current assets	(2,068)	0	0	2,068
(1,315)	0	0	1,315	Revaluation losses on Property Plant and Equipment	821	0	0	(821)
303	0	0	(303)	Movements in the market value of Investment Properties	(2,718)	0	0	2,718
(61)	0	0	61	Amortisation of intangible assets	(48)	0	0	48
483	0	0	(483)	Capital grants and contributions applied	531	0	0	(531)
0	0	0	0	Income in relation of Donated Assets	0	0	0	0
(1,238)	0	0	1,238	Revenue expenditure funded from capital under statute (net of Grants and Contributions)	(652)	0	0	652
(6,315)	0	0	6,315	Amounts of Non Current Assets written off on disposal or sale as part of the gain/loss on disposal to the CI&ES	(4)	0	0	4
				Insertion of items not debited or credited to the CIES:				
0	0	0	0	Statutory provision for the financing of capital investment	1,000	0	0	(1,000)
1,233	0	0	(1,233)	Capital expenditure charged against the General Fund	505	0	0	(505)
Adjustments primarily involving the Capital Grants Unapplied Account:								
3,074	(20)	(3,054)	0	Capital grants and contributions unapplied credited to the CI&ES	1,642	0	(1,642)	0
0	0	3,042	(3,042)	Application of grants to capital financing transferred to the CAA	0	0	1,588	(1,588)
Adjustments primarily involving the Capital Receipts Reserve:								
7,386	(7,636)	0	250	Transfer of cash sale proceeds credited as part of gain/loss on disposal to the CIES	497	(689)	0	192
0	3,538	0	(3,538)	Capital Receipts applied	0	6,455	0	(6,455)
0	(38)	0	38	Transfer (from)/to the Deferred Capital Receipts Reserve upon receipt of cash	0	(5)	0	5
Adjustments primarily involving the Financial Instruments Adjustment Account:								
8	0	0	(8)	Amount by which finance costs charged to the CI&ES are different from statutory requirements	6	0	0	(6)
Adjustments primarily involving the Pensions Reserve:								
(3,117)	0	0	3,117	Reversal of items relating to retirement benefits debited or credited to the CI&ES	(3,843)	0	0	3,843
1,465	0	0	(1,465)	Employer's pensions contributions and direct payments to pensioners payable in the year	2,100	0	0	(2,100)
Adjustments primarily involving the Collection Fund Adjustment Account:								
426	0	0	(426)	Amount by which council tax & business rate income credited to the CI&ES is different from statutory requirements	(79)	0	0	79
Adjustment primarily involving the Accumulated Absences Account:								
9	0	0	(9)	Amount by which officer remuneration charged to the CI&ES on an accruals basis is different from statutory	(2)	0	0	2
888	**(4,156)**	**(12)**	**3,280**	**Total Adjustments**	**(2,312)**	**5,761**	**(54)**	**(3,395)**

9. TRANSFERS TO/(FROM) EARMARKED RESERVES

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

	Balance at 1st April 2017 £'000	Additions in Year £'000	Used in Year £'000	Balance at 31 March 2018 £'000
Investment Reserves				
Regeneration and Community Projects	1,425	159	(23)	1,561
Cotgrave Regeneration Project	300	0	(300)	0
Council Assets and Service Delivery	274	0	0	274
Local Area Agreement	122	0	0	122
The Point	60	30	(6)	84
New Homes Bonus	5,479	1,835	(1,046)	6,268
Invest to Save	150	0	0	150
Corporate Reserves				
Organisational Stabilisation Reserve	1,400	0	(326)	1,074
Risk and Insurance	100	0	0	100
Planning Appeals	349	0	1	350
Elections	153	0	(1)	152
Operating Reserves				
Planning	187	0	(6)	181
Leisure Centre Maintenance	116	0	0	116
Planned Maintenance	100	0	0	100
Total	**10,215**	**2,024**	**(1,707)**	**10,532**

INVESTMENT RESERVES

Regeneration and Community Projects – to provide funding to support capital improvement projects across the Borough.

Cotgrave Regeneration Project – surpluses generated from investment properties on the site for re-investment into the project.

Council Assets and Service Delivery – to provide funding to support improvements and optimum rationalisation of council owned assets and facilitate the implementation of innovative service delivery models.

Local Area Agreement – to provide funding for Local Strategic Partnership (LSP) initiatives where monies are held by the Council, as the accountable body, on behalf of the LSP.

The Point – to fund improvements in relation to this asset

New Homes Bonus – to help facilitate growth within the Borough, not ring-fenced solely for housing projects.

Invest to Save – to fund projects that generate future savings.

CORPORATE RESERVES

Organisation Stabilisation Reserve – to be used to provide resilience against risks surrounding the Medium Term Financial Strategy.

Risk and Insurance – to provide funding to be used to reduce the risk of loss or injury in the provision of services, with the objective of reducing future insurance costs.

Planning Appeals – to provide funding to cover potential legal and other cost in respect of large applications.

Elections – to provide funding for the future costs of the four yearly Borough Council elections.

OPERATING RESERVES

Planning - to provide funding for one off revenue costs of the planning service, for example, legal costs, specialist advice and consultancy.

Leisure Centre Maintenance – to provide funding for dilapidation works required at leisure centres as a result of the transfer of the management of the leisure centre to Parkwood where maintenance is not covered as part of the contract.

Planned Maintenance – to provide funding for potential higher value repairs and maintenance of existing buildings and land.

10. OTHER OPERATING EXPENDITURE

The composition of the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement is detailed below:

2016/17 £'000		2017/18 £'000
1,891	Parish Council Precepts	1,992
234	Internal Drainage Board Levies	243
(561)	Gain or Loss on the disposal of non-current assets	(496)
1,564	**TOTAL**	**1,739**

11. FINANCING AND INVESTMENT INCOME AND EXPENDITURE

The composition of the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement is detailed below:

2016/17 £'000		2017/18 £'000
0	Interest payable and similar charges	0
1,622	Net Interest on the net defined benefit liability (asset)	1,535
(306)	Interest receivable and similar income	(265)
(1,994)	Income, expenditure and changes in the fair values of investment properties	1,701
(678)	**TOTAL**	**2,971**

12. TAXATION AND NON SPECIFIC GRANT INCOME

The composition of the Taxation and Non Specific Grant Income line in the Comprehensive Income and Expenditure Statement is detailed below:

2016/17 £'000		2017/18 £'000
(7,633)	Council tax income	(8,003)
(2,557)	Business Rates	(2,966)
	Non-ring-fenced government grants:	
(1,034)	Revenue Support Grant	(473)
(2,072)	New Homes Bonus	(1,835)
(136)	Other Non Specific Grant	(248)
(3,001)	Capital grants and contributions (Note 31)	(1,588)
(16,433)	**TOTAL**	**(15,113)**

13. PROPERTY, PLANT AND EQUIPMENT

Movements on Balances 2017/2018

	Other Land & Buildings	Vehciles, Plant, Furniture & Equipment	Infrastructure Assets	Community Assets	Assets Under Construction	TOTAL
Cost or Valuation						
At 1 April 2017	**25,166**	**11,945**	**2,988**	**329**	**5,298**	**45,726**
Additions	50	397	0	0	1,670	2,117
Revaluation (+/-) recognised in the Revaluation Reserve	2,826	(219)	(72)	0	0	2,535
Revaluation (+/-) recognised in the Surplus/Deficit on Provision of Services	821	0	0	0	0	821
Derecognition - Disposals	0	(115)	0	0	0	(115)
Transfers	(213)	10	0	0	(4,208)	(4,411)
At 31 March 2018	**28,650**	**12,018**	**2,916**	**329**	**2,760**	**46,673**
Accumulated Depreciation or Impairment						
At 1 April 2017	**(586)**	**(4,383)**	**(1,281)**	**0**	**0**	**(6,250)**
Depreciation charge	(795)	(1,139)	(134)	0	0	(2,068)
Depreciation written out to the Revaluation Reserve	795	219	78	0	0	1,092
Depreciation written out to the Surplus/Deficit on Provision of Services	0	0	0	0	0	0
Derecognition - Disposals	0	112	0	0	0	112
Depreciation transfer	0	0	0	0	0	0
At 31 March 2018	**(586)**	**(5,191)**	**(1,337)**	**0**	**0**	**(7,114)**
Net Book Value at 31 March 2018	**28,064**	**6,827**	**1,579**	**329**	**2,760**	**39,559**
Net Book Value at 31 March 2017	**24,580**	**7,562**	**1,707**	**329**	**5,298**	**39,476**

Movements on Balances 2016/2017

	Other Land & Buildings	Vehciles, Plant, Furniture & Equipment	Infrastructure Assets	Community Assets	Assets Under Construction	TOTAL
Cost or Valuation						
At 1 April 2016	**17,496**	**8,883**	**3,240**	**329**	**7,551**	**37,499**
Additions	7,039	4,854	0	0	4,323	16,216
Revaluation (+/-) recognised in the Revaluation Reserve	(1,585)	0	0	0	0	(1,585)
Revaluation (+/-) recognised in the Surplus/Deficit on Provision of Services	(1,315)	0	0	0	0	(1,315)
Derecognition - Disposals	(3,045)	(1,792)	(252)	0	0	(5,089)
Transfers	6576				(6,576)	0
At 31 March 2017	**25,166**	**11,945**	**2,988**	**329**	**5,298**	**45,726**
Accumulated Depreciation or Impairment						
At 1 April 2016	**(422)**	**(5,169)**	**(1,293)**	**0**	**(20)**	**(6,904)**
Depreciation charge	(491)	(817)	(143)	0	0	(1,451)
Derecognition - Disposals	165	1,603	155			1,923
Depreciation written out to the Revaluation Reserve	182	0	0	0	0	182
Depreciation written out to the Surplus/Deficit on Provision of Services	0	0	0	0	0	0
Derecognition - transfer	(20)				20	0
At 31 March 2017	**(586)**	**(4,383)**	**(1,281)**	**0**	**0**	**(6,250)**
Net Book Value at 31 March 2017	**24,580**	**7,562**	**1,707**	**329**	**5,298**	**39,476**
Net Book Value at 31 March 2016	**17,074**	**3,714**	**1,947**	**329**	**7,531**	**30,595**

13. PROPERTY, PLANT AND EQUIPMENT CONTINUED

Depreciation

The following useful lives and depreciation rates have been used in the calculation of depreciation:

- Other Land and Buildings 5-100 years
- Vehicles, Plant Furniture and Equipment 3-30 years
- Infrastructure 3-50 years

Capital Commitments

At 31 March 2018 the Council was committed to works totalling £3.533m for the acquisition, construction, and enhancement of Property, Plant and Equipment in 2018/19. The main element of this, £3.241m, relates to contract and other costs associated with the Cotgrave Masterplan and Multi Service Centre. £0.47m relates to the Car Park Enhancments at the Arena and the remaining £0.21m relates to Bingham land off Chapel Lane.

