Rushcliffe
Borough Council

# STATEMENT OF ACCOUNTS

## 2021-2022

RUSHCLIFFE - GREAT PLACE ▪ GREAT LIFESTYLE ▪ GREAT SPORT

# Contents

# A. NARRATIVE STATEMENT

## Welcome to the Statement of Accounts

## Introduction

As the Council's Chief Finance Officer, I have pleasure in presenting the Narrative Statement to Rushcliffe's 2021/22 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 2021/22.

The financial environment remains challenging with new and emerging pressures that continue to affect the Council's income streams. The Council's officers have continued to provide additional financial support to the residents and businesses in the form of grants, reliefs and energy rebates. Whilst the impact of Covid on everyday life appears to now be subsiding, the focus has shifted to the significant increase in inflation and fuel costs which affects both the residents and impacts on Council resources. Despite the volatile economic environment, the Council has continued to deliver the Medium-Term Financial Strategy focussing on maintaining quality services for it's residents. The Council strives to grow the Borough and over the last year has made significant progress on large development projects. The Council Corporate Priorities below remain a focus for the Council:

- 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.
- Playing our part in protecting the environment today and enhancing it for future generations.

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.

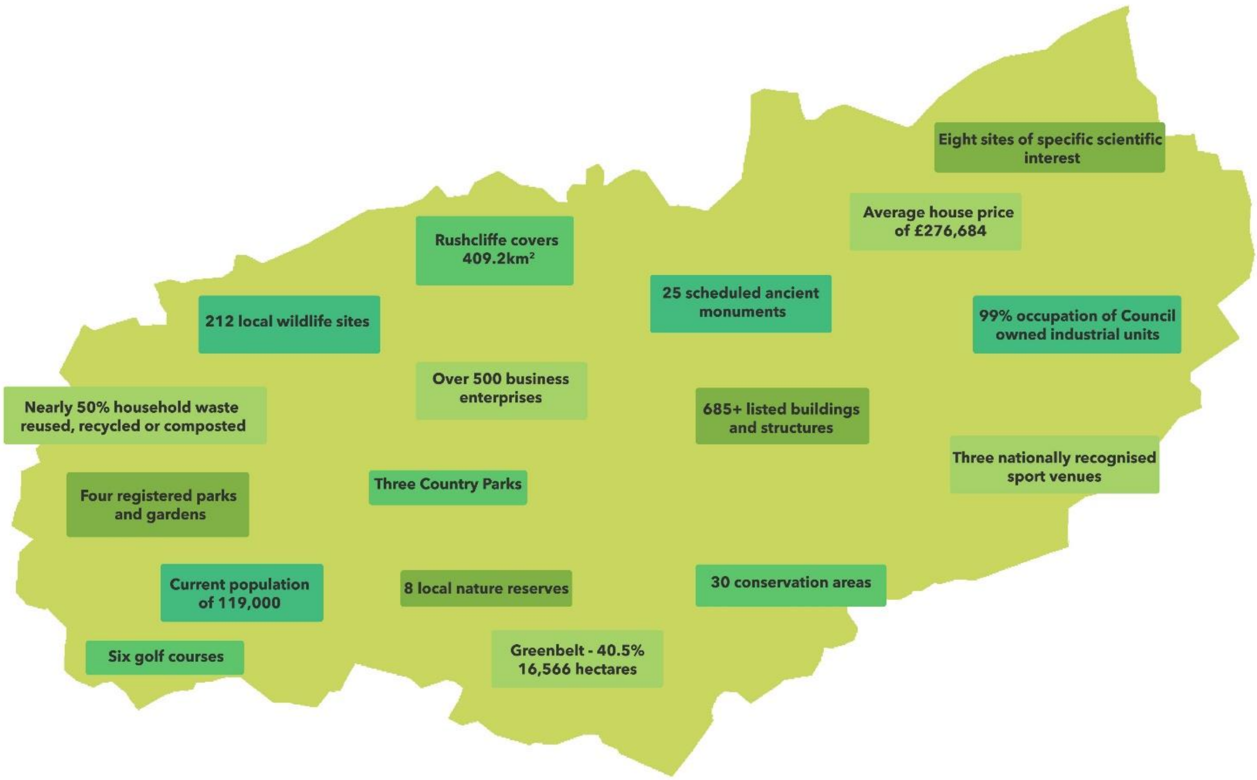
**Peter Linfield**
**Director - Finance and Corporate Services**

## 1. The Statement of Accounts

The Director (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 or S151 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 2021/22 (known as the Statement of Responsibilities for the Statement of Accounts) 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, and are outlined on pages 66 to 83 of the Statement of Accounts.

The map below shows some key statistics for the borough of Rushcliffe



## 2. Delivery of the Corporate Strategy

The delivery of the Corporate Strategy 2019-23 is reported quarterly to the Council's Corporate Overview Group.

We had ambitions to deliver major projects that align outcomes with our four corporate themes:

- 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 delivery of efficient high quality services
- Playing our part in protecting the environment today and enhancing it for future generations.

Here are some examples of what we achieved:


Work is almost complete on the £18m project which includes a 5500sqm leisure centre development with adjacent offices. It will operate a 78% carbon emission reduction compared to similar centres.


Work has started on our new crematorium facility and community space Rushcliffe Oaks and will open towards the end of 2022.


Distributed over 8,500 trees to residents, towns and parishes since our Free Tree Scheme began.


We have installed further electric vehicle charging points at car parks across the Borough, providing convenient and reliable facilities for greener


We have allocated funding to over 20 Rushcliffe community groups to reduce social isolation and loneliness.


An expected global hub for innovation for green technology potentially creating 60,000 jobs and generating investment in the local economy.


The £210,000 skate park is open at at Rushcliffe Country Park and work has commenced on refurbishment of the cafe, toilet and education centre.


Our Finance and Revenues teams maintained high collection rates of 99.1% and 99.3% for Council Tax and Business Rates.

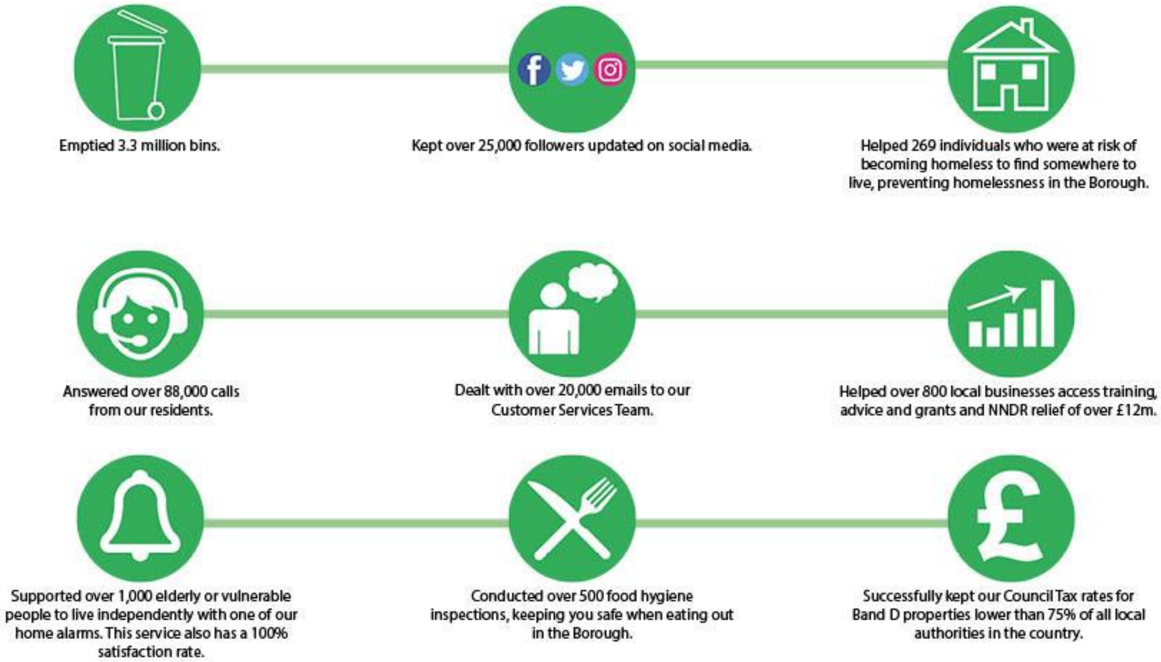

Launched the GovDelivery email subscription service, giving over 3,000 residents weekly updates on our services.


The final part of the regeneration of Cotgrave Shopping Centre is now complete, with new business units for let.


Our Home Alarms service has earned a 100% satisfaction rating by users for a remarkbale sixth year running.


We completed the sale of our former depot site that will bring over 70 exemplar low carbon new homes to West Bridgford.

As well as achieving all of this, we also:




## 3. Risk Management

The Council's Risk Management Strategy was refreshed and updated in April 2019 to ensure that it reflects the current operational structure. Reports to Governance Scrutiny Group contain updates on the risk management arrangements, and the Group's responsibility is "to oversee and scrutinise the effective management of risk by officers".

A Risk Management Health Check was carried out by Zurich in September 2019 and this identified priority areas for improvement. The strategy is reviewed every three years by the Risk Management Group and Governance Scrutiny Group provides scrutiny of risk registers.

The Executive Management Team has met as the Council's Risk Management Group (RMG) 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. This demonstrates the Council's aim to be proactive to mitigate risk as soon as possible after identification. In 2020 the RMG identified a need to respond to the impact of the Coronavirus pandemic, as some services were impacted during and following national lockdowns. Twelve new risks were identified that were specific to the impacts of Covid-19 on the Council's business and further demonstrates the proactive approach to identifying emerging risk. Many of these risks have reduced over time and will be removed in due course. There are currently 44 corporate risks, 33 operational risks and 2 opportunity risks. Risks are reviewed each year as part of the Service Planning process and changes to risks are referred to RMG for approval.

Examples of risks that have been added or removed in 2021-22 are:

**Risks removed:**

- CRR_DEG03 Inability to draw down Growth Deal 2 funding within specified timescales
- CRR_FCS30 Ability to respond to government policy on Local Government reorganisation
- OR_DEG04 Failure to successfully review the day-to-day operation of Rushcliffe Arena

**Risks added or proposed by Risk Management Group:**

- CRR_ DEG04 Ability to deliver Rushcliffe Oaks project on time and within budget
- CRR_ DEG05 Ability to deliver Bingham Arena and Enterprise Centre project on time and within budget
- CRR_ NS21 Ensuring the Afghan relocation scheme is supported in accordance with national guidance (potential funding and community cohesion issues)
- OPP_DEG County Deals – failure to secure opportunities for greater collaboration and Government funding.

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

| Risk | Likelihood | Impact | Action |
|---|---|---|---|
| The Council is unable to balance its budget and the budget is not sustainable in the longer term as a result of Covid. | Low | High | Going concern report presented to Governance Group to confirm that the Council has sufficient reserves to withstand the short-term financial shock as a result of Covid and ongoinf financial challenges of inflation. The MTFS will be updated to reflect such risks. |

| Risk | Likelihood | Impact | Action |
|---|---|---|---|
| Fluctuation in Business Rates linked to the impact of Covid, business appeals and in particular the power station and a decline in the retail sector | High | Medium | Growth plans and accurate monitoring, lobbying central government, potential alternative use of the power station site, increase in S31 grants to offset additional Business Rate reliefs. Playing an active role supporting the Development Corporation with a £0.5m (to be topped up by £0.2m in 22/23) reserve created and the potential for a Freeport. Growth Boards will also help support the business community.<br><br>Budget at safety net position and we achieve our central case predictions this will reduce the need to utilise reserves.<br><br>Further power station appeal in 2021/22 means the level of business rates has significantly reduced and similarly any Council dependency. |
| Central Government policy changes e.g. Fairer Funding, changes to NHB and 75% Business Rates transfer to local government leading to reduced revenue. Environmental policy changes with regards to waste will create future financial pressures | High | Medium | Engagement in consultation in policy creation and communicating to senior management and members the financial impact of changes via the MTFS.<br><br>Budget at safety net position. |

| Risk | Likelihood | Impact | Action |
|---|---|---|---|
| The Council does not achieve Council Tax income levels as projected in the MTFS and linked to Government referendum limits. Covid impacts upon levels of Council tax collected<br><br>Impact of demand as a result of the cost of living crisis | Medium | High | Continue to monitor government policy and lobbying. Budget workshops for members so they are clearly informed regarding the impact of alternative decisions.<br><br>Spread Council Tax losses over 3 years as per statutory instrument.<br><br>Ongoing budgetary monitoring. |
| Fee income volatility linked to Covid, for example number and size of planning applications, the impact on leisure provision. | High | Medium | Engagement in consultation in policy creation. Ensure future changes are built into the MTFS.<br><br>Additional grant funding from Government for quarter 1 in 2021/22 |
| Pensions triennial revaluation and the potential increase to pension contributions | High | Medium | 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. The Covid and current inflation issues to be assessed at the next valuation. Also the ability to influence central government policy on the Local Government scheme. Budget impact reflected in the MTFS |

| Risk | Likelihood | Impact | Action |
|---|---|---|---|
| Failure to deliver the required Transformation Strategy and in particular projected savings/costs from larger projects such as the Crematorium and Bingham Leisure Hub. | Low | High | Effective programme and project management.<br><br>Project delays and financial impact on the 2022/23 budget reflected in the 2021/22 Financial Outturn report. |
| The impact of wider economic conditions (particularly Covid and inflationary impact as a result of the Russia-Ukraine conflict) on interest rates, the property market, impacting on investments and any future borrowing; pay and supplies and services inflation cost risks (particularly utilities). | High | Medium | Advice from the Council's treasury advisors, and more investment diversification with a wider range of institutions and property investment diversification. Monitoring borrowing rates. Prudent assumptions in the MTFS.<br><br>Additional contingency and budget provision a sper the 2021/22 financial outturn report. |
| The impact of changes to accounting standards upon leases | High | Low | Monitor the impact of IFRS16 on Council budgets and CFR based on the reclassification of Leases. Implementation deferred to 1 April 2024. Assess and monitor. |

| Risk | Likelihood | Impact | Action |
|---|---|---|---|
| Environmental Agenda Impact on both revenue and capital budgets | High | Medium | Creation of Climate Change Action Reserve (£1m less £0.2m transferred to Development Corporation Reserve) this will be topped back up to £1m in 22/23, ongoing review of significant projects and outcome of scrutiny review.<br><br>Further £1m vehicle replacement reserve to help mitigate against rising costs of environmentally friendly vehicles.<br><br>Optimising external funding where it is available. |
| Insufficient funds available to meet Disabled Facility Grants demand and DFGs provision either stalls or stops. | High | Medium | Report to July Cabinet 2022 highlights the position and the need to receive further Better Care Funding. |

## 4. Revenue Expenditure and Income

During 2021/22, the Council supported the local community with various Covid -19 government funded grant schemes. This included grants to support businesses such as Restart grants, Additional Restrictions Grants and more recently the Omicron Grants and Energy Rebates. The treatment of each of the grants within the Statement of Accounts varies dependent upon the criteria of each grant. Grants for which the Council had no discretion over value and eligibility criteria have been accounted for on the Balance Sheet with balances at the year end held as Creditors. Where the Council could exercise some discretion over eligibility and amount awarded, the grants and corresponding expenditure have been recognised in the CIES. Outstanding balances at the year end are either shown in the Balance Sheet as a receipt in advance or included in the net cost of services and carried forward into 2022/23. Total grant expenditure in 2021/22 was £6.5m and £0.68m balance remaining.

The Council receives and spends money from various sources. The income comes primarily from 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.

Following significant reductions in income in 2020/21 as a result of Covid, the 2021/22 budgets were reduced to reflect expectations of a legacy impact on key areas namely planning, car parking and facility income and an increase in general contingency. The anticipated reductions did not materialise, in addition investment income is higher than budget and officers have also made a conscious effort to constrain expenditure, increase income and continue to deliver effective services and consequently the overall position on the net cost of services excluding recharges is £1.662m surplus.
During the year the Council received government support of £0.118m (net of payments out to businesses) and surplus £4.4m relating to S31 grant for Business Rate Relief reimbursement and a share of the Nottinghamshire NDR pool surplus. Consequently there is an overall net transfer to reserves of £1.452m (overall net transfer £1.21m after £0.242m use of reserves for Capital) against a revised budgeted transfer from reserves of £4.767m; an increase in the planned transfer of £6.2m.

Of the £8.361m transferred to reserves, £1.633m was New Homes Bonus (NHB) and £1m to the newly created Vehicle Replacement Reserve and the surplus on collection fund as a result of S31 reimbursement for additional reliefs (£3.179m). The remainder was largely due to the revenue efficiency (net of reserve commitments) (£1.871m) and the year-end net efficiencies and Covid related grants (£0.118m). Much of the £7.151m use of Reserves was to release to the collection fund for the deficit arising from 2020/21 (£4.024m), the use of New Homes Bonus to offset Minimum Revenue Provision (MRP) charges in relation to the capital cost of the Arena and Cotgrave Masterplan; and planned transfers to meet revenue commitments. 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 Fairer Funding Review and retained business rates which have been further delayed);
- Funding capital expenditure including enhancement of property, plant and equipment and vehicle replacement;
- Ensuring the Council's IT infrastructure and equipment is of sufficient quality to facilitate the delivery of modern services including website upgrade;
- Ensuring the Council is equipped to deal with unforeseen reductions in income or increased spending pressures such as those caused by COVID 19 and more recently the inflation pressures linked to the war in Ukraine; and
- Allowing the Council to facilitate growth and pursue opportunities such as the Development Corporation and Freeport.

The Movement in Reserves Statement (page 4) demonstrates prudent financial management throughout the year, with the Council having had few reasons to call on its reserves. The majority of the transfer from reserves was to meet MRP repayments (£1m) and collection fund deficit (£4m). The General Fund Reserve Balance therefore remains unchanged from 2020/21 at £2.604m. Earmarked reserves have increased by £1.21m (£1.452m Revenue less Capital £0.242m), from £22.365 to £23.575m, (see Note 4). As already stated much of this is due to the timing impact of the adverse impact on the Collection Fund from reliefs administered in the year. A healthy level of reserves is essential for the Council to withstand any future financial pressures whilst enabling the Council to develop and grow the borough and deliver the Council's corporate priorities.

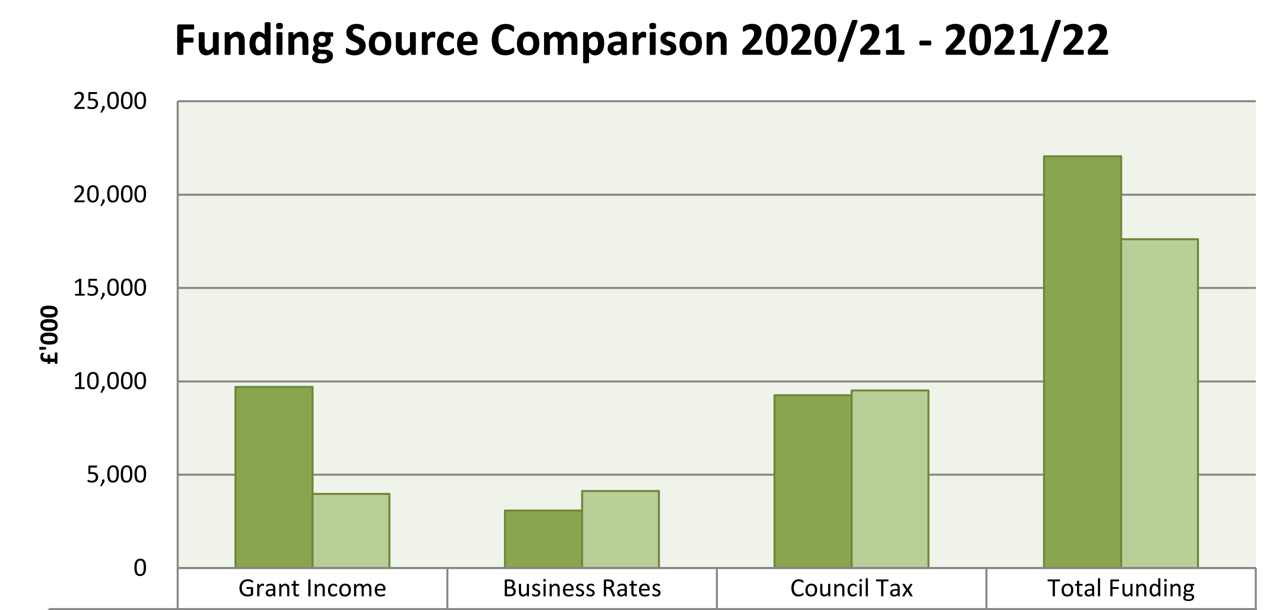
The following table demonstrates where money was spent in 2021/22, showing a net underspend on direct costs of £1.662m against budget (reported to Cabinet on 12 July 2022):

| | Original Budget excluding Recharges £'000 | Revised Budget £'000 | Outturn | Variance |
|---|---|---|---|---|
| **Chief Execs** | 2,055 | 1,956 | 1,808 | (148) |
| **Development and Economic Growth** | 6 | 197 | (36) | (233) |
| **Finance & Corporate** | 4,292 | 4,563 | 3,753 | (810) |
| **Neighbourhoods** | 6,920 | 7,374 | 6,903 | (471) |
| **Sub Total** | **13,273** | **14,090** | **12,428** | **(1,662)** |

The table above excludes technical items which do not impact on the bottom line financial position such as capital accounting charges.

The Council also received a number of Covid related support grants and S31 grants relating to Business rates relief which (net of grant payments out) brings the overall net variance to surplus of £6.2m to transfer to reserves. The majority of this surplus results from the reimbursement of additional business rates relief and Covid Additional Relief Funding (CARF) that were issued during 2021/22 in response to the continuing effects of the pandemic. The deficit of £5m in the collection fund at 31st March 2022 created as a result of the additional reliefs will, due to statutory accounting arrangements, will not affect the accounts until 2023/24 and 2024/25. In order to smooth the impact of the deficit £3.2m of the surplus has been transferred to a Collection Fund Reserve to be released in later years. The remaining surplus is to be used to create a Vehicle Replacement Reserve (£1m) and resource schemes that are to be carried forward into 2022/23, for example to bring the Street Cleansing and Grounds Maintenance functions back in house and to meet expected pay and other inflationary pressures.

The main sources of revenue funding are detailed below. Grant income includes Covid related grants that have been recognised in the revenue account in accordance with the CIPFA code of practice bringing the total funding net of these grants to £13.6m. Even taking into account the grants relating to Covid, the table demonstrates the Council's reliance on local taxation to fund net council expenditure; 54% from Council Tax (42% 2020/21), 23% from Business Rates (14% 2020/21) and 23% (44% 2020/21) from grants. This has reduced from 2020/21 due to the number of grants relating to Covid now starting to subside. Of the grants funding £1.633m is New Homes Bonus largely used to finance capital expenditure. New Homes Bonus is expected to cease after 2022/23 although a consultation was held in 2021 the results have not yet been released. Reviews of the funding system are not likely to take place now until 2024/25 and so it is possible that NHB may be extended for a further year.

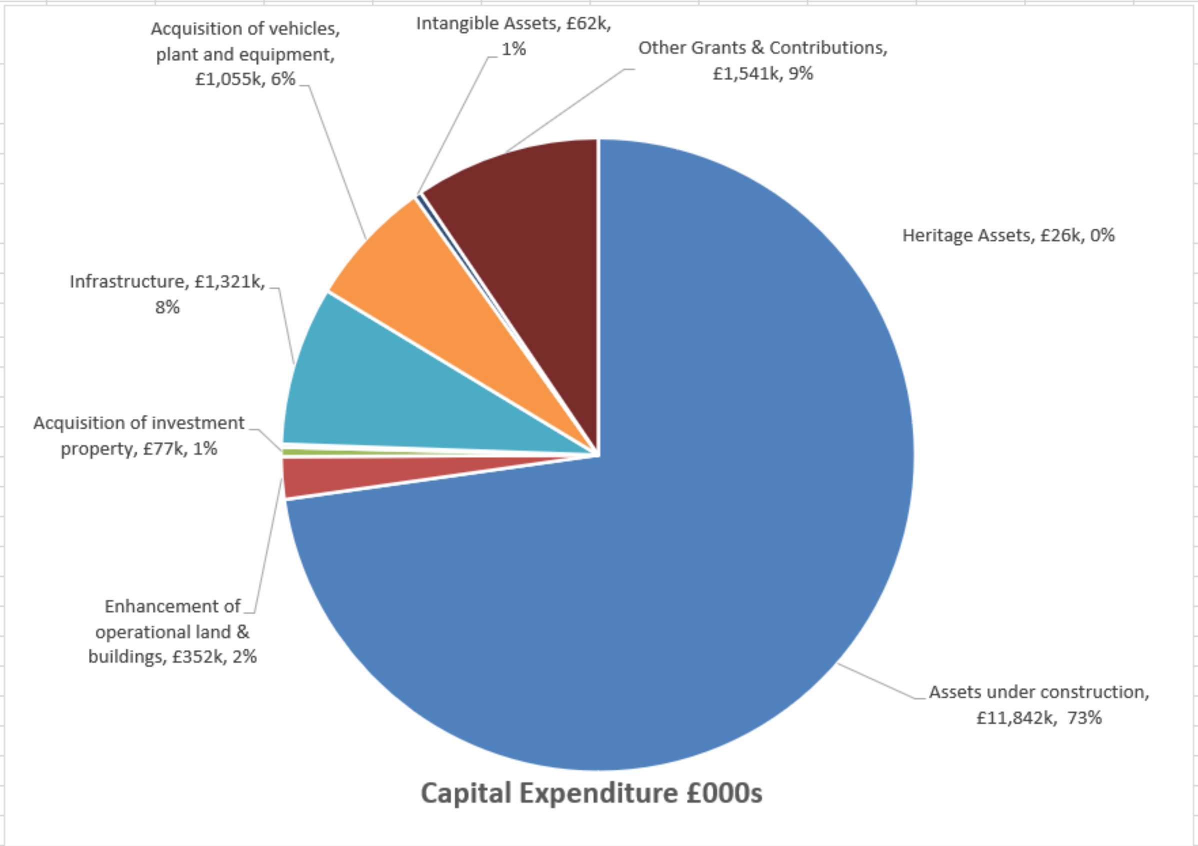



| | Grant Income | Business Rates | Council Tax | Total Funding |
|---|---|---|---|---|
| 2020/21 | 9,701 | 3,086 | 9,261 | 22,048 |
| 2021/22 | 3,972 | 4,125 | 9,514 | 17,611 |

Source: Taxation and Non Specific Grant Income - Note 7

## 5. Capital Expenditure and Income

The following chart shows the breakdown of Capital Expenditure in 2021/22:




The chart above shows the main area of capital expenditure relates to Assets Under Construction £11.842m, 73%, with the release of Capital Grants and Contributions as the next highest £1.541m, 9%.

