



KPMG LLP
Audit
St. Nicholas house
31 Park Row
Nottingham
NG11JZ

Tel +44 (0)115 935 3535
Fax +44 115 935 3500
John.cornett@kpmg.co.uk

Robert Mitchell
Chief Executive
Ashfield District Council
Urban Road
Kirkby in Ashfield
Nottingham
NG17 8DA

29 September 2017

Dear Robert

Audit of accounts 2016/17– Notice of certification of completion of the audit

I am pleased to advise you that the audit of Ashfield District Council's accounts for the year ending 31 March 2017 has been completed.

An unqualified opinion on the accounts was issued on 29 September 2017. On the same date we also issued an unqualified conclusion on the Authority's arrangements for securing value for money.

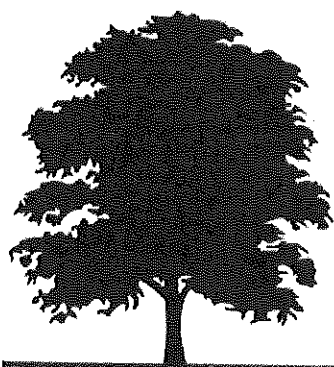
We have not had to exercise any statutory audit powers under the Audit & Accountability Act 2014 (the Act).

May I draw your attention to Regulation 16(1) of the Accounts & Audit Regulations 2015 which requires the Authority to publish (which must include publication on its website) a statement:

- that the audit has been concluded and that the statement of accounts have been published;
- of the rights on inspection conferred on local government electors by section 25 of the Act (inspection of statement of accounts etc.); and
- setting out the address at which, and the hours during which, those rights may be exercised.

Yours sincerely

John Cornett
Director, KPMG LLP



Ashfield

DISTRICT COUNCIL

Statement of Accounts

2016/2017

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Narrative Report

1. Introduction to the Council

2016/17 was both a challenging and exciting year for the Council. In 2015, the newly elected Cabinet, working with the newly appointed Chief Executive, agreed a new Corporate Plan covering the period 2016 to 2019. From a financial perspective, its ambition was to modernise the Council both by making its services more efficient, and introducing a more commercial way of working.

The budget which we set for 2016/17 incorporated £0.6 million of savings, which included plans to co-locate with other public sector partners, saving some of the costs of our office space, along with plans for our trading services to generate increased income from businesses and the public.

Our Council and Housing services were consolidated into one building in Sutton, and we successfully obtained external funding to convert Ada Lovelace House, formerly an office, into managed business units to support the regeneration of Kirkby.

We entered into another shared service, the Central Midlands Audit Partnership, and saw a number of key services, such as Planning and Cemeteries, consolidate their improved income generation.

The Capital Programme reflects our commitment to the modernisation of the Idlewells Market, the conversion of Ada Lovelace House, and the building enhancement work needed to share space with Nottinghamshire Police and the Department of Works & Pensions (DWP), as well as the multi-year schemes to enhance council housing, provide adaptations for residents with disabilities in their homes, and the ongoing renewal of the Council's fleet of vehicles.

After the budget was set, and in advance of the need for further savings in 2017/18, Council made the decision to close Ashfield Homes Limited (AHL) and return the housing landlord function back to direct Council control. AHL had done much to improve the housing stock of the district, but the financial circumstances were now appropriate to seriously assess the benefits of the two organisations becoming one.

Consequently on 1 October 2016 the Council welcomed around 180 new colleagues; the Council's staff now have a single focus on delivering the Corporate Plan.

As the financial year progressed, Cabinet and the Corporate Leadership Team worked together to build a savings package for 2017/18, again focussing on the twin themes of efficiency and commercialism.

This Statement of Accounts, now produced to a tighter time scale because of changes to be introduced next year, represents the culmination of many months of hard work from the Finance team, and also all of those officers who are responsible for budgets across the organisation.

The Accounts reflect the impact of the TUPE transfer of former AHL staff at the mid-point of the year, and next year's Accounts will reflect a full year of that amalgamation.

A project team from across both organisations was committed to this work for most of the last year, successfully achieving the planned savings.

We know that further financial challenges lie ahead and have made early plans to address these challenges. At the time of writing, our plans to meet the savings required in 2018/19 are already well advanced.

These Accounts demonstrate the Council's success in meeting its financial targets, so that our medium term plans remain deliverable. This robust financial position, of which we are rightly proud, is a credit to our colleagues across the Council who have successfully delivered substantial savings, while continuing to provide services of which we can all be proud.



A handwritten signature in blue ink, appearing to read 'Butler'.

.....
Cllr Cheryl Butler - Leader of the Council



A handwritten signature in blue ink, appearing to read 'RM'.

.....
Robert Mitchell - Chief Executive

2. The Statement of Accounts

The accounts are prepared in accordance with the Code of Practice on Local Government Accounting in the United Kingdom 2016/17 based upon International Financial Reporting Standards (IFRS). The accounts are compliant with the Accounts and Audit Regulations (England) 2015.

The purpose of the accounts is to give electors, local taxpayers, Ashfield District Council ("the Council") Members, employees of the Council and other interested parties clear information about the Council's finances.

The Council's accounts for the year 2016/17 consist of the following main statements with supporting notes where applicable. Expanded definitions of each statement accompany each document within the accounts.

a. The Statement of Responsibilities for the Statement of Accounts

This statement sets out the respective responsibilities of the Council and the Chief Financial Officer for the accounts.

b. Audit Certificate and Opinion

The Council's accounts are subject to an external audit annually by the Public Sector Audit Appointments Ltd's nominated Auditor.

c. The Statement of Accounting Policies

This section summarises the accounting policies used to prepare the accounts.

d. The Core Financial Statements

- **The Expenditure & Funding Analysis**
This statement shows how annual expenditure is used and funded from resources in comparison with those resources consumed or earned by the Council.
- **The Comprehensive Income and Expenditure Statement**
This account summarises the amounts the Council has spent on its services and how this spending was paid for in a similar standard reported to Council.
- **The Movement in Reserves Statement**
This statement shows the movement in the different reserves held by the District Council over the year. The statement is analysed between useable reserves and unusable reserves.
- **The Balance Sheet**
The Balance Sheet is a statement of the financial position of the Council as at the Balance Sheet date. It shows the assets and liabilities of the Council; the net assets on the balance sheet are matched by reserves held by the Council.

- The Cash Flow Statement

This statement summarises the inflows and outflows of cash arising from transactions with third parties for revenue and capital purposes.

e. The Supplementary Financial Statements

- The Housing Revenue Account

The Housing Revenue Account sets out the income and expenditure arising from the provision, management and maintenance of the Council's housing stock. This is separate from the rest of the Council's accounts and is required to operate with a positive working balance.

- The Collection Fund

The Collection Fund shows the amounts collected for Council Tax and National Non-Domestic Rates and how this income has been distributed to Nottinghamshire County Council, Nottinghamshire Police Authority, Nottinghamshire Fire Authority and Central Government.

- The Group Accounts

The Council had a group relationship with Ashfield Homes Limited and prepares consolidated group accounts to reflect that arrangement. This relationship ended on the 30th September 2016.

f. Annual Governance Statement

The Annual Governance Statement sets out the Council's governance arrangements and highlights any areas where there are significant weaknesses in internal control.

g. Glossary of Terms and Abbreviations

A glossary of terms and abbreviations is included at the end of the document.

A summary of the Council's financial performance compared to the revised budget for 2016/17 is set out overleaf.

3. Financial Overview for 2016/17

a. The General Fund Revenue Budget Statement

The Directorate Structure is the basis used for the management and delivery of services and for accounting purposes. The Council has 7 Directorates. The statement below shows the revised revenue budget compared with the actual net expenditure by Directorate and by subjective analysis.

	Revised Budget £'000	Actual £'000	Variance £'000
Subjective Analysis:			
Employee Expenses	16,143	16,275	132
Premises Expenses	1,402	1,414	12
Transport Related Expenses	1,273	1,341	68
Supplies and Services	5,880	6,266	386
Transfer Payments	33,910	33,286	(624)
Central & Dept Recharges	10,070	9,728	(342)
Income	(42,089)	(42,643)	(554)
Recharges	(12,968)	(12,883)	85
Total	13,621	12,784	(837)
By Directorate			
Chief Executive Officer	465	465	(0)
Deputy CEO (Resources)	917	98	(819)
Assistant CEO (Governance)	989	1,069	80
Housing Strategy	379	411	32
Corporate Services & Transformation	1,325	1,303	(22)
Planning & Economic Development	2,558	2,474	(84)
Place & Communities	6,988	6,964	(24)
Divisional Expenditure	13,621	12,784	(837)
Financing and Investment Income and Expenditure			
Net Interest	(242)	(197)	45
Minimum Revenue Payment	1,526	1,526	0
Capital Expenditure Financed from Revenue	241	226	(15)
	1,525	1,555	30
Funding			
Government Grants	(4,948)	(4,956)	(8)
Business Rates	(4,651)	(4,933)	(282)
Council Tax	(5,703)	(5,703)	0
Total Funding	(15,302)	(15,592)	(290)
Net General Fund Deficit / (Surplus) for the year before transfers to/from Earmarked Reserves			
	(156)	(1,253)	(1,097)
Net Contribution to / (from) Earmarked Reserves	(335)	758	1,093
Net General Fund Deficit / (Surplus) for the year after transfer to/ (from) Earmarked Reserves			
	(491)	(495)	(4)

Employee Costs

Employee costs were over spent by £132k. Direct pay (including Employer's National Insurance and Superannuation contributions) was £404k lower than budget due to vacancies throughout the Authority. This was offset by increased agency costs of £467k. A saving was made on Members' Allowances of £10k. Recruitment Advertising was £101k, reflecting the level of vacancies but also costs associated with recruitment to senior management posts. Other Employee costs, including Training, were £22k better than budget.

Premises costs

Premises costs were £12k over spent. Maintenance of Public buildings was £16k under spent, and there was an under spend on Utilities of £17k. Costs in relation to Police & Crime Commissioner elections and the EU referendum were £32k over spent, however, these costs will be recouped from the Government when the election claims are finalised. Spending on Landlord Services, in relation to Private Sector housing, was £12k over spent, and Property Insurance was £16k higher than budget. Insurance increased further to revaluation of properties post budget setting.

Transport Related Expenses

Transport costs were £68k over spent. There were over spends on fuel of £36k and vehicle maintenance (including parts) of £49k and other transport related costs of £2k. Offsetting this was a saving on tyres of £19k.

Supplies and Services

Supplies and Services were over spent by £386k.

- There are a wide range of variances against Supplies and Services. These include:-
 - Postage was £74k over spent. The majority related to costs associated with the Police and Crime Commissioner (PCC) election, and the EU referendum. Both of these will be fully reimbursed when the claims are finalised. The income due to the Council is included within the accounts.
 - Printing & Stationery was £38k over spent. Costs in respect of the PCC election, £21k, and the EU referendum, £27k, were largely responsible for the over spend. Both of these will be fully reimbursed. Savings on Publicity (+£15k), and Revenues (+£5k), were partly offset by Elections (-£12k) as a result of the canvassing exercise.
 - Trade Refuse disposal costs were £27k higher than budget, mainly due to payments in respect of the use of Mansfield District Council's Waste Transfer Station.

- Internal Expenses were £221k over spent mainly due to an increase in the Provision for Legal costs in respect of a further Health & Safety case.
- Memberships and subscriptions were £24k over spent, due to payments in respect of the Timewise Nottinghamshire Programme, however, this over spend was met by a contribution from Nottinghamshire Economic Prosperity Committee.
- The cost of Shared Services was £36k lower than budget, due to savings on Regeneration, Human Resources and Financial Management (withdrawing from the shared CIPFA trainee scheme).
- Audit Fees were £15k higher than budget due to additional works completed during the Housing Benefits 2015/16 audit and the Statement of Accounts 2015/16 audit and for work completed in assessing the then proposed transfer of AHL.
- Clothing & Uniform purchases were £15k over spent with the main impact being within Waste Collection and Street Cleansing.
- A number of further smaller difference accounted for the remaining budget variance.

Transfer payments

Transfer payments were £624k less than budgeted. These mostly relate to the payment of Housing Benefits (£627k) which are reimbursed by the Government through subsidy as commented on at the end of the section. The net expenditure variance taking into consideration subsidy income and prior year deductions is an under spend of £414k. Discretionary Housing budget, for which a grant was received, was fully spent in the year.

Internal recharges

Internal recharges were £342k less than budgeted which in part is reflected in a reduction in recharges income. Asset Management charged £37k less to Capital Programme work. Some budgeted recharges within Directorates were not posted due to a change in the Organisation structure, £110k. The Contract Hire charges were also reduced by £169k.

Income

Income for the year was £554k higher than budget.

Grants and contributions, at £36.008m, were £371k higher than anticipated. This was due to grants received for the PCC Election and the EU referendum as mentioned above (£150k). Additional grants were received by Revenues and Benefits (£107k), Planning (£66k), Supported Housing (protected credits) £46k, Leisure related (£32k), New Cross Support team (+£62k), and smaller value grants across the Directorates (£124k). There was a reduction in Housing Benefit subsidy, £212k, (see earlier paragraph regarding Transfer Payments).

Other Income, at £6.605m, was £153k above budget. Reductions in doubtful debts accounted to a net effect of an additional contribution of £220k.

There were a number of other variances:

When AHL was returned to the Council, the Supported Housing reserve was credited to the General Fund (+£69k), the sale of 'end of life' refuse bins was £10k better than budget, income from Glass recycling was also up on budget (+£39k). Income from Vehicle sales was £32k, and fees and charges from Cemeteries were £12k better than budget. Other favourable variances occurred in the removal of Bulky Waste (+£23k), Selective Licencing (+£27k), various Licencing activities (+£34k), and Service Charges from a number of properties (+£17k). Partly offsetting these gains were Planning Fees (-£19k), Pest Control (-£40k), and Rents from several properties (-£50k).

Recharges

Income in respect of recharges, as mentioned under Internal Recharges, was £85k lower than budget.

There were also increased charges to the HRA of £102k for Service Director (agency and new service post) and additional redundancy costs post transfer, less lower Contract Hire fees to the HRA.

In summary the Divisional Net Service Expenditure is £0.837m lower than budgeted.

Financing and Investment Income and Expenditure

The variance relating to these costs was £30k higher than anticipated.

The net interest was £46k lower than budgeted. Direct Revenue Financing to fund the Capital Programme was £15k less than budgeted due to slippage.

Funding

Funding was £290k better than budgeted mainly due to higher Business Rates (+£282k). The two main variances are:-

- an increase of £46k in the Section 31 Small Business Rates and Empty Rate Relief grant. Higher amounts were claimed by business rate-payers than originally envisaged therefore additional grant is payable by the Government.
- returned Business Rates as part of the Nottinghamshire pooling arrangement of £181k. The remaining £55k is a result of paying a lower levy and returned pooling payments from preceptors.

In summary, the Net Surplus before Movement to Reserves is £1.253m, £1.097m better than budgeted.

Transfer to /from Reserves

The Council made a net contribution to reserves of £758k as opposed to a planned withdrawal from reserves of £335k. The Council also reclassified £65k of its Section 106 monies from capital to revenue. A fundamental review of earmarked reserves has been undertaken to re-align to the Council's priorities and to essentially support progress of the transformation agenda, deliver efficiencies and release savings over the medium to long term. The movements are recorded in the note 24 within the Statement but the principle changes are:-

1) Merging and reallocation of the Corporate Improvement Fund and the Corporate Change & Renewal Fund.

There have been reductions in the planned use of the Corporate Improvement Fund by £143k and Corporate Change and Renewal Fund by £50k due to accommodating costs within year. Further to the review, these reserves have closed and been transferred to create a new reserve.

Corporate Change Reserve:-

Purpose: To provide the finance injection to fund emerging commercial services (including business development support). Also to fund changes in service delivery through service reviews, financing, including redundancy costs to enable that change to take place. Closing Balance as at 31st March 2017 - £1.7m.

2) Re-naming of Asset Renewal Reserve to Asset Repair & Renewal Reserve

There has been slippage during 2016/17 in respect of capital projects reducing the planned withdrawal from the Asset Renewal Reserve by £43k. This funding, for the Kingsmill Reservoir de-silting project will be required in 2017/18. A further £180k has been contributed to the reserve to support investment in the Council's land & building assets. Investment will be identified further to stock condition surveys and as part of the asset rationalisation programme.

Asset Repair & Renewal Reserve:-

Purpose: To part fund investment into the Council's land, building & vehicles further to stock condition surveys and to progress the asset rationalisation programme. Closing Balance as at 31st March 2017 - £804k.

3) Creating a new Commercial Property Investment Reserve

As part of the drive to generate income streams to the Authority the Council to date, has committed to purchase commercial property up to £10 million. Such ventures are not without risk and therefore as part of managing this risk a reserve has been established to fund possible void periods or reduction in valuation

Commercial Property Investment Reserve:-

Purpose:- To provide funding to mitigate risk of void periods or fluctuations within the property market relating to Commercial Property Investment. Closing Balance as at 31st March 2017 - £400k.

4) Creating an Economic & Place Reserve

Regenerating the District is important to providing prosperity for all. This reserve is to help deliver this agenda.

Purpose: To provide funding for feasibility studies to unlock external funding or to support projects that will result in economic growth or support inward investment / pump prime the development of a Business Improvement District. Closing Balance as at 31st March 2017 - £150k.

5) Creating a Technology Investment

As the transformation agenda continues the need for IT investment has become ever pressing. This is essential to provide the customer experience expected from an organisation of this size and to drive efficiencies within the organisation.

Purpose: To support the upgrading of out of date technology / to support the introduction of new technology / to support the move to digital delivery of services and improve customer experience / to support the move to more agile working. Closing balance as at 31st March 2017 - £515k

6) Transferring the Supported Housing Reserve

This reserve has been transferred from AHL and is used to contribute towards the operation of the Call Monitoring service whilst it seeks to build the customer base and break-even. Closing Balance as at 31st March 2017 - £36k.

7) Insurance Reserve - update

In year there was a withdrawal from the Insurance Fund of £44k to fund new in-year claims and increases to the provision. Such movements are not budgeted for as this is based upon claims received and settled during the period. A further £100k has been added to the Reserve to fund future liability claims including those transferred as a result of the liquidation of MMI and Independent Insurance Company. Closing balance as at 31st March 2017 - £336k

8) Elections Reserve – update

The condition of polling booths is poor and a further £20k is required to replace these. £20k has therefore been added to the reserve to enable purchase in 2017/18. Closing Balance as at 31st March 2017 - £58k.

9) Revenue Grant Reserve – update

There has been a reduction in the contribution from the Revenue Grant Reserve of £83k. This is due to unspent grants received during the period, which are to be used for specific projects in future years being transferred to the Revenue Grant Reserve plus slippage on some grant funded projects requiring a reduced contribution from the reserve. Closing Balance as at 31st March 2017 - £969k.

All other movements in reserves are not material and largely as budgeted.

The Net General Fund Surplus after Movement in Reserves is £0.495m, £0.004m better than budgeted.

b. Housing Revenue Account

	Revised Budget £'000	Actual £'000	Variance £'000
Income			
Rents, Charges and Contributions	(24,448)	(24,371)	77
Other Grants	0	(34)	(34)
Interest and Investment Income	(68)	(116)	(48)
Balances returned from AHL	(500)	(742)	(242)
Total Income	(25,016)	(25,263)	(247)
Expenditure			
Borrowing and Capital Financing Charges	2,374	2,853	479
Repairs and Maintenance	6,655	6,498	(157)
Supervision and Management	5,860	5,579	(281)
Interest Payable and Appropriations	3,564	3,563	(1)
Other Expenditure	243	147	(96)
Direct Revenue Financing	643	869	226
Transfer to/from Major Repairs Reserve	5,111	3,798	(1,313)
Total Expenditure	24,450	23,307	(1,143)
Surplus for the year	(566)	(1,956)	(1,390)
Net Contribution to / (from) Earmarked Reserves	50	177	127
Net Housing Revenue Account Deficit / (Surplus) for the year after transfer to/ (from) Earmarked Reserves	(516)	(1,779)	(1,263)

The Housing Revenue Account (HRA) outturn shows the income and expenditure arising from the provision of the Council's landlord functions. The HRA is ring fenced and required to operate with a positive working balance.

The outturn for the HRA shows an in year surplus of £1.779m, after movement in reserves, bringing the total HRA balance at 31 March 2017 to £23.746m.

Income

Actual income from rents, charges and contributions is less than the budget provision due to the sales of properties under Right to Buy not included in the rent estimates offset by income received for three years of renewable heating incentives of £52k.

Other Grants includes additional income of £34k for carbon saving works completed for non-traditional properties. This has been placed in a HRA Earmarked Reserve to fund future Eco-Friendly projects.

The Interest & Investment Income is higher due to the internal interest received on the higher surplus than initially budgeted.