Revaluations

In accordance with the Code of Practice, the Council carries out a rolling programme that ensures that all Property, Plant and Equipment required to be measured at fair value are re-valued at least every three years. The Council, as a consequence, will be revaluing a third of its Land and Buildings portfolio every year. Assets with a value greater than £1 million are revalued annually.

Valuations of land and buildings were carried out in accordance with the Royal Institution of Chartered Surveyors Valuation Standards (Red Book) 9th Edition. Every fair value valuation was carried out using the assumptions as set out in the Red Book. Where assumptions additional to those which are set out in the Red Book have been made these are stated on the relevant valuation certificates. Mrs Leanne Ashmore MRICS is responsible for revaluation of property assets. An impairment review is carried out annually on the Land and Buildings portfolio.

Valuations of vehicles, plant, furniture and equipment are based on depreciated historic cost as a proxy for current prices. Valuations of vehicles, plant and equipment are reviewed annually to ensure that assets are recorded at no more than their recoverable amount.

All valuations were carried out internally. The following table shows the progress of the Council's three year rolling programme for the revaluation of fixed assets. These figures are shown at gross book value

	Other Land and Buildings £'000	Vehicles, Plant, Furniture and Equipment £'000	Infrastrucutre Asset £'000	Community Assets £'000	Assets Under Construction £'000	Total Property, Plant and Equipment £'000
Carried at Historical Cost	790	8,342	2,744	329	2,760	14,965
Valued at fair value as at:						
31 March 2016	1,742	0	0	0	0	1,742
31 March 2017	1,090	0	0	0	0	1,090
31 March 2018	25,028	3,676	172	0	0	28,876
Total Cost of Valuation	**28,650**	**12,018**	**2,916**	**329**	**2,760**	**46,673**

14. INVESTMENT PROPERTIES

The following items have been accounted for in the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.

2016/17 £'000		2017/18 £'000
1,247	Rental Income from Investment Property	1,031
(269)	Direct Operating Expenses arising from Investment Property	(160)
978	**Net Gain/(Loss)**	**871**

There are no restrictions on the Council's ability to realise the value inherent in its investment property or on the Council's rights to the remittance of income and the proceeds of disposal.

The following table summarises the movement in the fair value of investment properties during 2017/18 and 2016/17.

2016/17 £'000		2017/18 £'000
9,965	Balance at 1 April 2017	7,120
0	Additions - Acquisitions (Purchase and Construction)	5,944
0	Enhancements	0
(3,148)	Disposals	0
303	Net Gains/(Losses) from fair value adjustments	(2,718)
0	Transfers to/from Property, Plant and Equipment	4,198
7,120		**14,544**

All of the Council's Investment Properties are treated as operating leases.

Valuations of Investment Properties are carried out annually in accordance with the Code of Practice and with the Royal Institution of Chartered Surveyors Valuation Standards (Red Book) 9th Edition. Every Fair Value valuation was carried out using the assumptions as set out in the Red Book. A Market Valuation technique has been used for all Investment Properties and they are all based on the level 2 input hierarchy. This means that values have been arrived at using evidence (other than quoted prices) in an active market and that this evidence is directly or indirectly observable. The inputs used include the following market analyses: rents, yields, lease terms, research on farmland values, and other market evidence and comparative data. Where assumptions additional to those which are set out in the Red Book have been made these are stated on the relevant valuation certificates. Mrs Leanne Ashmore MRICS is responsible for revaluation of property assets. An impairment review is carried out annually on the Investment Property portfolio.

15. INTANGIBLE ASSETS

The Council accounts for its software as intangible assets. All software is given a finite useful life, based on assessments of the period that the software is expected to be of use.

The useful lives assigned to the major software suites used by the Council are three years.

The carrying amount of intangible assets is amortised on a straight line basis. The amortisation of £0.048m in 2017/18 (£0.061m 2016/17) was charged to the IT cost centre within Transformation Service Area.

Movements on Intangible Fixed Assets

2016/17 £'000		2017/18 £'000
	Balance at start of year	
1,068	Gross carrying amount	261
(937)	Accumulated amortisation	(183)
131	**Net carrying amount at start of year**	78
8	**Purchases**	127
(815)	**Disposals**	(108)
	Amortisation	
(61)	Amortisation for the period	(48)
815	Amortisation on disposals	108
78	**Net carrying amount at end of year**	157
	Comprising:	
261	Gross carrying amounts	280
(183)	Accumulated amortisation	(123)
78	**Balance Sheet amount at 31 March 2018**	157

16. ASSETS HELD FOR SALE

In accordance with IFRS 5 assets held for sale are measured at the lower of carrying amount and fair value less costs to sell. The Council had one asset reclassified as held for sale at the Balance Sheet date. This was Land North of Bingham held at carrying value of £213,141.80.

17. FINANCIAL INSTRUMENTS

The following categories of financial instruments are carried in the balance sheet.

	Long-Term		Current	
	1 April 2016 to 31 March 2017	1 April 2017 to 31 March 2018	1 April 2016 to 31 March 2017	1 April 2017 to 31 March 2018
	£'000	£'000	£'000	£'000
Investments				
Loans and Receivables	6,027	3,121	27,829	21,117
Total Investments	6,027	3,121	27,829	21,117
Debtors				
Loans and Receivables	1,857	2,700	2,642	4,265
Total Debtors	1,857	2,700	2,642	4,265
Borrowings	**0**	**0**	**0**	**0**
Creditors & Other Long Term Liabilities				
Cost	(10,035)	(10,687)	(3,641)	(3,598)
Total Creditors	**(10,035)**	**(10,687)**	**(3,641)**	**(3,598)**

Valuation Assumptions

Investments held at 31 March 2018 amounted to £24.24m, consisting of £4.0m of fixed term investments where the instrument carries the same interest rate for the whole term, £16.86m of deposits in Money Market Funds and Call Accounts where, in general, the rate only alters with movements in the Bank rate and £3.12m in a fund which is valued at the bid price for the shares which the Council holds. No formal calculation of the effective interest rate (EIR) is necessary, and the carrying amount is a reasonable approximation of the fair value.

Debtors and creditors, both of which are instruments of short duration, with no formal effective interest rate (EIR) are at fair value.

An assessment has been made whether any impairment write-down or provisions previously made need to be reversed, or if any new ones need to be made. A full review of bad debt provisions has been completed and appropriate adjustments to the provisions have been made on the age analysis of debtors involved.

18. DEBTORS

2016/17			2017/18	
Short Term £'000	Long Term £'000		Short Term £'000	Long Term £'000
486	0	Central government bodies	1,752	0
132	0	Other local authorities	620	0
0	0	Public Corporations and Trading Funds	0	0
2,126	1,857	Other Bodies	1,991	2,700
2,744	**1,857**	**TOTAL DEBTORS**	**4,363**	**2,700**

19. CASH AND CASH EQUIVALENTS

2016/17 £'000		2017/18 £'000
1	Cash Held by the Council	1
(125)	Bank Current Accounts	253
25,903	Short Term Deposits	17,861
25,779	**TOTAL CASH & CASH EQUIVALENTS**	**18,115**

20. CREDITORS

2016/17 £'000		2017/18 £'000
2,657	Central Government Bodies	2,291
1,324	Other Local Authorities	766
0	NHS Bodies	0
0	Other Corporations & Trading Funds	0
3,530	Other Bodies	3,505
7,511		**6,562**

21. PROVISIONS

	Leaseholder Deposits	NDR Appeals	Streetwise pension	TOTAL
	£'000	£'000	£'000	£'000
Balance at 1 April 2017	**62**	**1,482**	**583**	**2,127**
Additional provisions made in year	26	2,200	0	2,226
Amount utilised in year	0	(1,119)	0	(1,119)
Amount transferred to major preceptors in year	0	(1,320)	0	(1,320)
Balance at 31 March 2018	**88**	**1,243**	**583**	**1,914**

NNDR Appeals

This provision sets aside sums for the Council's element of anticipated appeals that may arise in respect of Business Rates. The full liability is expected to be approximately £3.11 million, but the difference is to be met by major preceptors - Central Government (50%), Notts County Council (9%) and Fire Authority (1%).

22. USABLE RESERVES

Movements in the Council's usable reserves are detailed in the Movement in Reserves Statement (MIRS).

23. UNUSABLE RESERVES

Balance at 1 April 2017 £'000		Balance at 31 March 2018 £'000
5,398	Revaluation Reserve	8,972
33,613	Capital Adjustment Account	38,885
(36)	Financial Instruments Adjustment Account	(30)
(59,554)	Pension Reserve	(56,765)
83	Deferred Capital Receipts	78
295	Collection Fund Adjustment Account	216
(52)	Accumulated Absences Account	(54)
25	Available for Sale Financial Instrument Reserve	121
(20,228)		**(8,577)**

Revaluation Reserve

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

- revalued downwards or impaired and the gains are lost;
- used in the provision of services and the gains are consumed through depreciation; or
- disposed of and the gains are realised.

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

Balance at 1 April 2017 £'000		Balance at 31 March 2018 £'000
7,551	**Balance at 1 April**	**5,398**
87	Upward revaluation of assets	3,676
(1,490)	Downward revaluation of assets and impairment losses not charged to the Surplus/Deficit on the Provision of Services	(49)
6,148	**Surplus or deficit on revaluation of non-current assets not posted to the Surplus or Deficit on the Provision of Services**	**9,025**
(100)	Difference between fair value depreciation and historical cost depreciation	(53)
(650)	Accumulated gains on assets sold or scrapped	0
(750)	**Amount written off to the Capital Adjustment Account**	**(53)**
5,398	**Balance at 31 March**	**8,972**

Capital Adjustment Account

The Capital Adjustment Account absorbs the timing differences arising from the different arrangements for accounting for the consumption of non-current assets and for financing the acquisition, construction or enhancement of those assets under statutory provisions. The Account is debited with the cost of acquisition, construction or enhancement as depreciation, impairment losses and amortisations are charged to the Comprehensive Income and Expenditure Statement (with postings from the Revaluation Reserve to convert fair values to a historical cost basis). The Account is credited with the amounts set aside by the Council as finance for the costs of acquisition, construction and enhancement.

