

BROXTOWE BOROUGH COUNCIL ANNUAL STATEMENT OF ACCOUNTS 2021/22

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NARRATIVE STATEMENT BY THE CHIEF FINANCE OFFICER

1. Introduction – The Shape of Broxtowe

Broxtowe Borough Council’s vision is that the Borough should be

“A greener, safer, healthier Broxtowe where everyone prospers”

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



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

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



The Council’s Corporate Plan 2020-24, seeks to make the most of these natural assets and transport links focusing on key five priorities to enhance the lives of people living in Broxtowe:

Our priorities and objectives



Housing

A good quality home for everyone

- Build more houses, more quickly on under used or derelict land
- Invest to ensure our homes are safe and more energy efficient
- Prevent homelessness and help people to be financially secure and independent



Business Growth

Invest in our towns and our people

- Complete the redevelopment of Beeston Town Centre
- Undertake town investment schemes in Eastwood, Kimberley and Stapleford
- Support skills development, apprenticeships, training opportunities and wellbeing in our workforce



Community Safety

A safe place for everyone

- Work with partners to reduce knife crime
- Work with partners to reduce domestic abuse and support survivors
- Reduce anti-social behaviour



Health

Support people to live well

- Promote active and health lifestyles in every area of Broxtowe
- Come up with plans to renew our leisure facilities in Broxtowe
- Support people to live well with dementia and support those who are lonely or have mental health issues



Environment

Protect the environment for the future

- Develop plans to reduce the Borough's carbon emissions to net zero by 2027 and start implementing them
- Invest in our parks and open spaces
- Increase recycling and composting

Here are some of the key achievements during 2021/22 and a summary of the Council's response to the Covid-19 pandemic:

Housing: A good quality home for everyone

- 431 new homes including 40 affordable homes and 98 empty properties brought back into use.
- 13 new homes as part of the Housing delivery plan, including five flats for ex-service personnel and eight buybacks of former council properties.
- 297.4 tonnes of CO2 saved thanks to the installation of high heat retention electrical heating systems to 211 domestic properties and communal schemes and the installation of external wall insulation to 27 Council homes.
- Planning permission granted for 1,531 new homes.
- 84.6% of threatened homelessness cases prevented or relieved through Council intervention, with a new strategy adopted to tackle this issue further.
- Two new temporary accommodation units so that more homeless applicants can be housed within the Borough.
- 420 households helped to apply for support with food vouchers, energy costs and other costs when they were in financial hardship.

Business Growth: Invest in our towns and our people

- The Arc Cinema opened in Beeston, with two of the three remaining food and beverage units let.
- Supported 450 businesses with additional funding to assist them during the Omicron wave of Covid-19.
- 81% of respondents to our staff survey said they liked their job and enjoyed working for the Council.
- Application submitted to be a Disability Leader as part of the Disability Confident Scheme.
- Seven apprentices trained with the Council.
- £21m investment secured as part of the Stapleford Town Deal Bid with implementation plans underway.
- Two Levelling-Up bids for Eastwood and Kimberley, each up to £20m, being developed and will be submitted to government in July.
- Gold award in the CIPR Midlands for public relations work around Stapleford Town Deal. Also shortlisted for work on the redevelopment of Beeston.

Community Safety: A safe place for everyone

- £25,000 scheme to improve the security of Hickings Lane Recreation Ground, Stapleford implemented.
- Re-accredited by the White Ribbon Scheme for our work to tackle domestic abuse.
- 30.9% reduction in anti-social behaviour recorded by Scheme. Nottinghamshire Police, compared to the previous year.
- New Purple Flag Action Plan in progress including relaunched pub watch schemes, environmental improvements, new markets and reviewing surveillance cameras.

- New Hate Crime Strategy and Knife Crime Action Plan approved.

Health: Support people to live well

- 64% of people living active life styles according to the Active Life Styles survey compared to 62% in 2020/21.
- Plans for new leisure facilities in Bramcote in progress and proposals for a swimming pool as part of the Eastwood levelling-up bid.
- Plans progressing for a mental health hub in Eastwood with funding proposals within the Eastwood Levelling-Up bid.
- Provided £500 payments to 860 people in the Borough when they were required to self-isolate due to Covid-19.

Environment: Protect the environment for the future

- 14% reduction in the Council's own carbon emissions since 2019/2020 achieved through initiatives including procuring electric vehicles.
- Launched a new Green Rewards app to help residents record their sustainable actions, reduce their carbon emissions and win prizes.
- 3,357 trees planted including 500 given to residents to plant in their own gardens. Since 2009 more than 112,000 trees have been planted – one for every resident in the Borough.
- Over £150k improvement works at Dovecote Lane Recreation Ground, Beeston along with improvements at Hall Om Wong Open Space in Kimberley, Hickings Lane Recreation Ground in Stapleford, Inham Nook Recreation Ground in Chilwell and Queen Elizabeth II Park in Stapleford as part of the Pride in the Parks programme.
- Plans underway for a new green space at Halls Lane, Giltbrook.
- Pocket Park opened at Ghost House Lane in Chilwell.
- Approved a new interim Waste and Recycling Strategy and Action Plan
- Green Flag Awards retained at all five of our Green Flag parks and open spaces.
- Gold award from the Institute of Cemetery and Crematorium Management for the Burials and Crematorium Service

Responding to Covid-19

- £4.9m Business Support Grants paid.
- £736k discretionary funding to support businesses and voluntary groups to maintain operations.

The Council's income and expenditure is directed towards the support of the Council's Vision and its Corporate Plan objectives. The Council is entirely dependent on council tax, business rates and its own income generation to fund the essential services on which our communities rely. The Government has delayed the Fair Funding Review, which will assess the relative needs and resources of local authorities and determine a new distribution mechanism before local authorities retain 75% of business rates in the future as opposed to 50% at present. In addition, the Government also delayed plans for a Comprehensive Spending Review.

Addressing this uncertain landscape will present significant challenges but also bring exciting opportunities for the Council and the residents of the Borough. To reflect the format of the Corporate Plan we have structured the financial information underlying the accounts statements in line with these priorities so that it is clear where our resources and efforts to improve performance have been directed during the past financial year.

In overall terms the statements presented within the accounts demonstrate a healthy position for Broxtowe Borough Council, especially during the current environment. Despite the economic, health and community challenges brought about by the Covid-19 pandemic, the Council has maintained its prudent and sensible approach to financial management and will continue to do so as it moves forward with the Corporate Plan.

Covid-19 Pandemic

During 2021/22, the Covid-19 pandemic continued to have a significant impact on Broxtowe Borough Council, and on its residents and businesses across the Borough. The following impacts have been highlighted:

- Provision of services – during the Covid-19 pandemic, the Council continued to provide the vast majority of its services, with a significant majority of its staff working remotely. Committee and Council meetings also continued remotely using Microsoft Teams software. Senior officers were engaged with a number of Local Resilience Forum cells set up to manage the impact of the pandemic (e.g. Finance, Excess Deaths, Recovery, Strategic Co-ordination Group etc.)
- Council's workforce – During the pandemic, a significant majority of staff are working from home utilising Microsoft Teams to communicate, and front-line services continue to be delivered, in line with government guidance.
- Supply chains – Wherever possible, the Council continued to utilise existing suppliers and process payments in line with stipulated terms.
- Reserves and financial performance – The pandemic has resulted in a significant loss of income (leisure, car parks, rental income) and additional costs (shielding staff, 'top-up' furlough costs), which have been reported to central government (MHCLG), on a monthly basis, and was reported to members on a regular basis. The overall quantification of the financial impact is difficult to ascertain, but the financial impact on the Council has been mitigated by central government support, through Covid support grant, compensation for fees and charges and collection fund losses and the national leisure relief fund.
- Cash-flow management – No issues with cash-flow have been identified.
- Major risks to the Council – The main risks relate to the significant loss of income at Liberty Leisure Limited, commercial rents, and car parking. Also the major distress in the food and beverage market, which previously resulted in difficulties in securing tenants for the Beeston Phase 2 development.
- Recovery plan – The Council's strategic approach to the Covid-19 pandemic and its Recovery Strategy was presented to the Policy and Performance Committee on a regular basis.

2. Governance – The Changing Shape of the Council

Governance Structures

The Council operates under a committee structure with a Policy and Performance Committee and a Finance and Resources Committee to govern policy development, performance and spending. There are five policy committees which, alongside the Planning Committee and the Licencing and Appeals Committee, are designed to drive progress on the key objectives in the Corporate Plan:

- The Housing Committee is tasked with the determining of Council policy relating to sales of Council houses and determining the policy relating to Council house rent collection. Also, the Committee is tasked with determining the improvement programme of the Council housing stock and housing schemes
- The Community Safety Committee is tasked with developing, adopting and implementing any policy (other than those policy documents reserved to the full Council or within the remit of any other committee) relating to anti-social behaviour, food hygiene, taxi licensing and public protection strategies.
- The Jobs and Economy Committee is tasked with determining all issues relating to the well-being, development and enhancement of local communities within the Borough including the acquisition of land and use of resources to promote those purposes.
- The Environmental and Climate Change Committee is tasked with the management of recycling arrangements and policies, policies in respect of street cleansing and the removal of litter, policies regarding Energy and the Energy Conservation Strategy and the Waste Management Strategy.
- The Leisure and Health Committee is tasked with determining policies to promote artistic, sporting and cultural activities. Additionally, the Committee is tasked with organising and implementing twinning and friendship activities.

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

Liberty Leisure Limited



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

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

- provide leisure, sports, cultural and heritage services for the benefit of the public
- ensure sustainability of services by maximising income and by seeking all possible avenues of funding for the services
- promote, maintain and improve access to suitable services, activities and facilities

- improve health and well-being, by promoting increased participation to reduce obesity, anti-social behaviour and the health inequality gap
- promote jobs and strengthen the local economy

The company includes management of, and delivery of services at, Bramcote Leisure Centre and two leisure centres at Kimberley and Chilwell owned jointly with local schools. Ownership of the assets themselves (fully for Bramcote Leisure Centre and jointly for the other two centres) has been retained by the Council.

The company also manages the Council's culture offer through management of the DH Lawrence Museum and events and is responsible for sports development. The Council maintains control over the company through retained decision-making powers and through the scrutiny of the Leisure and Health Committee which reviews the financial and operational performance of the Company. However, the current operating arrangements for Kimberley Leisure Centre are under review as outlined in Contingent Liabilities note 39.

As Liberty Leisure Limited is a wholly-owned company of Broxtowe Borough Council, the accounts for the company have been consolidated into the Council's own accounts to form separate group accounts. However, separate financial accounts for the company are filed at Companies House in accordance with the regulations governing Limited Companies. In 2021/22 the company achieved an after tax deficit of £166,756 (excluding pension liabilities).

Jointly-Owned Operation

Broxtowe's accounts also include financial information relating to the Bramcote Crematorium Joint Committee.

Bramcote Crematorium is jointly owned by Broxtowe and Erewash Borough Councils. Its operation is overseen by the Bramcote Bereavement Services Joint Committee although the management of all operations is undertaken by Broxtowe Borough Council. The Joint Committee pays for this arrangement.

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

Income decreased during 2021/22 by 11% compared to 2020/21 to £1.903m. Expenditure increased by 18% to £1.317m. After deducting financing and investment income, there was a deficit for the year of £0.236m. The levels of usable reserves at 31 March 2022 decreased by £0.08m to £0.699m. The levels of unusable reserves at 31 March 2022 increased by £0.145m to £1.047m. The financial statements of the Joint Committee are published separately and were presented to the Joint Committee Meeting on 23 June 2022.

Pensions

The Council makes payments into the Nottinghamshire County Council Pension Fund, which, in turn, provides members with benefits related to their previous pay and service with the Council. In 2021/22 the Council made a contribution equivalent to 18% of pensionable pay (plus an additional £0.273m) into the Pension Fund to help ensure there are sufficient resources with the Pension Fund to meet future liabilities.

The Council took advantage of the opportunity offered by the Pension Fund to pay the lump sum element for the years from 2020/21 to 2022/23 in a single payment of £0.763m in April 2020 rather than the total £0.82m due over the three-year period. The sum paid is allocated over the three-year period in the Council’s accounts.

The contribution rate is determined by the Pension Fund’s Actuary based on an actuarial valuation every three years. The last actuarial valuation was in 2019 and covered the period ending 31 March 2023. Details about how the costs are identified and financed are given in note 38 to the accounts while the value of the Council’s net liability in the Pension Fund is detailed within the Balance Sheet. The extent to which this liability will impact on council tax and rent levels is reflected in the latest actuarial valuation of the Pension Fund. Based on the latest actuarial valuation as at 31 March 2019 (covering the next 3 financial years), the Council will make a contribution of 18% of pensionable pay plus an additional £0.283m into the Nottinghamshire County Council Pension Fund in 2021/22.

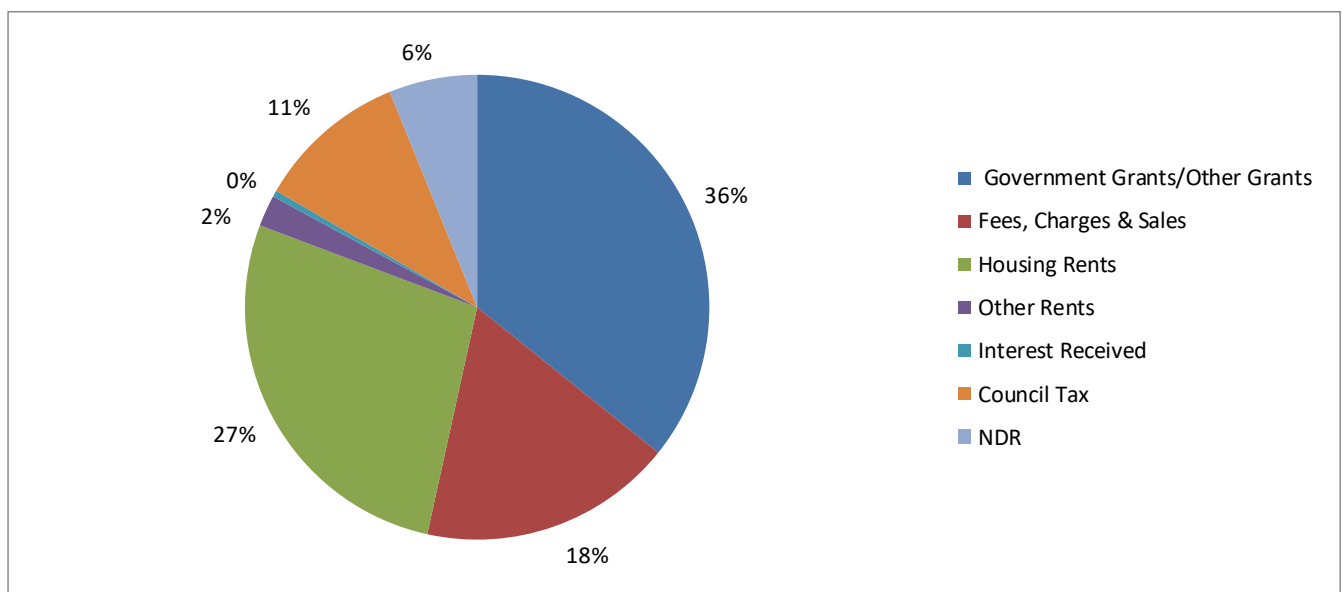
3. Spending and Performance

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

Income and Expenditure on Services

The Council is largely dependent on income from its business operations, Council Tax, and Business Rates to fund its services. Income from Housing Rents forms the largest source of income but this is reserved for spending on housing only. Figure 1 shows the main sources of income in 2021/22, when 18% of the Council’s income was derived from fees, charges and sales, compared to 13% in 2020/21.

Figure 1: Sources of income 2021/22



Changes in spending highlight the increased focus in 2021/22 on the corporate objectives but the table above also reflects the extent to which the Council is generating income from new sources or from enhancements to existing services: income from trade waste and garden waste collection, for example, and rental income from the Beeston Square development.

Table 1 shows the balance of spending on the main corporate priorities compared to 2020/21. This analysis provides the outturn position and, as such, excludes notional pension charges. The position was reported to Cabinet on 19 July 2022.

Table 1: Changes in gross expenditure 2020/21 to 2021/22

Gross expenditure	Actual 2020/21 £	Actual 2021/22 £	Change £
Strategic Housing	837,237	944,035	106,798
Environment	10,798,723	10,567,244	(231,479)
Business Growth	2,827,410	2,903,927	76,517
Community Safety	2,322,382	2,662,878	340,496
Health	2,326,098	2,024,222	(301,876)

The management of the Council's finances in 2021/22 means that it has retained sufficient balances to help meet its financial challenges over the coming years while maintaining spending at the levels required to deliver the desired standard of service. The Council has general reserves of £7.425m and earmarked reserves of £3.584m, which amounts to £11.009m in total as at 31 March 2022. This compares to general reserves of £6.873m as at 31 March 2021.

Financial Performance

The outturn, as presented to Cabinet on 19 July 2022, reported a net revenue budget underspend of £1.900m on services.

Non-Domestic Rates ('Business Rates') income including Government Grants (Section 31 Grant) is £2.641m higher than budgeted. A Section 31 Grant is paid to compensate local authorities for the loss of income through various small business rates schemes. In addition, in 2020/21 grant was awarded to compensate for loss of income due to the Covid-19 pandemic. The grant has been set aside in earmarked reserves to mitigate future deficits.

Since April 2013, the Council has had a more direct relationship with local businesses through the retention of a greater share of business rates generated locally. This does increase the risks to the Council's finances as changes in the amount of business rates collectable can have a significant impact on its income. In order to help mitigate such risks and to maximise funding opportunities, the Council is a member of the Nottinghamshire Business Rates Pool, along with other local authorities in Nottinghamshire. The Council pays a levy into the Pool based on the proportion over which it is above its financial baseline funding formula. Whilst the amount of growth levy paid to the Pool was higher than forecast by £0.170m, the Pool as a whole generated a surplus in 2021/22 which has provided Broxtowe with an additional £0.397m.

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

Table 2 – General Fund financial performance 2021/22

General Fund (excluding Bramcote Bereavement Services)	Revised Budget £'000	Actual £'000	Difference £'000
Net Expenditure on Services	11,951	10,051	(1,900)
Funded by:			
Council Tax	(5,837)	(5,837)	0
Non Domestic Rates	2,567	(388)	(2,955)
Lower Tier Services Grant	(124)	(123)	1
	(3,394)	(6,348)	(2,954)
Net Balance for Year	8,557	3,703	(4,854)
Transfer to/(from) Other Reserves	(6,900)	(4,255)	2,645
Balance Brought Forward	(6,873)	(6,873)	0
Balance Carried Forward	(5,216)	(7,425)	(2,209)

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

- A net saving of £0.013m on employee related expenses from an underspend in direct staffing costs against the establishment budget being largely offset by an overspend on agency staffing costs and other indirect employee costs. Whilst the net position on employee costs was almost breakeven on budget, the Council has achieved a challenging vacancy budget target applied within its establishment budgets.
- An additional spend of £0.048m on Business Rates as a result of property acquisitions.
- A net saving of £0.036m on repairs and maintenance budgets across the General Fund.
- An overspend of £0.060m on the cost of replacement wheeled-bins as a direct consequence of increased activity seeing increased income from garden waste collections and the sale of bins.
- Additional cost of street furniture, over and above budgeted amounts, funded by additional grants received from the Re-opening the High Street Fund.
- Net overspends of £0.385m on all transport related budgets was mainly due to vehicles repairs and maintenance costs being higher than expected.
- Additional costs associated with the use of sub-contractors in the grounds maintenance team for tree management activities (£0.086m).
- An underspend on the amount of invoices paid towards the cost of telephone system charges (£0.048m).
- Net savings of £0.188m on the movement in bad debt provision linked to sundry debtors and housing benefit overpayments.