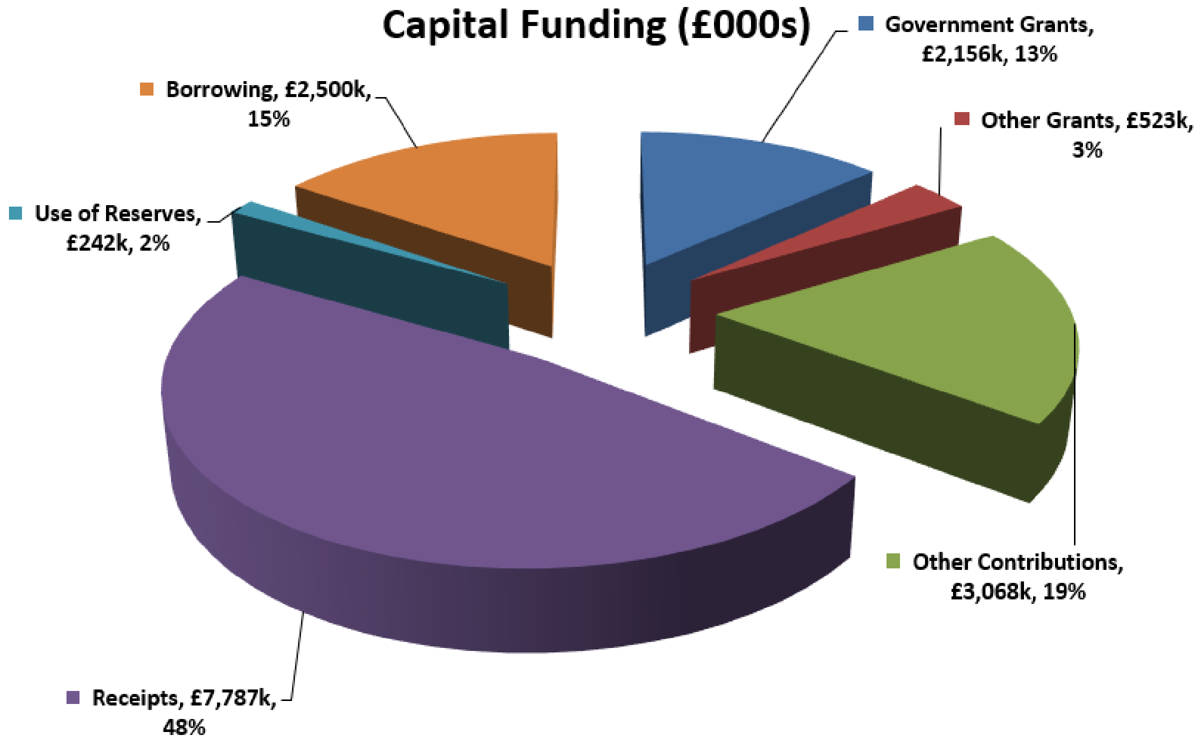
As well as delivering day to day services, the Council also spends money on capital works, creating or enhancing assets which are shown on the balance sheet primarily as Property, Plant and Equipment, or as Investment Property. Key areas of capital expenditure in 2021/22 comprise:

- Assets Under Construction - £11.842m. Of which, £10.587m was spent on Bingham Leisure Hub and Offices and £1.039m for The Crematorium as these new builds progress.
- Other Grants and Contributions - £1.541m. Monies released to finance capital assets owned by third parties. Primarily this expenditure was on Disabled Facilities and Better Care Funding Grants £899k; Support for Registered Housing Providers £301k; and the new initiative: LAD2 Green Energy Grants £228k.
- Vehicle, Plant and Equipment - £1.055m. Of note are: acquisition of 3 Refuse Freighters £563k; Gresham Pitches lighting additions and upgrades together with maintenance and site equipment £159k; and replacement ICT Equipment and Technical Infrastructure £165k.

Gresham Sports Park opening

The Council has to ensure its Capital Programme is not only prudent, but also affordable and sustainable.  In 2021/22 the Council spent £16.3m compared to an overall Capital Programme of £27.2m giving rise to a variance of £10.9m.  This is due to programme rephasing and the carry forward commitments total a net of £10.646m. The most significant of which are £5.673m for the Bingham Hub Leisure and Office scheme; £2.973m for The Crematorium; and £0.407m to finish the new initiative:  LAD2 Green Energy Grants.

The chart below shows the breakdown how Capital Expenditure was funded in the year.




Source: Capital Expenditure and Capital Financing- Note 29

Capital resources available in 2021/22 allowed for all capital expenditure to be met without recourse to borrowing. The key elements of funding comprise:

- Capital Receipts - £7.787m 48% of capital expenditure was covered by capital receipts. Significant sums are still being received from the overage agreement in place at Sharphill Wood. These sums, together with historical capital receipts, were used to fund: £5.2m of Bingham Leisure Hub; £1.1m Crematorium Costs; and £0.563m for vehicle acquisitions.

- Government Grants - £2.1m. Of this, £0.9m came from the European Regional Development Fund to support the Office element of Bingham Hub; £0.9m comprises sums awarded to the Council under the 'Better Care Funding' arrangements. Specifically used to fund 'Disabled Facilities Grants', 'Warmer Homes on Prescription', and 'Assistive Technology'; £0.228m was applied to meet costs of the new LAD2 Green Energy Grants scheme.

In 2016/17 and 2017/18, the Council used internal resources (internal borrowing) to temporarily finance the completion of the Arena development and Cotgrave employment units. There was a need to use a further £2.5m to meet part of the capital expenditure on Bingham Leisure Hub in 21/22. 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 payment of around £1m a year, until the balance of internal borrowing is recovered. (See the Capital Financing Requirement note 29). The charge (MRP) to the revenue budget has been covered by the release of New Homes Bonus reserves to wholly mitigate any impact for Tax Payers and exceeds the amount we would have to pay if it was based upon the asset lives.

At 31 March 2022, the balance in the Usable Capital Receipts Reserve stood at £0.8m (2020/21 £0.5m). The Council continues to generate resources through the planned disposal of assets deemed surplus, preserved rights to proceeds from sales of ex-Council House Stock, and the overage agreement in place for Sharphill Wood. During 2021/22 £5.2m of capital receipts were received, primarily from: Disposal of the Depot Land (4.8m of which £1.2m is a deferred capital receipt); repayment of Capital Loans £0.2m; and Council House Right to Buy Clawback £0.2m.
Looking ahead, the Council has approved an ambitious Capital Programme for 2022/23 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 potentially require an increase in the Minimum Revenue Provision (MRP).  Up to 31 March 2022, the MRP charge to the revenue account was offset by a release of New Homes Bonus (NHB) to wholly mitigate the impact of the internal borrowing on the Tax Payer. The ability to continue to do this will continue to be reassessed as part of the MTFS. The future levels 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 versus future capital demand.


Rushcliffe Oaks Artist's Impression

## 6.  Major Service Developments, Future Challenges including COVID 19

The Council had anticipated that the negative impact of Covid would continue in 2021/22 and had subsequently budgeted for a loss in income on key services such as Car Parking and Planning income. Pleasingly the recovery was quicker than anticipated with reductions not as significant as expected. As a result of prudent budgeting Council reserves have been maintained during the pandemic and in-year government grants and efficiencies identified by officers has resulted in a net efficiency position in 2021/22 allowing for replenishment of reserves to insulate against future pressures (such as the Power Station appeal - discussed below). The Council has successfully responded to the additional pressures ranging from processing grants and reliefs, signposting residents to food vouchers and submitting additional government returns and reconciliations. Teams within the Council collaborated to ensure the services to residents were maintained which demonstrates the resilience and commitment of Council staff to the welfare of residents.

The Council have actively supported the reopening of the highstreets by using funding to promote businesses and by applying the 'free after 3' initiative in its car parks for the first six months of the year. Once restrictions were lifted the Council resumed activities in the borough delivering enhanced summer events to encourage people back into the high streets. A high street ambassador and town centre manager were appointed to support reopening of businesses and deliver events to boost economic activity. A business support web page is available to support businesses with regular posts via social media.

Government funding was used to support those residents most in need supporting the Holiday Activities Food Programme delivering Summer Holiday and Christmas programmes for children. The Social Recovery Funding and Community Food funding allocated by central government saw a total of £220,732 awarded to support social recovery projects and £103,662 for Community Food based projects across Rushcliffe. Councillors supported voluntary and community groups as well as parish councils by allocating Council funding which was used to support delivery of vital services within their local communities.

Despite all of the additional pressures on funding and staff resources the Council continued to focus on growth in the borough further progressing major projects such as Bingham Hub and the Crematorium, both of which have made significant progress and are due to open late summer 2022. Further development works have been commissioned to develop the visitors centre and improve facilities at Rushcliffe Country Park (RCP) for its visitors. Work is also ongoing to support 'green homes' improvements to 57 houses in the Borough after successful application for Local Authority Delivery (LAD) as well as the new Home Upgrade Grant (HUG) funding. This is expected to be completed by June 2022

In March 2022 the Freeport Proposals for the East Midlands were approved. The scheme is the only inland freeport to be approved in the UK and will see the development of three sites; East Midlands Airport, East Midlands Intermodal Park and Ratcliffe-on-Soar Power Station into a global hub for innovation for green technology potentially creating 60,000 jobs and generating investment in the local economy. Further work will continue in the coming year to finalise policies and commence development.

During 2021/22 the Ratcliffe on Soar Power Station was successful in a business rates appeal. As a major contributor to business rates in the borough and to Council funding, this has a significant impact. Prudent budgeting by the Council has meant that provisions have been set aside that absorb the majority of the impact in relation to prior years. Moving forward the impact on funding will be offset by minimal temporary use of reserves.

There is still much uncertainty surrounding Government funding reviews which have been delayed for another year and subsequently means the Council only has financial stability for one further year making financial planning challenging. It is unlikely now that any funding reforms will take place in 2023/24 and are likely now to be 2024/25 at the earliest. Further announcements are awaited in the SR2022 on potential reforms although it is possible a further year of funding at current levels may therefore be announced in the interim.

The legacy of Covid continues to present in the form or staff shortages and reduced consumer activity but in addition there is also the inflation pressures with inflation predicted to peak at around 10% and the war in the Ukraine affecting fuel and commodity prices. The Council's budget will, unsurprisingly, be negatively affected not only on the costs of delivering Council services (such as fuel on refuse collection) but also there is a risk of a reduction in fees and charges income as consumer confidence drops. In 2021/22 the pressure has been absorbed by efficiencies elsewhere in the budget and from initiatives to generate income but moving forward this represents a significant risk. In order to mitigate against this the Council has increased the contingency budget in 2022/23, from in-year budget efficiencies, which should provide a cushion against potential losses. Furthermore the use of 2021/22 budget efficiencies will help insulate budgets against inflation risk.

The Audit and Finance environment is facing unprecedented pressure with the sector having the worst performance on audits signed off last year (only 9% by the deadline) and generally recruitment is difficult across the local government sector. As well as extending the accounts and audit deadlines to alleviate some of the pressure, in early 2022 there was an emergency consultation proposing delays to some of the reporting requirements. It is now confirmed by Financial Reporting Advisory Board that the IFRS16 leasing standard will be delayed which will reduce some of the burden on Councils to implement the additional requirements (at least for one further year) with implementation 1 April 2024 (or earlier).

Following the large-scale overnight transfer to remote working during lockdown the Council have now started to return to a hybrid way of working between the office and at home supporting employees work life balance. The Council's Customer Service Centre and contact points were closed in line with government restrictions and reopened to the public in June 2021 providing face to face customer support four days a week across four locations. New Customer Service Standards have been introduced across the organisation to meet customer expectations in line with a significant rise in email and web enquiries. Services have seen a channel shift with an increase in engaging digitally with residents.

The Audit Report and VFM statement for 2020/21 recognised the Council's response to the pandemic in the early stages commenting upon early reporting of the in-year review to reflect the impact of Covid-19 on budgets and financial performance. It was also recognised that the level of Council reserves provided some mitigation against future financial challenges and similarly for 2021/22 the position reflects the Council's prudent approach to ensuring the reserves are available to support future budget volatility.

One of the Council's priorities is residents' **Quality of Life** and, as mentioned above, projects such as Bingham Hub, the Crematorium and RCP developments continue to remain key priorities. The Freeport brings economic and employment opportunities to the borough and the Council supports local Growth Boards in developing the borough. The Council set up Reach Rushcliffe, an initiative designed to help support local initiatives that aim to tackle loneliness and social isolation. Loneliness is fast becoming one of the greatest social challenges nationally and whilst often associated with older people who live on their own, it can affect anyone of any age and linked to issues such as obesity, smoking and can increase risk of dementia. The Council has also administered government business grants, test and trace payments to support low income residents affected by Covid and have managed the allocation of the energy rebates to households from April 2022.

The Council always strives to deliver **Efficient services** and, during the pandemic, has been at the forefront of issuing business grants ensuring payments were made soon after funds were received. Test and trace payments were processed quickly and efficiently to those in need and, despite funds for CARF only arriving in March 2022, the relief was applied to eligible businesses by the 31st March 2022. The Council has a digital by design project board which focusses on improving the interaction between residents and the Council. Digital projects include the new facility booking system (Stripe) and the My Account facility with the Meritec system and will be focusing on replacing the Council's website over the next 12 months. Business Rates and Council Tax collection rates have been maintained at pre-pandemic levels supported by the efficient processing of discounts and reliefs and pro-active identification of residents that may be eligible but had not originally claimed such reliefs. Housing benefit processing time has remained above national average despite claim numbers rising during the pandemic period. In early 2022 the Council made a decision to bring back in house its wholly owned company Streetwise. It is anticipated that this will improve service performance and result in efficiencies. Further work is planned on integrating the financial impact via the Council's Transformation Programme going forward.

Rushcliffe continue to focus on delivering **Sustainable Growth**. This has included projects to support reopening highstreets as mentioned above, the Freeport development, and delivery of 1,188 new homes in 2022/23. In addition to this figure, 71 energy efficiency houses will be built on the land released at the Abbey Road Depot Site due for completion 23/24. The Council's Community Infrastructure Levy which was introduced in 2019 has collected £ £2m with a further report to Cabinet this summer due on its proposed use. The Development Corporation (DevCo) reserve created in 2020 is now supporting the development of both the Freeport and DevCo areas, in the interim period. The Reserve balance currently stands at £0.33m (having released £0.170m in 21/22) and this has been committed to the development of the Ratcliffe-on-Soar site. Whilst the Council no longer has an Asset Investment Reserve (with the balance retuned to the capital funds this year) it continues to review its existing assets and reported to both Cabinet and the Governance Group (respectively December and November 2021).

One of the Council's key priorities is **The Environment**. The Council created a Climate Change reserve in 2020 which will be replenished in 2022/23 bringing the balance to £1m. Opportunities are actively being sought and projects to date, as already stated, include LAD and HUG (improving low energy efficiency housing – fully funded by government grants), electric car charging points at Gamston and LED lighting at some of our operational land and buildings. There is a proactive move to install carbon offsetting measures on Council projects: photovoltaic panels, air source heat pumps, low flush sanitary wear, LED lights, and highly efficient building fabric at Bingham Hub. The Council continues to roll out EV charging points, secondary heat exchanger installation (heat from the cremator will then be distributed to heat the building), acquisition of electric cremators together with LED lighting throughout the building and grounds at the Crematorium. Energy efficiency policies in relation to Planning continue to be developed in line with national guidance.

Bingham Arena Development

## 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:

- **Comprehensive Income and Expenditure Statement - CIES (Page 3) -** The net cost of service has increased by £0.855m mainly due to Disabled Facilities Grants (offset through reserves from Better Care Funding) Covid related grant payments and the increase in salaries and agency costs on planning and refuse collection. The movement in Other Operating Expenditure (restated balance) (£4.851m) arises mainly from £8m recognised in 2020/21 for receipts from Sharphill overage and a significant drop in Covid business grants (£3.4m) passported via government funding compared to the previous year when the support was at its peak. The Covid related business grants that have been paid in the year are funded by grant receipts and are mentioned below regarding 'Taxation and Non-Specific Grant Income'.

  The movement in Financing and Investment Income and Expenditure (£0.117m) is technical in nature and primarily relates to the movement in Fair Value of Investment Properties. The revaluation exercise in 2021/22 gave rise to a deficit of £0.307m which primarily relates to the downward valuation of Cotgrave Phase II Redevelopment upon completion. Costs accrued to the project for demolition, surveys, legal and professional costs which do not ultimately form part of the value of the completed assets. This is offset by an increase in value (£0.173m) of the Council's investment in pooled funds. Whilst the movement in the value of the Treasury investments is positive, the value of these funds can fluctuate (although the investments are expected to appreciate over time). As part of this report it is proposed to appropriate funds into a reserve to cushion any adverse fluctuations.

  There is a movement in Taxation and Non-Specific Grants of £1.094m in 2021/22 owing mainly to a significant reduction in Covid grants received by the Council (£5.332m) and S31 grants in reimbursement for reliefs given for NNDR of £1.961m. Both these reductions are offset by similar reductions in other operating expenditure (see note 5) and a reduction in the in-year deficit on the NDR element of the Collection Fund (£2.586m) and this reflects the reduced level of reliefs given and therefore grants received.

  The Council has also released Capital grant funding of £4.305m in the year in relation to projects including Bingham Hub and Gresham (see note 27).

  The variances above have resulted in an overall surplus on the Provision of Services of £2.942m compared to a surplus of £9.859m in 2020/21.

Revaluations on non-current assets has resulted in a surplus of £1.696m (net increases in operational car parks £579k, leisure centres £479k and the pavilion at Alford Road £285k).

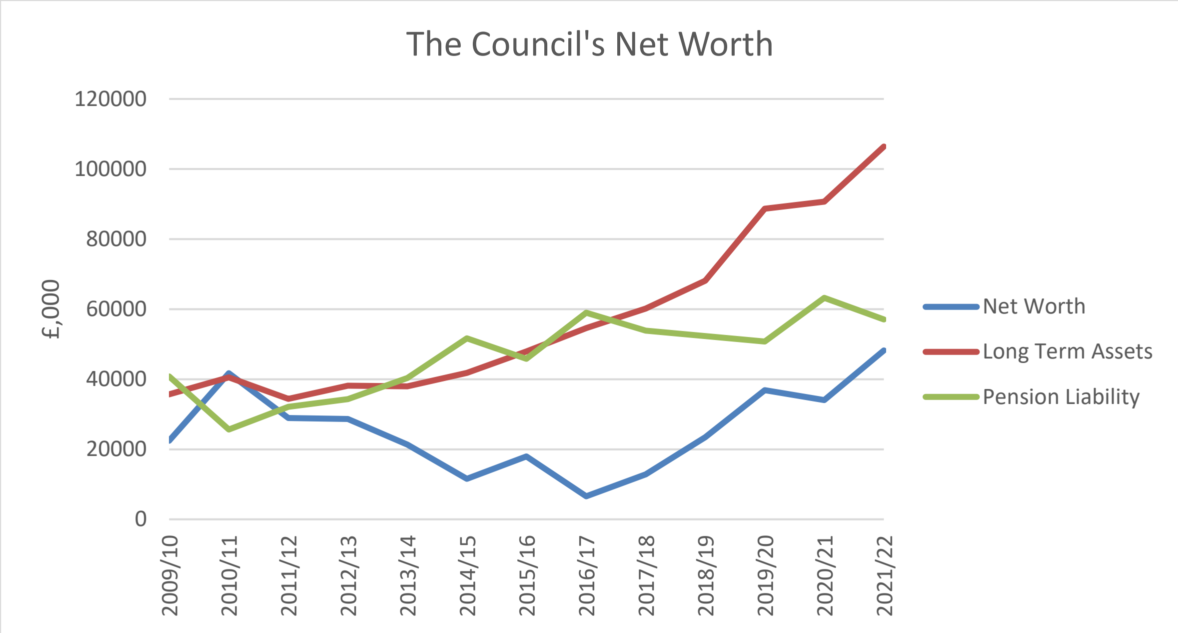
There have also been pension adjustments changes in actuarial assumptions (Surplus of £9.567m compared to a deficit in the previous year of 13.064m). This movement represents a decrease in liabilities due to changes in financial assumptions made (discount rates and future salary and pension increases) £5.712m, a reduction in liabilities due to positive return on assets £4.176m offset by an increase in liabilities due to other experience assumptions £0.321m.

- **Movement in Reserves Statement (Page 4) –** 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 8) –** This is a snapshot of the Councils Assets, Liabilities and Reserves at the year-end date (31st March). The Council's overall net worth has increased by £14.3m. In the year, the cash and cash equivalents have increased by £20.5m mostly in relation to the additional grant payments received from government for business support and in relation to reliefs applied to NNDR and from the disposal of an asset held for sale (AHFS). This is partially offset by an increase in short term creditors pending repayment of balances (£6.4m) and capital grants receipts in advance (£13m) mostly relating to S106 and CIL planning agreements. Long term provisions have decreased by £1.6m and relates to the Business Rates appeals provision as there has been a settlement of an appeal on Ratcliffe on Soar power station. The Pensions Fund actuarial calculations have been reassessed as at 31st March 2022 to capture any movement in relation to the economic environment on the asset values. The accounts reflect the valuations with a net decrease of £5.3m in liabilities. Long term investments have increased by £2m reflecting an increase in the investments in the diversified funds during the year.

  PPE has increased by £12m primarily due to expenduiture on Bingham Hub and the Crematorium (Assets Under Construction). The Depot land asset held for sale of £4.6m in 2020/21 has now been disposed (resulting in an increase in cash as referred to above).

The following graph shows the change in the Council's net worth over the past ten years. Over the last ten years there has been a positive trend of an increase in net worth (with a downward turn in 2020/21 due to the impact of the Covid-19 pandemic on pension values) the net worth has increased in 2021/22 to £47m.




Source: Balance Sheet

- **Cash-flow Statement (Page 9)** – this shows the inflows and outflows of cash arising from transactions with third parties for revenue and capital purposes**.**

- **Notes (pages 11-87) –** these provide supporting context to the above Statements.

- **Accounting Policies (Pages 66-83) –** these explain the bases of the figures presented in the accounts.

## 8. Supplementary Financial Statements

- **Collection Fund (pages 88-91) –** 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. It is noted that there is now a deficit of £12.4m on the Business Rates section of the Collection Fund, as a result of additional reliefs issued in response to the continued effect of Covid during 2021/22 and an increase in appeals provision. The deficit on the Council Tax section has increased to £1.6m (from £1.4m) mostly as a result of the spreading of the deficit from 2020/21 which saw reduced income relative to the precept requests by various authorities mostly as a result of Covid.
- **Group Accounts (pages 92-100) –** according to statutory requirements the Council is required to produce Group Accounts where it has subsidiaries, joint ventures or associates. The Council has a subsidiary company Rushcliffe Enterprises Ltd (REL) which is the parent company for Streetwise

Environmental Ltd (SEL) and Streetwise Environmental Trading Ltd (SETL). Although this company is currently dormant, the accounts of the subsidiaries have been consolidated. The Council has made a decision to bring back in house the Streetwise function during 2022/23.

SEL & SELT made a combined loss of £44k. After taking into account pension gains this resulted in a profit of £0.281m and is reflected in the Group Movement in Reserves Statement (Section G Note1)

## 9. Summary

The Council has, and continues to face, many significant financial challenges. Delayed funding settlements and unexpected financial pressures (such as Covid, the war in Ukraine and more recently rises in inflation) make financial planning challenging. In this volatile environment, a culture of prudence is essential, however, the Council also has ambitions to deliver initiatives focusing on investment and growth in the community (including the opportunity of the Freeport) and this will stand the Council in good stead to meet both the operational and financial challenges it now faces. The Council must ensure it is prepared to face future financial pressures but also not lose sight of its longer term agenda to ensure the Borough remains a great place to live, work and remain healthy; and for future generations that it has a sustainable environment. The Council has committed to meeting a net zero carbon emissions target and in support of that holds a Climate Change Reserve and has created a Vehicle Replacement Reserve.

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: from leisure to transformation. The Council will continue to be innovative (under much tighter constraints) so it continues to progress and provide better value for money for taxpayers. The Council will continue to aim to provide an environment to support both businesses and the community in these most challenging of times. At the fore-front of economic growth in the longer term will be the role of both the Freeport and Development Corporation and the opportunities these will create. 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
Director - Finance and Corporate Services
31st July 2022

# 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, 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 2022 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 2026/27 and introduce its seventh Corporate Strategy covering the period 2019 to 2023. The document is defined as a living strategy – one which will grow and evolve over its lifespan to adapt to the change needs of the authority. The four key priorities, contained within the Strategy, are:

- Quality of Life
- Efficient Services
- Sustainable Growth
- The Environment.

The integration of service and financial planning continues year on year and is resourced by the financial strategy.

The Council continues to work towards the delivery of its Transformation Strategy, its plan to address the financial pressures facing all public bodies. This outlines how the Council will meet its financial challenges until 2026/27. The Transformation Strategy focuses upon three key elements – income generation, transformation and business cost reduction. As part of the transformation 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.

All key tasks within the current service delivery plans have been linked directly to the Council's strategic objectives.

### 2.2 Improvement and Efficiency

As with other public bodies, the Council faces unprecedented financial pressures. The 2022/23 Medium Term Financial Strategy (MTFS) predicts a deficit of £1.3m to 2024/25 (returning to a surplus thereafter). Last year we projected a budget deficit of £1.5m until 2023/24 in the MTFS. The impact of both Covid and now the Ukraine conflict continues to be felt with the impact of rising inflation. This undoubtedly presents risk to the Council's budget position. That said the Council has increased Contingency budget to £0.3m and a recommendation to July 2022 Cabinet (as a result of 2021/22 budget efficiencies) a further £0.25m pay contingency given the uncertainty of future pay awards. Other pay and service pressures arise from the ability to attract and retain staff and the impact on Council pay scales of the increasing national minimum living wage. This is likely to lead to significant additional financial pressures as staff salaries are affected and pay differentials are eroded. This may also have an impact with our external partners (eg Leisure contracts) who will look to address the potential of a rising cost base.

A combination of cost control and income generation and better than expected local economic performance linked to prudent Covid assumptions, has resulted in a budget efficiency position in 2021/22 of £0.211m (taking into account government grants to mitigate the impact of Covid, carry forward requests to meet service challenges and new reserves such as for vehicle replacement to maintain effective service delivery and meet the additional investment as a result of carbon neutral initiatives). Going forward there remain significant financial risks, and these are commented on below. Over the next 5 years a net budget deficit position is anticipated of £0.624m. Use of the Organisational Stabilisation reserve will ensure the Council continues to deliver its main corporate objectives. The impact of Covid and the ongoing economic impact (particularly the impact of high inflation) as a result of the Ukraine crisis means the trajectory of economic recovery remains uncertain and will continue to be closely monitored and the associated changes to the Council's projected financial position.

Going forward the Council will review the Transformation Programme including the impact of delays to both the development of the Crematorium and Bingham Leisure Hub on income streams and leisure contract savings. Streetwise is being brought back in-house and its performance, both operational and financial, will continue to be evaluated. The Business Rates, Fair Funding and New Homes Bonus reviews continue to be delayed and it is anticipated now that these will not come to fruition until 2024/25, at the earliest. Revised assumptions will be reflected in the 2023/24 MTFS.