The return of balances from Ashfield Homes (AHL) estimate was based on the £500K working balance held by AHL. In addition to this, the Company returned £133K of in year returned management fee and £109k of earmarked HRA reserves.

Expenditure

Borrowing and capital financing charges are £479k higher than budgeted mainly due to depreciation charges being £462k greater than planned due to increase in property valuations in 2015/16.

Repairs and Maintenance is under budget by £157k due mainly to

- An underspend of £120k in delivering the housing depot service across the housing capital schemes, courts and repairs areas, mainly through vacancies and a mild winter period reducing the number of adverse weather required repairs,
- A reduction in expenditure on the maintenance of equipment and consultants of £34k,
- The delayed completion of the Domestic Legionella surveys during the Company transfer, £20k will be required in 2017/18 to continue the scheme.
- The above variances are partly offset by an increase in the housing repairs vehicle charges of £17K

Supervision and management is under spent overall by £281k, there are a wide range of variances against supervision and management. These principally include the following;

- Due to early transfer of AHL, budgets totalling £101k relating to the management team were no longer required. These budgets were retained for any unexpected expenditure relating to the transfer.
- Underspends have occurred across the Housing Courts in which repairs, maintenance and cleaning is £67k lower than the revised budget, along with a saving of £32k achieved on utility costs mainly due to the mild winter,
- The Brook Street Office through various budgets is £42k lower than estimated,
- Vacancies across the Housing Management Service amounting to £59k,
- Housing Environmental improvements underspend of £25k,
- Move Assist scheme underspent by £15k, costs amalgamated with the Decoration Voucher scheme through the capital programme,
- Tenant Participation is underspent by £11k with the service not committing to schemes during the transfer of the Housing Service,
- There were a number of smaller variances contributing to a further net under spend of £25k.
- The above variances are partly offset by recharges for the Service Director and additional redundancy costs post transfer of £102k.

Within other expenditure there were council tax payments made for empty council houses which were £30k under spent and there has been a decrease in the contribution to the bad debt provision of £66k compared to the budget.

Direct Revenue Financing has increased by £226K. This is to compensate for a reduction in the use of 1-4-1 Right to Buy receipts.

Transfers to the Major Repairs Reserves (£1.313m) are lower than forecast as a result of both reduced capital expenditure and an increase in the depreciation charge which is used to fund expenditure in the major repairs reserve.

Earmarked Reserves

Contributions to Earmarked Reserves relates to £33k Eco-funding mentioned above, £35k increase in the HRA Insurance Reserve, £52k for a HRA IT Reserve and £57k for a HRA Corporate Change and Renewal Reserve. A separate HRA IT Reserve and Corporate Change and Renewal Reserve have been created from the transfer of Housing Management services from Ashfield Homes and the committed plans of the Housing Service that were in place.

c. Capital Expenditure and Financing

The out turn position for capital expenditure and financing is shown on the following page.

- Housing Revenue Account (HRA)

There have been underspends on the majority of schemes:

- Catch Up and Major Repairs – A significant reason for this underspend is the rejection by some tenants for the works to be completed on their Council properties.
- Service Improvements – There have been delays in receipt of Design Drawings; these works will be completed in 2017/18.

- General Fund

The majority of General Fund schemes are underspent in the year. The main reason for these underspends are as follows:

- Better Care Fund Schemes - underspent due to the funding of these schemes not being received until late in the financial year,
- Vehicles – the vehicles are being kept longer than anticipated therefore several of the planned replacements will go through in 2017/18,
- Vehicle Tracking Scheme – the scheme is currently being tested and once satisfactory testing has been completed payment will be made,
- Garden Waste Bins – the unit costs of the bins were lower than estimated,
- Acacia Avenue Rec – scheme delayed due to slippage,
- Other General Fund Schemes (less than £100k each) are underspent due mainly to delays on completion to Hucknall Car Parks caused by delays to the Inner Relief Road and delays to Kingsmill Reservoir Desilting, Annesley Traffic Lights, delays to Solar Panels – Northern Depot and delays to the majority of Area Committee projects.

- Funding

The funding requirement for the capital programme has reduced as a direct result of the lower than anticipated capital expenditure in the year.

The Council can borrow for any purpose for which it is legally entitled to incur expenditure. The Council sets its borrowing limits annually based upon tests of affordability and prudence. The current borrowing limit is £120m with an operational boundary of £110m. The outstanding borrowing as at 31st March 2017 is £76m.

Capital Expenditure and Financing

Scheme	Capital programme £000's	Actual Expenditure £000's	Variance £000's
Housing Revenue Account			
Management Fee	638	641	3
Catch up and Major Repairs	5,801	5,527	(274)
Service Improvements	256	162	(94)
Contingent Major Repairs	84	68	(16)
Exceptional Extensive Works	1,036	1,014	(22)
Disabled adaptations - Treated as Revenue Expenditure From Capital Under Statute (REFCUS)	445	414	(31)
Empty Homes	108	82	(26)
Darlison Court (New Builds)	366	370	4
Warwick Close	430	430	0
Other Housing Revenue Account Schemes (less than £100k each)	253	109	(144)
Total Housing Revenue Account	9,417	8,817	(600)
General Fund			
Ada Lovelace Business Centre Development	288	198	(90)
Idlewells Market Hall Asbestos Removal and Refurbishment - Allocation still subject to option appraisal	575	691	116
Titchfield Park and Hucknall Cemetery: implementation of park masterplan	118	89	(29)
Kirkby Regeneration and Civic Centre	145	143	(2)
Green Deal Communities Project	222	225	3
Acacia Avenue Rec - General Improvements	150	21	(129)
Improvement Grants 1996 Act Disabled Facility Grant	641	684	43
Better Care Grants	169	7	(162)
Office Accommodation Works	472	373	(99)
Vehicle Tracking Scheme	135	0	(135)
Garden Waste Bins	462	342	(120)
Purchase of Vehicles	706	570	(136)
Other General Fund Schemes (less than £100k each)	1,499	877	(622)
Total General Fund	5,582	4,220	(1,362)
Total Expenditure	14,999	13,037	(1,962)

Funding			
Major Repairs Reserve	8,114	6,625	(1,489)
Borrowing	1,341	1,088	(253)
Government Grants and Other Contributions	3,925	2,897	(1,028)
Revenue Contributions	241	1,042	801
Capital Receipts	1,378	1,385	7
Total Funding	14,999	13,037	(1,962)

d. Valuation of Assets

- Impairment of Council Dwelling Assets

When revaluing Council Dwellings, the Government requires that the East Midland Adjustment Factor be applied. The Adjustment Factor is used to reduce the valuation of social housing from the market level to a level which reflects the Government's assessment of valuation taking account of right to buy and other factors. The Adjustment factor has increased from 34% to 42% during the year.

A desktop valuation of all Council Dwellings and a full valuation of non council dwelling HRA assets was undertaken at 31st January 2017 which has resulted in £28.8m being credited to the Revaluation Reserve. The valuation has required that £8.7m of Capital Expenditure be impaired. Additionally £15.9m of prior year impairments have been reversed this year due to upwards revaluations. This has resulted in a net impairment reversal of £7.2m.

- Impairment of General Fund Assets

A review of all asset categories has resulted in assets being written down where ownership could not be proven. As a result of this, infrastructure assets with a value of £0.9m have been written down. Renovation works of £1.2m to the Depot and other Council Buildings have been written off as they do not increase the overall value of the buildings and impairment charge of £0.3m for the demolished Fox Street Offices has been made. Other write downs totalling £0.2m have also been made.

- Depreciation

The depreciation charge has increased by £0.4m to £5.0m in 2016/17. The main reason for this increase is due to the upward revaluation in Council Dwellings and Sports Centres following valuations completed in 2015/16.

e. Pension adjustment

The Council is a member of the Nottinghamshire County Council Pension Fund. As at 31st March 2017, the Pensions Reserve deficit was £104.263 compared with £69.824m at 31st March 2016. An adjustment of £34.438m is therefore reflected in the accounts. This has arisen as a result of an overall increase in the defined benefit obligation, of which £19.435m is a settlement loss as a result of bringing Ashfield Homes Limited back in-house.

4. Future Developments in Service Delivery and Financial Position.

Changes in Statutory Functions

There were no significant changes in the Council's statutory functions between 2015/16 and 2016/17.

However, the Council expects existing legislation to continue to impact on the Council's financial position. In particular, many of the aspects of Welfare Reform have affected the Council and its customers. The gradual introduction of Universal Credit, to replace Housing Benefit for many residents, has the potential to lead to a greater occurrence of rent arrears. When this benefit is further rolled out in 2018, this arrears of rent is expected to increase.

Other legislation which has impacted or will impact on the Council include the lowering of the Benefit Cap, and the sale of high value Council Homes.

Revenue and Capital Investment Plans

The Council's Corporate Plan makes the following assumptions:

The Council has since the era of austerity began for local government in 2010, endeavoured to provide the same range of core services to its residents, by becoming more efficient, generating more income and sharing some services with other councils. However in order to save £1 million from the 2017/18 General Fund Revenue Budget, it has been agreed that some services provided directly to the customer will have to cease. The focus has been on some heavily subsidised, under-used facilities, such as a small leisure centre and a leased golf course, as well as a plan to cease taking cash payments directly in Council offices. Fewer offices and a smaller management team are also included in the plans.

Services will be modernised using better IT solutions, which will benefit both the customer and the Council. Council has recently agreed a new Capital Strategy and Commercial Investment Strategy, which will see the Council make commercial investments to increase its income streams over the medium term.

The Council's Medium Term Financial Strategy (MTFS) makes the ongoing assumption that the above measures will provide the overall reduction in net expenditure needed to ensure the Council's continued ability to provide its current services.

The Council's Capital Programme is affordable in this context i.e. the ongoing capital financing charges have been allowed for in calculating the MTFS.

The following tables summarise the Capital and Revenue investment plans, and the funding of those investment plans. Full details can be found on the Council's web site. It is important to note that a Housing Stock Condition Survey will be undertaken in 2017, which will drive the Council's future investment plans for the maintenance and enhancement of its council housing stock.

Summary of Capital Programme 2016/17 to 2019/20 (General Fund and HRA)

MAJOR INVESTMENT PROJECTS 2016/17 TO 2019/20 (£56m)	£ 000s
Improvement and enhancement of Council housing	35,748
Purchase of vehicles for the Council's fleet	5,934
Disabled Facilities Grants	2,564
Idlewells Market Hall Re-roof and refurbish	1,768
Kings Mill Reservoir - Desilting and Enhancement of Facilities	1,489
New Glass Recycling Bins	750
Work to enhance Council offices for DWP co-location	689
Investment in new Council dwellings	675
Better Care Grants	507
Other schemes, each less than £0.5m in total	5,795
	55,919

Summary of the Funding of the Capital Programme 2016/17 to 2019/20 (General Fund and HRA)

FUNDING OF CAPITAL INVESTMENT 2016/17 TO 2019/20 (£56m)	£ 000s
Developer contributions	2,016
Prudential borrowing	7,571
Capital Receipts (Housing Revenue Account)	3,997
Capital Receipts (General Fund)	75
Capital Grants and Contributions	6,692
Direct Revenue Financing (General Fund)	814
Direct Revenue Financing (Housing Revenue Account)	34,754
	55,919

Summary of the Council's General Fund Forecast Financial Position

The Council's General Fund budget is balanced in 2016/17. The table below demonstrates the (hypothetical) forecast annual deficits which would arise if the MTFS was not in place and no ongoing savings were made.

MTFS before savings	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23
	(£ 000s)	(£ 000s)	(£ 000s)	(£ 000s)	(£ 000s)	(£ 000s)
Budgeted or forecast net expenditure on services	15,867	15,655	15,927	16,501	16,740	17,060
Budgeted or forecast funding	(15,241)	(13,831)	(13,453)	(13,253)	(13,536)	(13,878)
Annual deficit or surplus	626	1,824	2,474	3,248	3,204	3,182

The next table demonstrates the forecast position if the Council reduces its net expenditure initially by £1m in 2018/19, and then by an average of £660k in each subsequent year. Generally smaller deficits ensue (surplus in 2022/23), and the General Fund balance at 31 March 2023 is above £1.35m, which is consistent with the Council's policy for this reserve.

In the MTFS report (February 2017) the Council set out its intention to save £1m in 2018/19. Formal targets for subsequent years have not yet been published.

MTFS applying the savings targets (2018/19 to 2022/23)	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23
	(£ 000s)	(£ 000s)	(£ 000s)	(£ 000s)	(£ 000s)	(£ 000s)
Budgeted or forecast net expenditure on services	15,867	14,655	14,267	14,181	13,760	13,420
Budgeted or forecast funding	(15,241)	(13,831)	(13,453)	(13,253)	(13,536)	(13,878)
Revised annual deficit or surplus	626	824	814	928	224	(458)
Resultant balance in GF Reserve	(3,758)	(2,934)	(2,120)	(1,192)	(968)	(1,426)

Summary of the Council's HRA Forecast Financial Position

The next table summarises the forecast for the HRA over the period to 2020/21.

Significant savings were achieved by closing the Council's Arms Length Management Organisation (Ashfield Homes Limited), which have resulted in an increase in the HRA Working Balance.

This forecast will be updated when more information is available about

- Future Government policy on rents
- The outcomes of the current Stock Condition Survey
- The impact of the further roll out of Universal Credit

Although the HRA Working Balance remains healthy over this period, these risks need to be factored into a longer term projection, once there is some clarity.

Housing Revenue Account MTFS	2017/18	2018/19	2019/20	2020/21
	(£ 000s)	(£ 000s)	(£ 000s)	(£ 000s)
Budgeted or forecast net expenditure on services	23,126	25,562	24,206	24,029
Budgeted or forecast funding	(23,456)	(23,134)	(22,749)	(23,046)
Annual deficit or surplus	(330)	2,428	1,457	983
Resultant Balance in HRA Reserve	(22,813)	(20,385)	(18,928)	(17,945)

The Robustness of the Council's Reserves

The MTFS has been calculated based upon current assumptions of future resources.

It is now clear that Revenue Support Grant will reduce to zero by 2020/21, and it is likely that New Homes Bonus will reduce to £1.2m by 2022/23.

Forecasting is further clouded by the Government's review of how Business Rates should be allocated to councils, as part of its 100% Business Rates Retention initiative. Outcomes of the consultation, and some indicative figures are urgently awaited by

authorities in order to aid future planning. For the MTFS, Ashfield's Retained Business Rates has been prudently forecast based upon the current system, but it is not certain how Ashfield will be impacted on by any changes to baselines or distribution.

For Council Tax, it has been assumed that the current rules (£5 maximum increase at Band D) continue until 2021/22, and then that a 2% increase is permitted thereafter.

At times of financial uncertainty councils need to ensure that they have enough funds in reserve to deal with the impact of resourcing changes in the medium term to give the organisation chance to amend its plans to meet the available financial envelope.

The Council has a good record of meeting the targets set in its MTFS, having made more than £7m of savings since 2010, and has agreed plans to make a further £0.8m of savings to the General Fund in 2017/18. It can therefore be concluded that the current level of reserves is adequate in the context of the Council's MTFS and the future financial uncertainty.

As at 31 March 2017, as detailed in this Statement, the Council holds £6.295m in Earmarked Reserves (excluding the Joint Crematorium at £0.608m, £5.687m is available for the Council's use).

These reserves are held in order for the Council to deal with a range of commitments which cut across financial years, but also to fund the costs of organisational change and efficiency projects. The level of these reserves is assessed annually as part of the MTFS review, and individual reserves may be used or re-aligned to meet MTFS targets, which cover a five year period.

This position will be thoroughly reviewed during financial year 2017/18.

The impact of the current economic climate on the Council and the services it provides

All councils are facing a period of financial uncertainty. The Government, in announcing its spending plans for the sector for the next four years, has created a position where multiple potential scenarios could vary the future financial position of local government very widely.

These areas of uncertainty are:

As stated above, the allocation of funding to local government faces a period of uncertainty.

The introduction of Universal Credit. This has been highlighted as a risk area for a number of years, because of uncertainty as to how this consolidated form of benefit would be rolled out across the country. The roll out to all new claimants of working age is planned for 2018. No information has been provided about the Government's future plans for claimants of pension age.

The result is that the Council will continue to provide a housing benefit service for the foreseeable future, and will be partly dependant on the continuation of Housing Benefit Administration Subsidy in order to fund this service.

The underlying risk remains that when the Government pays benefit (Universal Credit) to claimants instead of directly to the local authority landlord (as with Housing Benefit), this could impact in a negative way on rent collection, and impact on the viability of the Housing Revenue Account (HRA). There is still not enough evidence to predict accurately the potential negative impact on the Council as landlord.

National political changes. The early calling of a General Election has resulted in the halting of the progress of the Local Government Finance Bill. This will impact on the Government's plans for 100% Business Rates Retention and could extend the period of uncertainty for councils.

Economic Impact of the United Kingdom Leaving the European Union. The Council receives specialist support on Treasury Management and Resource Forecasting to aid the production of its medium term plans. Treasury Management advice is that despite some recent turbulence in currency exchange rates, unemployment, interest rates and inflation are forecast to remain at consistent levels in the near future.

Performance of the authority in 2016/17 and its position at the end of the year

In December 2015 the Council agreed a new Corporate Plan. The Council's activity will be performance managed over five key themes, which will be its priorities between now and 2019:

- Health and Well Being
- Housing
- Regeneration
- Place and Communities
- Organisational Improvement

The Council will shortly be publishing its performance against these priorities for 2016/17. It will be reporting that 75% of all its performance indicators have improved since 2015/16, and that 92% of its Corporate Plan actions were on track. These results are set in the context of a reduction in net General Fund revenue expenditure from £20m in 2009/10 to £15m in 2016/17.

Financial performance indicators

The Council's financial outturn for 2016/17 met its targets in each of the three key budget areas of General Fund, Housing Revenue Account, and Capital Programme. Equally importantly, it identified £820k and £324k of General Fund and Housing Revenue Account savings respectively for 2017/18 (Full Year Effect £1.343m), and has agreed a Medium Term Financial Strategy for the next five years. Its key priority at present is to agree a package of net budget reductions of £1m for the 2018/19 General Fund Revenue Budget. Senior officers and Elected Members are engaged in this task on an ongoing basis.

Non-financial performance indicators

Some of the key performance indicators, upon which district councils are typically judged, are summarised below, as at 31 March 2017:

- 76% of residents are satisfied with the way the Council runs things (2015/16) against a target of 35%.
- 90% of minor planning applications are processed within 8 weeks exceeding the target of 87%.
- Council Tax collection for completed years stands at 99.21%, equalling our target of 99.2%.
- Non Domestic Rates collection for completed years stands at 98.8% against our target 98.7%.
- The percentage of domestic waste recycled stands at 41%. This is an increase of 9% in 2016/17, in part aided by the introduction of a temporarily free garden waste scheme.
- Benefit claims are dealt with in an average of 8 days ahead of the target of 14 days.
- Rent Collection 99.74% just ahead of 99% target.
- 147 new affordable homes delivered in 2016/17 exceeding the target of 100.

5. Changes to Accounting Policies

Bringing Ashfield Homes Ltd back in-house has resulted in changes to two accounting policies as follows:

- **12. Interests in Companies & Other Entities**

On the 1st October 2016, the Council brought the housing function back in-house. Group Accounts are prepared to include the activities of this company up to 30th September 2016 as it is fully controlled by the Council.

- **13. Inventories and Long Term Contracts**

In determining the cost of raw materials, consumables and goods purchased for resale, the weighted average purchase price is used. For work in progress and finished goods, cost is taken as production cost, which includes an appropriate proportion of attributable overheads.

The Statement of Responsibilities for the Statement of Accounts

Responsibilities of the Council

The Council is required to:

- Make arrangements for the proper administration of its financial affairs and to ensure that one of its officers has the responsibility for the administration of those affairs. In this Council, that officer is the Corporate Finance Manager;
- Manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets;
- Approve the amended audited Financial Statements.

I confirm that the amended Financial Statements were approved by the Audit Committee meeting held on
25th September 2017.

Signed on behalf of Ashfield District Council:



Councillor K.T. Rostance
Chairman of the Audit Committee

Responsibilities of the Corporate Finance Manager

The Corporate Finance Manager is responsible for the preparation of the Council'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 2016/17 ("the Code of Practice").

In preparing this Statement of Accounts, the Corporate Finance Manager has:

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

The Corporate Finance Manager has also

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

I confirm that the Statement of Accounts presents a true and fair view of the financial position of the Council at the accounting date and its income and expenditure for the year ended 31st March 2017.



S. Lynch, C.P.F.A.
Corporate Finance Manager & Section 151 Officer
25th September 2017



Independent auditor's report to the members of Ashfield District Council

We have audited the financial statements of Ashfield District Council for the year ended 31 March 2017 on pages 28 to 158. The financial reporting framework that has been applied in their preparation is applicable law and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2016/17.