- A bad debt provision is in place for Council Tax and Business Rates to help to offset future charges made when court costs are not recovered. The net value of Council Tax court costs written back in the year was higher than anticipated which coupled with lower than anticipated court costs in the year culminated in an overall underspend.
- An overall saving of £0.084m on the cost of insurance, with lower than anticipated claims costs generating a saving to the General Fund.
- Rent Allowance Benefits and Rent Rebates were £0.703m lower than originally budgeted; the underspend being largely offset by lower than expected central government grants being received.
- Net underspends of £0.224m from lower central support recharges across the Council compared to the original estimates.
- A slight overspend on capital charges made up of depreciation charges being £0.045m lower than the original budget due to asset disposals and revaluations from the previous year; whilst interest on external borrowing was £0.045m higher due to a strategic shift from short-term to long-term borrowing.
- An increase in the number of planning applications received during the year resulted in a surplus of income in Planning Fees (£0.127m).
- An increased level of activities for the refuse collection services most notably resulting in additional income of £0.278m from garden waste and trade refuse collection services.
- A net reduction of £0.038m in the budgeted income received from car parking charges as result of the pandemic and the loss of use of some car parks in Beeston town centre.
- Additional grave right transfer fees of £0.033m received resulting in an increase income in cemeteries.
- A reduction in licensing income received (£0.037m) compared to budget especially in respect of Hackney carriage vehicles and premises licence annual fee.
- The amount of central government grants and other grants received was £0.473m more than originally anticipated. These grants included additional new burdens funding and Covid related grants received in year to support the Council's administration and services during the ongoing pandemic. Also included is the Re-opening of High Streets grant, Homelessness grants and other miscellaneous grants. The total variation is partially offset by lower than anticipated subsidy in relation to rent allowance benefits and lower than anticipated subsidy in relation to rent rebates subsidy.
- Delayed work on the asset management strategy has resulted in savings of £0.025m which will be carried forward to 2022/23.
- An underspend of £0.032m on economic development budgets to provide continuing consultancy work on Levelling Up including costs associated with bid applications will now be utilised in 2022/23.
- Some elements of the Core Strategy Review have been delayed due to the pandemic, including transport and logistics assessments, resulting in a saving in 2020/21 of £0.054m that will be rolled forward into 2022/23.
- An underspend on the 2021/22 budget of £0.041m will be used to support further expenditure support further expenditure on four neighbourhood plans in 2022/23.

- Grant received from the government via Nottinghamshire County Council to help support communities was not fully spent and £0.006m will be carried forward to be used to this purpose in 2022/23.
- An underspend of £0.008m on camera maintenance due to delays on the annual maintenance programme for some cameras is being rolled forward.
- Payments in respect of the Track and Trace Grants received from central government to support members of the public who had to self-isolate due to Covid-19 were ongoing into 2021/22 and funded from the grant remaining. The scheme ended in February 2022. A grant earmarked for this purpose is being carried forward to be utilised as part of the final reconciliation process in 2022/23.

In addition to spending on strategic housing through the Council's general resources, the Council also operates a Housing Revenue Account (HRA) which captures all rental income and spend on managing the council's housing stock and looking after tenants. There was a net underspend of £0.385m in 2021/22 when compared with the revised estimate for the year which resulted in a reduced deficit of £1.018m in 2021/22. The underspend compared to budget will ensure that more resources are available for funding improvements in the housing stock in the coming years.

Table 3 shows the financial performance on the HRA for the year. This analysis provides the outturn position and was reported to Cabinet on 19 July 2022. Depreciation and impairment charges are excluded as these are notional amounts which are not budgeted for and do not impact upon the outturn position.

Table 3: Housing Revenue Account financial performance 2021/22

Housing Revenue Account	Revised Budget 2021/22 £	Actual 2021/22 £	Variance from Budget	
			£	%
Expenditure	13,614,428	13,045,123	(569,305)	(4)
Income	(16,631,540)	(16,552,653)	78,887	(0)
Other HRA Operating Expenditure and Income	4,420,760	4,471,716	50,956	1
Deficit/(Surplus)	1,403,648	964,186	(439,462)	(31)

The main variances are due to the following:

- An underspend of £0.280m relating to employee related costs, primarily due to vacancies across the whole service.
- An underspend on premises related expenses of £0.211m. This was mainly due to delays with planned refurbishment works at Independent Living schemes due to the ongoing impact of the pandemic (the underspend budget has been requested for carry forward into the new financial year).
- An overspend of £0.032m on transport due to the cost of running vehicles (repairs, fuel, insurance etc.), which was partially offset by officers' travel being lower than budgeted.

- An underspend of £0.168m on supplies and services due mainly to an increase in the use of sub-contractors to support housing repairs work and higher than expected voids resulting in larger than forecast costs on empty properties. These were offset by net savings with material, equipment, waste disposal, consultancy and various other supplies. In addition, historic rent arrears written off were partially netted off by the removal of some of those arrears from the bad debt provision resulting in a lower than budgeted impact of write offs.
- A reduction in the level of ad-hoc grounds maintenance work being undertaken in the year of HRA properties has reduced the charge from the Grounds Maintenance team by £0.041. The support provided by other central services was also under budget by £0.200m
- Lower than expected expenditure on the capital programme meant that a reduced revenue contribution was required to finance the 2021/22 HRA capital expenditure. This underspend amounted to £0.090m. This saving was offset by an increase in the consolidated rate of interest on borrowing meaning that external borrowing costs charged to the HRA was higher by £0.122m.
- Housing Rent Income was £0.114m less than budgeted mainly due to an understated voids figure used at budget setting.
- Other income received was £0.035m less than budgeted, due mainly to lower occupancy of garages.

Business Performance

In terms of business performance, the Council did well against its five priorities in terms of critical success indicators and key performance indicators. The Council is always seeking continuous improvement in the delivery of services and the Corporate Plan is designed to encourage this by focusing on key areas of activity.

This will require investment in, for example, the ongoing regeneration of Beeston Town Centre, the investment in Stapleford through the successful Towns Fund bid, the submission of significant Levelling-Up bids for Eastwood and Kimberley, the expansion of services to support healthy lifestyles through Liberty Leisure Limited, the development of new affordable homes and in improvements to the Council's parks and open spaces.

In addition to the key achievements already highlighted above, some further performance highlights for 2021/22 were:

- Council Tax collection rates have been maintained at 97% despite a reduction in recovery action due to the pandemic.
- NDR collection increased to 97.4% despite a reduction in recovery action due to the pandemic.
- Over 99% of supplier invoices paid within 30 days of receipt.
- The Council has worked to support local businesses through administering the government support grants in responding to the Covid-19 pandemic, paying £4.9m in business support grants and £736k in discretionary funding to support businesses and voluntary groups to maintain their operations.
- An increase in the number of residents subscribing to the garden waste collections service.
- Housing Rents collected as a proportion of the amounts owed continues to be strong, with a further 7% reduction in rent arrears overall in the year to March 2022.

- Town centre occupancy rates were above the national occupancy rate for Beeston, Eastwood and Kimberley.
- Gold award from the Institute of Cemetery and Crematorium Management for the Burials and Crematorium Service

In addition, under the Housing priority the new build Housing Delivery Plan continues to be implemented with work having been completed on five flats for ex-service personnel in Stapleford and the acquisition of eight buybacks of former council properties. Under Business Growth, the redevelopment of Beeston Town Centre has continued with the opening of the Arc Cinema and the surrounding food and beverage units. Further investment is planned for Beeston Square. Work is ongoing with the production of the Toton Masterplan which includes connectivity work and integration with the Stapleford Towns Fund work, where the Council was successful in securing £21m of investment with implementation plans now underway. Development work is also ongoing to submit two Levelling-Up bids for Eastwood and Kimberley to central government, each at around £20m. Under Environment, work continues to improve play areas, parks and open spaces and work continues to implement the Clean and Green Initiative. Progress against these and the indicators for all priorities will continue to be monitored in 2022/23.

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

4. Covid-19 Grants

The Council received a range of grants from Central Government and other government bodies in 2021/22 to support the overall response to the Covid-19 pandemic.

Business Grants and Test and Trace Scheme

The Government provided a range of grant funding to support local businesses and also to individuals who had to self-isolate under the Test and Trace Scheme. In some cases, the grant was supplied to the Council but distributed to businesses and individuals under specific conditions set by the Government (Agency arrangement) whilst for others the Council had some flexibility in terms of setting grant conditions and the amount to be paid (Principal arrangement).

Where the Council is acting as an Agent, the following conditions have been applied:

- It was acting as intermediary between the recipient and the Government Department.
- It did not have 'control' of the grant conditions and there was no flexibility in determining the level of grant payable.

In these cases, the scheme transactions do not form part of the Council's Comprehensive Income and Expenditure Account (CIES) or the General Fund outturn position. These transactions form part of the Balance Sheet.

The following have been determined as grant initiatives where the Council is acting as Agent:

Grant Initiative	Grant Received £	Grant Expenditure £	Grant Repaid £	Grant Balance at 31 March 2022 £
Restart Grant	4,302,207	4,093,389	208,818	0
Test and Trace	250,500	432,000	0	**(181,500)
Additional Restrictions Grant	733,511	735,900	0	**(2,389)
Omicron Hospitality and Leisure Grant	576,036	596,040	0	**(20,004)
Protect and Vaccinate Grant	46,289	8,837	0	37,452
Total	5,908,543	5,866,166	208,818	**(166.441)

Notes: **Amount due from the Government in additional grants based upon actual expenditure

Additionally, the Council received £6.949m in grant in respect of the Council Tax Energy Rebate Scheme to be provided to all Council Tax Payers in a property within bands A to D. As at 31 March 2022 no payments to Council Tax Payers had been made.

General Covid Grants

The Council has also received the following Grants which has helped continue its operations and provide further support to the Community. These are classified under the Principal arrangement.

Grant Title	Grant Received £
Contain Outbreak Management Fund	134,044
Covid-19 Local Authority Support Grant	519,420
Local Council Tax Support Scheme	111,452
New Burdens Grants	130,680
Compensation for loss of Fees and Charges Income	49,601
Test and Trace Administration Grant	51,687
Total	996,884

5. Spending on Assets

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

In 2021/22, the Council funded capital items to the value of £14.178m. This compares with a budget of £22.730m after taking account of items carried forward from 2020/21. The net underspending of £8.552m (37.6%) was mainly due to expenditure on schemes being carried forward into the following year, many of which were outside the Council's control.

In 2021/22, £1.200m of capital receipts (including items brought forward from 2020/21) were used to finance capital expenditure, the balance of the expenditure being matched by funding from the Housing Revenue Account Major Repairs Reserve £4.348m, prudential borrowing £5.584m, direct revenue funding £2.088m and other grants and contributions £0.958m.

Total loans repayable by the Council to external parties at 31 March 2022 for capital spending (including accrued interest but excluding loans relating to Bramcote Bereavement Services) amounted to £95.158m. This still includes £61.446m of loan debt in respect of the one-off debt settlement that arose from the introduction of self-financing within the Housing Revenue Account in March 2012.

In overall terms capital expenditure reduced in comparison with 2020/21 by £2.547m. This was primarily due to reduced spending on the Beeston Square Phase 2 development that is nearing completion, partially offset by an increase in capital expenditure on the Housing Revenue Account, including schemes within the corporate Housing Delivery Programme.

This Council's share of capital expenditure in respect of Bramcote Bereavement Services amounted to £0.016m in 2021/22 (£nil in 2020/21). This capital spend was incurred on roof repairs and the completion of an ICT software upgrade. The capital expenditure was financed entirely from internal funds.

In order to reflect changing property prices, the Council's property assets are revalued on the basis of a five-year revaluation programme with all assets revalued at least once every five years.

Council dwellings are valued on the existing use value – social housing (EUV-SH) basis using an appropriate discount factor. The discount factor used to value Council dwellings at 31 March 2022 was 42% as set out in the updated Guidance on Stock Valuation for Resource Accounting published in November 2016. The valuation of the housing stock at 31 March 2022 resulted in a total gain of £28.11m whilst the valuation of other property assets at 31 March 2022 resulted in upward revaluations of £5.37m and downward revaluations of £2.86m. Further details on these revaluations can be found in notes 15 and 36 to the accounts.

The decrease in the value of other property assets was primarily due to a decrease of £2.5m in the value of Bramcote Leisure Centre.

6. Outlook

On 10 February 2022 an updated Medium Term Financial Strategy (MTFS) was presented to the Finance and Resources Committee that highlighted a potential shortfall in resources of £3.079m from 2022/23 through to 2025/26. This was based upon a number of significant assumptions including generating a further £0.360m per annum from savings on vacant posts over the duration of the MTFS.

The accounts of Bramcote Bereavement Services show a revenue account balance of £456,252 as at 31 March 2022 which represents a decrease of £134,377 from the previous year-end position. This has not impacted upon the distribution of the surplus to the Council from Bramcote Bereavement Services of £400,000 in 2021/22.

Liberty Leisure Limited achieved a deficit of £30,244 for 2021/22. The management fee paid by the Council to the company for 2021/22 was £845,000, the same amount as in 2020/21. The Leisure Facility Strategy is being completed and updates will be taken to Cabinet on a regular basis.

The Council has a Business Strategy that is designed to ensure that it will be:

- Lean and fit in its assets, systems and processes;
- Customer focused in all its activities;
- Commercially-minded and financially viable; and
- Making best use of technology.

The Business Strategy comprises a range of initiatives across all areas of the Council to either reduce costs or generate additional income and designed to ensure that the best use is being made of available resources. An updated Business Strategy was presented to the Finance and Resources Committee on 7 October 2021. This will be refreshed to reflect recent developments and a revised version will be presented to Cabinet on 4 October 2022.

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

The General Fund balance at 31 March 2022 was £7.425m. This was greater than the figure projected of £4.887m as reported to Finance and Resources Committee on 10 February 2022 and reflects measures taken to address the Council's financial position. The Medium Term Financial Strategy will be updated to reflect the 2021/22 outturn and other recent changes including those set out above. This will be presented to Cabinet on 4 October 2022.

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

7. The Statement of Accounts

The Council's statutory accounts for the year 2021/22 are set out on pages 30 to 33. They have been compiled in accordance with accounting policies that comply with the relevant recommended accounting practices and are set out in the notes to the accounts from page 34 onwards.

The financial statements consist of the:

- Statement of Responsibilities – which sets out the responsibilities on the authority and the Deputy Chief Executive and Section 151 Officer (as the chief financial officer).
- Movement in Reserves Statement – which shows the movement in the year on the different reserves held by the authority, analysed between those that are usable and other reserves.

- Comprehensive Income and Expenditure Statement - the summary revenue account, covering income and expenditure on all services and showing how they have been financed. This shows the Council's actual financial performance for the year, measured in terms of the resources consumed and generated over the last 12 months. However, the Council is required to raise council tax on a different accounting basis.
- Balance Sheet - which sets out the financial position of the Council as at 31 March 2022.
- Cash Flow Statement - which summarises the total movement of the Council's funds.
- Housing Revenue Account - which shows income and expenditure on council housing.
- Collection Fund - which includes income received by the fund from council tax payers, business rate payers and central government and the payments made by the fund to Broxtowe Borough Council, Nottinghamshire County Council, Nottinghamshire Police Authority, Nottinghamshire Fire Authority and Parish and Town Councils.
- Group accounts incorporating the financial performance of Liberty Leisure Limited which is wholly owned by the Council.

These accounts are supported by the Statement of Accounting Policies and various notes to the accounts, both of which follow the Cash Flow Statement. In addition, an Annual Governance Statement, presented to the Governance, Audit and Standards Committee on 16 May 2022, has been included. The accounts for 2021/22 are presented in a form that is based upon the best accounting practices recommended by the Chartered Institute of Public Finance and Accountancy (CIPFA).

The accounts include all of the Council's financial activities and also incorporate 50% of the activities of the Bramcote Bereavement Services Joint Committee.

The Council's accounts for 2020/21 were issued and certified by Zulfiqar Darr (Deputy Chief Executive and Section 151 Officer) on 20 July 2022 for submission to the auditors. The final audited accounts will be presented for approval to the Governance, Audit and Standards Committee on 26 September 2022 in accordance with the Accounts and Audit (England) Regulations 2015 and Accounts and Audit (Amendment) Regulations 2021.

8. Further Information

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

ANNUAL GOVERNANCE STATEMENT

Corporate Values

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

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

Competency Framework and Employee Performance Appraisal

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

The Constitution, Standing Orders and Delegated Authority

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

The main checks and balances on the respective power of officers and members is summarised in the table below. The table provides some of the key ways in which officers and members are held accountable to local residents.

Officer checks/balances	Member checks/balances	Accountability to residents
<ul style="list-style-type: none"> • Officer delegations within Constitution • Pay Policy underpinned by Job Evaluation policy • Disciplinary Policy • Employee Code of Conduct • Financial standing orders within constitution • Contract standing orders within constitution • Fraud Prevention Policy • Treasury Management policy • Business Continuity Plans 	<ul style="list-style-type: none"> • Elections • Independent Remuneration Panel • Members Allowances scheme • Governance Audit and Standards Committee • Statutory Officers (Chief Executive head of paid service; Deputy Chief Executive section 151 officers; Monitoring Officer; Chief Information Officer - Executive Director 	<ul style="list-style-type: none"> • Broxtowe Matters Annual Report • Public Questions at Council Meetings • Petitions at Council Meetings • Community Trigger for Anti-social Behaviour • Communications strategy 2018-21 • Open Data • Transparency framework • Publication scheme • Publication of Committee decisions

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

Corporate Plan and Business Plans

The Council’s Corporate Plan sets out the Council’s Vision and Priorities. The vision is “Broxtowe- a greener, safer healthier place where everyone prospers”.

The priorities are succinctly expressed:

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

Each priority has objectives which are set out in the plan and specific measureable outcome measures, in year 2 of the plan (2021/22) and at year 4.

Strategy and Policy Framework

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

Decision-making Structures

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

- Full Council decides upon policy and certain other specialist functions that cannot be delegated elsewhere, including the setting of the Council Tax.
- The Policy and Performance Committee, which includes the Chairs of all other policy committees, has overall responsibility for developing and delivering policies of the Council and monitoring progress against the objectives of the Corporate Plan.
- The Finance and Resources Committee has responsibility for reviewing the Council's budget and financial management and makes recommendations to Council with regard to the setting of Council Tax.
- Committees mirror the Council's main priority themes of Community Safety; Housing, Jobs and Economy, and Leisure and Health, Environment. These are allocated authority by the Council to develop and deliver policy within their specific remit set out in the constitution.
- Separate quasi-judicial committees exist for Planning, Licensing and Appeals, Alcohol and Entertainments.

Role of the Governance, Audit and Standards Committee

The role and operation of the Governance, Audit and Standards Committee is in line with a toolkit and publication produced by CIPFA entitled Audit Committees – Practical Guidance for Local Authorities.

The specific functions delegated to this Committee are provided in its Terms of Reference which include:

- To determine attendance of members at conferences.
- To determine responses on behalf of the Council to any government, local authority or other consultation on matters within the remit of the Committee.
- The functions conferred in relation to standards of conduct by the Local Government Act 2000, the Localism Act 2011 and associated legislation.
- Without prejudice to the generality of the foregoing:
 - promoting and maintaining high standards of conduct for all members and officers

- preparing for adoption or revision by the Council policies and codes of conduct for members, co-opted members and officers
 - monitoring the operation of the codes of conduct
 - granting dispensations to members (including co-opted members) from requirements relating to interests set out in the Members' Code of Conduct
 - advising and training members, co-opted members and officers on matters relating to conduct
 - undertaking the same duties as detailed above in respect of parish or town Councils within the Council's area
 - considering, determining and dealing with matters referred by the Monitoring Officer
 - considering, determining and dealing with matters referred by the Chief Executive or Monitoring Officer under the Council's Whistleblowing Policy
 - monitoring the complaints made against the Council including those made via the Ombudsman service
 - assessing (and reviewing if appropriate) all complaints made in respect of breaches of the Members' Code of Conduct.
- The Committee will:
 - Oversee the arrangements for the maintenance of the Council's internal control environment
 - Monitor and make recommendations regarding the Council's corporate governance arrangements including the appointment of the external auditor
 - Consider ways of achieving reductions in ongoing financial commitments through a review of essential and desirable services and service levels.
 - Identify opportunities for future income generation and cost savings.
 - Examine further procurement and collaborative working opportunities with the private sector and other local authorities.
 - Consider the Council's published financial accounts and associated documents, including the Annual Governance Statement, and give approval to them when satisfied;
 - Review the work of the internal audit section including the approval of an audit strategy and annual audit plans;
 - Consider significant issues arising from internal audit reviews, make recommendations accordingly and monitor management's response;
 - Receive reports from the Council's external auditors, the Council's internal auditor and from any inspection agencies and monitor action in response to any issues raised;
 - Oversee the effectiveness of the Council's risk management procedures, the control environment and associated fraud and anti-corruption arrangements including the approval of amendments to the strategic risk register and associated action plans;
 - Monitor and review the Council's business continuity arrangements;
 - Consider the Council's arrangements for corporate governance and recommend necessary action to maintain best practice and to comply with the code of corporate governance;
 - Determine the discretionary elements of both national and local conditions of service;
 - Determine employment and health and safety policies;
 - The power to make payments or provide other benefits in cases of maladministration (section 92 Local Government Act 2000);
 - To receive reports directly from the Chief Internal Auditor as and when he/she thinks fit;
 - To receive reports directly from the Council's external auditors as and when appropriate.

