



**Bassetlaw**  
DISTRICT COUNCIL  
— North Nottinghamshire —

# STATEMENT OF ACCOUNTS 2023/24

# Statement of Accounts Contents

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## THE NARRATIVE REPORT

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# Introduction

## Councillor Preface

As Portfolio Holder for Corporate and Financial Services, I would like to welcome you to the Bassetlaw District Council 2023/24 Statement of Accounts.

The 2023/24 financial year has been challenging. As we once again finalise our accounts for the financial year, it is worth reflecting that over many years, external instability has become the new normal.

From the 2008 financial crash that was inevitably followed by austerity, then the uncertainty caused by the Brexit referendum, when progress seemed to be on the horizon the pandemic struck, with subsequent conflict in Ukraine and now the Middle East.

It is to our credit then, that this council has maintained a sure footing throughout this period. We continue to provide good services within budget, whilst working towards bold ambitions for the district.

We have done this by staying focused on protecting front-line services, working proactively with partners to provide better and more cost-effective solutions and finding efficiencies and sustainable savings.

In February 2024, the government agreed to provide 19 councils with support to manage financial pressures via the Exceptional Financial Support framework (EFS). Contrast this with our comparable financial position and it's clear that our achievements should not be taken for granted or underestimated.

Internationally, inflation has reduced considerably from its peak, and in the UK our rate has reduced from 11.1% in October 2022 to 3.2% in March 2024, with a further predicted fall to 2% next year, which is good news.

Bassetlaw District Council continues to take decisive action, including where we can invest to save money, and managed our reserves carefully. Though the financial context seems ever more challenging, this Council has an excellent track record of identifying and delivering significant savings, and for annual expenditure to be broadly in line with the agreed budget, all within a framework of effective financial planning and sound internal control.

We are aware of the future challenges that Bassetlaw District Council faces. Listening to our residents must always be the council's driving ambition. We will continue to tackle the district's challenges and continue delivering and maintaining high quality services. As can be shown in this report, despite still being impacted by the pandemic, we can demonstrate value for money, linking spend to priorities and performance, and a sound financial landscape going forward.

I would like to highlight the work that the Council has undertaken during 2023/24, and which continues into 2024/25.

In June 2023, the Council started consulting on “Vision 2040” and the supporting Corporate Plan which forms the basis of transforming our district. This vision and the Corporate Plan for 2023-27 have now been adopted having received very healthy support and are at the heart of almost every conversation that we have as a council, forcing us to think beyond the here and now and to look to a positive, long-term future for Bassetlaw.

We participated in a Corporate Peer Challenge which took place in late November 2023. This was a helpful and insightful process. An action plan is now in place to respond to the recommendations. The implementation of this action plan, as well as the implementation of the wider Corporate Plan, will be a key theme in the 2024-25.

In the past 12 months, Bassetlaw formally became part of two more Levelling Up programmes. Levelling Up Partnerships, initially announced in March 2023 but developed into eight projects over the rest of the financial year; and Long-Term Plan for Towns which was announced by the Government after Council met in late September 2023. In total, these two programmes will bring up to a further £40 million of regeneration funding into the district over the next 10 years. This brings our regeneration funding (since August 2022) to over £62 million.

Elsewhere, a site on the edge of Worksop has become part of the £160 million East Midlands Investment Zone. The identified sites are intended to support growth in the green industries and advanced manufacturing sectors across the East Midlands as a whole. It's expected they will collectively help to bring in over £380 million in private investment and upwards of 4,000 jobs to the region.

We have continued to build relations with the Spherical Tokamak for Energy Production (STEP) team from the UK Atomic Energy Authority (UKAEA). There have been several advancements over the past 12 months in this area and in particular, planning permission for the first UKAEA office was secured at West Burton. This opened in February 2024. We are also working with the UKAEA to both invest in local facilities and improve skills engagement, notably through an innovative project at the Skills Hub and a new dedicated role funded as part of our Levelling Up funding.

These achievements have, of course, all been delivered against what remains a challenging financial backdrop. It is fair to say that this is a major concern of almost all local authorities, both upper and lower tier.

The lack of direct support for Local Government in the initial Autumn Statement was telling, even with the financial struggles of Council becoming mainstream news. The Local Government Finance Settlement improved in the early part of 2024 but we are still operating in a very difficult environment despite providing a range of important frontline services. We need the current Government and all future governments to properly value the work being done by councils up and down the country to help residents, business groups and community groups.

In light of this, in 2023-24, we have continued to manage money sensibly at the same time as challenging ourselves to think more commercially, having approved a new commercial strategy in January 2024. Aligned to this we are currently undertaking a root and branch review of our budgets to identify more efficient and effective ways of working as we seek to reduce our budget gap.

It just leaves me to say that I am confident that the Council can maintain good financial health and financial sustainability. The Council is well-placed to address all the future challenges it faces.

As always, I would like to conclude by recognising the hard work and dedication shown by the Council's s151 Officer and his finance team throughout the year. Along with colleagues across the Council, they have worked diligently to support the provision of essential Council services during these difficult and testing times.

### Alan Rhodes

Portfolio Holder for Finance and Property

## Introduction by s151 Officer

I am pleased to present Bassetlaw District Council's Statement of Accounts for the financial year ended 31<sup>st</sup> March 2024. The published accounts are an important element of the overall arrangements for demonstrating the Council's financial stewardship of public money. Whilst by their very nature the accounts are backward facing, they provide the context for the challenging financial position the Council continues to operate within.

Medium-Term Financial Planning for the period 2024/25 to 2028/29 was approved at Council on 7<sup>th</sup> March 2024 and this sets out the Council's assumptions on expenditure, income and financing in order to ensure the delivery of the Council's vision and corporate objectives.

Central Government has had plans to reform the local government finance system for a number of years. The Government initially intended for these reforms to take effect from 2020/21. It has now delayed these reforms further to 2026/27 at the earliest.

Fundamentally the reforms of the system are to increase the proportion of non-domestic rates (NDR) business rates retained locally; and to make fairer the Government's annual funding allocations for local authorities.

Considering the impact of the government's decision to delay the reform to the system, this has been positive on the funding position of Bassetlaw District Council with the delay in re-setting the NDR baseline meaning that we are forecasting more NDR income in 2024/25 and 2025/26 than envisaged in previous iterations of our financial plan.

As it is not known how exactly the local government finance system will change or from when these changes will take effect from, the council's current modelling of funding projections for 2026/27 and future years are subject to high levels of volatility.

Throughout 2024/25, officers will closely monitor the government's announcements relating to the local government finance system and assess the implications of these on the council's funding for 2026/27 and future years.

Work on a transformation strategy is being progressed to enable the Council to both respond to the anticipated challenges and deliver against the Council's ambitious vision.

We hope, in time, this government or a future government will recognise the valuable contribution districts make to local communities, economic and housing growth and support us accordingly.

There are a significant number of audits of Statement of Accounts outstanding across the country, resulting from a number of factors including, the effect of the pandemic, issues around accounting for technicalities such as pensions and infrastructure assets and capacity within the external audit sector.

The proposed solution is a series of statutory deadlines (backstops) for clearing delayed audits, with any outstanding beyond those dates being subject to qualifications or disclaimers of opinion. Our 2022/23 draft accounts remain unaudited and the focus on completing the audit work by 30<sup>th</sup> September (the proposed backstop date) has had an impact on the timing of the publication of our 2023/24 draft accounts.

Notwithstanding this, the purpose of these accounts is to present a true and fair view of the financial results of our activities for the year and the value of our assets and liabilities at the end of the financial year. The Statement of Accounts has been prepared in accordance with the requirements of the Chartered Institute of Public Finance and Accountancy (CIPFA). It aims to provide information so that the reader can:

- Understand the overarching financial position of the Council and the outturn for 2023/24;
- Have confidence that public money has been used and accounted for in an appropriate manner; and
- That the financial position of the Council is sound and secure.

The style and format of the accounts complies with these CIPFA standards and is similar to previous years. The narrative report provides information about Bassetlaw, including the key issues affecting the accounts. It also provides a summary of the financial position at 31<sup>st</sup> March 2024.

I would like to thank all of my team and other officers who have supported the process and have worked so hard to meet this challenging target. In addition, my thanks also go to the Council's

management team and all Council services who have managed the budgets throughout the year in order to bring actual expenditure in at the year-end under budget whilst delivering on service promises.

**This narrative report is set out in five parts:**

**Part one** – provides an introduction to the area of Bassetlaw;

**Part two** – provides an introduction to Bassetlaw District Council;

**Part three** – provides a summary of our performance against the priorities outlined in the Council Plan;

**Part four** – relates to our financial performance for the year to March 2024 and summarises the information in the main Statement of Accounts document; and

**Part five** – looks forward, outlining the impact of the current economic climate and the risks we face on our resources and the services we provide.

In considering this report, you should note that the reported position against service budgets, which we use internally to monitor our financial performance, is not directly comparable to the position disclosed in this Statement of Accounts. This is mainly due to the accounting adjustments required to comply with reporting requirements, which do not affect the amount of our spending to be met by local taxpayers. The key differences relate to the way in which we account for items such as depreciation, impairment, reserves, provisions and carry-forwards. Each of these items is explained further in our accounting policies or the glossary.

**Public inspection**

It is important that members of the public have the opportunity to provide comment and question our Statement of Accounts. Therefore, the draft Statement of Accounts for 2023/24 will be made available on the Council's website for inspection.

It is expected that the formal audit of these accounts will commence in the autumn.

**Michael Wildman CPFA ACMA**

**Director of Corporate Resources (s.151 Officer)**  
**Bassetlaw District Council**



## Part 1 - Introduction to Bassetlaw Area

Bassetlaw is a great place to live, work and visit with historic town centres, a patchwork of villages and parishes, stunning countryside and superb connectivity.

Characterised by an abundance of green open space, our historic market towns of Worksop and Retford, and their surrounding villages, offer residents and visitors a wide range of leisure, heritage and cultural facilities: from Creswell Crags, Clumber Park and the Welbeck Estate to the Chesterfield Canal, Mayflower Pilgrims Gallery, and Bassetlaw's Green Flag Award winning parks.

The growing town of Harworth and Bircotes offers easy access to South Yorkshire and the north of England via the A1 and M18 road networks and from Retford, which is less than two hours from London, Birmingham, Manchester and Newcastle by train.

Our unique location gives access to the economies of both the Midlands Engine and the Sheffield City Region which makes Bassetlaw a very attractive place to do business. Well-established manufacturing, warehousing and logistics providers already call Bassetlaw their home, in addition to multi-national businesses such as Laing O'Rourke, DHL, Cerealto, Brunton Shaw and Trelleborg which all have operations in the district.

Bassetlaw was once a heartland of coal-fired energy production with three power stations within its borders. And now, with the siting of the STEP energy fusion project at West Burton in East Bassetlaw, it will be at the forefront of developing clean energy technologies for net zero Britain. The multi-billion project will provide new opportunities for residents and businesses in research and development, green technologies and advanced manufacturing and engineering.

With 117,800 residents, our population continues to grow with a notable increase of 2.4% in the number of under 15-year-olds providing the workforce of the future. The population size overall has increased by 4.4% from around 112,900 in 2011. This is lower than the overall increase for England (6.6%) and lower than the increase for the East Midlands (7.7%)

The vast majority of the working age population in Bassetlaw has at least one qualification (95.2%). In comparison with other Nottinghamshire districts, Bassetlaw performs well in this area. When looking at attainment at degree level, Bassetlaw is slightly under the County average and significantly lower than England.

Bassetlaw has 55,780 homes spread across 63,688 hectares of stunning countryside and benefits from over 10,000 acres of woodland. People are generally happy (7.29 out of 10) and satisfied with life (7.28 out of 10). Overall satisfaction with the local area as a place to live is good at 71% and we aspire to raise this further.

Housing provision is growing with 766 new homes completed in the last year. A further 952 homes are under construction.

Bassetlaw is also a great place to do business with two business forums and a Business Improvement District (BID) in place. We have 5,015 enterprises in Bassetlaw and our three-year business survival rate is 59%. Our economic activity rate of 84.4% is significantly higher than the England average of 78.8%.

The average annual salary is £27,090 with the private sector being the largest employer (81%). We aim to raise these indicators over the next 15 years by delivering this vision.

Our vision is for Bassetlaw to become the greenest, most sustainable district in which to live and work, building on its legacy of energy production, manufacturing and logistics to power the net zero economy.

To deliver this vision, we have identified six strategic 'pillars' or foundations on which the Bassetlaw of 2040 should be built.

- Identity - We will build a stronger sense of identity for Bassetlaw as a place to live and work, rooted in its commitment to powering the net zero economy.
- Skills - We will develop the skills that will be needed to power the UK's manufacturing industry and green economy, using wage growth to address deprivation and inequality.
- Business - We will become a great place to 'do business' by proactively investing in offices, connectivity and supporting infrastructure.
- Environment - We will mitigate the impacts of climate change through green energy planning, improving building efficiency and enhancing natural environments.
- Facilities for all - We will promote partner investment in high-quality education, health and other facilities which should be easy for everyone to access.
- Healthy district - We will encourage sustainable living and promote good mental and physical health for all Bassetlaw residents.

## Part 2 - Introduction to Bassetlaw District Council

### How the Council Works

The Council is made up of 48 Councillors who are elected every four years, with the next full elections to be held in May 2027. The political balance of the Council on 31st March 2024 was 38 Labour, 8 Conservative and 2 Independent.

The Council operates under the Leader and Cabinet Executive Arrangements model. The Council elects the Leader (who is the Leader of the majority party), and the Leader appoints the other members of the Cabinet. Each Cabinet member holds a separate portfolio.

Decisions may be delegated to the individual members or taken by the Cabinet as a whole. These decisions are scrutinised by the Council's Overview & Scrutiny Committee. The Leader and Cabinet are responsible for policies, plans, and strategies, which must be within the budget adopted by the full Council. These will be reported to the overall Council, which is convened as a whole, at regular Council meetings.

The principle executive decisions taken by the Council as a whole are to appoint the Leader, to approve the Leader's budget, to adopt development plan documents, and to agree on the Council's Constitution.

On the 31st March 2024, the Council's Cabinet consisted of the following Councillors:

Leader of the Council, Cllr James Naish.

Deputy Leader and Cabinet Member for Business & Skills, Cllr Jo White.

Cabinet Member for Corporate Strategy, Cllr June Evans.

Cabinet Member for Identity & Place, Cllr Julie Leigh.

Cabinet Member for Housing & Estates, Cllr Jonathan Slater.

Cabinet Member for Corporate & Financial Services, Cllr Alan Rhodes.

Cabinet Member for Health & Wellbeing, Cllr Lynne Schuller.

Cabinet Member for Environment & Energy, Cllr Darrell Pulk.

The work of Councillors is supported by Council Officers. The Chief Executive has overall responsibility for the services supported by two Directors and seven Heads of Services. The Directorate of Corporate Resources comprises the functional areas of Finance and Property Services, Growth & Economic Prosperity and Corporate Services and the Directorate of Regeneration and Neighbourhoods comprises the functional areas of Planning & Place, Neighbourhoods and Housing. The Council employed 420 full time staff and 122 part time staff as of 31<sup>st</sup> March 2024.

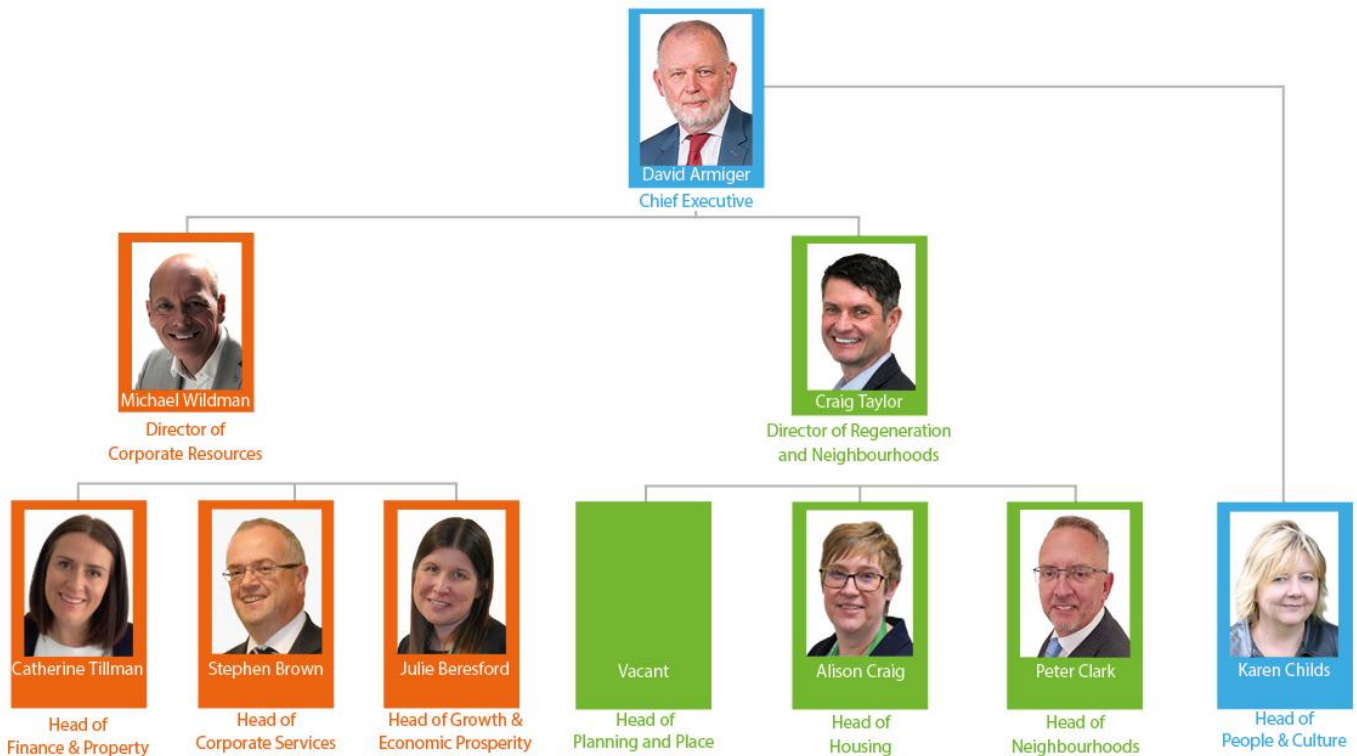
The Council also has a number of committees, with membership determined on the basis of the political balance:

Overview and Scrutiny Committee  
Audit and Governance Committee  
Standards Sub-Committee  
Licensing Committee  
Planning Committee  
Appeals Committee  
Appointments Committee  
Chief Officers' Investigating Committee  
Health and Safety Committee  
Introductory Tenancies Appeal Board  
Joint Employee Council

### **Senior Management Structure of the Council**

The Council's structure is as shown below. The Chief Executive Officer leads a Corporate Leadership Team including two Directors and a Corporate Management Team of seven Heads of Service each with a portfolio of services to manage and deliver.

# Senior Management Team 2023/24



**VISION2040  
BASSETLAW**

## Part 3 – The Council Plan 2023-2027

In December 2022, the Council approved the development of a new vision for Bassetlaw to 2040, aligning with the project delivery dates of the STEP fusion energy project. Known as Vision 2040, this aspires:

*For Bassetlaw to become the greenest, most sustainable District in which to live and work, building on its legacy of energy production, manufacturing and logistics to power the net zero economy.*

As part of Vision 2040, six foundational or strategic pillars were proposed to start to be delivered in the current administrative period, 2023 – 2027. Under these strategic pillars, a series of priorities or Council Plan actions for the period 2023 – 2027 have been identified to facilitate initial delivery towards Vision 2040. These were set out in a report to Council on 21<sup>st</sup> September 2023.

In November 2023 Cabinet approved the revised wording of Vision 2040 to take account of comments received through a public consultation exercise. This was reported through to the Council meeting on 7<sup>th</sup> March 2024.

## Part 4 - Financial Performance & Management 2023/24

### *Economic Performance*

The Fair Funding Review, Business Rates reset, and Business Rates reform have been delayed and it is unclear when they will be implemented. Whilst there is no indication of when the review(s) will be in place, it is assumed that this will occur in 2026/27. This is because Government has confirmed that the reset and/or review would not happen before a general election and would need significant consultation with the sector before any changes could be implemented. This continues to create great uncertainty for the Council's finances. An important focus continues to be on economic growth to bring in medium to longer-term financial returns through business rates and council tax. Alongside this, the Council will continue to pursue commercial opportunities supported by robust business cases. These actions will help underpin the financial viability of the Council over the longer term.

The Council's medium term financial plan was approved in February 2024. This indicates significant deficits in later years from 2026/27 resulting from inflationary pressures, demand, demographic and service changes. As noted above, there is also considerable uncertainty regarding the future nature and level of government funding for local authorities and the risk of changes to the business rates retention formula that could see significant sums of retained business rates lost to our district.

With the regard to the impact on capital, the Council has a modest, whilst ambitious programme and there were significant underspends due to delays in key schemes as costs increased due to the inflated costs of goods and services resulting from the difficult financial environment the Council operates in. The Council's Asset Management Plan, approved in February, reinforced the principles brought in for the 2024/25 budget setting process regarding a comprehensive review of the authority's assets.

Whilst useable revenue reserves remain relatively low when compared to others, this has been the case historically. Our capital health remains good and improving with low levels of gearing and no new borrowing in the 2023/24 financial year.

### *Cash Flow Management*

The Council has in place an annual cash flow forecast that covers both weekly and monthly incomings and outgoings during the financial year. We have been closely monitoring this over the year to understand any significant impacts. Investments are placed across a number of different products including notice accounts and money market funds that both provide access to more liquid funds, ensuring a greater balance is available for urgent cash flow requirements which might arise. All controls and prudential indicators were maintained in accordance with the approved Treasury Management Strategy.

### *The General Fund - Revenue*

The General Fund supports the day-to-day running of the Council's services (excluding housing). The Council set its budget for the 2023/24 financial year on 2<sup>nd</sup> March 2023. This showed a total budget of £19.3m of which £18.2m was to deliver its core services [\(Budget Council March 2023\)](#)

During the year, the budget position for the net cost of services changed. The main factors contributing to this increase were in respect of statutory accounting adjustments charged to services that are subsequently reversed back out through the movement in reserves statement to eliminate any impact on the level of Council Tax charged.

The financial standing of the Council is very robust, with sound and improving financial management and practices. The outturn position for the Council's General Fund was an underspend of circa £1.4m. A report was presented to Cabinet in July 2024. The Council's Director of Corporate Resources, in his role as Chief Finance Officer, has a duty under the Local Government Act 2003 in setting the budget to comment on the robustness of the estimates and the adequacy of the reserves. This requires that effective budget monitoring procedures are set in place to monitor expenditure and income against the budget and careful consideration is given to determining the level of reserves. The Working Balance has remained at £1.0m in 2022/23.

There are a number of financial pressures and uncertainties. These could affect the estimates particularly in future years. Collectively these indicate significant financial pressure on the Council's resources. The forward projections have been subject to sensitivity analysis in light of the potential risks. These do indicate potential wide fluctuations in any year that could see the likely surplus/deficit being substantially different to that expected. This emphasises both the high level and impact of the risks that face the Council's finances in the future. In recognition of the significance of these risks there is a risk contained within the Council's corporate risk register relating to financial resilience.

### *The Housing Revenue Account (HRA)*

The HRA is a ring-fenced landlord's account for the running of the Council's housing stock. The budget that was approved by Council on 26<sup>th</sup> January 2023 ([Extraordinary Council 26th January 2023](#))

Any over achievement of income is reinvested into the Council's housing stock over a number of years to ensure properties are maintained to an appropriate standard and to continue to grow the stock of houses to ensure the Council meets the needs of the district.

Compared to the budget, savings of £0.6m have been achieved during the 2023/24 financial year.

Further information relating to the Housing Revenue Account can be found within the Supplementary Financial Statements.

### *Overall Outcome*

The Comprehensive Income and Expenditure Statement shows the Council's outturn on an accounting basis (to include notional entries such as depreciation and impairment).

Charts 2 and 3 below show the details of the total spend and income in 2023/24 as shown in the Expenditure and Funding Analysis (EFA) (Notes 7 and 8)

Chart 2 – Total Expenditure

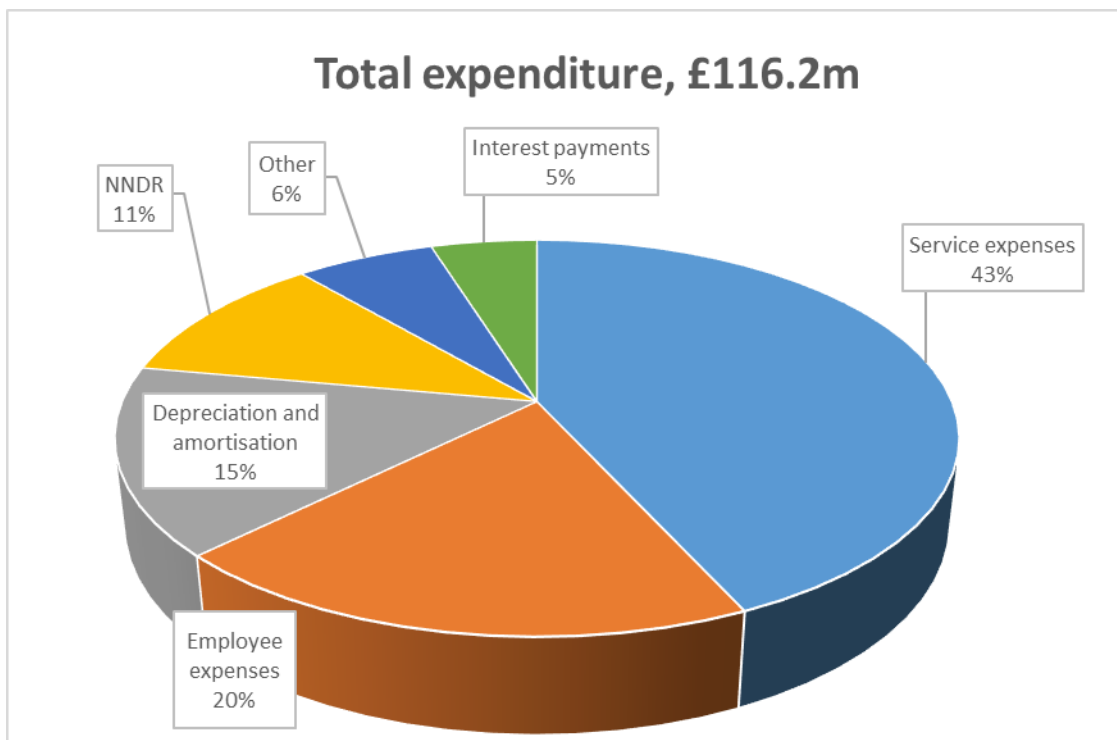
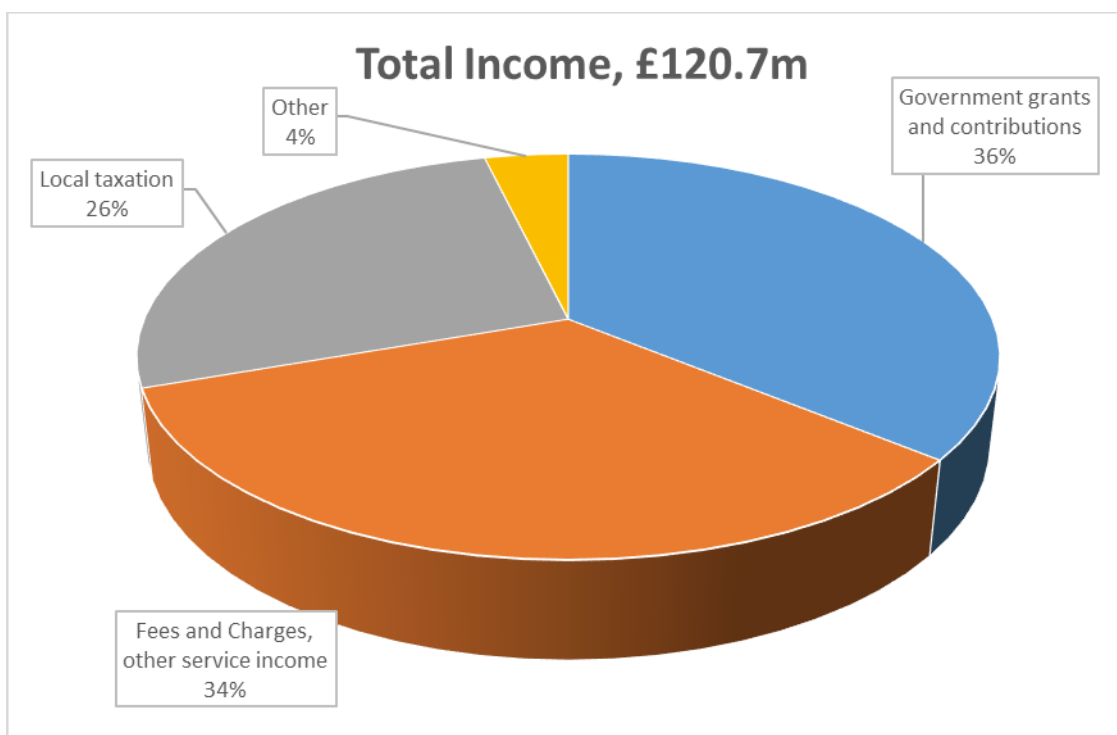


Chart 3 – Total Income



The main source of income is grants and contributions (£43.4m), fees and charges, including other service income (£40.6m) and local taxation (council tax and business rates) (£32.2m). The main area of spend was the direct costs of providing council services (£50.2m or 43%)



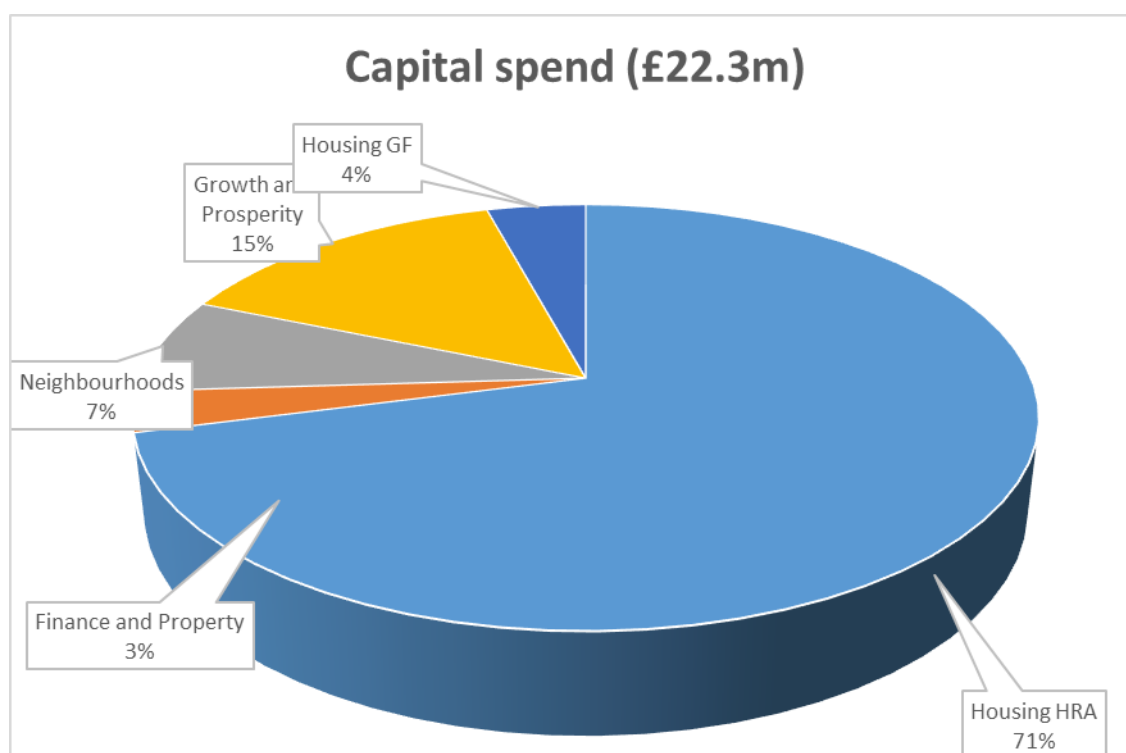
The EFA shows the Council's outturn on a funding basis and hence shows the actual increase in the general reserve (held for unforeseen circumstances) and the Housing Revenue Account reserve (HRA), as opposed to appropriations to unusable reserves (as certain transactions are statutorily not allowed to be charged against the general reserve).