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

Respective responsibilities of the Corporate Finance Manager and auditor

As explained more fully in the Statement of the Responsibilities of the Corporate Finance Manager, the Corporate Finance Manager is responsible for the preparation of the Statement of Accounts, which includes the financial statements, in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom, and for being satisfied that the financial statements give a true and fair view. Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the Authority's and the Group's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Corporate Finance Manager; and the overall presentation of the financial statements.

In addition, we read all the financial and non-financial information in the Narrative Statement to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the financial position of the Authority and the Group as at 31 March 2017 and of the Authority's and the Group's expenditure and income for the year then ended;
- have been properly prepared in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2016/17.

Matters on which we are required to report by exception

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

- the Annual Governance Statement set out on pages 134 to 158 which accompanies the financial statements does not reflect compliance with 'Delivering Good Governance in Local Government: a Framework' (CIPFA/SOLACE 2016 Edition); or

- the information given in the Narrative Statement for the financial year for which the financial statements are prepared is not consistent with the financial statements; or
- any matters have been reported in the public interest under Section 24 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of, the audit; or
- any recommendations have been made under Section 24 of the Local Audit and Accountability Act 2014; or
- any other special powers of the auditor have been exercised under the Local Audit and Accountability Act 2014.

Conclusion on Ashfield District Council's arrangements for securing economy, efficiency and effectiveness in its use of resources

Authority's responsibilities

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

Auditor's responsibilities

We are required under Section 20(1) (c) of the Local Audit and Accountability Act 2014 to satisfy ourselves that the Authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. The Code of Audit Practice issued by the Comptroller and Auditor General (C&AG) requires us to report to you our conclusion relating to proper arrangements.

We report if significant matters have come to our attention which prevent us from concluding that the Authority has put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources. We are not required to consider, nor have we considered, whether all aspects of the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively.

Scope of the review of arrangements for securing economy, efficiency and effectiveness in the use of resources

We have undertaken our review in accordance with the Code of Audit Practice, having regard to the guidance on the specified criterion issued by C&AG in November 2016, as to whether Ashfield District Council had proper arrangements to ensure it took properly informed decisions and deployed resources to achieve planned and sustainable outcomes for taxpayers and local people. The C&AG determined this criterion as that necessary for us to consider under the Code of Audit Practice in satisfying ourselves whether Ashfield District Council put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2017.

We planned our work in accordance with the Code of Audit Practice. Based on our risk assessment, we undertook such work as we considered necessary to form a view on whether, in all significant respects, Ashfield District Council had put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources.

Conclusion

On the basis of our work, having regard to the guidance issued by the C&AG in November 2016, we are satisfied that, in all significant respects, Ashfield District Council put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2017.

Certificate

We certify that we have completed the audit of the financial statements of Ashfield District Council in accordance with the requirements of the Local Audit and Accountability Act 2014 and the Code of Audit Practice.



John Cornett

For and on behalf of KPMG LLP, Statutory Auditor

Chartered Accountants

St Nicholas House

31 Park Row

Nottingham

NG1 6FQ

29 September 2017

Statement of Accounting Policies

1. General Principles

The Statement of Accounts summarises the Council's transactions for the financial year 2016/17 and its position at the year-end 31st March 2017. The Council is required to prepare an annual Statement of Accounts by the Accounts and Audit Regulations 2015. These Regulations require the accounts to be prepared in accordance with proper accounting practices. These practices under Section 21 of the 2003 Act primarily comprise of the Code of Practice on Local Authority Accounting in the United Kingdom 2016/17 and International Financial Reporting Standards (IFRS).

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

2. Accruals of Income and Expenditure

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

- Revenue from the sale of goods is recognised when the Council transfers the significant risks and rewards of ownership to the purchaser and it is probable that economic benefits or service potential associated with the transaction will flow to the Council;
- Revenue from the provision of services is recognised when the Council can measure reliably the percentage of completion of the transaction and it is probable that economic benefits or service potential associated with the transaction will flow to the Council;
- Supplies are recorded as expenditure when they are consumed; where there is a gap between the date supplies are received and their consumption, they are carried as inventories on the Balance Sheet;
- Expenses in relation to services received (including services provided by employees) are recorded as expenditure when the services are received rather than when payments are made;
- Interest 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.

3. 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 one working day.

Cash Equivalents are short term investments that are of a highly liquid nature. The Council has deemed that deposits held within call accounts are categorised as Cash Equivalents unless they are held as part of the Council's investment strategy in which case they are treated as short term investments.

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

4. Exceptional Items

When items of income and expenditure are material, their nature and amount 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.

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

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

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

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

6. Charges to Revenue for Non-Current Assets

Service revenue accounts, support services and trading accounts are charged with the following amounts to record the real cost of holding non-current 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 Reserves against which the losses can be written off.
- Amortisation of intangible assets attributable to the service.

The Council is not required to raise Council Tax to cover depreciation, revaluation and impairment losses or amortisations. However, it is required to make an annual provision from revenue to contribute towards the reduction in its overall borrowing requirement equal to an amount calculated on a prudent basis determined by the Council in accordance with statutory guidance. Depreciation, revaluation, impairment losses and amortisation are therefore replaced by the contribution in the General Fund Balance by way of an adjusting transaction with the Capital Adjustment Account in the Movement in Reserves Statement for the difference between the two.

7. Employee Benefits

a. Benefits payable During Employment

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

b. 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 in exchange for those benefits and are charged on an accruals basis to the Non Distributed Costs line in the Comprehensive Income and Expenditure Statement when the Council can no longer withdraw the offer of those benefits or when the Council recognises costs for a restructuring.

Where termination benefits involve the enhancement of pensions, statutory provisions require the General Fund Balance to be charged with the amount payable by the Council to the pension fund or pensioner in the year, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement, appropriations are required to and from the 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.

c. Post Employment Benefits

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

The Nottinghamshire Pension Fund is accounted for as a defined benefit scheme:

- The liabilities of the Scheme attributable to the Council are included in the Balance Sheet on an actuarial basis using the projected unit method, i.e. an assessment of the future payments that will be made in relation to retirement benefits earned to date by employees, based on assumptions including mortality rates, employee turnover rates and projections of projected earnings for current employees.
- Liabilities are discounted to their value at current prices using a discount rate based on an appropriate rate of return on high quality corporate bonds.
- The assets of the Fund attributable to the Council are included in the Balance Sheet at their fair value.
 - a) Quoted securities – current bid price
 - b) Unquoted securities – professional estimate
 - c) Unitised securities – current bid price
 - d) Property – market value

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

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

d) Remeasurement comprising:

- the return on plan assets – excluding amounts included in net interest on the defined benefit liability (asset) – charged to the Pensions Reserve as Other Comprehensive Income and Expenditure
- actuarial gains and losses - changes in the net pension 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 .

e) Contributions paid to the Fund - Cash paid as employer's contributions to the pension fund in settlement of liabilities; not accounted for as an expense.

In relation to retirement benefits, statutory provisions require the General Fund Balance to be charged with the amount payable by the Council to the pension fund or directly to pensioners in the year, not the amount calculated according to the relevant accounting standards.

In the Movement in Reserves Statement this means that there are transfers to and from the Pensions Reserve to remove the notional debits and credits for retirement benefits and replace them with debits for the cash paid to the pension fund and pensioners and any such amounts payable to the fund but unpaid at the year-end.

The negative balance that arises on the Pensions reserve thereby measures the beneficial impact on the General Fund of being required to account for retirement benefits on the basis of cash flows rather than as benefits are earned by employees.

- **Discretionary Benefits**

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

8. Events after the Reporting Period

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. For the purposes of consideration, Post Balance Sheet events can occur up to approval of the Statements by the Audit Committee.

9. Financial Instruments

a. Financial Liabilities

Financial liabilities are recognised on the Balance Sheet when the Council becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value and are carried at their amortised cost. Annual charges to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement for interest payable are based on the carrying amount of the liability, multiplied by the effective interest rate of interest for each 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 borrowed

For most of the borrowings that the Council has, this means that the amount presented in the Balance Sheet is the outstanding principal repayable (plus accrued interest); and interest charged to the Comprehensive Income and Expenditure Statement is the amount payable for the year according to the loan agreement.

Borrowing

Borrowing is classed as either a long-term liability, if it is repayable after 12 months or longer, or a current liability, if it is repayable within 12 months. Borrowing is shown in the Balance Sheet at amortised cost, using the effective interest rate that applies to the individual loans that comprise the total borrowing held by the Council, plus where appropriate, the amount of external interest accrued on loans where an effective interest calculation has not been made. This applies generally to outstanding PWLB loans, where the rate of interest on the loan does not vary over the life of the loan. Generally, the interest that is charged to the Comprehensive Income and Expenditure Statement financing section is the amount due in the year under the loan agreement, except where this is adjusted under effective interest rate calculations to meet the requirements of the 2016/17 Code.

Gains and Losses on Debt Re-structuring

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, regulations allow the impact on the General Fund Balance to be spread over future years. The Authority 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 to the net charge required against the General Fund Balance is managed by a transfer to or from the Financial Instruments Adjustment Account in the Movement in Reserves Statement.

b. Financial Assets

Loans and Receivables

Loans and receivables are recognised on the Balance Sheet when the Authority 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. For most of the loans that the Council has made, this means that the amount presented in the Balance Sheet is the outstanding principal receivable (plus accrued interest) and interest credited to the Comprehensive Income and Expenditure Statement is the amount receivable for the year in the loan agreement.

Investments are classed as either long-term assets, if repayable after 12 months or longer, or current assets, if repayable within 12 months. Investments are shown in the Balance Sheet at amortised cost, using the effective interest rate that applies to the individual loans that comprise the total borrowing held by the Council. The amount shown in the Balance Sheet represents the outstanding principal due to be repaid to the Council and the interest that is credited to the Comprehensive Income and Expenditure Statement is the amount receivable in the year under the loan agreement.

10. 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 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.

Non-specific Grants

These are general grants allocated by central government directly to local authorities as additional revenue funding. They are non-ring fenced and are credited to Taxation and Non-Specific Grant Income in the Comprehensive Income and Expenditure Statement. Examples include New Homes Bonus and Council Tax Freeze Grant.

11. Intangible Assets

Expenditure on assets that do not have a physical substance but are identifiable and controlled by the Council are capitalised when it is expected that future economic benefits or service potential will flow from the intangible asset to the Council.

During 2016/17, no Council assets met the 'Intangible Assets' definition.

12. Interests in Companies and Other Entities

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

(a) Joint Crematorium Committee

The Council is a constituent member of a joint crematorium committee with neighbouring authorities of Mansfield and Newark and Sherwood District Councils. Current activities are split between all the councils based on the number of residents of each district area cremated. The balance sheet is apportioned based on an average of the last 5 years' cremations from each area. The Council's share of running costs and income has been included in the Comprehensive Income and

Expenditure Statement and the share of assets included within the Balance Sheet using these apportionments. Due to the nature of the relationship of the Council within the committee Group Accounts are not required for this entity. Information on the Council's share of the income and expenditure and associated assets and liabilities is shown in note 38 to the Core Financial Statements.

(b) Ashfield Homes Limited

The Council had a 100% interest in Ashfield Homes Limited through the issue of a single £1 share. The Company was formed on 26th September 2001 to carry out the housing management function on behalf of the Council with effect from 1st April 2002. On the 1st October 2016, the Council brought the housing function back in-house and is in the process of winding up the company. Group Accounts are prepared to include the activities of this company up to 30th September 2016 as it is fully controlled by the Council.

13. Inventories and Long Term Contracts

Inventories are included on the balance sheet at the lower of cost and net realisable value. In determining the cost of raw materials, consumables and goods purchased for resale, the weighted average purchase price is used. For work in progress and finished goods, cost is taken as production cost, which includes an appropriate proportion of attributable overheads.

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.

14. Investment Properties

Following the guidance of the International Accounting Standard 40 with regard to investment properties, it has been established the Council does not hold any properties for investment purposes, as the premises leased to third parties are primarily for job creation and economic development, not capital appreciation or rental growth.

15. 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 and 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 building elements are considered separately for classification.

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

a. Operating Leases

The Council as Lessee

Rentals paid under operating leases are charged to the Comprehensive Income and Expenditure Statement as an expense of the services benefitting from the use of the leased property plant or equipment. Charges are made on a straight line basis over the life of the lease, even if this does not match the pattern of payments (e.g. there is a rent-free period at the commencement of the lease)

The Council as Lessor

The Council does act in the capacity as lessor for the leases of land and properties it owns. Rents due under operating leases are accounted for on a straight line basis as they become due. Land and property leased under operating leases are held as non-current assets within the Balance Sheet and valued in accordance with appropriate valuation practices.

b. Finance Leases

The Council as Lessee

Plant and Equipment held under finance leases are recognised on the Balance Sheet at the lower of the fair value of the asset at the lease inception and the present value of the minimum lease payments. The value of the asset is matched by a liability to pay the finance lessor.

Lease payments are apportioned between a capital repayment to write down the finance lease liability, and a financing charge.

Plant and Equipment recognised under finance leases is accounted for using the policies applied generally to such assets, subject to the depreciation charge being applied over the lease term.

The Council is not required to raise Council tax to cover depreciation on leased assets. Rather, a prudent annual contribution is made from the revenue fund toward the cost of the capital investment. Adjusting transfers are made to the Capital Adjustment Account within the Movement in Reserves statement to reflect the difference between the two charges.

The Council does not have any finance leases where it acts as lessee.

The Council as Lessor

The Council does not have any finance leases where it acts as lessor.

16. Overheads and Support Services

The costs of overheads and support services are charged to service segments in accordance with the authority's arrangements for accountability and financial performance.

17. Property, Plant and Equipment

Assets that have physical substance and are held for use in the provision of services or for administrative purposes on a continuing basis are classed as Property, Plant and Equipment.

Recognition

Expenditure on the acquisition, creation or enhancement of Property, Plant and Equipment is capitalised on an accruals basis, provided that it is probable that the future economic benefits or service potential associated with the item will flow to the Council and the cost of the item can be measured reliably. Expenditure that maintains but does not extend the previously assessed standard of performance of an asset (e.g. repairs and maintenance) is charged to revenue as it is incurred.

Property, Plant and Equipment may also include assets held under finance leases, which have been capitalised and included in the Balance Sheet at a value reflecting the fair value of the asset.

A de-minimis asset value of £10,000 has been set and expenditure on new assets of less than this amount is charged to the service revenue account as a proxy for depreciation, unless the expenditure forms part of a larger scheme.

Measurement

Assets are initially measured at cost, which comprises all expenditure that is directly attributable to bringing an asset into working condition for its intended use. The Council does not capitalise borrowing costs incurred whilst assets are under construction

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

Asset Category	Basis of Valuation
Property, Plant and Equipment	Fair value determined in the existing use of the asset
Dwellings	Fair value in the existing use value for social housing
Infrastructure, community assets and assets under construction	Depreciated historic cost once the asset becomes operational

Where there is no market based evidence of fair value because of the specialist nature of an asset, depreciated replacement cost is used as an estimate for fair value. Where assets have a short useful life then depreciated historical cost is used as a proxy for fair value.

Assets included in the Balance Sheet at fair value are re-valued where there have been material changes in their value, but as a minimum every 5 years. The Council's housing stock is re-valued annually by applying an appropriate housing price index to a series of beacon values at the start of the financial year.

Increases in valuations are matched by a credit to the Revaluation Reserve to recognise unrealised gains. Exceptionally, gains might be credited to the Income and Expenditure Statement where they arise from the reversal of an impairment loss previously charged to a service revenue account.

Where decreases in value are identified they are accounted for by a debit to the Revaluation Reserve to the extent that an accumulated gain has been recorded against that asset; where there is no balance or an insufficient balance on the revaluation reserve for that asset the write down of the asset value is charged against the relevant service within the Comprehensive Income and Expenditure Statement.

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

Costs of dismantling assets such as roofs, windows and heating systems in Council Dwellings are included in the costs paid to the main contractor. The main contractor is responsible for the disposal of the dismantled assets. The dismantled assets have been assessed by the valuer as only having a negligible value.

Impairment

Assets are assessed at each year end as to whether there is any indication that an asset may be impaired. Where there is an indication that there is a material impairment in the value of an asset when compared to the carrying value an impairment loss is recognised. The impairment loss is written down to the revaluation reserve to the extent that any balance for that asset is held within the revaluation reserve. Where there is no balance or an insufficient balance then the carrying amount of the asset is written down against the relevant service line in the Comprehensive Income and Expenditure Statement.

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 continued service use then it is reclassified as an asset held for sale. The asset is re-valued immediately before classification and then carried at the lower of this amount or fair value less costs of disposal. Where there is a subsequent decrease in the valuation determined on classification to Asset held for sale then a loss is posted to the Other Operating

Expenditure line in the Comprehensive Income and Expenditure Statement. Gains in the fair value of assets held for sale are only recognised to the extent that they reverse a previous loss recognised within the Comprehensive Income and Expenditure Statement. Depreciation is not charged on Assets Held for Sale.

When an asset is disposed of or decommissioned, the carrying value of the asset in the Balance Sheet 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 are credited to the same line in the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal (i.e. netted off against the carrying value of the asset at the time of disposal). Any revaluation gains relating to the asset in the Revaluation Reserve are transferred to the Capital Adjustment Account.

Amounts received in excess of £10,000 are categorised as capital receipts. A proportion of receipts relating to housing disposals is payable to the Government. The balance of receipts is required to be credited to the Capital Receipts Reserve, and can then only be used for new capital investment or set aside to reduce the Council's underlying need to borrow (the capital financing requirement). Receipts are appropriated to the Capital Receipt Reserve within the Movement in Reserves Statement.

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

Depreciation

Depreciation is provided for on all Property, Plant and Equipment over a period of their estimated useful lives; freehold land is determined to have an infinite economic life and is not depreciated, assets under construction are not depreciated until they become operational in providing services. Depreciation is calculated using the straight line method. Assets are depreciated over the estimated economic life of the asset which has been assessed as being the following periods:

Council dwellings	40 years
Other HRA assets	10 - 80 years
Other Buildings	10 - 80 years
Vehicles, plant and equipment	3 - 10 years
Infrastructure	10 - 40 years
Community Assets	20 years

Revaluation gains are also depreciated. The difference between the depreciation on the current value and that which would have been charged on the historic value is transferred each year from the Revaluation Reserve to the Capital Adjustment Account.

Componentisation

The Council allocates the costs of an individual asset to its various components to calculate depreciation charges where the value of the asset exceeds £500K and more than one individual component exceeds 20% of the asset value. The impact on depreciation charges for assets below the threshold is not considered material. The componentisation is based on the following elements of the asset:-

- Boilers, heating and plant systems
- Lifts
- Roofs
- Windows and doors

In terms of Council Dwellings, these assets are collectively valued in excess of £500K. However, when comparing the value of depreciation charged on a component basis compared to the current 40 year life straight-line methodology, the difference is not considered material. Council Dwellings are therefore not currently subject to componentisation but the policy is to be reviewed on an annual basis.

18. Heritage Assets

The Council's Heritage Assets held are Historical Monuments, Statues and Artwork. Heritage Assets are recognised and measured (including the treatment of revaluation gains and losses) in accordance with the Council's accounting policies on property, plant and equipment. However no depreciation is charged on Heritage Assets as they are deemed to have an indeterminate life and have a high residual value.

Historical Monuments

The Council has seven Cenotaphs that are located at various outside locations throughout the Council. These monuments are reported in the Balance Sheet on an average replacement cost basis which has been agreed following discussions with our internal valuer.

Statues and Artwork Collection

The collection includes Statues, Sculptures and Mosaics situated within the local town and village streets throughout the Council. The collection depicts the Council's mining and engineering history to ensure the knowledge, culture and understanding of our heritage is preserved for future generations. An artwork example would be The Flight of Fancy sculpture that represents the Rolls Royce Flying Bedstead thrust measuring machine that was developed to research the use of direct lift. These items are reported in the Balance Sheet on an historic cost basis or on an insurance valuation basis and were mainly purchased from grant funding.

Non Balance Sheet Items

The Council also holds a collection of items which are not recognised on the Balance Sheet as cost information is not readily available and the Council believes that the benefits of obtaining the valuation for these items would not justify the cost. These items are believed to have a value of £10k or less. The majority of the collection is street mosaics, murals and sculptures purchased through grant funding or produced

by the public art events. The Council has also received a number of donations including a Knitting machine and a Stocking machine dating back to the 18th and 19th century, both of which are believed to be fore runners to the Spinning Jenny. It is difficult to obtain a valuation on these two items as there is no comparable item that provides a market value. Most assets are located on public streets, in parks or on display within public council buildings. A few items are stored securely in the Council's Council Offices and not currently available for public viewing however ways of making these items more accessible are being developed.