- The Committee may appoint Panels comprising of a proportionate combination of three or five members of the main Committee.
- To determine responses on behalf of the Council to any government, local authority or other consultation on matters within the remit of the Committee.
- Consider in detail polling district boundaries for the Borough Council's administrative area and any necessary changes to ensure that:
 - electors have such reasonable facilities for voting as are practicable in the circumstances.
 - as far as is reasonable and practicable, that polling places are accessible to all electors, including those who are disabled, and when designating a polling place, have regard to the accessibility needs of disabled persons.
- Consider polling places for the Borough Council's administrative area.
- Consider the warding arrangements for Broxtowe to ensure electoral equality in all areas.
- Consider the boundaries of parish Councils in the Borough and warding arrangements in those areas, if appropriate.
- Consider the names of Borough Council and parish Council wards.

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

Two internal committees recommend changes to employee policy pay and conditions – the Local Joint Consultative Committee which considers employee related matters and the Independent Remuneration Panel, which considers matters relating to the remuneration of members. The Independent Remuneration Panel reviewed members' allowances in January 2021 and decided on a further in-depth review due to the increase in the number of committees at the Council.

The Panel recommended no increase in the allowance in-line with the employee pay award. Full Council received the report of the Panel's findings on 3 March 2021 and accepted the recommendation.

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

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

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

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

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

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

Strategies, Policies and Business Plans

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

Electoral Arrangements

By-elections for both parish councils and the borough council have taken place during 2021/22.

Statutory Officers

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

In particular, they are responsible for ensuring that the Council acts within the law and in accordance with established policies and procedures. The Section 151 Officer is specifically responsible for the proper discharge of financial arrangements and must advise the Council where any proposal might be unlawful or where expenditure is likely to exceed resources.

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

The Deputy Chief Executive is the appointed Section 151 Officer and is a key member of GMT. Being part of GMT, together with meeting with leading members and attending full Council, Policy and Performance Committee, Finance and Resources Committee and other appropriate committees, as required, ensures that the Section 151 Officer can provide corporate financial advice to the Council at the appropriate level and that financial implications and risks are properly taken into account.

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

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

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

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

In 2020/21 the Statements of Internal Control were reviewed to determine whether any further strengthening of the control environment can be achieved. Any areas identified have been addressed or are part of ongoing development of increased controls to be implemented during 2021/22.

Internal Audit

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

The Chief Audit and Control Officer is responsible for the review of the systems of internal control and for giving an opinion on both the corporate and service specific standards in place. As reported to the Governance, Audit and Standards Committee on 19 July 2021, he has undertaken such a review and concluded that, in his opinion, "the current internal control environment is satisfactory such as to maintain the adequacy of the governance framework".

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

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

External Audit

The external auditor reviews the Council's arrangements for:

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

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

The Council continues to examine the use of its financial systems to help produce information for financial management, the capacity of the Finance Services teams and the financial reporting processes used to advise Members during the course of the year.

Fraud and Corruption

The Department of Work and Pensions (DWP) established a Single Fraud Investigation Service (SFIS) to manage benefit fraud investigation on a national basis. Officers employed by the Council to investigate benefit fraud transferred to SFIS in November 2015.

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

Partnerships

The Governance, Audit and Standards Committee has the responsibility to examine further procurement and collaborative working opportunities with the private sector and other local authorities. All of the policy committees have included in their remit the power to direct the work of any delivery vehicles established to deliver services within their remit. This may include partnership arrangements, including those with the voluntary and community sector. Where grants are provided to voluntary sector organisations, conditions are applied regarding the reporting of the activities of the grant receiving body and its financial standing. In particular, where grant funding exceeds a given value a service level agreement may be used to gain assurance over the use of funds.

Significant Governance Issues – Action Plan

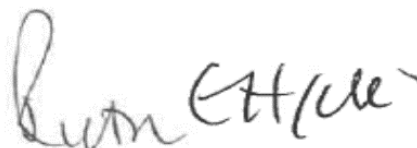
We propose over the coming year to take steps to address the matters listed as ‘opportunities for improvement’ to further enhance governance arrangements. We are satisfied that these steps will address the need for improvements that were identified in our review of effectiveness and will monitor their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

Action

1. Member training on the new Code of Conduct
2. Member training on the new Constitution
3. Produce a new Communication and Engagement Strategy
4. Review mechanisms for community engagement
5. Review the Green Infrastructure Strategy
6. Revise the existing Waste Strategy to incorporate the requirements of the Environment Act
7. Produce a new Economic Regeneration Strategy
8. Continue the review of the greater Nottingham Core Strategy
9. Review and adopt a new SPD on Toton area of strategic growth
10. Progress neighbourhood plans
11. Update the Business Strategy and Medium Term Financial Strategy in 2022/23
12. Submit Levelling Up bids for Eastwood and Kimberley
13. Play an active part in the bid for a County Deal for Nottinghamshire
14. Complete improvement plans for Customer Services and Housing Repairs
15. Systematic review of Health and Safety Policies
16. Continuance of cyber-fitness activity
17. Participate in an LGA Peer review
18. Introduce the new governance arrangements, including an Overview and Scrutiny Committee



Councillor M Radulovic MBE
Leader of the Council
Broxtowe Borough Council
16 May 2022



R Hyde OBE
Chief Executive
Broxtowe Borough Council
16 May 2022

STATEMENT OF RESPONSIBILITIES FOR THE STATEMENT OF ACCOUNTS

The Authority's Responsibilities

The authority is required:

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

The Deputy Chief Executive's Responsibilities

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

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

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

The Deputy Chief Executive has also:

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

This statement of accounts is that upon which the auditor should enter his certificate and opinion and has been prepared under the Local Government Finance Act 2003. It gives a true and fair view of the financial position of the authority at 31 March 2022 and its income and expenditure for the year then ended.



Z Darr
Deputy Chief Executive
20 July 2022

COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT

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

Year Ended 31 March 2021				Year Ended 31 March 2022			
Gross Expend £'000	Income £'000	Net Expend £'000		Gross Expend £'000	Income £'000	Net Expend £'000	Notes
814	(454)	360	Housing	946	(678)	268	
8,067	(3,851)	4,216	Environment	8,213	(4,041)	4,172	
2,186	(1,326)	860	Business Growth	2,297	(1,269)	1,028	
1,996	(428)	1,568	Community Safety	2,459	(516)	1,943	
2,192	(248)	1,944	Health	1,897	(309)	1,588	
22,561	(22,229)	332	Revenues, Benefits & Customer Services	16,196	(15,162)	1,034	
12,828	(2,521)	10,307	Resources	8,508	(3,229)	5,279	
1,158	(412)	746	ICT & Business Transformation	1,171	(481)	690	
691	(16,359)	(15,668)	Local Authority Housing (HRA)	(9,422)	(16,553)	(25,975)	
52,493	(47,828)	4,665	Cost of Services – Continuing Operations	32,265	(42,238)	(9,973)	
		5,526	Other Operating Expenditure			8,478	12
		3,565	Financing and Investment Income and Expenditure			3,754	13
		(14,646)	Taxation and Non-Specific Grant Income			(12,896)	14
		(890)	(Surplus) or Deficit on Provision of Services			(10,637)	
		2,230	(Surplus) or Deficit on Revaluation of Property, Plant and Equipment Assets			(2,014)	
		17,087	Measurements of the Net Defined Benefit Liability/(Asset)			(15,515)	38
		19,317	Other Comprehensive Income and Expenditure			(17,529)	
		18,427	Total Comprehensive Income and Expenditure			(28,166)	

MOVEMENT IN RESERVES STATEMENT

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

	General Fund & Earmarked Reserves £'000	Housing Revenue Account £'000	Capital Receipts Reserve £'000	Major Repairs Reserve £'000	Capital Grants Unapplied £'000	Bramcote Bereav't Services £'000	Total Usable Reserves £'000	Unusable Reserves £'000	Total Reserves £'000
Balance at 31 March 2020 Carried Forward	(5,765)	(4,626)	(4,774)	0	0	(136)	(15,301)	(70,727)	(86,028)
Movement in Reserves during 2020/21									
Total Comprehensive Income and Expenditure	7,632	(8,313)	0	0	0	(209)	(890)	19,317	18,427
Adjustments between accounting basis & funding basis under regulations (Note 10)	(16,579)	7,013	1,230	0	0	(45)	(8,381)	8,381	0
(Increase)/decrease in 2020/21	(8,947)	(1,300)	1,230	0	0	(254)	(9,271)	27,698	18,427
Balance at 31 March 2021 Carried Forward	(14,712)	(5,926)	(3,544)	0	0	(390)	(24,572)	(43,029)	(67,601)
Movement in Reserves during 2021/22									
Total Comprehensive Income and Expenditure	4,795	(15,550)	0	0	0	118	(10,637)	(17,529)	(28,166)
Adjustments between accounting basis & funding basis under regulations (Note 10)	(1,091)	16,514	(711)	0	0	(78)	14,634	(14,634)	0
(Increase)/decrease in 2021/22	3,704	964	(711)	0	0	40	3,997	(32,163)	(28,166)
Balance at 31 March 2022 Carried Forward	(11,008)	(4,962)	(4,255)	0	0	(350)	(20,575)	(75,192)	(95,767)

BALANCE SHEET

The Balance Sheet shows the value as at the Balance Sheet date of the assets and liabilities recognised by the authority. The net assets of the authority (assets less liabilities) are matched by the reserves held by the authority. Reserves are reported in two categories, usable and unusable. Usable reserves are those reserves that the authority may use to provide services, subject to the need to maintain a prudent level of reserves and any statutory limitations on their use (for example the Capital Receipts Reserve that may only be used to fund capital expenditure or repay debt). Unusable reserves are those that the authority is not able to use to provide services. This category of reserves includes reserves that hold unrealised gains and losses (for example the Revaluation Reserve), where amounts would only become available to provide services if the assets are sold; and reserves that hold timing differences shown in the Movement in Reserves Statement line Adjustments between accounting basis and funding basis under regulations.

31 March 2021 £'000		31 March 2022 £'000	Notes
229,634	Property, Plant & Equipment	250,405	15
304	Heritage Assets	404	16
373	Intangible Assets	245	
5,984	Long Term Investments	6,309	17
51	Long Term Debtors	67	
236,346	Long Term Assets	257,430	
0	Short Term Investments	0	17
0	Assets Held for Sale	0	20
190	Inventories	255	
16,930	Short Term Debtors	9,573	18
11,526	Cash and Cash Equivalents	14,431	19
28,646	Current Assets	24,259	
(23,786)	Short Term Borrowing	(9,787)	17
(16,975)	Short Term Creditors	(15,515)	21
(317)	Provisions	(335)	
(3,081)	Revenue Grants Receipts in Advance	(7,147)	32
(44,159)	Current Liabilities	(32,784)	
(640)	Provisions	(662)	22
(77,327)	Long Term Borrowing	(85,837)	17
(72,774)	Net Pension Liability	(62,166)	38
(2,491)	Capital Grants Receipts in Advance	(4,473)	32
(153,232)	Long Term Liabilities	(153,138)	
67,601	Net Assets	95,767	
(24,572)	Usable Reserves	(15,430)	23
(43,029)	Unusable Reserves	(80,337)	24
(67,601)	Total Reserves	(95,767)	

Z Darr BSc CPFA MBA – Deputy Chief Executive and Section 151 Officer
20 July 2022

CASH FLOW STATEMENT

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

2020/21 £'000		31 March 2022 £'000	Notes
890	Net surplus or (deficit) on the provision of services	10,637	
25,270	Adjustments to net surplus or deficit for non-cash movements	3,180	25
(5,243)	Adjustments for items included in the net surplus or deficit on the provision of services that are investing and financing activities	(3,286)	25
20,917	Net cash flows from operating activities	10,531	
(10,911)	Investing activities	(9,253)	26
(9,511)	Financing activities	1,627	27
495	Net increase or (decrease) in cash	2,905	
11,031	Cash and cash equivalents at the beginning of the reporting period	11,526	
11,526	Cash and cash equivalents at the end of the reporting period	14,431	19

NOTES TO THE CORE FINANCIAL STATEMENTS

1. Accounting Policies

Accounting Policies

(i) General Principles

The Statement of Accounts summarises the authority's transactions for the 2021/22 financial year and its position at the year end of 31 March 2022. The authority is required to prepare an annual Statement of Accounts by the Accounts and Audit (England) Regulations 2015 in accordance with proper accounting practices. These practices primarily comprise the Code of Practice on Local Authority Accounting 2021/22 (the Code) supported by International Financial Reporting Standards (IFRS), International Accounting Standards and statutory guidance issued under section 12 of the Local Government Act 2003.

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

The Statement of Accounts has been prepared on a going concern basis. As required by IAS 1, it has been assumed that the Council will continue in operation for the foreseeable future.

(ii) Accruals of Income and Expenditure

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

- Revenue from contracts with service recipients, whether for services or the provision of goods, is recognised when (or as) the goods or services are transferred to the service recipient in accordance with the performance obligations in the contract.
- Supplies are recorded as expenditure when they are consumed – where there is a gap between the date supplies are received and their consumption they are carried as inventories on the Balance Sheet.
- Expenses in relation to services received (including services provided by employees) are recorded as expenditure when the services are received rather than when payments are made.
- Interest receivable on investments and payable on borrowings is accounted for respectively as income and expenditure on the basis of the effective interest rate for the relevant financial instrument rather than the cash flows fixed or determined by the contract.
- Where revenue and expenditure have been recognised but cash has not been received or paid, a debtor or creditor for the relevant amount is recorded in the Balance Sheet. Where debts may not be settled, the balance of debtors is written down and a charge made to revenue for the income that might not be collected.

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

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

Council housing rents become chargeable on the Monday of each week for the week ahead. Rent income is accounted for up to and including the last Monday in the financial year. This can therefore include an element relating to the following year for which no adjustment is made.

(iii) Cash and Cash Equivalents

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

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

(iv) Exceptional Items

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

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

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

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

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

(vi) Charges to Revenue for Non-Current Assets

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

- Depreciation attributable to the assets used by the relevant service

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

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

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

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

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

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

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

Depreciation, revaluation and impairment losses and amortisations are therefore reversed out of the General Fund (and Housing Revenue Account (HRA)) and replaced by the MRP. This is completed with an adjusting transaction with the Capital Adjustment Account within the Movement in Reserves Statement for the difference between the two. This ensures that depreciation, revaluation and impairment losses and amortisations have no overall effect on council tax or housing rent levels.

The Local Authorities (Capital Finance and Accounting) (England) (Amendment) Regulations 2008, require local authorities to approve an MRP policy at the beginning of each financial year on setting aside a sum of money from revenue for the repayment of principal on outstanding debt. From 2012/13 onwards the Council has approved a policy such that, for capital expenditure incurred before 1 April 2008, the MRP is based on 4% of the authority's Capital Financing Requirement for the General Fund.

For General Fund capital expenditure incurred after 1 April 2008, the MRP is based upon the estimated life of those assets where the financing was provided by borrowing. The Council has also decided that no voluntary provision for the repayment of debt relating to the HRA should be made in 2021/22.

(vii) Employee Benefits

Benefits Payable During Employment

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

Termination Benefits

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

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

Post-Employment Benefits

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

The Local Government Pension Scheme

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

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

- The assets of the Nottinghamshire County Council pension fund attributable to the Council are included in the Balance Sheet at their fair value:
 - Quoted securities – current bid price
 - Unquoted securities – professional estimate
 - Unitised securities – current bid price
 - Property – market value

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

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

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

Discretionary Benefits

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

(viii) Events after the Balance Sheet Date

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

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

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

(ix) Financial Instruments

Financial Liabilities

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

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

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

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

Financial Assets

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

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

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

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

Financial Assets measured at Amortised Cost

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

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

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

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

Expected Credit Loss Model

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

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

Financial Assets measured at Fair Value through Profit or Loss

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

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

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

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

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

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

Financial Assets measured at Fair Value through Other Comprehensive Income

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

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

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

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

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

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

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

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

(x) Government Grants and Contributions

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

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

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

Monies advanced as grants and contributions for which conditions have not been satisfied are carried in the Balance Sheet as creditors. When conditions are satisfied, the grant or contribution is credited to the relevant service line (attributable revenue grants and

contributions) or Taxation and Non-specific Grant Income (non-ring fenced revenue grants and all capital grants) in the Comprehensive Income and Expenditure Statement.

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

(xi) Heritage Assets

The Council's Heritage Assets consist of the DH Lawrence Birthplace Museum building and a painting by Dr Ala Bashir, a respected sculptor and painter, of DH Lawrence which is linked to his most famous novel, *Lady Chatterley's Lover*. The museum building is held for its historical and artistic significance and to promote knowledge and culture. The DH Lawrence Birthplace Museum is recognised and measured (including the treatment of depreciation and revaluation gains and losses) in accordance with the Authority's accounting rules on property, plant and equipment. The building was revalued at 31 March 2022 in accordance with the Council's five-year revaluation cycle for such assets. The painting was donated to the Council in 2008.

The carrying amounts of heritage assets are reviewed where there is evidence of impairment. For example, this may be where the asset has suffered physical deterioration or breakage or where doubts arise as to its authenticity. Any impairment is recognised and measured in accordance with the Council's general policies on impairment.

(xii) Intangible Assets

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

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

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

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

An asset is tested for impairment whenever there is an indication that the asset might be impaired. Any losses recognised are posted to the relevant service line(s) in the Comprehensive Income and Expenditure Statement.

Any gain or loss arising on the disposal or abandonment of an intangible asset is posted to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement.

Where expenditure on intangible assets qualifies as capital expenditure for statutory purposes, amortisation, impairment losses and disposal gains and losses are not permitted to have an impact on the General Fund Balance. The gains and losses are therefore reversed out of the General Fund Balance in the Movement in Reserves Statement and posted to the Capital Adjustment Account and (for any sales proceeds greater than £10,000) the Capital Receipts Reserve.

(xiii) Interests in Companies and Other Entities

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

(xiv) Inventories and Long Term Contracts

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

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

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

(xv) Investment Property

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

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

Rentals received in relation to investment properties are credited to the Financing and Investment income and expenditure line in the Comprehensive Income and Expenditure

Statement and result in a gain for the General Fund Balance. However, revaluation and disposal gains and losses are not permitted by statutory arrangements to have an impact on the General Fund Balance.

The gains and losses are therefore reversed out of the General Fund Balance in the Movement in Reserves Statement and posted to the Capital Adjustment Account and (for any sale proceeds greater than £10,000) the Capital Receipts Reserve.

The Council does not currently have any investment properties.

(xvi) Jointly Controlled Operations and Jointly Controlled Assets

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

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

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

(xvii) Leases

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

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

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

The Council as Lessee:

(i) Finance Leases

Property, plant and equipment held under finance leases is recognised on the Balance Sheet at the commencement of the lease at its fair value measured at the lease's inception. The asset recognised is matched by a liability for the obligation to pay the lessor. Contingent rents are charged as expenses in the periods in which they are incurred. All assets acquired through finance leases have been fully written down at the Balance Sheet date.

(ii) Operating Leases

Rentals paid under operating leases are charged to the Comprehensive Income and Expenditure Statement as an expense of the services benefitting from use of the leased property, plant or equipment. Charges are made on a straight-line basis over the life of the lease.

The Council as Lessor:

(iii) Finance Leases

Where the Council grants a finance lease over a property or an item of plant or equipment, the relevant asset is written out of the Balance Sheet as a disposal.

(iv) Operating Leases

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

New standards in respect to leasing come into effect from 1 April 2022 which will change the accounting treatment of finance and operating leases. The Council is assessing the implications but considering the low number of leases the Council currently holds as lessee the impact is not considered to be material.