The budget will still focus on the following thematic areas to be balanced in future years:

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

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

(c) Transformational Projects – projects such as a new crematorium, Bingham leisure hub facilities and bringing Streetwise back in-house; and

(d) 'Thinking big' reviews – the emergence of the Development Corporation and Freeport area around Ratcliffe-on-Soar power station.

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

Critical to this is the Council's approach to commercialism, covered in the Transformation Strategy. A combination of capital demands and opportunities within the Borough led the Council to take the strategic decision to realign its financial commitments resulting in a reduction in its spend on the Asset Investment Strategy as significant resources are required for investment in the Bingham Leisure Hub and the crematorium. The Council's Capital and Investment Strategy incorporates reporting on commercial investments (complying with professional recommended practice) including the investment in 2 office facilities in Edwalton, governing the risk of such investments individually; and collectively in relation to the Council's other income streams. Over the term of the MTFS, the income generated from such investments is estimated to rise from £1.6m (2021/22) to £2.4m (2026/27) and performance is reported to Corporate Governance Group throughout the year. The Council no longer invest in assets specifically for a commercial return.

## 2.3 The Constitution

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| **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 clearly sets out the 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 take executive decisions and approve policies not reserved for consideration by Council. Cabinet and Council works to a Forward Plan of forthcoming decisions for up to three months ahead;
- The work of Cabinet has been supported by four scrutiny groups. Following a review of scrutiny in early 2019, the Council now has a Corporate Overview Group, which manages corporate performance and financial control as well as the work programmes for the three additional scrutiny groups of Governance, Growth and Development, and Communities;
- Separate committees exist for Standards, Planning, Employment Appeals, Licensing, and Interviewing; 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 in July 2021 and a further review is planned for July 2022.

## 2.4 Policies, Procedures, Laws and Regulations

The Council has three statutory officer roles: the Head of Paid Service, the Section 151 Officer and the Monitoring Officer. The Chief Executive is the Head of Paid Service and has overall corporate management and operational responsibility including overall management responsibility for all officers. The Chief Executive has the special responsibility to report if insufficient resources are available for the Council to discharge its legal duties. The Monitoring Officer ensures lawfulness and fairness in decision making and ensures the Constitution is current.

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 2021/22, the Council's financial management arrangements complied in all respects with the governance requirements of the aforementioned statement, in particular:

- During 2021/22, the Director 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 Governance Scrutiny 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 BDO. The effectiveness of this service is monitored by the Governance Scrutiny Group.
- The Chief Executive and three Directors 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 Director Neighbourhoods.

## 2.5 Risk Management

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

The Council's risk management arrangements are regularly reviewed. In the last twelve months, the Governance Scrutiny Group reviewed the Risk Register in September, considering Risk corporate, operational and Covid-19 related risks. Six new risks were reported and five were removed. Additionally, there were five increases and ten reductions to risk ratings.

The Council also reports on risk as part of its reporting framework to Full Council, Cabinet and Scrutiny.

The 2021/22 Annual Report by Internal Audit pleasingly states '*Overall, we are able to provide **Substantial Assurance** that the risk and control arrangements at the Council should deliver the objectives and risk management aims of the organisation in the areas under review. There is only a small risk of failure or non-compliance. This is our highest level of assurance*'.

This reflects well on the Council particularly against the current background of the Covid-19 pandemic and now the 'cost of living crisis' and ongoing impact of the Russia-Ukraine conflict.

2.6 **Development and training needs**

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

The Council has a cross party Member Development Group (MDG) to oversee the development and delivery of Councillor learning and training. This Group meets to review the delivery of the annual training programme and looks at the Councillors' Community Grant Scheme before each election.

Following the suspension during 2020/21 to enable Councillors to spend additional time supporting their communities, the Council adopted a Councillors' Learning and Development Policy in July 2021. Training required for membership of regulatory committees was brought up to date and additional training for councillors was delivered in-person, virtually and via the Council's e-learning platform. Topics during 2021/22 included Defib and CPR, Enforcement, Planning, Motions, Scrutiny, Treasury Management and Media Training. Councillors now have an Individual Training Record which lists the training they have done during this term of office.

During 2022/23 the Council's Member Development Group will meet four times to develop the Council's Become a Councillor Campaign, the induction programme which officers deliver following the Borough Council election in May 2023, and the training plan for 2023/24 following the induction.

The identification and delivery of appropriate training for officers is overseen by the whole of the Executive Management Team who ensure that organisational Learning and Development Plans linking to individual annual Performance Development Reviews (PDRs) are effectively managed and delivered. The Council recognises the importance of training to its workforce. A skills audit for Corporate Governance Group Members is due to take place in the coming months.

## 2.7 Communication

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| **Principle B** - *Ensuring openness and comprehensive stakeholder engagement* |

Three editions of Rushcliffe Reports – the Council's newsletter for residents – are printed and circulated to over 50,000 households each year and these set out details of a number of key service changes and request customer feedback.

A three yearly resident's survey was publicised in the magazine in its summer edition and across the Council's digital channels that saw 84% of respondents satisfied, or very satisfied, with their local area as a place to live, 2% higher than the Local Government Association national survey.

Despite further COVID-19 challenges, the Council has continued to increasingly implement the use of recognised communication techniques to keep its residents, staff and members informed, including the use of social media which saw it attract hundreds more subscribers across its various channels as they in total approach 20,000 followers.

During 2021/22, the Council continued developing its electronic free subscription newsletter to stakeholders, another communication method that now sees thousands receive a weekly digest on council news and updates direct to their inbox.

Customer satisfaction surveys also resumed with key customer facing services such as environmental health, revenues and benefits and the Home Alarms service. The latter received a 100% satisfaction rating from users for the sixth consecutive year. The feedback received from these exercises will continue to be used to improve services to all customers.

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## 2.8 Partnerships

The Council has put in place strong governance arrangements around the major leisure services, garage services, Streetwise Environmental Ltd (SEL) and car parking contracts. In 2021/22 there were quarterly meetings of the Streetwise Board chaired by the Non-Executive Director and Chairman of Streetwise. Whilst Streetwise brings opportunity there is also risk in terms of how the company develops. Its level of profits have been minimal and a decision was taken by Cabinet in February 2022 to bring the Company back in-house from 1 September 2022. This was precipitated by the loss of the Metropolitan Housing Contract; and when balancing risk with reward there was little justification to retain a separate Company.

Since 1 June 2022 the Chief Executive is the Chair of the Company until it winds down, with the Council's s151 Officer also representing RBC as a Corporate Director.

Rushcliffe Enterprises Ltd (REL) has also been set-up as a holding company for the Council which incorporates SEL (chaired by the Chief Executive); and any other companies that the Council creates in the future.  Currently this is dormant.

A revised company and governance structure has also been adopted to provide proportionate oversight and governance of SEL and Streetwise Environmental Trading Ltd. This incorporates an Oversight Board (3 Cabinet Members and the Chief Executive) and annual reports to both Governance Scrutiny Group and Cabinet. From 1st September 2022 such arrangements will no longer be required.

Following the Government announcement regarding the decommissioning of coal-fired power stations, Ratcliffe on Soar Power Station is due to be decommissioned by 2025. This could have a significant impact on the Borough both financially (loss of business rates) and with the potential to have a very large derelict site at the entrance to the Borough from the A453. The Development Corporation (DevCo) would provide greater certainty on the redevelopment of the site, leveraging investment and resources to support delivery. The Chief Executive of the Council is a Director of the newly established interim vehicle with the Council committing £0.5m (an earmarked reserve) to support the Development Corporation along with the same contributions from North West Leicestershire and Broxtowe district councils; and £1.5m each from both Leicestershire and Nottinghamshire County Councils. The Leader sits on the Oversight Authority.

Furthermore the power station site is part of the proposal for the East Midlands Freeport one of 8 successful bids announced by the Chancellor. The Council currently awaits the outcome from the Department for Levelling Up, Housing and Communities (DLUHC), with the Final business Case now being submitted. From 1 June 2022 the Freeport was incorporated as a Company – East Midlands Freeport (EMF). The Leader of the Council sits on the Board as a Director.  Both the DevCo and Freeport present great opportunities for a world-class green and blue environmental investment programme with research and development in climate change and zero carbon technology and will enable employment opportunities and infrastructure investment.

The Council is engaged in the current County Deal proposals with other Derbyshire and Nottinghamshire authorities. There is the real likelihood of an East Midlands Mayor being in situ from May 2024. Current proposals would still mean Rushcliffe as a Borough will retain its sovereignty, although there is a clear direction of travel for Councils to work more collaboratively for the benefit of their local communities.

## 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, and the Council provides public access to audio and video recordings of meetings. Despite Covid the Council continued with its business (see Section 4.1). 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 which are reported to the Governance Scrutiny Group and Corporate Overview Group respectively. Reports from the Council's internal auditors (BDO) and external auditors (Mazars) are published online, including their annual reports.

The Corporate Overview Group monitor performance against targets on a quarterly basis. BDO are compliant with the requirements of the Public Sector Internal Audit Standards and has direct access to councillors and staff in order to discharge their duties.

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

# 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. This review is considered by the Governance Scrutiny 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 - Governance Scrutiny Group**

The Governance Scrutiny Group 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
- 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 Corporate Overview Group reviews the performance of the Council against the approved targets. Other reports are taken to this group and during the last year include the diversity annual report, annual customer survey and the health and safety reports. This Group is also responsible for driving forward and reviewing the changes brought about by the review of scrutiny in early 2019.

In addition to the Corporate Overview Group and Governance Scrutiny Group, the Council has two other scrutiny groups which were formed during 2019. The first, Communities, looks at areas that affect the community such as the Council's partnerships and the development of a Carbon Management Plan for the Council and the WISE environmental crime enforcement update. The other group, Growth and Development, is tasked with looking at different aspects of growth within the Borough and has, this year for example, scrutinised reports in relation to the River Trent footbridge and cycling networks in the borough.

3.6 **Directors**

Directors 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, Directors are required to confirm that they have reviewed the system of internal control and identify any areas where improvements are necessary. In 2021/22 the number of Directors was reduced from four to three and the Chief Executive having a department with responsibility for Legal Services, Human Resources and the Business Support Unit.

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 Gedling Borough Council in 2019/20, this contract was awarded to BDO until 2023/24. An Audit Strategy has been developed covering all activities of the Council at a level and frequency determined using a risk management methodology.

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 Governance Scrutiny 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 control is undertaken every year and reported to the Governance Scrutiny Group. The Annual Report states positively '*Overall, we are able to provide **Substantial Assurance** that the risk and control arrangements at the Council should deliver the objectives and risk management aims of the organisation in the areas under review. There is only a small risk of failure or non-compliance. This is our highest level of assurance*'. Last year the rating was 'moderate assurance' so this represents an improvement in the rating. To this end the Council maintains an adequate and effective framework for risk management, governance and internal control, as recognised by the Head of Internal Audit.

3.8 **External Audit**

The external auditors, Mazars, 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; and
- 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 their annual report for 2020/21 financial year, Mazars issued an unqualified audit opinion, expressing the view that the financial statements give a true and fair reflection of the financial position of the Authority, and of its expenditure and income for the year. This was after the 30 November deadline primarily due to the knock-on effect of delays in the pensions audit (undertaken by Grant Thornton on behalf of Notts CC) as a result of the impact of Covid on pension fund valuation and associated risks. In terms of value for money, Mazars concluded ‘we are satisfied there is not a significant weakness in the Council’s arrangements in relation to financial sustainability’.

## 4 SIGNIFICANT GOVERNANCE ISSUES

### 4.1 Issues Identified, including the impact of Covid-19, the CIPFA Financial Management Code, other issues and proposed remedial action

*Covid 19 Issues*

The impact of Covid meant the Council had to react to an everchanging situation and where it can take proactive action. Two reports have been presented to the Corporate Overview Group looking at both the internal and external impact of Covid on both the Council and Borough (both community and businesses) and importantly how the both the Council and the community rose to address the challenges presented by Covid.

Commendably the Council has continued to deliver its core services and many areas of income have recovered to pre-Covid levels, including car parking and planning and we have continued with services such as green waste. Some areas have still not fully recovered such as the Council’s leisure centres but are approaching pre-Covid levels. There have been a number of high street incentives such as the ‘free after 3’ initiative for car parking, with summer events planned for 2022 to further encourage increased footfall.

Government funding was used to support those most in need with some £103k of community food based projects supporting residents over both summer and Christmas periods. Covid and Business Rates relief grants amounted to in excess of £5.6m. This continues to present work pressures on both the revenues, finance and customer service teams, which continues into 2022/23 with the new £150 energy rebate grants to assist residents with ‘cost of living pressures’ (£4.8m or 87% of grant, paid to residents by the start of June 2022).

Excellent IT has enabled staff and councillors to continue to work remotely. Increased enforcement has been necessary at various stages of lockdowns.

There have been numerous Covid reports to Cabinet (and many returns to central government) during the year and a ‘Going Concern’ Report regarding the Council’s immediate financial viability was presented to the Governance Scrutiny Group in November 2021.  There are no issues currently regarding the Council operating as a ‘going concern’.

A summary of key areas of impact are given below:

| **Area of Impact** | **Issue for the Council** |
|---|---|
| Provision of services | Services have largely continued as normal. During periods of lockdown front line services such as leisure centres and customer contact centres have been more effected. Car Park charges were temporarily suspended to assist business recovery, in 2021/22 for 6 months. The Council also responded to new burdens such as enforcement of the Covid Regulations in workplaces and businesses. |
| Council's Workforce | The majority of the workforce has continued working and the impact on services as a result of Covid (on employee sickness) has been minimal. The Annual Health and Safety Report will be reported to September's Corporate Overview Group. |
| Supply chains and third parties | The main impact on services provided has been on leisure provision (mentioned above) and this going forward remains a risk to the Council's budget and Transformation Programme. Some payment holidays (or deferrals) have been granted to commercial tenants on a case-by-case basis. Council Tax and Business Rates collection rates remained high at the end of 2021/22, |
| Reserves, financial performance and financial position | The March 2021 budget projected a transfer from reserves of £3.7m largely to fund Covid grants. At the end of the financial year there was a transfer to Reserves of £1.4m due partly to budget efficiencies but in the main due to Covid grants. Overall earmarked reserves stand at £23.6m at 31 March 2022.<br>Retaining sufficient reserves is essential given the volatile financial environment we currently operate in. The Council's earmarked reserves at 31 March 2022 stand at £9.5m (excluding New homes Bonus and Collection Fund Surplus).<br>The delay in Business Rates reform and Fair Funding creates further uncertainty going forward.<br>The capital programme has been updated with a particular focus on the Crematorium and Bingham Leisure Hub. Property, plant and equipment assets have increased in value as at 31 March 2022 by £12.2m reflecting investment in the asset base (particularly 'assets under construction').<br>The Council continues to monitor financial impairment regarding potential 'bad debts' and these amount to £0.14m a decrease of £0.03m from 20/21 due to a reduction in debts over 365 days. |

| | |
|---|---|
| Cash Flow Management | The Council during the year has again received significant cash advances from central Government enabling sufficient cash to pay in particular business grants. No external borrowing was required. |
| Other major risks and recovery action | The main concern is that both local businesses and the community recover and Rushcliffe returns to pre-Covid 19 levels of activity. To date the local economy and community has been resilient to the impact of Covid. Vigilance will be maintained particularly regarding the ongoing impact of the 'cost of living crisis'. |

*The CIPFA Financial Management Code*

The Chartered Institute of Public Finance & Accountancy (CIPFA) last year introduced a new code, The Financial Management Code 2019 (FM Code), which sets the standards of financial management for local authorities.

Last year we detailed the Council's self-assessment and nothing has changed regarding this. The approach used is to give a RAG rating and has been reviewed by the Council's Section 151 Officer. In summary, the findings of the current self-assessment against the Financial Management Standards gives a green rating against each standard. We will be asking a neighbouring authority to review the assessment with the results being reported to GSG in the AGS next year.

*Other Issues*

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. The biggest developing arrangements as already stated concern the Development Corporation and the Freeport (see Section 2.8 above). A £0.5m reserve has been created to ensure the Council supports the initial business case development and plays an active role in decisions taken by the DevCo and Freeport Boards. Going forward the principle of 'no detriment' for business rates future gains, on the power station site, is being pursued so that the Council still retains a share of business rates it otherwise would have received without the Freeport.

Given all of the challenges linked to Covid and other medium-term uncertainty for example as a result of Business Rates and Fair Funding reviews, the authority has responded positively. The Transformation Strategy and supporting Programme identifies the Council's approach to meeting its efficiency requirements. A combination of cost control and income generation (including fees and charges and council tax) ensures the Council's budget deficit position over the next 5 years is estimated to be £0.624m. Immediate risks are in relation to utility and pay inflation (which are key drivers for general inflation). To help mitigate these in the short term £0.43m of 2021/22 budget efficiencies are proposed leverage to support the budget in 2022/23.

Going forward there will also be service based pressures linked to statutory changes in relation to climate change, planning and waste services. The Council will seek to maximise opportunities with regards to both the Levelling-up and the UK Shared Prosperity funds and any other external funding streams.

Section 2.8 does mention Streetwise coming back in-house. Both the current operation of SEL and ultimately its winding down as a company are currently being project managed and will progress reported to the Oversight Board. The monitoring of Streetwise performance both prior to and after September will be undertaken via the Council’s normal due diligence processes (ie reports to both CGG, COG and Cabinet) including an Annual Report on Streetwise performance for 2021/22.

The Council has retained an ambitious capital programme a core component of which is the Bingham Leisure Hub (also including business/industrial units) with an overall budget of £20m. Efficiencies are expected from the leisure contractor albeit Covid and its impact upon the leisure industry is estimated to have put these back by up to 2 years.  Both are due to open in the Autumn of 2022 – there have been some delays, linked to issues in obtaining construction materials (not uncommon in the current economic climate). The financial impact in terms of lost income is reflected in the 2021/22 year end outturn report to Cabinet (July 2022) where mitigation has been included in terms of the use of 2021/22 revenue budget efficiencies to offset the loss in income (estimated at £0.167m).

The Council is still committed to having a commercial ethos and maximising value for money for the benefit of its residents. The Council has a range of income streams and manages such risks proportionately and sensibly.

The continuing regeneration of the high street and the local Rushcliffe economy will be critical to both future service provision and the finances of the Council. Council Tax and Business Rates collection rates have been closely monitored. Positively the collection rates have shown an improvement from the previous year. At the 31 March 2022, collection rates for Council Tax have increased by 0.1% compared to 2020/21, equating to approximately £60k increase over the previous year’s performance. The collection rate for Business Rates has also shown an increase relative to the previous year (an increase of 0.2%). Despite the challenge of the pandemic on both businesses and residents, the Borough has maintained an excellent level of Council Tax and Business Rates collection.

One other effect of Covid-19 is that the planned reviews of Business Rates and Fair Funding continue to be delayed. The current expectation is that they will be delayed until at least 2023/24. Hew homes Bonus has already been subject to consultation in 2021, as yet there has been no feedback from Government as to its future (it is expected this will be resolved in synergy with the aforementioned finance reviews). Unfortunately the Comprehensive Spending Review in 2021  shed little  light on these issues. This complex economic environment is further compounded by the uncertainty that BREXIT has created
.

In the past we have referenced the risk of Power station appeals given the reduction in business rates for the power station, over time, which therefore erodes this particular income stream to the Council. The Q3 Finance report to Cabinet detailed the impact of the most recent appeal with business rates reducing from £2.9m to £1.6m per annum (backdated to April 2017). Prudently retaining a sufficient business rates appeals provision on the Balance Sheet ensured the impact of this was largely nullified. The upside risk is that the Council's future exposure to a power station appeal will have a smaller impact and similarly when the power station is ultimately de-commissioned its financial impact will not be as greatly felt.

The Medium Term Financial Strategy will continue to be reported as part of the Council's normal finance and performance due diligence. The key areas of risk being its key income streams, significant levels of inflation and the ongoing ramifications of the Russian-Ukraine conflict on the global economy, staff recruitment and retention, the challenges and opportunities of both the Freeport and Development Corporation, Business Rates and Council Tax collection, the capital programme and its funding, delays to the anticipated national business rates and fair funding system and ultimately the position and sustainability of the Council's reserves.

Challenges arising from welfare reform and the continued introduction of Universal Credit (which occurred in October 2018 for the majority of Rushcliffe) give 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, much work has been undertaken to identify preferred options for Local Plan part 2, which was finally adopted by Full Council in October 2019.

The Abbey Road disposal and the development of the depot site continues (progress was reported to the Growth and Development Scrutiny Group, January 2021). This will result in 71 new homes, with at least 30% (23 properties) affordable housing in accordance with the environmentally sustainable design code and Masterplan. These are indicative of the Council's commitment to support housing, business growth and the environment.

The Council continues to be involved in various collaboration activities including payroll, tree advice, ICT provision and Building Control, and Trading Standards. In addition, where opportunities arise, consideration is given to the appropriate delivery model and how to involve partners to maximise objectives. More strategically the County Deal as referenced above will also lend itself to future opportunities of collaboration.

The external auditors have noted a number of risks in their Audit Strategy Memorandum 2022, namely:

- Appropriate controls are in place to prevent 'management override';
- The completeness and accuracy regarding the Council's valuation of property, plant and equipment; and
- The Local Government Pension Scheme and the risk that the data is inaccurate and the impact of these inaccuracies on the financial accounts.

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 with the General Data Protection Regulations, is ongoing. Pleasingly the audit this year gives this area ‘substantial assurance’.

Despite the challenging economic environment the Council remains committed to reducing its carbon footprint and continue to deliver excellent services. The Climate Change Reserve of £1m has not been diverted to resource Covid financial pressures and pertinently a new reserve to enable vehicle replacement of £1m has been established. Plans with regards to the climate challenge and the use of resources continue to be reported to the Communities Scrutiny Group (April 2022, Carbon Management Plan). Although a number of carbon reduction initiatives have been completed these have been fully funded by grants, or via existing budgets, with no call on the Climate Change reserve.

The Department for Environment, Food and Rural Affairs has launched the Resources and Waste Strategy setting out how the country can minimise waste, promote resource efficiency and move towards a circular economy. This potentially could have significant adverse financial implications for the Council in terms of both revenue and capital funding. The Council will, therefore, be making representation to relevant bodies and working with peers on how to mitigate this risk.

The pensions’ triennial review was produced in 2019 with pensions costs for the next 3 years, largely unchanged to what are currently paid. Given the current volatility of financial markets with both Covid-19 and BREXIT on the horizon there will be potential revenue account and balance sheet risks that will be reported in the Medium Term financial Strategy 2023/24 (for any employer contribution rate changes) and the annual accounts closedown process in 2023/24.

Based on our review of the governance framework, the following significant issues will be addressed in 2022/23:

| Issue | Reporting to | Methodology | Timescale |
|---|---|---|---|
| Compliance with the Financial Management Code | Governance Group | Local Authority peer review | By March 2023 |
| Monitor the delivery of the Transformation Strategy and ongoing budget position covering on-going Covid-19 and inflation risks | Reports to EMT, Scrutiny and Cabinet | On-going financial reports | At least quarterly reporting |

| | | | |
|---|---|---|---|
| and Streetwise insourcing | | | |
| Monitor the delivery of the capital programme and significant projects such as the Bingham Leisure Hub and Crematorium | Report to Corporate Overview Group and Cabinet | On-going financial and performance reports | Quarterly |
| Monitor Business Rates, Fair Funding and New Homes Bonus developments | Report to Cabinet and Full Council | Included as part of the Medium Term Financial Strategy reporting; update to CGG as part of the AGS | By March 2023 |

## 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 Governance Scrutiny 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…………………………….

K Marriott (Chief Executive)

Date 23 February 2023

Signed………………………………..

Councillor S Robinson (Leader)

Date 23 February 2023

# C. INDEPENDENT AUDITORS REPORT TO THE MEMBERS OF RUSHCLIFFE BOROUGH COUNCIL

## Report on the audit of the financial statements

### Opinion on the financial statements

We have audited the financial statements of Rushcliffe Borough Council ('the Council') and its subsidiaries ('the Group') for the year ended 31 March 2022, which comprise the Comprehensive Income and Expenditure Statement, the Movement in Reserves Statement, the Balance Sheet, the Cash Flow Statement, the Collection Fund Account, Group Consolidated Accounts and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2021/22.

In our opinion, the financial statements:

- give a true and fair view of the financial position of the Council and the Group as at 31st March 2022 and of the Council'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 2021/22.

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities section of our report. We are independent of the Council and Group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Deputy Chief Executive and Director of Finance and Corporate Services use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Council's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Deputy Chief Executive and Director of Finance and Corporate Services with respect to going concern are described in the relevant sections of this report.

## Other information

The Deputy Chief Executive and Director of Finance and Corporate Services is responsible for the other information. The other information comprises the information included in the Statement of Accounts, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements, or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

**Responsibilities of the Deputy Chief Executive and Director of Finance and Corporate Services for the financial statements**

As explained more fully in the Statement of the Deputy Chief Executive and Director of Finance and Corporate Services Responsibilities, the Deputy Chief Executive and Director of Finance and Corporate Services is responsible for the preparation of the Statement of Accounts, which includes the financial statements, in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2021/22, and for being satisfied that they give a true and fair view. The Deputy Chief Executive and Director of Finance and Corporate Services is also responsible for such internal control as the Deputy Chief Executive and Director of Finance and Corporate Services determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

The Deputy Chief Executive and Director of Finance and Corporate Services is required to comply with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2021/22 and prepare the financial statements on a going concern basis, on the assumption that the functions of the Council will continue in operational existence for the foreseeable future. The Deputy Chief Executive and Director of Finance and Corporate Services is responsible for assessing each year whether or not it is appropriate for the Council and Group to prepare its accounts on the going concern basis and disclosing, as applicable, matters related to going concern.

**Auditor’s responsibilities for the audit of the financial statements**

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 an auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a 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 the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. Based on our understanding of the Council, we identified that the principal risks of non-compliance with laws and regulations related to the Local Government Act 2003 (and associated regulations made under section 21), the Local Government Finance Acts of 1988, 1992 and 2012, and the Accounts and Audit Regulations 2015, and we considered the extent to which non-compliance might have a material effect on the financial statements.

We evaluated the Deputy Chief Executive and Director of Finance and Corporate Services incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls) and determined that the principal risks were related to posting manual journal entries to manipulate financial performance, management bias through judgements and assumptions in significant accounting estimates and significant one-off or unusual transactions.

Our audit procedures were designed to respond to those identified risks, including non-compliance with laws and regulations (irregularities) and fraud that are material to the financial statements. Our audit procedures included but were not limited to:

- discussing with management and the Governance Scrutiny Group the policies and procedures regarding compliance with laws and regulations;
- communicating identified laws and regulations throughout our engagement team and remaining alert to any indications of non-compliance throughout our audit; and
- considering the risk of acts by the Council and the Group which were contrary to applicable laws and regulations, including fraud.