Heritage Assets – General

Heritage Assets are reviewed by the Council for impairments such as where an item has suffered physical deterioration or breakage. Any impairment is measured and recognised within the Revaluation Reserve. The Council works closely with the Ashfield War Memorial Committee to preserve and maintain the local historical monuments. All other Heritage Assets are reviewed and maintained as required. Disposal proceeds are disclosed separately in the notes to the financial statements and accounted for in accordance with statutory accounting requirements relating to capital expenditure and capital receipts.

19. Provisions, Contingent Liabilities and Contingent Assets

a. Provisions

Provisions are made where an event has taken place that gives the Council an obligation that probably requires settlement by a transfer of economic benefits, but where the timing of the transfer is uncertain. 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 to the appropriate service revenue account in the year that the Council becomes aware of the obligation, and are measured at the best estimate at the balance sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision set up in the Balance Sheet. Estimated settlements are reviewed at the end of each financial year; where it becomes more likely than not that a transfer of economic benefits will not be required (or a lower settlement than anticipated is made), the provision is reversed and credited back to the relevant service revenue account.

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

b. Contingent Liabilities

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

Contingent Liabilities also arise in circumstances where a provision would otherwise be made but either it is not probable that an outflow of resources will be required or the amount of the obligation cannot be measured reliably. Contingent Liabilities are not recognised in the Balance Sheet but disclosed in a note to the accounts.

c. Contingent Assets

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

20. Reserves

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

The level of reserves and balances is reviewed annually to ensure they are appropriate. The General Fund Balance, Earmarked Reserve and Reserves arising from Capital Receipts together with Capital Grants Unapplied are deemed to be usable reserves in that they may be used to fund future expenditure.

Certain reserves are kept to manage the accounting processes for non-current assets, financial instruments retirement benefits and employee benefits, these are termed unusable reserves and are not available to be used to fund future expenditure.

21. Revenue Expenditure Funded from Capital under Statute (REFCUS)

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

22. Value Added Tax

Value Added Tax (VAT) is excluded from all income and expenditure received and paid by the Council except where it is classed as irrecoverable by HM Revenue and Customs.

23. The Collection Fund

i) Council Tax

The Council includes its share of the accrued Council Tax due for the year within its Comprehensive Income and Expenditure Statement. The difference between this sum and the local precept for Council and parish activities is reversed through the General Fund Balance to ensure only the level of Council Tax required to pay for Council activities is credited to the General Fund in the year. The balance is taken to the Collection Fund Adjustment Account, within the Balance Sheet.

Amounts collected on behalf of the other preceptors of Nottinghamshire County Council, Nottinghamshire Police Authority and Nottinghamshire Fire Authority are treated as either debtors or creditors depending upon the respective share of the Collection Fund attributable to these bodies at 31st March.

ii) Business Rates

The Council includes its share of accrued Business Rates due for the year within its Comprehensive Income and Expenditure Statement. The difference between this sum and the forecast amount due to the Council is reversed through the General Fund Balance to ensure only the level of Business Rates required to pay for Council activities is credited to the General Fund in the year. The balance is taken to the Collection Fund Adjustment Account, within the Balance Sheet.

Amounts collected on behalf of the other partners of the pool (Central Government, Nottinghamshire County Council and Nottinghamshire Fire Authority) are treated as either debtors or creditors depending upon the respective share of the Collection Fund attributable to these bodies at 31st March.

The Core Financial Statements

Expenditure and Funding Analysis

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

Expenditure and Funding Analysis (Continued)

	2015/16	2016/17	
Net Expenditure Chargeable to the General Fund and HRA Balances £'000	Adjustments between the Funding and Accounting Basis £'000	Adjustments between the Funding and Accounting Basis £'000	Net Expenditure in the Comprehensive Income and Expenditure Statement £'000
	Net Expenditure in the Comprehensive Income and Expenditure Statement £'000		
	Chief Executive Officer	115	127
	Deputy Chief Executive	432	505
	Assistant Chief Executive Officer	1,489	1,503
	Place & Communities	5,820	8,773
	Planning & Economic Development	1,998	3,315
	Corporate Services & Transformation	2,757	4,396
	Housing Strategy	284	287
	HRA - Housing Revenue Account	(5,763)	(9,997)
	HRA - Exceptional Item (See HRA Statement)	0	(7,204)
	Net Cost Of Services	(7,132)	1,705
	Other Income and Expenditure	(10,406)	(11,936)
	Surplus in Year	(3,274)	(10,231)
(31,163)		(31,634)	
	Plus Surplus on General Fund and HRA Balances in Year	(3,274)	
(31,634)		(34,908)	

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.

RESTATED 2015/16			2016/17		Note
Expenditure	Income	Net Expenditure	Expenditure	Income	
£'000	£'000	£'000	£'000	£'000	
162	0	162	221	(94)	127
38,378	(37,053)	1,325	37,100	(36,596)	504
2,220	(544)	1,676	2,267	(764)	1,503
10,593	(2,853)	7,740	12,019	(3,246)	8,773
6,474	(2,216)	4,258	5,262	(1,947)	3,315
4,981	(683)	4,298	4,834	(438)	4,396
371	(93)	278	540	(253)	287
16,275	(24,786)	(8,511)	15,151	(25,147)	(9,996)
0	0	0	0	(7,204)	(7,204)
79,454	(68,228)	11,226	77,394	(75,689)	1,705
Cost Of Services					
Other Operating Expenditure					
	256				275
	565				561
	(630)				(615)
	11,417				1,926
Total Operating Expenditure					

CF
Statement
Note 25b
Note 15

The figures for 2015/16 were restated due to a change in the reporting standard to that which is reported to the members and management of the Council. There was no overall effect on the financial outcome.

Comprehensive Income and Expenditure Statement (Continued)

	£'000	
Financing and Investment Income and Expenditure		
Interest Payable and Other Charges	3,684	Note 10
Interest Receivable and Investment Income	(20)	
Pensions Net Interest Cost	2,394	
	<u>6,058</u>	Note 35b
	<u>17,475</u>	
	<u>7,902</u>	
Taxation and Non-Specific Grant Income		
Government Grants	(5,268)	Note 9
Capital Grants	(3,633)	Note 9
NNDR Receipts	(4,290)	Note 9
Council Tax	(5,616)	
	<u>(18,807)</u>	
	<u>(10,231)</u>	
(Surplus) or Deficit on Provision of Services		
Surplus or deficit on revaluation of fixed assets	(7,815)	Note 25a
Remeasurements on pension assets / liabilities	(8,891)	Note 35c
Crematorium Remeasurements on pension assets / liabilities	290	
	<u>(16,416)</u>	
	<u>283</u>	Note 25g
	<u>2,856</u>	
	<u>(7,375)</u>	
Total Comprehensive Income and Expenditure		
	<u>(17,748)</u>	

Movement in Reserves Statement

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

- The Surplus or (Deficit) on the Provision of Services line shows the true economic cost of providing the Council's services, more details of which are shown in the Comprehensive Income and Expenditure Statement. These are different from the statutory amounts required to be charged to the General Fund Balance and the Housing Revenue Account for Council tax setting and dwellings rent setting purposes.

- The Net Increase /Decrease before Transfers to Earmarked Reserves line shows the statutory General Fund Balance and Housing Revenue Account Balance before any discretionary transfers to or from earmarked reserves undertaken by the Council.

Movement in Reserves Statement (Continued)

The movement in reserves statement for 2016/17 is set out below.

	General Fund Balance £'000	Earmarked Reserves £'000	Housing Revenue Account £'000	HRA Earmarked Reserves £'000	Capital Grants Reserve £'000	Total Usable Reserves £'000	Total Unusable Reserves £'000	Total Authority Reserves £'000
Balance at 31 March 2016	3,895	5,472	21,967	300	4,032	35,666	80,749	116,415
Surplus or (deficit) on provision of services (accounting basis)	(4,168)	0	14,399	0	0	10,231	0	10,231
Other Comprehensive Expenditure and Income	0	0	0	0	0	0	(2,855)	(2,855)
Total Comprehensive Expenditure and Income	(4,168)	0	14,399	0	0	10,231	(2,855)	7,376
Adjustments between accounting basis & funding basis under regulations	5,421	0	(12,443)	0	(466)	(7,488)	7,488	0
Net Increase / (Decrease) before Transfers to/from Earmarked Reserves	1,253	0	1,956	0	(466)	2,743	4,633	7,376
Transfers to / (from) Earmarked Reserves	(758)	823	(177)	177	(65)	0	0	0
Increase / (Decrease) in Year	495	823	1,779	177	(531)	2,743	4,633	7,376
Balance at 31 March 2017	4,390	6,295	23,746	477	3,501	38,409	85,382	123,791
Notes	Note 24a	Note 24a	HRA Statement	HRA Note 7	Note 24b	Note 25	Note 25	Note 25

Movement in Reserves Statement (Continued)

The movement of reserves for 2015/16 for comparison purposes is set out below

	General Fund Balance	Earmarked Reserves	Housing Revenue Account	HRA Earmarked Reserves	Capital Grants Reserve	Total Usable Reserves	Total Unusable Reserves	Total Authority Reserves
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Balance at 31 March 2015	4,163	5,743	21,238	19	5,043	36,206	62,459	98,665
Surplus or (deficit) on provision of services (accounting basis)	(3,899)	0	5,231	0	0	1,332	0	1,332
Other Comprehensive Expenditure and Income	0	0	0	0	0	0	16,416	16,416
Total Comprehensive Expenditure and Income	(3,899)	0	5,231	0	0	1,332	16,416	17,748
Adjustments between accounting basis & funding basis under regulations	3,360	0	(4,221)	0	(1,011)	(1,872)	1,872	0
Net Increase / (Decrease) before Transfers to/from Earmarked Reserves	(539)	0	1,010	0	(1,011)	(540)	18,290	17,750
Transfers to / from Earmarked Reserves	271	(271)	(281)	281	0	0	0	0
Increase / (Decrease) in Year	(268)	(271)	729	281	(1,011)	(540)	18,290	17,750
Balance at 31 March 2016	3,895	5,472	21,967	300	4,032	35,666	80,749	116,415
Notes	Note 24a	HRA Statement	HRA Note 7	Note 24b	Note 25			

Balance Sheet

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

- Usable reserves, i.e. those reserves that the Council may use to provide services, subject to the need to maintain a prudent level of reserves and any statutory limitations on their use (for example the Capital Receipts Reserve that may only be used to fund capital expenditure or repay debt).
- Those that the Council is not able to use to provide services. This category includes reserves that hold unrealised gains and losses (for example the Revaluation Reserve), where amounts would only become available to provide services if the assets are sold; and reserves that hold timing differences shown in the Movement in Reserves Statement line 'Adjustments between accounting basis and funding basis under regulations'.

As at 31st March 2016 £'000		Note	As at 31st March 2017 £'000
249,973	Property, Plant & Equipment	Note 11	289,182
803	Heritage Assets	Note 12	803
1,900	Long Term Debtors	Note 19	1,002
252,676	Long Term Assets		290,987
7,607	Short Term Investments	Note 16	14,525
100	Inventories	Note 17	495
6,231	Short Term Debtors	Note 19	6,063
8,235	Cash and Cash Equivalents	Note 20	5,429
220	Assets held for sale	Note 21	121
22,393	Current Assets		26,633
(1,055)	Bank Overdraft	Note 20	(265)
0	Short Term Borrowing	Note 16	(728)
(8,485)	Short Term Creditors	Note 22	(8,986)
(317)	Provisions	Note 23	(362)
(9,857)	Current Liabilities		(10,341)
(500)	Long Term Creditors	Note 22	(500)
(69,824)	Pension Liability	Note 35c	(104,262)
(290)	Crematorium Pension Liability	Note 38	(573)
(1,141)	Provisions	Note 23	(1,848)
(77,042)	Long Term Borrowing	Note 16	(76,305)
(148,797)	Long Term Liabilities		(183,488)
116,415	Net Assets		123,791

Balance Sheet (Continued)

As at 31st March 2016 £'000		Note	As at 31st March 2017 £'000
	Usable Reserves		
(3,895)	General Fund Balance	MIR	(4,390)
(5,472)	Earmarked Reserves	Note 24a	(6,295)
(21,967)	Housing Revenue Account	HRA SMB	(23,746)
(300)	HRA Earmarked Reserves	HRA Note 7	(477)
(4,032)	Capital Grants Unapplied Account	Note 24b	(3,501)
<u>(35,666)</u>			<u>(38,409)</u>
	Unusable Reserves		
(31,743)	Revaluation Reserve	Note 25a	(59,800)
(120,163)	Capital Adjustments Account	Note 25b	(131,690)
69,824	Pensions Reserve	Note 25c	104,262
290	Crematorium Pensions Reserve	Note 25g	573
279	Accumulated Absences Account	Note 25d	350
(98)	Collection Fund Adj Acc - Council Tax	Note 25f	(27)
119	Collection Fund Adj Acc - NNDR	Note 25f	214
743	Financial Instruments Adjustment Account	Note 25e	736
<u>(80,749)</u>			<u>(85,382)</u>
<u>(116,415)</u>	Total Reserves		<u>(123,791)</u>

Cash Flow Statement

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

2015/16 £'000		2016/17 £'000	Note
1,332	Net surplus or (deficit) on the provision of services	10,231	
10,431	Adjustment to surplus or deficit on the provision of services for noncash movements	6,104	Note 26
(5,352)	Adjust for items included in the net surplus or deficit on the provision of services that are investing and financing activities	(3,816)	Note 26
<u>6,411</u>	Net Cash flows from operating activities	<u>12,519</u>	
<u>(8,945)</u>	Net Cash flows from Investing Activities	<u>(14,535)</u>	Note 26
<u>(2,534)</u>	Net increase or decrease in cash and cash equivalents	<u>(2,016)</u>	
9,714	Cash and cash equivalents at the beginning of the reporting period	7,180	Note 20
<u>7,180</u>	Cash and cash equivalents at the end of the reporting period	<u>5,164</u>	Note 20

Notes to the Core Financial Statements

1. Accounting standards to be adopted

The Code of Practice on Local Authority Accounting requires the Council to disclose the expected impact of new standards that have been issued but not yet adopted by the Code for the financial year. The standards applicable for 2016/17 financial statements which will apply from 2017/18 are:

- Amendment to the reporting of pension fund scheme transaction costs
- Amendment to the reporting of investment concentration

It is not anticipated that the above amendments will have a material impact on the information provided in the financial statements i.e. there is unlikely to be a change to the information in the reported net cost of services or the Surplus or Deficit on the Provision of Services.

2. Critical Judgements in Applying Accounting Policies

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

Future Funding

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

Ashfield Homes Limited

During the 2016/17 financial year, the Council served notice upon Ashfield Homes Limited to terminate the Management Agreement and for the Council to directly deliver the housing management function in-house. With effect, on the 1st October 2016 all functions of Ashfield Homes Limited transferred to Ashfield District Council. The aim is to achieve significant efficiencies for reinvestment in the Council's housing services for tenants and in supporting other key services provided by the Council.

3. Assumptions made about the future and sources of uncertainty

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

The items in the Council's Balance Sheet at 31st March 2017 for which there is a significant risk of material adjustment in the forthcoming financial year are as follows.

a. Property, Plant and Equipment

Assets are depreciated over useful lives that are dependent on assumptions about the level of repairs and maintenance that will be incurred in relation to individual assets. The current economic climate makes it uncertain that the Council will be able to sustain its current spending on repairs and maintenance, bringing into doubt the useful lives assigned to assets. If the useful life of assets is reduced, depreciation increases and the carrying amount of the assets falls. It is estimated that the annual depreciation charge for Property, Plant and Equipment would increase by £411k for every year that useful lives had to be reduced.

b. Provisions

Housing Benefit Overpayments

The Council has re-assessed the provision for bad debts relating to overpaid Housing Benefits. This provision relates specifically to those cases where adjustment to on-going benefit is not possible and the debt is pursued through the usual recovery methods. There has been a decrease in the volume of overpayments during 2016/17. Given the current position on the account and the expected rate of recovery, this provision has been decreased from £1.185m to £0.934m. A further 5% increase in bad debt would require an additional provision of £47k. In terms of overpaid Housing Benefit collected through on-going benefit the provision for bad debt has decreased from £583k to £257k.

c. Pensions Liability

Estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets. A firm of consulting actuaries is engaged to provide the Council with expert advice about the assumptions to be applied. This is detailed at note 35.

d. Arrears and Doubtful Debts

At 31 March 2017, the Council had a balance for outstanding debtors of £7.2m. The total impairment for doubtful debts is £2.3m, as detailed at note 19.

4. Material Items of Income and Expense

a. Pensions

The Council participates in the Local Government Pension Scheme administered locally by Nottinghamshire County Council. In addition to the recognised gains and losses included in the Comprehensive Income and Expenditure Statement, a negative re-measurement of £12.030m (compared to a positive re-measurement of £8.891 in 2015/16) is included in 'Other Comprehensive Income and Expenditure'. This is due to the additional pension liability of £19.435m bringing the housing function back in-house.

b. Impairment of Council Housing Stock

The Adjustment Factor which is used to convert the Market Value of a Council Dwelling to its Existing Use Value for Social Housing has increased for the East Midlands from 34% to 42%. The effect of this change has resulted in a significant amount of the impairment previously charged to the Comprehensive Income and Expenditure Statement (CIES) being reversed in 2016/17.

A desktop valuation of the Council Housing Stock has resulted in many Council Dwellings having an upward valuation in 2016/17. This along with the change in the Adjustment Factor has meant that £21.171m previously charged to the CIES has been reversed.

In year capital expenditure and a significant proportion of prior year Darlison Court new build capital expenditure has been impaired totalling £13.967m. Total Housing Revenue Account impairment reversal is £7.204m.

5. Events after the Balance Sheet Date

The Statement of Accounts was authorised for issue by the Corporate Finance Manager, whose role includes being the Chief Financial Officer, with effect from 1st June 2017. Where events taking place before this date provided information about conditions existing at 31st March 2017, the figures in the financial statements and notes have been adjusted in all material respects.

For the purposes of consideration, Post Balance Sheet events can occur up to approval of the Statements by the Audit Committee on 25th September 2017.

6. A. Note to the Expenditure and Funding Analysis

The note for 2016/17 is set out below:

Adjustments from General Fund to arrive at the Comprehensive Income and Expenditure Statement amounts	Adjustments for Capital Purposes (Note 1)	Net Change for the Pensions Adjustments (Note 2)	Other Differences (Note 3)	Total Adjustments
	£000	£000	£000	£000
Chief Executive Officer	2	49	(39)	12
Deputy Chief Executive	0	27	46	73
Assistant Chief Executive Officer	0	14	0	14
Place & Communities	2,870	83	0	2,953
Planning & Economic Development	1,296	22	(1)	1,317
Corporate Services & Transformation	1,618	23	(2)	1,639
Housing Strategy	0	3	0	3
HRA - Housing Revenue Account	(4,376)	20	122	(4,234)
<i>HRA - Exceptional Item</i>	<i>(7,204)</i>	<i>0</i>	<i>0</i>	<i>(7,204)</i>
Net Cost of Services	(5,794)	241	126	(5,427)
Other income and expenditure from the Expenditure and Funding Analysis	1,487	2,732	(5,749)	(1,530)
Difference between General Fund surplus or deficit and Comprehensive Income and Expenditure Statement Surplus or Deficit on the Provision of Services	(4,307)	2,973	(5,623)	(6,957)

The comparatives for 2015/16 are set out below:

Adjustments from General Fund to arrive at the Comprehensive Income and Expenditure Statement amounts	Adjustments for Capital Purposes (Note 1)	Net Change for the Pensions Adjustments (Note 2)	Other Differences (Note 3)	Total Adjustments
	£000	£000	£000	£000
Chief Executive Officer	(111)	27	195	111
Deputy Chief Executive	0	27	896	923
Assistant Chief Executive Officer	0	16	175	191
Place & Communities	1,559	88	839	2,486
Planning & Economic Development	1,213	25	1,433	2,671
Corporate Services & Transformation	1,682	26	47	1,755
Housing Strategy	0	2	75	77
HRA - Housing Revenue Account	11,687	0	(8,496)	3,191
Net Cost of Services	16,030	211	(4,836)	11,405
Other income and expenditure from the Expenditure and Funding Analysis	(11,182)	2,419	(4,445)	(13,208)
Difference between General Fund surplus or deficit and Comprehensive Income and Expenditure Statement Surplus or Deficit on the Provision of Services	4,848	2,630	(9,281)	(1,803)

Note 1 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 of for which conditions were satisfied in the year.

Note 2 Net Change for the Pensions Adjustments

This column is the net change for the removal of pension contributions and the addition of IAS 19 Employee Benefits pension related expenditure and income.

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

Note 3 Other Differences

This column highlights other differences between amounts debited/credited to the Comprehensive Income and Expenditure Statement and amounts payable/receivable to be recognised under statute.