The Account contains accumulated gains and losses on Investment Properties that have yet to be consumed by the Council.

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

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

23. UNUSABLE RESERVES CONTINUED

Balance at 1 April 2017 £'000		Balance at 31 March 2018 £'000
34,897	**Balance at 1 April**	**33,613**
	Reversal of items relating to capital expenditure debited or credited to the CIES:	
(1,453)	Charges for depreciation and impairment of non-current assets	(2,068)
(1,315)	Revaluation losses on Property, Plant and Equipment	821
(61)	Amortisation of intangible assets	(48)
(1,238)	Revenue expenditure funded from capital under statute (net of Grants and Contributions)	(652)
(6,315)	Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the CIES	(4)
750	Adjusting amounts written out of the Revaluation Reserve	53
(250)	Write down Long-term Debtors	(192)
(9,882)	Net written out amount of the cost of non-current assets consumed in the year	**(2,090)**
	Capital financing applied in the year:	
3,538	Use of Capital Receipts to finance new capital expenditure	6,455
483	Capital grants and contributions credited to the CIES that have been applied to capital financing	531
3,042	Application of grants to capital financing from the Capital Grants Unapplied Account	1,589
0	Statutory provision for the financing of capital investment charged against the General Fund	1,000
1,232	Capital expenditure charged against the General Fund	505
8,295		**10,080**
303	Movements in the market value of Investment Properties debited or credited to the CIES	(2,718)
0	Movement in the Donated Assets Account credited to the CIES	0
303		**(2,718)**
33,613	**Balance at 31 March**	**38,885**

23. UNUSABLE RESERVES CONTINUED

Financial Instruments Adjustment Account

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

Balance at 1 April 2017 £'000		Balance at 31 March 2018 £'000
(44)	**Balance at 1 April**	**(36)**
8	Amount by which finance costs charged to the CIES are different from finance costs chargeable in the year in accordance with statutory requirements	6
(36)	**Balance at 31 March**	**(30)**

Pensions Reserve

The Pensions Reserve absorbs the timing differences arising from the different arrangements for accounting for post-employment benefits and for funding benefits in accordance with statutory provisions. The Council accounts for post-employment benefits in the Comprehensive Income and Expenditure Statement as the benefits are earned by employees accruing years of service, updating the liabilities recognised to reflect inflation, changing assumptions and investment returns on any resources set aside to meet the costs. However, statutory arrangements require the General Fund balance to be charged with the amount payable by the Council to the pension fund in the year. The debit balance on the Pensions Reserve therefore shows a substantial shortfall in the benefits earned by past and current employees and the resources the Council has set aside to meet them. The statutory arrangements will ensure that funding will have been set aside by the time the benefits come to be paid.

Balance at 1 April 2017 £'000		Balance at 31 March 2018 £'000
(46,367)	**Balance at 1 April**	**(59,554)**
(11,535)	Actuarial gains or losses on pensions assets and liabilities	4,532
(3,117)	Reversal of items relating to retirement benefits debited or credited to the Surplus or Deficit on the Provision of Services in the CIES	(3,843)
1,465	Employer's pensions contributions and direct payments to pensioners payable in the year	2,100
(59,554)	**Balance at 31 March**	**(56,765)**

23. UNUSABLE RESERVES CONTINUED

Deferred Capital Receipts Reserve

This reserve holds the gains recognised on the disposal of non-current assets but for which cash settlement has yet to take place. Under statutory arrangements, the Council does not treat these gains as usable for financing new capital expenditure until they are backed by capital receipts. When the deferred cash settlement eventually takes place, amounts are transferred to the Capital Receipts Reserve.

Balance at 1 April 2017 £'000		Balance at 31 March 2018 £'000
120	**Balance at 1 April**	**83**
(37)	Transfer to the Capital Receipts Reserve on receipt of cash	(5)
83	**Balance at 31 March**	**78**

Collection Fund Adjustment Account

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

Balance at 1 April 2017 £'000		Balance at 31 March 2018 £'000
(131)	**Balance at 1 April**	**295**
(91)	Council Tax	(81)
517	Non Domestic Rates	2
295	**Balance at 31 March**	**216**

23. UNUSABLE RESERVES CONTINUED

Accumulated Absences Account

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

Balance at 1 April 2017 £'000		Balance at 31 March 2018 £'000
(61)	**Balance at 1 April**	**(52)**
61	Settlement or cancellation of accrual made at the end of the preceding year	52
(52)	Amounts accrued at the end of the current year	(54)
9	Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	(2)
(52)	**Balance at 31 March**	**(54)**

Available for Sale Financial Instruments

The Available for Sale Financial Instruments Reserve contains the gains made by the Council arising from increases in the value of its instruments that have quoted market prices or otherwise do not have fixed or determinable payments. The balance is reduced when investments with accumulated gains are:

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

Balance at 1 April 2017 £'000		Balance at 31 March 2018 £'000
56	**Balance at 1 April**	**25**
(31)	Change in the value of investments not charged to the Surplus/Deficit on the Provision of Services	96
25	**Balance at 31 March**	**121**

24. CASHFLOW STATEMENT – OPERATING ACTIVITIES

2016/17 £'000		2017/18 £'000
(1,563)	**Net (Surplus) or Deficit on the Provision of Services**	**1,995**
	Adjust for Non-Cash Movements	
(1,453)	Depreciation	(2,068)
(1,315)	Impairment and downward valuations	821
(61)	Amortisation	(48)
36	Increase/(decrease) in impairment for bad debts	96
(702)	Increase/(decrease) in creditors	(685)
365	Increase/(decrease) in debtors	(373)
(7)	Increase/(decrease) in inventories	(8)
(1,652)	Movement in pension liability	585
(463)	Carrying amount of non-current assets and non-current assets held for sale, sold or derecognised	(4)
(6,225)	Movement in Provisions	213
127	Other non-cash items charged to the net surplus or deficit on the provision of services	(2,719)
(11,350)	**Net surplus/(deficit) on provision of services for non cash movements**	**(4,190)**
	Adjust Net Surplus or Deficit for items that are Investing or Financing Activities	
60	Proceeds from short term and long term investments	0
3537	Capital Grants credited to the Surplus/Deficit on Provision of Services	1642
7406	Proceeds from sale of property, plant and equipment, investment property and intangible assets	497
11003	**Net surplus/(deficit) on provision of services for Investing & Financing activities**	**2139**
(1,910)	**Net Cashflows from Operating Activities**	**(56)**

The cash flows for operating activities include the following items:

2016/17 £'000		2017/18 £'000
(213)	Interest received	(171)
(103)	Dividends received	(101)
(316)	**TOTAL**	**(272)**

25. CASHFLOW STATEMENT – INVESTING ACTIVITIES

2016/17 £'000		2017/18 £'000
15,966	Purchase of property, plant and equipment, investment property and intangible assets	8,755
2,000	Purchase of short-term and long- term investments	8,800
1,630	Other payments for investing activities	4,584
(7,406)	Proceeds from sale of property, plant equipment, investment property and intangible assets	838
(5,131)	Proceeds from short-term and long-term investments	(10,850)
0	Capital Grants Received (Government)	(5,902)
(6,253)	Other receipts from investing activities	(229)
806	**Net cash flow from investing activities**	**5,996**

26. CASHFLOW STATEMENT – FINANCING ACTIVITIES

2016/17 £'000		2017/18 £'000
54	Repayments of short and long-term borrowing	0
(958)	Other payments for financing activities	1,724
(904)	**Net cash flow from Financing activities**	**1,724**

27. MEMBERS ALLOWANCES

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

2016/17 £'000		2017/18 £'000
305	Allowances	309
9	Other Expenses	7
314	**TOTAL EXPENDITURE**	**316**

28. OFFICERS REMUNERATION

The remuneration paid to the Council's senior employees is as follows:

Post Title	Year	Salary, Fees & Allowances £	Pension Contribution £	TOTAL £
Chief Executive	**2017/18**	120,040	17,228	137,268
	2016/17	120,784	15,340	136,124
Executive Manager - Finance & Corporate Services	**2017/18**	82,963	12,069	95,032
	2016/17	82,118	10,640	92,758
Executive Manager - neighbourhoods	**2017/18**	80,381	11,687	92,068
	2016/17	79,765	10,303	90,068
Executive Manager - Communities	**2017/18**	80,884	11,687	92,571
	2016/17	79,743	10,303	90,046
Executive Manager - Transformation	**2017/18**	87,023	12,643	99,666
	2016/17	85,812	11,146	96,958
Chief Information Officer*	**2017/18**	83,765	12,183	95,948
	2016/17	84,252	10,887	95,139

*this post is part funded by Broxtowe Borough Council and Newark and Sherwood District Council

The Council's other employees receiving more than £50,000 remuneration for the year (Excluding Pension Costs) are as follows:

Number of Employees 2016/17	Remuneration Band	Number of Employees 2017/18
0	£50,000 - £54,999	0
4	£55,000 - £59.999	4
0	£60,000 - £84,999	0

29. EXIT PACKAGES AND TERMINATION BENEFITS

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

2017/18				
Exit Package Cost Band	Numbrer of Compulsory Redundancies	Number of Other Departures Agreed	Total Exit Packages	
			Number	£'000
£0 - £20,000	1	3	4	35
£20,001 - £40,000	1	0	1	39
TOTAL	**2**	**3**	**5**	**74**

2016/17				
Exit Package Cost Band	**Numbrer of Compulsory Redundancies**	**Number of Other Departures Agreed**	**Total Exit Packages**	
			Number	**£'000**
£0 - £20,000	1	0	1	7
£20,001 - £40,000	1	1	2	57
TOTAL	**2**	**1**	**3**	**64**

30. EXTERNAL AUDIT COSTS

The Council has incurred the following costs in relation to the audit of the Statement of Accounts, certification of grant claims, statutory inspections and for non-audit services provided by the Council's external auditors (KPMG).