### Capital Spending

Capital monies are spent on building or enhancing the Council's assets base. There are rules and regulations regarding what can be classed as capital expenditure, and this spend must be financed separately from the day-to-day running costs of the Council.

During 2023/24 the Council spent £22.3m on capital works.

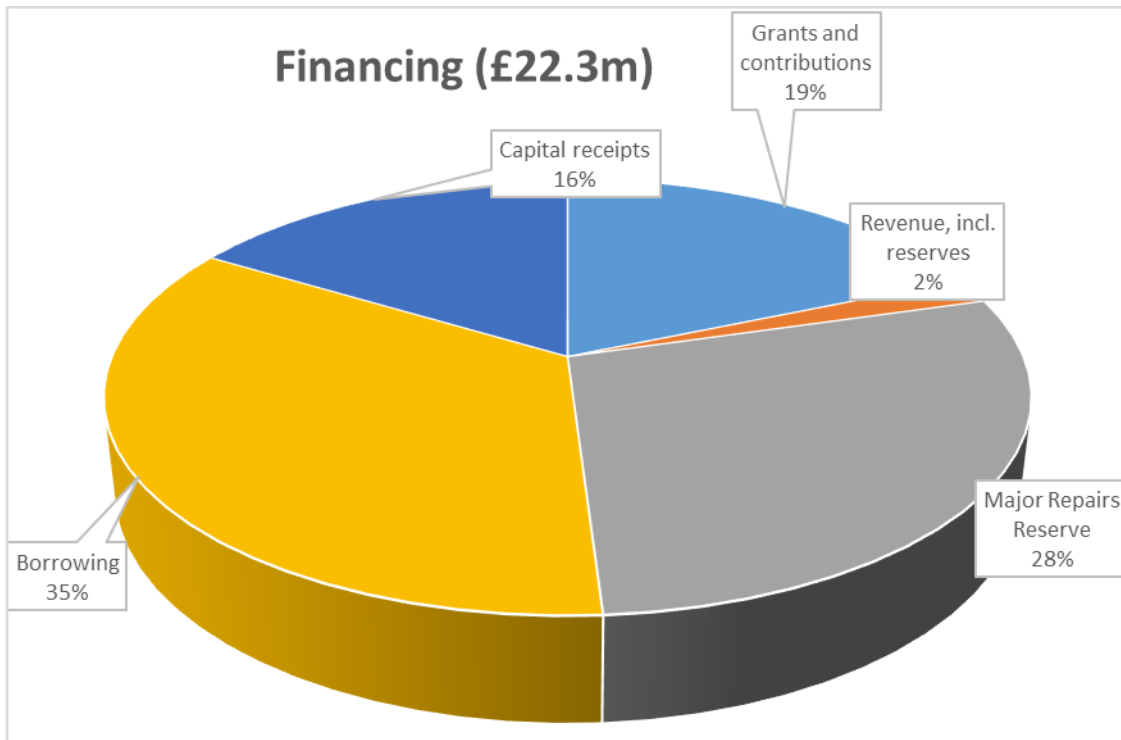
Chart 4 – Capital Expenditure



The majority of the spend was within Growth and Prosperity and Housing HRA (86%). Major projects during the year included the replacement of Vehicles and Plant (£1.3m), Newgate Street Surgery Works (£0.4m) and the Priory Centre purchase and refurbishment (£0.6m) in the General Fund Capital Programme; and Westmoreland House refurbishment (£5.0m), Boiler and Heating replacement works (£0.99m), Larwood House Refurbishment (£1.7m) and Fire Safety Works (£1.9m) within the HRA Capital Programme.

The programme spend was mainly financed through the use of the capital grants and contributions (£4.2m), Capital Receipts (£3.7m) and Major Repairs Reserve (£6.4m).

Chart 5 – Capital Financing



## *The Balance Sheet*

### **Provisions**

The Council's most significant provisions relate to the [Business Rates valuation appeals](#). Following Business Rates localisation, introduced in 2013, the Council has had to set aside a provision for any future successful ratepayer appeals against rateable valuations. The current balance is £1.3m

### **Assets**

The value of the Council's Property, Plant and Equipment ([PPE](#)) at 31<sup>st</sup> March 2024 has increased to £457.9m (from £452.6m as at 31<sup>st</sup> March 2023). This is mainly due to revaluation adjustments to Council dwellings and additions to the asset portfolio which includes the Priory Centre.

### **Cash Flow**

The Council's [cash position](#) at 31<sup>st</sup> March 2024 is £13.3m, this is an increase compared to the previous year's balance of £11.7m.

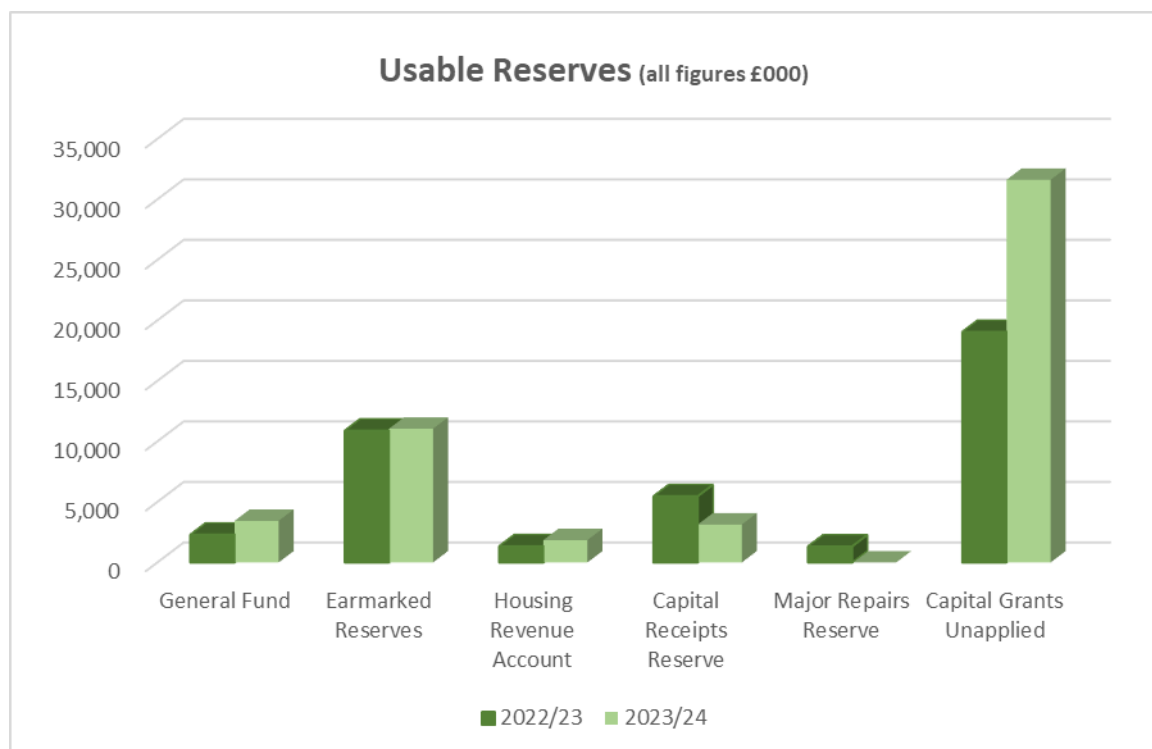
### **Pension Fund**

The value of the Council's [Pension Liability](#) has increased to £11m (£8m as at 31<sup>st</sup> March 2023).

### **Reserves**

Usable reserves are £50.2m as at 31<sup>st</sup> March 2024 (£40.4m as at 31<sup>st</sup> March 2023). Both minimum working balances for both General Fund and the Housing Revenue Account remain intact.

Chart 6 – Usable Reserves



Unusable reserves have remained stable and have reduced marginally to £322.3m (from £325.9m).

## Part 5 - Looking Forward

### *General Fund Revenue – 2024/25 and beyond*

The 2024/25 budget was developed in a relatively unstable and difficult financial and economic environment for the UK and, more specifically, for the local government sector. The Consumer Prices Index (CPI) annual inflation stood at 11.1% in October 2022, a 40-year high. The figure for October 2023 stood at 4.6% although this reduced further in November (to 3.9%) rising albeit slightly in December (to 4.0%). However, the rise in inflation resulted in increased cost pressures for both the Council and our core stakeholders such as the district’s residents, local businesses and the Council’s service users. In budgetary terms, these pressures were realised directly through increased unit costs for items such as energy, fuel and utilities, alongside inflation linked contractual cost increases, whilst considering the need to agree a fair and affordable pay offer for staff. In addition to the increased costs for service provision, there was also an increase in demand for some of our services.

The provisional finance settlement was published on 18<sup>th</sup> December 2023. This followed a Local Government Finance Policy Statement published on 5<sup>th</sup> December and the Autumn Statement 2023 on 22<sup>nd</sup> November, which set the overall level of available resources. The most disappointing aspect of the settlement was it was the sixth consecutive year where funding allocations were provided for one year only, as opposed to the multi-year settlements provided in previous years. The

government's preferred metric for local authority funding is 'Core Spending Power', which combines the core grant funding with assumed council tax increases (it should be noted the government always assumes councils will approve the maximum increase permissible without triggering a referendum), under which funding for Bassetlaw is presented as increasing by 4.5% compared to 2023/24 (a similar percentage to the comparison between 2022/23 and 2023/24).

Further to this, on 24<sup>th</sup> January 2024, a written ministerial statement from the Secretary of State for Levelling Up, Housing and Communities announced additional measures for local authorities worth £600m. This was confirmed in the final settlement announced on 5<sup>th</sup> February 2024. This increased the average core spending power for the sector to 7.5% (Bassetlaw 5.5%).

The budget report to Council outlined the expected financial position of Bassetlaw up to 2028/29. The budget gap over the five years was set at £3.7m.

In November 2023, the Council undertook a LGA Corporate Peer Challenge. The recommendations included the need to address the budget gap and develop a plan to close the gap over the next five years. A comprehensive work programme has been devised, supported by both officers and elected members, which will result in a financial strategy for the council and provide the basis for a balanced budget position for the council over the financial planning period to 2029/30.

## *Corporate Risk*

The Council's updated Risk Management Strategy & Framework was considered and approved by the Audit & Governance Committee on 16<sup>th</sup> November 2023 ([Risk Management Strategy and Framework, November 2023](#))

The purpose of the Strategy and Framework is to define how risks are managed by the Council. It provides guidance on the processes, procedures, roles and responsibilities for risk, and it sets out the context on how risks are to be managed.

The Corporate Risk Register is a key enabler of the Strategy and Framework and provides assurance on the key risks identified as Corporate Risks. Operational and service delivery risks are identified and managed by the individual service areas and overseen by the Heads of Service and the Directors.

These risks are reported routinely on a quarterly basis through the Audit & Governance Committee, the last update for 2023/24 was reported to the meeting in July 2024 ([Audit and Governance Committee, 18<sup>th</sup> July 2024](#))

# Statement of Responsibilities

2023/24

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## Statement of Responsibilities for the Statement of Accounts

This section explains our responsibilities for our financial affairs and how we make sure we carry out these responsibilities properly, in line with the Accounts and Audit (Amendment) Regulations 2022 and the Accounts and Audit Regulations 2015

### Responsibilities of the Council

We do the following:

- Make sure that one of our officers is responsible for managing our financial affairs. In this Council, the Section 151 Officer is responsible for this;
- Manage our affairs to make sure we use our resources efficiently and effectively and protect our assets; and
- Approve the Statement of Accounts.

### Responsibilities of the Section 151 Officer

As the Section 151 Officer, I am responsible for the preparation of the Council's Statement of Accounts. These accounts must present a true and fair view of our financial position, including our income and spending for the year.

In preparing our Statement of Accounts, I have;

- Selected suitable accounting policies and applied them consistently;
- Made reasonable and prudent judgements and estimates;
- Followed the Chartered Institute of Public Finance and Accountancy/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom (the Code)

I have also:

- Kept proper accounting records which are up to date; and
- Taken steps to prevent and detect fraud and other irregularities.

### CERTIFICATION OF THE ACCOUNTS

*I certify that the Statement of Accounts presents a true and fair view of the financial position of Bassetlaw District Council of 31<sup>st</sup> March 2024 and the income and expenditure for the year ended 31<sup>st</sup> March 2024.*



**Michael Wildman, CPFA ACMA**

Director of Corporate Resources - Section 151 Officer

24<sup>th</sup> February 2025

# THE CORE FINANCIAL STATEMENTS

*Comprising of:*

- The Comprehensive Income and Expenditure Statement (CIES)
  
- The Movement in Reserves Statement (MiRS)
  
- The Balance Sheet
  
- The Cash Flow Statement (CFS)



**COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT**

This statement shows the accounting cost in the year of providing services in accordance with generally accepted accounting practices, rather than the amount to be funded from taxation (or rents). Authorities raise taxation (and rents) to cover expenditure in accordance with statutory requirements; this may be different from the accounting cost. The taxation position is shown in both the Expenditure and Funding Analysis and the Movement in Reserves Statement.

2022/23				2023/24			
Gross Expenditure £'000	Gross Income £'000	Net Expenditure £'000	Service Area	Note	Gross Expenditure £'000	Gross Income £'000	Net Expenditure £'000
651	-144	507	Chief Executive		1,027	-269	758
5,397	-2,037	3,360	Corporate Services		5,228	-2,150	3,078
38,123	-32,085	6,038	Finance & Property Services		30,178	-24,990	5,188
2,422	-2,371	51	Housing Services		2,622	-1,047	1,575
613	-254	359	Human Resources		672	-255	417
11,300	-3,301	7,999	Neighbourhood Services		11,196	-2,848	8,348
4,178	-2,248	1,930	Regeneration Services		4,825	-3,024	1,801
30,459	-28,054	2,406	Housing Revenue Account		34,784	-29,817	4,967
<b>93,143</b>	<b>-70,494</b>	<b>22,649</b>	<b>Cost of Services</b>		<b>90,531</b>	<b>-64,400</b>	<b>26,131</b>
5,091	-3,378	1,713	Other Operating Expenditure	11	4,521	-1,752	2,769
6,163	-1,078	5,085	Financing and Investment Income and Expenditure	12	5,943	-2,764	3,179
11,964	-40,979	-29,015	Taxation and Non-Specific Grant Income and Expenditure	13	15,209	-51,701	-36,492
<b>116,362</b>	<b>-115,929</b>	<b>433</b>	<b>Surplus (-) or Deficit on Provision of Services</b>		<b>116,204</b>	<b>-120,617</b>	<b>-4,413</b>
			Items that will not be reclassified to the Surplus (-) or Deficit on the Provision of Services:			-	
		-16,619	Surplus (-) or Deficit on Revaluation of Non-Current Assets	26			-4,782
		-63,601	Re-measurements of the Net Defined Benefit Liability (Asset)	39b			2,956
		<b>-80,220</b>	<b>Other Comprehensive Income and Expenditure</b>				<b>-1,826</b>
		<b>-79,787</b>	<b>Total Comprehensive Income and Expenditure</b>				<b>-6,238</b>

The accompanying notes form part of these financial statements - Figures for income, gains and surpluses are shown as negative (-) above



### MOVEMENT IN RESERVES STATEMENT

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 “unusable reserves”. The statement shows how the movements in year of the Council’s reserves are broken down between gains and losses incurred in accordance with generally accepted accounting practices and the statutory adjustments required to return to the amounts chargeable to council tax (or rents) for the year.

2023/2024	General Fund Balance £'000	Earmarked General Fund Reserves £'000	Housing Revenue Account £'000	Capital Receipts Reserve £'000	Major Repairs Reserve £'000	Capital Grants Unapplied £'000	Total Usable Reserves £'000	Unusable Reserves £'000	Council's Total Reserves £'000
<b>Balance at 31 March 2023 bought forward</b>	<b>2,294</b>	<b>10,891</b>	<b>1,337</b>	<b>5,469</b>	<b>1,322</b>	<b>19,052</b>	<b>40,365</b>	<b>325,918</b>	<b>366,283</b>
<b>Movement in Reserves during 2023/24</b>									
(Surplus) or deficit on provision of services	13,714	0	-9,302	0	0	0	<b>4,413</b>	0	<b>4,413</b>
Other comprehensive Income and Expenditure								1,826	<b>1,826</b>
Adjustment between accounting basis & funding basis under regulations (Note 9)	-13,379	0	9,870	-2,338	-1,322	12,564	<b>5,395</b>	-5,395	<b>0</b>
<b>Net Increase/Decrease (-) before Transfers to Earmarked Reserves</b>	<b>335</b>	<b>0</b>	<b>568</b>	<b>-2,338</b>	<b>-1,322</b>	<b>12,564</b>	<b>9,808</b>	<b>-3,570</b>	<b>6,239</b>
Transfers to/from (-) Earmarked Reserves (Note 10)	-155	155	0	0	0	0	<b>0</b>	0	<b>0</b>
<b>Increase/Decrease (-) in 2023/24</b>	<b>180</b>	<b>155</b>	<b>568</b>	<b>-2,338</b>	<b>-1,322</b>	<b>12,564</b>	<b>9,808</b>	<b>-3,570</b>	<b>6,239</b>
<b>Balance at 31 March 2024 carried forward</b>	<b>2,474</b>	<b>11,046</b>	<b>1,905</b>	<b>3,131</b>	<b>0</b>	<b>31,616</b>	<b>50,172</b>	<b>322,349</b>	<b>372,522</b>

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<b>2022/2023</b>	<b>General Fund Balance £'000</b>	<b>Earmarked General Fund Reserves £'000</b>	<b>Housing Revenue Account £'000</b>	<b>Capital Receipts Reserve £'000</b>	<b>Major Repairs Reserve £'000</b>	<b>Capital Grants Unapplied £'000</b>	<b>Total Usable Reserves £'000</b>	<b>Unusable Reserves £'000</b>	<b>Council's Total Reserves £'000</b>
<b>Balance at 31 March 2022 bought forward</b>	<b>3,911</b>	<b>11,692</b>	<b>6,306</b>	<b>1,323</b>	<b>551</b>	<b>20,110</b>	<b>43,893</b>	<b>242,123</b>	<b>286,016</b>
<b>Movement in Reserves during 2022/23</b>									
(Surplus) or deficit on provision of services	5,843	0	-6,275	0	0	0	-432	0	-432
Other comprehensive Income and Expenditure	0	0	0	0	0	0	0	80,220	80,220
Adjustment between accounting basis & funding basis under regulations (Note 9)	-8,258	0	1,307	4,146	770	-1,059	-3,094	3,094	0
<b>Net Increase/Decrease (-) before Transfers to Earmarked Reserves</b>	<b>-2,415</b>	<b>0</b>	<b>-4,968</b>	<b>4,146</b>	<b>770</b>	<b>-1,059</b>	<b>-3,526</b>	<b>83,314</b>	<b>79,787</b>
Transfers to/from (-) Earmarked Reserves (Note 10)	800	-800	0	0	0	0	0	481	481
<b>Increase/Decrease (-) in 2022/23</b>	<b>-1,615</b>	<b>-800</b>	<b>-4,968</b>	<b>4,146</b>	<b>770</b>	<b>-1,059</b>	<b>-3,526</b>	<b>83,795</b>	<b>80,269</b>
<b>Balance at 31 March 2023 carried forward</b>	<b>2,294</b>	<b>10,892</b>	<b>1,338</b>	<b>5,468</b>	<b>1,321</b>	<b>19,052</b>	<b>40,365</b>	<b>325,918</b>	<b>366,283</b>

**BALANCE SHEET**

The Balance Sheet shows the value as at the Balance Sheet date 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 any statutory limitations on their use (for example the capital receipts reserve that 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 March 2023 £'000		Notes	31 March 2024 £'000
452,645	Property, Plant & Equipment	14	457,936
314	Heritage Assets	15	314
88	Intangible Assets	17	139
110	Long Term Investments	18	110
2,329	Long Term Debtors	20	3,858
455,486	LONG TERM ASSETS		462,358
0	Short Term Investments	18	0
3,876	Assets Held for Sale	22	3,439
153	Inventories	19	119
20,011	Short Term Debtors	20	18,394
11,695	Cash and Cash Equivalents	21	13,310
35,735	CURRENT ASSETS		35,262
-4,568	Short Term Borrowings	18	-572
-14,603	Short Term Creditors	23	-16,501
-733	Provisions Short Term	24	-693
-33	Grants Receipts in Advance - Revenue	33	-33
-19,937	CURRENT LIABILITIES		-17,798
-1,808	Long Term Creditors	23	-2,072
-1,471	Provisions Long Term	24	-1,261
-93,380	Long Term Borrowing	18	-93,373
-8,342	Net Pension Liability	39	-10,593
-105,001	LONG TERM LIABILITIES		-107,299
366,283	NET ASSETS		372,522
-40,365	Usable Reserves	25	-50,172
-325,918	Unusable Reserves	26	-322,349
-366,283	TOTAL RESERVES		-372,522

## CASH FLOW STATEMENT

The Cash Flow Statement shows the changes in cash and cash equivalents of the Council during the reporting period. The statement shows how the Council generates and uses cash and cash equivalents by classifying cash flows as operating, investing and financing activities. The amount of net cash flows arising from operating activities (day to day costs) is a key indicator of the extent to which the operations of the authority are funded by way of taxation and grant income or from the recipients of services provided by the Council. Investing activities represent the extent to which cash outflows have been made for resources which are intended to contribute to the authority's future service delivery. Cash flows arising from financing activities are useful in predicting claims on future cash flows by providers of capital (i.e. borrowing) to the Council.

2022/23 £'000	CASH FLOW STATEMENT	Note	2023/24 £'000
-433	Net Surplus/Deficit (-) on the Provision of Services	CIES	4,413
8,417	Adjustments to Surplus or Deficit on the Provision of Services for Non-Cash Movements	27A.	20,518
-4,746	Adjustments for Item Included in the Net Surplus or Deficit on the Provision of Services that are Investing and Financing Activities	27A.	-1,752
<b>3,238</b>	<b>Net Cash Flows from Operating Activities</b>		<b>23,179</b>
-17,932	Net cash flows from Investing Activities	27B.	-17,560
-2,100	Net cash flows from Financing Activities	27C.	-4,003
<b>-16,794</b>	<b>Net Increase or Decrease (-) in Cash and Cash Equivalents</b>		<b>1,616</b>
28,489	Cash and Cash Equivalents at the Beginning of the Reporting Period	21	11,694
<b>11,694</b>	<b>Cash and Cash Equivalents at the End of the Reporting Period</b>	21	<b>13,310</b>

*The accompanying notes form part of these financial statements*

# EXPLANATORY NOTES TO THE ACCOUNTS

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## 1. STATEMENT OF ACCOUNTING POLICIES

**This section summarises the accounting rules and conventions we have used in preparing these financial statements.**

### A. General Principles

The Statement of Accounts summarises the Council's transactions for the 2023/24 financial year and its position at the year-end of 31<sup>st</sup> March 2024. The Council is required to prepare an annual Statement of Accounts by the Accounts and Audit Regulations 2015, which those regulations require to be prepared in accordance with proper accounting practices. These practices primarily comprise the Code of Practice on Local Authority Accounting in the United Kingdom 2023/24, supported by International Financial Reporting Standards (IFRS). The accounting convention adopted in the Statement of Accounts is principally historical cost, modified by the revaluation of certain categories of non-current assets and financial instruments.

The accounts are prepared on a going concern basis; that is, on the assumption that the functions of the Council will continue in operational existence for the foreseeable future.

Figures within the Statement of Accounts may be adjusted by up to £2,000 to take account of rounding differences arising due to reporting figures in thousands (£000s).

### B. 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 of the contract.
- Revenue from the provision of services is recognised when the Council can measure reliably the percentage of completion of the transaction, and it is probable that economic benefits or service potential associated with the transaction will flow to the Council.
- Supplies are recorded as expenditure when they are consumed. Where there is a gap between the date supplies are received and their consumption, they are carried as inventories on the Balance Sheet.
- Expenses in relation to services received (including services provided by employees) are recorded as expenditure when the services are received rather than when payments are made.
- Interest receivable on investments and payable on borrowings is accounted for respectively as income and expenditure on the basis of the effective interest rate for the relevant financial instrument rather than the cash flows fixed or determined by the contract.
- Where revenue and expenditure have been recognised but cash has not been received or paid, a debtor or creditor for the relevant amount is recorded in the Balance Sheet. Where debts may not

be settled, the balance of debtors is written down and a charge made to revenue for the income that might not be collected.

### **C. Basis of Consolidation**

Each year a review of the Council's relationships with other organisations is undertaken to ensure that where applicable they are consolidated into the accounts. Materiality is considered when applying this policy.

#### **i) Subsidiaries**

Subsidiaries are entities controlled by the Council. Control exists when the Council has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that presently are exercisable or convertible are considered. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

#### **ii) Associates**

Associates are those entities in which the Council has significant influence, but not control, over the financial and operating policies. The consolidated financial statements include the Council's share of the total recognised gains and losses of associates on an equity accounted basis, from the date that significant influence commences until the date that significant influence ceases. When the Council's share of losses exceeds its interest in an associate, the Group's carrying amount is reduced to nil and recognition of further losses is discontinued except to the extent that the Council has incurred legal or constructive obligations or made payments on behalf of an associate.

#### **iii) Joint Ventures**

Joint ventures are those entities over whose activities the Council has joint control, established by contractual agreement. The consolidated financial statements include the Group's proportionate share of the entity's assets, liabilities, revenues and expenses with items of similar nature on a byline basis, from the date that joint control commences until the date that joint control ceases.

### **D. 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 highly liquid 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.

### **E. Charges to Revenue for Non-Current Assets**

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

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

The Council is not required to raise council tax to fund depreciation, revaluation and impairment losses or amortisation. However, it is required to make an annual contribution from revenue towards the reduction in its overall borrowing requirement (equal to an amount calculated on a prudent basis determined by statutory guidance). Depreciation, revaluation and impairment losses and amortisations are therefore replaced by this contribution (the Minimum Revenue Provision or MRP) 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.

#### **F. Council Tax & Non Domestic Rates (NDR)**

The Council as a billing authority acts as agent, collecting council tax and non-domestic rates (NDR) on behalf of the major preceptors (including government for NDR) and as Principal, collecting council tax and NDR for themselves. Billing authorities are required by statute to maintain a separate fund (i.e. the Collection Fund) for the collection and distribution of amounts due in respect of council tax and NDR. Under the legislative framework for the Collection Fund, billing authorities, major preceptors and central government share proportionately the risks and rewards that the amount of council tax and NDR collected could be less or more than predicted.

#### **Accounting for Council Tax and NDR**

The council tax and NDR income included in the Comprehensive Income and Expenditure Statement is the Council's share of accrued income for the year. However, regulations determine the amount of council tax and NDR that must be included in the Council's General Fund. Therefore, the difference between the income included in the Comprehensive Income and Expenditure Statement and the amount required by regulation to be credited to the General Fund 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 Council's share of the end of the year balances in respect of council tax and NDR relating to arrears, impairment allowances for doubtful debts, overpayments and prepayments and appeals.

#### **G. 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, bonuses and non-monetary benefits (e.g. cars) for current employees and are recognised as an expense for services in the year in which employees render service to the Council. An accrual is made for the cost of holiday entitlements (or any form of leave, e.g. 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 accounting year, being the period in which the employee takes the benefit. The accrual is charged to the 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 payable as a result of a decision by the Council to terminate an officer's employment before the normal retirement date, or the officer's decision to accept voluntary redundancy. These costs are charged on an accrual basis to the Non Distributed Costs in the CIES when the Council is committed to the termination or makes an offer to encourage voluntary redundancy. When these involve enhancement of pensions the General Fund is required to be charged with the amount payable, however this is adjusted (in line with regulations) in the Movement in Reserves Statement to reflect the cash paid rather than the liability incurred under accounting standards.



### **Post-employment Benefits**

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

### **The Local Government Pension Scheme**

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

The liabilities of the Nottinghamshire County Council Pension Fund attributable to the Council are included in the Balance Sheet on an actuarial basis using the projected unit method – i.e. an assessment of 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 the projections of projected earnings of current employees.

Liabilities are discounted to their value at current prices, using an appropriate discount rate based on the indicative rate of return on the high quality corporate bond.

The assets of the Nottinghamshire County Council Pension Fund attributable to the Council are included in the Balance Sheet at their fair value:

- quoted securities – current bid price.
- unquoted securities – professional estimate.
- unitised securities – current bid price.
- property – market value.