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

B. Segmental Income

Income received on a segmental basis is analysed below:

Segmental Income	2016/17 Income from Services £000	2015/16 Income from Services £000
Services		
Chief Executive Officer	(94)	0
Deputy Chief Executive	(36,596)	(37,053)
Assistant Chief Executive Officer	(764)	(544)
Place & Communities	(3,246)	(2,853)
Planning & Economic Development	(1,947)	(2,216)
Corporate Services & Transformation	(438)	(683)
Housing Strategy	(253)	(93)
HRA - Housing Revenue Account	(32,351)	(24,786)
Total income analysed on a segmental basis	(75,689)	(68,228)

HRA Income includes £7,204 Exceptional Item

7. Expenditure and Income Analysed by Nature

Expenditure/Income	2016/17 £'000	2015/16 £'000
Expenditure		
Employee benefits expenses	21,903	17,797
Other services expenses	50,721	58,206
Depreciation, amortisation, impairment	7,516	5,845
Interest Payments	3,260	3,684
Precepts and Levies	275	256
Payments to Housing Capital Receipts Pool	561	565
Gain on the disposal of assets	(615)	(630)
Total Expenditure	83,621	85,723
Income		
Fees, charges and other service income	(75,689)	(68,228)
Interest and investment income	(16)	(20)
Income from council tax, non-domestic rates, district rate income	(10,760)	(9,906)
Capital grants	(2,431)	(3,633)
Government grants and contributions	(4,956)	(5,268)
Total Income	(93,852)	(87,055)
Surplus or Deficit on the Provision of Services	(10,231)	(1,332)

8. Adjustment between accounting basis and funding basis under statute

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

General Fund Balance

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

Housing Revenue Account Balance

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

Major Repairs Reserve

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

Capital Receipts Reserve

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

Capital Grants Unapplied

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

Statement for Current Financial Period 2016/17

Capital Adjustment Account

Charges for depreciation and impairment of non-current assets
 Revaluation losses on Property Plant and Equipment
 Capital Grants and Contributions
 Revenue Expenditure Funded from Capital under Statute
 Non-current assets written off on disposal
 Statutory Provision for the financing of capital investment
 Contribution from the Capital Receipts Reserve to finance the
 payments to the Government capital receipts pool
 Capital Expenditure charged against Revenue

General Fund Balance	Housing Revenue Account	Housing Major Repair Reserves	Capital Receipts Reserve	Capital Grants Reserve	Movement in Unusable Reserves
£'000	£'000	£'000	£'000	£'000	£'000
(2,148)	0	3,798	0	0	1,650
(2,605)	7,204	0	0	0	4,599
2,431	0	0	0	466	2,897
(1,130)	0	0	0	0	(1,130)
(31)	646	0	0	0	615
1,526	0	0	0	0	1,526
(561)	0	0	0	0	(561)
226	869	0	0	0	1,095
(2,292)	8,719	3,798	0	466	10,691

Capital Receipts Reserve

Transfer of sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement
 Use of the Capital Receipts reserve to finance new expenditure

0	0	0	(1,385)	0	(1,385)
0	0	0	1,385	0	1,385
0	0	0	0	0	0

Pension Reserve

Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement
 Employers pension contribution payable in the year

(6,059)	0	0	0	0	(6,059)
3,086	0	0	0	0	3,086
(2,973)	0	0	0	0	(2,973)

	General Fund Balance £'000	Housing Revenue Account £'000	Housing Major Repair Reserves £'000	Capital Receipts Reserve £'000	Capital Grants Reserve £'000	Movement in Unusable Reserves £'000
	(95)	0	0	0	0	(95)
	(71)	0	0	0	0	(71)
	(166)	0	0	0	0	(166)
	3	(74)	0	0	0	(71)
	0	0	(7,827)	0	0	(7,827)
	0	0	7,827	0	0	7,827
	0	3,798	(3,798)	0	0	0
	0	3,798	(3,798)	0	0	0
	7	0	0	0	0	7
	7	0	0	0	0	7
	(5,421)	12,443	0	0	466	7,488

Collection Fund Adjustment

Amount by which business rates income credited to the Comprehensive Income and Expenditure Statement is different from business rates income calculated for the year in accordance with statutory requirements
Amount by which council tax income credited to the Comprehensive Income and Expenditure Statement is different from council tax income calculated for the year in accordance with statutory requirements

Accumulating Short term Compensated Absences Account

Amount by which staff remuneration charged to the Comprehensive Income and Expenditure Statement on an accrual basis is different from that chargeable in the year in accordance with statutory requirements

Major Repairs Reserve

Reversal of Major Repair Allowance credited to the HRA
Use of the Major Repair Reserve to finance new capital expenditure
Excess of Depreciation Charged to HRA Compared to the Major Repairs Allowance Element of Housing Subsidy

Financial Instrument Adjustment Account

Amount by which finance costs charged to the Comprehensive Income and Expenditure Statement are different from finance costs chargeable in the year in accordance with statutory requirements
Financial Instruments - Reconciliation to Amortised Costs

Statement for Prior Financial Period 2015/16

	General Fund Balance	Housing Revenue Account	Housing Major Repair Reserves	Capital Receipts Reserve	Capital Grants Reserve	Movement in Unusable Reserves
	£'000	£'000	£'000	£'000	£'000	£'000
Capital Adjustment Account						
Charges for depreciation and impairment of non-current assets	(1,940)	0	1,895	0	0	(45)
Revaluation losses on Property Plant and Equipment	(1,331)	(1,387)	0	0	0	(2,718)
Capital Grants and Contributions	3,633	0	0	0	1,011	4,644
Revenue Expenditure Funded from Capital under Statute	(2,575)	(411)	0	0	0	(2,986)
Non-current assets written off on disposal	43	587	0	0	0	630
Statutory Provision for the financing of capital investment	1,316	0	0	0	0	1,316
Contribution from the Capital Receipts Reserve to finance the payments to the Government capital receipts pool	(565)	0	0	0	0	(565)
Capital Expenditure charged against Revenue	242	3,537	0	0	0	3,779
	(1,177)	2,326	1,895	0	1,011	4,055
Capital Receipts Reserve						
Transfer of sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	0	0	0	(1,719)	0	(1,719)
Use of the Capital Receipts reserve to finance new expenditure	0	0	0	1,719	0	1,719
	0	0	0	0	0	0
Pension Reserve						
Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement	(5,300)	0	0	0	0	(5,300)
Employers pension contribution payable in the year	2,695	0	0	0	0	2,695
	(2,605)	0	0	0	0	(2,605)

	General Fund Balance £'000	Housing Revenue Account £'000	Housing Major Repair Reserves £'000	Capital Receipts Reserve £'000	Capital Grants Reserve £'000	Movement in Unusable Reserves £'000
Collection Fund Adjustment						
Amount by which business rate income credited to the Comprehensive Income and Expenditure Statement is different from business rates income calculated for the year in accordance with statutory requirements	530	0	0	0	0	530
Amount by which council tax income credited to the Comprehensive Income and Expenditure Statement is different from council tax income calculated for the year in accordance with statutory requirements	(50)	0	0	0	0	(50)
	480	0	0	0	0	480
Accumulating Short term Compensated Absences Account						
Amount by which staff remuneration charged to the Comprehensive Income and Expenditure Statement on an accrual basis is different from that chargeable in the year in accordance with statutory requirements	(51)	0	0	0	0	(51)
	0	1,895	(1,895)	0	0	0
	0	1,895	(1,895)	0	0	0
Major Repairs Reserve						
Reversal of Major Repair Allowance credited to the HRA	0	0	(5,621)	0	0	(5,621)
Use of the Major Repair Reserve to finance new capital expenditure	0	0	5,621	0	0	5,621
Excess of Depreciation Charged to HRA Compared to the Major Repairs Allowance Element of Housing Subsidy	0	1,895	(1,895)	0	0	0
	0	1,895	(1,895)	0	0	0
Financial Instrument Adjustment Account						
Amount by which finance costs charged to the Comprehensive Income and Expenditure Statement are different from finance costs chargeable in the year in accordance with statutory requirements	0	0	0	0	0	0
Amortisation of Premiums and Discounts	(7)	0	0	0	0	(7)
Financial Instruments - Reconciliation to Amortised Costs	(7)	0	0	0	0	(7)
	(3,360)	4,221	0	0	1,011	1,872

9. Grants Income

The Council received the following major government grants and contributions to the Comprehensive Income and Expenditure Statement within 2016/17. Comparators are shown for 2015/16 for other grants and contributions.

	2016/17 £'000	2015/16 £'000
Government Grants Credited to Services		
Rent Allowances Subsidy	19,155	19,640
Rent Rebates Subsidy	13,611	14,045
Administration Grant	488	589
New Burdens Grant (Property Searches)	8	110
New Burdens Grant (Other)	84	32
NDR Admin Allowance	132	129
IER Grant	35	41
Transformational Challenge Fund	0	213
Other Revenue Grants	378	371
Sub Total	33,891	35,170
Other Grants and Contributions Credited to Services		
Discretionary Housing Payments	219	148
UK Parliamentary Elections Reimbursement	0	108
PCC Election Reimbursement	148	0
EU Referendum Reimbursement	170	0
Mansfield Joint Crematorium	349	329
NCC Garden Waste Contribution	824	0
Developer Contributions to Revenue (S106)	37	76
Other Revenue Grants and Contributions	370	368
Sub Total	2,117	1,029
Grants and Contributions Credited to Services Total	36,008	36,199
Credited to Taxation and Non Specific Grant Income		
Revenue Support Grant (*CIES Government Grants)	1,859	2,674
New Homes Bonus Grant (*CIES Government Grants)	3,097	2,530
Capital Grants and Contributions	2,431	3,633
Council Tax Freeze Grant (*CIES Government Grants)	0	64
Net Non-Domestic Rates Receipts	4,947	3,760
Total Grants	12,334	12,661

9. Grants Income (Continued)

Memorandum Account NDR	2016/17 £'000	2015/16 £'000
Retained Business Rates - transfer from Collection Fund	13,961	13,752
Tariff payable direct to Nottinghamshire County Council	(9,351)	(9,273)
Total Retained Business Rates	4,610	4,479
Small Business & Empty Rate - Sct 31 - Grant	527	648
Business Rates Levy	(729)	(679)
Share of Business Growth payable from/ to preceptors	266	(136)
Returned Levy as a result of Nottinghamshire Pooling Agreement)	181	173
Distribution of estimated NDR deficit/surplus	43	(725)
Accrual from Previous Year	35	0
	4,933	3,760
Amount Credited to the Comprehensive Income and Expenditure Statement after adjustment for the Collection Fund Adjustment Account	4,838	4,290

10. Interest Payable and Other Charges

	2016/17 £'000	2015/16 £'000
Loan Interest	3,242	3,374
General Fund	18	310
Total Interest Payable and Other Charges	3,260	3,684

11. Tangible Non-current Assets

Cost or Valuation	Housing Revenue Account	Land and Buildings	Community Assets	Vehicles, Plant and Equipment	Infra-structure	Surplus Assets	Assets under Construction	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
As at 1st April 2016	177,135	53,944	938	5,024	977	2,606	11,310	251,934
Additions	8,729	706	0	652	0	0	1,872	11,959
Disposals	(1,241)	0	0	(85)	0	0	0	(1,326)
Reclassifications	6,589	1,259	0	0	0	0	(7,848)	0
Revaluations / (Impairments) Recognised in the Revaluation Reserve	26,743	108	0	198	0	(276)	0	26,773
Recognised in Provision of Services	6,684	(1,602)	0	20	(882)	(309)	0	3,911
As at 31st March 2017	224,639	54,415	938	5,809	95	2,021	5,334	293,251
Depreciation and Impairments								
As at 1st April 2016	(541)	(655)	(60)	(666)	(39)	0	0	(1,961)
Charge for the year	(2,827)	(1,323)	(62)	(761)	(3)	0	0	(4,976)
Disposals	12	0	0	75	0	0	0	87
Reclassifications	0	0	0	0	0	0	0	0
Revaluations / (Impairments) Recognised in the Revaluation Reserve	2,083	(8)	0	0	0	19	0	2,094
Recognised in Provision of Services	520	130	0	0	15	22	0	687
As at 31st March 2017	(753)	(1,856)	(122)	(1,352)	(27)	41	0	(4,069)
Balance Sheet Net Amount at 31st March 2017	223,886	52,559	816	4,457	68	2,062	5,334	289,182

The tangible non-current assets at 31st March 2016 for comparative purposes are set out below:

Cost or Valuation	Housing Revenue Account	Land and Buildings	Community Assets	Vehicles, Plant and Equipment	Infra-structure	Surplus Assets	Assets under Construction	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
As at 1st April 2015	307,117	58,775	1,305	15,670	3,358	2,861	5,587	394,673
Adjustment	(134,312)	(7,992)	(367)	(10,937)	(2,381)	(645)	0	(156,634)
Additions	5,469	112	0	497	0	0	6,660	12,738
Disposals	(1,671)	0	0	(153)	0	0	0	(1,824)
Reclassifications	28	(356)	0	213	0	450	(335)	0
Revaluations / (Impairments) Recognised in the Revaluation Reserve	1,891	3,388	0	0	0	(60)	0	5,219
Recognised in Provision of Services	(1,387)	17	0	(266)	0	0	(602)	(2,238)
As at 31st March 2016	177,135	53,944	938	5,024	977	2,606	11,310	251,934
Depreciation and Impairments								
As at 1st April 2015	(134,312)	(7,992)	(367)	(10,937)	(2,381)	(645)	0	(156,634)
Adjustment	134,312	7,992	367	10,937	2,381	645	0	156,634
Charge for the year	(2,642)	(1,161)	(60)	(680)	(39)	0	0	(4,582)
Disposals	11	0	0	14	0	0	0	25
Reclassifications	0	30	0	0	0	(30)	0	0
Revaluations / (Impairments) Recognised in the Revaluation Reserve	2,090	476	0	0	0	30	0	2,596
Recognised in Provision of Services	0	0	0	0	0	0	0	0
As at 31st March 2016	(541)	(655)	(60)	(666)	(39)	0	0	(1,961)
Balance Sheet Net Amount at 31st March 2016	176,594	53,289	878	4,358	938	2,606	11,310	249,973

Capital Commitments

The Council entered into a contract in 2015/16 for the refurbishment of council dwellings which will cover the period 2015/16 to 2019/20. The estimated value of this contract is between £25m and £38m.

The Authority entered into a contract in 2016/17 for the refurbishment of the Idlewells Market hall for £1.7m. These works are expected to be completed in 2017/18.

Effects of Changes in Estimates

In 2016/17 a desktop valuation of Council Dwelling stock was completed. The majority of these valuations were revised upwards on the 31st January 2017. This is likely to mean that future depreciation charges will increase by approximately £411k.

Revaluations

The Authority carries out a rolling programme that ensures that all Property, Plant and Equipment required to be measured at fair value is revalued at least every five years. Valuations of land and buildings were carried out in accordance with the methodologies and bases for estimation set out in the professional standards of the Royal Institution of Chartered Surveyors.

The significant assumptions applied in estimating the fair values are:

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

12. Heritage Assets

Cenotaphs

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

Statues and Artwork

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

	Cenotaphs	Statues and Artwork	Total
	£'000	£'000	£'000
Cost or Valuation			
1st April 2016	330	473	803
Acquisitions	0	0	0
31st March 2017	330	473	803

Cost or Valuation			
1st April 2015	330	208	538
Acquisitions	0	265	265
31st March 2016	330	473	803

13. Tangible Non Current Asset Valuations

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

	Housing Revenue Account	Land and Buildings	Community Assets	Vehicles, Plant and Equipment	Infra-structure	Surplus Assets	Assets under Construction	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Net book value of assets 31st March 2017	223,886	52,559	816	4,457	68	2,062	5,334	289,182
Valued at historical cost	(59)	(2,540)	(816)	(4,457)	(68)	0	(5,334)	(13,274)
	<u>223,827</u>	<u>50,019</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>2,062</u>	<u>0</u>	<u>275,908</u>
Crematorium Valuation (2016/17)	0	840	0	0	0	0	0	840
Valued at current value:								
31st January 2017 and 31st March 2017 by the Estates Manager (MRICS) employed by ADC	221,284	3,274	0	0	0	1,828	0	226,386
31st January 2017 and 31st March 2016 by the Estates Manager (MRICS) employed by ADC	1,218	35,154	0	0	0	0	0	36,372
31st March 2015 by the Estates Manager (MRICS) employed by ADC	82	0	0	0	0	0	0	82
31st March 2014 by the Estates Manager (MRICS) employed by ADC	1,243	1,786	0	0	0	234	0	3,263
31st March 2013 by the Estates Manager (MRICS) employed by ADC	0	8,965	0	0	0	0	0	8,965
	<u>223,827</u>	<u>50,019</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>2,062</u>	<u>0</u>	<u>275,908</u>

14. Intangible Non-current Assets

The Council accounts for its software as intangible assets, to the extent that the software is not an integral part of a particular IT system and accounted for as part of the hardware item of Property, Plant and Equipment. The intangible assets include both purchased licenses and internally generally software. There have been no software purchases in 2016/17 which meet the definition of intangible non-current assets.

15. Gains and Losses from the Sale of Assets

The Comprehensive Income and Expenditure Statement includes gains and losses from the sale of Council assets. The value of the gains and losses for 2016/17 is as follows:

	2016/17 £'000	2015/16 £'000
Council house sales	(646)	(587)
General fund assets	31	(43)
Total (Gain)/Loss	(615)	(630)

16. Financial Instruments

a. Financial liabilities held at amortised cost

	Long Term		Short Term	
	31st March 2017 £'000	31st March 2016 £'000	31st March 2017 £'000	31st March 2016 £'000
Financial Liabilities				
Borrowings at Amortised Cost	76,305	77,042	728	0
Finance Leases	0	0	0	0
Trade Creditors	0	0	4,263	3,956
Total Financial Liabilities	76,305	77,042	4,991	3,956

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

	Long Term		Short Term	
	31st March 2017 £'000	31st March 2016 £'000	31st March 2017 £'000	31st March 2016 £'000
Loans and Receivables				
Investments	0	0	14,525	7,607
Trade Debtors	1,168	895	5,157	6,001
Total Loans and Receivables	1,168	895	19,682	13,608

c. Gains and Losses on Financial Instruments

	2016/17 £'000	2015/16 £'000
Interest Expense		
Liabilities measured at 'Amortised Cost'	3,357	3,362
Interest Income		
Loans and Receivables	(114)	(127)
Net Gain / (Loss) for the Year	<u>3,243</u>	<u>3,235</u>

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

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

	31st March 2017		31st March 2016	
	Carrying Amount £'000	Fair Value £'000	Carrying Amount £'000	Fair Value £'000
Financial Liabilities				
PWLB	29,556	35,338	30,285	35,133
Money Market	46,749	63,715	46,757	58,570
	<u>76,305</u>	<u>99,053</u>	<u>77,042</u>	<u>93,703</u>
Short Term Borrowing	0	0	0	0
PWLB maturing in one year	728	767	0	0
	<u>728</u>	<u>767</u>	<u>0</u>	<u>0</u>
	<u>77,033</u>	<u>99,820</u>	<u>77,042</u>	<u>93,703</u>
Loans and Receivables				
Other Securities	0	0	0	0
Direct Short Term Investments	0	0	583	583
Money Market less than 12 months	14,525	14,525	7,024	7,024
	<u>14,525</u>	<u>14,525</u>	<u>7,607</u>	<u>7,607</u>

e. Investments

Under the Council's accounting policy on Cash Equivalents, instant access accounts are deemed to be classified as cash equivalents within the balance sheet and cash flow statements while short term investments (including 3 months and less) remain classified as investments.

	31st March 2017 £'000	31st March 2016 £'000
Short Term Investments:		
Money Market less than 12 months	14,525	7,024
Investments of Joint Crematorium Committee	0	583
	<u>14,525</u>	<u>7,607</u>
Long Term Investments:		
Other Securities	0	0
	<u>0</u>	<u>0</u>
Total Investments	<u>14,525</u>	<u>7,607</u>

17. Inventories

A breakdown of the balance sheet figure is given below

	2016/17 £'000	2015/16 £'000
Balance at 1st April	100	134
Purchases	1,381	794
Transferred from Ashfield Homes Ltd	323	0
Recognised as an expense	(1,309)	(828)
Balance at 31st March	<u>495</u>	<u>100</u>

18. Investment Property

The Council does not hold any property for investment purposes. The estate of industrial units is held as part of the Council's regeneration activities.