(xviii) Overhead and Support Services

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

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

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

(xix) Property, Plant and Equipment

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

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

Recognition

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

Measurement

Assets are initially measured at cost, comprising:

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

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

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

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

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

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

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

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

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

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

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

Impairment

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

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

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

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

Depreciation

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

Depreciation is calculated on the following bases:

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

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

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

Disposals and Non-Current Assets Held for Sale

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

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

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

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

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

With regards to the de-recognition of infrastructure assets or components of an asset, typically infrastructure assets/components are de-recognised when an asset/component is replaced. In these circumstances the Council will be utilising the Statutory Provision 'The Local Authorities (Capital Finance and Accounting) (England) (Amendment) Regulations 2022 SI 1232/2022'. The Council will derecognise infrastructure assets/component at £ nil value (i.e. fully depreciated). The exception to this is where an infrastructure asset/component is disposed of via a means other than replacement expenditure (e.g. the sale of an asset). In this case the accounting methods for disposal as set out above will be followed.

Amounts received for a disposal in excess of £10,000 are categorised as capital receipts. The Council has committed to a government scheme whereby, as from 2012/13, housing capital receipts from right to buy sales can only be used towards new affordable council housing, and within three years of their receipt, otherwise they become payable to the government. The balance of receipts held is required to be credited to the Capital Receipts Reserve and can then only be used for new capital investment on council housing or set aside to reduce the underlying need to borrow (the Capital Financing Requirement). Receipts are appropriated to the Reserve from the General Fund Balance in the Movement in Reserves Statement.

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

(xx) Provisions, Contingent Liabilities and Contingent Assets

Provisions

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

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

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

A provision exists in relation to outstanding insurance claims, based upon information supplied by the Council's insurers. All insurance claims transactions during the course of the year are

passed through the provision with the appropriate charge being made against the service lines within the Comprehensive Income and Expenditure Statement.

Contingent Liabilities

A contingent liability arises where an event has taken place that gives the Council a possible obligation whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the Council.

Contingent liabilities also arise in circumstances where a provision would otherwise be made but either it is not probable that an outflow of resources will be required or the amount of obligation cannot be measured reliably.

Contingent liabilities are not recognised in the Balance Sheet but disclosed in a note to the accounts. Further details can be found in note 39 to the accounts.

Contingent Assets

A contingent asset arises where an event has taken place that gives the Council a possible asset whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the authority.

Contingent assets are not recognised in the Balance Sheet but disclosed in a note to the accounts where it is probable that there will be an inflow of economic benefits or service potential. Further details can be found in note 40 to the accounts.

(xxi) Reserves

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

(xxii) Revenue Expenditure Funded from Capital under Statute

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

(xxiii) VAT

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

(xxiv) Collection Fund

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

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

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

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

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

As the Collection Fund is conducted on an agency basis, there is a debtor or creditor position between the Council and the major precepting authorities and central government.

Council Tax

The Local Council Tax Support Scheme is reviewed by the Finance and Resources Committee prior to the commencement of the financial year and any amendments are approved by full Council.

2. Accounting Standards that have been Issued but not yet Adopted

The 2021/22 Code of Practice requires changes in accounting policy to be applied retrospectively unless alternative transitional arrangements are specified in the Code. The Code also requires the Authority to disclose information relating to the impact of an accounting change that will be required by a new standard that has been issued but not yet adopted by the Code for the relevant year.

The additional disclosures that may be required in the financial statements in respect of accounting changes that are introduced in the 2022/23 Code of Practice relate to:

- IFRS 1 First Time Adoption – amendment relates to foreign operations of acquired subsidiaries transitioning to IFRS
- IAS 37 Onerous Contracts – clarifies the intention of the standard

- IFRS 16 Leases – amendment removes a misleading example
- IAS 41 Agriculture

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

3. Critical Judgements in applying Accounting Policies

In applying the accounting policies set out earlier in this document the authority has had to make certain judgements about complex transactions or those involving uncertainty about future events. The critical judgements made in the Statement of Accounts are:

- As outlined in the Narrative Statement there remains uncertainty in respect of future funding as the Council awaits the Government’s conclusion on its Comprehensive Spending Review, the Fair Funding Review, and the operation of 75% Business Rates Retention.

4. Assumptions Made About the Future and Other Major Sources of Estimation Uncertainty

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

The items in the Council’s Balance Sheet at 31 March 2022 for which there is a significant risk of material adjustment in the forthcoming financial year are as follows:

Item	Uncertainties	Effect if Actual Results differ from Assumptions
Debt Impairment	It is recognised that a proportion of the Council’s short term debt will not be collected. To allow for this a provision for debt impairment is calculated to ensure the balance shown in the accounts reflect the income likely to be received. The impairment is calculated on the basis of the age of the debt and the likelihood of recovery. In addition, significant balances are assessed individually.	The debt impairment on short term debtors is £1.195m. If collection rates were to deteriorate an increase in the amount of impairment would be required. The Council also has an additional £0.25m debt impairment in respect of the Council’s proportion of the Council Tax and Non Domestic Rates Collection Fund.

Item	Uncertainties	Effect if Actual Results differ from Assumptions
Property, Plant and Equipment	Assets are depreciated over useful lives that are dependent on assumptions about the level of repairs and maintenance that will be incurred in relation to individual assets. The current economic climate makes it uncertain that the Council will be able to sustain its current spending on repairs and maintenance, bringing into doubt the useful lives assigned to some assets.	If the useful life of assets is reduced, depreciation increases and the carrying amount of the assets falls. It is estimated that the annual depreciation charge for Other Land and Buildings would increase by £13,163 for every year that useful lives of these assets were to be reduced.
Pensions Liability	Estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets. A firm of consulting actuaries is engaged to provide the Council with expert advice about the assumptions to be applied.	The effects on the net pensions liability of changes in individual assumptions can be measured. For example, a 0.1% increase in the discount rate assumption and an increase of one year in the mortality age rating assumption would result in a decrease of £3.467m and an increase of £8.812m respectively in the present value of the defined benefit obligation. An increase in the discount rate would, if all other factors remained unchanged, result in a decrease in the present value of the defined benefit obligation.
Council house rent arrears	At 31 March 2022, council house rent arrears (including former tenants) amounted to £0.422m.	If collection rates were to deteriorate by 10%, this would increase arrears by £42k and further impairment would need to be provided for within the Housing Revenue Account.

Item	Uncertainties	Effect if Actual Results differ from Assumptions
Appeals on Non Domestic Rates valuations	Businesses are able to challenge valuations involved in setting Business Rates. The current approach is based upon appeals lodged with the Valuation Office. The current provision for appeals is £1.656m. There remains potential for further appeals to be made against the 2017 valuation listing.	If the value of successful appeals were to increase by 10% an increase in provision of £0.166m would be required which would be shared with preceptors and the Government. Broxtowe’s element would be £0.066m. There is also uncertainty as to how appeals will be managed under 75% business rate retention once introduced.

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

5. Material Items of Income and Expense

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

6. Prior Period Adjustment

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

No prior period adjustments were made for the 2020/21 figures within the statement.

7. Events After the Reporting Period

The Statement of Accounts was authorised for issue by the Deputy Chief Executive on 20 July 2022. Events taking place after this date are not reflected in the financial statements or notes. Where events taking place before this date provided information about conditions existing at 31 March 2022, the figures in the financial statements and notes have been adjusted in all material respects to reflect the impact of this information.

For the purposes of consideration, Post Balance Sheet events can occur up to the approval of the Statement on 26 September 2022 by the Governance, Audit and Standards Committee.

In 2011/12 Nottingham City Council used an Act of Parliament to compulsorily acquire or temporarily use 127 plots of Broxtowe Borough Council land to construct and operate the tram extension from Nottingham Station to Toton Lane. The most significant land take was at

Beeston Square but other land was also taken including car parks, retirement living schemes and public open space.

Broxtowe Borough Council and its advisors have been in ongoing discussions with Nottingham City Council regarding an appropriate level of compensation for the use of Broxtowe's land. The sums received up to 31 March 2022 amounted to £1.522m and final payments totalling £2.151m have been received during the 2022/23 financial year. The matter has now been fully resolved and it is not anticipated that any further payments will be received.

8. Expenditure and Funding Analysis

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

2020/21				2021/22		
Net Expenditure Chargeable to the General Fund and HRA balances £'000	Adjustments between the Funding and Accounting Basis £'000	Net Expenditure in the Comprehensive Income and Expenditure Statement £'000		Net Expenditure Chargeable to the General Fund and HRA balances £'000	Adjustments between the Funding and Accounting Basis £'000	Net Expenditure in the Comprehensive Income and Expenditure Statement £'000
			Corporate Priority			
389	(29)	360	Housing	318	(50)	268
3,349	867	4,216	Environment	3,966	206	4,172
692	168	860	Business Growth	1,000	28	1,028
1,171	397	1,568	Community Safety	1,409	534	1,943
1,432	512	1,944	Health	1,206	382	1,588
470	(138)	332	Revenues, Benefits and Customer Services	1,285	(251)	1,034
1,365	8,942	10,307	Resources	970	4,309	5,279
586	160	746	ICT and Business Transformation	561	129	690
(7,686)	(7,982)	(15,668)	Local Authority Housing (HRA)	(6,636)	(19,339)	(25,975)
1,768	2,897	4,665	Net Cost of Service	4,079	(14,052)	(9,973)
(12,269)	6,714	(5,555)	Other Income and Expenditure	629	(1,293)	(664)
(10,501)	9,611	(890)	Surplus or Deficit	4,708	(15,345)	(10,637)
10,527			Opening General Fund and HRA balances at 1 April	21,028	The respective increase/decrease on the General Fund and HRA are detailed in the Movement on Reserves Statement on page 32	
10,501			Less/Plus Surplus or (Deficit) on General Fund and HRA Balance in Year	(4,708)		
21,028			Closing General Fund and HRA Balance at 31 March	16,320		

Adjustments between Funding and Accounting Basis

Adjustments from General Fund to arrive at the Comprehensive Income and Expenditure Statement amounts	Adjustments for Capital Purposes £'000	Net change for Pensions Adjustments £'000	Other Statutory Adjustments £'000	Total Adjustments £'000
<u>2020/21</u>				
Housing	0	(29)	0	(29)
Environment	1,256	(389)	0	867
Business Growth	294	(126)	0	168
Community Safety	508	(111)	0	397
Health	518	(6)	0	512
Revenues, Benefits & Customer Services	0	(138)	0	(138)
Resources	7,713	1,229	0	8,942
ICT & Business Transformation	200	(40)	0	160
Local Authority Housing (HRA)	(7,592)	(390)	0	(7,982)
Net Cost of Services	2,897	0	0	2,897
Other income and expenditure from the Expenditure and Funding Analysis	(2,756)	2,289	7,181	6,714
Difference between General Fund surplus or deficit and Comprehensive Income and Expenditure Statement Surplus or Deficit on the Provision of Services	141	2,289	7,181	9,611
<u>2021/22</u>				
Housing	0	(50)	0	(50)
Environment	896	(690)	0	206
Business Growth	264	(236)	0	28
Community Safety	728	(194)	0	534
Health	392	(10)	0	382
Revenues, Benefits & Customer Services	0	(251)	0	(251)
Resources	2,077	2,232	0	4,309
ICT & Business Transformation	201	(72)	0	129
Local Authority Housing (HRA)	(18,610)	(729)	0	(19,339)
Net Cost of Services	(14,052)	0	0	(14,052)
Other income and expenditure from the Expenditure and Funding Analysis	(930)	4,645	(5,008)	(1,293)
Difference between General Fund surplus or deficit and Comprehensive Income and Expenditure Statement Surplus or Deficit on the Provision of Services	(14,982)	4,645	(5,008)	(15,345)

Adjustments for Capital Purposes

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

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

Net Change for Pension Adjustments

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

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

Other Statutory Adjustments

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

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

9. Expenditure and Income Analysed by Nature

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

2020/21 £'000		2021/22 £'000
	Expenditure	
15,366	Employee Benefits Expenses	17,628
387	Expenditure on Joint Associates	441
33,845	Other Services Expenses	28,249
2,895	Depreciation, Amortisation & Impairment	(14,053)
2,881	Interest Payments	2,853
903	Precepts and Levies	913
417	Payments to Housing Capital Receipts Pool	417
4,206	(Gain)/Loss on the Disposal of Assets	7,148
1,228	Pensions Interest Cost	1,447
(279)	(Gain)/Loss on Revaluation of Financial Instruments	(298)
61,849	Total Expenditure	44,745
	Income	
(30,729)	Fees, Charges and Other Service Income	(25,921)
(605)	Income on Joint Associates	(334)
(265)	Interest and Investment Income	(248)
(10,585)	Income from Council Tax & Non Domestic Rates	(11,814)
(20,555)	Government Grants & Contributions	(17,065)
(62,739)	Total Income	(55,382)
(890)	Surplus or Deficit on Provision on Services	(10,637)

10. Adjustments between Accounting Basis and Funding Basis under Regulations

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

General Fund Balance

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

Housing Revenue Account Balance

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

Capital Receipts Reserve

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

Major Repairs Reserve

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

Capital Grants Unapplied

The Capital Grants Unapplied Account (Reserve) holds the grants and contributions received towards capital projects for which the Council has not yet met the conditions that would otherwise require repayment of the monies but which have yet to be applied to meet expenditure. The balance is restricted by grant terms as to the capital expenditure against which it can be applied and/or the financial year in which this can take place.

Bramcote Bereavement Services

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

2021/22	Usable Reserves					
	General Fund Balance	Housing Revenue Account	Capital Receipts Reserve	Major Repairs Reserve	Capital Grants Unapplied	Bramcote Bereavement Services
	£'000	£'000	£'000	£'000	£'000	£'000
Adjustments to the Revenue Resources						
<u>Amounts by which income and expenditure included in the Comprehensive Income and Expenditure Statement are different from revenue for the year calculated in accordance with statutory requirements:</u>						
Pension costs (transferred to (or from) the Pensions Reserve)	(3,291)	(1,302)	0	0	0	(52)
Financial Instruments (transferred to the Financial Instruments Adjustment Account)	34	0	0	0	0	0
Financial Instruments (transferred to the Pooled Fund Adjustment Account)	298	0	0	0	0	0
Council Tax and NDR (transfers to (or from) Collection Fund Adjustment Account)	4,676	0	0	0	0	0
Reversal of entries included in the Surplus or Deficit on the Provision of Services in relation to capital expenditure (these items are charged to the Capital Adjustment Account)	(3,598)	9,136	0	0	0	(42)
Total Adjustments to Revenue Resources	(1,881)	7,834	0	0	0	(94)
Adjustments between Revenue and Capital Resources						
Transfer of non current asset sale proceeds from revenue to the Capital Receipts Reserve	63	2,264	(2,327)	0	0	0
Payments to the government housing receipts pool (funded by a transfer from the Capital Receipts Reserve)	(417)	0	417	0	0	0
Posting of HRA resources from revenue to the Major Repairs Reserve	0	4,347	0	(4,347)	0	0
Statutory provision for the repayment of debt (transfer from the Capital Adjustment Account)	1,125	0	0	0	0	0
Capital expenditure financed from revenue balances (transfer to the Capital Adjustment Account)	19	2,069	0	0	0	16
Total Adjustments between Revenue and Capital Resources	790	8,680	(1,910)	(4,347)	0	16
Adjustments to Capital Resources						
Use of the Capital Receipts Reserve to finance capital expenditure	0	0	1,199	0	0	0
Use of the Major Repairs Reserve to finance capital expenditure	0	0	0	4,347	0	0
Application of capital grants to finance capital expenditure	0	0	0	0	0	0
Cash payments in relation to deferred capital receipts	0	0	0	0	0	0
Total Adjustments between Revenue and Capital Resources	0	0	1,199	4,347	0	0
Total Adjustments	(1,091)	16,514	(711)	0	0	(78)

<u>2020/21</u>	Usable Reserves					
	General Fund Balance	Housing Revenue Account	Capital Receipts Reserve	Major Repairs Reserve	Capital Grants Unapplied	Bramcote Bereavement Services
	£'000	£'000	£'000	£'000	£'000	£'000
Adjustments to the Revenue Resources						
<u>Amounts by which income and expenditure included in the Comprehensive Income and Expenditure Statement are different from revenue for the year calculated in accordance with statutory requirements:</u>						
Pension costs (transferred to (or from) the Pensions Reserve)	(1,475)	(810)	0	0	0	(4)
Financial Instruments (transferred to the Financial Instruments Adjustment Account)	37	0	0	0	0	0
Financial Instruments (transferred to the Pooled Fund Adjustment Account)	280	0	0	0	0	0
Council Tax and NDR (transfers to (or from) Collection Fund Adjustment Account)	(7,498)	0	0	0	0	0
Reversal of entries included in the Surplus or Deficit on the Provision of Services in relation to capital expenditure (these items are charged to the Capital Adjustment Account)	(10,592)	2,204	0	0	0	(41)
Total Adjustments to Revenue Resources	(19,248)	1,394	0	0	0	(45)
Adjustments between Revenue and Capital Resources						
Transfer of non current asset sale proceeds from revenue to the Capital Receipts Reserve	2,237	1,027	(3,264)	0	0	0
Payments to the government housing receipts pool (funded by a transfer from the Capital Receipts Reserve)	(417)	0	417	0	0	0
Posting of HRA resources from revenue to the Major Repairs Reserve	0	4,227	0	(4,227)	0	0
Statutory provision for the repayment of debt (transfer from the Capital Adjustment Account)	834					
Capital expenditure financed from revenue balances (transfer to the Capital Adjustment Account)	15	365	0	0	0	0
Total Adjustments between Revenue and Capital Resources	2,669	5,619	(2,847)	(4,227)	0	0
Adjustments to Capital Resources						
Use of the Capital Receipts Reserve to finance capital expenditure	0	0	4,077	0	0	0
Use of the Major Repairs Reserve to finance capital expenditure	0	0	0	4,227	0	0
Application of capital grants to finance capital expenditure	0	0	0	0	0	0
Cash payments in relation to deferred capital receipts	0	0	0	0	0	0
Total Adjustments between Revenue and Capital Resources	0	0	4,077	4,227	0	0
Total Adjustments	(16,579)	7,013	1,230	0	0	(45)

11. Transfer to/from Earmarked Reserves

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

	Balance at 31 March 2020	Transfers Out 2020/21	Transfers In 2020/21	Balance at 31 March 2021	Transfers Out 2021/22	Transfers In 2021/22	Balance at 31 March 2022
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
General Fund:							
Elections Reserve	(135)	0	(36)	(171)	0	(30)	(201)
Homelessness Grant Initiatives	(109)	0	(33)	(142)	0	(69)	(211)
Stapleford Town Fund Reserve	(26)	0	(46)	(72)	0	0	(72)
Planning Reserve	(17)	0	0	(17)	0	(14)	(31)
Noise Monitoring Equipment Replacement	(15)	0	0	(15)	0	0	(15)
Council Tax Equalisation	0	0	(66)	(66)	0	0	(66)
NDR Equalisation	0	0	(7,345)	(7,345)	4,369	0	(2,976)
Other small balances	(11)	0	0	(11)	0	0	(11)
Total	(313)	0	(7,526)	(7,839)	4,369	(113)	(3,583)

Apart from a small amount held on a charities account within "Other small balances", all of the above reserves shown under the General Fund can be used to fund any General Fund expenditure. The prime intent of each of the reserves is given below:

- Elections Reserve - Yearly amounts are paid into the reserve in order to spread out the high costs of council elections when they occur once every four years. Grant monies received from the government in respect of the Individual Electoral registration initiative are also transferred to the reserve. It is intended these monies will contribute towards the costs associated with running individual registration.
- Homelessness Grant Initiatives - This earmarked reserve represents funding received from the Government in respect of Flexible Homelessness Grant and New Burdens Funding Grant. This reserve is to fund specific initiatives to prevent and manage homelessness within the Borough.
- Stapleford Town Fund Reserve - This reserve was created from an allocation of the General Fund to contribute to the drawing up of a bid to apply for funding from the Government's Town Funds initiative. The purpose of this is to regenerate town centres, boost businesses and improve infrastructure.
- Planning Reserve - This reserve was created from grant monies from the government in relation to Custom Build grant and Brownfield Sites grant. It is intended these monies will contribute towards the costs associated with setting up and maintaining the custom/self-build properties and brownfield sites registers.
- Noise Monitoring Equipment Replacement - It is intended that there will be an annual contribution from unspent budget which will fund the required expenditure to replace or upgrade the equipment every 2/3 years.