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

- current service costs – the increase in liabilities as a result of years of service earned this year – allocated in the Comprehensive Income and Expenditure Statement to the services for which the employees worked.
- Past service cost – the increase in liabilities 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 the Finance and Property segment.
- Net interest on the 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 liability (asset) at the beginning of the period – taking into account the changes in the net defined 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 the 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 Nottinghamshire County Council Pension Fund – cash paid as employer’s contributions to the pension fund in settlement of liabilities; not accounted for as an expense.

In relation to retirement benefits, statutory provisions require the General Fund 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 Pension 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, any such amounts payable but unpaid at the year-end. The negative balance that arises on the Pension 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 also has restricted powers to make discretionary awards of retirement benefits in the event of early retirements. Any liabilities estimated to arise as a result of an award to any member of staff are accrued in the year of the decision to make the award and accounted for using the same policies as are applied to the Local Government Pension Scheme.

## **H. Events After the Balance Sheet Date**

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

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

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

## **I. Financial Instruments**

### **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 are carried at their amortised cost. Annual charges to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement (CIES) for interest payable are based on the carrying amount of the liability, multiplied by the effective rate of interest for the instrument. The effective interest rate is the rate that exactly discounts estimated future cash payments of the life of the instrument to the amount at which it was originally recognised.

For most of borrowings that the Council has, this means that the amount presented in the Balance Sheet is the outstanding principle repayable (plus accrued interest); and interest charged to the

Comprehensive Income and Expenditure Statement is the amount payable for the year according to the loan agreement.

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

### **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 cash flow characteristics. There are three main classes of financial assets measured at:

- Amortised cost
- Fair value through profit or loss (FVPL)
- Fair value through other comprehensive income (FVOCI)

The business model of the Council is to hold investments to collect contractual cash flows. Financial assets are therefore classified at amortised cost, except for those who contractual payments are not solely payment of principal and interest (i.e. where the cash flows do not take the form of a basic debt instrument).

### **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 then measured at their amortised cost. Annual credits to the Financing and Investment Income and Expenditure line in the 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 loans that the Council has made, 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.

However, the Council has from time to time made a number of loans to voluntary organisations at less than market rates (soft loans). When soft loans are made, 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 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 of 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 de-recognition of an asset are credited/debited to the Financing and Investment Income and Expenditure line in the CIES.

### **Expected Credit Loss Model**

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

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

The Council has substantial number of investments and employs treasury management advisers in addition to full time professional staff. However, reasonable and verifiable information to support the measurement of lifetime losses on individual instruments is not available without undue cost or effort. Losses are mainly assessed for the portfolio on a collective basis.

Financial Assets are amalgamated into the following groups to assess risk and associated loss allowances whilst making use of a simplified approach contained in regulations.

Group 1 – Commercial investments in line with treasury management policy including counterparties that have external credit ratings of A or better. Loss allowances will be assessed on a group basis using the simplified approach of collective assessment.

Group 2 – Loans to related parties – Loss allowances for these loans are assessed on an individual basis and/or and individual borrower basis.

Group 3 – Other loans to local businesses, in support of the Council vision and objectives. Loss allowances for these loans are assessed on an individual basis and/or and individual borrower basis.

**Financial assets measured at fair value through other comprehensive income.**

Financial assets that are measured at FVOCI are recognised on the balance sheet when the Council becomes a party to the contractual provisions of a financial instrument and are initially measured and carried at fair value. Fair value gains and losses are recognised as they arise in other comprehensive income.

**Financial assets measured at fair value through profit of loss.**

Financial assets that are measured at FVPL are recognised on the balance sheet when the Council becomes a party to the contractual provisions of a financial instrument and are initially measured and carried at fair value. Fair value gains and losses are recognised as they arise in the surplus or deficit on the provision of services.

**Fair value measurements 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 Councils 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 de-recognition of the asset are credited or debited to the financing and investment income and expenditure line in the comprehensive income and expenditure statement.

#### **J. Government Grants and Other Contributions**

Whether paid on account, by instalments or in arrears, Government Grants and third party contributions and donations are recognised in the Comprehensive Income and Expenditure Statement once the Council has reasonable assurance that the conditions of entitlement will be satisfied, and the grant 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. When conditions are satisfied, the grant or contribution is credited to the relevant service line (attributable to revenue grants and contributions) or Taxation and Non-Specific Grant Income (non-ring-fenced revenue grants and all capital grants) in the comprehensive Income and Expenditure Statement.

Where capital grants are credited to the Comprehensive Income and Expenditure Statement, they are reversed out of the General Fund Balance in the Movement in Reserves Statement. Where the grant has yet to be used to finance capital expenditure, it is posted to the Capital Grants Unapplied reserve. Where it is 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.

#### **Business Improvement Districts (BID)**

A BID scheme applies across the whole of the District. The scheme is funded by a BID levy paid by non-domestic ratepayers. The Council acts as Principal under the scheme and accounts for income received and expenditure incurred (including contributions to the BID project) within the relevant services within the CIES.

#### **Community Infrastructure Levy (CIL)**

The Council has elected to charge a CIL. The levy will be charged on new builds (chargeable developments for the Council) with appropriate planning consent. The Council charges for and collect the levy, which is a planning charge. The income from the levy will be used to fund a number of infrastructure projects (these include transport, flood defences and schools) to support the development of the area.

CIL is received without outstanding conditions; it is therefore recognised at the commencement date of the chargeable development in the CIES 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.

#### **K. Heritage Assets**

Heritage Assets, shown in the Balance Sheet, are held in support of the Council's primary objective of increasing knowledge, understanding and appreciation of the local area and its history. They relate to civic regalia, statues, memorial and historic sites together with a vast number of exhibits held at the Bassetlaw Museum, Grove Street, and Retford.

Ceramics, Jewellery, Regalia, Statues, Art Collection and Samplers together with Machinery, Equipment and Furniture – these are measured at insurance valuation, based on market value, which is increased annually for inflation. As they are deemed to have indeterminate lives and a high residual value, the Council does not consider it appropriate to charge depreciation.

Memorial and Historical Sites are measured at historic cost. As these are deemed to have indeterminate lives and a high residual value, the Council does not consider it appropriate to charge depreciation. There are over 100,000 exhibits within the museum whose individual valuation is believed not to exceed £100. Owing to the lack of information on purchase cost; the lack of comparable market values; the diverse nature of the exhibits and the volume of exhibits held the benefits of obtaining a valuation would not justify the cost and therefore, they are not included in the Balance Sheet. The carrying amount of heritage assets is reviewed where there is evidence of impairment e.g. where an item has suffered physical deterioration or breakage or where doubts arise to its authenticity.

#### **L. 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 (e.g. software licences) may be capitalised when it is expected that future economic benefits or service potential will flow from the intangible asset to the Council.

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

Intangible assets that are acquired by the Council are stated at cost less accumulated amortisation (see below) and impairment losses (see accounting policy S).

Amortisation is charged to the Comprehensive Income and Expenditure Statement on a straight line basis over the estimated useful lives of intangible assets unless such lives are indefinite. Intangible assets with indefinite useful life are systematically tested for impairment at each Balance Sheet date. Other intangible assets are amortised from the date they are available for use. The estimated useful lives are as follows:

- Software Licences 3 years
- Capitalised development costs 5 years

#### **M. Inventories and Long Term Contracts**

Inventories are included in the Balance Sheet at the lower of cost and net realisable value. The cost of inventories is assigned using the First In, First Out (FIFO) costing formula.

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

## The Council as Lessee

### i) Finance Leases

Property, Plant and Equipment held under finance leases is recognised in 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 the lease are applied in 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 Financing and Investment Income and Expenditure line in the comprehensive Income and Expenditure Account.

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.

### ii) Operating Leases

Rentals paid under operating leases are charged to the Comprehensive Income and Expenditure Statement as an expense of the services benefiting from use of the leased Property, Plant or Equipment. 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 a Lessor

### i) Finance Leases

Where the Council grants a finance lease over a property or an item of plant or equipment, the relevant asset is written out of the Balance Sheet as a disposal. At the commencement of the lease, the carrying amount of the asset in the Balance Sheet (whether Property, Plant or Equipment, or Asset 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 Council's net investment in the lease, is credited to the same line in the Comprehensive Income and Expenditure Statement 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 is 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 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.

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.

## **ii) Operating Leases**

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

## **N. Minimum Revenue Provision (MRP)**

For capital expenditure incurred before 1<sup>st</sup> April 2007 or thereafter for “supported capital expenditure” MRP will follow the Regulatory Method (i.e. the practice outlined in the former Communities and Local Government Regulations). From 1<sup>st</sup> April 2007 for all unsupported borrowing, MRP will be based on the Asset Life Method, a charge made to revenue over the estimated life of the assets and will commence the financial year after the expenditure is incurred or the asset becomes operational.

For any finance leases held on the Balance Sheet MRP will be equal to the principal element of the lease payment. The Head of Finance and Property reserves the right to make additional Voluntary Revenue Provision (VRP) payments each year, where it is prudent to do so and will enhance the long term viability of the Council.

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

Assets that have physical substance and are held for use in the production or supply of goods or service, 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 benefits or service potential associated with the item will flow to the Council and the cost of the item can be measured reliably. Expenditure that maintains but does not add to an asset’s potential to deliver future economic benefits



or service potential (i.e. repairs and maintenance) is charged as an expense when it is incurred. Individual assets acquired above a de-minimis level of £10,000 are capitalised as are collective assets where the following criteria are met:

- broadly simultaneous purchase dates;
- anticipated to have simultaneous disposal dates and
- under single managerial control.

### **Measurement**

Assets are initially measured at cost, comprising;

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

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

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

- Infrastructure, community assets and assets under construction – depreciated historical cost.
- Dwellings – fair value, determined using the basis of existing use value for social housing (EUV-SH).
- Other Land and Buildings – current value, determined as the amount that would be paid for the asset in its existing use. (EUV)
- Surplus Assets – fair value, determined by the highest and best use of the asset.

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

Where non property assets that have short useful lives or low values (or both), deemed to be up to 8 years or below £0.1m respectively, depreciated historical cost basis is used as a proxy for fair value.

Assets included in the Balance Sheet at fair value are revalued sufficiently regularly to ensure that their carrying amount is not materially different from their fair value at the year end, but as a minimum every five years. Increases in valuations are matched by credits to the Revaluation Reserve to recognise unrealised gains. (Exceptionally, gains might be credited to the Comprehensive Income and Expenditure Statement where they arise from the reversal of a loss previously charges to service).

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

- where the 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<sup>st</sup> April 2007 only, the date of its formal implementation. Gains arising before that date have been consolidated into the Capital Adjustment Account.

### **Impairment**

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

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

- where there is a balance of revaluation gains for the asset in the Revaluation Reserve, the carrying amount of the asset is written down against that balance (up to the amount of the accumulated gains), or
- 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).

Depreciation is calculated on the following basis:

- Dwellings and other buildings – straight line allocation over the useful life of the property as estimated by the valuer (typically up to 100 years, components up to 75 years).
- Vehicles, plant furniture and equipment – straight line allocation over the estimated useful life (typically Plant and Equipment up to 40 years and fixtures and fittings up to 25 years).
- Infrastructure – straight line allocation over the estimated useful life (typically up to 100 years)
- Land is not depreciated.

When an item of Property, Plant and Equipment asset has major components whose cost is significant in relation to the total cost of the item, the components are depreciated separately.

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

### **Disposals and Non-current Assets Held for Sale**

When it becomes probable that the carrying amount of an asset will be recovered principally through a sale transaction rather than through its continuing use, it is reclassified as an Asset held for Sale. The asset is revalued immediately before reclassification and then carried at the lower of the carrying amount and fair value less costs to sell. Where there is a subsequent decrease to the 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 Assets Held for Sale; adjusted for depreciation, amortisation or revaluations that would have been recognised had they not been classified as Asset 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 or 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 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. A proportion of receipts relating to housing disposals (75% for dwellings and 50% for land and other assets, net of statutory deductions and allowances) is payable to the Government. The balance of receipts is required to be credited to the Capital Receipts Reserve and can then only be used for new capital investment or set aside to reduce the Council's underlying need to borrow (the Capital Financing Requirement). Receipts are appropriated to the Capital Receipts Reserve from the General fund Balance in the Movement in Reserves Statement.

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

## **P. 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 probable requires settlement by 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 offer 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 where 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 are expected to be recovered from another party (e.g. from 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 its 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.

### **Q. Revenue Expenditure funded from Capital under Statute**

Expenditure that may be capitalised under the statutory provisions but does not result in the creation of non-current assets, i.e. a grant or expenditure on property not owned by the Council, and which does not result in the expenditure being carried on the Balance Sheet as a non-current asset, will be charged as revenue expenditure to the relevant service account in 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.

### **R. 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 Reserve 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 the council tax for the expenditure.

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

### **S. Value Added Tax (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.

## **2. ACCOUNTING STANDARDS ISSUED THAT HAVE NOT YET BEEN ADOPTED**

The Code requires the disclosure of information relating to the expected impact of an accounting change that will be required by a new standard which has been issued but is yet to be adopted by the 2023/24 Code.

The Code also requires that changes in accounting policy are to be applied retrospectively unless transitional arrangements are specified, this would result in an impact on disclosures spanning two financial years.

Accounting changes that are introduced by the 2023/24 Code are as follows.

- a) IFRS 16 Leases issued in January 2016.
- b) Classification of Liabilities as Current or Non-current (Amendments to IAS 1) issued in January 2020. The amendments:
  - Specify that an entity's right to defer settlement must exist at the end of the reporting period.
  - Clarify that classification is unaffected by management's intentions or expectations about whether the entity will exercise its right to defer settlement.
  - Clarify how lending conditions affect classification, and
  - Clarify requirements for classifying liabilities and entity will or may settle by issuing its own equity instruments.
- c) Lease Liability in a Sale and Leaseback (Amendments to IFRS 16) issued in September 2022. The amendments to IFRS 16 add subsequent measurement of sale and leaseback transactions.
- d) Non-current Liabilities with Covenants (Amendments to IAS 1) issued in October 2022.
- e) Supplier Finance Arrangements (Amendments to IAS 7 and IFRS 7) issued May 2023.

These changes are not expected to have a material impact on the Council's single entity statements or group statements.

### 3. CRITICAL JUDGEMENTS IN APPLYING ACCOUNTING POLICIES

In applying the accounting policies as set out in Note 1, the Council has had to make certain judgments, estimates and assumptions about complex transactions or those involving uncertainty about future events. The critical judgements made in the statement of accounts are as follows:

- 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. 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.
- Judgement is applied to decisions concerning the Council's property, plant and equipment in matters such as determining the classification of each asset and the appropriate basis for valuation. Assets are classified according to their characteristics, after comparing them to the guidelines set out within the Code, with these classifications kept under review. Valuations are made by a professional with appropriate and relevant qualifications at intervals not exceeding five years.
- Appeals lodged against Business Rates assessments may succeed, resulting in the need to refund all or part of the Business Rates paid by the business concerned. The Authority has considered the potential effect of the appeals outstanding as at 31<sup>st</sup> March 2024 and has made a reasoned judgement of the potential effect of these appeals.
- The Council has considered the nature of its relationship with the companies in which it holds interest. Details of the Council's relationship with other companies and investments in companies are detailed in note 34. Group accounts have been prepared on this basis.

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

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

The items in the Council’s Balance Sheet at 31<sup>st</sup> March 2024 for which there is a significant risk of material adjustment in the forthcoming year are as follows:

Item	Uncertainties	Effect if Actual Results Differ from Assumptions
Property, Plant and Equipment	<p>Assets are depreciated over useful lives that are dependent on assumptions about the level of repairs and maintenance that will be incurred in relation to individual assets.</p> <p>The current economic climate makes it uncertain that the Council will be able to sustain its current spending on repairs and maintenance, bringing into doubt the useful lives assigned to assets.</p>	<p>If the useful life of assets is reduced, depreciation increases and the carrying amount of the assets falls.</p> <p>It is estimated that the annual depreciation charge for buildings would increase by £0.033m for every year that useful lives have to be reduced.</p>
Pension Scheme Liability	<p>Estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate used; the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets.</p> <p>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.</p> <p>The ongoing impact of the pandemic has created uncertainty surrounding illiquid asset values. As such, the Pension Fund property and infrastructure allocations as at 31 March 2024 are difficult to value according to preferred accounting policy.</p>	<p>The effects on the net pension liability of changes in individual assumptions can be measured. For instance, a 0.1% decrease in the discount rate assumption would result in an increase in the pension liability of £2.199m and a 1 year reduction in mortality would result in a decrease of £5.671m. However, the assumptions interact in complex ways. During 2023/24, the Council's actuary advised that the net pension liability had decreased by £2.251m</p> <p>For the 2023/24 Statement of Accounts, the actuary has advised that a rate of 4.9% is appropriate. Application of this rate has resulted in a decrease in liabilities measured at today's prices of £2.956m, adjusted for by an increase in actuarial losses recognised for the year in the Comprehensive Income and Expenditure Statement in the Other Comprehensive Income and Expenditure part of the statement.</p>

<p>Fair Value Estimations</p>	<p>The Council’s internal valuers use valuation techniques to determine the fair value of surplus assets and assets held for sale.</p> <p>This involves developing estimates and assumptions consistent with how market participants would price the property. The valuers base their assumptions on observable data as far as possible, but this is not always available. In that case, the valuers use the best information available.</p>	<p>The Council uses combination of indexation techniques, beacon valuations and discounted cash flow (DCF) models to measure the fair value of its Surplus Assets and Assets Held for Sale under IFRS13 depending on which technique it considers most appropriate. The significant unobservable inputs used in the fair value measurement include management assumptions regarding rent growth, occupancy levels, floor area repairs backlogs, beacon classifications and others. Significant changes in any of the unobservable inputs would result in a significantly lower or higher fair value measurement for these assets.</p>
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## 5. MATERIAL ITEMS OF INCOME AND EXPENDITURE

There are no material items of income and expense that have not been disclosed elsewhere in the accounts.

## 6. EVENTS AFTER THE BALANCE SHEET DATE

The draft Statement of Accounts was authorised for issue by the Section 151 Officer on 31<sup>st</sup> July 2024. Events taking place after this date are not reflected in the financial statements or notes.

Where events taking place before this date provided information about conditions existing at 31<sup>st</sup> March 2024, the figures in the financial statements and notes would be adjusted in all material respects to reflect the impact of this information.

The financial statement and notes would not be adjusted for events which took place after 31<sup>st</sup> March 2024 if they provide information that is relevant to an understanding of the Council’s financial position, but do not relate to conditions at that date. However, where a category of events would have a material effect, disclosure would be made in the notes of the nature of the events and their estimated financial effect.

## 7. EXPENDITURE AND FUNDING ANALYSIS

The purpose of the Expenditure and Funding Analysis (EFA) is to demonstrate how the funding available to the Council, i.e. grants, rents, council tax and business rates) for the year have been used in providing services in comparison to those resources consumed and earned by the Council in accordance with generally accepted accounting practices. The EFA also shows how this expenditure is allocated for decision-making purposes between the Council's services. Income and expenditure accounted for under generally accepted accounting practices is presented more fully in the CIES.

2022/23				2023/24		
Net Expenditure Chargeable to the General Fund and HRA Balances £'000	Adjustments (See Note 7a) £'000	Net Expenditure in the CIES £'000		Net Expenditure Chargeable to the General Fund and HRA Balances £'000	Adjustments (See Note 7a) £'000	Net Expenditure in the CIES £'000
			Summary of Revenue Spending			
455	52	507	Chief Executive	775	-17	758
2,948	412	3,360	Corporate Services	3,186	-108	3,078
3,616	2,421	6,037	Finance & Property Services	3,751	1,437	5,188
517	-468	49	Housing Services	688	887	1,575
310	50	360	Human Resources	424	-7	417
6,228	1,772	8,000	Neighbourhood Services	7,495	853	8,348
1,577	353	1,930	Regeneration Services	1,555	246	1,801
1,098	1,307	2,405	Housing Revenue Account	-4,902	9,870	4,967
16,750	5,899	22,649	<b>Net Cost of Services</b>	12,791	13,161	26,131
-9,367	-12,850	-22,217	Other Income and Expenditure	-13,874	-16,670	-30,544
<b>7,383</b>	<b>-6,951</b>	<b>432</b>	<b>Surplus (-) or Deficit</b>	<b>-901</b>	<b>-3,509</b>	<b>-4,413</b>
<b>General Fund &amp; Earmarked Reserve</b>	<b>HRA &amp; Earmarked Reserve</b>	<b>Total</b>		<b>General Fund &amp; Earmarked Reserve</b>	<b>HRA &amp; Earmarked Reserve</b>	<b>Total</b>
15,603	6,306	21,909	Opening Balance	13,186	1,338	14,524
-2,415	-4,968	-7,383	Surplus or (-) Deficit in year	333	568	901
<b>13,186</b>	<b>1,338</b>	<b>14,524</b>	<b>Closing Balance at 31 March</b>	<b>13,519</b>	<b>1,906</b>	<b>15,425</b>
			<b>Split by Reserve:</b>			
2,294	1,338	3,632	Working Reserve	2,473	1,906	4,379
10,892	0	10,892	Earmarked Reserve	11,046	0	11,046
<b>13,186</b>	<b>1,338</b>	<b>14,524</b>	<b>Closing Balance at 31 March</b>	<b>13,519</b>	<b>1,906</b>	<b>15,425</b>



## 7a. NOTE TO THE EXPENDITURE AND FUNDING ANALYSIS

This note provides a reconciliation of the main adjustments between accounting and funding basis, to the net expenditure chargeable to the General Fund and HRA balances to arrive at amounts in the CIES.

2022/2023				2023/2024				
Adjustments for Capital Purposes	Net change for the Pensions Adjustments	Other Differences	Total Adjustments		Adjustments for Capital Purposes	Net change for the Pensions Adjustments	Other Differences	Total Adjustments
£'000	£'000	£'000	£'000		£'000	£'000	£'000	£'000
0	52	0	52	Chief Executive	0	-22	5	-17
8	404	0	412	Corporate Services	0	-140	32	-108
2,081	341	0	2,421	Finance and Property Services	2,166	-304	-425	1,437
-577	109	0	-468	Housing Services	1,182	-28	-267	887
0	50	0	50	Human Resources	12	-20	1	-7
1,150	621	0	1,772	Neighbourhood Services	1,323	-213	-257	853
96	258	0	353	Regeneration Services	409	-89	-74	246
12,097	508	0	12,605	Housing Revenue Account	9,995	-125	0	9,870
<b>14,854</b>	<b>2,342</b>	<b>0</b>	<b>17,197</b>	<b>Net Cost of Services</b>	<b>15,087</b>	<b>-941</b>	<b>-985</b>	<b>13,161</b>
-22,700	1,699	-3,147	-24,148	Other income and expenditure from the Expenditure and Funding Analysis	-17,466	235	561	-16,670
<b>-7,845</b>	<b>4,042</b>	<b>-199</b>	<b>-6,951</b>	<b>Difference between General Fund surplus or deficit and Comprehensive Income and Expenditure Statement Surplus or Deficit on the Provision of Services</b>	<b>-2,379</b>	<b>-706</b>	<b>-424</b>	<b>-3,509</b>

The following provides details of the adjustments made:

**Adjustments for Capital Purposes**

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

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





### **Net Change for 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 Council as allowed by statute and the replacement with current service costs and past service costs.
- **For Financing and investment income and expenditure** - the net interest on the defined benefit liability is charged to the CIES.

### **Other Differences**

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

- For **Financing and investment income and expenditure** - the other differences column recognises adjustments to the General Fund for the timing differences for premiums and discounts
- The charge under **Taxation and non-specific grant income and expenditure** - represents the difference between what is chargeable under statutory regulations for council tax and NDR that was projected to be received at the start of the year and the income recognised under generally accepted accounting practices in the Code. This is a timing difference as any difference will be brought forward in future Surpluses or Deficits on the Collection Fund.
- This column includes the removal of recharges / transactions between segments, which are not permitted to be shown on the face of the CIES.

## 8. EXPENDITURE AND INCOME ANALYSED BY NATURE

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

2022/23 £'000		2023/24 £'000
	<b>Expenditure</b>	
23,776	Employee expenses	22,581
55,245	Other services expenses	50,279
14,123	Depreciation, amortisation, impairment	17,779
794	Developers Contributions Payments	2,569
4,458	Interest payments	5,637
11,170	Non Domestic Rates Tariff & Deficit	12,639
2,044	Precepts and levies	2,352
60	Payments to Housing Capital Receipts Pool	377
1,705	Interest Cost of Pensions	306
2,987	Net Book Value on the disposal of assets	1,791
<b>116,362</b>	<b>Total Expenditure</b>	<b>116,312</b>
	<b>Income</b>	
-38,665	Fees, charges and other service income	-40,643
-1,078	Interest received	-2,764
-28,479	Income from council tax & NDR	-32,154
-3,378	Proceeds from sale of Non-Current Assets	-1,752
-44,329	Government grants and contributions	-43,412
<b>-115,929</b>	<b>Total Income</b>	<b>-120,725</b>
<b>435</b>	<b>Surplus (-) or Deficit on the Provision of services</b>	<b>-4,413</b>





## 9. ADJUSTMENTS BETWEEN ACCOUNTING BASIS AND FUNDING BASIS UNDER REGULATIONS

This note details the adjustments that are made to the total comprehensive income and expenditure recognised by the 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 made against.

### General Fund Balance

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

### Housing Revenue Account Balance

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

### Major Repairs Reserve

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

### Capital Receipts Reserve

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

### Capital Grants Unapplied

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



	General Fund Balance £'000	Housing Revenue Account £'000	Capital Receipts Reserve £'000	Major Repairs Reserve £'000	Capital Grants Unapplied £'000	Movement usable Reserves £'000
<b>2023/24</b>						
<b><u>Adjustments to the Revenue Resources</u></b>						
<i>Amounts by which income and expenditure included in the Comprehensive Income and Expenditure Statement are different from revenue for the year calculated in accordance with statutory requirements:</i>						
Pensions costs (transferred to (or from) the Pensions Reserve)	582	125	0	0	0	<b>707</b>
Financial instruments (transferred to the Financial Instruments Adjustments Account)	7	0	0	0	0	<b>7</b>
Council tax and NDR (transfers to or from Collection Fund)	622	0	0	0	0	<b>622</b>
Holiday pay (transferred to the Accumulated Absences Reserve)	-205	0	0	0	0	<b>-205</b>
Reversal of entries included in the Surplus or Deficit on the Provision of Services in relation to capital expenditure (these items are charged to the Capital Adjustment Account):	11,341	-16,625	0	0	-14,204	<b>-19,488</b>
<b>Total Adjustments to Revenue Resources</b>	<b>12,347</b>	<b>-16,501</b>	<b>0</b>	<b>0</b>	<b>-14,204</b>	<b>-18,357254</b>
<b><u>Adjustments between Revenue and Capital Resources</u></b>						
Transfer of non-current asset sale proceeds from revenue to the Capital Receipts Reserve	120	1,632	-1,752	0	0	<b>0</b>
Administrative costs of non-current asset disposals (funded by a contribution from the Capital Receipts Reserve)	0	-39	39	0	0	<b>0</b>
Payments to the government housing receipts pool (funded by a transfer from the Capital Receipts Reserve)	-386	0	386	0	0	<b>0</b>
Posting of HRA resources from revenue to the Major Repairs Reserve	0	5,037	0	-5,037	0	<b>0</b>
Statutory provision for the repayment of debt (transfer from the Capital Adjustment Account)	880	0	0	0	0	<b>880</b>
Capital expenditure financed from revenue balances (transfer to the Capital Adjustment Account)	418	0	0	0	0	<b>418</b>
<b>Total Adjustments between Revenue and Capital Resources</b>	<b>1,032</b>	<b>6,630</b>	<b>-1,327</b>	<b>-5,037</b>	<b>0</b>	<b>1,298</b>
<b><u>Adjustments to Capital Resources</u></b>						
Use of the Capital Receipts Reserve to finance capital expenditure	0	0	3,665	0	0	<b>3,665</b>
Use of the Major Repairs Reserve to finance capital expenditure	0	0	0	6,359	0	<b>6,359</b>
Application of capital grants to finance capital expenditure	0	0	0	0	1,640	<b>1,640</b>
Cash payments in relation to deferred capital receipts	0	0	0	0	0	<b>0</b>
<b>Total Adjustments to Capital Resources</b>	<b>0</b>	<b>0</b>	<b>3,665</b>	<b>6,359</b>	<b>1,640</b>	<b>11,665</b>
<b>Total Adjustments</b>	<b>13,379</b>	<b>-9,870</b>	<b>2,338</b>	<b>1,322</b>	<b>-12,564</b>	<b>-5,395</b>



## PREVIOUS YEAR COMPARISON

	General Fund Balance £'000	Housing Revenue Account £'000	Capital Receipts Reserve £'000	Major Repairs Reserve £'000	Capital Grants Unapplied £'000	Movement Usable Reserves £'000
<b>2022/23</b>						
<b><u>Adjustments to the Revenue Resources</u></b>						
<b><i>Amounts by which income and expenditure included in the Comprehensive Income and Expenditure Statement are different from revenue for the year calculated in accordance with statutory requirements:</i></b>						
Pensions costs (transferred to (or from) the Pensions Reserve)	-3,187	-855	0	0	0	<b>4,042</b>
Financial instruments (transferred to the Financial Instruments Adjustments Account)	5	0	0	0	0	<b>-5</b>
Council tax and NDR (transfers to or from Collection Fund)	3,142	0	0	0	0	<b>-3,142</b>
Holiday pay (transferred to the Accumulated Absences Reserve)	0	0	0	0	0	<b>0</b>
Reversal of entries included in the Surplus or Deficit on the Provision of Services in relation to capital expenditure (these items are charged to the Capital Adjustment Account):	6,395	-14,881	0	0	-828	<b>9,314</b>
<b>Total Adjustments to Revenue Resources</b>	<b>6,355</b>	<b>-15,736</b>	<b>0</b>	<b>0</b>	<b>-828</b>	<b>10,209</b>
<b><u>Adjustments between Revenue and Capital Resources</u></b>						
Transfer of non-current asset sale proceeds from revenue to the Capital Receipts Reserve	571	2,783	-3,354	0	0	<b>0</b>
Administrative costs of non-current asset disposals (funded by a contribution from the Capital Receipts Reserve)	0	-64	64	0	0	<b>0</b>
Payments to the government housing receipts pool (funded by a transfer from the Capital Receipts Reserve)	-60	0	60	0	0	<b>0</b>
Posting of HRA resources from revenue to the Major Repairs Reserve	0	4,925	0	-4,925	0	<b>0</b>
Statutory provision for the repayment of debt (transfer from the Capital Adjustment Account)	811	0	0	0	0	<b>-811</b>
Capital expenditure financed from revenue balances (transfer to the Capital Adjustment Account)	581	6,783	0	0	0	<b>-7,364</b>
<b>Total Adjustments between Revenue and Capital Resources</b>	<b>1,903</b>	<b>14,427</b>	<b>-3,230</b>	<b>-4,925</b>	<b>0</b>	<b>-8,175</b>
<b><u>Adjustments to Capital Resources</u></b>						
Use of the Capital Receipts Reserve to finance capital expenditure	0	0	-916	0	1,579	<b>-663</b>
Use of the Major Repairs Reserve to finance capital expenditure	0	0	0	4,155	0	<b>-4,155</b>
Application of capital grants to finance capital expenditure	0	0	0	0	308	<b>-308</b>
Cash payments in relation to deferred capital receipts	0	0	0	0	0	<b>0</b>
<b>Total Adjustments to Capital Resources</b>	<b>0</b>	<b>0</b>	<b>-916</b>	<b>4,155</b>	<b>1,887</b>	<b>-5,126</b>
<b>Total Adjustments</b>	<b>8,258</b>	<b>-1,309</b>	<b>-4,146</b>	<b>-770</b>	<b>1,059</b>	<b>-3,092</b>

## 10. TRANSFER TO/FROM EARMARKED RESERVES

This note sets out the amounts set aside from the General Fund and HRA balances in earmarked reserves to provide financing for future expenditure plans and the amounts posted back from earmarked reserves to meet General Fund and HRA expenditure in 2022/23

	Balance 31.03.22	Transfers out	Transfers in year	Balance 31.03.23	Transfers out	Transfers in year	Balance 31.03.24
GENERAL FUND RESERVES	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Developers Revenue							
Contributions	-819	4	0	-814	0	0	-814
Insurance	-221	0	0	-221	0	0	-221
Job Evaluation	-564	499	0	-65	5	0	-60
Revenue Grants & Contributions	-2,006	292	-1,125	-2,839	833	-1,286	-3,292
Donations	-45	2	0	-43	0	-5	-48
LAMS Default Reserve	-71	71	0	0	0	0	0
Retained Business Rates Reserve	-3,353	2,948	0	-405	0	-162	-567
General Fund Earmarked Reserves	-1,689		-79	-1,768	464	-145	-1,450
Business Rate Volatility Reserve	-599	0	0	-599	0	0	-599
Business Rates Pooling Reserve	-872	0	0	-872	436	0	-437
Invest to Save	-690	0	0	-690	187	0	-502
Management Team	-44	0	0	-44	44	0	0
ICT Developments (Business Continuity)	-11	11		0	0		0
Building Assets Improvements	-48	0	0	-48	0	0	-48
Fair Value Movement	-70	0	0	-70	70	0	0
Financial Resilience Reserve	0	0	0	0	0	-890	-890
Cost of Living Earmarked Reserve	-294	115		-179	56	-12	-136
Planning Earmarked Reserve	-303			-303	120		-180
Strategic Development Fund			-1,931	-1,931	132	0	-1,800
<b>Total</b>	<b>-11,693</b>	<b>3,936</b>	<b>-3,135</b>	<b>-10,892</b>	<b>2,347</b>	<b>-2,502</b>	<b>-11,046</b>

#### **Developers Revenue Contributions Reserve**

These are sums gifted to the Council by developers as a condition of planning permission, usually under Section 106 agreements Town and Country Planning Act 1990. They have no conditions in terms of their use or timescale.