19. Debtors

An analysis of the balance sheet figure is given below:

	31st March 2017 £'000	31st March 2016 £'000
Central Government Bodies	1,080	720
Other Local Authorities	972	2,487
NHS Bodies	(1)	1
Other entities and individuals	6,325	6,001
Provision for Bad Debt	(2,313)	(2,978)
	<u>6,063</u>	<u>6,231</u>

	31st March 2017 £'000	31st March 2016 £'000
Long Term Debtors:		
Car Loans	2	5
Council Tax, NNDR & IBS	0	895
Local Authority Mortgage Scheme	1,000	1,000
	<u>1,002</u>	<u>1,900</u>

In January 2014, the Council in partnership with Nottinghamshire County Council and Lloyds Bank launched the Local Authority Mortgage Scheme (LAMS). The aim of the scheme is to stimulate the local economy and housing market by supporting first-time buyers. This is achieved by Ashfield District Council providing an indemnity to Lloyds bank to enable the bank to offer suitable applicants a 95% mortgage on terms normally applicable to a 75% loan. The advance of £1m represents housing service based capital expenditure and will be in place for 5 years creating a long-term debtor on the Council's Balance Sheet. £500k of the advance has been provided by Nottinghamshire County Council (see Long Term Creditors Note 22) and will be repaid in 5 years. This is the third year of operation for the scheme.

20. Cash and Cash Equivalents

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

	31st March 2017 £'000	31st March 2016 £'000
Bank Current Accounts	(265)	(1,055)
Short Term Deposits	5,429	8,235
	<u>5,164</u>	<u>7,180</u>

21. Assets Held For Sale

International Reporting Standard 5 requires Non-Current Assets Held for Sale and Discontinued Operations to be reported separately in the balance sheet. The Council only has one asset that meets the definition of Assets Held for Sale i.e. the Butlers Hill site. There are 5 plots for sale on this site, of which 2 were disposed during the year.

	31st March 2017 £'000	31st March 2016 £'000
Opening Balance	220	700
Disposals	(100)	0
Revaluations / (Impairments)		
Recognised in the Revaluation Reserve	0	0
Recognised in Provision of Services	1	(480)
Closing Balance	<u>121</u>	<u>220</u>

22. Creditors

An analysis of the balance sheet figure is given below:

	31st March 2017 £'000	31st March 2016 £'000
Central Government Bodies	1,139	1,485
Other Local Authorities	3,584	3,044
Other entities and individuals	4,263	3,956
	<u>8,986</u>	<u>8,485</u>
Long Term Creditors		
Other Local Authorities	500	500
	<u>500</u>	<u>500</u>

23. Provisions

The Council has created provisions in respect of a number of issues that may result in a cost to the Council. These are analysed below for 2016/17 with 2015/16 provided for comparative purposes.

	Balance at 31st March 2016 £'000	Receipts in year £'000	Payments in year £'000	Balance at 31st March 2017 £'000
Short Term:				
Accumulated Absences	(279)	(71)	0	(350)
Legal costs	(38)	0	26	(12)
Long Term:				
Planning Appeal Costs	(26)	0	7	(19)
Job Evaluation	(39)	0	39	0
Legal Costs re H&S Prosecution	(200)	(200)	27	(373)
NDR Appeals (In Year)	(98)	0	98	0
NDR Appeals (Backdated)	(488)	(2,741)	2,065	(1,164)
Insurance Funds:				
Municipal Mutual Insurance (MMI)	(32)	(56)	0	(88)
Liability	(246)	0	52	(194)
Property	(12)	(14)	16	(10)
Total	(1,458)	(3,082)	2,330	(2,210)

a. Accumulated Absences

The provision represents the value of employee benefits, mainly flexi time and annual holiday entitlement not taken at 1 April 2017. The provision has been extended to include employees transferred from Ashfield Homes Ltd. This is a short term liability.

b. Planning Appeal Costs

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

c. Provision for Legal Costs regarding Health & Safety Prosecution

The Council has commenced a prosecution case relating to Health and Safety contraventions following a workplace death within the District. This provision is to cover the legal costs of the action. The provision has been increased by £200k, to cover the costs of another Health & Safety case.

d. Insurances

At the end of the year the Council had a £292k insurance provision which is maintained to meet its outstanding liability (within the policy excess) for claims in line with the reserves calculated by the Council's Insurers. Most claims come to fruition within 1-2 years. The factors affecting these values can change and the Insurance Companies regularly review the reserves. The main risk is that several incurred but not reported claims could affect its adequacy. Over and above this provision the Council also maintains additional insurance within the Internal Insurance Fund Reserve.

24. Usable Reserves

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

a. Earmarked Reserves

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

	Balance at 31st March 2017 £'000	Movements in Year £'000	Balance at 31st March 2016 £'000	Movements in Year £'000	Balance at 31st March 2015 £'000
Corporate Improvement	0	(807)	807	372	435
District Planning Inquiry	72	(79)	151	85	66
Elections	58	58	0	(102)	102
Harold Farr Bequest	10	(1)	11	(2)	13
Joint Use Maintenance Fund	192	(26)	218	6	212
Corporate Change and Renewal Fund	0	(1,482)	1,482	(593)	2,075
Asset Renewal Reserve	804	375	429	(10)	439
LAMS Reserve	47	15	32	15	17
Joint Crematorium Reserve	608	(39)	647	(6)	653
Insurance Related Funds	336	56	280	(224)	504
Revenue Grant Reserve	904	(361)	1,265	38	1,227
NNDR Equalisation Reserve	398	248	150	150	0
Supported Housing Reserve	36	36	0	0	0
Corporate Change Reserve	1,700	1,700	0	0	0
Commercial Property Investment Reserve	400	400	0	0	0
Economic Development and Place Reserve	150	150	0	0	0
Technology Investment Reserve	515	515	0	0	0
	6,230	758	5,472	(271)	5,743
Reclassification of S106 from Capital to Revenue Grant	65	65	0	0	0
	6,295	823	5,472	(271)	5,743

b. Capital Grants Unapplied Reserve

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

	£'000	£'000
Opening Balance	4,032	5,043
Capital Grants and Contributions credited to the Comprehensive Income and Expenditure Statement	2,431	3,633
Application of Capital Grants and Contributions within the period and adjusted through the Capital Adjustment Account	(2,897)	(4,644)
Reclassification of S106 from Capital to Revenue	(65)	0
Closing balance	3,501	4,032

c. Capital Receipts Reserve

	2016/17 £'000	2015/16 £'000
Opening Balance	0	0
Transfer of sale proceeds credited as part of the gain/loss on disposal to the CIES	1,385	1,719
Use of the reserve to finance new expenditure	(1,385)	(1,719)
Closing Balance	0	0

25. Unusable Reserves

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

	Balance at 31st March 2017	Movements in Year	Balance at 31st March 2016	Movements in Year	Balance at 31st March 2015
	£'000	£'000	£'000	£'000	£'000
Revaluation Reserve	(59,800)	(28,057)	(31,743)	(7,251)	(24,492)
Capital Adjustment Account	(131,690)	(11,527)	(120,163)	(4,620)	(115,543)
Pensions Reserve	104,262	34,438	69,824	(6,286)	76,110
Crematorium Pensions Reserve	573	283	290	290	0
Accumulated Absences Reserve	350	71	279	51	228
Collection Fund Adjustment Account - Council Tax	(27)	71	(98)	50	(148)
Collection Fund Adjustment Account - NNDR	214	95	119	(530)	649
Financial Instruments Adjustment Account	736	(7)	743	7	736
	(85,382)	(4,633)	(80,749)	(18,289)	(62,460)

a. Revaluation Reserve

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

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

	2016/17 £'000	2015/16 £'000
Opening Balance	(31,743)	(24,492)
Crematorium Opening Balance IFRS	(25)	0
Revaluation of Assets	(28,867)	(7,815)
Adjustment between current value depreciation and historic cost depreciation	798	525
Write out of revaluation on disposal; property, plant and equipment	37	39
Closing Balance	(59,800)	(31,743)

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

b. Capital Adjustment Account

The Capital Adjustment Account absorbs the timing differences arising from the different arrangements for accounting for the consumption of non-current assets and for the financing of these assets under statutory provision.

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

	2016/17 £'000	2015/16 £'000
Opening Balance	(120,163)	(115,543)
Charges for depreciation and impairment of non-current assets	(1,649)	45
Revaluation losses / (gains) on Property Plant and Equipment	(4,599)	2,718
Capital Grants and Contributions	(2,897)	(4,644)
Revenue Expenditure Funded from Capital under Statute	1,130	2,986
Carrying Value of non-current assets written off on disposal	1,339	1,676
Transfer of sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	(1,954)	(2,284)
Statutory Provision for the financing of capital investment	(1,526)	(1,316)
Capital Expenditure charged against Revenue	(1,094)	(3,779)
Contribution from the Capital Receipts Reserve to finance the payments to the Government capital receipts pool	561	565
Reversal of Major Repair Allowance credited to the HRA	7,827	5,621
Use of the Major Repair Reserve to finance new capital expenditure	(7,827)	(5,621)
Deferred Capital Receipts	0	(23)
Crematorium Adjustment	(3)	0
<u>Other Reserve Movements</u>		
Adjustment between current value depreciation and historic cost depreciation	(798)	(525)
Write out of revaluation on disposal; property, plant and equipment	(37)	(39)
Closing Balance	(131,690)	(120,163)

c. Pension Reserve

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

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

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

	2016/17 £'000	2015/16 £'000
Opening Balance	69,824	76,110
Actuarial (gains) or losses on pension assets and liabilities	12,030	(8,891)
Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement	6,059	5,300
Employers pension contribution payable in the year	(3,086)	(2,695)
Additional Liability due to Transfer of Ashfield Homes Ltd	19,435	0
Closing Balance	104,262	69,824

d. Accumulated Absences Reserve

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

	2016/17 £'000	2015/16 £'000
Opening Balance	279	228
Movement in Year	71	51
	350	279

e. Financial Instruments Adjustment Account

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

	2016/17 £'000	2015/16 £'000
Opening Balance	743	736
Amount by which finance costs charged to the Comprehensive Income and Expenditure Statement are different from finance costs chargeable in the year in accordance with statutory requirements	(7)	7
	<u>736</u>	<u>743</u>

f. Collection Fund Adjustment Account

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

	2016/17 £'000	2015/16 £'000
Council Tax		
Opening Balance	(98)	(148)
Amount by which council tax income credited to the Comprehensive Income and Expenditure Statement is different from council tax income calculated for the year in accordance with statutory requirements	71	50
	<u>(27)</u>	<u>(98)</u>
Business Rates		
Opening Balance	119	649
Amount by which NNDR income credited to the Comprehensive Income and Expenditure Statement is different from NNDR income calculated for the year in accordance with statutory requirements	95	(530)
	<u>214</u>	<u>119</u>

g. Crematorium Pension Reserve

	2016/17 £'000	2015/16 £'000
Opening Balance	290	0
Actuarial (gains) or losses on pension assets and liabilities	283	290
Closing Balance	<u>573</u>	<u>290</u>

26. Cash Flow Statement Notes

a. Net Cash Flows from Operating Activities

	2016/17 £'000	2015/16 £'000
Net Surplus or (Deficit) on the Provision of Services-	10,231	1,332
Adjust net surplus or (deficit) on the provision of services for non-cash movements:		
Depreciation and Impairment	403	7,403
Adjustments for effective interest rates	(9)	19
Increase/Decrease in Creditors	870	(936)
Increase/Decrease in Debtors	291	(381)
Increase/Decrease in Inventories	(395)	34
Pension Liability	2,973	2,604
Contributions to/(from) Provisions	632	12
Carrying amount of non-current assets sold [property plant and equipment, investment property and intangible assets]	1,339	1,676
	6,104	10,431
Adjust for items included in the net surplus or deficit on the provision of services that are investing or financing activities:		
Capital Grants credited to surplus or deficit on the provision of services	(2,431)	(3,633)
Proceeds from the sale of short and long term investments		
Proceeds from the sale of property plant and equipment, investment property and intangible assets	(1,385)	(1,719)
	(3,816)	(5,352)

b. Net Cash Flows from Operating Activities (Interest)

	2016/17 £'000	2015/16 £'000
Operating activities within the cash flow statement include the following cash flows relating to interest:		
Ordinary interest received	16	20
Interest Received	16	20
Interest charge for year	(3,260)	(3,684)
Adjustments for differences between Effective Interest Rates and actual interest payable	(9)	19
Other interest:	114	0
Interest Paid	(3,155)	(3,665)

c. Net Cash Flows from Investing Activities

	2016/17	2015/16
	£'000	£'000
Purchase of Property, Plant and Equipment, investment property and intangible assets	(11,959)	(13,003)
Sale of short and long term investments	(6,918)	(1,993)
Increase/Decrease in Creditors	(369)	633
Proceeds from the sale of property plant and equipment, investment property and intangible assets	1,385	1,719
Other capital cash receipts	0	66
Capital Grants Received	2,431	3,633
Total Cash Flows from Investing Activities	(15,430)	(8,945)

27. Members' Allowances

The total amount paid under the members' allowances scheme during the year was £411,905 (£403,793 in 2015/16).

28. Officers' Remuneration and Exit Packages

a. Officers' Remuneration

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

Post	Salary, Fees and Allowances	Bonuses	Expenses Allowances	Compensation for Loss of Office	Total Remuneration Exc. Pension Contributions	Pension Contributions	Total Remuneration
	£	£	£	£	£	£	£
Chief Executive Officer	101,547	0	0	0	101,547	12,490	114,037
Deputy Chief Executive (Resources)	85,425	0	0	0	85,425	10,507	95,932
Assistant Chief Executive (Governance)	73,144	0	0	0	73,144	8,997	82,141
Service Director Housing (Note 1)	26,007	0	0	0	26,007	3,199	29,206
Service Director Place & Communities	73,144	0	111	0	73,255	8,997	82,252
Service Director Corporate Services & Transformation	73,144	0	275	0	73,419	8,997	82,416

Note 1 – Former Interim Service Director Housing in post until 22nd November 2016 via an Agency – total paid to Agency £56,700
Current Service Director Housing in post from 23rd November 2016

During the period there was also an Interim Service Director Economy post. This post was covered via an agency at a cost of £76,765. The position has been deleted from the establishment in 2017/18.

Agency costs are not included in the Officer's Remuneration table.

The information for 2015/16 on a similar basis for comparative purposes is:

Post	Salary, Fees and Allowances	Bonuses	Expenses Allowances	Compensation for Loss of Office	Total Remuneration Excl. Pension Contributions	Pension Contributions	Total Remuneration
	£	£	£	£	£	£	£
Chief Executive Officer	86,740	0	63	0	86,803	10,342	97,145
Deputy Chief Executive (Resources)	84,994	0	61	0	85,055	10,454	95,509
Assistant Chief Executive (Governance)	72,420	0	35	0	72,455	8,908	81,363
Service Director Corporate	72,420	0	111	0	72,531	8,908	81,439
Service Director Economy	25,892	0	77	0	25,969	3,185	29,154
Service Director Environment	72,420	0	275	0	72,695	8,908	81,603

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

Remuneration (£)	2016/17	2015/16
50,000 – 54,999	5	7
55,000 – 59,999	1	0
60,000 – 64,999	0	0
65,000 – 69,999	0	0
70,000 – 74,999	3	3
75,000 – 79,999	0	0
80,000 – 84,999	0	2
85,000 – 89,999	1	0
90,000 – 94,999	0	0
95,000 – 99,999	0	0
100,000 – 104,999	1	0

b. Exit Packages

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 which shows the costs without pension strain adjustments as per IAS 19.

Exit Package Cost Band (Including Special Payments)	Number of Compulsory Redundancies		Number of Other Departures Agreed		Total Number of Exit Packages by Cost Band [(b) + (c)]		Total Cost of Exit Packages in Each Band (£)	
	2015/16	2016/17	2015/16	2016/17	2015/16	2016/17	2015/16	2016/17
£0 - £20,000	0	1	13	3	13	4	77,225	20,311
£20,001 - £60,000	0	0	2	2	2	2	63,602	68,514
£60,001 - £80,000	0	0	0	0	0	0	0	0
£80,001 - £100,000	0	0	0	0	0	0	0	0
£100,001 - £200,000	0	0	0	0	0	0	0	0
TOTAL	0	1	15	5	15	6	140,827	88,825

29. External Audit Costs

The fees payable to KPMG LLP in 2016/17 and 2015/16 with regard to external audit services were:

	2016/17 £'000	2015/16 £'000
External audit services carried out by the appointed auditor	56	56
Certification of Grant Claims	15	13
	<u>71</u>	<u>69</u>

Additional fees totalling £17k were paid to KPMG LLP in 2016/17 which relate to Audit work carried out in previous years.

- There were additional fees for grant claims relating to 2015/16, for which an accrual of £7k was made.
- Fees of £3k payable in respect of Pooling of Capital Receipts return 2015/16.
- Fees of £3.2k payable in respect of 2015/16 Final Accounts Group Statements.
- Fees of £2.2k payable in respect of 2015/16 Final Accounts PPE work.
- Fees of £1.5k relating to stock options work completed in 2015/16, paid in 16/17.

30. Related Party Transactions

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

a. Central Government

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

b. Members

Members of the Council have direct control over the Council's financial and operating policies. The total of Members' allowances paid in 2016/17 is shown in Note 27.

The following is based upon the original declarations made by members upon election, supplemented and updated to capture any changes in circumstances since then. The Council made payments to a range of voluntary organisations totalling £29,485 in 2016/17 under the Members Community Support Scheme. No grants were made to organisations whose senior management included Members or their close relatives.

The Board of Ashfield Homes Ltd, an Arm's Length Housing Management Company wholly owned by the Council, (and transferred back into the Council on 1st October 2016), included, from 1st April 2016 to 30 September 2016, members of Ashfield District Council. These were Councillor D Griffiths, Councillor C.A. Mason and Councillor A Brown.

The Council is jointly responsible for the operation of the Mansfield and District Joint Crematorium Committee, along with Mansfield District Council and Newark and Sherwood District Council. Details of the Council's share of transactions are shown at Note 38. There are three elected members of the Council who were also members of the Committee for 2016/17. These are Councillor J Aspinall and Councillor C Butler for the whole year, and Councillor T Brown from May, replacing Councillor J James who was on the Board for April only.

Payments totalling £277,741 were made to Parish Councils.

- A total of £227,802 was paid to Selston Parish Council, the main payment relating to the precept of £225,965.
- A total of £49,939 was paid to Annesley and Felley Parish Council, the main payment relating to the precept of £49,521.

During 2016/17 there were six elected members of the Council who were also parish councillors. Members of Selston Parish Council were Councillor C.L. Quinn-Wilcox, Councillor R.J. Sears-Piccavey (resigned 16th Jan 2017), Councillor C Chapman and Councillor S Wilson. Members of Annesley and Felley Parish Council were Councillor R.E. Madden and Councillor J.B. Zadrozny.

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

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

The disclosure note has been prepared using the Council's Register of Members Declarations of Interest and appointments made by the Council in addition to a specific declaration obtained in respect of related party transactions as part of the closure of accounts process.

c. Officers

Senior Officers of the Council have control over the day-to-day management of the Council and all senior officers have been asked to declare any related party transactions. From the replies provided there are no such transactions to be declared.

31. Capital Financing Requirement

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

	2016/17 £'000	2015/16 £'000
Opening Capital Financing Requirement	99,736	99,763
Capital Investment		
Operational Assets	11,959	12,738
REFCUS	1,130	2,986
Heritage Assets	0	265
	<u>13,089</u>	<u>15,989</u>
Sources of Finance		
Capital Receipts	1,385	1,719
Reserves	225	99
Deferred Capital Receipts	0	21
Government Grants and Other Contributions	2,897	4,644
Major Repairs Reserve	6,625	4,537
Minimum Revenue Provision	1,526	1,316
Revenue Contributions	869	3,680
	<u>13,527</u>	<u>16,016</u>
Closing Capital Financing Requirement	99,298	99,736
Movement in the Year	(438)	(27)
Explanation of Movement in the Year		
Increase in Underlying Need to Borrow (unsupported by Government Financial Assistance)	1,088	1,288
Minimum Revenue Provision	(1,526)	(1,315)
	<u>(438)</u>	<u>(27)</u>

32. Assets held as Lessee

The Council has no assets held as a lessee.

33. Assets held as Lessor

a. Finance Leases

Following the restructure of the Council's Housing services and closure of Ashfield Homes Ltd, the Council does not operate any finance leases.

b. Operating Leases

With regard to the Council's activity as a lessor, the gross value of assets held for use in operating leases as at 31st March 2017 was £6.955m and as at 31 March 2016 was £8.194m (these properties were subject to accumulated depreciation and impairment of £0.090m in 2016/17 and £1.286m 2015/16). The net book value of these assets is £6.866m in 2016/17 and £6.909m in 2015/16.

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

	2016/17 £'000	Restated 2015/16 £'000	2015/16 £'000
Within 1 Year	490	430	335
Between 2 and 5 Years	1,108	1,126	661
Later than 5 Years	4,985	4,885	93
	6,583	6,441	1,089

The Secured income for 2015/16 has been restated in the 2016/17 Statement of Accounts. The reason for restatement is due to an omission of the secured income from Ground Leases on the original 2015/16 secured income.