- Council Tax Equalisation - Government funding was provided to local authorities to help offset the reduction in council tax received from taxpayers as a result of the Covid-19 pandemic. A proportion of this funding has been set aside to offset the continued deficit in future years.
- NDR Equalisation - Government funding was provided to local authorities to help offset the reduction in NDR received from ratepayers as a result of the Covid-19 pandemic. A proportion of this funding has been set aside to offset the continued deficit in future years.
- Other small balances. This relates to a small balance held on a charities account.

12. Other Operating Expenditure

2020/21 £'000		2021/22 £'000
903	Parish Council Precepts	913
417	Payments to the Government Housing Capital Receipts Pool	417
4,206	Gains/losses on the disposal of non-current assets	7,148
5,526	Total	8,478

13. Financing and Investment Income and Expenditure

2020/21 £'000		2021/22 £'000
2,881	Interest payable and similar charges	2,853
1,228	Net interest on the net defined benefit liability/(asset)	1,447
(265)	Interest receivable and similar income	(248)
(279)	Gains/losses on revaluation of financial instruments	(298)
3,565	Total	3,754

14. Taxation and Non Specific Grant Income

2020/21 £'000		2021/22 £'000
(6,621)	Council tax income	(6,791)
(3,964)	Non-Domestic Rates (NDR)	(5,023)
(2,081)	Government Grants - Covid	0
0	Lower Tier Services Grant	(123)
(1,980)	Capital grants and contributions	(959)
(14,646)	Total	(12,896)

15. Property, Plant and Equipment

Movements in 2021/22	Council Dwellings	Other Land and Buildings	Vehicles, Plant, Furniture & Equipment	Infrastructure Assets	Community Assets	Surplus Assets	Assets Under Construction	Total Property, Plant & Equipment
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Cost or Valuation:								
At 1 April 2021	193,939	30,905	4,591	4,834	312	19	74	234,674
Additions	9,479	10	1,059	0	0	0	424	10,972
Revaluation increases/ (decreases) recognised in the Revaluation Reserve	(337)	2,246	0	0	0	0	0	1,909
Revaluation increases/ (decreases) recognised in the Surplus/Deficit on the Provision of Services	18,882	160	0	0	0	0	0	19,042
Derecognition – Disposals	(9,474)		0	0	0	0	0	(9,474)
Derecognition – Other		(398)	0	0	0	0	(74)	(472)
Assets reclassified (to)/from Held for Sale	0	0	0	0	0	0	0	0
Other movements in Cost or Valuation	(135)	0	0	0	0	0	0	(135)
At 31 March 2022	212,354	32,923	5,650	4,834	312	19	424	256,516
Accumulated Depreciation and Impairment:								
At 1 April 2021	0	(1,197)	(2,343)	(1,435)	(65)	0	0	(5,040)
Depreciation charge	(4,213)	(524)	(825)	(121)	0	0	0	(5,683)
Depreciation written out		399			0	0	0	399
Derecognition – Disposals	0	0	0	0	0	0	0	0
Derecognition – Other	0	0	0	0	0	0	0	0
Assets reclassified (to)/from Held for Sale	0	0	0	0	0	0	0	0
Other movements in Depreciation and Impairment	4,213	0	0	0	0	0	0	4,213
At 31 March 2022	0	(1,322)	(3,168)	(1,556)	(65)	0	0	(6,111)
Net Book Value:								
At 31 March 2022	212,354	31,601	2,482	3,278	247	19	424	250,405
At 31 March 2021	193,939	29,708	2,248	3,399	247	19	74	229,634

Movements in 2020/21	Council Dwellings	Other Land and Buildings	Vehicles, Plant, Furniture & Equipment	Infrastructure Assets	Community Assets	Surplus Assets	Assets Under Construction	Total Property, Plant & Equipment
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Cost or Valuation:								
At 1 April 2020	185,294	32,921	4,330	4,834	312	0	10	227,701
Additions	6,287	447	715	0	0	0	74	7,523
Revaluation increases/ (decreases) recognised in the Revaluation Reserve	32	(2,257)	0	0	0	0	0	(2,225)
Revaluation increases/ (decreases) recognised in the Surplus/Deficit on the Provision of Services	7,716	(18)	0	0	0	0	0	7,698
Derecognition – Disposals	(5,390)	0	0	0	0	0	0	(5,390)
Derecognition – Other	0	(169)	(454)	0	0	0	0	(623)
Assets reclassified (to)/from Held for Sale	0	0	0	0	0	0	0	0
Other movements in Cost or Valuation	0	(19)	0	0	0	19	(10)	(10)
At 31 March 2021	193,939	30,905	4,591	4,834	312	19	74	234,674
Accumulated Depreciation and Impairment:								
At 1 April 2020	0	(864)	(2,096)	(1,314)	(65)	0	0	(4,339)
Depreciation charge	(4,121)	(502)	(701)	(121)	0	0	0	(5,445)
Depreciation written out	0	169	454	0	0	0	0	623
Derecognition – Disposals	0	0	0	0	0	0	0	0
Derecognition – Other	0	0	0	0	0	0	0	0
Assets reclassified (to)/from Held for Sale	0	0	0	0	0	0	0	0
Other movements in Depreciation and Impairment	4,121	0	0	0	0	0	0	4,121
At 31 March 2021	0	(1,197)	(2,343)	(1,435)	(65)	0	0	(5,040)
Net Book Value:								
At 31 March 2021	193,939	29,708	2,248	3,399	247	19	74	229,634
At 31 March 2020	185,294	32,057	2,234	3,520	247	0	10	223,362

Capital Commitments

At 31 March 2022, the Council has entered into a number of significant contracts for the construction or enhancement of property, plant and equipment in 2021/22 and future years budgeted to cost £33.581m. Similar commitments at 31 March 2021 were also £33.581m. The major commitments at 31 March 2022 are:

	Total project value £'000	Of which spent by 31 March 2022 £'000
Housing Modernisation	24,059	17,076
Central Heating Replacement (Gas- Revised Total Project Value)	4,200	3,888
Central Heating Replacement (Electric)	850	795
External Wall Insulation	497	488
UPVC Windows and Doors	600	413
External Decorations	980	129
External Paths & Paving	390	496
Garage Repairs/Replacements	690	714
Aids & Adaptations	900	783
Damp Proofing	150	11

Effects of Changes in Estimates

There have been no changes in estimated asset life or residual asset values in 2021/22 that would have a material effect.

Revaluations and other changes

The authority carries out a rolling programme that ensures that all property, plant and equipment required to be measured at fair value is revalued at least every five years although material changes to asset valuations will be adjusted as they occur. Properties were valued by external valuers Innes England and Lambert Smith Hampton, except for the Garages (HRA) which were valued by N. Hawkes BSc MRICS, Registered Valuer (employed the Council) in accordance with the methodologies and bases for estimation set out in the professional standards of the Royal Institution of Chartered Surveyors (RICS).

Bramcote Quarry was last revalued at 31 March 2004. The site is currently leased to a contractor and should have been returned to the Council. However, the contractor has encountered delays in restoring the site to an acceptable condition and the site has not yet been formally handed back to the Council. The site will be revalued once it has been returned to the Council. The asset is shown in the balance sheet with a value of £0.024m as at 31 March 2022.

The valuation of council dwellings at 31 March 2022 resulted in a net revaluation gain of £27.77m. A revaluation gain for HRA Houses of £28.11m is included under Other Comprehensive Income and Expenditure in the Comprehensive Income and Expenditure Statement, This was matched by a credit of £28.11m to the Capital Adjustment Account to partly offset impairment losses in previous years. A debit of £0.337m has been posted to the Revaluation Reserve for the decrease in value of the HRA Garages.

The valuation figures incorporated in the accounts are the aggregate of separate valuations of parts of the portfolio, not a valuation of the portfolio valued as a whole. Valuations of vehicles, plant, furniture and equipment are based on current prices where there is an active second hand market or latest list prices adjusted for the condition of the asset.

The significant assumptions applied in estimating the fair values based upon the type of property are:

- Market Value – Non-operational property (investment, surplus and development property) (where applicable)
- Existing Use Value – Operational non specialised property
- Depreciated Replacement Cost – Operational specialised property
- Existing Use Value (Social Housing) – Council housing stock

The outbreak of Covid-19, declared by the World Health Organisation as a “Global Pandemic” on 11 March 2020, has and continues to impact many aspects of daily life and the global economy – with some real estate markets having experienced lower levels of transactional activity and liquidity. Travel, movement and operational restrictions were implemented by many countries. In some cases, ‘lockdowns’ have been applied to varying degrees and to reflect further ‘waves’ of Covid-19. Although these may imply a new stage of the crisis, they are not unprecedented in the same way as the initial impact. The pandemic and the measures taken to tackle Covid-19 continue to affect economies and real estate markets globally. Nevertheless, as at the valuation date property markets are mostly functioning again, with transaction volumes and other relevant evidence at returning to levels where an adequate quantum of market evidence exists upon which to base opinions of value.

	Council Dwellings	Other Land and Buildings	Vehicles, Plant, Furniture & Equipment	Infrastructure Assets	Community Assets	Surplus Assets	Assets Under Construction	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Carried at historical cost	0	460	2,482	3,278	247	19	424	6,910
Valued at fair values as at:								
31 March 2022	212,354	23,750	0	0	0	0	0	236,104
31 March 2021	0	894	0	0	0	0	0	894
31 March 2020	0	2,657	0	0	0	0	0	2,657
31 March 2019	0	1,864	0	0	0	0	0	1,864
31 March 2018	0	788	0	0	0	0	0	788
31 March 2017	0	1,188	0	0	0	0	0	1,188
31 March 2016	0	0	0	0	0	0	0	0
31 March 2015	0	0	0	0	0	0	0	0
31 March 2014	0	0	0	0	0	0	0	0
31 March 2013	0	0	0	0	0	0	0	0
31 March 2012	0	0	0	0	0	0	0	0
Total Cost or Valuation	212,354	31,601	2,482	3,278	247	19	424	250,405

At its meeting on 16 January 2020 the Bramcote Crematorium Joint Committee declared a parcel of land adjacent to the crematorium to be surplus to requirements. The terms of the sale are still being discussed with a potential buyer and therefore this asset is still held as Surplus in the accounts.

16. Heritage Assets

DH Lawrence Birthplace Museum

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

The Museum building was last revalued as at 31 March 2022 in accordance with the Council's policies for a five-year revaluation cycle of such buildings. Although the Code of Practice indicates that depreciation does not need to be charged on such assets, this is a building which requires maintenance and repair as with other council properties and it is therefore felt to be appropriate to charge depreciation in the same way.

Painting

The painting by Dr Ala Bashir was donated to the Council free of charge in 2008. A revised valuation of the painting was received from Dr Bashir on 14 August 2013 and this was used again to revalue the painting at 31 March 2012 based upon the exchange rate at that date. No further revaluations have been undertaken since that date. No depreciation is charged on the painting. There are no specific conditions attached to this donation. This asset has artistic content and could be considered to be making a strong contribution towards knowledge and culture.

17. Financial Instruments

Categories of financial instruments

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

- Amortised cost (where cash flows are solely payments of principal and interest and the Council's model is to collect those cash flows) comprising:
 - cash in hand
 - bank current and deposit accounts
 - trade receivables for goods and services provided
 - short term investments with other local authorities
- Fair value through profit and loss (all other financial assets) comprising:
 - money market funds managed by Northern Trust International Fund Administration Services, Royal London Investment Management, Federated Investors (UK) LLP and Aberdeen Global Services S.A.
 - property funds managed by CCLA Fund Managers Ltd held as strategic investments

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

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

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

	Long Term		Current	
	2020/21 £'000	2021/22 £'000	2020/21 £'000	2021/22 £'000
Investments				
Amortised cost	0	0	7,283	735
Fair value through profit or loss	5,984	6,309	4,243	13,696
Total Investments	5,984	6,309	11,526	14,431
Debtors				
Amortised cost	51	67	2,157	1,047
Total included in Debtors	51	67	2,157	1,047
Borrowings				
Amortised cost	(77,327)	(85,837)	(23,786)	(9,787)
Total Borrowings	(77,327)	(85,837)	(23,786)	(9,787)
Creditors				
Amortised cost	0	0	(4,318)	(12,037)
Total included in Creditors	0	0	(4,318)	(12,037)

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

Short term debtors as shown on the balance sheet include £8.526m debtors (£14.773m 2020/21) which do not meet the definition of a financial asset as they relate to non-exchange transactions.

Short term creditors as shown on the balance sheet includes £3.535m (£12.657m 2020/21) that does not meet the definition of a financial liability as they relate to non-exchange transactions.

Where loans are advanced at below market rates they are classed as 'soft loans'. The Council had soft loans to employees at less than market rates for the purchase of motor vehicles which totalled £0.068m at 31 March 2022 (£0.055m at 31 March 2021) and which are included under debtors in the table above. These should be correctly shown in the Balance Sheet at fair value. However, the value of these loans is not considered to be material. Accordingly, the value as shown in the Balance Sheet represents the value of any loans made less any repayments that have been received.

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

	Long Term		Current	
	2020/21 £'000	2021/22 £'000	2020/21 £'000	2021/22 £'000
Borrowing				
Nominal Amount	(77,157)	(85,644)	(23,749)	(9,785)
Accrued Interest	(170)	(193)	(37)	(2)
Total Borrowings as per Balance Sheet	(77,327)	(85,837)	(23,786)	(9,787)
Investments				
Nominal Amount	5,948	6,276	11,521	14,425
Accrued Interest	36	33	5	6
Total Investments as per Balance Sheet	5,984	6,309	11,526	14,431

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

Income, Expense, Gains and Losses

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

31 March 2021 £'000		31 March 2022 £'000
	Net gains/losses on:	
0	Financial assets measured at amortised cost	0
(279)	Financial assets measured at fair value through profit or loss	(298)
0	Financial liabilities measured at amortised cost	0
(279)	Total net gains/losses	(298)
	Interest and investment income	
(16)	Financial assets measured at amortised cost	(1)
(226)	Financial assets measured at fair value through profit or loss	(221)
(23)	Other interest received	(26)
(265)	Total interest and investment income	(248)
	Interest payable	
2,881	Financial liabilities measured at amortised cost	2,853
2,881	Total interest payable	2,853

Financial Instruments - Fair Values

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

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

- estimated ranges of interest rates at 31 March 2022 of 1.37% to 2.84% for loans from the PWLB and 2.67% for other loans receivable and payable, based on new lending rates for equivalent loans at that date
- no early repayment or impairment is recognised
- where an instrument will mature in the next 12 months, the carrying amount is assumed to approximate to fair value
- the fair value of trade and other receivables is taken to be the invoiced or billed amount

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

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

Fair values of assets:

Balance Sheet 31 Mar 21 £'000	Fair Value 31 Mar 21 £'000		Fair Value Level	Balance Sheet 31 Mar 22 £'000	Fair Value 31 Mar 22 £'000
		Financial assets held at fair value:			
4,243	4,243	Money market funds	1	13,696	13,696
5,984	5,984	Property funds	1	6,309	6,309
		Financial assets held at amortised cost:			
0	0	Loans with other local authorities		0	0
7,283	7,283	Bank deposits	2	735	735
55	55	Car loans		68	68
2,153	2,153	Trade Receivables		1,046	1,046
19,718	19,718	Total		21,854	21,854
14,773		Assets for which fair value is not disclosed		8,526	
34,491	19,718	Total Financial Assets		30,380	21,854
		Recorded on balance sheet as:			
5,984		Long term investments		6,309	
51		Long term debtors		67	
0		Short term investments		0	
16,930		Short term debtors		9,573	
11,526		Cash and cash equivalents		14,431	
34,491		Total Financial Assets		30,380	

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

Fair value of liabilities:

Balance Sheet 31 Mar 21 £'000	Fair Value 31 Mar 21 £'000		Fair Value Level	Balance Sheet 31 Mar 22 £'000	Fair Value 31 Mar 22 £'000
		Financial liabilities held at amortised cost:			
(74,308)	(85,002)	Long term loans from PWLB	2	(82,818)	(85,452)
(3,019)	(5,093)	Other long term loans	2	(3,019)	(4,283)
(18,032)	(16,232)	Short term loans with other local authorities		(5,001)	(5,001)
(5,617)	(5,617)	Short Term loans from PWLB		(4,514)	(4,514)
(137)	(137)	Other short term loans		(272)	(272)
(4,318)	(4,318)	Short term creditors		(12,037)	(12,037)
(105,431)	(116,399)	Total		(107,661)	(111,559)
(12,657)		Liabilities for which fair value is not disclosed		(3,478)	
(118,088)	(116,399)	Total Financial Liabilities		(111,139)	(111,559)
		Recorded on balance sheet as:			
(23,786)		Short term borrowing		(9,787)	
(16,975)		Short term creditors		(15,515)	
(77,327)		Long term borrowing		(85,837)	
(118,088)		Total Financial Liabilities		(111,139)	

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

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

18. Debtors

Short-Term Debtors

2020/21 £'000		2021/22 £'000
9,495	Central government bodies	3,229
149	Housing benefit overpayments	65
4,452	Other local authorities	2,967
691	HMRC	504
216	Housing rents	179
302	Council tax payers	341
478	Non Domestic Rates payers	487
0	Non Domestic Rates Pool	577
1,147	Other entities and individuals	1,224
16,930	Total	9,573

Short Term Debtors include provisions for bad debt totalling £1.195m as at 31 March 2022 (£1.256m as at 31 March 21). Provisions for rent arrears, housing benefit overpayments and sundry debtors are calculated on an annual basis and take into account existing levels of debt and an assessment of expected recovery rates. Provision balances remain high due to the impact of the Covid 19 pandemic.

19. Cash and Cash Equivalents

Cash comprises cash on hand and in demand deposits. Cash will also include bank overdrafts that are repayable on demand and that are integral to the authority's cash management. Balances classified as 'Cash Equivalents' fit the definition of being short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

2020/21 £'000		2021/22 £'000
1	Cash in hand	1
1,277	Bank current accounts	733
8,257	Other Local Authorities	11,736
1,991	Money Market Funds	1,961
11,526	Total	14,431

20. Assets Held for Sale

2020/21 £'000		2021/22 £'000
2,080	Balance outstanding at start of year	0
	Assets newly classified:	
0	Property Plant and Equipment	0
0	Revaluation Losses	0
0	Revaluation Gains	0
0	Impairment Losses	0
	Assets declassified:	
0	Property Plant and Equipment	0
(2,080)	Assets sold	0
0	Balance outstanding at year end	0

Finance and Resources Committee on 8 January 2019 resolved that an unconditional offer of £2.6m be accepted for the disposal of the former Beeston Fire Station site for residential accommodation as part of the scheme to redevelop Beeston Town Centre. The asset was revalued to this sum and was shown as an asset held for sale at 31 March 2019. However, progress in completing the sale with the successful bidder was slow. When given a final deadline, the successful bidder attempted to lower the purchase price. As reported to Policy and Performance Committee on 2 October 2019, the Deputy Chief Executive used his delegated powers to invite further bids for this site and the Project Board agreed to accept an unconditional bid of £2.080m. The site was revalued to £2.080m as at 31 March 2020 and the sale was completed in November 2020.

21. Creditors

Short-Term Creditors

2020/21 £'000		2021/22 £'000
(10,701)	Central Government bodies	(9,680)
(605)	Other local authorities	(266)
0	NHS bodies	0
(231)	HMRC	0
(120)	Council Tax payers	(132)
(931)	Non Domestic Rates payers	(508)
(330)	Non Domestic Rates Pool	(979)
(643)	Housing Rents	(651)
(3,414)	Other entities and individuals	(3,299)
(16,975)	Total	(15,515)

22. Provisions

Long-Term Provisions

	Total £'000
Balance at 31 March 2020	(475)
Additional provisions made in 2020/21	(402)
Amounts used in 2020/21	237
Balance at 31 March 2021	(640)
Additional provisions made in 2021/22	(280)
Amounts used in 2021/22	258
Balance at 31 March 2022	(662)

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

23. Usable Reserves

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

24. Unusable Reserves

2020/21 £'000		2021/22 £'000
(20,147)	Revaluation Reserve	(21,434)
(104,040)	Capital Adjustment Account	(119,042)
172	Financial Instruments Adjustment Account	138
73,307	Pensions Reserve	62,437
7,618	Collection Fund Adjustment Account	2,942
61	Pooled Investment Funds Adjustment Account	(237)
(43,029)	Total	(75,196)

Revaluation Reserve

The Revaluation Reserve contains the gains made by the Council arising from increases in the value of its property, plant and equipment (and intangible assets). The balance is reduced when assets with accumulated gains are:

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

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

	General Fund £'000	Housing Revenue Account £'000	Bramcote Cremat- orium £'000	Total £'000
Balance at 31 March 2020	(23,169)	(990)	(304)	(24,463)
Revaluation Gain 2020/21	(21)	(32)	0	(53)
Less:				
Impairment Losses 2020/21	2,283	0	0	2,283
Removal of Gain on Disposed Asset	0	0	0	0
Transfer of Balances to CAA	2,080	0	0	2,080
Excess current value over historic cost depreciation	0	0	6	6
Balance at 31 March 2021	(18,827)	(1,022)	(298)	(20,147)
Revaluation Gain 2021/22	(5,170)	0	0	(5,170)
Less:				
Impairment Losses 2021/22	2,818	337	0	3,155
Removal of Gain on Disposed Asset	0	0	0	0
Transfer of Balances to CAA	0	0	0	0
Excess current value over historic cost depreciation	722	0	6	728
Balance at 31 March 2022	(20,457)	(685)	(292)	(21,434)

The Excess current value over historic cost depreciation of £722,000 includes £389,000 for 2021/22 but also includes £177,000 for 2019/20 and £156,000 for 2020/21 as these transactions were erroneously missed in the relevant years and have therefore been applied in 2021/22.