2016/17 £'000		**2017/18 £'000**
41	Fees payable with regard to external audit services carried out by the appointed auditor	41
0	Fees payable in respect of other services provided during the year.	5
7	Fees payable for the certification of grant claims and returns	7
48	**TOTAL**	**53**

31. GRANT INCOME

The Council credited the following capital grants and contributions to the Taxation and Non-Specific Grant Income line in the Comprehensive Income and Expenditure Statement in 2016/17 and 2017/18.

2016/17 £'000		**2017/18 £'000**
1,249	Heritage Lottery Fund - Bridgford Hall	0
1,165	Cotgrave Employment Land	635
89	S106 Belway Arena New Build	0
498	Cotgrave Town Centre	703
0	Cotgrave Town Centre - Economic Development	250
3,001	**TOTAL**	**1,588**

The following grants, above £50,000, were credited to services.

2016/17 £'000		2017/18 £'000
112	DCLG - NDR Cost of Collection	112
221	Nottinghamshire County Council - Leisure Centres	88
17,263	DWP - Housing Benefit Subsidy and Council Tax Rebates	16,608
210	DWP - Housing Benefit Administration	193
84	DWP - Council Tax Administration	81
491	DCLG - Disabled Facilities Grant (REFCUS)	586
18,381	**TOTAL**	**17,668**

The Council received grants, contributions and donations not yet recognised as income as they have conditions attached to them that will require the monies or property to be returned if the conditions are not met. The balances at year end are as follows:

2016/17 £'000		2017/18 £'000
9,400	S106 Planning Agreements	10,387
	Other Grants:	
635	GDF- Cotgrave Employment Land	300
10,035	**TOTAL**	**10,687**

32. RELATED PARTIES

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

Central Government

Central Government has significant influence over the general operations of the Council. It is responsible for providing the statutory framework within which the Council operates, provides the majority of its funding in the form of grants and prescribes the terms of many of the transactions that the Council has with other parties (e.g. council tax bills, housing benefits). Grant receipts above £50,000 are shown in Note 31.

Members

Members of the Council have direct control over the Council's financial and operating policies. The total members allowances paid in 2017/18 are shown in Note 27. The Members could potentially have a material related party transaction with the Council. During 2017/18 the Council, in accordance with the National Code of Local Government Conduct, maintained a register of pecuniary and non-pecuniary interest disclosed by members. This register has been reviewed and was found to contain nothing that would suggest a material related party transaction occurred.

Officers

Similarly, a register for officers' outside interests and hospitality is also maintained. Again this has been reviewed and found to contain no entry that would suggest a material related party transaction.

Other Public Bodies

The Council has determined that material transactions have occurred in 2017/18 with the following parties and most transactions with related parties are disclosed elsewhere in the Statement of Accounts, as follows:

Joint Use arrangements with Nottinghamshire County Council.

Parish Precepts of £1.992 million and Internal Drainage Board levies of £0.243m are disclosed in the Comprehensive Income and Expenditure Statement (Note 10).

Other local authorities, central government, the Nottinghamshire Police Authority and Nottinghamshire Fire Authority – disclosed in Note 3 and Note 5 to the Collection Fund Income and Expenditure Account.

Central Government – disclosed in all of the appropriate statements and notes.

Pensions Fund – administered by Nottinghamshire County Council (Note 36).

In addition, members and senior officers of the Council have been requested to complete a Declaration of Related Party Transactions return. These returns detailed that the Chief Executive and Service Manager – Finance and Corporate Services are Directors of Streetwise Environmental Limited (see Group Accounts section). They fulfil this role on behalf of the Council but hold no shares and received no payments either directly or indirectly for their Director roles.

33. CAPITAL EXPENDITURE AND CAPITAL FINANCING

The total amount of capital expenditure incurred in the year is shown below (including the value of assets acquired under finance leases), together with the resources that have been used to finance it. Where capital expenditure is to be financed in future years by charges to revenue as assets are used by the Council, the expenditure results in an increase in the Capital Financing Requirement, a measure of the capital expenditure incurred historically by the Council that has yet to be financed.

2016/17 £'000		2017/18 £'000
(505)	**Opening Capital Financing Requirement**	**9,563**
	Capital Investment:	
16,216	Property, Plant & Equipment	2,117
0	Investment Properties	5,944
8	Intangible Assets	127
902	Loans to Other Organisations	976
1,238	Revenue Expenditure Funded from Capital Under Statute	652
	Sources of Finance:	
(3,538)	Capital Receipts	(6,455)
(3,525)	Government Grants & Other Contributions	(2,119)
(1,233)	Direct Revenue Contributions	(505)
0	Minimum Revenue Provision	(1,000)
9,563	**Closing Capital Financing Requirement**	**9,300**
	Explanation of movements in year	
10,068	Increase/(decrease) in the underlying need to borrow (unsupported by Government financial assistance)	(263)
10,068	**Increase/(Decrease) in Capital Financing Requirement**	**(263)**

34. LEASES

Council as a Lessor

Finance Leases

The Council leases out land for investment purposes generating income of £0.03m per annum. The Council recognises that this arrangement is a finance lease however it was entered into prior to 31 March 2010 as an operating lease. In accordance with its accounting policies (Note 1 xv) the Council continues to charge the income to the Comprehensive Income and Expenditure Statement.

Operating Leases

The Council leases out property and equipment under operating leases for investment purposes for rental income or capital appreciation.

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

2016/17 £'000		2017/18 £'000
907	Not later than one year	1,947
1,777	Later than one year and not later than five years	3,727
3,459	Later than five years	4,903
6,143	**TOTAL**	**10,577**

35. IMPAIRMENT LOSSES

Paragraph 4.7.4.2(1) of the Code requires disclosure by class of assets of the amounts for impairment losses and reversals charged to the surplus or deficit on the Provision of Services and to Other Comprehensive Income and Expenditure. These disclosures are consolidated in Note 13 reconciling the movement over the year in the Property, Plant and Equipment balances. There is also movement on Heritage Asset balances but these are not shown in a separate note as they are immaterial.

The revaluation and impairment exercise for 2017/18 gave rise to a net revaluation loss of £2.382m comprising of a downward revaluation on the Bridgford Hall £1.909m, Edwalton Golf course £599k and Colliers Business Park Ph2 of £1.294m and the reversal of a previously recognised revaluation losses on the Arena (£1.242m), the Depot (£131k) and 3 assets at West Park - £38k (in 2016/17 the comparative figure was £1.315m arising from 3 assets). This net revaluation loss figure is recognised in the Surplus/Deficit on Provision of Services figure shown in the CIES.

36. DEFINED BENEFIT PENSION SCHEMES

Participation in Pension Schemes

As part of the terms and conditions of employment of its officers and other employees, the Council offers retirement benefits. Although these benefits will not be payable until employees retire, the Council has the commitment to make the payments that need to be disclosed at the time that employees earn their future entitlement.

The Council participates in two post-employment schemes:

The Local Government Pension Scheme (LGPS), administered locally by Nottinghamshire County Council is a funded defined benefit scheme and until 31 March 2014 was a final salary scheme. Changes came into effect on 1 April 2014 and any benefits accrued from this date are based on career average re-valued salary, and length of service on retirement, meaning that the Council and employees pay contributions into a fund, calculated at a level intended to balance the pensions liabilities with investment assets.

The arrangement for the award of discretionary post-retirement benefits upon early retirement, is an unfunded defined benefit arrangement, under which liabilities are recognised when awards are made.

However, there are no investment assets built up to meet these pensions liabilities, and cash has to be generated to meet actual pensions payments as they fall due.

The results of the 2016 Triennial Valuation identified the repayments required to eliminate the deficit in the fund was £3.68m spread over 3 years. The Council took the option to pre-pay the 3 year deficit and in doing so saved £190k

The principal risks to the Council of the scheme are:

- Investment risk. The Fund holds investment in asset classes, such as equities, which have volatile market values and while these assets are expected to provide real returns over the long-term, the short-term volatility can cause additional funding to be required if a deficit emerges
- Interest rate risk. The Fund's liabilities are assessed using market yields on high quality corporate bonds to discount the liabilities. As the Fund holds assets such as equities the value of the assets and liabilities may not move in the same way.
- Inflation risk. All of the benefits under the Fund are linked to inflation and so deficits may emerge to the extent that the assets are not linked to inflation.
- Longevity risk. In the event that the members live longer than assumed a deficit will emerge in the Fund. There are also other demographic risks.
- In addition, as many unrelated employers participate in the Nottinghamshire County Council Pension Fund, there is an orphan liability risk where employers leave the Fund but with insufficient assets to cover their pension obligations so that the difference may fall on the remaining employers.

These are mitigated to a certain extent by the statutory requirements to charge to the General Fund the amounts required by statute as described in the accounting policies note 1vi.

All of the risks above may also benefit the authority e.g. higher than expected investment returns or employers leaving the fund with excess assets which eventually get inherited by the remaining employers.

Transactions relating to retirement benefits

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

- The liabilities of the fund are valued using a discount rate based on market yields on high quality corporate bonds and the method used is Single Equivalent Discount Rate (SEDR). Inflation assumptions affect the rate at which benefits increase and therefore the value of future liabilities. The method used to estimate inflation is the Single Equivalent Inflation Rate (SEIR), further adjusted to reflect the expectation that pension increases will be based on CPI. (Consumer Prices Index)
- Equities have returned well over the period with bond values being higher and gilts valued slightly lower at 16 January 2018 than they were at 31 March 2017.