Our audit procedures in relation to fraud included but were not limited to:

- making enquiries of management and the Governance Scrutiny Group on whether they had knowledge of any actual, suspected or alleged fraud;
- gaining an understanding of the internal controls established to mitigate risks related to fraud;
- discussing amongst the engagement team the risks of fraud; and
- addressing the risks of fraud through management override of controls by performing journal entry testing.

There are inherent limitations in the audit procedures described above and the primary responsibility for the prevention and detection of irregularities including fraud rests with management and the Governance Scrutiny Group. As with any audit, there remained a risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal controls.

We are also required to conclude on whether the Deputy Chief Executive and Director of Finance and Corporate Services use of the going concern basis of accounting in the preparation of the financial statements is appropriate. We performed our work in accordance with Practice Note 10: Audit of financial statement and regularity of public sector bodies in the United Kingdom, and Supplementary Guidance Note 01, issued by the National Audit Office in September 2021.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

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

**Matter on which we are required to report by exception**

We are required to report to you if, in our opinion, we are not satisfied that the [Council] has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2022.

We have not completed our work on the [Council]'s arrangements. On the basis of our work to date, having regard to the guidance issued by the Comptroller and Auditor General in December 2021, we have not identified any significant weaknesses in arrangements for the year ended 31 March 2022.

We will report the outcome of our work on the Council's arrangements in our commentary on those arrangements within the Auditor's Annual Report. Our audit completion certificate will set out any matters which we are required to report by exception.

**Responsibilities of the Council**

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

**Auditor's responsibilities for the review of arrangements for securing economy, efficiency and effectiveness in the use of resources**

We are required under section 20(1)(c) of the Local Audit and Accountability Act 2014 to satisfy ourselves that the Council has made 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 Council's arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively.

We have undertaken our work in accordance with the Code of Audit Practice, having regard to the guidance issued by the Comptroller and Auditor General in December 2021.

**Matters on which we are required to report by exception under the Code of Audit Practice**

We are required by the Code of Audit Practice to report to you if:

- we issue a report in the public interest under section 24 of the Local Audit and Accountability Act 2014;
- we make a recommendation under section 24 of the Local Audit and Accountability Act 2014; or
- we exercise any other special powers of the auditor under sections 28, 29 or 31 of the Local Audit and Accountability Act 2014.

We have nothing to report in these respects.

**Use of the audit report**

This report is made solely to the members of Rushcliffe Borough Council as a body, in accordance with part 5 of the Local Audit and Accountability Act 2014 and as set out in paragraph 44 of the Statement of Responsibilities of Auditors and Audited Bodies published by Public Sector Audit Appointments Limited. Our audit work has been undertaken so that we might state to the members of the Council 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 Council, 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**

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 Council's Whole of Government Accounts consolidation pack; and
- the work necessary to satisfy ourselves that the Council has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources.

David Hoose,

Key Audit Partner
For and on behalf of Mazars LLP

Park View House

58 The Ropewalk

Nottingham

NG1 5DW

03 March 2023

# STATEMENT OF ACCOUNTS

# 2021/22

# D. 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 Director (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 DIRECTOR (FINANCE AND CORPORATE SERVICES) RESPONSIBILITIES

The Director (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 Director (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 Director (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 Director (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 2022.

## CERTIFICATE

This statement of accounts is unaudited and may be subject to change prior to formal approval by the Governance Group.
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 2022 and its income and expenditure for the financial year ended 31 March 2022.

Peter Linfield
Director - Finance and Corporate Services

## FORMAL APPROVAL

The Governance Scrutiny Group at its meeting on 23 February 2023 approved the Statement of Accounts for 2021/22 including the Annual Governance Statement at Section B page XXVIII.

# E. THE FINANCIAL STATEMENTS

## COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT FOR THE YEAR 1 APRIL 2021 TO 31 MARCH 2022

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.

| 2020/21 restated | | | 20/21 restated PPA | | Note | 2021/22 | | |
|---|---|---|---|---|---|---|---|---|
| Gross Exp | Income | Net Exp | Net Exp | | | Gross Exp | Income | Net Exp |
| £'000 | £'000 | £'000 | £'000 | | | £'000 | £'000 | £'000 |
| 1,934 | (60) | 1,874 | 1,874 | Chief Executiive | | 2,033 | (56) | 1,977 |
| 3,146 | (1,699) | 1,447 | 1,447 | Development & Economic Growth | | 3,489 | (1,788) | 1,701 |
| 18,661 | (14,714) | 3,947 | 3,947 | Finance and Corporate | | 17,748 | (13,301) | 4,447 |
| 12,530 | (4,871) | 7,659 | 7,659 | Neighbourhoods | | 14,034 | (6,377) | 7,657 |
| **36,271** | **(21,344)** | **14,927** | **14,927** | **Cost of Services** | | **37,304** | **(21,522)** | **15,782** |
| | | 3,212 | (856) | Other Operating Expenditure | 5 | | | 3,995 |
| | | (920) | (920) | Financing and Investment Income and Expenditure | 6 | | | (803) |
| | | (23,010) | (23,010) | Taxation and Non-Specific Grant Income | 7 | | | (21,916) |
| | | **(5,791)** | **(9,859)** | **(Surplus)/Deficit on Provision of Services** | | | | **(2,942)** |
| | | (721) | (721) | (Surplus)/Deficit on Revaluation of Non-Current Assets | | | | (1,696) |
| | | 13,064 | 13,064 | Actuarial (Gains)/Losses on Pension Assets / Liabilities | 32 | | | (9,567) |
| | | 372 | 372 | Other Recognisable (Gains)/ Losses | | | | 0 |
| | | **12,715** | **12,715** | **Other Comprehensive Income and Expenditure** | | | | **(11,263)** |
| | | **6,924** | **2,856** | **Total Comprehensive Income and Expenditure** | | | | **(14,205)** |

## E. THE FINANCIAL STATEMENTS

## MOVEMENT IN RESERVES STATEMENT (MIRS)

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.

## E. THE FINANCIAL STATEMENTS

## MOVEMENT IN RESERVES STATEMENT (MIRS) FOR THE PERIOD 1 APRIL 2021 TO 31 MARCH 2022

| | | Total Usable Reserves | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | | General Fund Balance | Earmarked GF Reserves (Note 4) | Capital Receipts Reserve | Capital Grants Unapplied | Total Usable Reserves | Unusable Reserves (Note 19) | Total Reserves |
| | Note | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 |
| **Balance as at 1 April 2021** | | **2,604** | **22,365** | **494** | **364** | **25,827** | **4,114** | **29,941** |
| **balance as at 1 April 2021 (restated PPA)** | | **2,604** | **22,365** | **494** | **364** | **25,827** | **6,729** | **32,556** |
| <u>Movement in Reserves during 2021/22</u> | | | | | | | | |
| Surplus/(Deficit) on the provision of services | | 2,942 | | | | 2,942 | | 2,942 |
| Other Comprehensive Income and Expenditure | | | | | | | 11,263 | 11,263 |
| Other Recognisable Gains/(Losses) | | | | | | | | 0 |
| **Total Comprehensive Income and Expenditure** | | **2,942** | **0** | **0** | **0** | **2,942** | **11,263** | **14,205** |
| Adjustments between accounting basis & funding basis under regulations | (3) | (1,819) | | 331 | (204) | (1,692) | 1,692 | 0 |
| **Net Increase/(Decrease) before Transfers to Earmarked Reserves** | | **1,123** | **0** | **331** | **(204)** | **1,250** | **12,955** | **14,205** |
| Transfers to/from Earmarked Reserves | (4) | (1,210) | 1,210 | 0 | 0 | 0 | 0 | 0 |
| **Increase (Decrease) in year** | | **(87)** | **1,210** | **331** | **(204)** | **1,250** | **12,955** | **14,205** |
| **PPA reconcilling item - in year depreciation** | | **87** | | | | **87** | | **87** |
| **Balance as at 31 March 2022 c/f** | | **2,604** | **23,575** | **825** | **160** | **27,164** | **19,684** | **46,848** |

# E. THE FINANCIAL STATEMENTS

## MOVEMENT IN RESERVES STATEMENT (MIRS) FOR THE PERIOD 1 APRIL 2020 TO 31 MARCH 2021 (restated PPA)

| | | Total Usable Reserves | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | | General Fund Balance | Earmarked GF Reserves (Note 4) | Capital Receipts Reserve | Capital Grants Unapplied | Total Usable Reserves | Unusable Reserves (Note 19) | Total Reserves |
| | Note | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 |
| **Balance as at 1 April 2020** | | **2,604** | **13,473** | **3,538** | **220** | **19,835** | **17,030** | **36,865** |
| Movement in Reserves during 2020/21 | | | | | | | | |
| Surplus/(Deficit) on the provision of services | | 9,859 | | | | 9,859 | | 9,859 |
| Other Comprehensive Income and Expenditure | | | | | | | (12,343) | (12,343) |
| Other Recognisable Gains/(Losses) | | | | | | | (372) | (372) |
| **Total Comprehensive Income and Expenditure** | | **9,859** | **0** | **0** | **0** | **9,859** | **(12,715)** | **(2,856)** |
| Adjustments between accounting basis & funding basis under regulations | (3) | (2) | | (3,044) | 144 | (2,902) | 2,902 | 0 |
| **Net Increase/(Decrease) before Transfers to Earmarked Reserves** | | **9,857** | **0** | **(3,044)** | **144** | **6,957** | **(9,813)** | **(2,856)** |
| Transfers to/from Earmarked Reserves | (4) | (8,892) | 8,892 | 0 | 0 | 0 | 0 | 0 |
| **Increase (Decrease) in year** | | **965** | **8,892** | **(3,044)** | **144** | **6,957** | **(9,813)** | **(2,856)** |
| **Reconciling line for CIES** | | **(965)** | | | | **(965)** | **(488)** | **(1,453)** |
| **Balance as at 31 March 2021 c/f** | | **2,604** | **22,365** | **494** | **364** | **25,827** | **6,729** | **32,556** |

## MOVEMENT IN RESERVES STATEMENT (MIRS) FOR THE PERIOD 1 APRIL 2020 TO 31 MARCH 2021

| | | Total Usable Reserves | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | | General Fund Balance | Earmarked GF Reserves (Note 4) | Capital Receipts Reserve | Capital Grants Unapplied | Total Usable Reserves | Unusable Reserves (Note 19) | Total Reserves |
| | Note | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 |
| **Balance as at 1 April 2020** | | **2,604** | **13,473** | **3,538** | **220** | **19,835** | **17,030** | **36,865** |
| Movement in Reserves during 2020/21 | | | | | | | | |
| Surplus/(Deficit) on the provision of services | | 5,791 | | | | 5,791 | | 5,791 |
| Other Comprehensive Income and Expenditure | | | | | | | (12,343) | (12,343) |
| Other Recognisable Gains/(Losses) | | | | | | | (372) | (372) |
| **Total Comprehensive Income and Expenditure** | | **5,791** | **0** | **0** | **0** | **5,791** | **(12,715)** | **(6,924)** |
| Adjustments between accounting basis & funding basis under regulations | (3) | 3,101 | | (3,044) | 144 | 201 | (201) | 0 |
| **Net Increase/(Decrease) before Transfers to Earmarked Reserves** | | **8,892** | **0** | **(3,044)** | **144** | **5,992** | **(12,916)** | **(6,924)** |
| Transfers to/from Earmarked Reserves | (4) | (8,892) | 8,892 | 0 | 0 | 0 | 0 | 0 |
| **Increase (Decrease) in year** | | **0** | **8,892** | **(3,044)** | **144** | **5,992** | **(12,916)** | **(6,924)** |
| **Balance as at 31 March 2021 c/f** | | **2,604** | **22,365** | **494** | **364** | **25,827** | **4,114** | **29,941** |

## E. THE FINANCIAL STATEMENTS

### BALANCE SHEET AS AT 31 MARCH 2022

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 2021<br>£'000 | 31/03/2021 (restated PPA)<br>£'000 | | Note | 31 Mar 2022<br>£'000 |
|---|---|---|---|---|
| 45,725 | 44,272 | Property, Plant and Equipment | 8 | 56,584 |
| 88 | 88 | Heritage Assets | | 114 |
| 29,127 | 29,127 | Investment Property | 9 | 30,753 |
| 126 | 126 | Intangible Assets | 10 | 127 |
| 13,050 | 13,050 | Long Term Investments | 12 | 15,222 |
| 2,570 | 2,570 | Long Term Debtors | 12,13 | 2,240 |
| **90,686** | **89,233** | **Long Term Assets** | | **105,040** |
| 15,000 | 15,000 | Short Term Investments | | 13,000 |
| 4,586 | 4,586 | Assets Held for Sale | 11 | 0 |
| 0 | 0 | Inventories | | 0 |
| 7,789 | 11,857 | Short Term Debtors | 13 | 8,144 |
| 19,401 | 19,401 | Cash and Cash Equivalents | 15 | 39,872 |
| **46,776** | **50,844** | **Current Assets** | | **61,016** |
| 0 | 0 | Short Term Borrowing | 12 | 0 |
| (17,402) | (17,402) | Short Term Creditors | 16 | (23,829) |
| 0 | 0 | Short Term Provisions | 17 | 0 |
| **(17,402)** | **(17,402)** | **Current Liabilities** | | **(23,829)** |
| (4,555) | (4,555) | Long Term Provisions | 17 | (2,927) |
| (22,340) | (22,340) | Capital Grant Receipts in Advance | 12,27 | (35,395) |
| (63,224) | (63,224) | Pension Liabilities | 32 | (57,057) |
| **(90,119)** | **(90,119)** | **Long Term Liabilities** | | **(95,379)** |
| **29,941** | **32,556** | **Net Assets** | | **46,848** |
| 494 | 494 | Usable Capital Receipts Reserve | MIRS | 825 |
| 2,604 | 2,604 | General Fund Balance | MIRS | 2,604 |
| 22,365 | 22,365 | Earmarked Reserves | 4 | 23,575 |
| 364 | 364 | Capital Grants Unapplied | MIRS | 160 |
| **25,827** | **25,827** | **Usable Reserves** | MIRS | **27,164** |
| **4,114** | **6,729** | **Unusable Reserves** | 19 | **19,684** |
| **29,941** | **32,556** | **Total Reserves** | | **46,848** |

## E. THE FINANCIAL STATEMENTS

## CASH FLOW STATEMENT AS AT 31 MARCH 2022 (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 2021 £'000 | 31/03/2021 (restated PPA) £'000 | | Note | 31 Mar 2022 £'000 |
|---|---|---|---|---|
| (5,791) | (9,859) | Net (surplus) or deficit on the provision of services | | (2,942) |
| (15,244) | (15,244) | Adjustments to net surplus or deficit on the provision of services for non - cash movements | | (15,113) |
| 4,545 | 8,613 | Adjustments for items included in the net surplus or deficit on the provision of services that are investing and financing activities | | 5,013 |
| **(16,490)** | **(16,490)** | **Net cash flow from Operating Activities** | 20 | **(13,042)** |
| (3,383) | (3,383) | Investing Activities | 21 | (7,012) |
| 5,634 | 5,634 | Financing Activities | 22 | (417) |
| **(14,239)** | **(14,239)** | **Net (increase) or decrease in cash and cash equivalents** | | **(20,471)** |
| (5,162) | (5,162) | Cash and cash equivalents as at 1 April | 15 | (19,401) |
| **(19,401)** | **(19,401)** | **Cash and cash equivalents as at 31 March** | 15 | **(39,872)** |

## E. THE FINANCIAL STATEMENTS

## EXPENDITURE AND FUNDING ANALYSIS AND NOTES FOR THE YEAR 1 APRIL 2021 TO 31 MARCH 2022

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.

| 2020/21 | | | 2020/21 (restated PPA) | | | | 2021/22 | | |
|---|---|---|---|---|---|---|---|---|---|
| Net Expenditure Chargeable to the General Fund £'000 | Adjustments between the Funding and Accounting Basis (Note 3) £'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 3) £'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 3) £'000 | Net Expenditure in the Comprehensive Income and Expenditure Statement £'000 |
| 1,857 | 17 | 1,874 | 1,857 | 17 | 1,874 | Chief Executive | 1,808 | 169 | 1,977 |
| 3,709 | 238 | 3,947 | 3,709 | 238 | 3,947 | Finance and Corporate | 3,852 | 595 | 4,447 |
| 6,333 | 1,326 | 7,659 | 6,333 | 1,326 | 7,659 | Neighbourhoods | 5,587 | 2,070 | 7,657 |
| 1,090 | 357 | 1,447 | 1,090 | 357 | 1,447 | Development & Economic Growth | 1,371 | 330 | 1,701 |
| **12,989** | **1,938** | **14,927** | **12,989** | **1,938** | **14,927** | **Net Cost of Services** | **12,618** | **3,164** | **15,782** |
| (21,881) | 1,163 | (20,718) | (21,881) | (2,905) | (24,786) | Other Income and Expenditure | (13,828) | (4,896) | (18,724) |
| **(8,892)** | **3,101** | **(5,791)** | **(8,892)** | **(967)** | **(9,859)** | **(Surplus) or Deficit** | **(1,210)** | **(1,732)** | **(2,942)** |
| 2,604 | | | 2,604 | | | Opening General Fund Balance | 2,604 | | |
| 8,892 | | | 8,892 | | | Surplus/(Deficit) on General Fund in Year | 1,210 | | |
| **(8,892)** | | | **(8,892)** | | | Transfer (to)/from Earmarked Reserves | **(1,210)** | | |
| **2,604** | | | **2,604** | | | **Closing General Fund Balance at 31 March** | **2,604** | | |

## F. NOTES TO THE ACCOUNTS – PPA

### Prior Period Adjustment 1

Following identification of a deferred capital receipt during the audit of the 2021/22 accounts the Council has restated the financial statements for 2020/21. The deferred capital receipt relates to land that was disposed of during 2020/21 with 50% of the receipt received and recognised in 2020/21 and a further 50% due in 2021/22. The correct treatment would have been to recognise 100% of the receipt in 2020/21 and transfer 50% to an unusable reserve (deferred capital receipts) to be transferred to usable capital receipts upon receipt of the funds in 2021/22.

Shown below is a summary of the restatements made across the various statements for 2020/21.

Corresponding financial statements and notes for Group Accounts have also been restated to incorporate these changes.

### Comprehensive Income and Expenditure Statement

| CIES | 20/21 | Adjustment | 20/21 Restated |
|---|---|---|---|
| **Other Operating Expenditure** | 3,212 | (4,068) | (856) |
| **(Surplus)/Deficit on Provision of Services** | (5,791) | (4,068) | (9,859) |
| **Total Comprehensive Income and Expenditure** | 6,924 | (4,068) | 2,856 |

### Balance Sheet

| BALANCE SHEET | 20/21 | Adjustment | 20/21 Restated |
|---|---|---|---|
| **Short Term Debtors** | 7,789 | 4,068 | 11,857 |
| **Unusable Reserves** | 4,114 | 4,068 | 8,182 |
| **Total Reserves** | 29,941 | 4,068 | 34,009 |

### MIRS

| MIRS - Total Reserves | 20/21 | Adjustment | Adjustment | 20/21 Restated |
|---|---|---|---|---|
| **Balance as at 1 April** | 36,865 | 0 | 0 | 36,865 |
| **Net surplus/def on provision of services** | 5,791 | 4,068 | | 9,859 |
| **Other Comprehensive Income and Expenditure** | (12,343) | 0 | | (12,343) |
| **Total Comprehensive Income and Expenditure** | (6,924) | 4,068 | | (2,856) |
| **Adjustments between accounting basis & funding basis under regulations *** | 0 | 4,068 | (4,068) | 0 |
| **Net Increase/(Decrease) before Transfers to Earmarked Reserves** | (6,924) | 4,068 | | (2,856) |
| **Increase (Decrease) in year** | (6,924) | 4,068 | | (2,856) |
| **Balance as at 31 March c/f** | 29,941 | 4,068 | | 34,009 |
| *** movement between usable and unusable reserves** | | | | |

### Cash flow

| Cash Flow | 20/21 | Adjustment | 20/21 Restated |
|---|---|---|---|
| **Net (surplus) or deficit on the provision of services** | (5,791) | (4068) | (9,859) |
| **Adjustments for items included in the net surplus or deficit on the provision of services that are investing and financing activities** | 4,545 | 4,068 | 8,613 |

## EFA

| EFA | 20/21 | Adjustment | 20/21 Restated |
|---|---|---|---|
| Other Income and Expenditure | (20,718) | (4,068) | (24,786) |
| Adjustments for items included in the net surplus or deficit on the provision of services that are investing and financing activities | (5,791) | (4,068) | (9,859) |

## Note 2 Income and Expenditure analysed by nature

| | 20/21 | Adjustment | 20/21 Restated |
|---|---|---|---|
| Gain/Loss on disposal of asset | (3,988) | (4,068) | (8,056) |
| (Surplus)/Deficit on Provision of Services | (5,791) | (4,068) | (9,859) |

## Note 3 Adjustments between the accounting basis and the funding basis

| Adjustments Primarily involving the Capital Receipts Reserve | 20/21 | Adjustment | 20/21 Restated |
|---|---|---|---|
| Transfer of cash sale proceeds credited as part of gains/loss on disposal to the CIES (General Fund Balance) | 4,285 | 4,068 | 8,353 |
| Transfer of cash sale proceeds credited as part of gains/loss on disposal to the CIES (Capital Receipts reserve) | (4,551) | (4,068) | (8,619) |
| Transfer of Deferred sale proceeds credited as part of the gain/loss on disposal to the CIES (Capital Receipts Reserve) | 0 | 4,068 | 4,068 |
| Total Adjustments (General Fund Balance) | (3,101) | 4,068 | 967 |

**Note 5 Other operating expenditure (gain/loss on disposal NCA)**

| | 20/21 | Adjustment | 20/21 Restated |
|---|---|---|---|
| (Gain) or Loss on the disposal of non-current assets | (3,988) | (4,068) | (8,056) |
| Total | 3,212 | (4,068) | (856) |

**Note 12 – Financial Instruments**

| Debtors | 20/21 | Adjustment | 20/21 Restated |
|---|---|---|---|
| Loans and Receivables | 3,769 | 4,068 | 7,837 |
| Total Debtors | 3,769 | 4,068 | 7,837 |

**Note 13 Debtors**

| | 20/21 | Adjustment | 20/21 Restated |
|---|---|---|---|
| Other | 6,571 | 4,068 | 10,639 |
| Total Debtors | 7,789 | 4,068 | 11,857 |

**Note 19 Unusable Reserves – deferred capital receipts**

| Unusable Reserves | 20/21 | Adjustment | 20/21 Restated |
|---|---|---|---|
| Deferred Capital Receipts | 15 | 4,068 | 4,083 |
| Total | 4,114 | 4,068 | 8,182 |
| | | | |
| | 20/21 | Adjustment | 20/21 Restated |
| Transfer to the CIES deferred sale proceeds | 0 | 4,068 | 4,068 |
| Balance at 31 March | 15 | 4,068 | 4,083 |

**Note 20 Cashflow Statement**

| | 20/21 | Adjustment | 20/21 Restated |
|---|---|---|---|
| **Net (Surplus) or Deficit on the Provision of Services** | (5,791) | (4,068) | (9,859) |
| **Proceeds from sale of property, plant and equipment, investment property and intangible assets** | 4,285 | 4,068 | 8,353 |
| **Net surplus/(deficit) on provision of services for Investing & Financing activities** | 4,545 | 4,068 | 8,613 |

**Prior Period Adjustment 2**

Following an urgent consultation held by CIPFA in response to a national issue with infrastructure assets reporting it was recommended by the Council's auditors, Mazars, that car park resurfacing costs should be recategorised from infrastructure assets to operational land and buildings (where the car park land is held) and as such the existing undepreciated cost of the surfaces should be alienated from the balance sheet. The Council have restated the closing balances of the 2020/21 accounts to reflect this.

Shown below is a summary of the restatements made across the various statements for 2020/21.

Corresponding financial statements and notes for Group Accounts have also been restated where necessary to incorporate these changes.

**MIRS**

| MIRS Unusable reserves | 20/21 | Adjustment | 20/21 Restated |
|---|---|---|---|
| General Fund Balance - Adjustments between accounting basis & funding basis under regulations | **(967)** | **965** | **(2)** |
| Total Usable Reserves - adjustments between accounting basis & funding basis under regulations | **3,867** | **(965)** | **2,902** |
| General Fund/Total Usable Reserves - PPA reconciling Item - Revaluation charged to CIES | 0 | (965) | (965) |
| Unusable Reserves - PPA reconciling item - charged to Revaluation Reserve | **0** | **(488)** | **(488)** |
| Total Reserves - PPA reconciling Item | 0 | (1,453) | (1,453) |
| Balance as at March 2021 - Unusable Reserves | 8,182 | (1,453) | 6,729 |
| Balance as at March 2021 - Total Reserves | 34,009 | (1,453) | 32,556 |

### Balance Sheet

| Balance Sheet | 20/21 | Adjustment | 20/21 Restated |
|---|---|---|---|
| PPE | 45,725 | (1,453) | 44,272 |
| Long Term Assets | 90,686 | (1,453) | 89,233 |
| Total Net Assets | 34,009 | (1,453) | 32,556 |
| Unusable Reserves | 8,182 | (1,453) | 6,729 |
| Total Reserves | 34,009 | (1,453) | 32,556 |

### Note 3 Adjustments between the accounting basis and the funding basis

| Note 3 - adjustments between accounting basis and funding basis | 20/21 | Adjustment | 20/21 Restated |
|---|---|---|---|
| Revaluation loss on property plant and equipment | (271) | (965) | (1,236) |
| Total adjustment | (3,867) | 965 | (2,902) |

### Note 8 Property, Plant and Equipment

| Note 8 Infrastructure - movements on balances 2020/21 | 20/21 | Adjustment | 20/21 Restated |
|---|---|---|---|
| Revaluation (+/-) recognised in Revaluation Reserve | 0 | (1,353) | (1,353) |
| Revaluation (+/-) recognised in the Surplus/deficit on provision of services | 0 | (965) | (965) |
| As at 31.3.21 | 5,890 | (2,318) | 3,572 |
| Depreciation written out to the revaluation reserve | 0 | 865 | 865 |
| As at 31 March 2021 | (1,651) | 865 | (786) |
| NBV 31.3.21 | 4,239 | (1,453) | 2,786 |

### Note 8 Historical Cost

| Note 8 Historical (Infrastructure) | 20/21 | Adjustment | 20/21 Restated |
|---|---|---|---|
| Total | 7,168 | (2,318) | 4,850 |

### Note 19 Unusable Reserves

| Note 19 | 20/21 | Adjustment | 20/21 Restated |
|---|---|---|---|
| Revaluation Reserve | 17,755 | (488) | 17,267 |
| Capital Adjustment Account | 58,294 | (965) | 57,329 |
| Unusable Reserves | 8,182 | (1,453) | 6,729 |

## Note 19 Unusable Reserves

| Note 19 Revaluation Reserve | 20/21 | Adjustment | 20/21 Restated |
|---|---|---|---|
| Downward revaluation of assets and impairment losses not charged to the surplus/deficit on the provision of services | (1,490) | (488) | (1,978) |
| Surplus or deficit on revaluation of non-current assets not posted to the surplus/deficit on the provision of services | 17,941 | (488) | 17,453 |
| Balance at 31 March 2021 | 17,755 | (488) | 17,267 |

| Note 19 Capital Adjustment Account | 20/21 | Adjustment | 20/21 Restated |
|---|---|---|---|
| Revaluation losses on property plant and equipment | (271) | (965) | (1,236) |
| Net written out amount of the cost of non-current assets consumed in the year | (2,927) | (965) | (3,892) |
| Balance at 31 March 2021 | 58,294 | (965) | 57,329 |

# G. NOTES TO THE ACCOUNTS

## 1. NOTES TO THE EXPENDITURE AND FUNDING ANALYSIS

| 2021/22 Adjustments between Funding & Accounting Basis | | | | |
|---|---|---|---|---|
| **Adjustments from General Fund to arrive at the Comprehensive Income & Expenditure Statement amounts** | **Adjustments for Capital Purposes (Note 1a)** | **Net change for the Pensions Adjustments (Note 1b)** | **Other Differences (Note 1c)** | **Total Adjustments** |
| Chief Executive | 0 | 169 | 0 | 169 |
| Finance & Corporate Services | 217 | 378 | 0 | 595 |
| Neighbourhoods | 1,599 | 471 | 0 | 2,070 |
| Development & Economic Growth | 119 | 211 | 0 | 330 |
| **Net Cost of Service** | **1,935** | **1,229** | **0** | **3,164** |
| Other income & expenditure from the Expenditure & Funding Analysis | (5,299) | 1,253 | (850) | (4,896) |
| **General Fund surplus or deficit and Comprehensive Income & Expenditure Statement Surplus or Deficit on on the Provision of Services** | **(3,364)** | **2,482** | **(850)** | **(1,732)** |

### Note 1a 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 1b 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 1c 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.