Capital Adjustment Account

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

The account contains accumulated gains and losses on investment properties and gains recognised on donated assets that have yet to be consumed by the authority.

The account also contains revaluation gains accumulated on property, plant and equipment before 1 April 2007, the date that the Revaluation Reserve was created to hold such gains.

2020/21 £'000		2021/22 £'000
(100,865)	Balance as at 1 April	(104,040)
	<u>Reversal of items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure</u>	
13,447	Charges for depreciation and impairment of non-current assets	8,130
(11,836)	Revaluation (gains)/losses on Property, Plant and Equipment	(23,255)
128	Amortisation of intangible assets	134
1,062	Revenue expenditure funded from capital under statute	951
7,608	Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	9,505
10,409		(4,535)
(2,086)	Adjusting amounts written out of the Revaluation Reserve	(731)
8,323	Net written out amount of the cost of non-current assets consumed in the year	(5,266)
	<u>Capital financing applied in the year:</u>	
(4,077)	Use of the Capital Receipts Reserve to finance new capital expenditure	(1,199)
(4,227)	Use of the Major Repairs Reserve to finance new capital expenditure	(4,347)
(1,980)	Capital grants and contributions credited to the Comprehensive Income and Expenditure Statement that have been applied to capital financing	(961)
(834)	Statutory provision for the financing of capital investment charged against the General Fund, Housing Revenue Account and Bramcote Crematorium balances	(1,125)
(380)	Capital expenditure charged against the General Fund, Housing Revenue Account and Bramcote Crematorium balances	(2,104)
(3,175)		(15,002)
(104,040)	Balance as at 31 March	(119,042)

Financial Instruments Adjustment Account

The Financial Instruments Adjustment Account absorbs the timing differences arising from the different arrangements for accounting for income and expenses relating to certain financial instruments and for bearing losses or benefiting from gains per statutory provisions. The authority uses the account to manage premiums paid on the early redemption of loans. Premiums are debited to the Comprehensive Income and Expenditure Statement when they are incurred, but reversed out of the General Fund Balance to the account in the Movement in Reserves Statement. Over time, the expense is posted back to the General Fund Balance in accordance with statutory arrangements for spreading the burden on council tax. In the authority's case, this period is the unexpired term that was outstanding on the loans when they were redeemed. As a result, the balance on the account at 31 March 2022 will be charged to the General Fund over the next 5 years.

	General Fund £'000	Housing Revenue Account £'000	Total £'000
Balance at 31 March 2020	209	0	209
Charge to balances in 2020/21	(37)	0	(37)
Balance at 31 March 2021	172	0	172
Charge to balances in 2021/22	(34)	0	(34)
Balance at 31 March 2022	138	0	138

Pensions Reserve

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

2020/21 £'000		2021/22 £'000
53,931	Balance as at 1 April	73,307
17,087	Remeasurements of the net defined benefit liability/(asset)	(15,515)
5,025	Reversal of items relating to retirement benefits debited or credited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement	6,564
(2,736)	Employer's pensions contributions and direct payments to pensioners payable in the year	(1,919)
73,307	Balance as at 31 March	62,437

Collection Fund Adjustment Account

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

2020/21 £'000		2021/22 £'000
120	Balance as at 1 April	7,618
7,498	Amount by which council tax and non-domestic rates income credited to the Comprehensive Income and Expenditure Statement is different from council tax and non-domestic rates income calculated for the year in accordance with statutory	(4,676)
7,618	Balance as at 31 March	2,942

Pooled Investment Funds Adjustment Account

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

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

2020/21 £'000		2021/22 £'000
341	Balance as at 1 April	61
(280)	Changes in Fair Value of long and short term investments	(298)
61	Balance as at 31 March	(237)

25. Cash Flow Statement – Operating Activities

The cash flows for operating activities include the following items:

2020/21 £'000		2021/22 £'000
(285)	Interest received	(251)
2,908	Interest paid	2,866

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

2020/21 £'000		2021/22 £'000
5,452	Depreciation	5,691
(3,701)	Impairment and revaluations	(19,836)
128	Amortisation	134
12,807	Increase/decrease in creditors	2,593
1,192	Increase/decrease in debtors	241
7	Increase/decrease in inventories	(65)
1,755	Pension liability	4,907
160	Contributions to/from provisions	40
7,470	Carrying amount of non current assets sold	9,475
25,270	Total Adjustments	3,180

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

2020/21 £'000		2021/22 £'000
(1,979)	Capital grants credited to surplus or deficit on the provision of services	(959)
0	Proceeds from reduction in investments	0
(3,264)	Proceeds from the sale of property, plant and equipment and intangible assets	(2,327)
(5,243)	Total Operating Activities	(3,286)

26. Cash Flow Statement – Investing Activities

2020/21 £'000		2021/22 £'000
(15,665)	Purchase of property, plant and equipment, investment property and intangible assets	(14,193)
(1,250)	Purchase of short-term and long-term investments	(328)
3,264	Proceeds from the sale of property, plant and equipment, investment property and intangible assets	2,327
2,740	Other receipts from investing activities	2,941
(10,911)	Total Investing Activities	(9,253)

27. Cash Flow Statement - Financing Activities

2020/21 £'000		2021/22 £'000
22,137	Cash receipts of short- and long-term borrowing	18,799
(19,208)	Repayments of short- and long-term borrowing	(24,275)
(12,440)	Other payments for financing activities	7,103
(9,511)	Total Financing Activities	1,627

28. Reconciliation of Liabilities arising from Financing Activities

2021/22	1 April £'000	Financing Cash Flows £'000	Non Cash Changes		31 March £'000
			Transfers £'000	Other Non Cash Changes £'000	
Long term borrowings	(77,327)	(13,000)	4,515	(25)	(85,837)
Short term borrowings	(23,786)	18,476	(4,515)	38	(9,787)
Lease liabilities	0	0	0	0	0
Total liabilities from financing activities	(101,113)	5,476	0	13	(95,624)

2020/21	1 April £'000	Financing Cash Flows £'000	Non Cash Changes		31 March £'000
			Transfers £'000	Other Non Cash Changes £'000	
Long term borrowings	(82,946)	0	5,612	7	(77,327)
Short term borrowings	(15,265)	(2,929)	(5,612)	20	(23,786)
Lease liabilities	0	0	0	0	0
Total liabilities from financing activities	(98,211)	(2,929)	0	27	(101,113)

29. Members Allowances

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

2020/21 £'000		2021/22 £'000
275	Salaries (including national insurance)	277
23	Allowances	22
0	Expenses	2
298	Total Members Allowances	301

30. Officers Remuneration

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

	Number of employees	
	2020/21	2021/22
£50,000 - £54,999	1	1
£55,000 - £59,999	4	3

The remuneration disclosures for those responsible for the management of the authority are as follows:

Post Title	Salary (Including Fees and Allowances) £	Benefit in Kind £	Total Remuneration excluding pension contributions £	Pension Contributions £	Total Remuneration including Pension Contributions 2021/22 £	Total Remuneration including Pension Contributions 2020/21 £
Chief Executive	117,058	0	117,058	23,036	140,094	136,247
Deputy Chief Executive	98,482	0	98,482	17,727	116,209	114,491
Executive Director	86,332	0	86,332	15,540	101,872	89,440
Monitoring Officer	59,812	0	59,812	10,766	70,578	29,021

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

Exit packages cost band	No. of compulsory redundancies		No. of other departures agreed (inc voluntary redundancies)		Total number of exit packages		Total cost of exit packages in each band	
	2020/21	2021/22	2020/21	2021/22	2020/21	2021/22	2020/21	2021/22
£0 - £15,000	0	0	0	3	0	3	0	29,581
£15,001- £30,000	0	0	0	3	0	3	0	68,908
£30,001- £45,000	0	0	0	1	0	1	0	33,142
£45,001- £60,000	0	0	0	0	0	0	0	0
Total	0	0	0	7	0	7	0	131,631

The exit packages for 2021/22 were in respect of employees based in the Chief Executive’s (5) and Deputy Chief Executive’s departments (2).

31. External Audit Costs

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

2020/21 £'000		2021/22 £'000
36	Fees payable with regard to external audit services carried out for the year by Mazars	49
11	Fees payable in respect of grant claim services carried out during the year by KPMG	10
5	Fees payable in respect of Housing Pooled Receipt claim services carried out during the year by KPMG	0
35	Fees payable in respect of other services carried out during the year by Mazars	0
87	Total	59

32. Grant Income

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

2020/21 £'000		2021/22 £'000
	Credited to Taxation and Non Specific Grant Income	
(8,328)	Non Domestic Rates	(11,146)
(66)	Council Tax	(111)
(1,525)	Covid Delivery Grant	0
(284)	Income Loss Compensation Scheme	(313)
(249)	Contain and Enforcement Grant	(134)
0	Lower Tier Services Grant	(123)
(23)	Council Tax Hardship Fund	0
(540)	Developer Contributions	(142)
(784)	Disabled Facilities Grants	(724)
(1)	Local Authority Parks Improvement Funding	0
(448)	Stapleford Towns Fund	0
(207)	D2N2 Partenrship	0
0	Efficiency East Midlands Ltd	(1)
0	Notts PCC - Stapleford Place Funding	(23)
0	Levelling Up (Stapleford Town) Funding	(105)
(12,455)	Total	(12,822)
	Credited to Services	
	Revenues and Benefits Covid Support Grants	
(372)	- New Burdens	(131)
0	- Covid Secure Additional Funding (Local Elections)	(34)
0	- Local Authority Support Grant	(519)
(222)	- Local Restrictions	0
(3,294)	- Additional Restrictions	0
(883)	- Local Authority Discretionary Scheme	0
(817)	- Hardship	0
(199)	- Test and Trace	(52)
(225)	National Leisure Fund	0
(6)	Register of Electors	0
(205)	Homelessness Prevention	(360)
(15,783)	Housing and Council Tax Benefits	(14,645)
(110)	New Homes Bonus Grant	(19)
(212)	Council Tax and Non-Domestic Rates Administration	(120)
(63)	Planning Policy	(20)
(276)	Other Grants	(83)
(22,667)	Total	(15,983)

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

2020/21 £'000	Revenue Grants Receipts in Advance	2021/22 £'000
(6)	Covid Grants	(6)
(1,107)	- Test and Trace	(34)
(1,251)	- Tier 5	(18)
(217)	- Closed Business Lockdown	0
(420)	- Tier 3	(6)
(80)	- Local Restrictions	(135)
0	- Small Business	(6,948)
0	Council Tax Energy Rebate	
(3,081)	Total	(7,147)

2020/21 £'000	Capital Grants Receipts in Advance	2021/22 £'000
(3)	Efficiency East Midlands Ltd	(2)
(25)	Nottingham Pre-Development Fund	(25)
(66)	Developer Contributions – Open Spaces	(207)
(424)	Developer Contributions – Transport Measures	(320)
(1,295)	Developer Contributions - Affordable Housing	(1,296)
(4)	Developer Contributions – Education	(4)
(2)	Environment Agency – Erewash Valley Trail	0
(66)	Growth Point	(67)
(3)	Park Improvements	(3)
(15)	Other	(15)
(482)	Disabled Facilities Grants	(671)
(52)	Stapleford Town Fund	(52)
(54)	FCC Communities Foundation	(54)
0	FCC Dovecote Park	(73)
0	Nottingham City - LAD2 Funding	(436)
0	Stapleford Town Fund	(1,248)
(2,491)	Total	(4,473)

33. Related Parties

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

Central Government

Central government has significant influence over the general operations of the Council. It is responsible for providing the statutory framework within which the Council operates, provides the majority of its funding in the form of grants and prescribes the terms of many of the transactions that the Council has with other parties (e.g. council tax bills, housing benefits). Grant receipts outstanding at 31 March 2022 are shown in note 32.

Members

Members of the Council have direct control over the Council's financial and operating policies and receive an approved allowance for their work. The total of members allowances paid in 2021/22 is shown in note 29. During 2021/22 the Council maintained a register of members' interests together with a record of interests declared at committee and Council meetings. In addition, a specific declaration of any transactions with related parties was required. These records have been reviewed and material transactions with organisations referred to in these records were as follows:

	Receipts £'000	Payments £'000
Eastwood Peoples Initiative	0	1
Eastwood Volunteer Bureau	0	5
Environment Agency	0	2
East Midlands Development Company	0	167
Middle Street Resource Centre	1	0
Royal Mail	1	17
Transform Training Ltd	0	6

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

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

Officers

Employer's pension contributions are paid into the Local Government Pension Scheme that is administered locally by Nottinghamshire County Council. Further details can be found in note 28. As stated in note 17, the Council provides subsidised car loans to officers that meet certain eligibility criteria.

Liberty Leisure Ltd

Liberty Leisure Ltd is a company limited by guarantee and is wholly owned by Broxtowe Borough Council. The company is overseen by a board of directors which consists of two Broxtowe Borough Council elected members, two Broxtowe Borough Council officers and the managing director of the company. During the year Liberty Leisure Ltd paid £0.264m to the Council in respect of administration costs. The Council paid £0.845m management fees to Liberty Leisure Ltd and owed them £0.023m at 31 March 2022. The consolidated group accounts which include the accounts of Liberty Leisure Ltd are included in this statement on page 112.

Other Public Bodies

The most significant related party transactions with other public bodies are disclosed elsewhere in the Statement of Accounts, as follows:

- Precepts from other local authorities – Collection Fund Accounts
- Liberty Leisure Limited – a wholly owned subsidiary of the authority - Group Accounts
- Partners in capital projects (contributions) - Note 32 and 34 to the accounts

Details of significant outstanding debtors and creditors in respect of related parties are included within notes 18 and 21.

34. Capital Expenditure and Capital Financing

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

2020/21 £'000		2021/22 £'000
100,896	Opening Capital Financing Requirement	106,123
	<u>Capital Investment</u>	
15,629	Property, Plant and Equipment	13,220
0	Investment Properties	0
34	Intangible Assets	7
1,062	Revenue Expenditure Funded from Capital under Statute	951
	<u>Sources of Finance</u>	
(4,077)	Capital Receipts	(1,200)
(1,980)	Government Grants and Other Contributions	(959)
(380)	Direct Revenue Contributions	(2,087)
(4,227)	Major Repairs Reserve	(4,348)
(834)	Minimum Revenue Provision	(1,125)
106,123	Closing Capital Financing Requirement	110,582
	<u>Explanation of Movements in Year</u>	
0	Increase in Underlying need to borrowing (supported by government financial assistance)	0
5,227	Increase in Underlying need to borrowing (unsupported by government financial assistance)	4,459
5,227	Increase/(decrease) in Capital Financing Requirement	4,459

35. Leases

Authority as Lessee

Finance Leases

No assets were acquired under finance leases in 2020/21 or 2021/22. There were no outstanding obligations in respect of finance leases as at 31 March 2021 or 31 March 2022.

Operating Leases

Land and Buildings - the Council leases items of land as car parks at Mansfield Road in Eastwood and Technology Drive in Beeston. The leasing arrangements for each being accounted for as operating leases and held under peppercorn.

The potential impact the introduction of IFRS 16 Leases on Broxtowe Borough Council has been considered. The two land assets above have been valued by N. Hawkes BSc MRICS, Registered Valuer (employed by the Council).

The valuations have been made for capital accounting purposes in accordance with International Reporting Standards (IFRS) as applied to the UK public sector and interpreted by current CIPFA Code of Practice for Local Authority Accounting. The valuation is made in accordance with the RICS Global Standards (the 'Red Book') including the International Valuation Standards.

In respect of the car park at Mansfield Road in Eastwood, the Valuer is of the opinion that the liability is £nil in view of the rent payable and that the Fair Value is £0.065m at 31 March 2022.

In respect of the car park at Technology Drive in Beeston, the Valuer is of the opinion that the liability is £nil in view of the rent payable and that the Fair Value is £0.035m at 31 March 2022.

Authority as Lessor

Finance Leases

No leases were granted under finance leases in 2020/21 or 2021/22.

The Council held no finance leases as at 31 March 2022.

Operating Leases

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

2020/21 £'000		2021/22 £'000
590	Not later than one year	574
2,107	Later than one year and not later than five years	1,995
5,733	Later than five years	5,211
8,430	Total	7,780

36. Impairment Losses

The Estates' Officer's valuation, based on a report from External Valuers, of a number of property assets in line with the rolling five-year asset valuation programme resulted in upward valuations totalling £5.374m and downward valuations totalling £2.861m. Upward revaluations of £5.170m were charged to the Revaluation Reserve whilst upward revaluations of £0.204m were charged to the Capital Adjustment Account to offset losses on individual assets that arose in previous years. Of the downward valuations, £2.819m were charged to the Revaluation Reserve to offset gains on individual assets that arose in previous years whilst £0.041m were charged to the Capital Adjustment Account.

The Estates Officer revalued the Bramcote Crematorium land and buildings at 31 March 2017 in line with five-year asset valuation programme. As per the five-year plan, a revaluation was due at 31 March 2022, however it was deemed that the General fund and HRA revaluations should take priority and given the limited availability of external valuers and internal resources the planned revaluation of the Bramcote Crematorium assets has been postponed until 31 March 2023.

37. Termination Benefits

Note 30 contains details of the number of exit packages and total cost per band. No other benefits were paid to an employee as a result of a decision to terminate their employment before.