2016/17 £'000	Local Government Pension Scheme	2017/18 £'000
	Comprehensive Income & Expenditure Statement	
	Cost of Services:	
1,456	Current Service Cost	2,240
17	Administration Expenses	23
0	Past Service gains	0
22	Settlements & Curtailments	45
	Financing & Investment Income & Expenditure	
1,622	Net Interest Expense	1,535
3,117	**Total Post Employment Benefit charged to the Surplus/Deficit on Provision of Services**	**3,843**
	Other Post Employment Benefit charged to the Comprehensive Income & Expenditure Statement	
	Remeasurement of the Net Defined Benefit Liability comprising:	
(9,330)	Return on the plan assets (excluding the amount included in the net interest expense	12
256	Actuarial (Gains)/Losses arising on changes in demographic assumptions	0
23,991	Actuarial (Gains)/Losses arising on changes in financial assumptions	(4,544)
(3,382)	Other experience	0
14,652	**Total Post Employment Benefit charged to the Comprehensive Income & Expenditure Statement**	**(689)**
	Movement in Reserves Statement	
(3,117)	Reversal of net charges made to the Surplus or Deficit	(3,843)
0	**Actual amount charged against the General Fund for pensions in the year**	
1,371	Employers' Contributions payable to the scheme*	4,336

*includes the prepaid deficit for 3 years' contributiions of £3.492m

2016/17 £'000	Discretionary Benefits	2017/18 £'000
94	Retirement benefits payable to pensioners	92

Pensions Assets and Liabilities Recognised in the Balance Sheet

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

2016/17 £'000	Local Government Pension Scheme	2017/18 £'000
117,240	Present Value of the Defined Benefit Obligation	114,872
(58,269)	Fair Value of Plan Assets (Bid Value)	(61,018)
58,971		**53,854**

Reconciliation of the Movements in the Fair Value of Scheme (Plan) Assets

2016/17 £'000	Local Government Pension Scheme	2017/18 £'000
48,834	**Opening Fair Value of Scheme Assets**	**58,269**
0	Expected return on scheme assets	0
1,733	Interest income	1,589
	Remeasurement (gain)/loss	
9,330	The return on plan assets excluding the amount included in the net interest expense	(12)
(213)	Other	0
1,465	Contributions from employer	4,428
375	Contributions from employees into scheme	381
(3,238)	Benefits paid	(3,614)
0	Other	0
(17)	Settlements	(23)
58,269	**Closing Fair Value of Scheme Assets**	**61,018**

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

2016/17 £'000	Local Government Pension Scheme	2017/18 £'000
94,618	**Opening Balance 1 April**	**117,240**
1,456	Current Service costs	2,240
3,355	Interest cost	3,124
375	Contributions by scheme participants	381
	Remeasurement gains/(losses)	
256	Actuarial (gains)/losses arising from changes in demographic assumptions	0
23,778	Actuarial (gains)/losses arising from changes in financial assumptions	(4,544)
(3,382)	Experience loss on defined benefit obligaion	0
22	(Gains)/losses on settlements/curtailments	45
(3,144)	Benefits paid	(3,522)
(94)	Unfunded pension payments	(92)
117,240	**Closing Balance 31 March**	**114,872**

The Local Government Pension Scheme's assets consist of the following categories, by proportion on the total assets held:

2016/17 £'000	Local Government Pension Scheme	2017/18 £'000
40,753	Equities	40,120
1,781	Gilts	1,398
3,515	Other bonds	7,128
6,479	Property	7,665
5,741	Others	4,707
58,269	**TOTAL ASSETS**	**61,018**

From the information we have received from the administering Authority, we understand that of the Equities allocation above, 38.5% are UK investments, 61.5% are overseas investments. All of the equities are listed in a market. Of the Gilts allocation above, 100% are UK fixed interest Gilts. Of the Other Bonds allocation above, 95.7% are UK corporates, 4.3% are overseas corporates. 100% of the Property and Cash allocation is unquoted.

Other allocations include Private Equity, Infrastructure, Inflation Linked and Cash/Temporary Investments.

Basis for Estimating Assets & 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 that is dependent on assumptions about mortality rates, salary levels, etc. Both the LGPS and Discretionary Benefits liabilities have been assessed by Barnett Waddingham, an independent firm of actuaries, estimates for the fund being based on the latest full valuation of the scheme as at 31 March 2016.

The principal assumptions used by the actuary have been:

2016/17	Local Government Pension Scheme	2017/18
	Mortality Assumptions	
	Longevity at 65 for current pensioners (years)	
22.5	Men	22.6
25.5	Women	25.6
	Longevity at 65 for future pensioners (years)	
24.7	Men	24.8
27.8	Women	27.9
	Rates of Inflation	
3.6%	RPI (per annum)	3.30%
2.7%	CPI (per annum)	2.30%
-0.9%	CPI (real)	-1.00%
4.2%	**Rate of Increase in Salaries (per annum)**	3.80%
2.7%	**Rate of Increase in Pensions (per annum)**	2.30%
2.7%	**Rate for Discounting Scheme Liabilities (per annum)**	2.55%

Additional Assumptions

- Members will exchange half of their commutable pension for cash at retirement.
- Members will retire at one retirement age for all tranches of benefit, which will be the pension weighted average tranche retirement age.
- The proportion of the membership that had taken up the 50:50 option at the previous valuation date will remain the same

The estimation of the defined benefit obligations is sensitive to the actuarial assumptions set out in the table above. The sensitivity analysis below has been determined based on reasonably possible changes of the assumptions occurring at the end of the reporting period and assumes for each change that the assumption analysed changes while all 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.

Impact on the Defined Benefit Obligation in the Scheme

	Increase in Assumption £'000	Decrease in Assumption £'000
Longevity (increase or decrease of one year)	4,419	(4,250)
Rate of increase in salaries (increase or decrease by 0.1%)	176	(175)
Rate of increase in pensions (increase or decrease by 0.1%)	1,919	(1,885)
Rate for discounting scheme liabilities (increaseor decrease by 0.1%)	(2,053)	2,092

Impact on the Council's Cash Flows

The objectives of the scheme are to keep employers' contributions at as constant a rate as possible. There are no minimum funding requirements in the LGPS but the contributions are generally set to target a funding level of 100% using the actuarial valuation assumptions. The employer contribution rate for 2018/19 is 14.6% (2017/18 14.6%) and the authority anticipates paying £0.83m in expected contributions which is significantly lower than 2017/18 as the authority has prepaid the deficit element of the pension liability. The contribution to be recognised by the authority for 2018/19 is £1.16 (£1.16in 2017/18). This is amount is fixed for the 3 year period 2017/18 to 2019/20 as the authority prepaid the balance due at 31st march 2016 valuation and will spread the cost equally over the 3 years. Funding levels are monitored on an annual basis. The scheme will need to take account of the national changes to the scheme under the Public Pensions Services Act 2013. Under the Act, the Local Government Pension Scheme in England and Wales and the other main existing public service schemes may not provide benefits in relation to service after 31 March 2014 (or service after 31 March 2015 for other main existing public service pension schemes in England and Wales). The Act provides for scheme regulations to be made within a common framework, to establish new career average revalued earnings schemes to pay pensions and other benefits to certain public servants.

The estimated duration of the defined benefit obligation for scheme members is 19 years.

Projected Pension Expense for the Year to 31 March 2019

Projected Pension Expense	2018/19 £'000
Service cost	2,081
Net Interest on the defined liability (Asset)	1,361
Administration expenses	24
TOTAL	**3,466**
Employers' contributions	827

Note: These figures exclude the capitalised cost of any early retirements or augmentations which may occur after 31 March 2018. These projections are based on the assumptions as at 31 March 2018, as described in the Barnett Waddingham actuary report.

37. CONTINGENT LIABILITIES

At the 31st March 2018 the Council had one contingent liability requiring disclosure. The Council gave an environmental warranty as part of the housing stock transfer in 2003, both to Rushcliffe Homes – now Metropolitan Housing Trust and to their lender, Nationwide Building Society. The former is expected to run for 15 years until 2018 and the latter for 32 years to 2035. The value of the liability is unknown and to date there have not been any issues identified.

38. CONTINGENT ASSETS

At 31 March 2018 the Council has two contingent assets requiring disclosure:

Following the large scale voluntary transfer of council houses to Metropolitan Housing Trust (formerly Rushcliffe Homes Ltd & Spirita Ltd) the Council is still entitled to preserved right to buy receipts. There were receipts of £0.497m in respect of 2017/18 disposals (2016/17 £0.109m). Future receipts will depend on further right to buy sales and it is difficult to predict the amount to be received in any one year.

In addition, the Council has identified a contingent asset relating to an overage agreement for Land at Sharphill, Edwalton. The agreement arises from a transfer of a piece of agricultural land to the original seller. The transfer back included a provision giving the Council a percentage of the uplift of the original value of the land in the event of it being sold with the benefit of planning permission. Cabinet (January 2005) approved that the Council would receive 40% of the amount by which the "open market value of the property" exceeds the purchase price (or a relevant proportion of the purchase price where the land is sold in part).

The Cabinet Repot (October 2017) explains the extremely complex nature of the overall site. There are ongoing negotiations to protect the Council's interests to achieve an agreement with the landowner of how the 40% would be calculated. Following lengthy and detailed negotiations, the report details the overall framework for an agreement with the landowner, and based on current values estimates the approximate value the Council can expect as a capital receipt as and when parcels of the land subject to the agreement are sold by the landowner. Over time it is possible that RBC could receive in the order of £15 million by way of overage entitlement.

The overage agreement defines the events which could trigger a payment or payments to the Council.

39. NATURE AND EXTENT OF RISKS ARISING FROM FINANCIAL INSTRUMENTS

The Council's activities expose it to a variety of financial risks:

- **Credit Risk** – the possibility that other parties might fail to pay amounts due to the Council.
- **Liquidity Risk** – the possibility that the Council might not have funds available to meet its commitments to make payments.
- **Market Risk** – the possibility that financial loss might arise for the Council as a result of changes in such measures as interest rates and stock market movements.

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

Credit Risk

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

The risk is minimised through the Treasury Management Policy, which requires that deposits are not made with financial institutions unless they meet the identified minimum credit criteria. This means that, ordinarily, the counterparty must have long-term credit ratings of A- or above to reduce the risk of bail-in.

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

The Council's maximum exposure to credit risk in relation to its investments in banks and building societies cannot be assessed generally as the risk of any institution failing to make interest payments or repay the principal sum will be specific to each institution. Recent experience has shown that it is rare for such entities to be unable to meet their commitments. There remains a risk that the Council's deposits could be unrecoverable in the event of an institution failing, but there was no evidence at the 31 March 2018 that this was likely to happen.

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

The Council does not generally allow credit to its customers. The past due but not impaired amount can be analysed by age as follows:

2016/17 £'000	Debtors past due but not impaired	2017/18 £'000
752	Less than three months	412
236	Three to nine months	239
52	Nine months to one year	80
738	More than one year	869

Liquidity Risk

The Council has a comprehensive cash flow management system that seeks to ensure that cash is available as needed. If unexpected movements happen, the Council has ready access to borrow 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.