Financing and investment income and expenditure – statutory reversal of fair value gains and losses on diversified/pooled investments

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.

## 2. INCOME AND EXPENDITURE ANALYSED BY NATURE

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

| 2020/21 £'000 | 2020/21 (restated PPA) £'000 | | 2021/22 £'000 |
|---|---|---|---|
| | | ***Expenditure*** | |
| 9,048 | 9,048 | Employee Benefit Expenses | 10,604 |
| 30,461 | 30,461 | Other Services Expenses | 26,946 |
| 1,899 | 1,899 | Depreciation, amortisation, impairment | 1,701 |
| 1,119 | 1,119 | Interest Payments (Pensions) | 1,253 |
| 2,270 | 2,270 | Precepts and Levies | 2,320 |
| 1,269 | 1,269 | Loss recognised from changes in the fair value of properties | 307 |
| **46,066** | **46,066** | **Total Expenditure** | **43,131** |
| | | ***Income*** | |
| (7,089) | (7,089) | Fees, Charges and Other Service Income | (6,736) |
| (32,320) | (32,320) | Government Grants and Contributions | (27,021) |
| (6,627) | (6,627) | Income from Council Tax, NDR | (9,881) |
| (3,988) | (8,056) | Gain on the Disposal of Assets | 103 |
| (1,833) | (1,833) | Interest and Investment Income | (2,538) |
| **(51,857)** | **(55,925)** | **Total Income** | **(46,073)** |
| **(5,791)** | **(9,859)** | **(Surplus)/Deficit on Provision of Services** | **(2,942)** |

## 3. 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.

# Restated PPA

## Note 3. Adjustments between accounting basis and funding basis under regulations.

| 2020-21 | | | | | 2021-22 | | | |
|---|---|---|---|---|---|---|---|---|
| Usable Reserves | | | | | Usable Reserves | | | |
| General Fund Balance £'000 | Capital Receipts Reserve £'000 | Capital Grants Unapplied £'000 | Movements in Unusable Reserves £'000 | | General Fund Balance £'000 | Capital Receipts Reserve £'000 | Capital Grants Unapplied £'000 | Movements in Unusable Reserves £'000 |
| **Adjustments primarily involving the Capital Adjustment Account:** | | | | | | | | |
| | | | | **Reversal of items debited or credited to the CIES:** | | | | |
| (1,546) | 0 | 0 | 1,546 | Charges for depreciation and impairment of non-current assets | (1,557) | 0 | 0 | 1,557 |
| (1,236) | 0 | 0 | 1,236 | Revaluation losses on Property Plant and Equipment | 4 | 0 | 0 | (4) |
| (1,269) | 0 | 0 | 1,269 | Movements in the market value of Investment Properties | (307) | 0 | 0 | 307 |
| (83) | 0 | 0 | 83 | Amortisation of intangible assets | (61) | 0 | 0 | 61 |
| 1,441 | 0 | 0 | (1,441) | Capital grants and contributions applied | 5,543 | 0 | 0 | (5,543) |
| 0 | 0 | 0 | 0 | Income in relation of Donated Assets | 0 | 0 | 0 | 0 |
| (648) | 0 | 0 | 648 | Revenue expenditure funded from capital under statute (net of Grants and Contributions) | (1,541) | 0 | 0 | 1,541 |
| (299) | 0 | 0 | 299 | Amounts of Non Current Assets written off on disposal or sale as part of the gain/loss on disposal to the CI&ES | (5,133) | 0 | 0 | 5,133 |
| | | | | **Insertion of items not debited or credited to the CIES:** | | | | |
| 1,000 | 0 | 0 | (1,000) | Statutory provision for the financing of capital investment | 1,074 | 0 | 0 | (1,074) |
| 149 | 0 | 0 | (149) | Capital expenditure charged against the General Fund | 242 | 0 | 0 | (242) |
| **Adjustments primarily involving the Capital Grants Unapplied Account:** | | | | | | | | |
| 260 | 0 | (260) | 0 | Capital grants and contributions unapplied credited to the CI&ES | 0 | 0 | 0 | 0 |
| 0 | 0 | 116 | (116) | Application of grants to capital financing transferred to the CAA | 0 | 0 | 204 | (204) |
| **Adjustments primarily involving the Capital Receipts Reserve:** | | | | | | | | |
| 8,353 | (8,619) | 0 | 266 | Transfer of cash sale proceeds credited as part of gain/loss on disposal to the CIES | 5,014 | (5,246) | 0 | 232 |
| 0 | 7,600 | 0 | (7,600) | Capital Receipts applied | 0 | 7,788 | 0 | (7,788) |
| | 4,068 | | (4,068) | Transfer of deferred sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement | 0 | 1,200 | 0 | (1,200) |
| 0 | (5) | 0 | 5 | Transfer (from)/to the Deferred Capital Receipts Reserve upon receipt of cash | 0 | (4,073) | 0 | 4,073 |
| **Adjustments primarily involving the Financial Instruments Adjustment Account:** | | | | | | | | |
| 0 | 0 | 0 | 0 | Amount by which finance costs charged to the CI&ES are different from statutory requirements | 0 | 0 | 0 | 0 |
| **Adjustments primarily involving the Pensions Reserve:** | | | | | | | | |
| (3,430) | 0 | 0 | 3,430 | Reversal of items relating to retirement benefits debited or credited to the CI&ES | (4,772) | 0 | 0 | 4,772 |
| 2,182 | 0 | 0 | (2,182) | Employer's pensions contributions and direct payments to pensioners payable in the year | 2,290 | 0 | 0 | (2,290) |
| **Adjustments primarily involving the Collection Fund Adjustment Account:** | | | | | | | | |
| (6,015) | 0 | 0 | 6,015 | Amount by which council tax & business rate income credited to the CI&ES is different from statutory requirements | 851 | 0 | 0 | (851) |
| **Adjustments primarily involving the Accumulated Absences Account:** | | | | | | | | |
| 0 | 0 | 0 | 0 | Amount by which officer remuneration charged to the CI&ES on an accruals basis is different from statutory requirements | 0 | 0 | 0 | 0 |
| **Adjustments primarily involving the Pooled Fund Investment Account:** | | | | | | | | |
| 1,143 | 0 | 0 | (1,143) | Downward revaluation of value of investments not charged to the Surplus/Deficit on the Provision of Services | 173 | 0 | 0 | (173) |
| **2** | **3,044** | **(144)** | **(2,902)** | **Total Adjustments** | **1,819** | **(331)** | **204** | **(1,692)** |

## Note 3. Adjustments between accounting basis and funding basis under regulations.

| 2020-21 | | | | | 2021-22 | | | |
|---|---|---|---|---|---|---|---|---|
| Usable Reserves | | | | | Usable Reserves | | | |
| General Fund Balance £'000 | Capital Receipts Reserve £'000 | Capital Grants Unapplied £'000 | Movements in Unusable Reserves £'000 | | General Fund Balance £'000 | Capital Receipts Reserve £'000 | Capital Grants Unapplied £'000 | Movements in Unusable Reserves £'000 |
| **Adjustments primarily involving the Capital Adjustment Account:** | | | | | | | | |
| | | | | **Reversal of items debited or credited to the CIES:** | | | | |
| (1,546) | 0 | 0 | 1,546 | Charges for depreciation and impairment of non-current assets | (1,557) | 0 | 0 | 1,557 |
| (271) | 0 | 0 | 271 | Revaluation losses on Property Plant and Equipment | 4 | 0 | 0 | (4) |
| 0 | 0 | 0 | 0 | Revaluation losses on Heritage Assets | 0 | 0 | 0 | 0 |
| (1,269) | 0 | 0 | 1,269 | Movements in the market value of Investment Properties | (307) | 0 | 0 | 307 |
| (83) | 0 | 0 | 83 | Amortisation of intangible assets | (61) | 0 | 0 | 61 |
| 1,441 | 0 | 0 | (1,441) | Capital grants and contributions applied | 5,543 | 0 | 0 | (5,543) |
| 0 | 0 | 0 | 0 | Income in relation of Donated Assets | 0 | 0 | 0 | 0 |
| (648) | 0 | 0 | 648 | Revenue expenditure funded from capital under statute (net of Grants and | (1,541) | 0 | 0 | 1,541 |
| (299) | 0 | 0 | 299 | Amounts of Non Current Assets written off on disposal or sale as part of the gain/loss | (5,133) | 0 | 0 | 5,133 |
| | | | | **Insertion of items not debited or credited to the CIES:** | | | | |
| 1,000 | 0 | 0 | (1,000) | Statutory provision for the financing of capital investment | 1,074 | 0 | 0 | (1,074) |
| 149 | 0 | 0 | (149) | Capital expenditure charged against the General Fund | 242 | 0 | 0 | (242) |
| **Adjustments primarily involving the Capital Grants Unapplied Account:** | | | | | | | | |
| 260 | 0 | (260) | 0 | Capital grants and contributions unapplied credited to the CI&ES | 0 | 0 | 0 | 0 |
| 0 | 0 | 116 | (116) | Application of grants to capital financing transferred to the CAA | 0 | 0 | 204 | (204) |
| **Adjustments primarily involving the Capital Receipts Reserve:** | | | | | | | | |
| 4,285 | (4,551) | 0 | 266 | Transfer of cash sale proceeds credited as part of gain/loss on disposal to the CIES | 5,014 | (5,246) | 0 | 232 |
| 0 | 7,600 | 0 | (7,600) | Capital Receipts applied | 0 | 7,788 | 0 | (7,788) |
| | | | | | | | | 0 |
| | | | | Transfer of deferred sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and | 0 | 1,200 | 0 | (1,200) |
| 0 | (5) | 0 | 5 | Transfer (from)/to the Deferred Capital Receipts Reserve upon receipt of cash | 0 | (4,073) | 0 | 4,073 |
| **Adjustments primarily involving the Financial Instruments Adjustment Account:** | | | | | | | | |
| 0 | 0 | 0 | 0 | Amount by which finance costs charged to the CI&ES are different from statutory | 0 | 0 | 0 | 0 |
| **Adjustments primarily involving the Pensions Reserve:** | | | | | | | | |
| (3,430) | 0 | 0 | 3,430 | Reversal of items relating to retirement benefits debited or credited to the CI&ES | (4,772) | 0 | 0 | 4,772 |
| 2,182 | 0 | 0 | (2,182) | Employer's pensions contributions and direct payments to pensioners payable in | 2,290 | 0 | 0 | (2,290) |
| **Adjustments primarily involving the Collection Fund Adjustment Account:** | | | | | | | | |
| (6,015) | 0 | 0 | 6,015 | Amount by which council tax & business rate income credited to the CI&ES is | 851 | 0 | 0 | (851) |
| **Adjustments primarily involving the Accumulated Absences Account:** | | | | | | | | |
| 0 | 0 | 0 | 0 | Amount by which officer remuneration charged to the CI&ES on an accruals basis | 0 | 0 | 0 | 0 |
| **Adjustments primarily involving the Pooled Fund Investment Account:** | | | | | | | | |
| 1,143 | 0 | 0 | (1,143) | Downward revaluation of value of investments not charged to the | 173 | 0 | 0 | (173) |
| **(3,101)** | **3,044** | **(144)** | **201** | **Total Adjustments** | **1,819** | **(331)** | **204** | **(1,692)** |

## 4. 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 2021 £'000 | Additions in Year £'000 | Used in Year £'000 | Balance at 31 March 2022 £'000 |
|---|---|---|---|---|
| **Investment Reserves** | | | | |
| Regeneration and Community Projects | 1,887 | 188 | (178) | 1,897 |
| Investment Properties | 212 | 271 | (57) | 426 |
| New Homes Bonus | 8,420 | 1,633 | (1,074) | 8,979 |
| | | | | |
| **Corporate Reserves** | | | | |
| Organisation Stabilisation Reserve | 3,786 | 1,871 | (1,663) | 3,994 |
| Climate Change | 800 | 0 | 0 | 800 |
| Collection Fund Reserve | 5,990 | 3,179 | (4,024) | 5,145 |
| Development Corporation | 400 | 0 | (70) | 330 |
| Risk and Insurance | 100 | 0 | 0 | 100 |
| Planning Appeals | 349 | 0 | 0 | 349 |
| Elections | 101 | 50 | 0 | 151 |
| | | | | |
| **Operating Reserves** | | | | |
| Planning | 209 | 169 | (78) | 300 |
| Leisure Centre Maintenance | 111 | 0 | (7) | 104 |
| Vehicle Replacement Reserve | 0 | 1,000 | 0 | 1,000 |
| **Total** | **22,365** | **8,361** | **(7,151)** | **23,575** |

### INVESTMENT RESERVES

**Regeneration and Community Projects** – to provide funding to support capital improvement projects across the Borough including some special expense schemes.

**Investment Properties** – to fund improvements

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

**Invest to Save** – Originally to fund projects that generate future savings. The balance was transferred to the Organisation Stabilisation Reserve as part of reserves rationalisation.

### CORPORATE RESERVES

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

**Climate Change Reserve –** To support projects that contribute to the Council's ambitions to protect and enhance the environment

**Collection Fund Reserve** – To smooth effects of surplus/deficits as a result of timing differences

**Development Corporation –** To support the work to establish a Development Corporation and Freeport

**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 support any emerging enhancement requirements which are over and above in-year maintenance provision

**Vehicle Replacement Reserve –** to support the replacement of the Council's vehicle fleet to ensure services remain efficient and to support costs of replacement with potential new technology.

## 5. OTHER OPERATING EXPENDITURE

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

| 2020/21 £'000 | 2020/21 (restated PPA) £'000 | | 2021/22 £'000 |
|---|---|---|---|
| 2,270 | 2,270 | Parish Council Precepts | 2,320 |
| 283 | 283 | Internal Drainage Board Levies | 302 |
| 4,647 | 4,647 | Expenditure on Covid Grants* | 1,270 |
| (3,988) | (8,056) | (Gain) or Loss on the disposal of non-current assets** | 103 |
| **3,212** | **(856)** | **TOTAL** | **3,995** |

*Expenditure on Covid grants relates to grants made in respect of Covid Delivery and Additional Restrictions Grants (ARG). These are funded by additional grant receipts included in Note 7 (Taxation and Non- Specific Grants) and in Note 27 (Grant Income).

** Receipts in 2020/21 relate to proceeds for an overage agreement for sale of land at Sharphill. £4m was received in 2020/21 and £4m was recognised as deferred capital receipt.

## 6. 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:

| 2020/21 £000 | | 2021/22 £000 |
|---|---|---|
| 9 | Interest payable and similar charges | 15 |
| 1,119 | Pensions interest cost and expected return on pension assets | 1,253 |
| (1,143) | Movement in the fair value of property/diversified incom | (173) |
| (690) | Interest receivable and similar income | (677) |
| (215) | Income and Expenditure in relation to Investment Properties and changes in their fair value | (1,221) |
| **(920)** | **Total** | **(803)** |

## 7. TAXATION AND NON-SPECIFIC GRANT INCOME AND EXPENDITURE

The composition of the Taxation and Non-Specific Grant Income line in the Comprehensive Income and Expenditure Statement is detailed below. In 2021/22 additional reliefs were awarded to retail, hospitality and nursery sector and more recently Covid Additional Relief Fund (CARF) due to Covid 19. This has resulted in a significant deficit in the collection fund however these additional reliefs were compensated for by way of S31 Grants paid by Government which will be appropriated to the Collection Fund Reserve to be released in later years (see note 4)

Non-Ringfenced grants line shows an additional £1.9m for Covid Grants. This is partially offset by expenditure on Covid Grants shown in Note 5 (£1.27m). The detailed breakdown of the Covid Grants are shown in Note 27.

| 2020/21 £'000 | | 2021/22 £'000 |
|---:|---|---:|
| (9,261) | Council Tax income | (9,514) |
| | Business Rates income | |
| (3,136) | - NDR Income | (3,550) |
| 5,769 | - Collection Fund Deficit | 3,183 |
| (5,719) | - S31 Grants for NDR | (3,758) |
| (962) | Capital grants and contributions (Note 27) | (4,305) |
| (2,311) | New Homes Bonus | (1,633) |
| | Non-ring-fenced government grants (Note 27) | |
| (7,206) | - Covid 19 Grants | (1,874) |
| (184) | - Other Non Specific Grant | (465) |
| **(23,010)** | **TOTAL** | **(21,916)** |

## 8. PROPERTY, PLANT AND EQUIPMENT

### Movements on Balances 2021/22

| | Other Land & Buildings | Vehicles, Plant, Furniture & Equipment | Infrastructure Assets | Community Assets | Surplus Assets | Assets Under Construction | TOTAL |
|---|---|---|---|---|---|---|---|
| **Cost or Valuation** | | | | | | | |
| **At 1 April 2021** | **33,731** | **7,220** | **3,572** | **329** | **30** | **5,115** | **49,997** |
| Additions/Asset Merge | 352 | 1,055 | 1,321 | | | 11,842 | 14,570 |
| Transfers | | | 117 | | | (1,972) | (1,855) |
| Revaluation (+/-) recognised in the Revaluation Reserve | 1,072 | | | | | | 1,072 |
| Revaluation (+/-) recognised in the Surplus/Deficit on Provision of Services | 3 | | | | | | 3 |
| Derecognition - Disposals | (372) | (654) | (160) | | (30) | | (1,216) |
| **At 31 March 2022** | **34,786** | **7,621** | **4,850** | **329** | **0** | **14,985** | **62,571** |
| **Accumulated Depreciation or Impairment** | | | | | | | |
| **At 1 April 2021** | (63) | (4,846) | (786) | | (30) | | **(5,725)** |
| Depreciation charge | (743) | (664) | (147) | | | | (1,554) |
| Depreciation transfer | | | | | | | 0 |
| Depreciation written out to the Revaluation Reserve | 624 | | | | | | 624 |
| Depreciation written out to the Surplus/Deficit on Provision of Services | | | | | | | 0 |
| Derecognition - Disposals | | 611 | 27 | | 30 | | 668 |
| **At 31 March 2022** | **(182)** | **(4,899)** | **(906)** | **0** | **0** | **0** | **(5,987)** |
| **Net Book Value at 31 March 2022** | **34,604** | **2,722** | **3,944** | **329** | **0** | **14,985** | **56,584** |
| **Net Book Value at 31 March 2021** | **33,668** | **2,374** | **2,786** | **329** | **0** | **5,115** | **44,272** |

## Movements on Balances 2020/21 PPA

| | Other Land & Buildings | Vehicles, Plant, Furniture & Equipment | Infrastructure Assets | Community Assets | Surplus Assets | Assets Under Construction | TOTAL |
|---|---|---|---|---|---|---|---|
| **Cost or Valuation** | | | | | | | |
| **At 1 April 2020** | **33,977** | **7,308** | **5,709** | **329** | **4,585** | **2,326** | **54,234** |
| Additions/Asset Merge | 389 | 457 | 179 | | | 2,801 | 3,826 |
| Transfers | | (166) | 2 | | (4,555) | (12) | (4,731) |
| Revaluation (+/-) recognised in the Revaluation Reserve | (67) | | (1,353) | | | | (1,420) |
| Revaluation (+/-) recognised in the Surplus/Deficit on Provision of Services | (271) | | (965) | | | | (1,236) |
| Derecognition - Disposals | (297) | (379) | | | | | (676) |
| **At 31 March 2021** | **33,731** | **7,220** | **3,572** | **329** | **30** | **5,115** | **49,997** |
| **Accumulated Depreciation or Impairment** | | | | | | | |
| **At 1 April 2020** | (144) | (4,793) | (1,419) | 0 | 0 | 0 | **(6,356)** |
| Depreciation charge | (706) | (605) | (232) | | | | (1,543) |
| Depreciation transfer | | 175 | | | (30) | | 145 |
| Depreciation written out to the Revaluation Reserve | 787 | | 865 | | | | 1,652 |
| Depreciation written out to the Surplus/Deficit on Provision of Services | | | | | | | 0 |
| Derecognition - Disposals | | 377 | | | | | 377 |
| **At 31 March 2021** | **(63)** | **(4,846)** | **(786)** | **0** | **(30)** | **0** | **(5,725)** |
| **Net Book Value at 31 March 2021** | **33,668** | **2,374** | **2,786** | **329** | **0** | **5,115** | **44,272** |
| **Net Book Value at 31 March 2020** | **33,833** | **2,515** | **4,290** | **329** | **4,585** | **2,326** | **47,878** |

## Movements on Balances 2020/21

| | Other Land & Buildings | Vehicles, Plant, Furniture & Equipment | Infrastructure Assets | Community Assets | Surplus Assets | Assets Under Construction | TOTAL |
|---|---|---|---|---|---|---|---|
| **Cost or Valuation** | | | | | | | |
| **At 1 April 2020** | **33,977** | **7,308** | **5,709** | **329** | **4,585** | **2,326** | **54,234** |
| Additions/Asset Merge | 389 | 457 | 179 | | | 2,801 | 3,826 |
| Transfers | | (166) | 2 | | (4,555) | (12) | (4,731) |
| Revaluation (+/-) recognised in the Revaluation Reserve | (67) | | | | | | (67) |
| Revaluation (+/-) recognised in the Surplus/Deficit on Provision of Services | (271) | | | | | | (271) |
| Derecognition - Disposals | (297) | (379) | | | | | (676) |
| **At 31 March 2021** | **33,731** | **7,220** | **5,890** | **329** | **30** | **5,115** | **52,315** |
| **Accumulated Depreciation or Impairment** | | | | | | | |
| **At 1 April 2020** | (144) | (4,793) | (1,419) | 0 | 0 | 0 | **(6,356)** |
| Depreciation charge | (706) | (605) | (232) | | | | (1,543) |
| Depreciation transfer | | 175 | | | (30) | | 145 |
| Depreciation written out to the Revaluation Reserve | 787 | | | | | | 787 |
| Depreciation written out to the Surplus/Deficit on Provision of Services | | | | | | | 0 |
| Derecognition - Disposals | | 377 | | | | | 377 |
| **At 31 March 2021** | **(63)** | **(4,846)** | **(1,651)** | **0** | **(30)** | **0** | **(6,590)** |
| **Net Book Value at 31 March 2021** | **33,668** | **2,374** | **4,239** | **329** | **0** | **5,115** | **45,725** |
| **Net Book Value at 31 March 2020** | **33,833** | **2,515** | **4,290** | **329** | **4,585** | **2,326** | **47,878** |

## 8. PROPERTY, PLANT AND EQUIPMENT CONTINUED

### Depreciation

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

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

### Capital Commitments

At 31 March 2022, the Council was committed to works totalling £13.9m for the acquisition, construction, and enhancement of Property and grants to third parties in 2022/23. Significant items of contract and other costs comprise: Bingham Leisure Hub £6.583m; The Crematorium £5.973m; Approved Disabled Facilities Grants £0.523m; and LAD2 Green Energy Grants £0.407m.

### 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. Mr Nick Berry Senior Property Estates Surveyor is responsible for revaluation of property assets, signed off by the Council's Director – Development and Economic Growth, Leanne Ashmore MRICS. 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. These assets have short depreciable lives.

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 | Vehicles, Plant, Furniture and Equipment | Infrastructure Assets | Community Assets | Assets Under Construction | Total Property, Plant and Equipment |
|---|---|---|---|---|---|---|
| | £ | £ | £ | £ | £ | £ |
| **Carried at Historical Cost** | 171 | 7,621 | 4,850 | 329 | 14,985 | 27,956 |
| Valued at fair value as at: | | | | | | |
| 31-Mar-20 | 1,561 | | | | | 1,561 |
| 31-Mar-21 | 3,148 | | | | | 3,148 |
| 31-Mar-22 | 29,906 | | | | | 29,906 |
| **Total Cost or Valuation** | **34,786** | **7,621** | **4,850** | **329** | **14,985** | **62,571** |

## 9. 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.

| 2020/21 £'000 | | 2021/22 £'000 |
|---|---|---|
| 1,542 | Rental Income from Investment Property | 1,689 |
| (251) | Direct Operating Expenses arising from Investment Property | (292) |
| **1,291** | **Net Gain/(Loss)** | **1,397** |

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 Council has no contractual obligations to repair, maintain or enhance investment properties.

The following table summarises the movement in the fair value of investment properties during 2021/22 and 2020/21.

## 9. INVESTMENT PROPERTIES CONTINUED

| 2020/21 £000 | | 2021/22 £000 |
|---|---|---|
| 25,772 | **Balance at start of the year** | 29,127 |
| 0 | Additions | 0 |
| 4,624 | Enhancements | 78 |
| 0 | Disposals | 0 |
| (1,269) | Net gains/(losses) from fair value adjustments | (307) |
| 0 | Write back depreciation/impairment on revaluation | 0 |
| 0 | Transfers | 1,855 |
| **29,127** | **Total** | **30,753** |

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 (RICS) 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. Nick Berry, the Senior Property Surveyor completed the valuation exercise and this was subsequently reviewed and signed off by the Director – Development and Economic Growth: Leanne Ashmore MRICS. An impairment review is carried out annually on the Investment Property portfolio.