38. Defined Benefit Pension Schemes

Participation in Pension Schemes

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

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

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

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

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

Transactions Relating to Post-Employment Benefits

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

2020/21 £'000		2021/22 £'000
	Comprehensive Income and Expenditure Statement	
	Cost of Services:	
	<u>Service Cost comprising:</u>	
3,750	Service Cost	5,057
47	Administration Expenses	60
	<u>Financing and Investment Income and Expenditure:</u>	
1,228	Net Interest Expense	1,447
5,025	Total Post Employment Benefits Charged to the Surplus or Deficit on the Provision of Services	6,564
	Other Post Employment Benefits Charged to the Comprehensive Income and Expenditure Statement	
	<u>Remeasurement of the Net Defined Benefit Liability comprising:</u>	
18,102	Return on plan assets (excluding the amount included in the net interest expense)	7,610
0	Other actuarial gain/(losses) on assets	0
(38,841)	Changes in financial assumptions	8,363
1,675	Change in demographic assumptions	0
1,977	Experience loss/(gain) on defined benefit obligation	(458)
(12,062)	Total Post Employment Benefits Charged to the Comprehensive Income and Expenditure Statement	22,079
	Movement in Reserves Statement	
(5,025)	Reversal of net charges made to the Surplus or Deficit for the Provision of Services for Post Employment Benefits in accordance with the Code	(6,564)
	Actual amount charged against the General Fund Balance for pensions in the year	
2,736	Employers' contributions payable to the scheme	1,919

Pension Assets and Liabilities Recognised in the Balance Sheet

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

2020/21 £'000		2021/22 £'000
186,630	Present Value of the Defined Benefit Obligation	183,625
(113,615)	Fair Value of Plan Assets	(121,457)
73,015	Sub-Total	62,168
292	Other Movements in the Liability (Asset)	269
(533)	Payment of Deficit	(271)
72,774	Net Liability Arising From Defined Benefit Obligation	62,166

Reconciliation of the Movement in the Fair Value of Scheme Assets

Opening and closing balances of the fair value of the scheme assets are reconciled as:

2020/21 £'000		2021/22 £'000
94,682	Opening Fair Value of Scheme Assets	113,615
2,218	Interest Income	2,253
	<u>Remeasurement gain/(loss):</u>	
18,102	The return on plan assets (excluding the amount included in the net interest expense)	7,610
0	Other actuarial gains/(losses)	0
2,736	Contributions from employer	1,919
660	Contributions from employees into the scheme	656
(4,736)	Estimated Benefits Paid (plus unfunded net of transfers in)	(4,535)
(47)	Administration expenses	(61)
113,615	Closing Fair Value of Scheme Assets	121,457

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

Opening and closing balances of the fair value of the scheme liabilities are reconciled as:

2020/21 £'000		2021/22 £'000
148,613	Opening Balance at 1 April	186,922
3,689	Current Service Cost	5,026
3,446	Interest Cost	3,700
660	Contribution from Scheme Participants	656
38,841	Change in Financial Assumptions	(8,363)
(1,675)	Change in demographic assumptions	0
(1,977)	Experience loss/(gain) on defined benefit obligation	457
0	Liabilities assumed/(extinguished) on settlements	0
61	Past Service Cost (including curtailments)	31
(4,710)	Benefits Paid (net of transfers in)	(4,509)
(26)	Unfunded Pension Payments	(26)
186,922	Closing Balance at 31 March	183,894

Local Government Pension Scheme Assets

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

2020/21 £'000		2021/22 £'000
5,173	Cash and Cash Equivalents	7,236
79,076	Equity Instruments	79,767
3,819	Gilts	3,557
7,792	Other Bonds	8,236
11,610	Property	15,494
6,145	Infrastructure	7,167
113,615	Total Assets	121,457

Basis for Estimating Assets and Liabilities

Liabilities have been assessed on an actuarial basis using the projected unit credit method, an estimate of the pensions that will be payable in future years dependent on assumptions about factors such as mortality rates and salary levels. The Nottinghamshire County Council Pension Fund liabilities have been assessed by Barnett Waddingham, an independent firm of actuaries, with estimates based on the latest full valuation of the scheme as at 31 March 2019.

The principal assumptions used by the actuary have been:

2020/21 %		2021/22 %
	<u>Mortality Assumptions:</u>	
	Longevity at 65 for current pensioners:	
21.6	- Men	21.6
24.3	- Women	24.3
	Longevity at 65 for future pensioners:	
22.9	- Men	23.0
25.7	- Women	25.8
	<u>Financial Assumptions:</u>	
	Rate of Inflation	
2.8	- Rate of Increase in Consumer Price Index (CPI)	3.2
3.8	Rate of Increase in Salaries	4.2
2.8	Rate of Increase in Pensions	3.2
2.0	Rate for Discounting Scheme Liabilities	2.6

The estimation of the defined benefit obligations is sensitive to the actuarial assumptions set out in the table above. The sensitivity analyses below have been determined based on reasonably possible changes of the assumptions occurring at the end of the reporting period and assumes for each change that the assumption analysed changes while all the other assumptions remain constant. The assumptions in longevity, for example, assume that life expectancy increases or decreases for men and women. In practice, this is unlikely to occur and changes in some of the assumptions may be interrelated. The estimations in the sensitivity analysis have followed the accounting policies for the scheme i.e. on an actuarial basis using

the projected unit credit method. The methods and types of assumptions used in preparing the sensitivity analysis below did not change from those used in the previous period.

The impact on the defined benefit obligation in the scheme of changes in assumptions is as follows:

	Increase in Assumption £'000	Decrease in Assumption £'000
Longevity (increase or decrease in 1 year)	8,892	(8,459)
Rate of increase in salaries (increase or decrease by 0.1%)	283	(282)
Rate of increase in pensions (increase or decrease by 0.1%)	3,280	(3,218)
Rate for discounting scheme liabilities (increase or decrease by 0.1%)	(3,516)	3,587

Impact on the Council's Cash Flows

The Council anticipates paying contributions of £1.923m to the scheme in 2022/23.

The weighted average duration of the defined benefit obligation for scheme members is 20 years in 2021/22 (20 years for 2020/21).

39. Contingent Liabilities

The Council had three material contingent liabilities as at 31 March 2022:

- The Council and its wholly owned leisure services management company, Liberty Leisure Limited, has previously operated Kimberley Leisure Centre under a joint use agreement with the local school/academy. The academy has provided the Council with notice to terminate the agreement, which was extended to 31 August 2022. Both parties are in discussion to assess the future of Kimberley Leisure Centre and the legal and financial implications, and are close to finalising a licensing agreement that will allow the Council and Liberty Leisure Limited to continue operating from Kimberley Leisure Centre from 1 September 2022 for a period of one year, with further extensions being subjected to an annual review.
- The Council is in the early stages of an employment tribunal with a former employee. No value can currently be estimated for the potential liability due to the vast difference between Broxtowe Borough Council's view as to an appropriate settlement amount and the former employees and due to the tribunal being in its early stages.
- A claim against the Council by two employees is in its very early stages but may later result in an employment tribunal or a claim in court. Broxtowe Borough Council cannot currently estimate a value for this claim as the actual type of claim against the Council has not been established nor has the value of the claim being brought by the claimants.

40. Contingent Assets

The Council had one contingent asset as at 31 March 2022:

- The Council are party to a legal claim for damages and/or other relief in respect of loss and damage suffered as a result of inflated pricing for medium and heavy trucks between 1997 and 2011. As purchasers of waste disposal vehicles, the Council are claiming for overcharging as a result of prices which were inflated compared to what they otherwise would have been. The claim is ongoing.

41. Nature and Extent of Risks Arising from Financial Instruments

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

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

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

Credit Risk: Treasury Investments

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

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

31 March 2021		Credit Rating	31 March 2022	
Long Term £'000	Short Term £'000		Long Term £'000	Short Term £'000
0	0	AAA	0	0
0	0	AA+	0	0
0	0	AA	0	0
0	0	AA-	0	0
0	8,830	A+	0	11,882
0	0	A	0	0
0	0	A-	0	0
0	0	BBB+	0	0
0	0	Unrated local authorities	0	0
0	8,830	Total	0	11,882
6,000	2,000	Credit risk not applicable	6,000	2,000
6,000	10,830	Total Investments	6,000	13,882

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

Loss allowances on treasury investments have been calculated by reference to historic default data published by credit rating agencies multiplied by 67% to adjust for current and forecast economic conditions. A two-year delay in cash flows is assumed to arise in the event of default. Investments are determined to have suffered a significant increase in credit risk where they have been downgraded by three or more credit rating notches or equivalent since initial recognition unless they can retain an investment grade credit rating. They are determined to be credit impaired when awarded a "D" credit rating or equivalent. At 31 March 2022 there were no loss allowances related to treasury investments.

Credit Risk: Trade and Lease Receivables

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

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

2020/21 £'000		2021/22 £'000
1,190	Up to 6 months	900
237	Above 6 months and up to 12 months	94
176	Above 12 months and up to 24 months	163
39	Above 24 months and up to 36 months	199
114	Over 36 months	88
1,756	Total	1,444

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

A loss allowance of £0.694m has been made for gross trade receivables of £1.444m.

Liquidity Risk

The Council has a comprehensive cash flow management system that seeks to ensure that cash is available as needed. If unexpected movements happen, the Council has ready access to borrowings from the money markets and the Public Works Loan Board. There is no significant risk that the Council will be unable to raise finance to meet its commitments under financial instruments. Instead, the risk is that the Council will be bound to replenish a significant proportion of its borrowings at a time of unfavourable interest rates. The Council sets limits on the proportion of its fixed rate borrowing during specific periods.

The Council's strategy is to ensure that no more than 15% of loans are due to mature within any year through a combination of careful planning of new loans taken out and making early repayments. The Council would only borrow in advance of need where there is a clear business case for doing so and will only do so for the current capital programme or to finance future debt maturities.

The maturity analysis of the nominal value of the Council's debt at 31 March 2022 (including temporary borrowing on behalf of Bramcote Crematorium) was as follows:

31 March 2021			31 March 2022	
£'000	% of total debt portfolio		£'000	% of total debt portfolio
		Short Term Borrowing		
23,874	24	Less than 1 year	10,044	10
		Long Term Borrowing		
4,500	4	Over 1 but not over 2	7,400	8
24,450	24	Over 2 but not over 5	24,950	26
39,900	40	Over 5 but not over 10	39,046	41
2,319	2	Over 10 but not over 15	6,262	7
0	0	Over 15 but not over 20	0	0
0	0	Over 20 but not over 25	0	0
0	0	Over 25 but not over 30	2,000	2
3,000	3	Over 30 but not over 35	3,000	3
0	0	Over 35 but not over 40	0	0
0	0	Over 40 but not over 45	0	0
3,000	3	Over 45	3,000	3
77,169	76	Total Long Term Borrowing	85,658	90
101,043	100	Total Borrowing	95,702	100

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

2020/21 £'000		2021/22 £'000
79,769	Public Works Loans Board	87,158
3,000	Barclays Bank Plc	3,000
18,000	Other Local Authorities	5,000
274	Temporary Borrowing (Bramcote Crematorium)	544
101,043	Total	95,702

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

Market Risk

(i) Interest Rate Risk

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

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

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

The Council has a number of strategies for managing interest rate risk. For example, the Treasury Management Strategy sets up an upper limit of 40% on external debt that can be subject to variable interest rates. At 31 March 2022 100% of the debt portfolio was held in fixed rate instruments and 0% in variable rate instruments.

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

The treasury management team has an active strategy for assessing interest rate exposure that feeds into the setting of the annual budget and which is used to update the budget during

the year. This allows any adverse changes to be accommodated and is also used to advise whether any new borrowing taken out is on a fixed or variable basis.

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

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

2020/21 £'000		2021/22 £'000
(27)	Increase in interest receivable on variable rate investments	0
116	Decrease in fair value of investments held at FVPL	87
89	Impact on Surplus or Deficit on the Provision of Services	87
(6)	Decrease in fair value of loans and investments at amortised cost	0
6,453	Decrease in fair value of fixed rate borrowing	6,155

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

(ii) Price Risk

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

The Council's investment in a pooled property fund is subject to the risk of falling commercial property prices. This risk is limited by the Council's maximum exposure to property investments of £5m. A 5% fall in commercial property prices to 31 March 2022 would result in a £0.12m (£0.272m at 31 March 2021) charge to the Surplus or Deficit on Provision of Services which would then be transferred to the Pooled Investment Funds Adjustment Account.

The Council's investment in pooled equity funds is subject to the risk of falling share prices. This risk is limited by the Council's maximum exposure to equity investments of £5m. A 5% fall in share prices at 31 March 2022 would result in a £0.072m (£0.037m at 31 March 2021) charge to the Surplus or Deficit on Provision of Services which would then be transferred to the Pooled Investment Funds Adjustment Account.

(iii) Foreign Exchange Risk

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

HOUSING REVENUE ACCOUNT

HOUSING REVENUE ACCOUNT INCOME AND EXPENDITURE STATEMENT

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

2020/21 £'000		2021/22 £'000
3,237	Repairs and Maintenance	3,721
4,817	Supervision and Management	5,256
129	Rents, Rates, Taxes and Other Charges	190
(7,593)	Depreciation and Impairment of Non-Current Assets	(18,611)
101	Movement in Allowance for Bad Debts	22
691	Total Expenditure	(9,422)
	Income	
(15,027)	Dwelling Rents (gross)	(15,185)
(268)	Non-Dwellings Rents (gross)	(259)
(416)	Charges for Services and Facilities	(403)
(648)	Contribution towards Expenditure	(706)
(16,359)	Total Income	(16,553)
(15,668)	Net expenditure or income of HRA services as included in the Comprehensive Income and Expenditure Statement	(25,975)
424	HRA services' share of Corporate and Democratic Core	436
(15,244)	Net Income for HRA Services	(25,539)
	HRA share of the operating income and expenditure included in the Comprehensive Income and Expenditure Statement	
4,363	(Gain)/Loss on sale of HRA non current assets	7,211
2,382	Interest Payable and Similar Charges	2,517
(124)	Interest and Investment Income	(107)
310	Net interest on the net defined benefit liability	368
(8,313)	(Surplus)/Deficit for the year on HRA Services	(15,550)

MOVEMENT ON THE HOUSING REVENUE ACCOUNT STATEMENT

The overall objectives for the Movement on the HRA Statement and the general principles for its construction are the same as those generally for the Movement in Reserves Statement into which it is consolidated. The statement takes the outturn on the HRA Income and Expenditure Statement and reconciles it to the surplus or deficit for the year on the HRA balance, calculated in accordance with the requirements of the Local Government and Housing Act 1989.

2020/21 £'000			2021/22 £'000	
	(4,626)	HRA Balance brought forward		(5,926)
	(8,313)	(Surplus)/Deficit on the HRA Income and Expenditure Statement		(15,550)
		<u>Adjustments between Accounting Basis and Funding Basis under Regulations:</u>		
(4,363)		Gain or loss on sale of HRA non-current assets	(7,211)	
(810)		HRA share of contributions to or from the Pension Reserve	(1,302)	
0		Premiums and discounts on early repayment of debt	0	
365		Capital expenditure charged against HRA balance	2,068	
16,048	11,240	Transfers to/(from) the Capital Adjustment Account	27,306	20,861
	2,927	Net (Increase)/Decrease before transfers to or from reserves		5,311
	(4,227)	Transfers (to)/from Major Repairs Reserve		(4,347)
	(1,300)	(Increase)/Decrease in year in the HRA		964
	(5,926)	Balance on HRA at the end of the current year		(4,962)

NOTES TO THE HOUSING REVENUE ACCOUNT

1. Housing Stock

The Council was responsible for managing an average stock of 4,417 dwellings during 2021/22 (2020/21 – 4,406). The stock at 31 March 2022 was made up as follows:

Houses	1,556
Flats	2,182
Bungalows	690
Other	3
Total	4,431

The change in stock can be summarised as follows:

2020/21		2021/22
4,408	Stock at 1 April	4,403
(16)	Less Sales	(34)
11	Plus Additions	8
0	Net transfers/other disposals	54
4,403	Stock at 31 March	4,431

In addition to the above, the Council has a stock of 828 garages (828 at 31 March 2021). These were valued at £2,350,000 at 31 March 2021 (£2,784,936 at 31 March 2021).

2. Value of the Housing Stock

The value of the Council's housing stock at 31 March 2022 was £215.019m (£191.025m at 31 March 2021). A full revaluation of the housing stock was undertaken as at 31 March 2019 and each year the dwellings are valued on the basis of a social housing adjustment factor which was 42% as at 31 March 2022.

The vacant possession value of dwellings at 31 March 2022 was £511.244m (£454.821m at 31 March 2021). The difference between the vacant possession value and the balance sheet value, amounting to £296.225m, represents the economic cost to government of providing council housing at less than open market rents. Revaluations of the housing stock are undertaken on 31 March each year with the next full revaluation taking place on 31 March 2024.

3. Major Repairs Reserve

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

2020/21 £'000		2021/22 £'000
0	Balance at 1 April	0
(4,227)	Depreciation charge to Housing Revenue Account	(4,347)
4,227	Expenditure financed from Major Repairs Reserve	4,347
0	Balance at 31 March	0

4. Capital Expenditure and Capital Receipts

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

2020/21 £'000		2021/22 £'000
6,370	Capital Expenditure	9,886
	Financed by:	
0	Borrowing	2,521
1,499	Capital Receipts	929
279	Government/Other Grants	0
0	Section 106 Contributions	0
4,227	Major Repairs Reserve	4,348
365	Revenue Contributions	2,068
6,370		9,866

Proceeds from the sale of dwellings within the Housing Revenue Account amounted to £2.264m for 2021/22 (£1.03m for 2020/21).

5. Depreciation

The Council's Estates Officer has determined that the assessed land value within council dwellings should not be depreciated. A 20-year depreciation period has been applied in respect of garages. Adjustments are made for improvement expenditure and sales occurring during the year. The total depreciation charge in 2021/22 was £4.213m (2020/21 - £4.121m).

The depreciation charge for 2021/22 in respect of the Council's housing stock was based upon the principle of component accounting. Since 2015, the valuation of council dwellings at 31 March has annually identified a number of significant components within the total valuation that are given estimated values and useful lives. These components are then depreciated separately each year from the remainder of the council dwellings.

Depreciation is also charged to the Housing Revenue Account in respect of vehicles dedicated to the activity of maintaining Council dwellings and garages. The vehicle depreciation in 2021/22 was £0.067m (2020/21 - £0.038m).

Further depreciation is charged in respect of information technology assets along vehicles and mobile devices that have subsequently been purchased. The acquisition of these assets was financed through the Housing Revenue Account. The charge in 2021/22 was £0.067m (2020/21 - £0.067m).

6. Impairment and Revenue Expenditure Funded from Capital under Statute

Impairment charges are identified by examining records of insurance claims made during the year for damage to Council dwellings together with a review of asset values by either the Council's internal Valuer or External Valuers. A review by Innes England (External Valuers) of the Council's housing stock at 31 March 2022 resulted in an increase of £23.095m in the value of the Council's housing stock. The entire sum was charged to the Capital Adjustment Account to offset impairment charges accumulated in previous years.

7. Rent Arrears

The total amount of rent arrears as at 31 March 2022 was £0.422m (2021/22 - £0.449m). The provision for doubtful debts is £0.243m (2020/21 - £0.233m).

8. Contribution from Pensions Reserve

International Accounting Standard 19 requires the services within the Housing Revenue Account to be charged with 'current service' pension costs. The Council's superannuation rate paid to the Nottinghamshire County Council Pension Fund in 2021/22 was 18% in respect of future service plus a monetary amount to cover historic deficits. This equated to an overall rate of approximately 20.3%. An adjustment is therefore made below net operating expenditure in order that the net cost charged against rent income is equal to the value of payments made to Nottinghamshire County Council. In 2021/22 the contribution from the pensions reserve amounted to £0.934m (2020/21 – contribution from reserve of £0.500m).

9. Interest Payable

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

COLLECTION FUND

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

2020/21			Note	2021/22		
Non Domestic Rates £'000	Council Tax £'000			Non Domestic Rates £'000	Council Tax £'000	Total £'000
		<u>Income</u>				
0	(68,762)	Council Tax Receivable	1 & 3	0	(72,325)	(72,325)
0	(540)	Government Grant - Transitional Relief		0	(13)	(13)
0	0	Transitional Protection Payment		(52)	0	(52)
(9,970)	0	Business Rates Receivable	1 & 2	(23,890)	0	(23,890)
		Contributions Towards Previous Year's Deficit	1			
(269)	0	Central Government		(8,510)	0	(8,510)
(215)	0	Broxtowe Borough Council		(6,808)	(43)	(6,851)
(49)	0	Nottinghamshire County Council		(1,532)	(344)	(1,876)
(5)	0	Nottinghamshire Fire Authority		(170)	(18)	(188)
0	0	Nottinghamshire Police Authority		0	(51)	(51)
(10,508)	(69,302)			(40,962)	(72,794)	(113,756)
		<u>Expenditure</u>				
		Council Tax Precepts and Demands/ Shares of NDR Income:	1			
13,959	0	Central Government		14,470	0	14,470
11,167	5,679	Broxtowe Borough Council		11,774	5,880	17,654
2,513	52,248	Nottinghamshire County Council		2,624	54,093	56,717
279	2,770	Nottinghamshire Fire Authority		292	2,838	3,130
0	7,806	Nottinghamshire Police Authority		0	8,358	8,358
0	878	Parish/Town Councils		0	913	913
0	25	Beeston Special Expenses Area		0	25	25

2020/21			Note	2021/22		
Non Domestic Rates £'000	Council Tax £'000			Non Domestic Rates £'000	Council Tax £'000	Total £'000
		Distribution of Previous Year's Surplus	1			
0	0	Central Government		0	0	0
0	65	Broxtowe Borough Council		0	0	0
0	510	Nottinghamshire County Council		0	0	0
0	28	Nottinghamshire Fire Authority		0	0	0
0	76	Nottinghamshire Police Authority		0	0	0
		Charges to the Collection Fund				
263	180	Provision for Uncollectable Debts		61	258	319
414	0	Provision for Appeals		53	0	53
326	0	Transitional Protection Payment		0	0	0
102	0	Cost of Collection allowance		102	0	102
29,023	70,265			29,376	72,365	101,741
18,515	963	Deficit/(Surplus) for the year		(11,586)	(429)	(12,015)
371	(287)	Deficit/(Surplus) b/fwd at 1 April		18,886	676	19,562
18,886	676	Deficit/(Surplus) at 31 March		7,300	247	7,547

NOTES TO THE COLLECTION FUND

1. The Collection Fund

General

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

Council Tax

The Council Tax precepts and demands of this Council, Nottinghamshire County Council, the Nottinghamshire Police Authority and the Nottinghamshire Fire Authority are paid out from the Collection Fund and collected from taxpayers. The Council Tax requirement of this Council includes funding for Parish/Town Councils and Beeston Special Expenses Area, totalling £0.938m in 2021/22 (£0.903m in 2020/21) which is distributed to these bodies from the Council's General Fund. Any balance generated on the Fund attributable to Council Tax, for example due to any difference between forecast and actual Council Tax base and collection rates, will be distributed or recovered in future years in proportion to the value of the respective precepts and demands.