The Council sets limits on the proportion of its fixed rate borrowing during specific periods. All trade and other payables are due to be paid in less than one year.

Market Risk

Interest Rate Risk

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

- **Borrowings at variable rates** – the interest expense charged to the Surplus or Deficit on the Provision of Services would rise.
- **Investment at variable rates** – interest income credited to the Surplus or Deficit on the Provision of Services will rise.
- **Investments at fixed rates** – the fair value of the assets will fall.

Borrowings are not carried at fair value, so nominal gains and losses on fixed rate borrowings would not impact on the Surplus or Deficit on the Provision of Services or Other Comprehensive Income or Expenditure. However, changes in interest payable and receivable on variable rate borrowings and investments will be posted to the Surplus or Deficit on the Provision of Services and affect the General Fund Balance. The Council is cushioned to some degree as it does not have any debt at the Balance Sheet date. Movements in the fair value of fixed rate investments that have a quoted market price will be reflected in Other Comprehensive Income and Expenditure.

As the Council does not have any borrowings at the Balance Sheet date the management of interest rate exposure is focused on its investments. The treasury management team has an active strategy for assessing interest rate exposure that feeds into the setting of the annual budget and which is used to update the budget during the year. This allows any adverse changes to be accommodated.

According to this assessment strategy, at 31 March 2018, if interest rates had been 1% higher or lower with all variables held constant, the effect would be:

2016/17 £'000		2017/18 £'000
258	Increase in interest receivable on variable rate investments	229
258	**Impact on Surplus or Deficit on Provision of Services**	**229**
0	Decrease in fair value of fixed rate investments	0
0	**Impact on Other Comprehensive Income**	**0**

Price Risk

The Council's investment in the CCLA Property Fund is subject to the risk of falling commercial property prices. The risk is limited by the Council's maximum exposure to property investments of £5.0 million. A 5% fall in commercial property prices would result in a £0.25m charge to Other Comprehensive Income and Expenditure – this would have no impact on the General Fund until the investment was sold. A 5% increase would similarly result in a return of £0.25m.

Foreign Exchange Risk

The Council has no financial assets or liabilities denominated in foreign currencies and therefore has no exposure to loss arising from movements in exchange rates.

F. COLLECTION FUND

Income and Expenditure Account

2016/17				2017/18		
Council Tax £'000	NDR £'000	TOTAL £'000		Council Tax £'000	NDR £'000	TOTAL £'000
			INCOME			
70,947	0	**70,947**	Council Tax	74,829		**74,829**
0	28,805	**28,805**	Income from business ratepayers		25,829	**25,829**
70,947	**28,805**	**99,752**		**74,829**	**25,829**	**100,658**
			EXPENDITURE			
			Precepts and Demands			
52,865		**52,865**	· Nottinghamshire County Council	56,481		**56,481**
7,370		**7,370**	· Nottinghamshire Police Authority	7,663		**7,663**
3,025		**3,025**	· Nottinghamshire Fire Authority	3,145		**3,145**
7,644		**7,644**	· Rushcliffe Borough Council	8,067		**8,067**
			Business Rate			
	13,390	**13,390**	· Payments to Government		13,976	**13,976**
	11,339	**11,339**	· Payments to Nottinghamshire County Council*		9,991	**9,991**
	268	**268**	· Payments to Nottinghamshire Fire Authority		238	**238**
	1,931	**1,931**	· Payments to Rushcliffe Borough Council **		1,869	**1,869**
	112	**112**	· Costs of Collection		112	**112**
			Impairment of Debts/Appeals			
104	250	**354**	· Write offs and uncollectable amounts	46	124	**170**
47	(190)	**(143)**	· Allowance for Impairment	25	(166)	**(141)**
	1,238	**1,238**	· Provision for appeals		(598)	**(598)**

F. COLLECTION FUND CONTINUED

£'000	£'000	£'000		£'000	£'000	£'000
			Contributions			
734	(655)	**79**	· Distribution of 17-18 estimated Collection Fund surplus/(deficit)	167	278	**445**
71,789	**27,683**	**99,472**		**75,594**	**25,824**	**101,418**
(842)	1,122	**280**	**Movement on Fund Balance**	(765)	5	**(760)**
1,001	(602)	**399**	**Opening Fund Balance**	159	520	**679**
159	**520**	**679**	**Closing Fund Balance**	**(606)**	**525**	**(81)**

*This includes £7,846,641 (2016/17 £8,928,770) payable to the Nottinghamshire Business Rates Pool.

** This includes the disregarded amount for renewable energy of £186,983 (restated balance for16/17)

F. NOTES TO THE COLLECTION FUND

1. GENERAL

The Collection Fund is an agent's statement that reflects the statutory obligation of the billing authority to maintain a separate Collection Fund. The statement shows the transactions of the billing authority in relation to the collection from taxpayers of Council Tax and Non-Domestic Rates (NDR) and its distribution to local government bodies and central government.

2. CALCULATION OF COUNCIL TAX BASE

The calculation of the Council Tax base i.e. the number of chargeable dwellings in each valuation band (adjusted for dwellings where discounts apply) converted to an equivalent number of band D dwellings is shown in the table below:

Band D Equivalents	Band	Chargeable Properties After Discounts	Ratio	Band D Equivalents
2016/17				**2017/18**
2,649	A	4,076	6/9	2,719
5,752	B	7,600	7/9	5,911
8,038	C	9,229	8/9	8,204
8,275	D	8,420	9/9	8,420
7,329	E	6,155	11/9	7,523
5,412	F	3,808	13/9	5,500
3,703	G	2,227	15/9	3,712
215	H	105	18/9	210
41,373				**42,199**
(413)		Non-Collection Impairment was 1.00% in 2017/18 (2016/17 1.00%)		(422)
40,960		**Council Tax Base**		**41,777**

3. COLLECTION FUND COUNCIL TAX BALANCE/REDISTRIBUTING SURPLUSES

The precepts detailed in the statement are shown net of the previous year's surpluses. The Council estimates the year end Collection Fund Council Tax balance in January each year and in accordance with the Local Authorities (Funds) (England) Regulations 1992 this amount is distributed in the following financial year to the major preceptors in proportion to the respective precepts and demands. Any difference between the estimated and outturn figure is adjusted for in the following year.

For 2017/18 a Collection Fund Council Tax surplus of £0.167m was redistributed between the major precepting authorities. Of this £0.100m reflected the estimated outturn deficit at 15 January 2017 and £0.267m surplus arose from the difference between the estimated and actual outturn positions for 2016/17.

At 15 January 2018 the Collection Fund Council Tax deficit for 2017/18 was estimated at £0.349m comprising an in-year deficit of £0.342m and £0.007m deficit arising from the difference between the actual and estimated outturns for 2016/17. These funds will be collected from the major precepting authorities in 2018/19.

F. NOTES TO THE COLLECTION FUND CONTINUED

2016/17 £'000		2017/18 £'000	2018/19 £'000
545	Nottinghamshire County Council	125	(262)
78	Nottinghamshire Police Authority	17	(35)
32	Nottinghamshire Fire Authority	7	(15)
79	Rushcliffe Borough Council	18	(37)
734		**167**	**(349)**

At 31 March 2018 the actual outturn for the Collection Fund Council Tax was £0.606m, a decrease of £0.257m from the estimated outturn. This will be adjusted for as part of the calculations for the redistribution of Collection Fund balances in 2019/20.

4. NON-DOMESTIC RATES

The Council collects non-domestic rates for its area which are based on local rateable values multiplied by a uniform rate in the pound. In previous financial years the total amount due, less certain allowances, was paid to a central pool (the NDR pool) which was managed by Central Government, which in turn paid a standard amount back to Councils on a per capita basis.

In 2013/14, the administration of NDR changed following the introduction of the business rates retention scheme which aims to give councils a greater incentive to grow businesses but also increases the financial risk due to volatility and non-collection of rates. Instead of paying NDR to a central pool, local authorities retain a proportion of the collectable rates due. For Rushcliffe Borough Council the local share is 40%, the remainder is distributed to preceptors in the following proportions: Central Government (50%), Nottinghamshire County Council (9%) and Nottinghamshire Fire Authority (1%).

As a result of the changes and to help manage risks surrounding business rates volatility, the Nottinghamshire Business Rates Pool was formed. This is administered by Nottinghamshire County Council and includes the seven Nottinghamshire Districts and Nottinghamshire County Council.

In addition to the local management of business rates, authorities are expected to finance appeals made in respect of rateable values as defined by the Valuation Office so authorities are required to make a provision for these amounts. Appeals are charged and provided for in proportion to the precepting shares. Note 21 provides further details on the provision made in 2017/18.

The total non-domestic rateable value, amounts due to the national pool and the non-domestic rate multiplier for the year, are shown in the table below.

2016/17		2017/18
£70.05m	Local Rateable Value	£70.10m
49.7p	Non-Domestic Rate multiplier	47.9p

F. NOTES TO THE COLLECTION FUND CONTINUED

5. NON-DOMESTIC RATES SURPLUS

At 31 March 2018 the actual outturn for the Collection Fund NDR was a surplus of £0.525m (2016/17 £0.520m surplus) which is then distributed to the preceptors as detailed in the following table.

2016/17 £'000		2017/18 £'000
260	Central Government (50%)	263
208	Rushcliffe Borough Council (40%)	210
47	Nottinghamshire County Council (9%)	47
5	Nottinghamshire Fire Authority (1%)	5
520		**525**

G RUSHCLIFFE BOROUGH COUNCIL GROUP CONSOLIDATED ACCOUNTS

INTRODUCTION

The Council is required under the Local Government Act 2003 to produce a set of Group Accounts where it has subsidiaries, joint ventures or associates. The criteria for deciding if the Council has such relationships is laid down by the Code. The Code has been developed to bring authority accounts in line with the International Financial Reporting Standards (IFRS) which other reporting bodies have to comply with and to assist users of the accounts to understand better the Council's overall financial position.

The Council has undertaken a review of all of its relationships with other bodies and is required to consolidate its accounts with Streetwise Environmental Ltd, a wholly owned subsidiary of the Council, which started trading on 1 September 2014. The consolidation has been done on an acquisition basis as Streetwise Environmental Ltd is 100% owned by Rushcliffe Borough Council.