#### **Insurance Reserve**

This is a self-insurance reserve. The reserve is reviewed annually to ensure the level of reserve is sufficient.

#### **Job Evaluation Reserve**

This is an amount set aside to cover the costs of protection and increased salaries resulting from the corporate introduction of job evaluation and associated equal pay legislation.

#### **Revenue Grants and Contributions**

The Council receives a number of grants and contributions. If the grant/contribution has no conditions attached or the conditions have been met, but expenditure has not been incurred at the Balance Sheet date then the balances are transferred to an earmarked reserve until required.

#### **Donations Reserve**

These are sums of money donated by the public for Museums, Shop mobility, Sports Development and towards the Bassetlaw Games. Monies are available for use to support the service area for which they have been donated during the year if required, the remainder has been set aside for future use.

#### **Local Area Mortgage Scheme Default Reserve (LAMS)**

During 2013/14 the Council entered into a Local Authority Mortgage Scheme with both Lloyds bank and Mansfield Building Society. The Council has set aside interest monies in the event that an applicant defaults on their mortgage repayments.

#### **Retained Business Rates Reserve**

The Business Rates Retention scheme was introduced in April 2013. The scheme allows Councils to retain their share of Business Rates income. However, the accounting arrangements for the scheme are complex and different income streams have to be accounted for under different legislative arrangements. This can lead to deficits or surpluses within General Fund. This reserve has been set up to help smooth these variances.

#### **General Fund Earmarked Reserve**

Various reserves set up to support specific Service requirements.

#### **Business Rates Volatility Reserve**

The amount of Business Rates income retained by the Council is determined by a number of factors. Statute prescribes the transfer from the Collection Fund to General Fund which is based on estimates as at the 31<sup>st</sup> January. The surplus or deficit is based on the outturn position and is subject to a safety net or levy which is paid/received direct into/out of General Fund. A number of section 31 Grants are also receivable to off-set reliefs given. Due to the complexity of the estimates a Volatility Reserve was set up in 2014/15 to mitigate any variances in the future.

#### **Business Rates Pooling Reserve**

Bassetlaw is a member of the Nottinghamshire Pool for retained Business Rates. This reserve has been created to recognise the Council's share of redistributed growth generated from not paying over the individual Council levies to Central Government as a result of the pooling arrangements.

#### **Invest to Save**

This money has been set aside in order to assist with the creation of efficiencies and increase income generation potential. This reserve should continually be replenished when the financed project starts to generate savings/income.

**Fair Value Movement**

This reserve is to cover any of the Council's investments that will be affected by changes in fair value as under new regulations, IFRS 9, any fair value movement will impact upon the General Fund balance in that financial year.

**Cost of Living**

A reserve established to contribute towards the demands on the residents of Bassetlaw of the cost-of-living crisis.

**Planning reserve**

A reserve established to provide funding towards the costs of specific planning purposes.

**Strategic Development Fund**

A reserve established to fund the Council's strategic objectives.

**Financial Resilience Reserve**

A reserve established in 2023/24 to smooth the impact of service pressures over the financial planning period.

## 11. OTHER OPERATING INCOME AND EXPENDITURE

The following table contains corporate items of income and expenditure that cannot reasonably be allocated or apportioned to specific services:

	2022/23 £'000	2023/24 £'000
Parish Council Precepts	1,408	1,513
Levies	635	840
Payments to the Government Housing Capital Receipts Pool	60	377
Gains/Losses (-) on the disposal of non-current assets	-391	39
<b>Total</b>	<b>1,713</b>	<b>2,769</b>

## 12. FINANCING AND INVESTMENT INCOME AND EXPENDITURE

The following table contains corporate items of income and expenditure arising from the Council's Involvement in financial instruments and similar transactions involving interest:

	2022/23 £'000	2023/24 £'000
Interest payable and similar charges	4,230	4,512
Net interest on the net defined benefit liability (asset)	1,705	306
Interest receivable and similar income	-851	-1,638
<b>Total</b>	<b>5,085</b>	<b>3,179</b>

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

The following table consolidates all the grants and contributions receivable that cannot be identified to particular service expenditure:

	2022/23 £'000	2023/24 £'000
Council Tax Income	-8,417	-8,924
Non-Domestic Rates (NDR)	-8,892	-10,592
Non ring-fenced Government grants	-2,799	-2,528
Developers grants & contributions	-801	638
Capital grants & contributions	-8,107	-15,087
<b>Total</b>	<b>-29,015</b>	<b>-36,492</b>

## 14. PROPERTY PLANT AND EQUIPMENT

	Council Dwellings	Other Land & Buildings	Vehicles, Plant & Equipment	Community Assets	Surplus Assets	Assets Under Construction	Total Property, Plant & Equipment
Movements in 2023/24	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>Cost or Valuation</b>							
<b>At April 2023</b>	<b>347,315</b>	<b>71,159</b>	<b>20,240</b>	<b>2,565</b>	<b>1,628</b>	<b>19,727</b>	<b>462,634</b>
Additions	9,837	1,240	1,601	0	0	6,807	19,485
Revaluation increases/decreases (-) recognised in the Revaluation Reserve	-985	676	0	0	0	0	-309
Revaluation increases/decreases (-) recognised in the Surplus/Deficit on the Provision of Services	-9,837	-688	0	0	0	0	-10,525
Derecognition - Disposals	0	-120	0	0	0	0	-120
Derecognition - Other	0	0	0	0	0	0	0
Reclassification	-2,802	8,348	0	-403	0	-6,872	-1,729
<b>At 31 March 2024</b>	<b>343,528</b>	<b>80,615</b>	<b>21,841</b>	<b>2,162</b>	<b>1,628</b>	<b>19,662</b>	<b>469,436</b>
<b>Accumulated Depreciation &amp; Impairment</b>							
<b>At April 2023</b>	<b>20</b>	<b>1,030</b>	<b>13,496</b>	<b>0</b>	<b>8</b>	<b>31</b>	<b>14,585</b>
Depreciation charge	4,583	1,258	1,185	0	0	0	7,026
Depreciation written out to the Revaluation Reserve	-4,594	-587	0	0	0	0	-5,181
Depreciation written out to the Surplus/Deficit on the Provision of Services	0	-31	0	0	0	0	-31
Impairment losses/reversals (-) recognised in the Revaluation Reserve	0	0	0	0	0	0	0
Impairment losses/reversals (-) recognised in the Surplus/Deficit on the Provision of Services	0	-31	0	0	0	0	-31
Derecognition - Disposals	0	0	0	0	0	0	0
Derecognition - Other	-9	24	0	0	0	0	15
<b>At 31 March 2024</b>	<b>0</b>	<b>1,694</b>	<b>14,681</b>	<b>0</b>	<b>8</b>	<b>31</b>	<b>16,414</b>
<b>Net book value at 31 March 2024</b>	<b>343,528</b>	<b>78,921</b>	<b>7,160</b>	<b>2,162</b>	<b>1,620</b>	<b>19,631</b>	<b>453,022</b>
<b>Net book value at 31 March 2023</b>	<b>347,295</b>	<b>70,129</b>	<b>6,744</b>	<b>2,565</b>	<b>1,620</b>	<b>19,696</b>	<b>448,049</b>

**PRIOR YEAR COMPARISON**

	Council Dwellings	Other Land & Buildings	Vehicles, Plant & Equipment	Community Assets	Surplus Assets	Assets Under Construction	Total Property, Plant & Equipment
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>Movements in 2022/23</b>							
<b>Cost or Valuation</b>							
<b>Cost or Valuation</b>							
<b>At April 2022</b>	<b>339,967</b>	<b>58,322</b>	<b>19,626</b>	<b>2,407</b>	<b>6,134</b>	<b>15,824</b>	<b>442,280</b>
Additions	7,389	8,628	1,384	0	0	3,885	21,286
Revaluation increases/decreases (-) recognised in the Revaluation Reserve	9,410	5,732	0	0	-234	0	14,908
Revaluation increases/decreases (-) recognised in the Surplus/Deficit on the Provision of Services	-7,060	-1,389	0	0	-4,272	0	-12,721
Derecognition - Disposals	0	-134	-770	0	0	0	-904
Derecognition - Other	0	0	0	0	0	0	0
Reclassification	-2,391	0	0	158	0	18	-2,215
<b>At 31 March 2023</b>	<b>347,315</b>	<b>71,159</b>	<b>20,240</b>	<b>2,565</b>	<b>1,628</b>	<b>19,727</b>	<b>462,634</b>
<b>Accumulated Depreciation &amp; Impairment</b>							
<b>At April 2022</b>	<b>10</b>	<b>1,257</b>	<b>13,205</b>	<b>0</b>	<b>7</b>	<b>31</b>	<b>14,510</b>
Depreciation charge	4,510	1,089	1,061	0	1	0	6,661
Depreciation written out to the Revaluation Reserve	-4,500	-1,187	0	0	0	0	-5,687
Depreciation written out to the Surplus/Deficit on the Provision of Services	0	-129	0	0	0	0	-129
Impairment losses/reversals (-) recognised in the Revaluation Reserve	0	0	0	0	0	0	0
Impairment losses/reversals (-) recognised in the Surplus/Deficit on the Provision of Services	0	0	0	0	0	0	0
Derecognition - Disposals	0	0	-770	0	0	0	-770
Derecognition - Other	0	0	0	0	0	0	0
<b>At 31 March 2023</b>	<b>20</b>	<b>1,030</b>	<b>13,496</b>	<b>0</b>	<b>8</b>	<b>31</b>	<b>14,585</b>
<b>Net book value at 31 March 2023</b>	<b>347,295</b>	<b>70,129</b>	<b>6,744</b>	<b>2,565</b>	<b>1,620</b>	<b>19,696</b>	<b>448,049</b>

## Infrastructure Assets

### Movements on balances

In accordance with the temporary relief offered by the Update to the Code on infrastructure assets [Local Government Circular 09/2022] this note does not include disclosure of gross cost and accumulated depreciation for infrastructure assets because historical reporting practices and resultant information deficits mean that this would not faithfully represent the asset position to the users of the financial statements.

The authority has chosen not to disclose this information as the previously reported practices and resultant information deficits mean that gross cost and accumulated depreciation are not measured accurately and would not provide the basis for the users of the financial statements to take economic or other decisions relating to infrastructure assets.

	2022/23	2023/24
	£'000	£'000
Cost or Valuation		
<b>Net book value (modified historical cost) At 1st April</b>	<b>4,296</b>	<b>4,777</b>
Additions	698	47
De-recognition	0	0
Depreciation charge	(217)	(243)
impairment losses / (reversals) recognised in the Surplus/ Deficit on the Provision of Services	0	0
Assets reclassified (to)/from PPE	0	115
<b>Net Book Value 31st March</b>	<b>4,777</b>	<b>5,096</b>

Reconciliation of Infrastructure assets and PPE assets to the Balance Sheet total:

	2022/23	2023/24
	£'000	£'000
Infrastructure assets	4,777	5,096
Other PPE assets	448,049	453,022
<b>Net Book Value 31st March</b>	<b>452,826</b>	<b>458,118</b>

Where the Authority replaces a component of an infrastructure asset, for the purposes of determining the carrying amount to be derecognised in respect of that component, the Authority calculates an amount to be derecognised based on the retail price index.

### Depreciation

Depreciation is provided for on all Property, Plant & Equipment with a finite useful life according to the accounting policies.

The Council charges depreciation based on the valuers estimate of their useful economic life, as shown below:

- Council Dwellings and other Land and Buildings - up to 100 years
- Plant & Equipment – up to 40 years
- Infrastructure – up to 100 years

### Capital Commitments

At 31<sup>st</sup> March 2024 the Council had entered into a contract with the following details

- Miller Freeman (Public Sector Decarbonisation Scheme) - Awaiting confirmation re £0.754M budget remaining (£0.189M Phase 1; £0.565M Phase 2)
- United Living (Maintaining Decency of Housing Stock) - Awaiting confirmation of contract extension (previous contract for £4M expired on 31<sup>st</sup> March)
- Fortems (Westmoreland House Refurbishment) - Awaiting confirmation re £6.3M budget remaining.



## Revaluations

In accordance with the Code of Practice, the Council carries out a rolling programme ensuring that all Property, Plant and Equipment required to be measured at current value is revalued at least every five years.

Valuations of land and buildings were carried out in accordance with the methodologies and basis for estimation set out in the professional standards of the Royal Institute of Chartered Surveyors (RICS). The Valuation basis i.e. Depreciated Replacement Cost is based on a depreciated modern equivalent asset (excluding borrowing costs), market value and fair value is based on estimated price agreed between willing parties and based on local comparable information.

The table below shows the gross book value of the asset valuations at 31<sup>st</sup> March 2024.

	Council Dwellings £'000	Other Land & Buildings £'000	Vehicles, Plant, Equipment £'000	Surplus Assets £'000	Other PPE Assets £'000	Total £'000
Carried at Historical cost	0	0	7,160	0	21,793	<b>28,953</b>
Valued at current value at:						
31 <sup>st</sup> March 2024	343,528	78,921	0	1,620	0	<b>424,069</b>
<b>Total Cost or Valuation</b>	<b>347,315</b>	<b>71,159</b>	<b>20,240</b>	<b>1,628</b>	<b>30,588</b>	<b>470,930</b>

## Valuation Techniques used to Determine Level 2 and 3 Fair Values for Surplus Assets

### Significant Observable Inputs – Level 2

The fair value for the residential properties and developable land has been based on the market approach using current market and recent sales prices and other relevant information for similar assets in Local authority area. Market conditions are such that similar properties are actively purchased and sold and the level of observable inputs are significant, leading to the assets being categorised at level 2 in the fair value hierarchy.

### Significant Unobservable Inputs – Level 3

The ground leases and other long lease hold properties/land have been valued on income approach basis using the information available from the Council's own records and the officers' investigations with professional colleagues and using their professional judgement. The Council's ground leases and other long leasehold properties/land are therefore categorised as level 3 in the fair value hierarchy as the measurement techniques use significant unobservable inputs to determine the fair value measurements (and there is no reasonably available information that indicates that market participants would use different assumptions). Other assets have been valued using the market approach for similar assets within the Local Authority area and an application of professional judgment.

## Valuation techniques

There have been no changes to the valuation techniques used during the year, these have remained in line with the RICS Valuation – Professional Standards (Red Book). The classification of assets has been separated into Level 2 & 3 for this year.

## Fair Value Hierarchy

Details of the Council's surplus assets and information about the fair value hierarchy as at 31<sup>st</sup> March 2024 is as follows:

	Quoted Prices in active markets for identical assets (Level 1) £'000	Other significant observable inputs (Level 2) £'000	Significant unobservable inputs (Level 3) £'000	Fair Value at 31 March 2024 £'000
Residential Properties and Developable Land	0	1,560	0	<b>1,560</b>
Other	0	0	60	<b>60</b>
<b>Total</b>	<b>0</b>	<b>1,560</b>	<b>60</b>	<b>1,620</b>

#### Previous Year Comparison

	Quoted Prices in active markets for identical assets (Level 1) £'000	Other significant observable inputs (Level 2) £'000	Significant unobservable inputs (Level 3) £'000	Fair Value at 31 March 2023 £'000
Residential Properties and Developable Land	0	1,559	0	<b>1,559</b>
Other	0	0	<b>60</b>	<b>60</b>
<b>Total</b>	<b>0</b>	<b>1,559</b>	<b>60</b>	<b>1,619</b>

#### Transfers between Levels of the Fair Value Hierarchy

There were no transfers between Levels 1 and 2 during the year.

#### Reconciliation of Fair Value Measurements (Using Significant Unobservable Inputs) Categorised within Level 3 of the Fair Value Hierarchy

	31st March 2023 £'000	31st March 2024 £'000
<b>Opening Balance</b>	<b>60</b>	<b>60</b>
Transfers in Level 3	0	0
Transfer out of Level 3	0	0
Total gains [or losses] for the period included in Surplus or Deficit on the Provision of Services resulting from changes in the fair value	0	0
<b>Closing Balance</b>	<b>60</b>	<b>60</b>

#### Valuation Process for Surplus Assets

The fair value of the Council's surplus assets is measured annually at each reporting date. All valuations are carried out in accordance with the methodologies and bases for estimation set out in the Royal Institution of Chartered Surveyors. Gains or losses arising from changes in the fair value of Surplus Assets are recognised within the Net Cost of Services.

## 18. FINANCIAL INSTRUMENTS

### a) Categories of Financial Instruments

A financial instrument is a contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Non-exchange transactions, such as those relating to taxes and government grants, do not give rise to financial instruments and therefore have been excluded from the table below.

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

	Non-Current		Current	
	31 March	31 March	31 March	31 March
	2023	2024	2023	2024
	£'000	£'000	£'000	£'000
<b><u>Financial Assets at Amortised Cost</u></b>				
Long Term Investments	110	110	0	0
Long Term Debtors	2,329	3,845	0	0
Deposits in Money Market Funds	0	0	11,510	12,680
Cash at bank / in transit	0	0	185	629
Operational Debtors	0	0	13,444	7,175
<b>Total Financial Assets</b>	<b>2,439</b>	<b>3,955</b>	<b>25,139</b>	<b>20,484</b>
<b><u>Financial Liabilities at Amortised Cost</u></b>				
Borrowings	93,380	93,373	4,568	572
Operational Creditors	0	0	6,626	11,882
<b>Total Financial Liabilities</b>	<b>93,380</b>	<b>93,373</b>	<b>11,194</b>	<b>12,454</b>

**Amortised cost** - typically consists of the outstanding principal (plus accrued interest) payable or receivable and in the case of financial assets, any allowances made for potential credit losses.

**Effective interest rate** - the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to the amount at which it was originally recognised.

**Material Soft Loans Made by the Council**

There have been no material soft loans made by the Council.

**b) Income, Expense, Gains and Losses**

The gains and losses recognised in the Comprehensive Income and Expenditure Statement in relation to financial instruments are made up as follows:

Measured at Amortised Cost:	2022/23			2023/24		
	Financial Liabilities £'000	Financial Assets £'000	Total £'000	Financial Liabilities £'000	Financial Assets £'000	Total £'000
Interest expense	4,452	0	4,452	5,630	0	5,630
Finance lease Interest	0	0	0	0	0	0
<b>Reductions in fair value</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Impairment losses	0	0	0	0	0	0
<b>Fee expense</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Total expense in Surplus (-) or Deficit on the Provision of Services	4,452	0	4,452	5,630	0	5,630
<b>Interest income</b>	<b>0</b>	<b>1,073</b>	<b>1,073</b>	<b>0</b>	<b>2,757</b>	<b>2,757</b>
<b>Total income in Surplus (-) or Deficit on the Provision of Services</b>	<b>4,452</b>	<b>1,073</b>	<b>3,379</b>	<b>5,630</b>	<b>2,757</b>	<b>2,873</b>
Gains/Loss on revaluation	0	0	0	0	0	0
<b>Net gain(-)/loss for the year</b>	<b>4,452</b>	<b>1,073</b>	<b>3,379</b>	<b>5,630</b>	<b>2,757</b>	<b>2,873</b>

**c) Financial Instruments – Fair Value**

The fair value of financial liabilities held at amortised cost is higher than their balance sheet carrying amount because the money was borrowed when interest rates were higher than they are now. The table shows the amounts held at 31<sup>st</sup> March 2024 and the fair value reported in the 2023/24 accounts.

	2022/23		2023/24	
	Carrying amount £'000	Fair value £'000	Carrying amount £'000	Fair value £'000
PWLB debt	61,363	58,413	61,363	56,092
Non-PWLB debt	31,500	31,878	31,500	28,633
Short term borrowing	4,568	4,540	572	572
Short term creditors	6,626	6,626	11,882	11,882
<b>Total Financial Liabilities</b>	<b>104,057</b>	<b>101,457</b>	<b>105,317</b>	<b>97,179</b>
Money market loans < 1 year	11,510	11,510	12,680	12,680
Long Term Investments	110	110	110	110
Short term debtors	13,444	13,444	7,175	7,175
Long term debtors	2,316	2,316	3,845	3,845
Bank Current Accounts	185	185	629	629
<b>Total Assets</b>	<b>27,565</b>	<b>27,565</b>	<b>24,439</b>	<b>24,439</b>

The fair value measurements shown above are based on level 2 inputs, which are inputs other than quoted prices that are observable for the asset or liability. Their fair values have been assessed by calculating the present value of the cash flows that take place over the remaining life of the instruments on the following basis:

- PWLB debt - PWLB premature repayment rates have been applied to provide the fair value under PWLB debt redemption procedures.
- Non-PWLB debt - PWLB premature repayment rates have also been applied as a reasonable proxy in the absence of quoted prices from the lender (no early repayment or impairment is recognised);
- Trade payables / receivables - the fair value is taken to be the invoiced or billed amount;
- Other instruments a maturity of less than 12 months - the fair value is taken to be the carrying amount.

The fair value of the liabilities is greater than the carrying amount as the Council has a number of fixed rate loans where the interest rate payable is higher than the rates available for similar loans in the market at the balance sheet date. This shows a notional future loss (based on economic conditions at 31<sup>st</sup> March 2023) arising from a commitment to pay interest to lenders above current market rates and reflects the higher penalty charge that would be payable for early redemption.

**Fair Value** - 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.

**Valuation Assumptions**

Short term investments held at 31<sup>st</sup> March 2024 amounted to £13.30m, consisting of £12.68m of Money Market Funds and £0.62m of Call Account deposits where, the rate only alters with movements in the Bank rate. 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.

**20. DEBTORS**

The following table identifies the breakdown of debtors owing the Council.

	2022/23	2023/24
	£'000	£'000
Central Government Bodies	1,607	1,875
Other Local Authorities	2,453	5,056
NHS Bodies	0	0
Other Entities and Individuals	19,297	15,182
Expected Credit Loss Provision	-3,345	-3,719
<b>Short Term Debtors</b>	<b>20,012</b>	<b>18,394</b>
Other Entities and Individuals	2,329	3,858
<b>Long Term Debtors</b>	<b>2,329</b>	<b>3,858</b>
<b>Total Debtors</b>	<b>22,341</b>	<b>22,252</b>

	2022/23	2023/24
	£'000	£'000
<b>Expected Credit Loss Provision</b>		
Other Entities and Individuals	-888	-273
Council Tax (including costs)	-224	-980
Business Rates (including costs)	-207	-204
<b>General Debtors</b>		
Housing Benefit Overpayment	-1400	-1,633
Housing Rents	-487	-490
Housing - Others	-139	-139
	<b>-3,345</b>	<b>-3,719</b>

## 21. CASH AND CASH EQUIVALENTS

The balance of cash and cash equivalents is made up of the following elements:

	2022/23	2023/24
	£'000	£'000
Cash held by the Council	1	1
Cash in transit	296	321
Bank current accounts	-113	308
Short-term liquid deposits	11,510	12,680
<b>Total Cash and Cash Equivalents</b>	<b>11,694</b>	<b>13,310</b>

## 22. ASSETS HELD FOR SALE

During 2022/23 non-current assets valued at £2.840m were classified as held for sale, as it is the Council's intention to sell these assets during 2023/24.

	2022/23	2023/24
	£'000	£'000
<b>Balance outstanding at start of year</b>	<b>4,268</b>	<b>3,876</b>
Assets newly classified as held for sale:		
Property, Plant and Equipment	2,391	1,195
Assets sold	-2,783	-1,632
<b>Balance outstanding at year-end</b>	<b>3,876</b>	<b>3,439</b>

## 23. CREDITORS

The following table identifies a breakdown of the Council's creditors:

	2022/23 £'000	2023/24 £'000
Central Government Bodies	5,126	2,334
Other Local Authorities	1,993	1,702
Other Entities and Individuals	7,484	12,462
<b>Short Term Creditors</b>	<b>14,603</b>	<b>16,499</b>
Other Entities and Individuals	1,808	2,072
<b>Long Term Creditors</b>	<b>1,808</b>	<b>2,072</b>
<b>Total Creditors</b>	<b>16,409</b>	<b>18,571</b>

## 24. PROVISIONS

The Council has the following provisions:

	Insurance Claims £'000	Business Rates £'000	Other Provisions £'000	Total £'000
<b>Short Term Balance at 1 April 2023</b>	<b>586</b>	<b>64</b>	<b>83</b>	<b>733</b>
Additional provisions made in year	0	0	76	76
Amounts used in year	-20	-13	0	-33
Transfer from Long Term	0	0	0	0
Unused amounts reversed in year	0	0	-83	-83
<b>Short Term Balance at 31 March 2024</b>	<b>586</b>	<b>51</b>	<b>76</b>	<b>693</b>
<b>Long Term Balance at 1 April 2023</b>	<b>0</b>	<b>1,471</b>	<b>0</b>	<b>1,471</b>
Additional provisions made in year	0	1,134	0	1,134
Amounts used in year	0	-1,344	0	-1,344
Transfer to Short Term	0	0	0	0
Unused amounts reversed in year	0	0	0	0
<b>Long Term Balance at 31 March 2024</b>	<b>0</b>	<b>1,261</b>	<b>0</b>	<b>1,261</b>

### Insurance Claims

All insurance claims are individually insignificant, however, they relate to claims where the Council is alleged to be at fault (e.g. a failure to properly maintain a road or pavement in its ownership.) Provision is made for those claims where it is deemed probable that the Council will have to make a settlement, based on past experience of court decisions about liability and the amount of damages payable. All outstanding claims are expected to be settled within 12 months. The Council may be reimbursed by its insurers, but until claims are actually settled no income is recognised as the insurers will only reimburse amounts above a £15,000 excess.

### Business Rates Appeals

This provision sets aside sums for the Council's element of anticipated appeals that may arise in respect of Business Rates. The Council's proportion being 40% of the total provision, which is £1.261m (1.471m in 2022/23).

### Other Provisions

All other provisions are individually insignificant.

## 25. USABLE RESERVES

Movements in the Council's usable reserves are detailed in the Movement in Reserves Statement. A summary of the General Fund, HRA and capital usable reserves is shown below:

<b>USABLE RESERVES</b>	<b>2022/23</b>	<b>2023/24</b>
	£'000	£'000
General Fund Balance	2,294	2,474
Earmarked Reserves	10,892	11,046
Housing Revenue Account	1,337	1,905
Capital Receipts Reserve	5,469	3,131
Major Repairs Reserve	1,322	0
Capital Grants Unapplied	19,051	31,615
<b>Total Usable Reserves</b>	<b>40,365</b>	<b>50,172</b>

## 26. UNUSABLE RESERVES

The table below shows the unusable reserves held by the Council:

<b>UNUSABLE RESERVES</b>	<b>2022/23</b>	<b>2023/2024</b>
	£'000	£'000
Revaluation Reserve	213,584	218,135
Capital Adjustment Account	120,335	114,041
Financial Instruments Adjustment Account	-493	-485
Pensions Reserve	-8,342	-10,593
Deferred Capital Receipts Reserve	15	15
Collection Fund Adjustment Account	824	1,446
Accumulated Absences Account	-7	-212
<b>Total Unusable Reserves</b>	<b>325,918</b>	<b>322,349</b>



**A). 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:

- re-valued 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<sup>st</sup> 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.