34. Revaluation Loss

During 2016/17 the Council have recognised revaluation losses as detailed in the following table:

	2016/17 £'000	2015/16 £'000
Revaluation Losses recognised within the surplus or Deficit of the provision of services	(4,599)	2,718
	(4,599)	2,718

35. Retirement Benefits

a. Participation in pension schemes

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

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

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

There were five new early retirements during the year which were not allowed for at the previous accounting date. The total annual pension that came into payment was £51.9k.

The latest membership data is shown in the table below.

	Number	Salaries/ Pensions £'000	Average Age Current Employees	Average Age Former AHL
Active members	566	13,181	48	44
Deferred pensioners	635	1,359	46	40
Pensioners	732	4,317	72	64
Unfunded pensioners	179	321	77	0

There has been a significant increase in the membership of the pension scheme due to the transfer of the active members from Ashfield Homes Ltd under TUPE legislation on 30th September 2016. The funding for any residual deferred and pensioner members is now the responsibility of Ashfield District Council. Active members includes 148 additional members, deferred pensioners includes 155 additional members and pensioners includes 61 additional members as a result.

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

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

b. Transactions relating to retirement benefits

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

As a result of the cessation of Ashfield Homes Ltd on 30th September 2016, the pension transactions includes the addition of £19.485m net liability which comprises of (£41.550m) liabilities extinguished on settlement and £22.115m settlement prices received on settlement.

	2016/17 £'000	2015/16 £'000
Comprehensive Income and Expenditure Statement		
Cost of Services:		
Current service cost	3,299	2,905
Financing and Investment Income and Expenditure		
Net Interest on the defined liability (asset)	2,732	2,394
Administration Expenses	28	1
Total Post-employment Benefits charged to the Surplus or Deficit on the Provision of services	6,059	5,300
Other Post-employment Benefits charged to the Comprehensive Income and Expenditure Statement		
Remeasurement of the net defined benefit liability comprising;		
Return on plan assets in excess of interest	14,155	(2,680)
Other actuarial gains/(losses) on assets	(527)	0
Changes in financial assumptions	(28,852)	11,565
Change in demographic assumptions	(439)	0
Experience gain/(loss) on defined benefit obligation	3,633	6
Liabilities assumed/ (extinguished) on settlements	(41,550)	0
Settlement prices received/(paid)	22,115	0
Total Post-employment Benefits Charged to the Comprehensive Income and Expenditure Statement	(31,465)	8,891
Movement in reserves Statement		
reversal of net charges made for retirement benefits in accordance with the code	(6,059)	(5,300)
Actual amount charged against the General Fund Balance for pensions in the year:		
Employers' contributions payable to scheme	3,086	2,695
	(2,973)	(2,605)

c. Pensions Assets and Liabilities Recognised in the Balance Sheet

	2016/17 £'000	2015/16 £'000
Present value of the Defined benefit obligation	201,632	131,184
Fair Value of the plan assets (bid value)	(102,654)	(66,167)
Deficit/ Surplus	98,978	65,017
Present Value of unfunded obligation	5,284	4,807
	104,262	69,824

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

	2016/17 £'000	2015/16 £'000
Opening fair value of Scheme assets	66,167	67,898
Interest on assets	2,674	2,154
Return on assets less interest	14,155	(2,680)
Actuarial gains and (losses)	(527)	0
Administration expenses	(28)	(1)
Employer contributions	3,086	2,695
Contributions by scheme participants	782	641
Benefits paid	(5,770)	(4,540)
Settlement Prices Received/ Paid	22,115	0
Closing fair value of Scheme assets	102,654	66,167

e. Reconciliation of Present Value of the Scheme Liabilities

	2016/17 £'000	2015/16 £'000
Opening Defined Benefit Obligation	135,991	144,008
Current service cost	3,105	2,805
Interest cost	5,406	4,548
Change in financial assumptions	28,852	(11,565)
Change in demographic assumptions	439	0
Experience loss/(gain) on defined benefit obligation	(3,633)	(6)
Liabilities Assumed/ (extinguished) on settlements	41,550	0
Benefits paid (net of transfers in)	(5,481)	(4,245)
Past Service Cost including curtailments	194	100
Contributions by scheme participants	782	641
Unfunded pension costs	(289)	(295)
Closing Defined Benefit Obligation	206,916	135,991

f. Pension Scheme Assets Comprise

Employer Asset Share - Bid Value

	31st March 2017		31st March 2016	
	£'000		£'000	
Equities	71,796	70.00%	46,065	70.00%
Gilts	3,138	3.00%	2,059	3.00%
Other Bonds	6,193	6.00%	4,525	7.00%
Property	11,414	11.00%	8,358	12.00%
Cash	5,165	5.00%	2,683	4.00%
Inflation-linked pooled fund	2,563	3.00%	1,863	3.00%
Infrastructure	2,385	2.00%	614	1.00%
	102,654	100.00%	66,167	100.00%

The detail of the assets as at 31 December 2016, representing the percentages of the total Fund held in each asset class.

Asset Breakdown	31 December 2016		
	% Quoted	% Unquoted	
Fixed Interest Government Securities	UK	3.1%	0.0%
	Overseas	0.0%	0.0%
Corporate Bonds	UK	5.8%	0.0%
	Overseas	0.3%	0.0%
Equities	UK	29.8%	0.1%
	Overseas	38.4%	0.0%
Property	All	0.0%	11.1%
Others	Private Equity	0.0%	1.6%
	Infrastructure	0.0%	2.3%
	Inflation Linked	0.0%	2.5%
	Cash/Temporary Investments	0.0%	5.0%
Total		77.4%	22.6%

g. Basis for estimating assets and liabilities

Liabilities have been assessed on an actuarial basis using the projected unit method, an estimate of the pensions that will be payable in future years dependent on assumptions about mortality rates, salary levels, etc. The County Council Fund liabilities have been assessed by Barnett Waddingham, an independent firm of actuaries, estimates for the County Council Fund being based on the latest full valuation of the scheme as at 31st March 2016.

The principal assumptions used by the actuary were:

	2016/17	2015/16
Mortality assumptions:		
Longevity at 65 for current pensioners:		
Men	22.5	22.1
Women	25.5	25.3
Longevity at 65 for future pensioners:		
Men	24.7	24.4
Women	27.8	27.7
Financial Assumptions:		
Increase in Retail Price Index	3.60%	3.20%
Increase in Consumer Price Index	2.700%	2.30%
Rate of increase in salaries	4.20%	4.10%
Rate of increase in pensions	2.70%	2.30%
Rate for discounting scheme liabilities	2.70%	3.50%

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.

Adjustment to discount rate:	+0.1%	0.0%	-0.1%
Present value of total obligation	203,051	206,916	210,859
Projected service cost	5,413	5,548	5,686
Adjustment to long term salary increase	+0.1%	0.0%	-0.1%
Present value of total obligation	207,428	206,916	206,408
Projected service cost	5,548	5,548	5,548
Adjustment to pension increases & deferred revaluation	+0.1%	0.0%	-0.1%
Present value of total obligation	210,343	206,916	203,555
Projected service cost	5,686	5,548	5,413
Adjustment to mortality age rating assumption	+1 Year	None	-1 Year
Present value of total obligation	214,856	206,916	199,278
Projected service cost	5,725	5,548	5,377

36. Contingent Assets and Liabilities

a. Insurance

The Independent Insurance Company was the Council's Liability Insurer between 1992 and 1998 and was forced into liquidation in 2001. As at 31st March 2017 claims against the Council totalling £45k have been received. As the Independent Insurance Company, no longer exists the costs will fall to the Council once individual claims are settled.

In September 1992 Municipal Mutual Insurance (MMI), the Council's former insurers, ceased accepting new business. MMI and its policyholders including local authorities established "scheme of arrangement" for the orderly run down of the company. The Council has paid to date a levy during the scheme of arrangement of £105k. The estimated full liability after the levy payment is £457k. These requirements will ultimately be funded via the Insurance Reserve but the adequacy of the Reserve going forward will require further assessment.

b. Business Rates Charitable Relief Application – Sherwood Forest Hospitals NHS Trust

The Council has received an application for Mandatory Charitable Relief from the above Trust in respect of their premises, Kings Mill Hospital. This premise has not been previously classed as a charity and has a rateable value of £4,250,000. Its liability for Non Domestic Rates (NDR) in 2016/17 is £2,112,250. If a backdated claim for Charitable Relief were to be successful, the potential refund would be 80% of the amount paid between 2010/11 and 2016/17, £13,212,375, of which the Council would be liable for 40%, or an estimated £4,227,960.

A large number of NHS trusts have issued a similar letter to over 100 billing authorities nationally. The Local Government Association (LGA) has taken up the case to support local authorities in the same position as Ashfield and has commissioned its own Counsel's opinion. It is not possible to predict the outcome of this dispute, and it is too early to predict whether the Government would provide New Burdens Funding, or devise some other way to compensate local authorities, if the NHS claim is ultimately successful.

c. Housing Revenue Account (HRA) – levy payment for sale of high value Council Houses

The Government has announced as part of the Housing and Planning Bill that Local Authorities with a Housing Revenue Account will be required to make a levy payment to the Government in respect of their high value properties that become vacant each year. The payment is likely to be calculated using a formula and will be set out in a determination devised by the Department of Communities and Local Government. As the determination has yet to be agreed it is not possible to ascertain the likely cost to the Council at this stage.

d. VAT Reclaim – Embedded VAT on Postage Costs

The European Court of Justice has ruled that the Post Office is subject to VAT, where it supplies postal services on terms which have been individually negotiated, as opposed to the universal postal service which is exempt from VAT.

The Council has joined (in March 2015) a Group Litigation Order, which is being promoted by LAVAT and lawyers Mischon de Reya. Should the claim be successful, all authorities will be able to claim back the embedded VAT on postal services, plus compound interest back to 1973 or 1974.

Between 2006 and 2011 the Council paid £60k in VAT as part of its postage costs, although no detailed calculation exists for the period prior to this. As such the likely amount that the Council may gain from this action (which has cost £13k to date to join) cannot be easily determined at this point. A contingent asset is recognised, and its value may be clarified as the case progresses.

37. Deferred Credits

The deferred credits were fully utilised to fund capital expenditure in 2015/16.

	2016/17	2015/16
	£'000	£'000
Balance Brought Forward	0	(21)
Applied in Year	0	21
Balance Carried Forward	<u>0</u>	<u>0</u>

38. Joint Crematorium Committee

The Council's share (currently 45.64% share) of income, expenditure, assets and liabilities in respect of the Joint Crematorium Committee is as follows;

	2016/17 £'000	2015/16 £'000
Gross Income	(719)	(723)
Gross Expenditure	428	394
Net (Surplus)/Deficit	<u>(291)</u>	<u>(329)</u>
Total Assets at Year End	1,824	1,800
Total Liabilities at Year end	<u>(943)</u>	<u>(631)</u>
Net Assets at Year End	<u>881</u>	<u>1,169</u>
	2016/17	2015/16
Pension Values Included Within Assets & Liabilities	£'000	£'000
Long Term Liability - Pension	(573)	(290)
Pension Reserve	573	290
	<u>0</u>	<u>0</u>

The Joint Crematorium is a member of the Local Government Pension Scheme. The Council's share above includes Pension Liabilities of £573k (£590k 2015/16).

39. Nature and Extent of Risks Arising from Financial Instruments

a. Credit Risk

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

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

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

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

The following analysis summarises the Council's potential exposure to credit risk, based on experience of default and failure to collect over the last 5 financial years, adjusted to reflect current market conditions.

	Amount at 31st March 2017	Historical Experience of default	Historical experience adjusted for market conditions at 31st March 2017	Estimated maximum exposure to default and uncollectibility
	£'000	%	%	£'000
Deposits with banks and financial institutions	16,239	0.0	0.5	81
Bonds	0	N/A	0.0	0
Customers - Sundry Debtors	503	11.26	5.0	25
Housing Benefit Overpayments	1868	50.0	50.0	934
Housing Benefit Overpayment Clawback	1029	25.0	25.0	257

The Council does not allow credit for its customers, and at the 31st March 2017, £2.4m was due for payment. The past due amount can be analysed by age as follows:

	31st March 2017 £'000	31st March 2016 £'000
Less than 2 months	354	422
2 to 6 months	342	661
6 to 12 months	306	369
More than 1 year	1,369	1,016
	2,371	2,468

b. Liquidity Risk

The Council manages its cash flow on a daily basis to ensure that cash is available as needed. If unexpected movements happen, the Council has ready access to borrowings from the money markets and the Public Works Loans Board. There is no significant risk that it will be unable to raise finance to meet its

commitments under financial instruments. Instead, the risk is that the Council will be bound to replenish a significant proportion of its borrowings at a time of unfavourable interest rates.

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

Source of Loan	Ranges of Interest Rates Payable %	Carrying Amount	
		31st March 2017 £'000	31st March 2016 £'000
Public Works Loan Board	3.55% to 9.875%	30,284	30,285
Money Market	1.9% to 6.1%	46,749	46,757
		77,033	77,042
Maturity Within:			
Less than a year	9.875%	728	0
1-2 years	1.900%	5,024	728
2-5 years	4.5% to 6.1%	13,183	18,205
5-10 years	3.55% to 5.75%	14,786	14,785
More than 10 years	3.72% to 9.25%	43,312	43,324
		77,033	77,042

c. Market Rate Risk

The impact of a general rise in interest rates of one percent at 31st March 2017 is minimal for the Council as regards interest payable and carries no risk on interest receivable. This is due to most borrowings being on fixed rate terms. However, the fair value of financial liabilities would decrease. This is a memorandum item only and would not change the Balance Sheet or other accounts.

d. Price Risk

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

e. Foreign Exchange Risk

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

40. Trust Funds

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

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

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

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

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

During the year, the Council has closed a number of small charities and transferred balances to other organisations as agreed by the Charities Committee. One charity remains, William Booth Charity for the Poor and arrangements are being made to also transfer this balance to its intended recipient, a Community Food Bank. Analysis of activity in respect of this funds is shown below:

Name of Trust Fund	Balance as at 31st March 2016 £	Income £	Expenditure £	Balance as at 31st March 2017 £
William Booth Charity	1,972	90	0	2,062
	<u>1,972</u>	<u>90</u>	<u>0</u>	<u>2,062</u>

Supplementary Financial Statements

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 accounting practices, rather than the amount to be funded from rents and government grants. Councils 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 on which rents are raised, is shown in the movement on the HRA Statement.

2015/16 £'000		2016/17 £'000
	Income	
(24,143)	Dwelling Rents (gross)	(23,805)
(160)	Non-dwelling Rents (gross)	(160)
0	Charges for Services and Facilities	(26)
(483)	Contribution Towards Expenditure	(1,156)
(24,786)	Total Income	(25,147)
	Expenditure	
6,497	Repairs and Maintenance	6,551
5,485	Supervision and Management	5,510
37	Rents, Rates, Taxes and other charges	54
0	Rent Rebate Subsidy Limitation	0
4,029	Depreciation and impairments of fixed assets	2,827
0	<i>Revaluation Gain - Exceptional Item</i>	(7,204)
19	Debt Management Costs	26
163	Contribution to the Bad Debt Provision	93
16,230	Total Expenditure	7,857
(8,556)	Net Cost of HRA Services as included in the whole authority Comprehensive Income & Expenditure Account	(17,290)
45	HRA share of Corporate and Democratic Core	90
(8,511)	Net Cost of HRA Services	(17,200)
(587)	Gain or loss on sale of HRA non-current assets	(646)
3,983	Interest payable and similar charges	3,563
(116)	Interest and investment income	(116)
(5,231)	(Surplus) or deficit for the year on HRA services	(14,399)

Statement of Movement on the HRA Balance

2015/16 £'000		2016/17 £'000	Note
(21,238)	Balance on the Housing Revenue Account at the end of the previous year	(21,967)	
(5,231)	(Surplus) or deficit for the year on the HRA Income and Expenditure Account	(14,399)	
	Adjustments between accounting basis and funding basis under statute		
(411)	Items included in the HRA Income and Expenditure Account but excluded from the movement on the HRA Balance for the year	0	
0	Accumulated Absences Account	(74)	
(1,387)	Impairment of fixed assets charged to HRA	7,204	
587	Gain or (loss) on sale of HRA fixed assets	646	
	Net (Increase) or decrease in the HRA Balance before transfers to or from reserves:		
6	Transfers to/ from Revenue Grants Reserve	0	Note 7
225	Transfer to/from Eco Funding Reserve	33	Note 7
50	Transfer to/from Insurance Reserve	35	Note 7
	Transfer to/from HRA IT Reserve	52	Note 7
	Transfer to/from HRA Corporate Change & Renewal Reserve	57	Note 7
1,895	Transfer from Major Repairs Reserve	3,798	Note 4
3,537	Capital expenditure funded by the HRA	869	Note 5
4,502	Net additional amount required by statute to be debited or (credited) to the HRA balance for the year	12,620	
(729)	Increase or Decrease in the year to the Housing Revenue Account Balance	(1,779)	
(21,967)	Balance Carried forward	(23,746)	

Notes to the Housing Revenue Account

1. The number and types of dwellings in the housing stock

	As at 31st March 2017 Number	As at 31st March 2016 Number
Houses and bungalows	4,553	4,594
Low rise flats	1,776	1,747
Medium rise flats	461	463
Total Dwellings	6,790	6,804
 Garages and Garage Plots	 671	 671

2. Housing stock valuations

Description	As at 31st March 2017 £'000	As at 31st March 2016 £'000
Operational assets		
- Council Dwellings	221,131	173,745
- Other land and buildings	2,755	2,849
Total	223,886	176,594

3. Vacant Possession Value of Council Dwellings

	As at 31st March 2017 £'000	As at 31st March 2016 £'000
Market value - Vacant possession	526,500	511,015
Existing use value for social housing	221,130	173,745
Difference	305,370	337,270

The 'difference' between the market value and the Balance Sheet value for dwellings represents the economic cost to the Government of providing Council housing at less than open market rents. The vacant property adjustment factor for the East Midlands has increased to 42% in 2016/17 from 34% for 2015/16.

4. Major Repairs Reserve

During 2001/02 the Council established a Major Repairs Reserve. The reserve is utilised to fund capital expenditure on Council properties.

	As at 31st March 2017 £'000	As at 31st March 2016 £'000
Balance brought forward	0	0
Financing of HRA Capital Expenditure	7,827	5,621
Transfer to/from HRA Reserve	(3,798)	(1,895)
Capital Receipts Applied	(1,202)	(1,084)
Less Depreciation	(2,827)	(2,642)
Balance Carried Forward	0	0

5. Capital Expenditure

	2016/17 £'000	2015/16 £'000
Operational assets		
Dwellings	8,703	10,019
Other land and buildings	26	59
HRA Vehicles	82	0
Revenue Expenditure Funded from Capital Under Statute	0	411
Work in Progress	6	0
Total Operational Assets	8,817	10,489
Funded by:		
Capital receipts and grants	1,323	2,415
Contributions from Revenue	869	3,537
Major Repairs Reserve	6,625	4,537
Total Funding	8,817	10,489

6. Capital Receipts from Disposal of Assets

	2016/17 £'000	2015/16 £'000
Disposal of dwellings	1,933	2,327
Total from Disposals	1,933	2,327

6. HRA Earmarked Reserves

	Balance at 31st March 2017	Movements in Year	Balance at 31st March 2016	Movements in Year	Balance at 31st March 2015
	£'000	£'000	£'000	£'000	£'000
HRA Revenue Grants	(25)	0	(25)	(6)	(19)
HRA Eco-Funding	(258)	(33)	(225)	(225)	0
HRA Insurance	(85)	(35)	(50)	(50)	0
HRA IT Reserve	(52)	(52)	0	0	0
HRA Corporate Change & Renewal	(57)	(57)	0	0	0
	(477)	(177)	(300)	(281)	(19)

Eco-Funding Reserve

As a result of introducing eco-friendly heating schemes at some sheltered courts, the Council has received a grant of £34k in 2016/17 (£225k in 2015/16). This was transferred into the HRA reserve to fund future eco-friendly projects.

HRA Insurance Reserve

A separate HRA Insurance Reserve has been created to fund future insurance claims that relate to the HRA Council dwellings and any other land and buildings. The reserve has been created to ensure that the Council can meet any future insurance obligations as the Council self-insures individual dwellings and blocks of flats of four or less.

HRA IT Reserve

An IT Reserve was created to fund paperless and mobile working at Ashfield Homes Limited, this was transferred to the Council as part of the process of bringing Housing Services back in-house.

HRA Corporate Change and Renewal Reserve

A Corporate Change and Renewal Reserve was created to fund the streamlining of Housing Services at Ashfield Homes Limited as a result of being brought back into the Council. This was also transferred to the Council when Housing Services was brought back in-house.