## 10. 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 £0.061m in 2021/22 (£0.083m 2020/21) was charged to the Information Technology cost centre within Finance and Corporate Service Area.

### Movements on Intangible Fixed Assets

| 2020/21 £'000 | | 2021/22 £'000 |
|---:|---|---:|
| | **Balance at start of year** | |
| 397 | Gross carrying amount | 350 |
| (246) | Accumulated amortisation | (224) |
| 151 | **Net carrying amount at start of year** | 126 |
| 58 | **Purchases** | 62 |
| (104) | **Disposals** | (8) |
| | **Amortisation** | |
| (83) | Amortisation for the period | (61) |
| 104 | Amortisation on disposals | 8 |
| 126 | **Net carrying amount at end of year** | 127 |
| | **Comprising:** | |
| 350 | Gross carrying amounts | 404 |
| (224) | Accumulated amortisation | (277) |
| 126 | **Balance Sheet amount at 31 March** | 127 |

## 11. ASSETS HELD FOR SALE

In accordance with IFRS 5, Property, Plant, and Equipment (PPE) assets held for sale are measured at the lower of carrying amount and fair value less costs to sell.

| | 2020/21<br>£'000 | 2021/22<br>£'000 |
|---|---:|---:|
| **Balance at the start of the year** | **0** | **4,586** |
| Property, Plant and Equipment | 4,586 | 0 |
| Assets Sold | 0 | (4,586) |
| **Balance at the end of the year** | **4,586** | **0** |

Sale proceeds from the disposal in 21/22 are £4.8m of which, £1.2m has been deferred to 22/23.

CIPFA code of Practice specifies that Investment Properties, which meet the classification criteria for assets held for sale, must continue to be accounted for as Investment Property and these are held at Fair Value. The Council has not elected to have a separate category within Investment Property for sale assets. At the Balance Sheet date, the Council held one Investment property (Land at Hollygate Lane) for sale (agreed subject to contract). Estimated sale proceeds for this asset are £7.2m in 2022/23.

## 12. FINANCIAL INSTRUMENTS

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

| Long-Term 31-Mar-21 | Current 31-Mar-21 | Current 31/03/2021 (restated PPA) | | Long-Term 31-Mar-22 | Current 31-Mar-22 |
|---|---|---|---|---|---|
| £000 | £000 | £000 | | £000 | £000 |
| | | | **Investments** | | |
| | 34,401 | 34,401 | Loans and Receivables | | 52,872 |
| 2,056 | | 0 | CCLA Property | 2,417 | |
| 1,929 | | 0 | CCLA Diversified | 2,018 | |
| 1,006 | | 0 | Enhanced Cash Plus | 991 | |
| 3,989 | | 0 | Aegon | 4,976 | |
| 4,070 | | 0 | Ninety-One | 4,820 | |
| **13,050** | **34,401** | **34,401** | **Total Investments** | **15,222** | **52,872** |
| | | | **Debtors** | | |
| 2,570 | 3,769 | 7,837 | Loans and Receivables | 2,240 | 4,150 |
| **2,570** | **3,769** | **7,837** | **Total Debtors** | **2,240** | **4,150** |
| | | | **Borrowings** | | |
| 0 | 0 | 0 | Financial Liabilities at Amortised Cost | 0 | 0 |
| **0** | **0** | **0** | **Total Borrowing** | **0** | **0** |
| | | | **Creditors** | | |
| 22,340 | 17,402 | 17,402 | Financial Liabilities at Amortised Cost | 35,395 | 23,829 |
| **22,340** | **17,402** | **17,402** | **Total Creditors** | **35,395** | **23,829** |

### Valuation Assumptions

Investments held at 31 March 2022 amounted to £67.785m, consisting of £13m of fixed term investments where the instrument carries the same interest rate for the whole term, £39.563m of deposits in the Money Market and Call Account funds where, in general, the rate only alters with movements in the Bank rate, and £15.222m in funds valued at 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 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.

## 13. DEBTORS

| 2020/21 | | 2020/21 (restated PPA) | | | 2021/22 | |
|---|---|---|---|---|---|---|
| Short Term £'000 | Long Term £'000 | Short Term £'000 | Long Term £'000 | | Short Term £'000 | Long Term £'000 |
| 965 | 0 | 965 | 0 | Trade | 2,549 | 0 |
| 253 | 0 | 253 | 0 | Prepayment | 512 | 0 |
| 6,571 | 2,570 | 10,639 | 2,570 | Other | 5,083 | 2,240 |
| **7,789** | **2,570** | **11,857** | **2,570** | **TOTAL DEBTORS** | **8,144** | **2,240** |

## 14. DEBTORS FOR LOCAL TAXATION

The past due but not impaired amount for local taxation (council tax and non-domestic rates) within the total debtors figure is analysed below

| 2020/21 £'000 | | 2021/22 £'000 |
|---|---|---|
| 419 | Council Tax | 504 |
| 279 | Non-Domestic Rates | 311 |
| **698** | **TOTAL DEBTORS FOR LOCAL TAXATION** | **815** |

## 15. CASH AND CASH EQUIVALENTS

| 2020/21 £'000 | | 2021/22 £'000 |
|---|---|---|
| 1 | Cash Held by the Council | 1 |
| 322 | Bank Current Accounts | 308 |
| 19,078 | Short Term Deposits | 39,563 |
| **19,401** | **TOTAL CASH & CASH EQUIVALENTS** | **39,872** |

## 16. CREDITORS

| 2020/21 £'000 | | 2021/22 £'000 |
|---|---|---|
| (4,970) | Trade | (5,181) |
| (12,432) | Other | (18,648) |
| **(17,402)** | **Total** | **(23,829)** |

## 17. PROVISIONS

| | Long Term | | | |
|---|---|---|---|---|
| | Leaseholder Deposits | NDR Appeals | Streetwise pension | TOTAL |
| | £'000 | £'000 | £'000 | £'000 |
| **Balance at 1 April 2021** | **(92)** | **(3,508)** | **(955)** | **(4,555)** |
| Additional provisions made in year | (24) | (1,298) | 0 | **(1,322)** |
| Amount utilised/reduction in year | 7 | 2,164 | 0 | **2,171** |
| Amount transferred to major preceptors in year | | 779 | 0 | **779** |
| **Balance at 31 March 2022** | **(109)** | **(1,863)** | **(955)** | **(2,927)** |

### NDR 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 £4.66 million, but the difference is to be met by major preceptors - Central Government (50%), Notts County Council (9%) and Fire Authority (1%).

## 18. USABLE RESERVES

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

## 19. UNUSABLE RESERVES

| Balance at 1 April 2021 £'000 | Balance at 1 April 2021 (restated PPA) £'000 | | Balance at 31 March 2022 £'000 |
|---|---|---|---|
| 17,755 | 17,267 | Revaluation Reserve | 14,443 |
| 58,294 | 57,329 | Capital Adjustment Account | 67,872 |
| (66,014) | (66,014) | Pension Reserve | (58,930) |
| 15 | 4,083 | Deferred Capital Receipts | 1,210 |
| (5,931) | (5,931) | Collection Fund Adjustment Account | (5,080) |
| (54) | (54) | Accumulated Absences Account | (54) |
| 49 | 49 | Pooled Funds Adjustment Account | 223 |
| **4,114** | **6,729** | | **19,684** |

## 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 2021 £'000 | Balance at 1 April 2021 (restated PPA) £'000 | | Balance at 31 March 2022 £'000 |
|---|---|---|---|
| **17,220** | **17,220** | **Balance at 1 April** | **17,267** |
| 2,211 | 2,211 | Upward revaluation of assets | 1,811 |
| (1,490) | (1,978) | Downward revaluation of assets and impairment losses not charged to the Surplus/Deficit on the Provision of Services | (115) |
| **17,941** | **17,453** | **Surplus or deficit on revaluation of non-current assets not posted to the Surplus or Deficit on the Provision of Services** | **18,963** |
| (186) | (186) | Difference between fair value depreciation and historical cost depreciation | (208) |
| 0 | 0 | Accumulated gains on assets sold or scrapped | (4,312) |
| **(186)** | **(186)** | **Amount written off to the Capital Adjustment Account** | **(4,520)** |
| **17,755** | **17,267** | **Balance at 31 March** | **14,443** |

## 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.

| Balance at 1 April 2021 £'000 | Balance at 1 April 2021 (restated PPA) £'000 | | Balance at 31 March 2022 £'000 |
|---|---|---|---|
| **52,184** | **52,184** | **Balance at 1 April** | **57,329** |
| | 0 | **Reversal of items relating to capital expenditure debited or credited to the CIES:** | |
| (1,546) | (1,546) | Charges for depreciation and impairment of non-current assets | (1,557) |
| (271) | (1,236) | Revaluation losses on Property, Plant and Equipment | 4 |
| (83) | (83) | Amortisation of intangible assets | (61) |
| (648) | (648) | Revenue expenditure funded from capital under statute (net of Grants and Contributions) | (1,541) |
| (299) | (299) | Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the CIES | (5,133) |
| 186 | 186 | Adjusting amounts written out of the Revaluation Reserve | 4,520 |
| (266) | (266) | Write down Long-term Debtors | (232) |
| **(2,927)** | **(3,892)** | Net written out amount of the cost of non-current assets consumed in the year | **(4,000)** |
| | 0 | **Capital financing applied in the year:** | |
| 7,600 | 7,600 | Use of Capital Receipts to finance new capital expenditure | 7,787 |
| 1,441 | 1,441 | Capital grants and contributions credited to the CIES that have been applied to capital financing | 5,543 |
| 116 | 116 | Application of grants to capital financing from the Capital Grants Unapplied Account | 204 |
| 1,000 | 1,000 | Statutory provision for the financing of capital investment charged against the General Fund | 1,074 |
| 149 | 149 | Capital expenditure charged against the General Fund | 242 |
| **10,306** | **10,306** | | **14,850** |
| (1,269) | (1,269) | Movements in the market value of Investment Properties debited or credited to the CIES | (307) |
| 0 | 0 | Movement in the Donated Assets Account credited to the CIES | 0 |
| **(1,269)** | **(1,269)** | | **(307)** |
| **58,294** | **57,329** | **Balance at 31 March** | **67,872** |

### Pensions Reserve

The Pensions Reserve absorbs the timing differences arising from the different arrangements for accounting for post-employment benefits and for funding benefits in accordance with statutory provisions. The Council accounts for post-employment benefits in the Comprehensive Income and Expenditure Statement as the benefits are earned by employees accruing years of service, updating the liabilities recognised to reflect inflation, changing assumptions and investment returns on any resources set aside to meet the costs. However, statutory arrangements require benefits earned to be financed as the Council makes employer's contributions to pension funds or eventually pays any pensions for which it is directly responsible. 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 2021 £'000 | | Balance at 31 March 2022 £'000 |
|---:|---|---:|
| **(51,330)** | **Balance at 1 April** | **(66,014)** |
| (372) | Streetwise Environmental Prior Year TUPE Settlement | 0 |
| (13,064) | Remeasurement of the net defined benefit liability/(asset) | 9,567 |
| (3,430) | Reversal of items relating to retirement benefits debited or credited to the Surplus or Deficit on the Provision of Services in the CIES | (4,772) |
| 2,182 | Employer's pensions contributions and direct payments to pensioners payable in the year | 2,289 |
| **(66,014)** | **Balance at 31 March** | **(58,930)** |

### 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 2021 £'000 | Balance at 1 April 2021 (restated PPA) £'000 | | Balance at 31 March 2022 £'000 |
|---:|---:|---|---:|
| **19** | **19** | **Balance at 1 April** | **4,083** |
| 0 | 4,068 | Transfer to the CIES deferred sale proceeds | 1,200 |
| (4) | (4) | Transfer to the Capital Receipts Reserve on receipt of cash | (5) |
| | | Transfer to the CIES deferred sale proceeds | (4,068) |
| **15** | **4,083** | **Balance at 31 March** | **1,210** |

**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. There was a significant increase in 2020/21 due to the increase in the deficit arising from additional reliefs awarded. As the position has not moved significantly between the position estimated in January 2021 and the position at 31st March 2022 the movement is relavtively small.

| Balance at 1 April 2021 £'000 | | Balance at 31 March 2022 £'000 |
|---|---|---|
| **84** | **Balance at 1 April** | **(5,931)** |
| (6,015) | Amount by which council tax and non-domestic rates income credited to the Comprehensive Income and Expenditure Statement is different from council tax and non-domestic rates income calculated for the year in accordance with statutory requirements | 851 |
| **(5,931)** | | **(5,080)** |

**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. The differences in amounts accrued are not deemed to be material and therefore no transactions have been made in 2021/22.

| Balance at 1 April 2021 £'000 | | Balance at 31 March 2022 £'000 |
|---|---|---|
| **(54)** | **Balance at 1 April** | **(54)** |
| **(54)** | **Balance at 31 March** | **(54)** |

## Pooled Funds Adjustment Account

The Pooled Funds Adjustment Account contains the gains made by the Council arising from increases in the value of its investments that are measured at fair value through Profit and Loss. The balance is reduced when investments with accumulated gains are:

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

The Council holds £15.222m of pooled investments. The Council is using the temporary statutory override agreed by DLUHC (5 years commencing from April 2018) to account for any changes in the fair value on its pooled investments.  The statutory override is due to end 31 March 2023 and it is not known at this stage whether it will be made permanent.

| Balance at 1 April 2021 £'000 | | Balance at 1 April 2022 £'000 |
|---|---|---|
| **(1,093)** | **Balance at 1 April** | **50** |
| 1,158 | Upward Revaluation of Investments | 450 |
| (15) | Downward Revaluation of Investments | (277) |
| 0 | Change in Impairment Loss Allowances | 0 |
| **50** | | **223** |
| 0 | Accumulated gains or losses on assets sold and maturing assets written out to the CIES as part of Other Investment Income | 0 |
| **50** | **Balance at 31 March** | **223** |

## 20. CASHFLOW STATEMENT – OPERATING ACTIVITIES

| 2020/21 £'000 | 2020/21 (restated PPA) £'000 | | 2021/22 £'000 |
|---|---|---|---|
| **(5,791)** | **(9,859)** | **Net (Surplus) or Deficit on the Provision of Services** | **(2,942)** |
| | | **Adjust for Non-Cash Movements** | |
| (1,546) | (1,546) | Depreciation | (1,644) |
| (271) | (271) | Impairment and downward valuations | 5 |
| (83) | (83) | Amortisation | (61) |
| (99) | (99) | (Increase)/decrease in impairment for bad debts | (3) |
| (10,763) | (10,763) | (Increase)/decrease in creditors | (5,024) |
| (410) | (410) | Increase/(decrease) in debtors | (1,347) |
| (1) | (1) | Increase/(decrease) in inventories | 0 |
| 587 | 587 | Movement in pension liability | (3,400) |
| (299) | (299) | Carrying amount of non-current assets and non-current assets held for sale, sold or derecognised | (5,134) |
| (2,605) | (2,605) | Movement in Provisions | 1,628 |
| 246 | 246 | Other non-cash items charged to the net surplus or deficit on the provision of services | (133) |
| **(15,244)** | **(15,244)** | **Net surplus/(deficit) on provision of services for non cash movements** | **(15,113)** |
| | | **Adjust Net Surplus or Deficit for items that are Investing or Financing Activities** | |
| 0 | 0 | Proceeds from short term and long term investments | 0 |
| 260 | 260 | Capital Grants credited to the Surplus/Deficit on Provision of Services | 0 |
| 4,285 | 8,353 | Proceeds from sale of property, plant and equipment, investment property and intangible assets | 5,013 |
| **4,545** | **8,613** | **Net surplus/(deficit) on provision of services for Investing & Financing activities** | **5,013** |
| **(16,490)** | **(16,490)** | **Net Cashflows from Operating Activities** | **(13,042)** |

## 20. CASHFLOW STATEMENT – OPERATING ACTIVITIES CONTINUED

The cash flows for operating activities include the following items:

| 2020/21 £'000 | | 2021/22 £'000 |
|---|---|---|
| (132) | Interest received | (200) |
| (489) | Dividends received | (531) |
| **(621)** | **TOTAL** | **(731)** |

## 21. CASHFLOW STATEMENT – INVESTING ACTIVITIES

| 2020/21 £'000 | | 2021/22 £'000 |
|---|---|---|
| 8,125 | Purchase of property, plant and equipment, investment property and intangible assets | 13,576 |
| 15,000 | Purchase of short-term and long- term investments | 20,000 |
| 721 | Other payments for investing activities | 4,404 |
| (4,196) | Proceeds from sale of property, plant equipment, investment property and intangible assets | (7,293) |
| (15,000) | Proceeds from short-term and long-term investments | (20,000) |
| (5,578) | Capital Grants Received (Government) | (17,454) |
| (2,455) | Other receipts from investing activities | (245) |
| **(3,383)** | **Net cash flow from investing activities** | **(7,012)** |

## 22. CASHFLOW STATEMENT – FINANCING ACTIVITIES

| 2020/21 £'000 | | 2021/22 £'000 |
|---|---|---|
| 0 | Repayments of short and long-term borrowing | 0 |
| 5,634 | Other payments for financing activities | (417) |
| **5,634** | **Net cash flow from Financing activities** | **(417)** |

## 23. MEMBERS' ALLOWANCES

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

| 2020/21 £'000 | | 2021/22 £'000 |
|---|---|---|
| 254 | Basic Allowances | 262 |
| 83 | Special Responsibility Allowances | 80 |
| 1 | Other Expenses | 2 |
| **338** | **TOTAL EXPENDITURE** | **344** |

## 24. OFFICERS' REMUNERATION

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

| Post Title | Year | Salary, Fees & Allowances £ | Compensation for loss of office £ | Pension Contribution £ | TOTAL £ |
|---|---|---|---|---|---|
| Chief Executive | 2021/22 | 115,122 | 0 | 20,243 | 135,365 |
| | 2020/21 | 113,316 | 0 | 19,944 | 133,260 |
| Deputy CEO and Director - Finance & Corporate Services | 2021/22 | 93,299 | 0 | 16,412 | 109,710 |
| | 2020/21 | 90,705 | 0 | 15,964 | 106,669 |
| Deputy CEO and Director - Neighbourhoods | 2021/22 | 90,468 | 0 | 15,912 | 106,379 |
| | 2020/21 | 87,906 | 0 | 15,471 | 103,377 |
| Director - Communities * | 2021/22 | 4,514 | 0 | 430 | 4,944 |
| | 2020/21 | 87,906 | 0 | 15,471 | 103,377 |
| Director - Growth & Economic Development | 2021/22 | 86,853 | 0 | 15,286 | 102,139 |
| | 2020/21 | 85,569 | 0 | 15,060 | 100,629 |
| Service Manager Executive Department (Role includes Borough Solicitor & Monitoring Officer duties) | 2021/22 | 64,824 | 0 | 11,409 | 76,233 |
| | 2020/21 | 65,887 | 0 | 11,584 | 77,471 |

*Please note, due to a restructuring of the executive management team this post was removed

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

| Number of Employees 2020/21 | Remuneration Band | Number of Employees 2021/22 |
|---|---|---|
| 3 | £50,000 - £54,999 | 3 |
| 1 | £55,000 - £59,999 | 0 |
| 3 | £60,000 - £84,999 | 7 |

The increase in the number of employees in the £60,000 to £84,999 bracket was due to a restructure where a Director post was removed and three posts regraded to Service Manager.

## 25. EXIT PACKAGES AND TERMINATION BENEFITS

The number of exit packages with total cost per band and total cost of the compulsory and other redundancies for 2021/22 are set out in the table below.

| 2021/22 | | | | |
|---|---|---|---|---|
| Exit Package Cost Band | Number of Compulsory Redundancies | Number of Other Departures Agreed | Total Exit Packages | |
| | | | Number | £'000 |
| £80,001 - £100,000 | 0 | 1 | 1 | 93 |
| **TOTAL** | **0** | **1** | **1** | **93** |

The Council terminated no contracts in 2020/21.

## 26. EXTERNAL AUDIT COSTS

The Council has incurred the following costs in relation to the certification of grant claims (by KPMG) and the audit of the Statement of Accounts (by the Council's external auditors, Mazars) and any other statutory inspections.

| 2020/21 £'000 | | 2021/22 £'000 |
|---|---|---|
| 44 | Fees payable with regard to external audit services carried out by the appointed auditor (Mazars)* | 52 |
| 2 | Fees payable in respect of other services provided during the year (Cabinet Office) | 0 |
| 8 | Fees payable for the certification of grant claims and returns (KPMG) | 8 |
| **54** | **TOTAL** | **60** |

* Includes £20,440 in relation to additional fees for the 2020/21 audit.

## 27. GRANT INCOME

The Council credited the following grants, contributions and donations to the Taxation and Non-Specific Grant Income line (Note 7) in the Comprehensive Income and Expenditure Statement in 2021/22 and 2020/21.

| 2020/21 £'000 | | 2021/22 £'000 |
|---:|---|---:|
| 0 | Section 106 contributions and Football Foundation Grant - Gresham Pitches | 1,218 |
| 0 | Salix Energy Grants | 101 |
| 38 | Skatepark Grants | 72 |
| 924 | LEP Grants - Bingham Hub & Leisure Centre | 0 |
| 0 | Section 106 contributions - Bingham Hub & Leisure Centre | 2,000 |
| 0 | ERDF Bingham Offices | 914 |
| 962 | Total Capital Grants | 4,305 |
| 2,311 | New Homes Bonus | 1,633 |
| 5,719 | NDR Section 31 Grant | 3,758 |
| 7,206 | COVID Grants | 1,874 |
| 184 | Other non-ringfenced grants (Note 7) | 465 |
| **16,382** | **TOTAL** | **12,035** |

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

| 2020/21 £'000 | | 2021/22 £'000 |
|---:|---|---:|
| 112 | DLUHC - NDR Cost of Collection | 113 |
| 55 | DEFRA - Flood Relief | 0 |
| 212 | National Leisure Recovery Fund | 0 |
| 13,566 | DWP - Housing Benefit Subsidy and Council Tax Rebates | 12,594 |
| 168 | DWP - Housing Benefit Administration | 155 |
| 73 | DWP - Council Tax Administration | 79 |
| 125 | DLUHC - Homelessness Support Grant | 232 |
| 699 | DLUHC- Disabled Facilities Grant (REFCUS) | 695 |
| 0 | DLUHC - Local Authority Delivery Green Energy Grants | 228 |
| 515 | DLUHC - Covid Hardship Funding | 0 |
| 76 | DLUHC - Covid Track & Trace | 51 |
| 56 | DLUHC - High Streets Safely | 140 |
| 0 | Section 106 Affordable Housing | 301 |
| 161 | COMF Contain Funding | 102 |
| 119 | Total of grants below £50k | 296 |
| **15,937** | **TOTAL** | **14,986** |

## 27. GRANT INCOME CONTINUED

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:

| 2020/21 £'000 | | 2021/22 £'000 |
|---|---|---|
| 21,849 | S106 Planning Agreements | 33,605 |
| 379 | CIL Planning Agreements | 1,779 |
| | **Other Grants:** | |
| 102 | Salix Energy Efficiency | 1 |
| | **Other Receipts :** | |
| 10 | Sale Deposit (Hollygate Lane) | 10 |
| **22,340** | **TOTAL** | **35,395** |

The Council received the following revenue grants receipts in advance

| 2020/21 £'000 | | 2021/22 £'000 |
|---|---|---|
| 81 | COMF Contain Funding | 0 |
| 0 | Council Tax Energy Rebate Discretionary Funding | 131 |
| 0 | Track & Trace Discretionary Funding | 39 |
| 0 | Local Authority Delivery Grant 2 | 26 |
| **81** | **TOTAL** | **196** |

## 28. 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 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 27.

### Members

Members of the Council have direct control over the Council's financial and operating policies. The total members allowances paid in 2021/22 are shown in Note 23.  The Members could potentially have a material related party transaction with the Council.  During 2021/22 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 2021/22 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 £2.320m and Internal Drainage Board levies of £0.302m are disclosed in Note 6 to the Comprehensive Income and Expenditure Statement.

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 32).

**Entities Controlled or Significantly Influenced by the Council**

The Council controls Rushcliffe Enterprises LTD (REL) through its ownership and 100% shares in the company. REL is a holding company for the Council and incorporates Streetwise Environmental LTD and Streetwise Environmental Trading Ltd. At Cabinet in January 2021 it was agreed to wind-up REL (due to a lack of trading activity) and keep it as a dormant company so there is flexibility in the future if a company is required.

The Council purchased street cleansing and grounds maintenance services from the company in 2021/22 to the value of £1.86m. Loan amounts outstanding from RBC to Streetwise as at 31.03.22 stood at £0.3m. At Cabinet March 2022 it was resolved that Streetwise grounds maintenance and street cleansing services would be brought back in house from 1 September 2022 and loans are now expected to be fully repaid at this date.

## 29. 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.

| 2020/21 £'000 | | 2021/22 £'000 |
|---|---|---|
| **7,300** | **Opening Capital Financing Requirement** | **6,300** |
| | **2021/22 ADJUSTMENT*** | **(443)** |
| | **Restated Capital Financing Requirement** | **5,857** |
| | **Capital Investment:** | |
| 3,826 | Property, Plant & Equipment | 14,570 |
| 0 | Heritage Assets | 25 |
| 4,624 | Investment Properties | 78 |
| 58 | Intangible Assets | 62 |
| 150 | Long Term Debtors | 0 |
| 648 | Revenue Expenditure Funded from Capital Under Statute | 1,541 |
| | **Sources of Finance:** | |
| (7,600) | Capital Receipts | (7,787) |
| (1,557) | Government Grants & Other Contributions | (5,747) |
| (149) | Direct Revenue Contributions | (242) |
| (1,000) | Minimum Revenue Provision | (1,074) |
| **6,300** | **Closing Capital Financing Requirement** | **7,283** |
| | **Explanation of movements in year** | |
| (1,000) | Increase/(decrease) in the underlying need to borrow (unsupported by Government financial assistance) | 1,426 |

* Opening Capital Financing Reserve adjusted to align with Balance Sheet Formula Calculation

## 30. LEASES

### Council as a Lessor

<u>Finance Leases</u>

The Council leases out land for investment purposes generating income of £0.04m per annum. The Council recognises that this arrangement is a finance lease however it was entered into prior to 31 March 2011 as an operating lease. In accordance with its accounting policies (Note 36 xv) the Council continues to charge the income to the Comprehensive Income and Expenditure Statement.