REVALUATION RESERVE	2022/23 £'000	2023/24 £'000
<b>Balance at 1 April</b>	<b>197,889</b>	<b>213,584</b>
Upward revaluations of assets	17,060	2,928
Downward revaluation of assets and impairment losses not charged to the Surplus/Deficit on the Provision of Services	-566	1,815
<b>Surplus or deficit (-) on revaluation of non-current assets not posted to the Surplus or Deficit on the Provision of Services</b>	<b>16,494</b>	<b>3,743</b>
Difference between fair value depreciation and historical cost depreciation	-407	0
Accumulated gains on assets sold or scrapped	-392	-90
<b>Amount written off to the Capital Adjustment Account</b>	<b>-799</b>	<b>-90</b>
<b>Balance at 31 March</b>	<b>213,584</b>	<b>217,238</b>

**B). Capital Adjustment Account**

The Capital Adjustment Account absorbs the timing differences arising from the different arrangements for accounting for the consumption of non-current assets and for 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 reconciling postings from the Revaluation Reserve to convert fair value figures to 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.

This account also contains revaluation gains accumulated on Property, Plant and Equipment before April 2007, the date that the Revaluation Reserve was Statutory created to hold such gains.

Note 9 provides details of the source of all the transactions posted to this account, apart from those involving the Revaluation Reserve.

CAPITAL ADJUSTMENT ACCOUNT	2022/23 £'000	2023/24 £'000
<b>Balance at 1 April</b>	<b>116,404</b>	<b>120,335</b>
<b>Reversal of items relating to capital expenditure debited or credited to the CIES</b>		
Charges for depreciation and impairment of non-current assets	-13,941	-17,122
Revaluation losses on Property, Plant and Equipment	-455	-657

Amortisation of intangible assets	0	0
Donated Assets	0	0
Revenue expenditure funded from capital under statute	-2,044	-2,340
Amounts of non-current assets written off on disposal or sale as part of the gain (-) / loss on disposal to the CIES	-2,918	-1,752
	<b>-19,358</b>	<b>-21,871</b>
Adjusting amounts written out of the Revaluation Reserve	0	90
<b>Net written out amount of the cost of non-current assets consumed in the year</b>	<b>-19,358</b>	<b>-21,782</b>
<b>Capital financing applied in the year:</b>		
Use of Capital Receipts Reserve to finance new capital expenditure	664	3,665
Use of Major Repairs Reserve to finance new capital expenditure & repayment of debt	4,155	6,359
Capital grants and contributions credited to the CIES that have been applied to capital financing	9,980	2,591
Applications of grants to capital financing from the Capital Grant Unapplied Account	308	1,640
Statutory provision for the financing of capital investment charged against the General Fund and HRA balances	819	880
Capital expenditure charged against the General Fund and HRA balances	7,364	352
	<b>23,290</b>	<b>15,487</b>
Adjustment between Capital Adjustment Account and Revaluation Reserve for depreciation that relates to the revaluation balance rather than historic cost	0	0
<b>Balance at 31 March</b>	<b>120,335</b>	<b>114,041</b>

### C). Financial Instruments Adjustment Account

The Financial Instruments Adjustment Account (FIAA) absorbs the timing differences arising from the different arrangements for accounting for income and expenses relating to certain financial instruments and for bearing losses or benefiting from gains per statutory provisions (for example premiums / discounts on the early redemption of loans and changes to the effective interest rate for stepped interest loans).

#### Premiums / Discounts:

Premiums are debited to the Comprehensive Income and Expenditure Statement when they are incurred but reversed out of the General Fund Balance to the FIAA in the Movement in Reserves Statement. Over time, the expense is posted back to the General Fund Balance and HRA in accordance with statutory arrangements for spreading the burden on council tax. In the Council's case, this period is the unexpired term that was outstanding on the loans when they were redeemed.

#### Stepped Interest Loans:

An adjustment is posted to the Comprehensive Income and Expenditure Statement each year to reflect the difference between the interest payable under the loan agreement and the amount determined by the effective interest rate calculation. These adjustments are then reversed out of the General Fund Balance to the FIAA in the Movement in Reserves Statement, in accordance with statutory arrangements for spreading the burden on council tax. The cumulative adjustments are reflected in the carrying amount of the loan, which is why the carrying amount of the Council's non-PWLB debt is much higher than the outstanding principal.

<b>FINANCIAL INSTRUMENTS ADJUSTMENT ACCOUNT</b>	<b>2022/23</b>	<b>2023/24</b>
	<b>£'000</b>	<b>£'000</b>
<b>Balance at 1 April</b>	<b>-497</b>	<b>-492</b>
Differences between statutory debits/credits and amounts recognised as income and expenditure in relation to financial instruments	4	7
<b>Balance at 31 March</b>	<b>-492</b>	<b>-485</b>

**D). Pensions Reserve**

The Pensions Reserve absorbs the timing differences arising from the different arrangements for accounting for post-employment benefits and for funding benefits in accordance with statutory provisions. The Council accounts for post-employment benefits in the Comprehensive Income and Expenditure Statement as the benefits are earned by employees accruing years of service, updating the liabilities recognised to reflect inflation, changing assumptions and investment returns on any resources set aside to meet the costs. However, statutory arrangements require benefits earned to be financed as the Council makes employer's contributions to pension funds or eventually pays any pensions for which it is directly responsible. The debit balance on the Pension 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.

PENSION RESERVE ACCOUNT	2022/23 £'000	2023/24 £'000
<b>Balance at 1 April</b>	<b>-67,805</b>	<b>-8,342</b>
Re-measurements of the net defined benefit liability/(asset)	63,601	-2,956
Reversal of items relating to retirement benefits debited or credited to the Surplus or Deficit on the Provision of Services in the CIES	-7,779	-3,280
Employers pensions contributions and direct payments to pensioners payable in the year	3,737	3,987
Timing difference	-96	-2
<b>Balance at 31 March</b>	<b>-8,342</b>	<b>-10,593</b>

**E). Deferred Capital Receipts Reserve**

The Deferred Capital Receipts 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 cash receipts. When the deferred cash settlement eventually takes place, amounts are transferred to the Capital Receipts Reserve.

DEFERRED CAPITAL RECEIPTS RESERVE	2022/23 £'000	2023/24 £'000
<b>Balance at 1 April</b>	<b>16</b>	<b>16</b>
Transfer of deferred capital receipt repayable credited as part of the gain / loss(-) on disposal to the CIES	0	0
Transfer to Capital Receipts Reserve	0	0
<b>Balance at 31 March</b>	<b>16</b>	<b>16</b>

**F). Collection Fund Adjustment Account**

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

between the position estimated in January 2020 prior to Covid-19 and the position at 31<sup>st</sup> March 2022. The increase in the deficit arises mainly from additional reliefs awarded and in increase in the provision for appeals.

COLLECTION FUND ADJUSTMENT ACCOUNT	2022/23 £'000	2023/24 £'000
<b>Balance at 1 April</b>	<b>-2,318</b>	<b>824</b>
Amount by which council tax income and non-domestic rating income credited to the CIES is different from council tax and non-domestic rating income calculated for the year in accordance with statutory requirements	3,142	622
<b>Balance at 31 March</b>	<b>824</b>	<b>1,446</b>

**G). Short Term Compensated Absences Adjustment Account**

The Short Term Compensated Absences Adjustment Account absorbs the differences that would otherwise arise on the General Fund Balance from accruing for compensated absences earned but not taken in the year e.g. annual leave entitlement carried forward at 31<sup>st</sup> March. Statutory arrangements require that the impact on the General Fund Balance is neutralised by transfers to or from the Account.

SHORT TERM COMPENSATED ABSENCES ADJUSTMENT ACCOUNT	2022/23 £'000	2023/24 £'000
<b>Balance at 1 April</b>	<b>-7</b>	<b>-7</b>
Amount by which officer remuneration charged to the CIES on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	0	-205
<b>Balance at 31 March</b>	<b>-7</b>	<b>-212</b>

## 27. CASH FLOW STATEMENTS

### A). Cash Flow Statement – Operating Activities

The cash flows for Operating Activities include the following items:

	2022/23 £'000	2023/24 £'000
Interest received	851	2,757
Interest paid	-4,230	-5,630
	<b>-3,379</b>	<b>-2,873</b>

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

	2022/23 £'000	2023/24 £'000
Depreciation	6,880	7,285
Impairment and downward valuations	7,516	10,494
Amortisation		
Increase/Decrease(-) in Creditors	-8,190	2,162
Increase/Decrease(-) in Debtors	-5,714	1,617
Increase/Decrease(-) in Inventories	8	34
Contributions to/from Provisions	46	-1,529
Genuine Cash Payment to Pension Fund in Year		
Increase/Decrease in Interest and Dividend Debtors		
Adjustment for Effective Interest Rate		
Movement in Pension Liability	4,953	705
Other non-cash items charged to the net surplus or deficit on the provision of services	2,918	-250
Carrying amount of non-current assets and non-current assets held for sale, sold or derecognised		
	<b>8,417</b>	<b>20,518</b>

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

	2022/23 £'000	2023/24 £'000
Proceeds from the sale of property, plant and equipment	-2,784	-1,752
Any other items for which the cash effects are investing or financing cash flows	7,530	
	<b>4,746</b>	<b>-1,752</b>

**Cash Flow Statement - Investing Activities**

	2022/23 £'000	2023/24 £'000
Purchase of Property, Plant and Equipment	-9,312	-19,532
Purchase of short-term and long-term Investments	0	0
Other payments for investing activities	765	0
Proceeds from the sale of Property, Plant and Equipment	2,783	1,752
Other receipts from investing activities	-12,168	220
<b>Net cash flows from investing activities</b>	<b>-17,932</b>	<b>-17,560</b>

**Cash Flow Statement - Financing Activities**

	2022/23 £'000	2023/24 £'000
Repayments of short and long term borrowings	-2,003	-4,003
Other payments for financing activities	-97	0
<b>Net cash flows from financing activities</b>	<b>-2,100</b>	<b>-4,003</b>

**28. ACQUIRED AND DISCONTINUED OPERATIONS**

There have been no acquired or discontinued operations during 2023/24 financial year.

**29. AGENCY INCOME AND EXPENDITURE**

The Council acts as an agent for Nottinghamshire County Council, Nottinghamshire Police and Crime Commissioner and Nottinghamshire Fire and Rescue Authority in respect of the collection of Council Tax. In addition, the Council acts as agent for the Government in the collection of National Non-Domestic Rates. All relevant disclosures are contained within the notes of the Collection Fund.

**30. EXPENDITURE ON MEMBERS' ALLOWANCES**

The Council makes payment to Councillors for work undertaken in the course of their duties. The following amounts were paid to members of the Council during the year:

	2022/23 £'000	2023/24 £'000
Basic Allowance	230	238
Special Responsibility Allowance	92	104
Travelling & Subsistence Allowance	1	3
<b>Total</b>	<b>323</b>	<b>346</b>

### 31. OFFICERS' REMUNERATION AND TERMINATION BENEFITS

#### OFFICER REMUNERATION

The Council is required to disclose the remuneration of senior employees; defined as those who are members of the Senior Management Team, those holding statutory posts, or those whose remuneration is £150,000 or more per year. Remuneration for senior staff includes the employer's contribution to the pension fund as shown below:

2023/24	Notes	* Salary, Fees & Allowances £	Bonus £	Expense Allowances £	Compensation for Loss of Office £	Pension contributions £	Total £
Chief Executive		128,853	0	310	0	26,030	155,193
Director of Regeneration & Neighbourhood Services		91,917	0	542	0	18,629	111,088
Director of Corporate Resources	a	89,774	0	0	0	18,357	108,132
Head of Finance & Property (Deputy Section 151)		33,325	0	0	0	6,765	40,090
Head of Housing		74,377	0	0	0	15,099	89,475
Head of Regeneration Services	b	55,783	0	0	0	11,324	67,107
Head of Planning and Place	c	19,062	0	0	0	3,775	22,836
Head of People & Culture		74,377	0	0	0	15,099	89,475
Head of Neighbourhood Services		69,177	0	0	0	14,043	83,220
Head of Corporate Services		74,415	0	101	0	15,099	89,615
Head of Growth and Economic Prosperity	d	16,753	0	0	0	3,401	20,154

\* Salaries, Fees and Allowances include elements such as allowances for election responsibilities.

#### **NOTES:**

- a. With effect from 01/04/2023
- b. ended 31/12/2023
- c. With effect from 01/01/2024
- d. Ended 01/01/2024

PREVIOUS YEAR COMPARISON

2022/23	Notes	* Salary, Fees & Allowances £	Bonus £	Expense Allowances £	Compensation for Loss of Office £	Pension contributions £	Total £
Chief Executive		123,546	0	811	0	23,926	148,283
Assistant Chief Executive	a & b	55,098	0	74	0	10,799	65,972
Director of Regeneration & Neighbourhood Services	c	49,259	0	0	0	9,655	58,913
Director Of Corporate Resources	d	18,417	0	57	0	3,610	22,083
Head of Finance & Property (Deputy Section 151)		69,799	0	172	0	13,409	83,379
Head of Housing		71,862	0	0	0	14,085	85,947
Head of Regeneration Services		71,862	0	697	0	14,085	86,644
Head of People & Culture		69,488	0	30	0	13,620	83,137
Head of Neighbourhood Services		30,741	0	195	0	6,025	36,961
Head of Corporate Services		72,217	0	184	0	14,085	86,486
Head of Neighbourhood Services		24,639	0	0	0	4,829	29,468

\* Salaries, Fees and Allowances include elements such as allowances for election responsibilities.

**NOTES:**

- a. With effect from 14/06/2022
- b. Retired 02/01/2023
- c. With effect from 05/09/2022
- d. Ended 13/06/2022





The Council is required to show the number of staff who are paid more than £50,000 a year. This is shown in the table below. Pay includes salary, redundancy, taxable travel and other taxable costs. These figures do not include employer’s pension contributions. This table includes those staff that were included in the preceding tables.

Remuneration band	Number of Employees	
	2022/23	2023/24
£50,000-£54,999	6	9
£55,000-£59,999	3	1
£60,000-£64,999	1	0
£65,000-£69,999	1	3
£70,000-£74,999	3	0
£75,000-£79,999	0	0
£80,000-£84,999	0	1
£85,000-£89,999	0	0
£90,000-£94,999	0	0
£95,000-£99,999	0	0
£100,000-£104,999	0	0
£105,000-£109,999	0	0
£110,000-£114,999	0	0
£115,000-£119,999	0	0
£120,000-£124,999	1	0
£125,000-£129,999	0	1
£130,000-£134,999	0	0
£135,000-£139,999	0	0
<b>Total</b>	<b>15</b>	<b>15</b>

**TERMINATION BENEFITS**

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

(a) Exit package cost band (including special payments)	(b) Number of compulsory redundancies		(c) Number of other departures agreed		(d) Total number of exit packages by cost band [(b)+(c)]		(e) Total cost of exit packages in each band	
	2022/23	2023/24	2022/23	2023/24	2022/23	2023/24	2022/23	2023/24
£0 - £20,000	0	0	0	0	0	0	0	2
£20,001 - £40,000	0	0	0	0	0	0	0	0
£40,001 - £60,000	0	0	0	0	0	0	0	0
£60,001 - £80,000	0	0	0	0	0	0	0	0
£80,001 - £100,000	0	0	0	0	0	0	0	0
£100,001 - £150,000	0	0	0	0	0	0	0	0
<b>Total</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>2</b>

### 32. EXTERNAL AUDIT COSTS

From 1<sup>st</sup> April 2015 the appointment of External Auditors to Local Authorities has been undertaken by Public Sector Audit Appointments Limited (PSAA), an independent company limited by guarantee and incorporated by the Local Government Association in August 2014. With effect from 1<sup>st</sup> April 2018 Mazars LLP became the appointed auditor for the Council. The fees incurred relating to external audits and statutory inspections carried out by Mazars LLP is shown in the table below:

	2022/23	2023/24
	£'000	£'000
Fees payable with regard to external audit services carried out by the appointed auditor for the year (Mazars)	53	60
Additional fees incurred in relation to the 2022/23 annual audit (Mazars)	0	28
Other services provided by Mazars during the year	3	3
<b>Total</b>	<b>56</b>	<b>91</b>

### 33. GRANT INCOME

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

	2022/23	2023/24
	£'000	£'000
<b>Credited to Taxation and Non-Specific Grant Income &amp; Expenditure:</b>		
Covid-19 Support Grants	44	0
New Homes Bonus Grant	1,373	1,039
Revenue Support Grant	236	421
Business Rates S31	0	4,829
Council Tax Support Admin Grant		210
Council Tax Energy Rebate	0	0
Other Revenue Grants	1,146	858
<b>Capital Related:</b>		
Developers Contributions	801	1,932
Other Capital grants	8,107	15,087
<b>Total</b>	<b>11,707</b>	<b>24,375</b>
<b>Credited to Services:</b>		
Housing Benefits Subsidy	16,632	18,100
Business Rates - Collection Allowance	167	171
Homelessness Grants	274	305
Other Housing Benefits	0	0
National Lottery Grants	0	24
Flooding Grants	0	164
Council Tax Energy Rebate	8,086	0
Business Rates	3,604	0
Other revenue grants	729	2,044
Public Health grant	180	0
<b>Capital Related:</b>		
Better Care Fund - Disabled Facilities Grant	0	0
<b>Total</b>	<b>29,672</b>	<b>20,807</b>

The Council has received a number of grants, contributions and donations that have yet to be recognised as income as they have conditions attached to them that require the monies or property to be returned to the giver. The balances at year-end are as follows.

	2022/23	2023/24
	£'000	£'000
<b>Revenue grants receipts in advance:</b>		
Pilgrims Roots Project HLF Grants	15	15
Tackling Alcohol and HLF Grants	18	18
<b>Total revenue grants receipts in advance</b>	<b>33</b>	<b>33</b>
<b>Developer contributions receipts in advance:</b>		
Short-Term Creditor	3	3
Long-Term Creditor	1,808	1,808
<b>Total receipts in advance</b>	<b>1,844</b>	<b>1,844</b>

### 34. 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 of the accounts to assess the extent to which there exists the possibility that the Council might have been constrained in its ability to operate independently or might have secured the ability to 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 and Housing Benefits). Grants received from government departments are set out in Note 8, Expenditure and Income Analysed by Nature. Grant receipts outstanding are shown in Note 33.

#### Members of the Council

The total members' allowances paid are shown in Note 30. The Council, in accordance with the Members Code of Conduct, maintains a register of pecuniary and non-pecuniary interests disclosed by members which is open to public inspection and is accessible via the Council's website. The following Members hold positions of control or significant influence in related parties to the Council during 2023/24:

Cllr June Evans is currently the Chairperson of Harworth and Bircotes Town Council. There were no significant transactions with the Town Council during the year.

There are also 5 Council Members that are trustees of the Sir Stuart and Lady Florence Goodwin Charity. There have been no transactions in the year with this Charity, and the Council holds no balances at year end.

**Senior Officers** - there are no significant related parties that need to be disclosed.

**Other Public Bodies** – Material transactions have occurred with the following parties:

- A) **Nottinghamshire County Council**
- Pension Fund as disclosed in Note 39
  - Preceptor as disclosed in the Collection Fund Note A.
  - Nottinghamshire Parking Partnership

- B) **Nottinghamshire Police and Crime Commissioner and Nottinghamshire Fire and Rescue Authority** – preceptors as disclosed in the Collection Fund Note A.
- C) **Parish Councils** – precepts as disclosed in Note 11
- D) **Nottingham City Council** – provides procurement services to the Council. The annual fee for this service is £35,700.

**Entities controlled or significantly influenced by the Council.**

The Council wholly owns the following companies:

- Bersahill Ltd. The company was setup in September 2017 as a joint venture with Woodhead Regeneration Limited with each party holding 50% of the shares. The company commenced trading in 2020/21, creating construction and employment opportunities through the direct delivery of developments in the local area.

During 2023/24 the Council received £ in interest payments form Bersahill Ltd. As at 31 March 2024 the company owed Bassetlaw Council £3.691m in long term loans.

**35. CAPITAL EXPENDITURE AND FINANCING**

The total amount of capital expenditure incurred in the year is shown in the table below, together with the resources that have been used to finance it.

Where capital expenditure is to be financed in future years by charges to revenue as assets are used by the Council, the expenditure results in an increase in the Capital Financing Requirement (CFR), a measure of the capital expenditure incurred historically by the Council that has yet to be financed. The movement on the CFR is analysed in the second part of this note.

	2022/23	2023/24
	£'000	£'000
<b>Opening Capital Financing Requirement</b>	<b>124,751</b>	<b>126,822</b>
<b>Capital Investment:</b>		
Property, Plant and Equipment	21,984	19,932
Intangible Assets	76	67
Investment Properties	0	0
Revenue Expenditure Funded from Capital Under Statute (REFCUS)	2,044	2,340
Other	1,257	1,529
<b>Sources of Finance</b>		
Capital Receipts	-664	-3,665
Grants and Contributions	-10,296	-4,167
Major Repairs Reserve (MRR)	-4,155	-6,359
Other Reserves	-581	-418
Revenue Contributions	-6,783	0
Sums set aside from Revenue (includes MRP)	-811	-880
<b>Closing Capital Financing Requirements</b>	<b>126,822</b>	<b>135,201</b>
<b>Explanation of Movements in Year</b>		
Increase in underlying need to borrow (unsupported by Government financial assistance)	2,882	9,259
Less voluntary set aside MRR	0	0
Less set aside MRP	-811	-880
<b>Increase/ (-) Decrease in Capital Financing Requirement</b>	<b>2,071</b>	<b>8,379</b>

**Split on Capital Financing Requirement between General**

**Fund and Housing Revenue Account**

General Fund	30,349	32,907
Housing Revenue Account	96,473	102,294
	<b>126,822</b>	<b>135,201</b>

**36. LEASES**

**Bassetlaw District Council as Lessee**

Finance Leases

At 31 March 2024 the Council had no finance leasing arrangements and none at 31 March 2023.

Operating Leases

At 31 March 2024 the Council had no operating leasing arrangements and none at 31 March 2023.

**Bassetlaw District Council as a Lessor**

Finance Leases

There are no leases classified as finance leases.

Operating Leases

The Council leases out land and property under operating leases for the following purposes:

- For the provision of community services, such as sports facilities, tourism services and community centres; and
- For economic development purposes to provide suitable affordable accommodation for local businesses.

The minimum lease payments receivable in future years are as shown in the table below:

	2022/23 £'000	2023/24 £'000
Not later than one year	48	42
Later than one year and not later than five years	131	107
Later than five years	675	657
<b>Total future minimum lease payments receivable</b>	<b>854</b>	<b>806</b>

**37. IMPAIRMENT LOSSES**

The Council is required to disclosure by class of assets the amounts for impairment losses and impairment reversals charged to the surplus or deficit on the provision of services and to other comprehensive income and expenditure. These disclosures are consolidated in [note 14](#) reconciling the movement over the year in the property, plant and equipment balances.

General Fund impairment losses of £183k were recognised in 2023/24 (£183k in 2022/23) which reflects a change in valuation basis for a large plot of land off Jubilee Road, now being valued on basis of amenity / agricultural land as opposed to a residential site.

HRA impairment losses of £9.837m were recognised in 2023/24 (£7.060m in 2022/23) in relation to expenditure incurred on Council Dwellings which did not lead to a pound for pound increase in that asset (Note 6 to the Housing Revenue Account refers).

	Council Dwellings £'000	Other Land and Buildings £'000	Total Assets £'000

General Fund	0	657	657
HRA	9,837	0	9,837
<b>Total</b>	<b>9,837</b>	<b>657</b>	<b>10,494</b>

### 38. NATURE AND EXTENT OF RISKS ARISING FROM FINANCIAL INSTRUMENTS

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

THE KEY RISKS ARE:	
<b>CREDIT RISK</b>	The possibility that other parties might fail to pay amounts due to the Council;
<b>LIQUIDITY RISK</b>	The possibility that the Council might not have funds available to meet its commitments to make payments;
<b>RE-FINANCING RISK</b>	The possibility that the Council might be requiring to renew a financial instrument on maturity at disadvantageous interest rates or terms;
<b>MARKET RISK</b>	The possibility that financial loss might arise for the Council as a result of changes in such measures as interest rates movements.

#### Overall procedures for managing risk

The Council’s overall risk management programme focuses on the unpredictability of financial markets, and seeks to minimise potential adverse effects on the resources available to fund services.

Risk management is carried out by a central treasury team, under policies approved by the Council in the Annual Treasury Management Strategy. The Council provides written principles for overall risk management, as well as written policies covering specific areas, such as interest risk, credit risk and the investment of surplus cash.

By approving annually in advance prudential and treasury indicators for the following three years in compliance with Government guidance, limiting:

- the Council’s overall borrowing;
- its management of interest rate exposures;
- its maximum and minimum exposures to the maturity structure of its debt; and
- its maximum exposure to investments maturing beyond a year and to selected investment counterparties.

#### Credit Risk

Credit risk arises from deposits with banks and financial institutions, as well as credit exposures to the Council’s customers. This risk is minimised through the Treasury Management Strategy (TMS), which requires that deposits are not made with financial institutions unless they meet identified minimum credit criteria, in accordance with the Fitch, Moody’s and Standard & Poor’s Credit Ratings Services. The TMS for 2022/23 was approved by Full Council on 3<sup>rd</sup> March 2022.

The Council’s maximum exposure to credit risk in relation to its investments in financial institutions of £1m cannot be assessed generally as the risk of any institution failing to make interest payments or repay the principal sum will be specific to each individual institution. Recent experience has shown that it is rare for such entities to be unable to meet their commitments. There remains a risk that the Council’s deposits could be unrecoverable in the event of an institution failing, there was no evidence at the 31<sup>st</sup> March 2024 that this was likely to crystallise, as shown in the table below:

Counterparty / Institution	Credit Rating	Historic Risk of Default	Gross Carrying Amount (£m)
----------------------------	---------------	--------------------------	----------------------------

<b>Fidelity Money Market Fund</b>	AAAmmf*	0.000%	<b>6.680</b>
<b>CCLA Money Market Fund</b>	AAAmmf	0.000%	<b>6.000</b>
<b>Handlesbanken PLC</b>	AA	0.000%	<b>0.050</b>
<b>S80 Partnership Limited</b>	N/A	N/A	<b>0.040</b>

\*AAA is the highest credit rating available and is an indication of very strong credit quality

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.

Customers for goods and services are assessed, considering their financial position, past experience and other factors, with individual credit limits being set in accordance with internal ratings in accordance with parameters set by the Council. The Council does not generally allow credit for its customers, but some of the current balance is past its due date for payment. The current overdue amounts owed by customers can be analysed by age as follows:

	31 March 2023	31 March 2024
	£'000	£'000
Less than three months	252	1,061
Three to six months	45	626
Six months to one year	362	668
More than one year	1,326	2,361
<b>Total</b>	<b>1,985</b>	<b>4,716</b>

#### Liquidity risk

The Council manages its liquidity position through the risk management procedures above (the setting and approval of prudential indicators and the approval of the treasury and investment strategy reports), as well as through a comprehensive cash flow management system, as required by the CIPFA Code of Practice. This seeks to ensure that cash is available when needed.

The Council has ready access to borrowings from the money markets to cover any day to day cash flow need, and the PWLB and money markets for access to longer term funds. The Council is also required to provide a balanced budget through the Local Government Finance Act 1992, which ensures sufficient monies are raised to cover annual expenditure. There is therefore no significant risk that it will be unable to raise finance to meet its commitments under financial instruments.

#### Refinancing and Maturity Risk

The Council maintains a significant debt and investment portfolio. Whilst the cash flow procedures above are considered against the refinancing risk procedures, longer-term risk to the Council relates to managing the exposure to replacing financial instruments as they mature. This risk relates to both the maturing of longer term financial liabilities and longer term financial assets. The approved treasury indicator limits for the maturity structure of debt and the limits placed on investments placed for greater than one year in duration are the key parameters used to address this risk.

The Council approved treasury and investment strategies address the main risks and the central treasury team address the operational risks within the approved parameters. This includes:

- monitoring the maturity profile of financial liabilities and amending the profile through either new borrowing or the rescheduling of the existing debt; and
- monitoring the maturity profile of investments to ensure sufficient liquidity is available for the Council's day to day cash flow needs, and the spread of longer term investments provide stability of maturities and returns in relation to the longer term cash flow needs.

The maturity analysis of financial liabilities is as follows, with the maximum and minimum limits for fixed interest rates maturing in each period.

	Approved	Approved	Actual	Actual
	Approved	maximum	31-Mar	31-Mar
	minimum	Limits	2023	2024
	limits	£'000	£'000	£'000



Less than 1 year	0%	50%	46,432	4,000	0
Between 1 and 2 years	0%	50%	46,432	0	0
Between 2 and 5 years	0%	50%	46,432	8,500	18,000
Between 5 and 10 years	0%	50%	46,432	9,500	4,000
More than 10 years	0%	100%	92,863	74,863	70,863
<b>Total</b>				<b>96,863</b>	<b>92,863</b>

Note: Whilst the maturity date of the Council’s LOBO (Lender Option Borrower Option) loans is uncertain, the table above is prepared on the basis of their contractual end dates as opposed to their next call date.

**Interest rate risk**

The Council is exposed to interest rate movements on its borrowings and investments. Movements in interest rates have a complex impact on the Council, depending on how variable and fixed interest rates move across differing financial instrument periods. For instance, a rise in variable and fixed interest rates would have the following effects:

- **Borrowings at variable rates** – the interest expense charged to the Comprehensive Income and Expenditure Statement will rise;
- **Borrowings at fixed rates** – the fair value of the borrowing will fall (no impact on revenue balances);
- **Investments at variable rates** – the interest income credited to the Comprehensive Income and Expenditure Statement will rise; and
- **Investments at fixed rates** – the fair value of the assets will fall (no impact on revenue balances).

Borrowings are not carried at fair value on the balance sheet, so nominal gains and losses on fixed rate borrowings would not impact on the Surplus or Deficit on the Provision of Services or Other Comprehensive Income and Expenditure. However, changes in interest payable and receivable on variable rate borrowings and investments will be posted to the Surplus or Deficit on the Provision of Services and affect the General Fund Balance. Movements in the fair value of fixed rate investments that have a quoted market price will be reflected in the Other Comprehensive Income and Expenditure Statement.