Business Rates

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

The amount of Non-Domestic Rates receivable is set by the Non-Domestic Rate Multiplier – see note 2. Under the system of business rates retention, Non-Domestic Rates income is distributed between Central Government (50%), Broxtowe Borough Council (40%), Nottinghamshire County Council (9%) and Nottinghamshire Fire Authority (1%). In 2021/22, of the Non-Domestic Rates income the Council receives, £8.019m (£8.019m in 2020/21) is paid as a tariff to Nottinghamshire County Council in accordance with the Business Rates retention scheme.

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

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

The total Non-Domestic Rateable Value at 31 March 2022 amounted to £71.691m (31 March 2021 - £68.026m) and the Non-Domestic Rate Multiplier for 2021/22 was 51.2p in the pound (2020/21 - 51.2p). In 2021/22 the Small Business Rate Relief multiplier was 49.9p where applied.

3. Council Tax Base 2021/22

Band	Total Dwellings	Ratio to Band D	Number of Dwellings (Band D Equivalents)
A DPR	21.25	5/9	11.81
A	10,836.60	6/9	7,224.40
B	10,847.05	7/9	8,436.59
C	9,568.83	8/9	8,505.63
D	5,494.22	9/9	5,494.22
E	2,518.13	11/9	3,077.71
F	720.85	13/9	1,041.23
G	449.13	15/9	748.55
H	16.00	18/9	32.00
	40,472.06		34,572.14
Council Tax losses on Collection at Collection Rate of 98.5%			(518.58)
Class 'O'			163.90
Total			34,217.46

The Band D equivalent figures are derived by multiplying the number of dwellings in each band (adjusted for discounts) by the ratios shown above. The Band D charge for 2021/22 was £171.85.

GROUP ACCOUNTS

Introduction

The authority is required to adhere to proper accounting practices comprised primarily of the Code of Practice on Local Authority Accounting in the United Kingdom 2020/21, supported by International Financial Reporting Standards (IFRS), International Accounting Standards and statutory guidance issued under section 12 of the Local Government Act 2003.

An authority with interests in subsidiaries, associates and/or joint ventures is required to prepare Group Accounts in addition to their single entity financial statements unless these interests are not considered to be material.

Group Accounts are the financial statements of a group in which the assets, liabilities, reserves, income, expenses and cash flows of the parent (reporting authority) and its subsidiaries plus the investments in associates and interests in joint ventures are presented as those of a single economic entity.

Liberty Leisure Limited is a company limited by guarantee and is wholly owned by Broxtowe Borough Council. The company commenced trading on 1 October 2016. Its objectives include the provision of leisure, sports, cultural and heritage services for the benefit of the public. The company is overseen by a Board of Directors which consists of two Broxtowe Borough Council elected members, two Broxtowe Borough Council officers and the Managing Director of the Company.

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

Liberty Leisure Limited produce accounts with a year-end date of 31 March. The accounts for the period from 1 April 2021 to 31 March 2022 have been prepared by Haines Watts Chartered Accountants of Stapleford, Nottingham in accordance with the Financial Reporting Standard for Smaller Entities. The accounts are filed at Companies House in accordance with the Companies Act 2006.

Accounting Policies

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

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

GROUP COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT

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

Year Ended 31 March 2021				Year Ended 31 March 2022		
Gross Expend £'000	Income £'000	Net Expend £'000		Gross Expend £'000	Income £'000	Net Expend £'000
814	(454)	360	Housing	946	(678)	268
8,067	(3,851)	4,216	Environment	8,213	(4,041)	4,172
2,186	(1,326)	860	Business Growth	2,297	(1,269)	1,028
1,996	(428)	1,568	Community Safety	2,459	(516)	1,943
3,904	(2,585)	1,319	Health	4,430	(3,010)	1,420
22,561	(22,229)	332	Revenues, Benefits & Customer Services	16,196	(15,162)	1,034
12,828	(2,521)	10,307	Resources	8,508	(3,229)	5,279
1,158	(412)	746	ICT & Business Transformation	1,171	(481)	690
691	(16,359)	(15,668)	Local Authority Housing (HRA)	(9,422)	(16,553)	(25,975)
54,205	(50,165)	4,040	Cost of Services – Continuing Operations	34,798	(44,939)	(10,141)
		5,526	Other Operating Expenditure			8,478
		3,647	Financing and Investment Income and Expenditure			3,907
		(14,646)	Taxation and Non-Specific Grant Income			(12,896)
		(1,433)	(Surplus) or Deficit on Provision of Services			(10,652)
		4	Corporation Tax			44
		(1,429)	Group (Surplus)/Deficit			(10,608)
		2,230	(Surplus) or Deficit on Revaluation of Property, Plant and Equipment Assets			(2,014)
		21,617	Measurements of the Net Defined Benefit Liability/(Asset)			(16,671)
		23,847	Other Comprehensive Income and Expenditure			(18,685)
		22,418	Total Comprehensive Income and Expenditure			(29,293)

GROUP MOVEMENT IN RESERVES STATEMENT

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

	General Fund & Earmarked Reserves £'000	Housing Revenue Account £'000	Capital Receipts Reserve £'000	Major Repairs Reserve £'000	Capital Grants Unapplied £'000	Bramcote Bereav't Services £'000	Total Usable Reserves £'000	Unusable Reserves £'000	Total Reserves £'000
Balance at 31 March 2020 Carried Forward	(6,225)	(4,626)	(4,774)	0	0	(136)	(15,761)	(67,024)	(82,785)
Movement in Reserves during 2020/21									
Total Comprehensive Income and Expenditure	7,093	(8,313)	0	0	0	(209)	(1,429)	23,847	22,418
Adjustments between accounting basis & funding basis under regulations	(16,015)	7,013	1,230	0	0	(45)	(7,817)	7,817	0
(Increase)/decrease in 2020/21	(8,922)	(1,300)	1,230	0	0	(254)	(9,246)	31,664	22,418
Balance at 31 March 2021 Carried Forward	(15,147)	(5,926)	(3,544)	0	0	(390)	(25,007)	(35,360)	(60,367)
Movement in Reserves during 2021/22									
Total Comprehensive Income and Expenditure	4,824	(15,550)	0	0	0	118	(10,608)	(18,685)	(29,293)
Adjustments between accounting basis & funding basis under regulations	(1,287)	16,514	(711)	0	0	(78)	14,438	(14,438)	0
(Increase)/decrease in 2021/22	3,537	964	(711)	0	0	40	3,830	(33,123)	(29,293)
Balance at 31 March 2022 Carried Forward	(11,610)	(4,962)	(4,255)	0	0	(350)	(21,177)	(68,483)	(89,660)

GROUP BALANCE SHEET

The Balance Sheet shows the value as at the Balance Sheet date of the assets and liabilities recognised by the authority. The net assets of the authority (assets less liabilities) are matched by the reserves held by the authority. Reserves are reported in two categories, usable and unusable. Usable reserves are those reserves that the authority may use to provide services, subject to the need to maintain a prudent level of reserves and any statutory limitations on their use (for example the Capital Receipts Reserve that may only be used to fund capital expenditure or repay debt). Unusable reserves are those that the authority is not able to use to provide services. This category of reserves includes reserves that hold unrealised gains and losses (for example the Revaluation Reserve), where amounts would only become available to provide services if the assets are sold; and reserves that hold timing differences shown in the Movement in Reserves Statement line Adjustments between accounting basis and funding basis under regulations.

31 March 2021 £'000		31 March 2022 £'000
229,702	Property, Plant & Equipment	250,452
304	Heritage Assets	404
373	Intangible Assets	245
5,984	Long Term Investments	6,309
51	Long Term Debtors	67
236,414	Long Term Assets	257,477
0	Short Term Investments	0
0	Assets Held for Sale	0
201	Inventories	269
16,920	Short Term Debtors	9,410
12,103	Cash and Cash Equivalents	15,492
29,224	Current Assets	25,171
(23,786)	Short Term Borrowing	(9,787)
(17,173)	Short Term Creditors	(15,859)
(317)	Provisions	(335)
(3,081)	Revenue Grants Receipts in Advance	(7,147)
(44,357)	Current Liabilities	(33,128)
(653)	Provisions	(675)
(77,327)	Long Term Borrowing	(85,837)
(80,443)	Net Pension Liability	(68,875)
(2,491)	Capital Grants Receipts in Advance	(4,473)
(160,914)	Long Term Liabilities	(159,860)
60,367	Net Assets	89,660
(25,007)	Usable Reserves	(21,177)
(35,360)	Unusable Reserves	(68,483)
(60,367)	Total Reserves	(89,660)



Z Darr BSc CPFA MBA – Deputy Chief Executive and Section 151 Officer
20 July 2022

GROUP CASH FLOW STATEMENT

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

2020/21 £'000		2021/22 £'000
1,429	Net surplus or (deficit) on the provision of services	10,608
24,040	Adjustments to net surplus or deficit for non-cash movements	3,693
(5,243)	Adjustments for items included in the net surplus or deficit on the provision of services that are investing and financing activities	(3,286)
20,226	Net cash flows from operating activities	11,015
(10,911)	Investing activities	(9,253)
(9,511)	Financing activities	1,627
(196)	Net increase or (decrease) in cash equivalents	3,389
12,299	Cash and cash equivalents at the beginning of the reporting period	12,103
12,103	Cash and cash equivalents at the end of the reporting period	15,492

GROUP ACCOUNT NOTES

Introduction

The following notes have been prepared on an exception basis with only those items which have changed from the Borough Council's Statement of Accounts being included. For all other items, reference should be made to the Council's Comprehensive Income and Expenditure Statement on page 30 and Balance Sheet on page 32 and the appropriate note.

1. Inter Company Transactions

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

<u>Comprehensive Income and Expenditure Statement</u>	Broxtowe Adjusted 2021/22 £'000	Liberty Leisure Adjusted 2021/22 £'000	Group 2021/22 £'000
(Surplus)/Deficit on Continuing Operations	(9,973)	(168)	(10,141)
Financing and Investment Income and Expenditure	3,754	153	3,907
(Surplus)/Deficit on Provision of Services	(10,637)	(15)	(10,652)

<u>Balance Sheet</u>	Broxtowe Adjusted 2021/22 £'000	Liberty Leisure Adjusted 2021/22 £'000	Group 2021/22 £'000
Inventories	255	14	269
Short Term Debtors	9,573	(163)	9,410
Short Term Creditors	(15,515)	(344)	(15,859)

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

2020/21 £'000		2021/22 £'000
(890)	(Surplus)/Deficit on the Council's Comprehensive Income and Expenditure Statement	(10,637)
(539)	Adjustments for transactions with other Group entities	29
(1,429)	(Surplus)/Deficit for the year on the Group Comprehensive Income and Expenditure Statement	(10,608)

3. Expenditure and Funding Analysis

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

2020/21				2021/22		
Net Expenditure Chargeable to the General Fund and HRA balances £'000	Adjustments between the Funding and Accounting Basis £'000	Net Expenditure in the Comprehensive Income and Expenditure Statement £'000		Net Expenditure Chargeable to the General Fund and HRA balances £'000	Adjustments between the Funding and Accounting Basis £'000	Net Expenditure in the Comprehensive Income and Expenditure Statement £'000
Corporate Priority						
389	(29)	360	Housing	318	(50)	268
3,349	867	4,216	Environment	3,966	206	4,172
692	168	860	Business Growth	1,000	28	1,028
1,171	397	1,568	Community Safety	1,409	534	1,943
1,453	(134)	1,319	Health	924	496	1,420
470	(138)	332	Revenues, Benefits and Customer Services	1,285	(251)	1,034
1,365	8,942	10,307	Resources	970	4,309	5,279
586	160	746	ICT and Business Transformation	561	129	690
(7,686)	(7,982)	(15,668)	Local Authority Housing (HRA)	(6,636)	(19,339)	(25,975)
1,789	2,251	4,040	Net Cost of Service	3,797	(13,938)	(10,141)
(12,265)	6,796	(5,469)	Other Income and Expenditure	744	(1,211)	(467)
(10,476)	9,047	(1,429)	Surplus or Deficit	4,541	(15,149)	(10,608)
10,987			Opening General Fund and HRA balances at 1 April	21,463		
10,476			Less/Plus Surplus or (Deficit) on General Fund and HRA Balance in Year	(4,541)		
21,463			Closing General Fund and HRA Balance at 31 March	16,922		

Adjustments between Funding and Accounting Basis

Adjustments from General Fund to arrive at the Comprehensive Income and Expenditure Statement amounts	Adjustments for Capital Purposes £'000	Net change for Pensions Adjustments £'000	Other Statutory Adjustments £'000	Total Adjustments £'000
<u>2020/21</u>				
Housing	0	(29)	0	(29)
Environment	1,256	(389)	0	867
Business Growth	294	(126)	0	168
Community Safety	508	(111)	0	397
Health	518	(652)	0	(134)
Revenues, Benefits & Customer Services	0	(138)	0	(138)
Resources	7,713	1,229	0	8,942
ICT & Business Transformation	200	(40)	0	160
Local Authority Housing (HRA)	(7,592)	(390)	0	(7,982)
Net Cost of Services	2,897	(646)	0	2,251
Other income and expenditure from the Expenditure and Funding Analysis	(2,756)	2,371	7,181	6,796
Difference between General Fund surplus or deficit and Comprehensive Income and Expenditure Statement Surplus or Deficit on the Provision of Services	141	1,725	7,181	9,047
<u>2021/22</u>				
Housing	0	(50)	0	(50)
Environment	896	(690)	0	206
Business Growth	264	(236)	0	28
Community Safety	728	(194)	0	534
Health	392	104	0	496
Revenues, Benefits & Customer Services	0	(251)	0	(251)
Resources	2,077	2,232	0	4,309
ICT & Business Transformation	201	(72)	0	129
Local Authority Housing (HRA)	(18,610)	(729)	0	(19,339)
Net Cost of Services	(14,052)	114	0	(13,938)
Other income and expenditure from the Expenditure and Funding Analysis	(930)	4,727	(5,008)	(1,211)
Difference between General Fund surplus or deficit and Comprehensive Income and Expenditure Statement Surplus or Deficit on the Provision of Services	(14,982)	4,841	(5,008)	(15,149)

Adjustments for Capital Purposes

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

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

Net Change for Pensions Adjustments

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

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

Other Statutory Adjustments

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

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

4. Short Term Debtors

2020/21 £'000		2021/22 £'000
9,495	Central Government Bodies	3,229
149	Housing Benefit Overpayments	65
4,452	Other Local Authorities	2,967
691	HMRC	504
216	Housing Rents	179
302	Council Tax Payers	341
478	Non Domestic Rates Payers	487
0	Non Domestic Rates Pool	577
1,137	Other Entities and Individuals	1,061
16,920	Total	9,410

5. Cash and Cash Equivalents

2020/21 £'000		2021/22 £'000
1	Cash in hand	1
1,854	Bank current accounts	1,794
8,257	Other Local Authorities	11,736
1,991	Money Market Funds	1,961
12,103	Total	15,492

6. Short Term Creditors

2020/21 £'000		2021/22 £'000
(10,701)	Central Government Bodies	(9,680)
(605)	Other Local Authorities	(266)
0	NHS Bodies	0
(231)	HMRC	0
(120)	Council Tax Payers	(132)
(931)	Non Domestic Rates Payers	(508)
(330)	Non Domestic Rates Pool	(979)
(643)	Housing Rents	(651)
(3,612)	Other entities and individuals	(3,643)
(17,173)	Total	(15,859)

7. Retirement Benefits

Retirement benefits to all employees within the Group are provided by the Local Government Pension Scheme. This is a defined benefit scheme. A pension liability of £6.816m at 31 March 2022 (£7.669m 31 March 2021) in respect of Liberty Leisure has been consolidated within the Group Accounts.

8. Cash Flow Statement

The cash flows in respect of Liberty Leisure Limited have been consolidated within a cash flow statement for the group. All Liberty Leisure Limited's cash flows in 2020/21 and 2021/22 arose from operating activities. There were no investing or financing activities.

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GLOSSARY OF TERMS

ACCOUNTING POLICIES

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

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

Accounting policies do not include estimation techniques.

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

ACCRUALS

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

ADMINISTRATIVE BUILDINGS

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

AMORTISATION

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

ASSET REGISTER

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

BALANCES

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

BALANCE SHEET

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

BILLING AUTHORITIES

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

BUDGET

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

BUDGET REQUIREMENT

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

CAPITAL ADJUSTMENT ACCOUNT

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

CAPITAL CHARGES

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

CAPITAL EXPENDITURE

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

CAPITAL PROGRAMME

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

CAPITAL RECEIPTS

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

CHARTERED INSTITUTE OF PUBLIC FINANCE AND ACCOUNTANCY (CIPFA)

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

COLLECTION FUND

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

COMMUNITY ASSETS

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

CONTINGENCY

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

CONTINGENT LIABILITIES

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

CORPORATE AND DEMOCRATIC CORE (CDC)

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

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

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

COUNCIL TAX

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

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

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

COUNCIL TAX DISCOUNTS AND EXEMPTIONS

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

COUNCIL TAX BASE

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

DEPRECIATION

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

DIRECT REVENUE FINANCING

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

EARMARKED RESERVES

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

EMOLUMENTS

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

EXTERNAL AUDIT

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

FEES AND CHARGES

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

FINANCE LEASE

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

FINANCIAL INSTRUMENT

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

FINANCIAL INSTRUMENT ADJUSTMENT ACCOUNT

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

FINANCIAL REGULATIONS

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

FINANCIAL YEAR

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

FIXED ASSET

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

FORMULA GRANT

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

F.T.E.

Full-time equivalent - relates to employee numbers.

GENERAL FUND

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

GENERALLY ACCEPTED ACCOUNTING PRINCIPLES (GAAP)

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

GOVERNMENT GRANTS

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

GROSS EXPENDITURE

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

HERITAGE ASSETS

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

HOUSING BENEFIT

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

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

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

HOUSING REVENUE ACCOUNT (HRA)

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

HOUSING REVENUE ACCOUNT (HRA) BUSINESS PLAN

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

HOUSING STRATEGY

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

IMPAIRMENT

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

INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS)

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

INFRASTRUCTURE ASSETS

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

INTANGIBLE ASSETS

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

INTERNAL AUDIT

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

INVESTMENT PROPERTY

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

INVESTMENTS

Deposits with approved institutions.

JOINT COMMITTEE

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

LEASING

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

LONG TERM DEBTORS

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

MEDIUM TERM FINANCIAL STRATEGY

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

MINIMUM REVENUE PROVISION

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

NET EXPENDITURE

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

NON-DOMESTIC RATES (NDR)

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

NON-OPERATIONAL ASSETS

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

OPERATIONAL ASSETS

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

OPERATIONAL LEASE

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

OUT-TURN

Actual income and expenditure.

PENSION FUND

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

PRECEPT

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

PROVISIONS

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

PRUDENTIAL CODE

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

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

PUBLIC WORKS LOAN BOARD

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

RATEABLE VALUE

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

RENT REBATES

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

REPAIRS AND RENEWALS RESERVE

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

REVALUATION RESERVE

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

REVENUE EXPENDITURE

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

REVENUE EXPENDITURE FUNDED FROM CAPITAL UNDER STATUTE (REFCUS)

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

SPECIFIC GRANTS

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

STANDING ORDERS

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

SUPPORTING PEOPLE

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

UNUSABLE RESERVES

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

USABLE RESERVES

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

VIREMENT

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

VOIDS

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