Streetwise Environmental Ltd produce a set of company accounts with a year end of 31 March. The accounts which have been consolidated here have been audited by KPMG and have been given an unqualified audit opinion.

ACCOUNTING POLICIES

The accounting policies of the two organisations have been examined and the accounting policies of Streetwise Environmental Ltd do not differ materially from those used by Rushcliffe Borough Council so have no impact on the Group Accounts produced above. However, Streetwise Environmental Ltd depreciates vehicles on a reducing balance basis whereas the Council depreciate vehicles on a straight line basis. This has been reviewed and there is no material difference.

G. GROUP ACCOUNTS

GROUP MOVEMENT IN RESERVES STATEMENT (MIRS)

2017/18	General Fund Balance £'000	Earmarked GF Reserves £'000	Capital Receipts Reserve £'000	Capital Grants Unapplied £'000	Total Usable Reserves £'000	Unusable Reserves £'000	Total Council Reserves £'000	Council's Share of Sunsidiary's Reserves £'000	Total Reserves £'000
Balance at 31 March 2017	**2,604**	**10,215**	**13,929**	**54**	**26,802**	**(20,228)**	**6,574**	**58**	**6,632**
Movement in Reserves during 2017/18:									
(Surplus) or deficit on the provision of services	(1,995)	0	0	0	(1,995)	0	(1,995)	35	(1,960)
Other Comprehensive Income & Expenditure	0				0	8,256	8,256	85	8,341
Total Comprehensive Income & Expenditure	**(1,995)**	**0**	**0**	**0**	**(1,995)**	**8,256**	**6,261**	**120**	**6,381**
Adjustments between Group accounts & authority accounts	0	0	0	0	0	0	0	0	0
Adjustments between accounting basis and funding basis under regulations	2,312	0	(5,761)	54	(3,395)	3,395	0	0	0
Net (Increase)/Decrease before Transfers to Earmarked Reserves	**317**	**0**	**(5,761)**	**54**	**(5,390)**	**11,651**	**6,261**	**120**	**6,381**
Transfers to/(from) earmarked reserves	(317)	317	0	0	0	0	0	0	0
(Increase)/Decrease in 2017/18	**0**	**317**	**(5,761)**	**54**	**(5,390)**	**11,651**	**6,261**	**120**	**6,381**
Balance at 31 March 2018 Carried Forward	**2,604**	**10,532**	**8,168**	**108**	**21,412**	**(8,577)**	**12,835**	**178**	**13,013**

G. GROUP MOVEMENT IN RESERVES STATEMENT (MIRS)

2016/17	General Fund Balance £'000	Earmarked GF Reserves £'000	Capital Receipts Reserve £'000	Capital Grants Unapplied £'000	Total Usable Reserves £'000	Unusable Reserves £'000	Total Council Reserves £'000	Council's Share of Sunsidiary's Reserves £'000	Total Reserves £'000
Balance at 31 March 2016	**2,604**	**9,540**	**9,773**	**42**	**21,959**	**(3,979)**	**17,980**	**308**	**18,288**
Movement in Reserves during 2016/17:									
(Surplus) or deficit on the provision of services	1,563	0	0	0	1,563	0	1,563	45	1,608
Other Comprehensive Income & Expenditure	0	0	0	0	0	(12,969)	(12,969)	(295)	(13,264)
Total Comprehensive Income & Expenditure	**1,563**	**0**	**0**	**0**	**1,563**	**(12,969)**	**(11,406)**	**(250)**	**(11,656)**
Adjustments between Group accounts & authority accounts	0	0	0	0	0	0	0	0	0
Adjustments between accounting basis and funding basis under regulations	(888)	0	4,156	12	3,280	(3,280)	0	0	0
Net (Increase)/Decrease before Transfers to Earmarked Reserves	**675**	**0**	**4,156**	**12**	**4,843**	**(16,249)**	**(11,406)**	**(250)**	**(11,656)**
Transfers to/(from) earmarked reserves	(675)	675	0	0	0	0	0	0	0
(Increase)/Decrease in 2016/17	**0**	**675**	**4,156**	**12**	**4,843**	**(16,249)**	**(11,406)**	**(250)**	**(11,656)**
Balance at 31 March 2017 Carried Forward	**2,604**	**10,215**	**13,929**	**54**	**26,802**	**(20,228)**	**6,574**	**58**	**6,632**

G. GROUP ACCOUNTS

GROUP COMPREHENSIVE INCOME & EXPENDITURE STATEMENT

2016/17				2017/18		
Gross Exp £'000	Gross Inc £'000	Net Exp £'000		Gross Exp £'000	Gross Inc £'000	Net Exp £'000
2,817	(1,518)	1,299	Communities	2,688	(1,503)	1,185
23,958	(18,774)	5,184	Finance & Corporate	20,615	(17,219)	3,396
7,234	(3,557)	3,677	Neighbourhoods	8,773	(4,921)	3,852
4,112	(445)	3,667	Transformation	4,143	(240)	3,903
38,121	**(24,294)**	**13,827**	**Cost of Services (Note 1)**	**36,219**	**(23,883)**	**12,336**
2,125	(558)	1,567	Other Operating Expenditure	2,236	(496)	1,740
1,898	(2,457)	(559)	Financing & Investment Income & Expenditure	2,986	8	2,994
	(16,433)	(16,433)	Taxation & Non-Specific Grant Income		(15,113)	(15,113)
42,144	**(43,742)**	**(1,598)**	**(Surplus)/Deficit on Provision of Services**	**41,441**	**(39,484)**	**1,957**
		(10)	Tax expenses of subsidiaries			3
		(1,608)	**Group (Surplus)/Deficit on Provision of Serviices**			**1,960**
		1,403	Surplus or deficit on revaluation of non-current assets			(3,628)
		31	Available for Sale Financial Instruments			(96)
		11,830	Actuarial gains/losses on pension assets/liabilities			(4,617)
		13,264	**Other Comprehensive Income & Expenditure**			**(8,341)**
		11,656	**Total Comprehensive Income & Expenditure (Note 2)**			**(6,381)**

G. GROUP ACCOUNTS

GROUP BALANCE SHEET

31 March 2017 £'000		31 March 2018 £'000
39,865	Property, Plant & Equipment	39,968
68	Heritage Assets	67
7,120	Investment Property	14,544
6,025	Long Term Investments	3,121
78	Intangible Assets	157
1,719	Long Term Debtors	2,654
54,875	**Long Term Assets**	**60,511**
0	Assets Held for Sale	213
2,046	Short Term Investments	3,000
29	Inventories	21
2,633	Short Term Debtors	4,334
26,180	Cash & Cash Equivalents	18,524
30,888	**Current Assets**	**26,092**
(7,675)	Short Term Creditors	(6,822)
(7,675)	**Current Liabilities**	**(6,822)**
(1,544)	Long Term Provisions	(1,331)
(10,035)	Capital Grants Receipts in Advance	(10,687)
(59,863)	Pension Liability	(54,730)
(14)	Deferred Tax Liability	(20)
(71,456)	**Long Term Liabilities**	**(66,768)**
6,632	**NET ASSETS**	**13,013**
13,929	Usable Capital Receipts Reserve	8,168
2,604	General Fund Balance	2,604
10,215	Earmarked Reserves	10,532
54	Capital Grants Unapplied	108
58	Profit & Loss Reserve	178
26,860	**Usable Reserves**	**21,590**
(20,228)	**Unusable Reserves**	**(8,577)**
6,632	**TOTAL RESERVES**	**13,013**

G. GROUP ACCOUNTS

CASHFLOW STATEMENT (INDIRECT METHOD)

2016/17 £'000		2017/18 £'000
1,608	Group Net (surplus) or deficit on the provision of services	(1,960)
11,461	Adjustments to net surplus or deficit on the provision of services for non-cash movements	4,342
(11,003)	Adjustments for items included in the net surplus or deficit on the provision of services that are investing and financing activities	(2,139)
2,066	Net cash flows from Operating Activities	243
(910)	Investing Activities	(6,175)
904	Financing Activities	(1,724)
2,060	Net increase or (decrease) in cash and cash equivalents	(7,656)
24,120	Cash & Cash equivalents at the beginning of the reporting period	26,180
26,180	**Cash & Cash equivalents at the end of the reporting period**	**18,524**

G. GROUP ACCOUNTS

INTER COMPANY TRANSACTIONS

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

1. Group Cost of Services and Group Position on Provision of Services

2016/17				2017/18		
RBC Adjusted £'000	**Streetwise Environmental Ltd Adjusted £'000**	**Group £'000**	**Comprehensive Income & Expenditure Statement**	**RBC Adjusted £'000**	**Streetwise Environmental Ltd Adjusted £'000**	**Group £'000**
12,595	1,232	13,827	(Surplus)/Deficit on Continuing Operations	11,046	1,290	12,336
1,567	0	1,567	Other Operating Expenditure	1,740	0	1,740
(576)	17	(559)	Financing & Investment Income & Expenditure	2,970	24	2,994
(16,433)	0	(16,433)	Taxation & Non-Specific Grant Income	(15,113)	0	(15,113)
(2,847)	**1,249**	**(1,598)**	**(Surplus)/Deficit on Provision of Services**	**643**	**1,314**	**1,957**

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

2016/17 £'000		**2017/18 £'000**
11,406	(Surplus)/Deficit on the Council's Comprehensive Income & Expenditure Statement	(6,261)
(1,284)	Adjustments for transactions with other group entities	(1,352)
10,122	**(Surplus)/Deficit in the Group Comprehensive Income & Expenditure Statement attributable to the Council**	**(7,613)**
1,534	(Surplus)/Deficit in theGroup Comprehensive Income & Expenditure Statement attributable to the Group subsidiaries (adjusted for inter group transactions)	1,232
11,656	**(Surplus)/Deficit for the year on the Group Comprehensive Income & Expenditure Statement**	**(6,381)**

G. GROUP ACCOUNTS

3. Group Transactions in relation to Debtors, Creditors, Provisions and Investments.

2017/18 Balance Sheet	RBC £'000	Streetwise Environmental Ltd £'000	Adjustment £'000	Group £'000
Long term debtors	2,700	583	(629)	2,654
Short term debtors	4,363	236	(265)	4,334
Long term investments	3,121	0	0	3,121
Short term investments	3,002	0	(2)	3,000
Short term creditors	(6,562)	(526)	266	(6,822)
Long term creditors	0	(47)	47	0
Long term provisions	(1,914)	0	583	(1,331)

2016/17 Balance Sheet	RBC £'000	Streetwise Environmental Ltd £'000	Adjustment £'000	Group £'000
Long tern debtors	1,857	583	(721)	1,719
Short term debtors	2,744	142	(253)	2,633
Long term investments	6,027	0	(2)	6,025
Short term investments	2,050	0	(4)	2,046
Short term creditors	(7,511)	(421)	257	(7,675)
Long term creditors	0	(140)	140	0
Long term provisions	(2,127)	0	583	(1,544)

H. GLOSSARY OF TERMS

ACCOUNTING PERIOD
This is the length of time covered by the accounts. It is a period of twelve months commencing on 1 April and ending on 31 March.