The Council has a number of strategies for managing interest rate risk. The Annual Treasury Management Strategy draws together Council’s prudential and treasury indicators and its expected treasury operations, including an expectation of interest rate movements. From this Strategy a treasury indicator is set which provides maximum limits for fixed and variable interest rate exposure. The central treasury team will monitor market and forecast interest rates within the year to adjust exposures appropriately. For instance during periods of falling interest rates, and where economic circumstances make it favourable, fixed rate investments may be taken for longer periods to secure better long term returns, similarly the drawing of longer term fixed rates borrowing would be postponed.

According to this assessment strategy, at 31<sup>st</sup> March 2024, if all interest rates had been 1% higher (with all other variables held constant) the financial effect would be:

	£'000
Increase in interest receivable on variable rate investments	-127
<b>Impact on Surplus (-) or Deficit on Provision of Services</b>	<b>-127</b>
Decrease in fair value of fixed rate borrowings liabilities (no impact on the Surplus or Deficit on the Provision of Services or Other Comprehensive Income and Expenditure)	-51,436

The approximate impact of a 1% fall in interest rates would be as above but with the movements being reversed. These assumptions are based on the same methodology as used in the Note 16 – Fair value of Assets and Liabilities carried at Amortised Cost.

**Price risk**

The Council, excluding the Nottinghamshire County Council Pension Fund, does not generally invest in equity shares or marketable bonds.

**Foreign exchange risk**

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

**39. DEFINED PENSION BENEFIT SCHEME**

**a). Participation in Pension Scheme:**

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

The Council participates in the Local Government Pension Scheme, administered locally by Nottinghamshire County Council - this is a funded defined benefit statutory scheme and currently provides benefits based on career average revalued salary and length of service on retirement. This means that the Council and employees pay contributions into a fund, calculated at a level intended to balance the pension’s liabilities with investment assets.

The Actuary, Barnett Waddingham, have prepared their figures in accordance with their understanding of the International Accounting Standard IAS 19 (2011). Further information can be found in the Annual Report of the County Council Pension Fund, which is available upon request from Nottinghamshire County Council, County Hall, West Bridgford Nottingham, NG2 7QP."

The principal risks to the Council of the scheme are the longevity assumptions, statutory changes to the scheme, structural changes to the scheme (i.e. large-scale withdrawals from the scheme), changes to inflation, bond yields and the performance of the equity investments held by the scheme.

In addition, as many unrelated employers participate in the Nottinghamshire County Council Pension Fund, there is an orphan liability risk where employers leave the Fund but with insufficient assets to cover their pension obligations so that the difference may fall on the remaining employers.

All of the risks above may also benefit the Employer e.g. higher than expected investment returns or employers leaving the Fund with excess assets which eventually get inherited by the remaining employers. These are mitigated to a certain extent by the statutory requirements to charge the General Fund and Housing Revenue Account the amounts required by statute as described in the Accounting Policies note H.

The latest available membership data is shown in the table below:

	<b>Number</b>	<b>Salaries / Pensions £000</b>	<b>Average Age</b>
Active members	504	12,438	49
Deferred pensioners	671	1,397	52
Pensioners	834	4,790	72
Unfunded pensioners	126	228	82

**b). Transactions Relating to Post-employment Benefits:**

The cost of retirement benefits in the reported cost of services is recognised when they are earned by employees, rather than when the benefits are eventually paid as pensions. However, the charge that is required to be made against council tax is based on the cash payable in the year, so the real costs of post-employment/retirement benefits is reversed out of the General Fund and Housing Revenue Account via the Movement in Reserves Statement.

The following transactions have been made in the Comprehensive Income and Expenditure Statement and the General Fund Balance via the Movement in Reserves Statement during the year.

	2022/23 £000	2023/24 £000
<b>Comprehensive Income and Expenditure Statement</b>		
<b>Cost of Services:</b>		
Current Service cost	6,015	2,904
Past Service costs	0	0
(gain)/loss from settlements	0	0
Administration expenses	59	70
<b>Financing and Investment Income and Expenditure:</b>		
Net interest expense	1,705	306
<b>Total charged to the Surplus / Deficit on the Provision of Services</b>	<b>7,779</b>	<b>3,280</b>
<i>Other Post-employment benefits charged to the CIES:</i>		
<b>Re-measurement of the net defined benefit liability comprising:</b>		
Return on plan assets	-6,784	-8,316
Changes in demographic assumptions	0	-2,079
Changes in financial assumptions	84,957	-2,254
Experience loss/(gain) on defined benefit obligation	-14,572	763
Changes in effect of asset ceiling	0	14,842
<b>Total charged to Other Comprehensive Income and Expenditure</b>	<b>63,601</b>	<b>2,956</b>
<b>Total charged to the Comprehensive Income and Expenditure Statement</b>	<b>71,380</b>	<b>6,236</b>

**Movement in Reserves Statement -**

Reversal of net charges made to the Surplus or Deficit on the Provision of Services	7,779	-3,280
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**Actual amount charged against the General Fund Balance for pensions:**

Employers' contributions payable to the Scheme	2,826	3,096
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**Actual amount charged against the HRA for pensions in the year:**

Employers' contributions payable to the Scheme	690	891
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**c). Assets and Liabilities in Relation to Post-Employment Benefits**

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

	2022/23 £'000	2023/24 £'000
Present value of the defined benefit obligation	-148,458	-149,116
Fair value of plan assets	140,116	153,365
Fair value of plan assets	0	-14,842
<b>Net liability arising from the defined benefit obligation</b>	<b>-8,342</b>	<b>-10,593</b>

During 2023/24 the Council made a one off payment to the Pension Fund of £0.799m to cover future deficit liabilities £0.626m General Fund and £0.173m Housing Revenue Account).

The following table provides a reconciliation of the present value of the schemes liabilities (defined benefit obligation) for the Council:

	2022/23 £'000	2023/24 £'000
<b>Opening balance at 1 April</b>	<b>-213,158</b>	<b>-148,458</b>
Current service cost	-6,015	-2,904
Interest cost	-5,467	-6,992
Contribution by scheme participants	-856	-928

<b>Re-measurement Gains/Losses (-)</b>		
Change in financial assumptions	84,957	2,254
Change in demographic assumptions	0	2,079
Experience loss/(gain) on defined benefit obligation	-14,572	-763
Gains/Losses (-) on curtailments	0	0
Benefits paid	6,466	6,393
Unfunded pension payments	187	203
Liabilities extinguished on settlements	0	0
<b>Closing Defined Benefit Obligation</b>	<b>-148,458</b>	<b>-149,116</b>

The table below provides a reconciliation of the movements in the Fair Value of the Scheme (Plan) Assets:

	2022/23	2023/24
	£'000	£'000
<b>Opening fair value of scheme assets</b>	<b>146,168</b>	<b>140,116</b>
Interest income	3,762	6,686
<b>Re-measurement Gain/Loss (-)</b>		
Return on Assets less Interest	-6,784	8,316
Other Actuarial Gains/Losses (-)	0	0
Contributions from employer	2,826	3,985
Contributions from employees into the scheme	856	928
Benefits paid	-6,653	-6,596
Administration expenses	-59	-70
Settlement prices received / (paid)	0	0
<b>Closing Fair Value of Scheme Assets</b>	<b>140,116</b>	<b>153,365</b>

The table below provides a reconciliation of the Asset Ceiling:

	2022/23	2023/24
	£'000	£'000
<b>Opening impact of asset ceiling</b>	<b>0</b>	<b>0</b>
Interest on impact of asset ceiling	0	0
Actuarial Gains (/)/Losses	0	-14,842
<b>Closing impact of asset ceiling</b>	<b>0</b>	<b>-14,842</b>

The expected return on scheme assets and interest expense on scheme liabilities is determined by considering the expected returns available on the assets underlying the current investment policy. Expected yields on fixed interest investments are based on gross redemption yields as at the Balance Sheet date. Expected returns on equity investments reflect long-term real rates of return experienced in the respective markets.

**d). Basis for Estimating Assets and Liabilities**

Liabilities have been assessed on an actuarial basis using the projected unit credit method, an estimate of the pensions that will be payable in future years dependent on assumptions about mortality rates, salary levels etc. Both the Local Government Pension Scheme and discretionary benefits liabilities have been estimated by Barnett Waddingham an independent firm of Actuaries, estimates for the County Council Fund being based on the latest full valuations of the scheme as at 1<sup>st</sup> April 2022. The significant assumptions used by the actuary have been:

	2022/23	2023/24
	%	%
<b><u>Mortality Assumptions</u></b>		
<b>Longevity at 65 for current pensioners:</b>		
Male	20.7	20.4
Female	23.5	23.3
<b>Longevity at 65 for future pensioners:</b>		
Male	22.0	21.7
Female	25.0	24.7
<b><u>Financial Assumptions</u></b>		
	%	%
Rate of inflation - CPI	2.9	2.9
Rate of increase in salaries	3.9	3.9
Rate of increase in pensions	2.9	2.9
Rate for discounting scheme liabilities	4.8	4.9

### Assets

The return on the Fund (on a bid value to bid value basis) for the year to 31<sup>st</sup> March 2024 is estimated to be 8.08% (8.08% as at 31<sup>st</sup> March 2023). The actual return on Fund assets over the year may be different. The estimated asset allocation for the Council is shown in the table below.

Asset Share	2022/23		2023/24	
	£'000	%	£'000	%
<b><u>Asset Share</u></b>				
Equity Instruments	81,667	58	90,959	59
Gilts	2,896	2	3,893	3
Other Bonds	8,299	6	8,167	5
Property	16,630	12	16,952	11
Cash	7,332	5	9,549	6
Inflation-linked pooled fund	7,072	5	7,288	5
Infrastructure	11,013	8	11,549	8
Private Equities	<b>5,207</b>	<b>4</b>	<b>5,008</b>	<b>3</b>
	140,116	100	153,365	100

### **Additional Assumptions:**

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

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

The assumptions in longevity, for example assume that life expectancy increases or decreases for men and women. In practice, this is unlikely to occur and changes in some of the assumption may be interrelated.

The estimations in the sensitivity analysis have followed the accounting policies for the scheme, i.e. on an actuarial basis using the projected unit method. The methods and types of assumptions used in preparing the sensitivity analysis below did not change from the used in the previous period.

**Impact on the Defined Benefit Obligation on the Scheme**

	Increase in Assumption	Decrease in Assumption
	£'000	£'000
Longevity (increase or decrease in 1 year)	154,560	143,445
Rate of increase in salaries (increase or decrease by 0.1%)	148,653	148,931
Rate of increase in pensions (increase or decrease by 0.1%)	150,510	147,111
Rate for discounting scheme liabilities (increase or decrease by 0.1%)	146,300	151,315

**e). Impact on the Council's Cash Flows**

The objectives of the scheme are to keep employers' contributions at as constant rate as possible. The County Council has agreed a strategy with the schemes actuary to achieve a funding level of 100% over the next 3 years. Funding levels are monitored on an annual basis. The next triennial valuation is due to be completed on 31<sup>st</sup> March 2025.

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 Wales and the other main existing public service schemes may not provide benefits in relation to service after 31<sup>st</sup> March 2014. 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 liabilities show the underlying commitments that the Council has in the long run to pay for post-employment (retirement) benefits. The total liability of £148,458m (£148.458m in 2022/23 has a substantial impact on the net worth of the Council, as recorded in the Balance Sheet, resulting in a positive overall balance of £8.342m (£8.342m in 2022/23).

However, statutory arrangements for funding the deficit mean that the financial position of the Council remains healthy. The deficit on the Local Government scheme will be made good by increased contributions over the remaining working life of employees, as assessed by the scheme Actuary. Finance is only required to be raised to cover discretionary benefits when the pensions are actually paid.

The total contributions expected to be made to the Local Government Pension Scheme by the Council in the year to 31<sup>st</sup> March 2024 is £3.642m.

**Projected Pension Expenditure**

The projected pension expenses for the year to 31<sup>st</sup> March 2025 are:

<b>Projection for Year to 31 March 2025</b>	<b>£'000</b>
Service cost	2,886
Net Interest on the defined liability (asset)	421
Administration expenses	70
<b>Total</b>	<b>3,377</b>
<b>Employer contributions</b>	<b>3,798</b>

These figures exclude the capitalised cost of any early retirements or augmentations which may occur after 31<sup>st</sup> March 2024. The projections are based on the assumptions as at 31<sup>st</sup> March 2024, as described in the Barnett Waddingham Actuary report.

#### **40. CONTINGENT LIABILITIES**

The Council is committed to an equal pay review, which is subject to agreement with the Trade Unions. The total cost is unknown at this stage and the timing of any payments would be subject to as and when claims occur.

In 1992, Municipal Mutual Insurances Ltd (MMI) fell below the minimum regulatory solvency requirement and went into run off. The company's creditors entered into a Scheme of Arrangement whereby the company would continue to meet claims whilst ever it had sufficient funds to do so. However, if at any time the company were unable to meet claims, creditors would be liable for payment of 28% of total claims to date over a £50k threshold. The Council has received no further indication that any additional levies would be imposed.

#### **41. 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. Contingent assets are not recognised in the Balance Sheet but are disclosed in a note to the accounts where it is probable that there will be an inflow of economic benefits or service potential.

The case of fraudulent refunds of Business Rates which happened in 2019/20 is still on going and it is not certain as to how much the Council will be able to recover.

# SUPPLEMENTARY FINANCIAL STATEMENTS

## The Supplementary Financial Statements are:

- **The Housing Revenue Account (HRA)**  
Separately identifies the Council's statutory landlord function as a provider of social housing under the Local Government and Housing Act 1989.
- **The Collection Fund**  
Summarises the collection of Council tax and business rates and the redistribution of some of that money to other organisations that the Council collects these taxes on behalf of
- **Consolidated Group Accounts**  
This section shows the consolidation of Bassetlaw District Council Statement of Accounts with Bersahill Limited Statement of Account to produce a Group Financial Statement
- **Glossary of Terms**  
This section explains some of the more complicated terms that have been used in this document.
- **The Annual Governance Statement (AGS)**  
Explains how the Council has complied with the Local Code of Corporate Governance and provides a review of the effectiveness of its systems of internal control.



## THE HOUSING REVENUE ACCOUNT (HRA)

The Housing Revenue Account summarises the transactions relating to the provision, maintenance and management of the Council's housing stock. The account has to be self-financing and cannot be subsidised by the General Fund.

The HRA Income and Expenditure statement below shows the economic cost in the year of providing housing services in accordance with generally accepted accounting practices, rather than the amount to be funded from rents and government grants.

The Council charges rents to cover expenditure in accordance with the legislative framework; this may be different from the accounting cost. The increase or decrease in the year, on the basis upon which rents are raised, is shown in the Movement on the Housing Revenue Account Statement.

<b>HOUSING REVENUE ACCOUNT</b>			
<b>2022/23</b>	<b>INCOME AND EXPENDITURE STATEMENT</b>	<b>NOTE</b>	<b>2023/24</b>
£'000			£'000
	<b>Expenditure</b>		
8,222	Repairs and maintenance		9,589
3,032	Supervision and management		3,140
1,686	Special Services		1,853
526	Rents, rates, taxes and other charges		563
12,097	Depreciation, impairment & revaluation losses of non-current assets	5,6	14,993
0	Debt management costs		0
319	Movement in the allowance for bad debts	8	125
<b>25,883</b>	<b>Total Expenditure</b>		<b>30,263</b>
	<b>Income</b>		
-26,286	Dwelling rents	1	-27,677
-271	Non dwelling rents	2	-273
-1,458	Charges for services and facilities	3	-1,866
<b>-28,014</b>	<b>Total Income</b>		<b>-29,816</b>
<b>-2,131</b>	<b>(-) Net income or expenditure for HRA Services as included in the Council's Comprehensive Income and Expenditure Account</b>		<b>447</b>
4,445	HRA Services' share of Corporate and Democratic Core		4,361
90	HRA share of other amounts included in the whole authority cost of services but not allocated to specific services		97
<b>2,405</b>	<b>Net Income (-) or Expenditure of HRA Services</b>		<b>4,905</b>
	<b>HRA share of the operating income and expenditure included in the Council's CIES:</b>		
38	Gain or loss(-) on sale of HRA non-current assets		39
3,686	Interest payable and similar charges	7	4,680
-200	HRA Interest and Investment Income	7	-393
347	Net interest on the net defined benefit liability(asset)	9	71
0	Capital grants and contributions		0
<b>6,276</b>	<b>(-) Surplus or deficit for the year on HRA services</b>		<b>9,302</b>

**Movement on the HRA Statement**

The statement below takes the outturn on the HRA Income and Expenditure Statement and reconciles it to the surplus or deficit for the year on the HRA Balance, calculated in accordance with the requirements of the Local Government and Housing Act 1989.

2022/23 £'000	MOVEMENT ON THE HRA STATEMENT	2023/24 £'000
-6,306	<b>Balance on the HRA at the end of the previous year</b>	-1,338
6,275	Surplus or deficit on the HRA Income and Expenditure Statement	9,302
-1,307	Adjustments between accounting basis and funding basis under statute ( <i>see table below for details</i> )	-9,870
<b>4,968</b>	<b>Net (-) increase or decrease before transfer to/from Reserves</b>	<b>-568</b>
0	Transfers to or (from) reserves	0
<b>4,968</b>	<b>(-) increase or decrease in year on the HRA</b>	<b>-568</b>
<b>-1,338</b>	<b>Balance on the HRA at the end of the current year</b>	<b>-1,906</b>

Revaluation gains and losses are charged under “HRA share of the operating income and expenditure included in the CIES” and included within the surplus or deficit on the HRA for the year. The revaluation amounts are reversed out of the HRA Income and Expenditure Statement through the Movement on the HRA Statement so that it does not impact on the rent chargeable for dwellings.

The table below provides a breakdown of the adjustments between accounting basis and funding basis in accordance with statute;

2022/23 £'000	NOTE TO THE MOVEMENT ON THE HRA STATEMENT	2023/24 £'000
	<b>Items included in the HRA Income and Expenditure Statement but excluded from the Movement on the HRA Statement for the year:</b>	
-12,097	Charges for depreciation and impairment of non-current assets	-14,993
0	Capital grants and contributions applied	0
0	Revenue Expenditure Funded from Capital under Statute	0
0	Capital grants and contributions unapplied credited to the CIES	0
0	Gain/Loss on Sale of HRA Non-Current Assets	0
-1,583	Reversal of items relating to retirement benefits debited or credited to the CIES	-766
729	Employer's contribution payable to NCC pension fund and retirement benefits payable direct to pensioners	891
<b>-12,953</b>		<b>-14,868</b>
	<b>items not included in the HRA Income and Expenditure Statement but included within the movement on the HRA Statement for the year:</b>	
-6,719	Capital expenditure funded by the HRA	-39
4,925	Transfer to Major Repairs Reserve	5,037
0	Voluntary set aside for debt repayment	0
<b>11,644</b>		<b>4,998</b>
<b>-1,309</b>	<b>Net additional amount required by statute</b>	<b>-9,870</b>

## NOTES TO THE HOUSING REVENUE ACCOUNT

### (1) Dwelling Rents

This represents the total rent due from Council Tenants excluding any empty properties.

	2022/23	2023/24
Dwelling Rents	£26.286	£27.677
Average Weekly (52-week basis) rent per dwelling	£75.66	£84.78
Number of Voids (Empty Properties)	232	252
Voids as a percentage of the total Council's housing stock	3.57%	3.85%

### (2) Non-dwelling Rents

This represents rent received from the other HRA non-current assets which are not defined dwellings, such as shops and garages.

	2022/23 £'000	2023/24 £'000
Non-Dwelling Rents	271	273

### (3) Charges for Services and Facilities

This includes charges for services provided by the Council in connection with the provision of property for occupancy and comprises of:

	2022/23 £000	2023/24 £000
Charges for services and facilities	572	02
Reimbursement of Costs	484	889
Other Charges	402	376
<b>Total</b>	<b>1,458</b>	<b>1,866</b>

### (4) Sums directed by the secretary of state

The Secretary of State has not directed that any other items should be charged to the Housing Revenue Account.

### (5) Depreciation and Capital Charges

The Housing Revenue Account includes a depreciation charge. Council buildings, including Council dwellings, are depreciated over the remaining useful life of the buildings.

	2022/23 £000	2023/24 £000
Council Dwellings	4,508	4,582
Non-Current Assets (Other land and buildings)	384	410
Equipment & Vehicles	145	164
Amortisation of intangible assets	0	0
<b>Total</b>	<b>5,037</b>	<b>5,156</b>

## (6) Impairment

During 2023/24 £9.837m was charged to the Housing Revenue Account for impairment and revaluation losses, where there had either been a general fall in the value of the asset or whereby the Council incurred spend on the assets for which the value of that expenditure did not lead to a pound for pound increase in that asset. For example the work undertaken on Council dwellings to ensure the decent homes standards are maintained, such as new kitchens and bathrooms, improve the property but do not increase the value of the property, as such these costs have been impaired.

Impairment and revaluation losses are charged directly to services within the net cost of HRA services where there is no balance or an insufficient balance of accumulated gains on the Revaluation Reserve for the relevant assets. However, there is no impact on the HRA overall balances as this is a statutory accounting adjustment and is reversed out.

The following table shows how impairment and revaluation losses were split between Council dwellings, assets under construction and other HRA non-current assets.

Impairment and revaluation losses on HRA assets are charged directly to services within the Net cost of HRA services where there is no balance or an insufficient balance of accumulated gains on the Revaluation Reserve for the relevant assets.

	2022/23 £000	2023/24 £000
Council dwellings	7,060	9,837
Assets Under Construction	0	0
Non-Current Assets (Other land and buildings)	0	0
Intangible Assets	0	0
<b>Total</b>	<b>7,060</b>	<b>9,837</b>

## (7) Capital Charges

The HRA receives a proportion of the interest received by the Council in respect of its cash management. There is a statutory calculation (Item 8 Credit) which determines the amount received.

Conversely, the HRA also pays a proportion of the interest owed by the Council for loans that have been taken out, which forms part of the Item 8 Debit.

From 1<sup>st</sup> April 2012, Local Authorities are allowed to determine how they calculate the level of interest charged to the Housing Revenue Account for pooled loans (that is, all loans prior to the Housing Self Financing Reform which were held in the General Fund and for which there was a year-end charge for interest payable). Under the new arrangements, Local Authorities are required to ensure that the methodology for charging the Housing Revenue is fair and equitable. The Council has based the calculation on the average debt interest rate for all pooled loans against the HRA Capital Financing Requirement (loans which have been taken out in the past for HRA capital schemes, which are still outstanding).

	2022/23 £000	2023/24 £000
<b>Interest Payable:</b>		
Item 8 Debit		
Internal borrowing - interest payable	223	1,106
Self-financing loan interest payable	3,463	3,574
<b>Total</b>	<b>3,686</b>	<b>4,680</b>
<b>Interest Receivable:</b>		

Item 8 Credit	(10)	(393)
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The Council does not hold any premiums or discounts in relation to the rescheduling of HRA Debt.

## (8) Rent Arrears

The arrears outstanding at the 31<sup>st</sup> March 2023 for rent not paid to the Council are shown in the table below. The figures in respect of rent due are shown separately to the debts outstanding in respect of the charges relating to court fees and for the provision of services and facilities.

	31-Mar-23	31-Mar-24
	£'000	£'000
Rent Arrears	654	683
Court Costs	56	29
Service and Facilities Arrears		
<b>Total</b>	<b>710</b>	<b>712</b>
Outstanding debts as a proportion of gross rent due - Rent only	2.49%	2.47%
Amount of debts written off during the year:	98	122
Amount of impairment allowance for all debts:	319	319

## (9) Contribution to Pension Reserves

The cost of retirement benefits is recognised in the reported cost of services when they are earned by employees, rather than when the benefits are eventually paid as pensions.

Therefore the following transactions have been made in the Housing Revenue Account and the Housing Revenue Fund Balance via the Movement in Reserves Statement during the year.

LOCAL GOVERNMENT PENSION SCHEME	2022/23	2023/24
	£'000	£'000
<b>Comprehensive Income and Expenditure Statement</b>		
<b>Cost of Services:</b>		
Current Service Cost	1,224	678
Past Service Cost	0	0
(Gain)/Loss from Settlements	0	0
Administration expenses	12	16
<b>Financing and Investment Income and Expenditure:</b>		
Net Interest Expense	347	71
<b>Total Post-employment Benefit charged to the Surplus or Deficit on the Provision of Services</b>	<b>1,583</b>	<b>766</b>
<b>Movement in HRA Reserves Statement:</b>		
Reversal of net charges made to the Surplus or Deficit on the Provision of Services for post-employment benefits in accordance with the code	(1,583)	(766)
<b>Actual amount Charged Against the HRA for pensions in the year:</b>		
Employer's contribution payable to the scheme	690	891

## (10) Housing Stock

The number and type of dwelling in the Council's Housing stock is shown in the table below:

Total 2022/23 No.		Pre 1945 No.	1945- 1964 No.	1965- 1974 No.	1975- 2013 No.	After 2013 No.	Total 2023/24 No.
	<u>Traditional Houses and Bungalows</u>						
<b>2,984</b>	1 - 2 Bedrooms	243	969	504	1,227	42	<b>2,985</b>
<b>1,521</b>	3+ Bedrooms	562	614	132	151	51	<b>1,510</b>
	<u>Non Traditional Houses and Bungalows</u>						
<b>529</b>	Houses and Bungalows		206	320			<b>526</b>
	<u>Flats</u>						
<b>886</b>	Low Rise (1-2 storeys)	16	392	195	265	30	<b>898</b>
<b>578</b>	Medium Rise (3-5 storeys)		26	370	179	52	<b>627</b>
<b>6,498</b>	<b>Total</b>	<b>821</b>	<b>2,207</b>	<b>1,521</b>	<b>1,822</b>	<b>175</b>	<b>6,546</b>

The movement in housing stock during the year is analysed as follow:		
<b>6,584</b>	<b>Stock at 1 April</b>	<b>6,549</b>
2	Additions to housing stock	2
(49)	Sales, demolitions and disposals	(30)
(39)	Properties being taken out of debit	25
<b>6,498</b>	<b>Stock at 31 March</b>	<b>6,546</b>

## (11) Vacant Possession Value

The value of Council Dwellings assuming vacant possession (Open Market Value) as at 31 March 2024 is £817.3m (31<sup>st</sup> March 2023 was £824.6m). This does not compare to the Balance Sheet, which shows the Existing Use Value, the difference being an indication of the economic and social costs of providing Council housing at less than market rent.

## (12) Capital Receipts

Capital Receipts received from the sale of HRA non-current assets were as follows:

	2022/23 £'000	2023/24 £'000
Disposal of land and other property	-	-
Sale of Council Dwellings	1,801	1,632
Other	-	-
<b>Total</b>	<b>1,801</b>	<b>1,632</b>

## (13) MAJOR REPAIRS RESERVE (MRR)

This reserve is credited with depreciation charged to the HRA and any revenue contributions made towards capital from the HRA. The Reserve is only available for funding major repairs to the housing stock or the repayment of HRA Debt. Any sums unspent are carried forward for use in future years.

2022/23      2023/24

	£'000	£'000
<b>Balance as at 1 April</b>	<b>552</b>	<b>1,322</b>
Depreciation on HRA Assets	4,925	5,184
Revenue Contributions to Capital	0	0
Financing of Capital Expenditure	4,155	6,359
<b>Balance as at 31 March</b>	<b>1,322</b>	<b>147</b>

### (14) HRA Capital Financing

The table below shows the total amount of capital expenditure incurred in the year together with the resources that have been used to finance it:

	2022/23	2023/24
	£'000	£'000
<b>HRA Capital Expenditure Financed by :</b>		
Borrowing	0	5,821
Grants and Contributions	0	0
Usable Capital Receipts	254	3,665
Revenue Contributions	6,783	0
Major Repairs Reserve	4,155	6,359
<b>Total</b>	<b>11,192</b>	<b>15,845</b>

### (15) Revenue Expenditure Funded from Capital under Statute (REFCUS)

REFCUS is created when expenditure has been incurred on items that are not capitalised as fixed assets and have been financed from capital resources. No HRA expenditure met this definition in 2023/24 (£nil in 2022/23).

### (16) Exceptional Items or Prior Year Adjustments

There were no exceptional items in 2023/24.

## THE COLLECTION FUND

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### EXPLANATORY NOTES TO THE COLLECTION FUND

The Collection Fund is an agent's statement that reflects the statutory obligation of billing authorities, such as Bassetlaw District Council 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 the Government.

The Council has a statutory requirement to operate a Collection fund as a separate account to the General Fund. The purpose of the Collection Fund, therefore, is to isolate the income and expenditure relating to Council Tax and Non-Domestic Business Rates. The administration costs associated with the collection process are charged to the General Fund.

With effect from 1<sup>st</sup> April 2013, the local government finance regime was revised with the introduction of the retained business rates scheme. The main aim of the scheme is to give Councils a greater incentive to grow businesses in the district. It does, however, also increase the financial risk due to non-collection and the volatility of the NDR tax base.

All local authorities were given the opportunity to work with neighbouring and partner authorities to develop a bid to become a local authority business rate "pool". Bassetlaw District Council is part of a Nottinghamshire business rates pool which is administered by Nottinghamshire County Council. Member authorities are treated as a single authority for the purpose of certain calculations under the business rates retention scheme. The advantage of a pool is to potentially generate additional business growth through collaborative working and to smooth out the impact of volatility in business rates income across a wider economic area.

This new arrangement provides a direct link between business rates growth and the amount of money local authorities have to spend on services. Local authorities can keep a proportion of their NDR collected in their area after certain contributions to (levy payments) and from (safety net payments) the Government have been made. The Council's share is 40% with the remainder paid to precepting bodies. For Bassetlaw District Council the NDR precepting bodies are Central Government (50% share), Nottinghamshire County Council (9% share) and Nottinghamshire Fire Authority (1% share).

The national code of practice followed by Local Authorities in England stipulates that a Collection Fund Income and Expenditure account is included in the Council's accounts. The Collection Fund balance sheet meanwhile is incorporated into the Council's consolidated balance sheet. The balance of the Collection Fund is disaggregated at the year-end to attribute relevant amounts to the precepting authorities (shown as debtors or creditors in the Balance Sheet) and the billing Council (Bassetlaw District Council).