Operating Leases

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

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

| 2020/21 £'000 | | 2021/22 £'000 |
|---|---|---|
| 1,589 | Not later than one year | 1,583 |
| 5,030 | Later than one year and not later than five years | 5,146 |
| 3,860 | Later than five years | 3,447 |
| **10,479** | **TOTAL** | **10,176** |

**Council as a Lessee**

The Council previously entered in to 2 new agreements as lessee in as part of its Transformation Plan and to support the delivery of efficient services: the transfer to Eastcroft for Waste and Recycling operations and the move to new premises in West Bridgford in order to facilitate continued face to face Rushcliffe Customer Services at a Contact Centre. The latter move was precipitated by the decision to rationalise the asset base of the Police and sell West Bridgford Police Station. Both agreements have been reviewed and concluded to be operating leases. Neither lease exceeds 10 years with the substantive (asset life) risks and rewards of asset ownership remaining with the lessor. The Contact Centre lease will be revisited next year as part of the Authority's work on IFRS16 which may capture this as a Finance Lease and require restatement. Minimum lease payments payable under non-cancellable leases are:

| 2020.21 £'000 | | 2021/22 £'000 |
|---|---|---|
| 178 | Not later than one year | 178 |
| 417 | Later than one year and not later than five years | 281 |
| 120 | Later than five years | 80 |
| **715** | **TOTAL** | **539** |

## 31. 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 8 reconciling the movement over the year in the Property, Plant and Equipment balances.

The impairment review carried out at 31.03.2022 identified no material impairment to any of the Council's assets.

The revaluation exercise for 2021/22 gave rise to a net revaluation gain of £1.699m for Operational Land & Buildings. Of this, £1.696m was charged to the Revaluation Reserve (Note 19) and £3k credited to the CIES to reverse previous downward valuations charged; a small revalution gain of £2k arises from Heritage Assets and was also credited to the CIES to reverse a previous downward valuation; in addition, a net loss of £0.307m arises from the movement in Fair Value of Investment Property (Note 9).

The main elements of the net sum credited to the Revaluation Reserve comprises £0.5m increase in the value of car parks in West Bridgford rising from improved income streams; £0.7m increase in the value of operational leisure buildings as a result of increases in Building Cost Information Service (BCIS) construction data; and £0.150m increase in Bingham Land as a result of a land price increase.

The main movement in Investment Property fair value is related to a valuation loss upon the completion of Cotgrave Phase II works £0.470m. Works originally capitalised at cost taking into account wider redevelopment costs: demolition, legal and professional fees, survey costs; and new power connections. Upon completion, the scheme has been split into relevant assets: retail units, new car park, and reconfiguration of the existing car park. This downward valuation has been offset a small reduction in the value of The Point arising from reduced income from vacancies. The net change in FV of Investment Properties is £0.307m.

There is a very small movement (£4k) in changes in valuation credited to the CIES relating to the reversal of previously charged valuation losses for the Arena Offices and the Art Collection.

## 32. 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.

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

The results of the 2019 Triennial Valuation identified the repayments required to eliminate the deficit in the fund was £2.753m spread over 3 years. The Council took the option to pre-pay the 3-year deficit (to 31 March 2023) and in doing so saved £0.203m.

**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.
- Regulatory Risk. Regulatory uncertainties could result in benefit changes to past of future benefits which could result in additional costs.
- Orphan Risk. As many unrelated employers participate in each 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 in that fund.

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 36vi.

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)
- Asset returns can be very volatile from year to year and will vary by LGPS fund. A typical LGPS fund might have achieved a return of around 7% for the period from 31 March 2021. This is based on a fund investing 75% in equities, 5% in gilts and 20% in corporate bonds. This could vary considerably depending on each fund's investment strategy.

**Re-measurement of net defined benefit liability**

The actuarial (gains)/losses on pensions assets/liabilities line in the CIES shows a net reduction in pension liability of £9.567m. The changes in actuarial assumptions are detailed below:

- Return on Plan Assets - the actuary's estimation of the return on assets for 2021/22 was 7%, a reduction on the 2020/21 estimate of 21.6%. This return has the effect of **reducing** the pension liability by £4.176m.

- Financial Assumptions – assumed increase in both the future salary and pension increases by the actuary have led to an **decrease** in liability of £5.712m.

- Other Actuarial gains / losses & experience items have led to a **increase** in the pension liability of £0.321m

| 2020/21 £'000 | Local Government Pension Scheme | 2021/22 £'000 |
|---|---|---|
| | **Comprehensive Income and Expenditure Statement** | |
| | **Cost of Services** | |
| 2,284 | Current Service Cost | 3,356 |
| 27 | Administration Expenses | 37 |
| 0 | Past Service Gain | 0 |
| 0 | Settlements and Curtailments | 126 |
| | **Financing and Investment Income and Expenditure** | |
| 1,119 | Net Interest Expense | 1,253 |
| **3,430** | **Total Post Employment Benefit Charged to the Surplus or Deficit on the Provision of Services** | **4,772** |
| | **Other Post Employment Benefit Charged to the Comprehensive Income and Expenditure Statement** | |
| | **Remeasurement of the net defined benefit liability comprising:** | |
| (11,034) | Return on plan assets (excluding the amount included in the net interest expense) | (4,176) |
| (1,216) | Actuarial (Gains) and Losses arising on changes in demographic assumptions | 0 |
| 26,720 | Actuarial (Gains) and Losses arising on changes in financial assumptions | (5,712) |
| (1,406) | Other Experience | 321 |
| **13,064** | **Total Post Employment Benefit Charged to the Comprehensive Income and Expenditure** | **(9,567)** |
| | **Movement in Reserves Statement** | |
| **(3,430)** | Reversal of net charges made to the Surplus or Deficit for the Provision of Services for post employment benefits in accordance with the Code | **(4,772)** |
| | **Actual amount charged against the General Fund for Pensions in the year** | |
| **3,925** | Employers contributions payable to scheme | **1,282** |

| 2020/21 £'000 | Discretionary Benefits | 2021/22 £'000 |
|---|---|---|
| 92 | Retirement benefits payable to pensioners | 90 |

## 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:

| 2020/21 £'000 | Local Government Pension Scheme | 2021/22 £'000 |
|---|---|---|
| 132,961 | Present value of the defined benefit obligation | 130,199 |
| (69,736) | Fair Value Plan Assets | (73,142) |
| **63,225** | **Net liability arising from defined benefit obligation** | **57,057** |

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

| 2020/21 £'000 | Local Government Pension Scheme | 2021/22 £'000 |
|---|---|---|
| **56,567** | **Opening Fair Value of Scheme Assets** | **69,736** |
| 1,366 | Interest Income | 1,374 |
| 11,034 | The return on plan assets, excluding the amount included in the net interest expense | 4,176 |
| 4,017 | Contributions from employer | 1,372 |
| 442 | Contributions from employees into the scheme | 462 |
| (3,663) | Benefits Paid | (3,941) |
| 0 | Settlements | |
| (27) | Other | (37) |
| **69,736** | **Closing Fair value of scheme assets** | **73,142** |

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

| 2020/21 £'000 | Local Government Pension Scheme | 2021/22 £'000 |
|---|---|---|
| **107,315** | **Opening Balance 1 April** | **132,961** |
| 2,284 | Current Service Costs | 3,356 |
| 2,485 | Interest Cost | 2,626 |
| 442 | Contributions by scheme participants | 462 |
| | Remeasurement gains/(loss): | |
| (1,216) | Actuarial (Gains) and Losses arising from changes in demographic assumptions | 0 |
| 26,720 | Actuarial (Gains) and Losses arising from changes in financial assumptions | (5,712) |
| (1,406) | Other experience | 321 |
| 0 | (Gains) and Losses on Settlements / Curtailments | 126 |
| (3,571) | Benefits Paid | (3,851) |
| (92) | Unfunded Pension Payments | (90) |
| **132,961** | **Closing Balance 31 March** | **130,199** |

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

| 2020/21 £'000 | Local Government Pension Scheme | 2021/22 £'000 |
|---|---|---|
| 45,172 | Equities | 44,310 |
| 2,343 | Gilts | 2,154 |
| 4,780 | Other Bonds | 4,988 |
| 7,124 | Property | 9,397 |
| 10,317 | Others | 12,293 |
| **69,736** | **Total Assets** | **73,142** |

From the information we have received from the administering Authority, we understand that of the Equities allocation above, 38% are UK investments, 62% 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, 29% are UK corporates, 71% are overseas corporates. 100% of the Property and Cash allocation is unquoted.

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

## Basis for Estimating Assets & Liabilities

Liabilities have been assessed on an actuarial basis using the projected unit credit method, an estimate of the pensions that will be payable in future years that is dependent on assumptions about mortality rates, salary levels, etc. Both the Local Government Pension Scheme 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 2019.

The principal assumptions used by the actuary have been:

| 2020/21 | Local Government Pension Scheme | 2021/22 |
|---|---|---|
| | **Mortality Assumptions** | |
| | Longevity at 65 for current pensioners | |
| 21.6 | Men | 21.6 |
| 24.3 | Women | 24.3 |
| | Longevity at 65 for future pensioners | |
| 22.9 | Men | 23.0 |
| 25.7 | Women | 25.8 |
| 3.80% | Rate of Increase in Salaries (Per Annum) | 4.20% |
| 2.80% | Rate of Increase in Pensions (Per Annum) | 3.20% |
| 2.00% | Rate for Discounting Scheme Liabilities | 2.60% |

The estimation of the defined benefit obligations is sensitive to the actuarial assumptions set out in the table above. The sensitivity analyses below have been determined based on reasonably possible changes of the assumptions occuring 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, ie 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 |
|---|---|---|
| Rate for discounting scheme liabilities (increase or decrease by 0.1%) | (2,444) | 2,493 |
| Rate of increase in salaries (increase or decrease by 0.1%) | 244 | (227) |
| Rate of increase in pensions (increase or decrease by 0.1%) | 2,277 | (2,205) |
| Longevity (increase or decrease in 1 year) | 6,461 | (6,137) |

**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 2022/23 is 17.6% (2021/22 17.6%). A monetary contribution of £1,021,000 was anticipated from the authority in 2022/23, however Rushcliffe Borough Council has prepaid these contributions for the three years to 31 March 2023 by making a single lump sum payment of £2,753,000, saving the council £203,000 when compared with annual payments. The contribution to be recognised by the authority for 2021/22 is £918,000. This amount is fixed for the 3 year period 2020/21 to 2022/23 due to the prepaid amount which has been spread 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 2023**

| Projected Pension Expense | 2022/23 £'000 |
|---|---|
| Service cost | 3,080 |
| Net Interest on the defined liability (asset) | 1,466 |
| Administration Expenses | 36 |
| **Total** | **4,582** |
| Employer contributions | 1,217 |

Note: These projections are based on the assumptions as at 31 March 2022, as described earlier in the Barnett Waddington Actuary Report. The figures exclude the capitalised cost of any early retirements or augmentations which may occur after 31 March 2022.

## 33. CONTINGENT LIABILITIES

At the 31st March 2022 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 Thames Valley Housing Trust and to their lender, Nationwide Building Society. The former ran for 15 years until 2018 and has now elapsed; the latter was for 32 years and will run until 2035. The value of the liability is unknown and to date there have not been any issues identified.

The Council's street cleansing company Streetwise Environmental Limited will be brought back in-house during 2022/23. There is a possible contingent liability arising from the pension deficit relating to the existing pension fund held by the company. At this stage the value is not yet known and further detail will become available once the pensions report is received. Our expectation is the transactions with the existence of the pensions fund reserve should ensure there is no bottom line impact to tax payers in this regard. The 2022/23 accounts will include the relevant transactions.

## 34. CONTINGENT ASSETS

At 31 March 2022 the Council has five 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 and other clawback receipts. Sums received totalled £228k in respect of 2021/22 disposals (2020/21 £159k). Future receipts will depend on further preserved right to buy sales and it is difficult to predict the amount to be received in any one year.

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 Report (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. At 31 March 2022 gross income of £12.2m has been received from this overage agreement. Over time, it is probable that RBC might receive an estimated £7m bringing a total of £19.2m by way of the overage entitlement. The overage agreement defines the events which could trigger a payment or payments to the Council.

The Council are party to a legal claim for damages and/or other relief in respect of loss and damage suffered as a result of inflated pricing for medium and heavy vehicles (such as waste collection vehicles) between 1997 and 2011. This could have an impact for the Council in that a claim may be due for vehicles that the Council either purchased or leased during those years. The outcome of the claim is as yet unknown however the current estimate for such damages is in the region of £0.2m.

The Council has a contingent asset arising from the disposal of land at Hollygate Lane. The original sale transaction for Phase 1 is due for completion in 2022/23 generating a capital receipt of £7m. The Cabinet report 12 November 2019 sets out: 'should Phase 2 be delivered in the future, the Council will benefit from an additional payment of £47k per plot which will be subject to index linked inflationary increases (upwards only)'.

In accordance with a S106 agreement for planning permission issued by the Council for Land North of Bingham, the Council are due commuted sums for affordable housing in the event that land receipts to the owner exceed a pre-agreed deminimus level. This was triggered in May 2021 with a commuted sum of £2.387m received by the Council; a further sum of £1.393m was due at 31.03.22(received April 2022). This totals £3.78m.

## 35. 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 Capital and Investment 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 2022 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 extended credit for customers, but some of the current balance is past its due date for payment. The past due but not impaired amount can be analysed by age as follows:

| 2020/21 £'000 | Debtors past due but not impaired | 2021/22 £'000 |
|---|---|---|
| 534 | Less than three months | 678 |
| 112 | Three to nine months | 37 |
| 47 | Nine months to one year | 2 |
| 699 | More than one year | 729 |

*Amounts Arising from Expected Credit Losses*

We have assessed the Council's short and long term investments and concluded that the expected credit loss is not material therefore no allowances have been made.

A summary of the Council's short-term investments are shown below.

| Institution | Length of Term | Amount £000 |
|---|---|---|
| **Call Accounts/MMFs** | | |
| Aviva | Call | - |
| Blackrock | Call | 5,649 |
| CCLA - Psdf | Call | 3,002 |
| Federated | Call | 4,477 |
| Goldman Sachs Asset Management | Call | 5,342 |
| HSBC Asset Management | Call | 366 |
| Invesco Aim | Call | 707 |
| Aberdeen Asset Management | Call | 2,088 |
| Bank Of Scotland Plc | Call | 378 |
| Bank Of Scotland Plc | 32 Days | 4,109 |
| Barclays Bank Plc | 32 Days | 4,360 |
| Handelsbanken | 35 Days | 902 |
| Santander UK Plc | Call | 4,145 |
| Santander UK Plc | 35 Days | 4,018 |
| Residual MMF/Call Account balance: | Call | 20 |
| | **Note 15** | 39,563 |
| **Short Term Investments** | | |
| Goldman Sachs Int'l Bank | 182 Days | 5,000 |
| Blackpool Council | 183 Days | 3,000 |
| Close Brothers Ltd | 179 Days | 5,000 |
| | | 13,000 |
| **Total Investments** | | **52,563** |

### 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.
- **Inflation** - current high inflation rates heightens the risk of interest rate volatility and in particular the potential for rising interest rates.

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 2022, if interest rates had been 1% higher or lower with all variables held constant, the effect would be:

| 2020/21 £'000 | | 2021/22 £'000 |
|---|---|---|
| 214 | Increase in interest receivable on variable rate investments | 368 |
| **214** | **Impact on Surplus or Deficit on Provision of Services** | **368** |
| 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, CCLA Diversified Fund, Royal London Enhanced Cash Plus, Ninety One and Aegon (formerly Kames and Investec) are subject to the risk of falling commercial property prices. However, any movements in price will not impact on the General Fund Balance as regulations are currently in force to remove the impact of the fair value movements on the tax payer. The Council is using the temporary statutory override agreed by DLUHC (5 years commencing from April 2019) to account for any changes in the fair value on its pooled investments.

### 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.

## 36. ACCOUNTING POLICIES

### i. General Principles

The Statement of Accounts summarises the Council's transactions for the 2021/22 financial year and its position at the year-end of 31 March 2022. 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 2021/22 supported by International Financial Reporting Standards (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 contracts with service recipients,** whether for services or the provision of goods, is recognised when (or as) the goods or services are transferred to the service recipient in accordance with the performance obligations in the contract.
- **Supplies are recorded as expenditure** when they are consumed – where there is a gap between the date supplies are received and their consumption; they are carried as inventories on the Balance Sheet.
- **Expenses in relation to services received** (including services provided by employees) are recorded as expenditure when the services are received rather than when payments are made.
- **Interest 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. 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.

Depreciation, revaluation and impairment losses and amortisation are therefore replaced by the MRP contribution in the general fund balance by way of an adjusting transaction with the capital adjustment account in MIRS for the difference between the two.

## 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. Where material 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. 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 Movement in Reserves Statement 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 Council can no longer withdraw the offer of those benefits or when the Council 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 Movement in Reserves Statement, 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 credit 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).

Liabilities are discounted to their value at current prices, using a discount rate set to market conditions (using the annualised Merrill Lynch AA rated

corporate bond yield curve).

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:

- **Service costs comprising:**

- Current Service Cost – the increase in liabilities as a result of years of service earned this year – allocated in the Comprehensive Income and Expenditure Statement to the 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

Events after the Balance Sheet date are those events, both favourable and unfavourable, that occur between the end of the reporting period and the date when the Statement of Accounts is authorised for issue. Two types of 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 are 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 instrument. The effective interest rate is the rate that exactly discounts estimated future cash payments over the life of the instrument to the amount at which it was originally recognised.

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

- amortised cost
- fair value through profit or loss (FVPL), and
- fair value through other comprehensive income (FVOCI)

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

### Financial Assets Measured at Amortised Cost

Financial assets measured at amortised cost are recognised on the Balance Sheet when the Council becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value. They are subsequently measured at their amortised cost. Annual credits to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement (CIES) for interest receivable are based on the carrying amount of the asset multiplied by the effective rate of interest for the instrument. For most of the financial assets held by the authority, this means that the amount presented in the Balance Sheet is the outstanding principal receivable (plus accrued interest) and interest credited to the CIES is the amount receivable for the year in the loan agreement.

In the event that the Council makes a loan to an outside body at less than market rates (soft loans) and the present value of the interest foregone is greater than £50k, a loss is recorded in the CIES (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 CIES at a marginally higher effective rate of interest than the rate receivable from the voluntary organisations, with the difference serving to increase the amortised cost of the loan in the Balance Sheet. 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 CIES 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 Movement in Reserves Statement.

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

### Expected Credit Loss Model

The authority recognises expected credit losses on all of its financial assets held at amortised cost [or where relevant FVOCI], either on a 12-month or lifetime basis. The expected credit loss model also applies to lease receivables and contract assets. Only lifetime losses are recognised for trade receivables (debtors) held by the authority.

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

The legacy impact of the COVID19 pandemic has been considered when assessing potential impairment of debt.

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

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

**Financial Assets Measured at Fair Value through Profit and Loss**

Financial assets that are measured at FVPL are recognised on the Balance Sheet when the authority becomes a party to the contractual provisions of a financial instrument and are initially measured and carried at fair value. Fair value gains and losses are recognised as they occur in the Surplus or Deficit on the Provision of Services.

**Fair Value measurement of Financial Assets**

Fair value of an asset is the price that would be received to sell an asset in an orderly transaction between market participants at the measurement date. The fair value measurements of the authority's financial assets are based on the following techniques:

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

The inputs to the measurement techniques are categorised in accordance with the following three levels:

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

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

Level 3 inputs – unobservable inputs for the asset.

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

The Council holds shares in CCLA Property fund, CCLA Diversified Fund, Royal London Enhanced Cash Plus Fund, Aegon and Ninety One (formerly Kames and Investec). Any movement in Fair Value will be accounted for in Financing and Investment Income and Expenditure line in Surplus/Deficit on Provision of Services. A statutory override must be used to reverse the entry in the CIES to a reserve to recognise the fair value gains and losses.

### 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 in 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 is 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.  The charge came into force on 7th October 2019.

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 Heritage Assets; a small art collection; war memorabilia (war memorial and commemorative bench); and Covid Memorial Obelisk. Heritage Assets are carried at valuation rather than current of fair value reflecting the fact that sales and exchanges are uncommon.  The Art Collection is valued at insurance valuation and the War Memorial, bench and Obelisk at depreciated historic cost as they are infrastructure assets.  The treatment of revaluation gains and losses is 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 and Bench and Covid Memorial Obelisk

The War Memorial, Commemorative Bench and Obelisk are sited in West Bridgford and 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 in 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 consideration allocated to the performance obligations satisfied based on goods or services transferred to the service recipient 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.

## xiv. Investment Property

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

Investment properties are measured initially at cost and subsequently at fair value 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 16 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.

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

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

### The Council as Lessee

### Finance Leases

Property, plant and equipment held under finance leases is recognised on the Balance Sheet at the commencement of the lease at its fair value measured at the lease's inception (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.

Charges are made on a straight-line basis over the life of the lease, even if this does not match the pattern of payments (e.g. there is a rent-free period at the commencement of the lease).

## The Council as Lessor

### Finance Leases

Where the authority grants a finance lease over a property or an item of plant or equipment, the relevant asset is written out of the Balance Sheet as a disposal. At the commencement of the lease, the carrying amount of the asset in the Balance Sheet (whether property, plant and equipment or assets held for sale) is written off to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal. A gain, representing the authority's net investment in the lease, is 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), matched by a lease (long-term debtor) asset in the Balance Sheet.

Lease rentals receivable are apportioned between: a charge for the acquisition of the interest in the property – applied to write down the lease debtor (together with any premiums received), and finance income (credited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement).

The gain credited to the Comprehensive Income and Expenditure Statement on disposal is not permitted by statute to increase the General Fund Balance and is required to be treated as a capital receipt. Where a premium has been received, this is posted out of the General Fund Balance to the Capital Receipts Reserve in the Movement in Reserves Statement. Where the amount due in relation to the lease asset is to be settled by the payment of rentals in future financial years, this is posted out of the General Fund Balance to the Deferred Capital Receipts Reserve (England and Wales) or Capital Receipts Reserve (Scotland) in the Movement in Reserves Statement. When the future rentals are received, the element for the capital receipt for the disposal of the asset is used to write down the lease debtor. At this point, the deferred capital receipts are transferred to the Capital Receipts Reserve (England and Wales).

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

### Operating Leases

Where the authority grants an operating lease over a property or an item of plant or equipment, the asset is retained in the Balance Sheet. Rental income is credited to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement. Credits are made on a straight-line basis over the life of the lease, even if this does not match the pattern of payments (e.g. there is a premium paid at the commencement of the lease). 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 on the same basis as rental income.

The authority does not have any sale and leaseback assets.

### 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 charged to service areas 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 in 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 by:

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

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

### Depreciation

Depreciation is provided 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 (i.e. freehold land and certain Community Assets) and assets that 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 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.

When an asset is disposed of or decommissioned, the carrying amount of the asset in the Balance Sheet (whether Property, Plant and Equipment or Assets Held for Sale) is written off to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal. Receipts from disposals (if any) are credited to the same line in the Comprehensive Income and Expenditure Statement also as part of the gain or loss on disposal (i.e. netted off against the carrying value of the asset at the time of disposal). Any revaluation gains accumulated for the asset in the Revaluation Reserve are transferred to the Capital Adjustment Account. . 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 in the Balance Sheet. Estimated settlements are reviewed at the end of each financial year – where it becomes less than probable that a transfer of economic benefits will now be required (or a lower settlement than anticipated is made), the provision is reversed and credited back to the relevant service.

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

**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 in 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 score against the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement. The reserve is then appropriated back into the General Fund 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.

Non-recoverable VAT relating to a capital scheme will form part of the capital cost of that scheme

### 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 central 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 of non-financial assets

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.

## 37. ACCOUNTING STANDARDS ISSUED BUT HAVE NOT YET BEEN ADOPTED

The Code of Practice on Local Authority Accounting in the United Kingdom 2021/22 (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 2022/23 code:

- IFRS 16 Leases (but only for those local authorities that have decided to adopt IFRS 16 in the 2022/23 year).
- Annual Improvements to IFRS Standards 2018–2020. The annual IFRS improvement programme notes 4 changed standards:
    - IFRS 1 (First-time adoption) – amendment relates to foreign operations of acquired subsidiaries transitioning to IFRS
    - IAS 37 (Onerous contracts) – clarifies the intention of the standard
    - IFRS 16 (Leases) – amendment removes a misleading example that is not referenced in the Code material
    - IAS 41 (Agriculture) – one of a small number of IFRSs that are only expected to apply to local authorities in limited circumstances.

  None of the matters covered in the annual improvements are dealt with in detail in the 2022/23 Code. During the consultation process on the 2022/23 Code CIPFA/LASAAC did not envisage them having a significant effect on local authority financial statements.
- Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16).

## 38. CRITICAL JUDGEMENTS IN APPLYING ACCOUNTING POLICIES

In applying the accounting policies set out in Note 36 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 funding reforms and localisation of Business Rates. However, as these reforms have been delayed until at least 2024/25 due to COVID 19 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.

b. 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 £137k on service costs.

c. The Council has a 'Group Relationship' with a subsidiary, namely Rushcliffe Enterprises Ltd which largely incorporates Streetwise Environmental Ltd and Streetwise Environmental Trading Ltd. The boundaries have been assessed using the criteria outlined in the Code of Practice. Although the parent company Rushcliffe Enterprises Ltd is dormant, the interest is considered to be material in terms of the importance of Streetwise to the Council and consequently Group Accounts have been produced. Following the decision to bring back in-house the Streetwise function from September 2022, group accounts will no longer be required.

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

e. During 2021/22 the Council has administered grants for a range of schemes in relation to Covid-19. A judgement has been made as to whether the Council is acting as Agent or Principal in accordance with the Code of Practice. Where it is deemed the Council is acting as Principal (on its own behalf) and grant conditions have been met, funding will be recognised in the CIES. Where it is deemed the Council is acting as an intermediary (Agent) the transactions are not reflected in the financial statements except for debtors or creditors relating to the transactions. Disclosures relating to grants where the Council is acting as Principal are shown in the relevant notes to the accounts.

## 39. 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. Pensions Liability: Estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets. A firm of consulting actuaries is engaged by Nottinghamshire County Council and assurance is placed on the use of these qualified professionals to provide expert advice about the assumptions to be applied. The effects on the net pensions liability of changes in individual assumptions can be measured. For example, a 0.1% increase in the discount rate assumption and an increase of one year in the mortality age rating assumption would result in a decrease of £2.444m and an increase of £6.461m respectively in the present value of the defined benefit obligation. Note 32 provides more detail.

b. Bad debt estimates are in accordance with IFRS 9 based on prudent collection rates taking into account knowledge of existing conditions on outstanding debts, particularly given the current economic climate. It is yet unknown how rising inflation and the increased cost of living following an already difficult period due to COVID will impact on collection of debt, therefore a fall in recoverability of 10% has been factored into the calculations. At 31st March 2022, the Council had sundry debtor balances of £0.724m and Housing Benefit (HB) debtors of £0.723m. If recoverability of these balances falls further than 10%, 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 £0.142m and £0.143m, respectively for sundry debtors and Housing Benefit overpayments. If recoverability of the debt does not fall by 10% across all ages of debt an estimated £0.071m would not be required;

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 accounting requirements of the national Business Rates Retention Scheme. In total Rushcliffe's estimated liability amounts to £1.86m, with a further £2.79 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. With the level of inflation currently expected to hit 8% and the current fuel crisis, the 2022/23 budget incorporates an allowance for an increase in utilities and fuel.

e. Depreciation and amortisation is provided to write down the assets to their residual values over their estimated useful lives. The selection of these residual values and useful lives requires the exercise of management judgement considering anticipated usage levels in service provision and levels of repairs and maintenance. A review of balance sheet values is undertaken each year end to assess if any of the assets have not been used at the estimated rates and if any impairment charges are required. If the useful life of assets is reduced, depreciation increases and the carrying amount of the assets falls.