ACCRUALS
Income or expenditure relating to goods or services received / provided during the accounting period where payment has not been made or received at the end of the accounting period.

ACTUARIAL ASSUMPTIONS
Assumptions made by the Pension Fund Authority in valuing the funds' assets and liabilities.

ACTUARIAL GAINS AND LOSSES
For a defined benefit pension scheme, the changes in actuarial deficits or surpluses that arise because:

- events have not coincided with the actuarial assumptions made at the last actuarial valuation
- the actuarial assumptions have changed.

ACTUARIAL VALUATION
An actuary undertakes a valuation by comparing the value of the pension scheme assets with its liabilities. The actuary then calculates how much needs to be paid into the scheme by the employer and members to ensure there will be adequate funds to pay the pensions when they become due.

AMORTISATION
This is a charge made to the service revenue accounts each year to reflect the reduction in the value of the assets used in the delivery of services.

ASSET
An asset is something the Council owns. Assets can be either current or fixed.

A **current asset** is one that will be used or cease to have a material value by the end of the next financial year.

A **non-current asset** provides a benefit to the Council for a period greater than one year.

BALANCE SHEET
A statement summarising the Council's financial position at the end of the accounting period. The statement shows the Council's assets and liabilities.

BILLING CONTROL
Rushcliffe Borough Council is classed as a billing Council as it has the responsibility of collecting the Council Tax and non-domestic rates. It collects the Council Tax on behalf of the County Council, Fire, Police and Crime Commissioner and Parish Councils and the non-domestic rates on behalf of the central government.

CAPITAL EXPENDITURE
Expenditure on the acquisition or enhancement of a fixed asset, which adds to and not merely maintains the value of existing assets.

CAPITAL FINANCING
Sources of money that have been used to finance the capital programme. The Council uses various methods to finance its capital expenditure, including direct financing, usable capital receipts, capital grants, revenue reserves and earmarked reserves.

CAPITAL FINANCING REQUIREMENT (CFR)
The CFR represents the Council's underlying need to borrow in order to finance its capital expenditure. It is the difference between the value of Total Fixed Assets in the balance sheet and the Revaluation and Capital Financing Accounts. This represents the propensity of the authority to borrow for capital purposes and is the basis for the minimum revenue provision charge to the revenue account.

CAPITAL ADJUSTMENT ACCOUNT
This account contains the amount that was required to be set aside from the capital receipts and the amount of capital expenditure financed from revenue and capital receipts. It also contains the difference between amounts provided for depreciation and the amount that must be set aside from revenue for the repayment of external debt.

CAPITAL GRANTS UNAPPLIED
These are capital grants that the Council has received, where the conditions of the grant have been satisfied, that have yet to be used to finance capital expenditure.

CAPITAL PROGRAMME
The planned capital schemes the Council intends to carry out over a specified period of time.

CAPITAL RECEIPTS
Proceeds arising from the sale of fixed assets (such as land and buildings) and repayments of the principle elements of capital loans. The Council can use the proceeds from capital receipts to finance new capital investments, the proceeds cannot be used to finance revenue expenditure.

CASH FLOW STATEMENT (INDIRECT METHOD)
The indirect method adjusts net income from an accrual to a cash basis by adding back non-cash expenses and adjusts net income for changes between the starting and ending account balances in current assets (excluding cash) and current liabilities for the period.

CENTRAL SERVICES TO THE PUBLIC
The main service to the public often provided by central departments, includes, Council Tax, Council Tax Benefits, Elections, Emergency Planning, Local Land Charges and General Grants.

CIPFA - CHARTERED INSTITUTE OF PUBLIC FINANCE AND ACCOUNTANCY
Professional accountancy body specialising in the public sector.

COLLECTION FUND
A separate fund recording the income and expenditure relating to Council Tax and Business Rates.

COMBINED AUTHORITY
Collaborative working on infrastructure projects involving Nottinghamshire Local Authorities.

CONTINGENT LIABILITIES ASSETS
A contingent liability / asset is either:

- a possible obligation arising from past events whose existence will be confirmed only by the occurrence of one or more uncertain future events not wholly within the Council's control, or
- a present obligation arising from past events where it is not probable that a transfer of economic benefits will be required or the amount cannot be measured with sufficient reliability.

CORPORATE AND DEMOCRATIC CORE
The corporate and democratic core comprises all activities which local authorities engage in specifically because they are elected, multi-purpose authorities.

CREDITORS
Amounts owed by the Council for goods or services they have received for which payment has not been made.

CURRENT SERVICE COST (PENSIONS)
The increase in the present value of a defined benefit schemes liabilities.

D2N2
D2N2 is the Local Enterprise Partnership (LEP) for Derby, Derbyshire, Nottingham and Nottinghamshire. They play a central role in deciding local economic priorities, and undertaking activities to drive economic growth and create local jobs. D2N2, established in 2010, is one of the largest LEPs in England, covering an area with a population of more than two million people and with an economic output of over £42.9billion GVA (Gross Value Added) (ONS report, February 2016).

DEBTORS
Amounts owed to the Council for goods or services the Council has provided for which payment has not been received.

DEPRECIATION
This is a charge made to the service revenue accounts each year to reflect the reduction in the value of the asset used in delivery of services.

DWP
Department for Work and Pensions.

EXPENDITURE AND FUNDING ANALYSIS
The Expenditure and Funding Analysis shows how annual expenditure is used and funded from resources by local authorities in comparison with those resources consumed or earned by authorities in accordance with generally accepted accounting practices.

FINANCE LEASE
This is a lease that transfers substantially all of the risks and rewards of ownership of a fixed asset to the lessee.

FINANCIAL INSTRUMENT
A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another. Most straight forward financial assets (debtors, bank deposits and investments) are covered, together with more complex ones not used by the Council (debt instruments with embedded swaps and options).

GOVERNMENT GRANTS
Grants made by the government towards either revenue or capital expenditure or support the cost of provision of services. These grants may be specifically towards the cost of particular schemes or to support the revenue spend of the Council.

GROSS BOOK VALUE
The historical cost or the revalued amount of the asset before depreciation.

GROUP ACCOUNTS

Group Accounts consolidate the financial results of the Council and Streetwise Environmental Limited.

HCA

Homes and Communities Agency

HISTORICAL COST ADJUSTMENT

This is the difference between Historical Cost Depreciation and the actual depreciation charged calculated on re-valued assets.

INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS)

Defined accounting standards that must be applied by all reporting entities to all financial statements in order to provide a true and fair view of the entity's financial position, and a standardised method of comparison with financial statements of other entities. The Accounting Standards emanate from the International Financial Reporting Interpretations Committee (IFRIC).

IMPAIRMENT

Where the value of fixed assets reduces below its carrying amount on the balance sheet.

INVENTORIES

Items bought for consumption or resale, or raw materials, currently being held.

LAA

Local Area Agreement

LIABILITY

Where the Council owes payment to an individual or on organisation.

LSP

Local Strategic Partnership

MHCLG

Ministry of Housing Communities and Local Government

MINIMUM REVENUE PROVISION (MRP)

The minimum amount which must be charged to a Council's CIES each year for the servicing of debt.

NET BOOK VALUE

This is the value of an asset that is on the balance sheet. It represents its historical re-valued cost less the accumulated depreciation of the asset.

NET WORTH

The total value of an organisation expressed as total assets less total liabilities.

NON –DISTRIBUTED COSTS

Past service pension costs including settlements and curtailments which are not to be included in total individual service costs.

NON DOMESTIC RATES (NDR)

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

NON OPERATIONAL ASSET
Fixed assets held by the Council but are not directly occupied used or consumed in the delivery of services.

NOTTINGHAMSHIRE BUSINESS RATES POOL
As a result of the new business rates arrangements the Nottinghamshire Business Rates Pool was formed. This is administered by Nottinghamshire County Council and includes the seven Nottinghamshire Districts and Nottinghamshire County Council.

OPERATING LEASE
A lease where the ownership of the asset remains with the lessor.

OPERATIONAL ASSET
Fixed assets held and occupied, used or consumed by the Council in the direct delivery of services.

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

PROVISIONS
Liabilities or losses which are likely or certain to be incurred, but the amounts or the dates on which they will arise are uncertain.

RATEABLE VALUE (RV)
The annual assumed rental value of a property that is used for business purposes.

REALISED VALUATIONS
Any revaluations in the Revaluation Reserve relating to individual assets when they are disposed of are transferred to the Capital Adjustment Account and are referred to as Realised Valuations. This ensures the Revaluation Reserves balance represents revaluations on assets that the Council still holds.

RELATED PARTIES
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.

REFCUS
Revenue Expenditure Funded by Capital Under Statute.

RENEWABLE ENERGY RELIEF
The amount of non-domestic rates to be retained by the Council in respect of designated renewable energy projects.

RESERVES
Funds set aside for expenditure in future years. Certain reserves have constraints on how they can be spent.

REVALUATION RESERVE
Records unrealised revaluation gains/ losses from holding fixed assets.

REVENUE EXPENDITURE
Expenditure on the day-to-day costs of providing services.

REVENUE INCOME
Income from day-to-day provision of services

REVENUE SUPPORT GRANT (RSG)
Grant from Central Government towards the cost of service provision.

S106
Developer contributions lodged under Section 106 of the Town and Country Planning Act 1990 (as amended).

SOLACE
Society of Local Authority Chief Executives

TRANSFER PAYMENTS
Relates to payments for which no goods or services are received by the Council e.g. Rent Allowances.

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