**THE COLLECTION FUND STATEMENT**

2022/23				2023/24		
Business Rates	Council Tax	Total	Income/Expenditure	Business Rates	Council Tax	Total
£'000	£'000	£'000		£'000	£'000	£'000
<b>INCOME</b>						
	83,020	<b>-83,020</b>	Council Tax Receivable		-88,234	<b>-88,234</b>
-41,635		<b>-41,635</b>	Business Rates Receivable	-48,931		<b>-48,931</b>
<b>-41,635</b>	<b>83,020</b>	<b>124,655</b>		<b>-48,931</b>	<b>-88,234</b>	<b>-137,165</b>
<b>Apportionment of Previous Year Surplus or (Deficit)</b>						
(3,685)		<b>-3,685</b>	Central Government	203	0	<b>203</b>
(2,948)	52	<b>-2,896</b>	Bassetlaw District Council	162	411	<b>573</b>
	370	<b>370</b>	Nottinghamshire County Council	37	331	<b>368</b>
(663)	19	<b>-644</b>	Nottinghamshire Fire and Rescue Authority	4	2,131	<b>2,135</b>
(74)	58	<b>-16</b>	Nottinghamshire Police and Crime Commissioner	0	109	<b>109</b>
<b>-7,370</b>	<b>499</b>	<b>-6,871</b>	<b>Surplus or (deficit) balance carried forward</b>	<b>-48,525</b>	<b>-85,252</b>	<b>-133,777</b>
<b>EXPENDITURE</b>						
<b>PRECEPTS, DEMANDS AND SHARES</b>						
20,778		<b>20,778</b>	Central Government	22,587	0	<b>22,587</b>
16,623	8,269	<b>24,892</b>	Bassetlaw District Council	18,070	8,742	<b>26,812</b>
3,740	59,840	<b>63,580</b>	Nottinghamshire County Council	4,066	64,224	<b>68,290</b>
416	3,078	<b>3,494</b>	Nottinghamshire Fire and Rescue Authority	452	3,337	<b>3,789</b>
	9,254	<b>9,254</b>	Nottinghamshire Police and Crime Commissioner		10,030	<b>10,030</b>
<b>41,557</b>	<b>80,441</b>	<b>121,998</b>		<b>45,175</b>	<b>86,333</b>	<b>131,508</b>
<b>CHARGES TO THE COLLECTION FUND</b>						
136	282	<b>418</b>	Write offs of uncollectable amounts	0	0	<b>0</b>
412	870	<b>1,282</b>	Increase /Decrease (-) in Impairment Allowance	114	1,161	<b>1,275</b>
(774)		<b>-774</b>	Increase /Decrease (-) in Provision for Appeals	-557	0	<b>-557</b>
167		<b>167</b>	Allowance for Cost of Collection	186	0	<b>186</b>
926		<b>926</b>	Disregarded amounts	1,145	0	<b>1,145</b>
0		<b>0</b>	Transitional Protection Payment to Central Govt	0	0	<b>0</b>
<b>867</b>	<b>1,152</b>	<b>2,019</b>		<b>888</b>	<b>1,161</b>	<b>2,049</b>
<b>6,581</b>	<b>928</b>	<b>7,509</b>	<b>Surplus/Deficit (-) arising in year</b>	<b>2,462</b>	<b>-2,242</b>	<b>220</b>
<b>-5,333</b>	<b>1,526</b>	<b>-3,807</b>	<b>Surplus/Deficit (-) b/fwd 1 April</b>	<b>1,247</b>	<b>2,454</b>	<b>3,701</b>
<b>1,248</b>	<b>2,454</b>	<b>3,702</b>	<b>Surplus/Deficit (-) c/fwd 31 March</b>	<b>3,709</b>	<b>212</b>	<b>3,922</b>

## NOTES TO THE COLLECTION FUND ACCOUNT

### (A) NON-DOMESTIC RATES (NDR)

#### Income from Business Ratepayers

Non-Domestic Rates (NDR) or Business Rates are paid by businesses. The Council collects Business Rates for its area based on local rateable values provided by the Valuation Office Agency (VOA) multiplied by a uniform business rate set nationally by Central Government. Businesses pay an annual bill calculated by multiplying the rateable value of their premises by this annual rate; there are a number of reliefs available, for example to small businesses and charities.

	31-Mar-23	31-Mar-24
Total Rateable Value (£'000)	111,608	111,608
Non Domestic Rating Multiplier	51.2p	51.2p
Small Business Multiplier	49.9p	49.9p

The Council collects and distributes business rates from ratepayers to the main preceptors and central government. The table below shows the NDR income collectable in 2023/24 after reliefs was £46.313m (£41.635m in 2022/23).

#### NET AMOUNT COLLECTED

	2022/23	2023/24
	£'000	£'000
Non-Domestic Rate Income		
Gross Amount Due	55,904	60,888
Less Reliefs	-14,269	-14,574
<b>Net Amount Collectable</b>	<b>41,635</b>	<b>46,313</b>

The Council receives an allowance from the Collection Fund towards the collection of Business Rates, for 2023/24 this was £186k (2022/23 £167k)

The estimated year-end surplus or deficit on the Collection Fund non-domestic rates is shared between the billing and precept authorities. The calculation of the estimated surplus or deficit for the year has to be made on the 31<sup>st</sup> January each year. For 2023/24 a surplus of £0.406m was declared (a deficit of £7.371m in 2022/23).

The in-year balance on the business rates account at the 31<sup>st</sup> March 2024 is a surplus £3,709m (surplus of £1.248m in 2022/23) and this has been disaggregated for the purposes of these Accounts to attribute relevant amounts to the precept authorities' debtor/creditor accounts and the billing authority as follows:

	Surplus/(Deficit) at 31.03.23	Surplus in year	Surplus/(Deficit) at 31.03.24
	£'000	£'000	£'000
Bassetlaw District Council	499	984	1,483
Central Government	624	1,230	1,854
Nottinghamshire County Council	112	222	334
Nottinghamshire Fire and Rescue Authority	13	24	37
<b>Balance at 31 March</b>	<b>1,248</b>	<b>2,460</b>	<b>3,709</b>

Under the Business Rates Retention Scheme, local authorities are required to provide for the potential loss of business rates as a result of businesses successfully appealing against the rateable valuation of property occupied. The provision is funded from the Collection Fund and the cost shared between the Members of the Business Rates pool. The total of the appeals provision is £3.281m (2022/23 £3.837m) with the Council being responsible for £1.312m (2022/23 £1.535m). The £1.312m provision for appeals is included within the Council’s disaggregated share of the collection fund balances held in the consolidated balance sheet.

## (B) COUNCIL TAX

Council Tax income derives from charges raised according to the value of residential properties that have been classified into 9 bands, based on valuations as at 1<sup>st</sup> April 1991. Individual charges are calculated by estimating the amount of income required from the Collection Fund by Nottinghamshire County Council, Nottinghamshire Police Authority/Police and Crime Commissioner, Nottinghamshire Fire and Rescue Authority and this Council, and dividing this total figure by the Council Tax Base. (I.e. the equivalent number of Band D dwellings). The Council Tax base for the 2023/24 financial year was 37,260.45 and was calculated as shown below:

Valuation Band	Ratio to Band D	No of Dwellings in Valuation List		Number of Band D Equivalent Dwellings	
		22/23	23/24	22/23	23/24
Band A-	5/9	0	134	75	75
Band A	6/9	27,458	24,244	15,966	16,162
Band B	7/9	8,206	7,654	5,815	5,953
Band C	8/9	6,592	6,184	5,375	5,496
Band D	9/9	6,557	6,327	6,148	6,327
Band E	11/9	3,325	3,250	3,864	3,972
Band F	13/9	1,631	1,573	2,230	2,272
Band G	15/9	711	685	1,121	1,141
Band H	18/9	56	43	82	87
<b>Total</b>		<b>54,536</b>	<b>50,093</b>	<b>40,676</b>	<b>41,485</b>
Deduction for non-collection, new build, demolition and other adjustments				<b>-501</b>	<b>-505</b>
Additional properties and adjustments during the year				<b>-3,778</b>	<b>-3,719</b>
<b>Council Tax Base (Band D equivalent)</b>				<b>36,397</b>	<b>37,260</b>

The Council set a Council Tax (excluding local precepts) at Band D of £2,276.54 in 2023/24 compared to £2,171.39 in 2022/23. This is broken down as follows:

Band D Council Tax	2022/23 £	2023/24 £
Bassetlaw District Council	188.48	194.12
Nottinghamshire County Council	1,447.02	1,493.71
Nottinghamshire County Council Adult Social Care	197.07	229.95
Nottinghamshire Police and Crime Commissioner	254.25	269.19
Nottinghamshire Fire and Rescue Authority	84.57	89.57
<b>Total Council Tax Income</b>	<b>2,171.39</b>	<b>2,276.54</b>

The year-end surplus or deficit on Council Tax Account is shared between the billing and the precept authorities on the basis of estimates made on the year-end balance. The calculation has to be made on the 15<sup>th</sup> January each year. For 2023/24 a surplus of £2.865m was declared (For 2022/23 a surplus of £0.500m was declared).

The balance at the 31<sup>st</sup> March 2024, a surplus of £0.213m has been disaggregated for the purpose of these accounts to attribute relevant amounts to the precept authorities' debtor/creditor account and the billing authority as follows:

	Surplus at 31.03.23 £'000	Surplus in year £'000	Surplus at 31.03.24 £'000
Bassetlaw District Council	253	-232	21
Nottinghamshire County Council	1,825	-1,666	159
Nottinghamshire Police and Crime Commissioner	283	-258	25
Nottinghamshire Fire and Rescue Authority	93	-85	8
<b>Balance at 31 March</b>	<b>2,454</b>	<b>-2,241</b>	<b>213</b>

## CONSOLIDATED GROUP ACCOUNTS

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### Consolidated Group Accounts

In order to provide a full picture of the Council's economic activities and financial position, the accounting statements of the Council and its wholly owned company, Bersahill Ltd have been consolidated. These statements, together with those explanatory notes that are considered necessary in addition to those accompanying the Council's single entity accounts, and accounting policies, are set out in the following pages.

<b>GROUP MOVEMENT IN RESERVES STATEMENT</b>											
<b>2023/2024</b>	General Fund Balance £'000	Earmarked General Fund Reserves £'000	Housing Revenue Account £'000	Capital Receipts Reserve £'000	Major Repairs Reserve £'000	Capital Grants Unapplied £'000	Total Usable Reserves £'000	Unusable Reserves £'000	Council's Total Reserves £'000	Bassetlaw Share of Subsidiary Reserves £'000	Total Group Reserves £'000
<b>Balance at 31 March 2023 bought forward</b>	<b>2,294</b>	<b>10,891</b>	<b>1,337</b>	<b>5,469</b>	<b>1,322</b>	<b>19,052</b>	<b>40,365</b>	<b>325,918</b>	<b>366,283</b>	<b>2,363</b>	<b>368,646</b>
<b>Movement in Reserves during 2023/24</b>											
(Surplus) or deficit on provision of services	12,579	0	-9,302	0	0	0	<b>3,277</b>	0	<b>3,277</b>	0	<b>3,277</b>
Other Comprehensive Income and Expenditure	0	0	0	0	0	0	<b>0</b>	1,826	<b>1,826</b>	0	<b>1,826</b>
Adjustment between accounting basis & funding basis under regulations (Note 9)	-13,379	0	9,870	-2,338	-1,322	12,564	<b>5,395</b>	-5,395	<b>0</b>	0	<b>0</b>
Adjustment between Group Accounts & Bassetlaw District Council Accounts	1,135	0	0	0	0	0	<b>1,135</b>	0	<b>1,135</b>	-1,135	<b>0</b>
<b>Net Increase/Decrease (-) before Transfers to Earmarked Reserves</b>	<b>335</b>	<b>0</b>	<b>568</b>	<b>-2,338</b>	<b>-1,322</b>	<b>12,564</b>	<b>9,807</b>	<b>-3,569</b>	<b>6,238</b>	<b>-1,135</b>	<b>5,103</b>
Transfers to/from (-) Earmarked Reserves (Note 10)	-155	155	0	0	0	0	<b>0</b>	0	<b>0</b>	0	<b>0</b>
<b>Increase/Decrease (-) in 2023/24</b>	<b>180</b>	<b>155</b>	<b>568</b>	<b>-2,338</b>	<b>-1,322</b>	<b>12,564</b>	<b>9,807</b>	<b>-3,569</b>	<b>6,238</b>	<b>-1,135</b>	<b>5,103</b>
<b>Balance at 31 March 2024 carried forward</b>	<b>2,474</b>	<b>11,046</b>	<b>1,905</b>	<b>3,131</b>	<b>0</b>	<b>31,616</b>	<b>50,172</b>	<b>322,349</b>	<b>372,521</b>	<b>1,228</b>	<b>373,749</b>

<b>GROUP MOVEMENT IN RESERVES STATEMENT</b>											
<b>2022/2023</b>	General Fund Balance £'000	Earmarked General Fund Reserves £'000	Housing Revenue Account £'000	Capital Receipts Reserve £'000	Major Repairs Reserve £'000	Capital Grants Unapplied £'000	Total Usable Reserves £'000	Unusable Reserves £'000	Council's Total Reserves £'000	Bassetlaw Share of Subsidiary Reserves £'000	Total Group Reserves £'000
<b>Balance at 31 March 2022 bought forward</b>	<b>3,911</b>	<b>11,692</b>	<b>6,306</b>	<b>1,323</b>	<b>551</b>	<b>20,110</b>	<b>43,893</b>	<b>242,123</b>	<b>286,016</b>	<b>0</b>	<b>286,016</b>
<b>Movement in Reserves during 2022/23</b>											
(Surplus) or deficit on provision of services	8,206	0	-6,275	0	0	0	1,931	0	1,931	0	1,931
Other Comprehensive Income and Expenditure	0	0	0	0	0	0	0	80,220	80,220	0	80,220
Adjustment between accounting basis & funding basis under regulations (Note 9)	-8,260	0	1,307	4,146	770	-1,059	-3,095	3,095	0	0	0
Adjustment between Group Accounts & Bassetlaw District Council Accounts	-2,363	0	0	0	0	0	-2,363	0	-2,363	2,363	0
<b>Net Increase/Decrease (-) before Transfers to Earmarked Reserves</b>	<b>-2,416</b>	<b>0</b>	<b>-4,968</b>	<b>4,146</b>	<b>770</b>	<b>-1,059</b>	<b>-3,528</b>	<b>83,315</b>	<b>79,787</b>	<b>2,363</b>	<b>82,151</b>
Transfers to/from (-) Earmarked Reserves (Note 10)	800	-800	0	0	0	0	0	481	481	0	481
<b>Increase/Decrease (-) in 2022/23</b>	<b>-1,616</b>	<b>-800</b>	<b>-4,968</b>	<b>4,146</b>	<b>770</b>	<b>-1,059</b>	<b>-3,528</b>	<b>83,796</b>	<b>80,268</b>	<b>2,363</b>	<b>82,632</b>
<b>Balance at 31 March 2023 carried forward</b>	<b>2,294</b>	<b>10,892</b>	<b>1,338</b>	<b>5,468</b>	<b>1,321</b>	<b>19,052</b>	<b>40,365</b>	<b>325,920</b>	<b>366,285</b>	<b>2,363</b>	<b>368,648</b>

**GROUP COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT**

2022/23					2023/24		
Gross Expenditure	Gross Income	Net Expenditure	Service Area	Note	Gross Expenditure	Gross Income	Net Expenditure
£'000	£'000	£'000			£'000	£'000	£'000
651	-144	507	Chief Executive		1,027	-269	758
2,274	-1,757	517	Corporate Services		5,228	-2,445	2,783
38,123	-32,085	6,037	Finance & Property Services		31,607	-24,990	6,617
2,422	-2,371	51	Housing Services		2,622	-1,047	1,575
613	-254	360	Human Resources		672	-255	417
11,300	-3,301	8,000	Neighbourhood Services		11,196	-2,848	8,348
4,178	-2,248	1,930	Regeneration Services		4,825	-3,024	1,801
30,459	-28,054	2,406	Housing Revenue Account		34,784	-29,817	4,967
<b>93,143</b>	<b>-70,494</b>	<b>22,649</b>	<b>Cost of Services</b>		<b>91,961</b>	<b>-64,694</b>	<b>27,266</b>
5,091	-3,378	1,713	Other Operating Expenditure	11	4,521	-1,752	2,769
6,163	-1,078	5,085	Financing and Investment Income and Expenditure	12	5,943	-2,764	3,179
11,964	-40,979	-29,015	Taxation and Non-Specific Grant Income and Expenditure	13	15,209	-51,701	-36,492
<b>113,239</b>	<b>-115,649</b>	<b>-2,410</b>	<b>Surplus (-) or Deficit on Provision of Services</b>		<b>117,633</b>	<b>-120,911</b>	<b>-3,277</b>
			Items that will not be reclassified to the Surplus (-) or Deficit on the Provision of Services:				
		-16,619	Surplus (-) or Deficit on Revaluation of Non-Current Assets	26			-4,782
		-63,601	Re-measurements of the Net Defined Benefit Liability (Asset)	39b			2,956
		<b>-80,220</b>	<b>Other Comprehensive Income and Expenditure</b>				<b>-1,826</b>
		<b>-82,630</b>	<b>Total Comprehensive Income and Expenditure</b>				<b>-5,103</b>



**GROUP BALANCE SHEET**

31 March 2023 £'000		Notes	31 March 2024 £'000
452,645	Property, Plant & Equipment	14	457,936
314	Heritage Assets	15	314
88	Intangible Assets	17	139
2,329	Long Term Investments	18	3,858
110	Long Term Debtors	20	110
<b>455,487</b>	<b>LONG TERM ASSETS</b>		<b>462,357</b>
0	Short Term Investments	18	0
3,876	Assets Held For Sale	22	3,439
153	Inventories	19	119
22,282	Short Term Debtors	20	18,781
11,944	Cash and Cash Equivalents	21	14,335
<b>38,255</b>	<b>CURRENT ASSETS</b>		<b>36,674</b>
-4,568	Short Term Borrowings	18	-572
-14,758	Short Term Creditors	23	-16,655
-733	Provisions Short Term	24	-693
-33	Grants Receipts in Advance - Revenue	33	-33
<b>-20,092</b>	<b>CURRENT LIABILITIES</b>		<b>-17,953</b>
-1,811	Long Term Creditors	23	-2,103
-1,471	Provisions Long Term	24	-1,261
-93,380	Long Term Borrowing	18	-93,404
-8,342	Pensions Liability	39	-10,593
<b>-105,004</b>	<b>LONG TERM LIABILITIES</b>		<b>-107,330</b>
<b>368,646</b>	<b>NET ASSETS</b>		<b>373,748</b>
-40,505	Usable Reserves	25	-50,312
-328,141	Unusable Reserves	26	-323,436
<b>-368,646</b>	<b>TOTAL RESERVES</b>		<b>-373,748</b>

## GROUP CASH FLOW STATEMENT

The Cash Flow Statement shows the changes in cash and cash equivalents of the Group during the reporting period. The statement shows how the Group 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 (day to day costs) is a key indicator of the extent to which the operations of the Group 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 Group'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 Group.

2022/23 £'000	CASH FLOW STATEMENT	Note	2023/24 £'000
2,410	Net Surplus/Deficit (-) on the Provision of Services	CIES	3,277
5,824	Adjustments to Surplus or Deficit on the Provision of Services for Non-Cash Movements	27A	22,429
-4,746	Adjustments for Item Included in the Net Surplus or Deficit on the Provision of Services that are Investing and Financing Activities	27A	-1,752
<b>3,488</b>	<b>Net Cash Flows from Operating Activities</b>		<b>23,954</b>
-17,932	Net cash flows from Investing Activities	27B	-17,560
-2,100	Net cash flows from Financing Activities	27C	-4,003
<b>-16,544</b>	<b>Net Increase or Decrease (-) in Cash and Cash Equivalents</b>		<b>2,392</b>
28,489	Cash and Cash Equivalents at the Beginning of the Reporting Period	21	11,944
<b>11,944</b>	<b>Cash and Cash Equivalents at the End of the Reporting Period</b>	21	<b>14,335</b>

### Note 1. General

The Group Accounts should be read in conjunction with the Bassetlaw District Council single entity accounts. Only notes to the accounts that are materially different from the single entity accounts are produced for the group accounts. These accounts have been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2022/23 (the Code) published by the Chartered Institute of Public Finance and Accountancy (CIPFA) and the aim of the Group Accounts is to provide the reader with an overall view of the material economic activities that the Council controls.

The Council is required to prepare group accounts where it has any interests in Subsidiaries, Associates, and any Joint Ventures, subject to consideration of materiality and using uniform Accounting Policies. Each year assessments are made of the Council's relationship with its partners and where an external body is assessed as having a group relationship (in accounting terms), group accounts are prepared.

## **Bersahill Ltd**

In September 2017 the Council established a company called Bersahill. Bersahill was a joint venture between the Council and Woodhead Regeneration Limited with each party holding 50% of the shares. Bersahill is an innovative public private joint venture, designed to reinvigorate the area by creating construction and employment opportunities, through the direct delivery of developments in the local area. The company commenced trading during 2020/21 and the Council has provided £2.470M in loans/contributions towards the project in accordance with the terms of any contractual agreements.

Bassetlaw District Council is now the sole owner of the building development company Bersahill Ltd, after Woodhead Regeneration Ltd withdrew their interest from the company.

## **Note 2. Group Boundary**

The Council has an interest in a wholly owned trading company Bersahill Ltd which is consolidated into these accounts.

The overall impact of the companies on the financial performance, financial position and cash flows of the group is relatively low. However, there are some significant differences between classifications of assets in the balance sheet. These differences result from the capital investment the Council has made in the company.

## **Note 3. Accounting Policies**

In preparing the Group Accounts the Council has aligned the accounting policies of the company with those of the Council and made consolidation adjustments where necessary; has consolidated the financial statements of the company with those of the Council on a line by line basis; and has eliminated in full balances, transactions, income and expenses between the council and its subsidiary.

## **Note 4. Material Items of Income and Expenditure**

During 2022/23 there was no material items of Income and Expenditure other than those disclosed in the single entity accounts.

**Note 5. Group Cash Flow**

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

	2022/23 £'000	2023/24 £'000
Depreciation	6,880	7,285
Impairment and downward valuations	7,516	10,494
Amortisation		
Increase/Decrease(-) in Creditors	-8,190	2,315
Increase/Decrease(-) in Debtors	-5,559	2,004
Increase/Decrease(-) in Inventories	8	34
Contributions to/from Provisions	46	-1,529
Genuine Cash Payment to Pension Fund in Year	0	0
Increase/Decrease in Interest and Dividend Debtors	0	0
Adjustment for Effective Interest Rate	0	0
Movement in Pension Liability	4,953	705
Other non-cash items charged to the net surplus or deficit on the provision of services	170	1,121
Carrying amount of non-current assets and non-current assets held for sale, sold or derecognised	0	0
	<b>5,824</b>	<b>22,429</b>

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## GLOSSARY OF TERMS

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### **ACCOUNTING POLICIES**

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

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

Accounting policies do not include estimation techniques. Accounting policies define the process whereby transactions and other events are reflected in financial statements. For example, an accounting policy for a particular type of expenditure may specify whether an asset or loss is to be recognised, the basis on which it is to be measured, and where in the revenue account or Balance Sheet it is to be presented.

### **ACCRUALS**

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

### **AMORTISATION**

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

### **BALANCES**

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

### **BALANCE SHEET**

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

### **BILLING AUTHORITIES**

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

### **CAPITAL ADJUSTMENT ACCOUNT**

This provides a balancing mechanism between the different rates at which assets depreciated under the Code and are financed through the capital controls system. It should be noted that this account and the Revaluation Reserve are matched by fixed assets within the Balance Sheet - they are not resources available to the Council, and are therefore termed Unusable Reserves.

### **CAPITAL CHARGES**

Annual charges to service revenue accounts to reflect the cost of fixed assets used in the provision of services.

### **CAPITAL EXPENDITURE**

Spending that produces or enhances an asset, like land, buildings, roads, vehicles, plant and machinery. Definitions are set out in Section 40 of the Local Government and Housing Act 1989. Any expenditure that does not fall within the definition must be charged to a revenue account.

### **CAPITAL PROGRAMME**

The capital projects a Council proposes to undertake over a set period of time. The usual period covered by a capital programme is three to five years.

### **CAPITAL RECEIPTS**

The proceeds from the sale of fixed assets such as land and buildings. Capital receipts can be used to repay any

outstanding debt on fixed assets or to finance new capital expenditure within rules set down by Government. Capital receipts cannot, however, be used to finance revenue expenditure.

**CHARTERED INSTITUTE OF PUBLIC FINANCE AND ACCOUNTANCY (CIPFA)**

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

**COLLECTION FUND**

The Collection Fund is a statutory fund set up under the provisions of the National Local Government Finance Act 1988. It includes the transactions of the charging Council in relation to Non-Domestic Rates and Council Tax and illustrates the way in which the fund balance is distributed to Central Government, preceptors and the General Fund.

**COMMUNITY ASSETS**

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

**CONTINGENT LIABILITIES**

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

**COUNCIL TAX**

The main source of local taxation to local authorities. Council Tax is levied on households within its area by the billing Council and the proceeds are paid into its Collection Fund for distribution to precepting authorities and for use by its own General Fund.

**COUNCIL TAX BASE**

The council tax base of an area is equal to the number of band “D” equivalent properties. It is calculated by counting the number of properties in each of the eight Council Tax bands and then converting this into an equivalent number of band “D” properties (e.g. a band “H” property pays twice as much Council Tax as a band “D” property and therefore is equivalent to two band “D” properties). For the purpose of calculations made by a local Council of the basic amount of Council Tax for its area for each financial year, the Council makes an estimate of its collection rate and reflects this in the tax base.

**CURRENT EXPENDITURE**

Expenditure on running costs such as that in respect of employees, premises and supplies and services.

**DEFERRED CAPITAL RECEIPTS**

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

**DEFERRED CREDITORS**

This term applies to the monies owed by the Council more than 12 months from the Balance Sheet date.

**DEPRECIATION**

Charges reflecting the wearing out, consumption or other reduction in the useful life of a fixed asset.

**EARMARKED RESERVES**

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

**EMOLUMENTS**

All sums paid to or receivable by an employee and any sums due by way of expenses allowance (as far as those sums are chargeable to UK income tax) and the money value of any other benefits received other than in cash. Pension contributions payable by either employee or employer are excluded.

**EXTERNAL AUDIT**

The independent examination of the activities and accounts of local authorities to ensure that the accounts have been prepared in accordance with legislative requirements and proper practices, to ensure that the Council has

proper arrangements in place for securing financial resilience and to challenge how it secures economy, efficiency and effectiveness in its use of resources.

**FEES AND CHARGES**

Income raised by charging users of services for the facilities. For example, Councils usually make charges for the use of leisure facilities, car parks and the collection of trade refuse etc.

**FINANCE LEASE**

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

**FINANCIAL INSTRUMENT**

Contracts which give rise to a financial asset of one organisation and a financial liability of another organisation.

**FINANCIAL INSTRUMENT ADJUSTMENT ACCOUNT**

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

**FINANCIAL YEAR**

The Council's financial year commences on 1<sup>st</sup> April and ends on 31<sup>st</sup> March the following year.

**FIXED ASSET**

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

**GAAP**

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

**GENERAL FUND**

The main revenue fund of a billing Council. Day to day spending on services is met from this Fund. Spending on the provision of council housing must be charged to a separate Housing Revenue Account.

**GROSS EXPENDITURE**

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

**HERITAGE ASSETS**

An asset with historical, artistic, scientific, technological, geophysical or environmental qualities that is held and maintained principally for its contribution to knowledge and culture.

**HOUSING BENEFIT**

Financial help given to Council's or private tenants whose income is below prescribed amounts. The Government finances approximately 100% of the cost of benefits to non HRA tenants ("rent allowances") and HRA tenants (through the rent rebate element of housing subsidy).

**HOUSING REVENUE ACCOUNT**

A Council's statutory account covering revenue income and expenditure on the housing services relating to its housing stock.

**IMPAIRMENT**

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

**INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS)**

Accounting standards adopted from 1<sup>st</sup> April 2010 for Local Government entities.

**INTERNAL AUDIT**

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

**INVESTMENTS**

Deposits with approved institutions, usually for less than one year.

**LONG TERM DEBTORS**

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

**MINIMUM REVENUE PROVISION (MRP)**

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

**NON-DOMESTIC RATE (NDR)**

The Council collects Non-Domestic Rates for its area based on local rateable values, multiplied by a national uniform rate. The total amount, less certain relief's and deductions, including Council Tax benefit, is shared between Central Government (50%), District Councils (40%), County Council (9%) and Fire Authority (1%).

**NET EXPENDITURE**

Gross expenditure less gross income.

**NON-OPERATIONAL ASSET**

Fixed assets held by the Council but not directly used or consumed in the delivery of its services. This would include properties and land that are Held for Sale or Surplus.

**OPERATIONAL ASSET**

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

**OPERATIONAL LEASE**

An arrangement whereby the risks and rewards of ownership of the leased asset remain with the leasing company, or lessor.

**PENSION FUND**

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

**PRECEPT**

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

**PRECEPTING AUTHORITIES**

Those authorities that are not billing authorities (i.e. do not collect Council Tax or NDR) and precept upon the billing Council, which then collects it on their behalf. Nottinghamshire County Council, Nottinghamshire Police and Crime Commissioner, Nottinghamshire Fire and Rescue Authority and Parish Councils all precept upon Bassetlaw District Council.

**PROVISIONS**

Sums set aside to meet future expenditure where a specific liability is known to exist but that cannot be measured accurately.

**PUBLIC WORK LOANS BOARD (PWLB)**

A Government body that meets part of the Council's loan finance for capital purposes.



## **RELATED PARTIES**

Two or more parties are related parties when at any one time in the financial period:

- One party has direct or indirect control of the other party;
- The parties are subject to common control from the same source;
- One party has influence over the financial or operational policies of the other party to an extent that the other party might be inhibited from pursuing at all times its own separate interests;
- The parties, in entering a transaction are subject to influence from the same source to such an extent that one of the parties to the transaction has subordinated its own separate interests.

Examples of related parties of a Council include:

- UK Central Government;
- Local authorities and other bodies precepting or levying demands on the Council Tax;
- Its subsidiary and associated companies;
- Its joint ventures and joint venture partners;
- Its Members;
- Its Senior Officers.

For individuals identified as related parties, the following are also presumed to be related parties:

- Members of close family, or the same household;
- Partnerships, companies, trusts and other entities in which the individual, or a member of their close family or the same household, has a controlling interest.

## **REVALUATION RESERVE**

This records unrealised revaluation gains arising since 1st April 2007 from holding assets. It should be noted that this reserve and the Capital Adjustment Account are matched by fixed assets within the Balance Sheet. They are not resources available to the Council and are therefore termed 'Unusable'.