## 40. MATERIAL ITEMS OF INCOME AND EXPENSE

There are no material items of income and expense that have not been disclosed elsewhere in the accounts. During the year the Council acted as an agent for Government to distribute £6.5m of support grants to businesses (including £106k of funding from Rushcliffe Borough Council budgets). The remaining £0.786m is shown as a creditor on the balance sheet to either be carried forward to 2022/23 or repaid to Government.

## 41. EVENTS AFTER THE BALANCE SHEET DATE

COVID 19 remains a concern and we are constantly reviewing the impact on the Council. The main COVID 19 issues are stated within Section 6 of the Narrative.

## H. COLLECTION FUND

| 2020/21 | | | | 2021/22 | | |
|---|---|---|---|---|---|---|
| Council Tax £'000 | NDR £'000 | TOTAL £'000 | | Council Tax £'000 | NDR £'000 | TOTAL £'000 |
| | | | **INCOME** | | | |
| 89,316 | | **89,316** | Council Tax | 93,993 | | **93,993** |
| | 23,064 | **23,064** | Income from business ratepayers | | 25,677 | **25,677** |
| **89,316** | **23,064** | **112,380** | | **93,990** | **25,677** | **119,670** |
| | | | **EXPENDITURE** | | | |
| | | | Precepts and Demands | | | |
| 67,519 | | **67,519** | · Nottinghamshire County Council | 69,968 | | **69,968** |
| 10,087 | | **10,087** | · Nottinghamshire Police Authority | 10,811 | | **10,811** |
| 3,579 | | **3,579** | · Nottinghamshire Fire Authority | 3,671 | | **3,761** |
| 9,260 | | **9.260** | · Rushcliffe Borough Council | 9,575 | | **9,575** |
| | | | Business Rate | | | |
| | 17,397 | **17,397** | · Payments to Government* | | 22,786 | **22,786** |
| | 10,620 | **10,620** | · Payments to Nottinghamshire County Council** | | 10,741 | **10,741** |
| | 273 | **273** | · Payments to Nottinghamshire Fire Authority | | 286 | **286** |
| | 3,213 | **3,213** | · Payments to Rushcliffe Borough Council *** | | 3,792 | **3,792** |
| | 112 | **112** | · Costs of Collection | | 113 | **113** |
| | | | Impairment of Debts/Appeals | | | |
| | | | · Write offs and uncollectable amounts | | | |
| 334 | 190 | **524** | · Allowance for Impairment | 569 | 19 | **588** |
| | 5,564 | **5,564** | · Movement in provision for appeals | | (4,112) | **(4,112)** |
| | | | Contributions | | | |
| (943) | 356 | **(587)** | - Distribution of 20-21 estimated Collection Fund surplus/(deficit) | (442) | (10,001) | **(10,443)** |
| **89.836** | **37,725** | **127,561** | | **94,152** | **23,624** | **117,776** |
| (520) | (14,661) | **(15,181)** | **Movement on Fund Balance** | (159) | 2,053 | **1894** |
| (885) | 166 | **(719)** | **Opening Fund Balance** | (1,405) | (14,495) | **(15,900)** |
| **(1,405)** | **(14,495)** | **(15,900)** | **Closing Fund Balance** | **(1,564)** | **(12,442)** | **(14,006)** |

* This includes £8.483m payable to Government for transitional protection payments (20/21 £3.764m)

** This includes £8.166m (2020/21 £8.166m) payable to the Nottinghamshire Business Rates Pool.

*** This includes the disregarded amount for renewable energy of £0.518m (20/21 £0.473m)

# G. 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 |
|---|---|---|---|---|
| 2020/21 | | | | 2021/22 |
| 2,804 | A | 4,196 | 6/9 | 2,825 |
| 6,139 | B | 7,860 | 7/9 | 6,175 |
| 8,325 | C | 9,302 | 8/9 | 8,352 |
| 9,602 | D | 9,412 | 9/9 | 9,506 |
| 7,808 | E | 6,416 | 11/9 | 7,920 |
| 5,695 | F | 3,976 | 13/9 | 5,801 |
| 3,829 | G | 2,315 | 15/9 | 3,897 |
| 230 | H | 114 | 18/9 | 230 |
| **44,432** | | | | **44,706** |
| (444) | | Non-Collection Impairment was 1.00% in 2021/22 (2020/21 1.00%) | | (446) |
| **43,988** | | **Council Tax Base** | | **44,260** |

### 3. COLLECTION FUND COUNCIL TAX BALANCE/REDISTRIBUTING SURPLUSES

The precepts detailed in the statement are shown net of the previous year's surpluses/deficits. 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.

In 2021/22 a Collection Fund Council Tax deficit of £0.442m was redistributed between the major precepting authorities. Of this £0.499m reflected the estimated outturn deficit at 15 January 2021 and £0.057m decrease in deficit arose from the difference between the estimated and actual outturn positions for 2019/20.

At 15 January 2022 the Collection Fund Council Tax deficit for 2021/22 was estimated at £0.465m comprising an in-year deficit of £0.001m and £0.464m deficit arising from the difference between the actual and estimated outturns for 2020/21.  These funds will be collected from the major precepting authorities in 2022/23.

## G. NOTES TO THE COLLECTION FUND CONTINUED

| 2020/21 £'000 | | 2021/22 £'000 | 2022/23 £'000 |
|---|---|---|---|
| (704) | Nottinghamshire County Council | (330) | (347) |
| (103) | Nottinghamshire Police Authority | (49) | (52) |
| (38) | Nottinghamshire Fire Authority | (18) | (18) |
| (97) | Rushcliffe Borough Council | (45) | (48) |
| **(942)** | | **(442)** | **(465)** |

Due to the adverse impact of Covid on collection of Council Tax and subsequently the in-year deficit, the Government introduced a Statutory Instrument SI 2020/1202 in 2020/21. Every billing authority had to establish its 2021/22 in-year 'exceptional balance' for council tax as part of the process of estimating the outturn surplus/deficit on the collection fund for 2021/22 as at 15 January 2022. If the exceptional balance calculated was a deficit, this amount is required to be spread over 3 years. The total estimated deficit was £1.44m and the exceptional balance £1.5m.  In accordance with SI 2020/1202 the amount due to be recovered in 2021/22 is £0.442m and in 2022/23 is £0.465m and this is allocated to preceptors as shown in the table above.  At 31 March 2022 the actual outturn for the Collection Fund Council Tax was £1.564m, an increase of £0.066m from the estimated outturn.  This will be adjusted for as part of the calculations for the redistribution of Collection Fund balances in 2023/24.

### 4. NON-DOMESTIC RATES

Under the arrangements regarding Uniform Business Rates, the Council collects non domestic rates for its area which are based on local rateable values multiplied by a uniform rate which for 2021/2022 was 51.2p (2020/2021 51.2p). The non-domestic rateable value at the 31st March 2022 was £73,372,614 (31st March 2021 £74,852,874).

Rushcliffe Borough Council retains a 40% share of the proceeds of Non-Domestic Rate income, the remainder is distributed to preceptors in the following proportions: Central Government (50%), Nottinghamshire County Council (9%) and Nottinghamshire Fire Authority (1%).

Rushcliffe Borough Council is part of the Nottinghamshire Business Rates Pool. 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 17 provides further details on the provision made in 2021/22.

The deficit continues at the increased level observed in 20/21 due to the continuation of lost income from business rates reliefs in response to the Covid pandemic awarded to Leisure, Retail, Hospitality and Nursery sector and the Covid-19 Additional Relief Fund (CARF) for wider business support. The Government reimbursed the lost income by way of S31 grants, however, this is not collection fund income and therefore is shown in the revenue accounts of the relevant authority. Amounts relating to the Council are shown in Note 7).

# G. NOTES TO THE COLLECTION FUND CONTINUED

## 5. NON-DOMESTIC RATES SURPLUS OR DEFICIT

At 31 March 2022 the actual outturn for the Collection Fund NDR was a deficit of £12.4m (2020/21 £14.5 deficit) which is then distributed to the preceptors as detailed in the following table.

| **2020/21 £'000** | | **2021/22 £'000** |
|---:|---|---:|
| (7,248) | Central Government (50%) | (6,221) |
| (5,798) | Rushcliffe Borough Council (40%) | (4,977) |
| (1,304) | Nottinghamshire County Council (9%) | (1,120) |
| (145) | Nottinghamshire Fire Authority (1%) | (124) |
| **(14,495)** | | **(12,442)** |

# I. 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
- Streetwise Environmental Trading Ltd

Both companies are 100% owned by the parent company Rushcliffe Enterprise Ltd which in turn is 100% owned by Rushcliffe Borough Council. The consolidation has been done on an acquisition basis as Rushcliffe Enterprise Ltd is 100% owned by Rushcliffe Borough Council.

- Rushcliffe Enterprises Ltd. As referred to in Note 38.

Rushcliffe Enterprise 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 Mazars and have been given an unqualified audit opinion.

In early 2022 the Council agreed to bring back in-house the Streetwise function from 1st September 2022. Group accounts will no longer be required after the 2021/22 accounts.

## 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 below. However, Streetwise Environmental Ltd depreciates vehicles on a reducing balance basis whereas the Council depreciate vehicles on a straight-line basis.

## I. GROUP ACCOUNTS

## NOTE 1 GROUP MOVEMENT IN RESERVES STATEMENT (MIRS)

| 2021/22 | 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 2021** | **2,604** | **22,365** | **494** | **364** | **25,827** | **4,114** | **29,941** | **(182)** | **29,759** |
| **Balance at 31 March 2021 Restated PPA** | **2,604** | **22,365** | **494** | **364** | **25,827** | **6,729** | **32,556** | **(182)** | **32,374** |
| Post Audit Adjustment to Subsidiary Reserves | | | | | | | | **(12)** | **(12)** |
| **Movement in Reserves during 2021/22** | | | | | | | | | |
| Surplus or (deficit) on the provision of services | 2,942 | | | | 2,942 | | 2,942 | (44) | 2,898 |
| Other Comprehensive Income & Expenditure | | | | | 0 | 11,263 | 11,263 | 325 | 11,588 |
| Other Recognisable Gains/(Losses) | | | | | 0 | | 0 | | 0 |
| **Total Comprehensive Income & Expenditure** | **2,942** | **0** | **0** | **0** | **2,942** | **11,263** | **14,205** | **281** | **14,486** |
| Adjustments between Group accounts & authority accounts | | | | | 0 | | 0 | | 0 |
| Adjustments between accounting basis and funding basis under regulations | (1,819) | | 331 | (204) | (1,692) | 1,692 | 0 | | 0 |
| **Net Increase/(Decrease) before Transfers to Earmarked Reserves** | **1,123** | **0** | **331** | **(204)** | **1,250** | **12,955** | **14,205** | **281** | **14,486** |
| Transfers to/(from) earmarked reserves | (1,210) | 1,210 | 0 | 0 | 0 | 0 | 0 | | 0 |
| **(Increase)/Decrease in 2021/22** | **(87)** | **1,210** | **331** | **(204)** | **1,250** | **12,955** | **14,205** | **281** | **14,486** |
| PPA reconciling item - in year depreciation | 87 | | | | 87 | | 87 | | 87 |
| **Balance at 31 March 2022 Carried Forward** | **2,604** | **23,575** | **825** | **160** | **27,164** | **19,684** | **46,848** | **87** | **46,935** |

## GROUP MOVEMENT IN RESERVES STATEMENT (MIRS) Restated PPA

| | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 |
|---|---|---|---|---|---|---|---|---|---|
| **Balance at 31 March 2020** | **2,604** | **13,473** | **3,538** | **220** | **19,835** | **17,030** | **36,865** | **78** | **36,943** |
| Post Audit Adjustment to Subsidiary Reserves | | | | | | | | **(14)** | **(14)** |
| **Movement in Reserves during 2020/21** | | | | | | | | | |
| Surplus or (deficit) on the provision of services | 9,859 | | | | 9,859 | | 9,859 | 0 | 9,859 |
| Other Comprehensive Income & Expenditure | | | | | 0 | (12,343) | (12,343) | (246) | (12,589) |
| Other Recognisable Gains/(Losses) | | | | | | (372) | (372) | | (372) |
| **Total Comprehensive Income & Expenditure** | **9,859** | **0** | **0** | **0** | **9,859** | **(12,715)** | **(2,856)** | **(246)** | **(3,102)** |
| Adjustments between accounting basis and funding basis under regulations | (2) | | (3,044) | 144 | (2,902) | 2,902 | 0 | | 0 |
| **Net Increase/(Decrease) before Transfers to Earmarked Reserves** | **9,857** | **0** | **(3,044)** | **144** | **6,957** | **(9,813)** | **(2,856)** | **(246)** | **(3,102)** |
| Transfers to/(from) earmarked reserves | (8,892) | 8,892 | | | 0 | 0 | 0 | | 0 |
| **(Increase)/Decrease in 2020/21** | **965** | **8,892** | **(3,044)** | **144** | **6,957** | **(9,813)** | **(2,856)** | **(246)** | **(3,102)** |
| **Reconciling Line for CIES** | (965) | | | | (965) | (488) | (1,453) | | |
| **Balance at 31 March 2021 Carried Forward** | **2,604** | **22,365** | **494** | **364** | **25,827** | **6,729** | **32,556** | **(182)** | **33,827** |

## GROUP MOVEMENT IN RESERVES STATEMENT (MIRS)

| 2020/21 | General Fund Balance | Earmarked GF Reserves | Capital Receipts Reserve | Capital Grants Unapplied | Total Usable Reserves | Unusable Reserves | Total Council Reserves | Council's Share of Sunsidiary's Reserves | Total Reserves |
|---|---|---|---|---|---|---|---|---|---|
| | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 |
| **Balance at 31 March 2020** | **2,604** | **13,473** | **3,538** | **220** | **19,835** | **17,030** | **36,865** | **78** | **36,943** |
| Post Audit Adjustment to Subsidiary Reserves | | | | | | | | **(14)** | **(14)** |
| **Movement in Reserves during 2020/21** | | | | | | | | | |
| Surplus or (deficit) on the provision of services | 5,791 | | | | 5,791 | | 5,791 | 0 | 5,791 |
| Other Comprehensive Income & Expenditure | | | | | 0 | (12,343) | (12,343) | (246) | (12,589) |
| Other Recognisable Gains/(Losses) | | | | | | (372) | (372) | | (372) |
| **Total Comprehensive Income & Expenditure** | **5,791** | **0** | **0** | **0** | **5,791** | **(12,715)** | **(6,924)** | **(246)** | **(7,170)** |
| Adjustments between accounting basis and funding basis under regulations | 3,101 | | (3,044) | 144 | 201 | (201) | 0 | | 0 |
| **Net Increase/(Decrease) before Transfers to Earmarked Reserves** | **8,892** | **0** | **(3,044)** | **144** | **5,992** | **(12,916)** | **(6,924)** | **(246)** | **(7,170)** |
| Transfers to/(from) earmarked reserves | (8,892) | 8,892 | | | 0 | 0 | 0 | | 0 |
| **(Increase)/Decrease in 2020/21** | **0** | **8,892** | **(3,044)** | **144** | **5,992** | **(12,916)** | **(6,924)** | **(246)** | **(7,170)** |
| **Balance at 31 March 2021 Carried Forward** | **2,604** | **22,365** | **494** | **364** | **25,827** | **4,114** | **29,941** | **(182)** | **29,759** |

## I. GROUP ACCOUNTS

### NOTE 2 GROUP COMPREHENSIVE INCOME & EXPENDITURE STATEMENT

| 2020/21 | | | Restated PPA | | 2021/22 | | |
|---|---|---|---|---|---|---|---|
| **Gross Exp £'000** | **Gross Inc £'000** | **Net Exp £'000** | **Net Exp £'000** | | **Gross Exp £'000** | **Gross Inc £'000** | **Net Exp £'000** |
| 1,934 | (43) | 1,891 | 1,891 | Chief Execs | 2,033 | (38) | 1,995 |
| 3,120 | (1,626) | 1,494 | 1,494 | Development & Economic Growth | 3,465 | (1,707) | 1,758 |
| 18,660 | (14,666) | 3,994 | 3,994 | Finance & Corporate | 17,748 | (13,264) | 4,484 |
| 14,195 | (6,563) | 7,632 | 7,632 | Neighbourhoods | 15,199 | (7,639) | 7,560 |
| **37,909** | **(22,898)** | **15,011** | **15,011** | **Cost of Services (Note 5a)** | **38,445** | **(22,648)** | **15,797** |
| | | 3,212 | (856) | Other Operating Expenditure | | | 3,995 |
| | | (879) | (879) | Financing & Investment Income & Expenditure | | | (755) |
| | | (23,010) | (23,010) | Taxation & Non-Specific Grant Income | | | (21,916) |
| **37,909** | **(22,898)** | **(5,666)** | **(9,734)** | **(Surplus)/Deficit on Provision of Services** | **38,445** | **(22,648)** | **(2,879)** |
| | | (27) | (27) | Tax expenses of subsidiaries | | | (19) |
| | | **(5,693)** | **(9,761)** | **Group (Surplus)/Deficit on Provision of Serviices** | | | **(2,898)** |
| | | (721) | (721) | Surplus or deficit on revaluation of non-current assets | | | (1,696) |
| | | 0 | 0 | Available for Sale Financial Instruments | | | |
| | | 14,479 | 14,479 | Actuarial gains/losses on pension assets/liabilities | | | (9,892) |
| | | (895) | (895) | Other recognisable (Gains) / Losses | | | |
| | | **12,863** | **12,863** | **Other Comprehensive Income & Expenditure** | | | **(11,588)** |
| | | **7,170** | **3,102** | **Total Comprehensive Income & Expenditure (Note 5b)** | | | **(14,486)** |

# I. GROUP ACCOUNTS

## NOTE 3 GROUP BALANCE SHEET

| | Restated PPA | | |
|---|---|---|---|
| **31 March 2021** | **31 March 2021** | | **31 March 2022** |
| **£'000** | **£'000** | | **£'000** |
| 46,273 | 44,820 | Property, Plant & Equipment | 57,125 |
| 88 | 88 | Heritage Assets | 114 |
| 29,127 | 29,127 | Investment Property | 30,753 |
| 13,050 | 13,050 | Long Term Investments | 15,222 |
| 221 | 221 | Intangible Assets | 190 |
| 2,269 | 2,269 | Long Term Debtors | 2,062 |
| **91,028** | **89,575** | **Long Term Assets** | **105,466** |
| 4,586 | 4,586 | Assets Held for Sale | 0 |
| 15,000 | 15,000 | Short Term Investments | 13,000 |
| 87 | 87 | Inventories | 62 |
| 8,134 | 12,202 | Short Term Debtors | 8,293 |
| 19,899 | 19,899 | Cash & Cash Equivalents | 40,340 |
| **47,706** | **51,774** | **Current Assets** | **61,695** |
| (17,994) | (17,994) | Short Term Creditors | (24,288) |
| **(17,994)** | **(17,994)** | **Current Liabilities** | **(24,288)** |
| (3,600) | (3,600) | Long Term Provisions | (1,972) |
| (22,340) | (22,340) | Capital Grants Receipts in Advance | (35,395) |
| (65,041) | (65,041) | Pension Liability | (58,563) |
| 0 | 0 | Deferred Tax Liability | 0 |
| 0 | 0 | Long Term Creditors | (8) |
| **(90,981)** | **(90,981)** | **Long Term Liabilities** | **(95,938)** |
| **29,759** | **32,374** | **NET ASSETS** | **46,935** |
| 494 | 494 | Usable Capital Receipts Reserve | 825 |
| 2,604 | 2,604 | General Fund Balance | 2,604 |
| 22,365 | 22,365 | Earmarked Reserves | 23,575 |
| 364 | 364 | Capital Grants Unapplied | 160 |
| (182) | (182) | Profit & Loss Reserve | 87 |
| **25,645** | **25,645** | **Usable Reserves** | **27,251** |
| **4,114** | **6,729** | **Unusable Reserves** | **19,684** |
| **29,759** | **32,374** | **TOTAL RESERVES** | **46,935** |

# I. GROUP ACCOUNTS

## NOTE 4 GROUP CASHFLOW STATEMENT (INDIRECT METHOD)

| | Restated PPA | | |
|---|---|---|---|
| **2020/21** | **2020/21** | | **2021/22** |
| **£'000** | **£'000** | | **£'000** |
| (5,693) | (9,761) | Group Net (surplus) or deficit on the provision of services | (2,898) |
| | | Post Audit adjustment to Subsidiary surplus | |
| (15,273) | (15,273) | Adjustments to net surplus or deficit on the provision of services for non-cash movements | (15,266) |
| 4,545 | 8,613 | Adjustments for items included in the net surplus or deficit on the provision of services that are investing and financing activities | 5,013 |
| (16,421) | (16,421) | Net cash flows from Operating Activities | (13,151) |
| (3,580) | (3,580) | Investing Activities | (6,873) |
| 5,634 | 5,634 | Financing Activities | (417) |
| (14,367) | (14,367) | Net (increase) or decrease in cash and cash equivalents | (20,441) |
| (5,532) | (5,532) | Cash & Cash equivalents at the beginning of the reporting period | (19,899) |
| **(19,899)** | **(19,899)** | **Cash & Cash equivalents at the end of the reporting period** | **(40,340)** |

## I. GROUP ACCOUNTS

### NOTE 5 GROUP 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:

### a. Group Cost of Services and Group Position on Provision of Services

| 2020/21 | | | | | 2021/22 | | |
|---|---|---|---|---|---|---|---|
| **RBC Adjusted £'000** | **Streetwise Environmental Ltd Adjusted £'000** | **Group £'000** | **Restated PPA Group £'000** | **Comprehensive Income & Expenditure Statement** | **RBC Adjusted £'000** | **Streetwise Environmental Ltd Adjusted £'000** | **Group £'000** |
| 13,232 | 1,778 | 15,010 | 15,010 | (Surplus)/Deficit on Continuing Operations | 14,062 | 1,735 | 15,797 |
| 3,212 | 0 | 3,212 | (856) | Other Operating Expenditure | 3,995 | 0 | 3,995 |
| (904) | 26 | (878) | (878) | Financing & Investment Income & Expenditure | (790) | 35 | (755) |
| (23,010) | 0 | (23,010) | (23,010) | Taxation & Non-Specific Grant Income | (21,916) | 0 | (21,916) |
| **(7,470)** | **1,804** | **(5,666)** | **(9,734)** | **(Surplus)/Deficit on Provision of Services** | **(4,649)** | **1,770** | **(2,879)** |

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

| | **Restated PPA** | | |
|---|---|---|---|
| **2020/21 £'000** | **2020/21 £'000** | | **2021/22 £'000** |
| 6,924 | 2,856 | (Surplus)/Deficit on the Council's Comprehensive Income & Expenditure Statement | (14,205) |
| (1,678) | (1,678) | Adjustments for transactions with other group entities | (1,707) |
| **5,246** | **1,178** | **(Surplus)/Deficit in the Group Comprehensive Income & Expenditure Statement attributable to the Council** | **(15,912)** |
| 1,924 | 1,924 | (Surplus)/Deficit in theGroup Comprehensive Income & Expenditure Statement attributable to the Group subsidiaries (adjusted for inter group transactions) | 1,426 |
| **7,170** | **3,102** | **(Surplus)/Deficit for the year on the Group Comprehensive Income & Expenditure Statement** | **(14,486)** |

## I. GROUP ACCOUNTS

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

| 2021/22<br>Balance Sheet | RBC<br>£'000 | Streetwise Environmental Ltd<br>£'000 | Adjustment<br>£'000 | Group<br>£'000 |
|---|---|---|---|---|
| Fixed Assets - PPE | 56,584 | 541 | 0 | 57,125 |
| Long term debtors | 2,240 | 955 | (1,133) | 2,062 |
| Short term debtors | 8,144 | 320 | (171) | 8,293 |
| Short term borrowing | 0 | (123) | 123 | 0 |
| Long term investments | 15,222 | 0 | 0 | 15,222 |
| Short term investments | 13,000 | 0 | 0 | 13,000 |
| Short term creditors | (23,829) | (506) | 47 | (24,288) |
| Long term creditors | 0 | (186) | 178 | (8) |
| Long term provisions | (2,927) | 0 | 955 | (1,972) |

The elimination of £1.133m Streetwise Long-Term Debtors relates mainly to the RBC pension liability for Streetwise staff pre-company formation (£955k), reducing long term provision for RBC. The remaining £178k is being the remnants of long-term loans to Streetwise.

The elimination of £171k Short Term Debtors - includes the opposite entry to remove Short term creditors plus removal of £123k short term loan to Streetwise.

| 2020/21<br>Balance Sheet | RBC<br>£'000 | Streetwise Environmental Ltd<br>£'000 | Adjustment<br>£'000 | Group<br>£'000 | Restated PPA - Group<br>£'000 |
|---|---|---|---|---|---|
| Fixed Assets - PPE | 44,272 | 548 | 0 | 44,820 | 44,820 |
| Long term debtors | 2,570 | 955 | (1,256) | 2,269 | 2,269 |
| Short term debtors | 7,789 | 511 | (166) | 8,134 | 12,202 |
| Short term borrowing | 0 | (127) | 127 | 0 | 0 |
| Long term investments | 13,050 | 0 | 0 | 13,050 | 13,050 |
| Short term investments | 15,000 | 0 | 0 | 15,000 | 15,000 |
| Short term creditors | (17,402) | (631) | 39 | (17,994) | (17,994) |
| Long term creditors | 0 | (301) | 301 | 0 | 0 |
| Long term provisions | (4,555) | 0 | 955 | (3,600) | (3,600) |

## J. 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.

**AUGMENTATION (PENSIONS)**

Payment to the pension scheme over and above normal scheme entitlements, usually as part of a redundancy or severance package.

**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 AUTHORITY**
Rushcliffe Borough Council is classed as a Billing Authority 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.

**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.

**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.

**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.

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

**DEFERRED CAPITAL RECEIPTS**

Income recognised upon the disposal of non-current assets but, for which, cash settlement has yet to take place.

**DEFRA**

Department for Environment, Food and Rural Affairs

**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.

**DLUHC**
Department for Levelling Up, Housing and Communities

**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 its subsidiaries.

**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 an organisation.

**LSP**
Local Strategic Partnership

**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.

**POOLED FUNDS**

Funds from many individual investors that are aggregated for the purposes of investment

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

**PROJECTED UNIT CREDIT METHOD**

Under the projected unit credit method, the obligation for long-term employee benefits is measured by calculating the present value of the expected future payments that will result from employee services provided to date

**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).

**SOFT LOAN**
A loan to an outside body at less than market rates.

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