## **REVENUE EXPENDITURE FUNDED FROM CAPITAL UNDER STATUTE**

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

## **REVENUE SUPPORT GRANT (RSG)**

This funding is the Government grant provided by the Department of Communities and Local Government (DCLG) that is based on the Government's assessment as to what should be spent on local services. The amount provided by the DCLG is fixed at the beginning of each financial year and is announced as part of the Comprehensive Spending Review. It now forms part of the formula grant.

## **SOFT LOANS**

A "soft loan" is where a loan has been made for policy reasons, rather than as a financial instrument. These loans may be interest free or at rates below prevailing market rates. Commonly, such loans are made to local organisations that undertake activities that the Council considers will have benefit to the local population.

## **STATEMENT OF ACCOUNTS**

Local authorities are required to prepare, in accordance with proper practices, a Statement of Accounts in respect of each financial year, which contains prescribed financial statements and associated notes. Members of the Council must approve the Statement by 30 September following the end of the financial year.

## **STATEMENT OF RECOMMENDED PRACTICE (CODE)**

The accounts have been produced in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom: A Statement of Recommended Practice.

## **TOTAL COST**

The total cost of a service or activity includes all costs that relate to the provision of the service (directly or bought in) or to the undertaking of the activity. Gross total cost includes employee costs, expenditure relating to premises and transport, supplies and services, third party payments, transfer payments, support services and depreciation charges. This includes an appropriate share of all support services and overheads that need to be

apportioned.

**TRADING SERVICES**

Services that are, or are generally intended to be, financed mainly from charges levied on the users of the service.

**USABLE CAPITAL RECEIPTS**

Amounts available to finance capital expenditure in future years.

**USABLE RESERVES**

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

**UNUSABLE RESERVES**

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

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# Annual Governance Statement 2023/24



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## Executive Summary

1.1 The Annual Governance Statement considers the effectiveness of the Council's governance arrangements throughout 2023/24. It is an objective and honest appraisal of the Council's governance framework which identifies those areas where further development and improvement is required.

1.2 Having considered the review of governance arrangements carried out by senior management, the Chief Executive and Chair of the Audit & Governance Committee (AGC) are satisfied that:

- a) appropriate governance arrangements are in place, and
- b) the actions set out in the table below will address the areas for improvement identified through the Council's review of effectiveness

Issue	Actions Agreed
<p><b>Procurement</b></p>	<p>A review will take place to assess the processes in place for ensuring that goods and services are procured in line with the Council’s Procurement Policy and Contract Procedure Rules (CPR).</p> <p>A report will be devised to show the number of waivers to CPR and this will be presented to Audit and Governance Committee on a six monthly basis. The review will also include how the Council manages the Service Level Agreement with their external procurement provider, Welland Procurement.</p>
<p><b>Commercialisation</b></p>	<p>Following the introduction of the Commercial Strategy, a review will assess how the strategy is being rolled out and how the Council are ensuring key deliverables are being managed and monitored, and how this is being reported through the Council governance structure. This is important as additional income from implementing the strategy will support the Council in its Medium Term Financial Plan and be essential as it addresses the funding gap over the medium term.</p> <p>The work will also include establishing a Shareholder sub-committee (of Audit and Governance Committee) to provide the necessary review, challenge and scrutiny of commercial business plans and performance.</p>
<p><b>IT Incident Management and Security Review</b></p>	<p>A number of recommendations were made as part of an advisory audit on IT Incident Management and Security review. These will be followed up as part of the ongoing review of audit recommendations during 2024/25.</p> <p>The areas identified include IT Incident Management; Phishing and Whaling Simulations; and Supply Chain Security. A number of management actions have been identified for implementation.</p>
<p><b>Corporate Peer Challenge Action Plan</b></p>	<p>The Council undertook a Local Government Association (LGA) Corporate Peer Challenge during 2023/24. The review resulted in ten key recommendations over a number of areas.</p> <p>An action plan has been progressed for each recommendation and this will need to be monitored, challenged and reviewed during 2024/25 to ensure actions continue to be implemented with sufficient pace to secure improved governance and performance.</p> <p>Where the Council can achieve this strategic direction and agenda it will be in good shape to deliver the longer term vision (Vision 2040) and support the delivery of key projects and opportunities along the way. This piece of work will be significantly important for the Council over the next 12-24 months.</p> <p><a href="#">LGA Corporate Peer Challenge</a></p>
<p><b>Management review processes (statutory reporting)</b></p>	<p>A number of recommendations have been made by external audit to address weaknesses in the management review processes in respect of the Council’s statutory reporting.</p> <p>These include sufficient review processes being established and put in place to support the preparation of draft financial statements to ensure sufficient quality review procedures are set up to support accurate statutory financial reporting that this is reflective of the underlying transactions.</p>

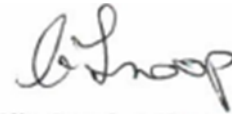
Issue	Actions Agreed
<b>High Risk Audit Recommendations</b>	<b>5.23/24 Financial Resilience and Scrutiny</b> <ul style="list-style-type: none"> <li>• Management will ensure that any stress testing undertaken as part of the financial and budget planning for the forthcoming year is retained as a referral point for all plans</li> </ul>

1.3 The implementation of these actions will be monitored throughout the coming financial year and summarised as part of the next annual review.

Signed on behalf of Bassetlaw District Council:



Mr David Armiger, Chief Executive



Cllr Carolyn Troop, Chair of Audit and Governance Committee

## 2. Introduction and Scope of Responsibility

2.1 Bassetlaw District Council is responsible for ensuring that:

- Its business is conducted in accordance with legal requirements and proper standards;
- public money is safeguarded and properly accounted for, and
- resources are used economically, efficiently and effectively

2.2 The 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.

2.3 At its Full Council meeting on 22<sup>nd</sup> July 2021<sup>1</sup>, Bassetlaw District Council approved and adopted a Local Code of Corporate Governance (Local Code), based on the CIPFA<sup>2</sup> /SOLACE<sup>3</sup> framework “*Delivering Good Governance in Local Government*” first published in 2007. The framework is designed to help councillors and officers to identify emerging risks to governance, and to tackle them proportionately. The framework is not something that needs to be adopted by councils and does not operate as a checklist or process that can be used to evaluate governance risk. Instead it provides a way for people within the

<sup>1</sup> <https://data.bassetlaw.gov.uk/media/8778/co230921non.pdf> pages 17-33

<sup>2</sup> Chartered Institute of Public Finance and Accountancy

<sup>3</sup> Society of Local Chief Executives

Council to talk about and reflect on governance, and to think about what steps need to be taken to act on emerging governance risks.

2.4 The Annual Governance Statement explains how the Council has complied with the Local Code and meets the requirements of Regulation 6(1) (a) of the Accounts & Audit (England) Regulations 2015. This requires an authority to conduct a review at least once a year of the effectiveness of its system of internal control and include a statement reporting on the review with the published Statement of Accounts.

### 3.The Governance Framework

3.1 In conducting its business, Bassetlaw District Council is fully committed to the key principles of good governance as established by the Nolan Committee on Standards in Public Life.

**These key principles are to:**

- Focus on the organisation’s purpose and on outcomes for citizens and service users
- Promote values for the whole organization and demonstrate good governance through behaviour
- Perform effectively in clearly defined functions and roles
- Take informed, transparent decisions and manage risk
- Develop the capacity and capability of the governing body to be effective
- Engage stakeholders and make accountability real.

3.2 The CIPFA/SOLACE framework for good governance adapts these core principles for the local authority context. The seven core principles of good governance as recognised by the CIPFA/SOLACE framework adopted by the Council are set out below:

CORE PRINCIPLES OF GOOD GOVERNANCE	
<b>A</b>	Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law
<b>B</b>	Ensuring openness and comprehensive stakeholder engagement
<b>C</b>	Defining outcomes in terms of sustainable economic, social, and environmental benefits
<b>D</b>	Determining the interventions necessary to optimize the achievement of the intended outcomes
<b>E</b>	Developing the entity’s capacity, including the capability of its leadership and the individuals within it

<b>F</b>	Managing risks and performance through robust internal control and strong public financial management
<b>G</b>	Implementing good practices in transparency reporting, and audit, to deliver effective accountability

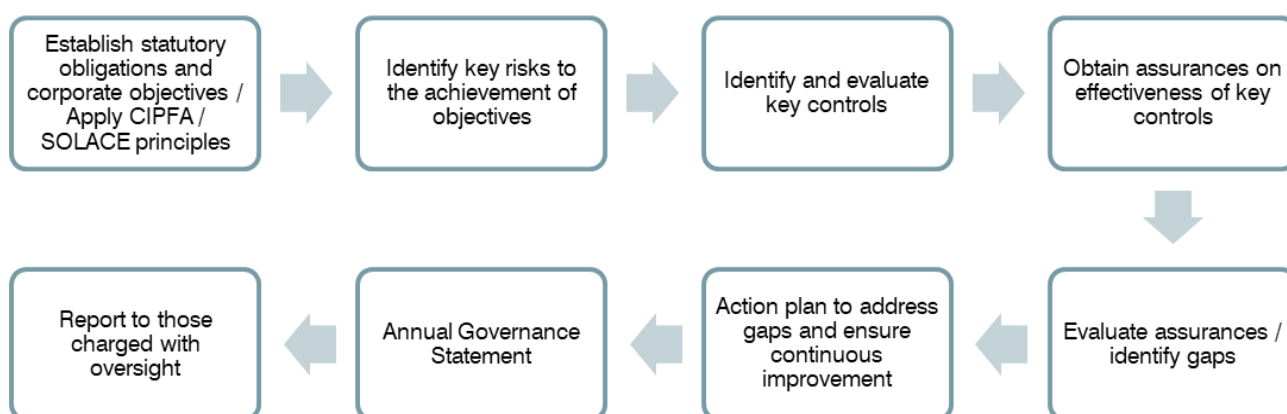
3.3 For details of how the Council will seek to apply each of the seven core principles above, please refer to the Council’s latest Local Code of Corporate Governance<sup>4</sup>.

#### 4. Review of Effectiveness

4.1 The Council has responsibility for conducting, at least annually, a review of the effectiveness of its governance framework including the system of internal control. The review of effectiveness is informed by the work of the executive 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 comments made by the external auditors or other review agencies and inspectorates.

4.2 The Council takes its corporate governance arrangements seriously and as a result has put in place a rigorous process of reviewing the arrangements on a regular basis. An overview of this process is provided overleaf (for more details please refer to the Council’s latest Local Code of Corporate Governance).

##### Review Process:



<sup>4</sup> <https://data.bassetlaw.gov.uk/media/8778/co230921non.pdf> (pages 17-33)



## Oversight:

Corporate Governance Working Group	<p>Monitoring Officer, s.151 Officer</p> <p>Meet monthly to review the Council's governance and risk management arrangements and identify a work programme for ensuring these arrangements remain robust and up to date</p> <p>Issues escalated to the Head of Paid Service and reported directly to the Audit and Risk Scrutiny Committee</p>
Corporate Risk Management Group	<p>Chief officers, Risk owners, Director of Corporate Resources (Chair)</p> <p>Meet quarterly to manage and update the Council's Corporate Risk Register and to identify new and emerging risks</p> <p>Issues escalated to the Chief Executive and reported to the Audit and Risk Scrutiny Committee</p>
Audit and Risk Scrutiny Committee	<p>Elected members, Director of Corporate Resources, Head of Finance and Property</p> <p>Meet every six weeks and have overall responsibility for the Council's governance and risk management arrangements (the main elected member view)</p> <p>Recommendations made to the Council</p>
Full Council	<p>Elected members</p> <p>Meet quarterly and have responsibility to act upon the recommendations made by the Audit and Risk Scrutiny Committee in relation to governance and risk management policy</p>

## 5. Governance Arrangements

The Council satisfies itself as to the effectiveness of its system of internal control through a governance assurance framework. This takes as its starting point the Council's principal statutory and organisational objectives as set out in the Council Plan. From this are identified the key risks to the achievement of the Council's objectives as set out within the Council's corporate, directorate and service risk registers.

4.3 The framework identifies the main sources of assurance on the controls in place to manage those risks, and it is the evaluation of those assurances that is the basis of this Annual Governance Statement.

4.4 The following documents establish these policies, aims and objectives at a strategic level:

- The Council Plan;
- The Community Safety Partnership Strategy;
- The Local Development Framework;
- The Annual Budget and Performance Management Framework;
- The Capital Strategy and Asset Management Plan;
- The Financial Strategy;
- The Treasury Management Strategy;
- The Internal Audit Strategy;
- The Risk Management Strategy;
- The Housing Strategy;
- The Corporate Equalities Scheme;
- The CCTV Code of Practice; and
- The Anti-Fraud & Anti-Corruption Strategy and Policy.

4.5 These high-level plans are further supported by Service Delivery Plans. The Constitution provides clear guidance on how the Council operates, how decisions are made and the procedures and protocols to ensure that decisions and activities are efficient, transparent and accountable to local citizens. Some of these processes are required by law, whilst others are determined by the Council for itself.

4.6 The Council acknowledges its responsibility to ensure that it operates an effective system of internal control to maintain and operate controls over its resources. This system of internal control can only provide reasonable (not absolute) assurance that assets are safeguarded, transactions authorised and properly recorded, and that material errors or irregularities are prevented or would be detected within a reasonable period. A key element of the Council's internal control system is the work of the Audit and Governance Committee, undertaking the core functions as identified in CIPFA guidance.

- 4.7 Governance training has been provided to all key officers and Members, including induction training, and arrangements are in place for the ongoing continuation of that training.
- 4.8 The Council undertakes an annual review of the effectiveness of its corporate governance framework, including signed Assurance Statements from each of the Heads of Service and Directors.

## Financial Management

- 4.9 Ensuring that there is an effective system of internal financial control is the responsibility of the Section 151 Officer. The systems of internal financial control provide reasonable, assurance that assets are safeguarded, that transactions are authorised and properly recorded, and that material errors or irregularities either are prevented or would be detected within a timely period.
- 4.10 Internal financial control is based on a framework of management information that includes the Financial, Contract and Procurement Procedure Rules and administration procedures, adequate separation of duties, management supervision, and a system of delegation and accountability.
- 4.11 The Council has produced comprehensive procedure notes/manuals for all key financial systems, and these are regularly reviewed. The controls created by management are evaluated to ensure:
- Council objectives are being achieved;
  - The economic and efficient use of resources;
  - Compliance with policies, procedures, laws, rules and regulations;
  - The safeguarding of Council assets; and
  - The integrity and reliability of information and data.
- 4.12 In 2016, CIPFA issued an updated statement on ***“the Role of the Chief Financial Officer in Local Government”*** which covered five key principles. The Council can demonstrate how it conforms to these governance requirements as the Section 151 Officer:
- is a key member of the Corporate Leadership Team, helping it to develop and implement strategy and to resource and deliver the Council’s strategic objectives sustainably and in the public interest. The Chief Executive is also a CIPFA qualified accountant which strengthens this further.
  - is actively involved in, and able to bring influence to bear on, all material business decisions to ensure immediate and longer term implications, opportunities and risks are fully considered, and alignment with the Council’s financial strategy.

- leads the promotion and delivery by the whole Council of good financial management so that public money is safeguarded at all times and used appropriately, economically, efficiently and effectively.
- leads and directs a finance function that is resourced to be fit for purpose.
- is professionally qualified and suitably experienced.

4.13 In 2019, CIPFA issued an updated statement on “***The Role of the Head of Internal Audit in Public Service Organisations***” which again covered five key principles. The Council can demonstrate how it conforms to these governance requirements as the Head of Internal Audit:

- objectively assesses the adequacy and effectiveness of governance and management of risks, giving an evidence based opinion on all aspects of governance, risk management and internal control.
- champions best practice in governance and comments on responses to emerging risks and proposed developments.
- is a Partner at RSM and has regular and open engagement across the Council, particularly with the Corporate Leadership Team and with the Audit & Risk Scrutiny Committee.
- leads and directs an internal audit service that is resourced appropriately, sufficiently and effectively.
- is professionally qualified and suitably experienced.

## 5. Assurance from Internal and External Audit

5.1 One of the key assurance statements the Council receives is the annual report and opinion of the Head of Internal Audit. The Audit Manager’s Internal Audit Annual Report for 2023/24 (considered at Audit and Governance Committee on 6<sup>th</sup> June) includes their overall assurance rating as below. For the 12 months ended 31<sup>st</sup> March 2024, the Head of Internal Audit opinion for Bassetlaw District Council is as follows:

***“The organisation has an adequate and effective framework for risk management, governance and internal control. However our work has identified further enhancements to the framework of risk management, governance and internal control to ensure that it remains adequate and effective.”***

❖ **Governance –**

“We have taken into consideration the governance and oversight related elements of each of the reviews undertaken as part of the 2023/24 internal audit plan when forming our opinion on Governance at the Council.

There is an adequate governance framework in place, and we have observed that the Audit & Governance Committee is effective in monitoring and challenging management and holding them to account.”

❖ **Risk Management –**

“Our risk management opinion was informed by our observation of risk management systems and processes throughout the course of all audits within the audit plan.

We also conducted a review of risk management as part of our internal audit plan which resulted in a reasonable assurance opinion being provided.”

❖ **Internal Controls –**

“We undertook 13 internal audit reviews in 2023/24 which resulted in an assurance opinion.

There were five reviews (38%) from which the Council could take substantial assurance and eight reviews (62%) from which the Council could take reasonable assurance.

During the year, we agreed a total of 124 management actions across assurance, advisory and follow up reviews. Of the 124 actions agreed: 9 (7%) were ‘high’ priority, 54 (44%) were ‘medium’ priority, 61 (49%) were ‘low’ priority.”

Although no formal assurance opinion was provided for the Follow-Up of IT Incident Management and IT Security review (conducted as a follow up / advisory review), three low, one medium and seven high management actions resulted from this review. The AGS should therefore include appropriate detail regarding the weaknesses identified and any actions that have already been taken to address the issues identified as part of this audit.

Furthermore, in two of the four follow up reviews conducted, an assurance opinion of little or poor progress towards completing the management actions was provided. This should also be included within the AGS”

These comments have been incorporated within this statement, see 6.3 (audit actions) and 6.4 below (IT Incident Management and IT Security review)

• **The External Auditor’s (Mazars) Value for Money Conclusion for 2021/22 concluded:**

**Overall view on arrangements in relation to financial sustainability** - “As a result of the programme of work performed, we are satisfied the Council’s arrangements in relation to financial sustainability are appropriate to secure value for money for the year ended 31 March 2022”

**Overall view on arrangements in relation to governance** - “Except for the matter relating to financial reporting, as a result of the programme of work performed, we are satisfied the Council’s arrangements in relation to governance are appropriate to secure value for money”

**Overall view on arrangements for improving economy, efficiency and effectiveness** - “As a result of the programme of work performed, we are satisfied the Council’s arrangements in relation to improving economy, efficiency and effectiveness are appropriate to secure value for money”

- 5.2 As a result of the external audit work, a weakness in the Council’s arrangements to secure economy, efficiency and effectiveness in its use of resource was identified.
- 5.3 A number of recommendations were made. These include sufficient management review processes being established and put in place to support the preparation of draft financial statements to ensure sufficient quality review procedures are set up to support accurate statutory financial reporting that this is reflective of the underlying transactions. This forms part of the 2023/24 action plan for improvement.

## 6. Governance Issues and Action Plan

- 6.1 The issues set out within this section are those identified via the Council’s risk management, governance, internal audit and other internal control processes as being relevant to the preparation of the Annual Governance Statement. These issues are included to highlight the Council’s awareness of emerging issues through its proactive and holistic approach to governance.
- 6.2 Whilst recognising our improvements to date, the emphasis going forward is to address identified issues and to put in place improvement actions to not only address those areas of concern but also seeking to embrace continual improvement to areas where there are no issues. We have made sound progress in implementing the actions from 2022/23 as noted below with any outstanding issues being carried forward into the 2023/24 Action Plan. We are satisfied that these steps will address any 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 and through regular updates to the Audit and Governance Committee.

## 7. Actions from the Annual Governance Statement for 2022/23

- 6.3 The table below summarises the governance issues identified during the 2022/23 financial year and the actions agreed in order to address these issues:

Issue	Actions agreed and status
<b>Risk Management</b>	<p>A review was undertaken that assessed the controls and assurances recorded on the corporate risk register. The review provided a high-level evaluation of the risk register and assessed whether the Council had identified lines of assurances over each of its risks.</p> <p>The review provided a positive audit with reasonable assurances over the controls in place. Recommendations included ensuring that the strategy and framework maintained a version control; that the risk appetite of the Council would be clearly defined and documented; that risks would be clearly aligned to the Council’s vision; that the risk register would be updated prior to each risk management meeting; and that a risk assurance map would be incorporated into the following years’ strategy and framework. The recommendations will be monitored in a subsequent follow-up audit.</p>
<b>Asset Review</b>	<p>The property review has commenced albeit at a slower pace than envisaged. There has been work on identifying future asset disposals that will be necessary to generate capital receipts to fund future years’ capital works and the Council’s transformation agenda. Work on the new asset management</p>

Issue	Actions agreed and status
<b>Financial Resilience</b>	<p>system continues with an agreed list of assets now reconciled to the Council’s balance sheet. Further work on condition surveys is ongoing with further work to be commissioned on operational assets. This will take place in the early part of the financial year.</p> <p>A review took place during 2023/24 that considered the controls and processes in place for how the Council ensures that budgets and financial plans in place are resilient and subject to adequate scrutiny and challenge.</p> <p>The review provided reasonable assurance that the control environment framework in place was effective. The single recommendation for improvement has been actioned with the report to Cabinet on the Council’s financial plans now including stress testing that shows how the plan reflects market conditions, price and pay inflation. In addition to this, the Council commissioned an independent piece of work on the Council’s financial health which has been shared with officers and elected members. The Council has also subscribed to a benchmarking club to further enhance the work around financial resilience.</p>
<b>Audit actions</b>	<p>There was a need to ensure that there was prompt implementation and appropriate follow-up of audit recommendations to ensure that the control environment was improved.</p> <p>Reasonable progress in addressing audit actions was made in the first half of the financial year and this is reflected in the Annual Internal Audit Report for 2023/24. However progress has fallen over the latter part of the financial year and a concerted effort must now be made to ensure future performance is maintained.</p>
<b>High Risk Audit Recommendation</b>	<p>Markets Income (8.22.23). The audit actions have now concluded and have been significantly addressed through a move to a cashless system for collecting market rents</p>

**Government issues and Action Plan for 2023/24**

6.4 The table below summarises the governance issues and areas of risk identified during 2023/24 financial year and the actions required in order to address these issues



Issue	Commentary / Actions Required
<b>Procurement</b>	<p>A review will take place to assess the processes in place for ensuring that goods and services are procured in line with the Council's Procurement Policy and Contract Procedure Rules (CPR).</p> <p>A report will be devised to show the number of waivers to CPR and this will be presented to Audit and Governance Committee on a six monthly basis.</p> <p>The review will also include how the Council manages the Service Level Agreement with their external procurement provider, Welland Procurement.</p>
<b>Commercialisation</b>	<p>Following the introduction of the Commercial Strategy, a review will assess how the strategy is being rolled out and how the Council are ensuring key deliverables are being managed and monitored, and how this is being reported through the Council governance structure. This is important as additional income from implementing the strategy will support the Council in its Medium Term Financial Plan and be essential as it addresses the funding gap over the medium term.</p> <p>The work will also include establishing a Shareholder sub-committee (of Audit and Governance Committee) to provide the necessary review, challenge and scrutiny of commercial business plans and performance.</p>
<b>Corporate Peer Challenge Action Plan</b>	<p>The Council undertook a Local Government Association (LGA) Corporate Peer Challenge during 2023/24. The review resulted in ten key recommendations over a number of areas.</p> <p>An action plan has been progressed for each recommendation and this will need to be monitored, challenged and reviewed during 2024/25 to ensure actions continue to be implemented with sufficient pace to secure improved governance and performance.</p> <p>Where the Council can achieve this strategic direction and agenda it will be in good shape to deliver the longer term vision (Vision 2040) and support the delivery of key projects and opportunities along the way. This piece of work will be significantly important for the Council over the next 12-24 months.</p> <p><a href="#"><u>LGA Corporate Peer Challenge</u></a></p>
<b>IT Incident Management and Security Review</b>	<p>A number of recommendations were made as part of an advisory audit on IT Incident Management and Security review. These will be followed up as part of the ongoing review of audit recommendations during 2024/25.</p> <p>The areas identified include IT Incident Management; Phishing and Whaling Simulations; and Supply Chain Security. A number of management actions have been identified for implementation.</p>

<p><b>Management review processes (statutory reporting)</b></p>	<p>A number of recommendations have been made by external audit to address weaknesses in the management review processes in respect of the Council’s statutory reporting.</p> <p>These include sufficient review processes being established and put in place to support the preparation of draft financial statements to ensure sufficient quality review procedures are set up to support accurate statutory financial reporting that this is reflective of the underlying transactions.</p>
<p><b>High Risk Audit Recommendation</b></p>	<p><b>5.23/24 Financial Resilience and Scrutiny</b></p> <ul style="list-style-type: none"> <li>• Management will ensure that any stress testing undertaken as part of the financial and budget planning for the forthcoming year is retained as a referral point for all plans</li> </ul>

## 7. Conclusions

- 7.1 The Council has a responsibility for conducting an annual review of the effectiveness of its governance framework including the system of internal control. The results of the annual review of the effectiveness of the key elements of the Council’s governance processes during 2023/24 are set out in this Annual Governance Statement.
- 7.2 The Council’s governance and risk management arrangements enable it to deal openly and effectively with situations such as those highlighted. The nature of the organisation means that there will always be difficult situations to deal with, but the internal control mechanisms ensure that actions are taken appropriately and promptly, and the organisation is accountable for those actions.
- 7.3 The Council acknowledges that governance processes should be subject to continuous review and a number of areas have been identified for scrutiny and improvement. These are summarised in paragraph 6.4 above.
- 7.4 The Audit & Governance Committee will continue to play a key role in obtaining relevant assurances, questioning and challenging the material before it. Together with the work carried out by the Overview and Scrutiny function, the triangulation of financial, ethical and service performance should seek to give early warning of any risks to good governance in the future.
- 7.5 Having considered the review of governance arrangements carried out by senior management, the Chief Executive and Chair of the Audit & Governance Committee (AGC) are satisfied that appropriate governance arrangements are in place. However, we propose over the coming year to take steps to address the matters identified above to enhance our governance arrangements.

# **Independent auditor's report to the members of Bassetlaw District Council**

## **Report on the audit of the financial statements**

### **Disclaimer of opinion on the financial statements**

We were appointed to audit the financial statements of Bassetlaw District Council ("the Council") and its subsidiaries ('the Group') for the year ended 31 March 2024, which comprise the Council and Group Comprehensive Income and Expenditure Statements, the Council and Group Movement in Reserves Statements, the Council and Group Balance Sheets, the Council and Group Cash Flow Statements, Housing Revenue Account, Collection Fund statements 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 2023/24.

We do not express an opinion on the financial statements. Because of the significance of the matter described in the Basis for Disclaimer of Opinion section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

### **Basis for disclaimer of opinion**

On 30 September 2024, the Accounts and Audit (Amendment) Regulations 2024 ('The Amendment Regulations') came into force. The Amendment Regulations require the Council to publish its Accountability Statements, which include the financial statements and auditor's opinion for the year ended 31 March 2024, by 28 February 2025 ('the backstop date').

The backstop date introduced by the Amendment Regulations has impeded our ability to obtain sufficient appropriate evidence upon which to form an opinion on the financial statements as there has been insufficient time to perform all necessary audit procedures.

### **Responsibilities of the Director of Corporate Resources (s.151 Officer) for the financial statements**

As explained more fully in the Statement of the Director of Corporate Resources (s.151 Officer)'s Responsibilities, the Director of Corporate Resources (s.151 Officer) 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 2023/24, and for being satisfied that they give a true and fair view. The Director of Corporate Resources (s.151 Officer) is also responsible for such internal control as the Director of Corporate Resources (s.151 Officer) determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

The Director of Corporate Resources (s.151 Officer) is required to comply with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2023/24 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 Director of Corporate Resources (s.151 Officer) 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 responsibility is to conduct an audit of the Council's and Group's financial statements in accordance with International Standards on Auditing (UK) and to issue an auditor's report. However, because of the matter described in the Basis for Disclaimer of Opinion section of our report, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements. In reaching this judgement we have complied with the requirements of the Code of Audit Practice and have had regard to the Local Audit Reset and Recovery Implementation Guidance published by the National Audit Office and endorsed by the Financial Reporting Council.

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.

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](http://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 2024.

On the basis of our work, having regard to the guidance issued by the Comptroller and Auditor General in November 2024, we have identified the following significant weakness(es) in the Council's arrangements for the year ended 31 March 2024.

In January 2024 we identified a significant weakness(es) in relation to Governance for the 2021/2022 year. In our view this significant weakness(es) remains for the year ended 31 March 2024:

Significant weakness in arrangements – issued in a previous year	Recommendation
<p><b>Governance arrangements for statutory financial reporting</b></p> <p>Our 2020/21 and 2021/22 audits identified material adjustments to the financial statements. Our 2021/22 audit identified matters arising in areas where we have previously raised recommendations to address control failures in 2020/21. The combination of new and ongoing issues in financial reporting, compounded by a lack of action in relation to previously raised recommendations, is a significant weakness in governance arrangements.</p>	<p>The Council should improve its quality review procedures over the production of the financial statements ensure sufficient quality review procedures are in place to support accurate statutory financial reporting that is reflective of the underlying transactions recorded.</p>

### Responsibilities of the Accounting Officer

The Council is responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness in the Council's 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, and to report where we have not been able to satisfy ourselves that it has done so. 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 November 2024.

## 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.

We are also required by the Code of Audit Practice, to give an opinion on whether other information published together with the audited financial statements, is consistent with the financial statements. Because of the matter described in the Basis for Disclaimer of Opinion section we do not express an opinion on the financial statements. We also do not express an opinion on whether other information published together with the audited financial statements is consistent with the financial statements.

## Use of the audit report

This report is made solely to the members of Bassetlaw District 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 the National Audit Office has communicated the work we are required to undertake as component auditors for the Whole of Government Accounts.

  
[Mark Surridge \(Feb 24, 2025 18:11 GMT\)](#)

Mark Surridge, Key Audit Partner  
For and on behalf of Forvis Mazars LLP

2 Chamberlain Square, Birmingham B3 3AX

24 February 2025