8. Depreciation in the year ending 31st March

	2016/17 £'000	2015/16 £'000
Operational assets		
- Dwellings and garages	2,775	2,546
- Other land and buildings	52	96
Total	2,827	2,642

9. Impairment

A desktop valuation of all Council Dwellings and a full valuation of non council dwelling HRA assets was undertaken at 31st January 2017 which has resulted in £28.8m being credited to the Revaluation Reserve. The valuation has required that £8.7m of Capital Expenditure be impaired. Additionally £15.9m of prior year impairments have been reversed this year due to upwards revaluations. This has resulted in a net impairment reversal of £7.2m.

10. Pension Contribution

A contribution of £398k has been made for 2016/17 to the back funding costs relating to employees within Housing Services.

11. Rent Arrears

	As at 31st March 2017 £'000	As at 31st March 2016 £'000
Current tenants	302	388
Former tenants	215	305
Total rent arrears	517	693
Overpayments	(411)	(291)
Total arrears	106	402
Deduct - Provision for bad debts	(172)	(257)
Net arrears	(66)	145

With the introduction of Welfare Reform and the Universal Credit system, the focus has changed over the last 18 months to make tenants rent accounts at least one week in credit ready for the change in housing benefit payments.

12. Subsidy Limitation

Council tenants on low incomes can receive financial assistance with their rent under the Housing Benefit Scheme. Approximately 67% of tenants received housing benefit towards their rent during 2016/17 (70% in 2015/16).

The cost of housing benefits is transferred to the General Fund. The housing revenue account reimburses the General Fund for benefits not funded by Central

Government due to rent rebate subsidy limitation. During 2016/17, the housing rents were below £69.55 per week and therefore there was no transfer to the General Fund. No transfer was required in 2015/16.

13. Exceptional Item Revaluation on Council Dwellings

As discussed in the Capital Outturn (please see part d, Valuation of Assets), there has been a net impairment reversal of £7.2m to the HRA which has been disclosed as an item of exceptional income on the face of the Comprehensive Income and Expenditure Statement.

Collection Fund

2015/16 £'000		2016/17 £'000
	INCOME	
53,066	Income from Council Tax	55,942
33,667	Income Collectable from Business Ratepayers	36,596
	Contributions:	
	Towards Previous Years Deficit - Council Tax	0
	<u>Towards Previous Years Deficit - NDR</u>	
724	Payment to Ashfield District Council	0
181	Share of NDR income to major preceptors	0
906	Payment to Central Government	0
		0
88,544	Total Income	92,538
	EXPENDITURE	
	<u>Council Tax Precepts and Demands</u>	
38,540	Nottinghamshire County Council	41,219
5,478	Nottinghamshire Police	5,746
2,249	Nottinghamshire Fire and Rescue	2,358
5,293	Ashfield District Council	5,604
256	Parish Councils	275
51,816		55,202
	<u>Business Rates:</u>	
13,752	Payment to Ashfield District Council	13,961
3,438	Share of NDR income to major preceptors	3,490
17,189	Payment to Central Government	17,450
		34,901
13	Transitional Protection - NDR	0
5	Interest Payable	0
129	Costs of Collection	132
	<u>Bad and Doubtful Debts & Provisions:</u>	
285	Council Tax Write Offs	179
338	Council Tax Provisions	289
0	NDR Write Offs	
91	NDR Provisions	243
(465)	Change in Appeals provision requirement	1,448
	<u>Contributions:</u>	
0	Distribution of Surplus - NDR	108
1,081	Distribution of Surplus - Council Tax	931
87,672	Total Expenditure	93,433
454	Movement on Fund Balance - Council Tax	659
480	Movement on Fund Balance - NNDR	236
(1,368)	Opening Balance - Council Tax	(914)
1,624	Opening Balance - NNDR	298
(914)	Closing Balance - Council Tax	(256)
298	Closing Balance - NNDR	535
(616)	Balance at 31st March	279

Notes to the Collection Fund

1. General

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

2. Business Rates Retention

With effect from 1st April 2013, the Business Rates Retention scheme was introduced. These arrangements provide a direct link between business rates growth and the amount of money local authorities have to spend on services. Local authorities can keep a proportion of their business rates collected in their area after certain contributions to the Government have been made.

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

The Council distributes NDR from the pool to the main preceptors and central government.

3. Income from Business Ratepayers

National Non-Domestic Rates (NNDR) is paid by businesses. Central Government specifies an annual rate in the pound (49.7p in 2016/17) and local businesses pay an annual NNDR bill calculated by multiplying the rateable value of their premises by this annual rate; there are reliefs for small businesses, charities etc. The Council is responsible for collecting the NDR income and then distributing to Central Government and Preceptors.

Non domestic rateable value on the Revenue's accounting system as at 31st March 2017 was £83.2m (£80.7m in 2015/16). The NNDR income collectable in 2016/17, after reliefs but before accounting adjustments was £36.596m (£33.667m in 2015/16).

4. Council Tax

The Council set a band D Council Tax of £175.46 for the financial year 2016/17. When taking into account parish precepts, the equivalent average Council Tax is £184.09.

The Council tax base, which is used in the tax calculation, is based on the number of chargeable dwellings in each valuation band, adjusted for dwellings where exemptions or discounts apply, converted to an equivalent number of band D dwellings.

The tax base for the year was 31,936.3 as shown below.

	Total Net No. of Dwellings	Ratio to Band "D"	Band "D" Equivalents
Disabled Persons Relief	39.6	5/9	22.0
Band "A"	18,959.8	6/9	12,639.9
Band "B"	9,196.5	7/9	7,152.8
Band "C"	7,405.3	8/9	6,582.5
Band "D"	3,531.4	1	3,531.4
Band "E"	1,215.2	11/9	1,485.3
Band "F"	417.0	13/9	602.4
Band "G"	112.2	15/9	187.0
Band "H"	11.5	2	23.1
Total	<u>40,888.6</u>		<u>32,226.3</u>
Less Provision for Bad Debts			290.0
Council Tax Base for 2016/17			<u><u>31,936.3</u></u>

The Band D Council Tax, including parish precepts, is calculated as follows:

Council requirement from the Collection Fund	<u>£ 5,879,029</u>
Divided by Council Tax Base	31,936.3

Equals Band D equivalent £184.09

5. Distribution of the Collection Fund Balance

a. Council Tax Balance Distribution (Surplus)

	2016/17 £'000	2015/16 £'000
Nottinghamshire County Council	(191)	(680)
Nottinghamshire Police Authority	(27)	(97)
Nottinghamshire Fire Authority	(11)	(39)
Ashfield District Council	(27)	(98)
	<u>(256)</u>	<u>(914)</u>

b. NNDR Balance Distribution - Deficit

	2016/17 £'000	2015/16 £'000
Nottinghamshire County Council	48	27
Nottinghamshire Fire Authority	5	3
Ashfield District Council	214	119
Central Government	268	149
	<u>535</u>	<u>298</u>

The surplus or deficit on the Collection Fund consists of two elements:-

- Council Tax: - the surplus or deficit of this element is distributed between the Council (as billing authority), Nottinghamshire County Council, Nottinghamshire Police Authority and Nottinghamshire Fire Authority on the basis of estimates of the year-end balance on 15th January each year. Any remaining surplus or deficit will be carried forward to the following year and will influence the level of Council Tax to be raised for that year.
- NDR: - the surplus or deficit of this element is distributed between the Council (as billing authority), Nottinghamshire County Council, Nottinghamshire Fire Authority and Central Government on proportions outlined in the Business Rates Retention scheme, on the basis of estimates of the year-end balance on 31st January each year. Any remaining surplus or deficit will be carried forward to the following year and will influence the level of resources available in that year.

The distribution of the Collection Fund balance based upon the actual position is shown in the tables above.

6. Collection Fund Adjustment Account

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

	2016/17 £'000	2015/16 £'000
Balance at 1 April	22	502
Amount by which council tax income credited to the Comprehensive Income and Expenditure Statement is different from council tax income calculated for the year in accordance with statutory requirements	71	50
Amount by which NDR income credited to the Comprehensive Income and Expenditure Statement is different from NDR income calculated for the year in accordance with statutory requirements	95	(530)
Balance at 31 March	<u>188</u>	<u>22</u>

Group Accounts

Group Accounting Policies

1. General

With effect from 1st April 2015 Ashfield Homes Ltd have prepared their accounts under FRS Standard 102. The accounting policies of Ashfield Homes Limited are therefore congruent with those of the Council.

Group Narrative Statement

1. General

The Council has 100% interest in Ashfield Homes Limited (AHL). This Company was formed on 26th September 2001 and commenced business to undertake the Housing Management function on behalf of the Council on 1st April 2002. The following group financial statements show the consolidated position of the Council and its interest in AHL. At the Council meeting on 14th April 2016 a decision was taken to dissolve Ashfield Homes and return the delivery of Housing Services to Council tenants, back to the Council. On 1st October 2016 the operations and all staff of Ashfield Homes Limited transferred to Ashfield District Council. The company is no longer trading with its previous activities now being carried out by the Council. The Company ended regular trade on 30th September 2016 and continued the processing of invoices to the 31st January 2017 to allow for late invoices and to end any outstanding liabilities.

2. Going Concern

In light of the above, Ashfield Homes Limited (AHL) set of accounts has been prepared on a non-going concern basis as it is the Council's intention to shortly dissolve the Company. The Company has prepared its financial statements on a winding up basis and has measured assets and liabilities at their recoverable amounts. No adjustments are required to the book values of the Group Accounts as a result of ceasing to apply the going concern basis.

3. Other entities

The Council has no other interests as at 31st March 2017.

4. Voting rights and ownership

The Council had 4 voting representatives on the board of AHL out of a total of 12 members. AHL is limited by guarantee and does not have share capital. All residual assets have been transferred to the Housing Revenue Account after settlement of outstanding debts and liabilities.

5. Turnover

The turnover of AHL in 2016/17 was £5.6m.

6. Independent Auditors

The AHL accounts have been audited by KPMG LLP, 1 Snowhill Queensway B4 6GH. The accounts were formally approved at a board meeting on the 20th April 2017.

Group Expenditure and Funding Analysis

	2015/16	2016/17			
	Net Expenditure Chargeable to the General Fund and HRA Balances	Net Expenditure Chargeable to the General Fund and HRA Balances	Adjustments between the Funding and Accounting Basis	Adjustments between the Funding and Accounting Basis	Net Expenditure in the Comprehensive Income and Expenditure Statement
	£'000	£'000	£'000	£'000	£'000
	799	910	111	115	127
	35	958	923	432	505
	1,074	1,264	190	1,489	1,503
	6,325	8,811	2,486	5,820	8,773
	2,098	4,769	2,671	1,998	3,315
	1,026	2,781	1,755	2,757	4,396
	166	244	78	284	287
	(11,084)	(7,893)	3,191	(4,466)	(8,700)
	0	0	0	0	(7,204)
	439	11,844	11,405	8,429	3,002
	101	(12,129)	(12,230)	(11,303)	(11,737)
	540	(285)	(825)	(2,874)	(8,735)
	(36,206)			(35,666)	
	540			(2,874)	
	(35,666)			(38,540)	

Group Movement in Reserves Statement

	Council's Usable Reserves	Council's Unusable Reserves	Total Council Reserves	Subsidiary Pension Reserve	Council's Share of Subsidiaries	Total Group Reserves
	£'000	£'000	£'000	£'000	£'000	£'000
Balance at 31 March 2016	35,666	80,749	116,415	(10,200)	1,204	107,419
Surplus or (deficit) on provision of services (accounting basis)	10,231	0	10,231	0	(1,496)	8,735
Other Comprehensive Expenditure and Income	0	(2,855)	(2,855)	10,492	0	7,637
Total Comprehensive Expenditure and Income	10,231	(2,855)	7,376	10,492	(1,496)	16,372
Adjustments between accounting basis & funding basis under regulations	(7,488)	7,488	0	(292)	292	0
Net Increase / Decrease before Transfers	2,743	4,633	7,376	10,200	(1,204)	16,372
Balance at 31 March 2017	38,409	85,382	123,791	0	0	123,791

The balances on the Subsidiary Pension Reserve and the Council's Share of Subsidiaries are both now nil due to the dissolution of Ashfield Homes Ltd. These balances have now been incorporated into the balance sheet of the Council.

Group Movement in Reserves Statement

	Councils Usable Reserves	Councils Unusable Reserves	Total Council Reserves	Subsidiary Pension Reserve	Council's Share of Subsidiaries	Total Group Reserves
	£'000	£'000	£'000	£'000	£'000	£'000
Balance at 31 March 2015	36,206	62,461	98,667	(12,735)	1,343	87,275
Surplus or (deficit) on provision of services (accounting basis)	1,332	0	1,332	0	(1,047)	285
Other Comprehensive Expenditure and Income	0	16,416	16,416	3,443	0	19,859
Total Comprehensive Expenditure and Income	1,332	16,416	17,748	3,443	(1,047)	20,144
Adjustments between accounting basis & funding basis under regulations	(1,872)	1,872	0	(908)	908	0
Net Increase / Decrease before Transfers	(540)	18,288	17,748	2,535	(139)	20,144
Balance at 31 March 2016	35,666	80,749	116,415	(10,200)	1,204	107,419

Group Balance Sheet

As at 31st March 2016 £'000		As at 31st March 2017 £'000
250,134	Property, Plant & Equipment	289,182
803	Heritage Assets	803
1,900	Long Term Debtors	2,170
252,837	Long Term Assets	292,155
7,607	Short Term Investments	14,525
426	Inventories	495
6,005	Short Term Debtors	4,895
10,223	Cash and Cash Equivalents	5,429
220	Assets held for sale	121
24,481	Current Assets	25,465
(1,055)	Bank Overdraft	(265)
0	Short Term Borrowing	(728)
(9,515)	Short Term Creditors	(8,986)
(332)	Provisions	(362)
(10,902)	Current Liabilities	(10,341)
(500)	Long Term Creditors	(500)
(69,824)	Pension Liability	(104,262)
(290)	Crematorium Pension Liability	(573)
(10,200)	AHL Pension Liability	0
(1,141)	Provisions	(1,848)
(77,042)	Long Term Borrowing	(76,305)
(158,997)	Long Term Liabilities	(183,488)
107,419	Net Assets	123,791
Reserves:		
(35,666)	Usable Reserves	(38,409)
(80,749)	Unusable Reserves	(85,382)
10,200	Group Pension Reserve	0
(1,204)	Reserves - Group Entities	0
(107,419)	Total Reserves	(123,791)

Group Cash Flow Statement

2015/16 £'000		2016/17 £'000
285	Net surplus or (deficit) on the provision of services	8,735
11,210	Adjustment to surplus or deficit on the provision of services for noncash movements	6,185
(5,352)	Adjust for items included in the net surplus or deficit on the provision of services that are investing and financing activities	(3,816)
6,143	Net Cash flows from operating activities	11,104
(8,962)	Net Cash flows from Investing Activities	(15,237)
(1)	Net Cash flows from Financing Activities	129
(2,820)	Net increase or decrease in cash and cash equivalents	(4,004)
11,988	Cash and cash equivalents at the beginning of the reporting period	9,168
9,168	Cash and cash equivalents at the end of the reporting period	5,164

Notes to the Group Accounts

With the exception of the Cash Flow Statement, to provide consistency with the single entity presentation, there are no specific notes provided for the group accounts as they are not materially different from the Council's notes. The accounts of Ashfield Homes Limited along with the notes are available from the offices of Ashfield District Council.

1. Cash Flow Statement Notes:

a. Net Cash Flows from Operating Activities

	2016/17 £'000	2015/16 £'000
Net Surplus or (Deficit) on the Provision of Services-	8,735	285
Adjust net surplus or (deficit) on the provision of services for non cash movements:		
Depreciation and Impairment	425	7,469
Adjustments for effective interest rates	(9)	19
Increase/Decrease in Creditors	(160)	(1,028)
Increase/Decrease in Debtors	840	2,215
Increase/Decrease in Inventories	(69)	(27)
Pension Liability	3,082	3,088
Contributions to/(from) Provisions	737	(2,631)
Carrying amount of non-current assets sold [property plant and equipment, investment property and intangible assets]	1,339	1,676
	6,185	10,781
Adjust for items included in the net surplus or deficit on the provision of services that are investing or financing activities:		
Capital Grants credited to surplus or deficit on the provision of services	(2,431)	(3,633)
Proceeds from the sale of short and long term investments	0	0
Proceeds from the sale of property plant and equipment, investment property and intangible assets	(1,385)	(1,719)
	(3,816)	(5,352)

	£'000	£'000
b. Net Cash Flows from Operating Activities (Interest)		
Operating activities within the cashflow statement include the following cash flows relating to interest:		
Ordinary interest received	16	20
Interest Received	<u>16</u>	<u>20</u>
Interest charge for year	(3,260)	(3,684)
Adjustments for differences between Effective Interest Rates and actual interest payable	(9)	19
Other interest:	114	0
Interest Paid	<u>(3,155)</u>	<u>19</u>
c. Net Cash Flows from Investing Activities		
Purchase of Property, Plant and Equipment, investment property and intangible assets	(11,959)	(13,020)
Sale of short and long term investments	(6,918)	(1,993)
Long term loans granted	(369)	633
Proceeds from the sale of property plant and equipment, investment property and intangible assets	1,578	1,719
Other capital cash receipts	0	66
Capital Grants Received	2,431	3,633
Total Cash Flows from Investing Activities	<u>(15,237)</u>	<u>(8,962)</u>
d. Cash Flow - Financing Activities		
Other receipts from financing activities	6	0
Payments for the reduction of a finance lease liability	123	(1)
Total Cash Flows from Financing Activities	<u>129</u>	<u>(1)</u>

Annual Governance Statement 2016/17

Introduction

As part of the arrangements for preparing the Annual Statement of Accounts, the Council is required by law to undertake an annual review of the effectiveness of its system of internal control and produce an annual governance statement. Good practice requires that such a statement should extend beyond a narrow focus on financial controls to cover the way in which the Council determines what its local community wants and needs; decides how those requirements are to be met; and ensures that it delivers what is required without wasting public money. In other words, the statement is about the Council's corporate governance framework.

How has this Statement been prepared?

The initial review of the effectiveness of the Council's governance framework was conducted by the Council's Section 151 Officer, and who has the statutory duty to ensure that the Council has a sound system of internal control, supported by the Corporate Performance and Improvement Manager. The findings reported by External Audit and other external review bodies; and the work of Internal Audit and other internal assurance providers were also considered. The results of all this review work were set out in a draft Governance Statement.

The Council's Corporate Leadership Team reviewed the draft Statement and considered whether the improvements proposed represented an appropriate and proportionate response to the significant governance issues identified. That draft Statement, modified to reflect the views of Corporate Leadership Team, will be considered by the Council's Audit Committee at its meeting on 24th July 2017, at which, this Statement will be formally approved.

What is Corporate Governance?

Corporate governance generally refers to the processes by which organisations are directed, controlled, led and held to account.

The Council's governance framework aims to ensure that in conducting its business it:

- Operates in a lawful, open, inclusive and honest manner
- Makes sure that public money is safeguarded, properly accounted for and used efficiently, effectively and economically

- Has effective arrangements for the management of risks
- Secures continuous improvements in the way that it operates.

The governance framework comprises the culture, values, systems and processes by which the Council is directed and controlled. The framework brings together an underlying set of legislative requirements, good practice principles and management processes.

A key part of the governance framework is the system of internal control: this is designed to manage the risk of failure to achieve policies, aims and objectives to a level which the Council has determined as acceptable. The effectiveness of internal control is subject to regular review by both external and internal audit and the Annual Report of Internal Audit for 2016/17 provides an opinion on the effectiveness of the internal control system over the year ending 31st March 2017.

The Council has adopted a Code of Corporate Governance which is consistent with the principles set out as "proper practice" in the CIPFA/SOLACE publication "Delivering Good Governance in Local Government". A high level summary of the principles can be found below.

The Principles

A summary

The Council aims to achieve good standards of governance by:

- A. Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law**
- B. Ensuring openness and comprehensive stakeholder engagement**
- C. Defining outcomes in terms of sustainable economic, social, and environmental benefits**
- D. Determining the interventions necessary to optimise the achievement of the intended outcomes**
- E. Developing the entity's capacity, including the capability of its leadership and the individuals within it**
- F. Managing risks and performance through robust control and strong public financial management**
- G. Implementing good practices in transparency, reporting, and audit to deliver effective accountability**

Putting principles into effect

Principle	This will be achieved by
A	<p>The Council set out its values in the Corporate Plan in 2015, which was refreshed in June 2017 and these are:</p> <ul style="list-style-type: none"> • Enterprising, Ambitious and Innovative • Community and Customer Focused, Putting People First • Positive, Proactive and Successful • Collaborative • Transparent and Accountable <p>The programmes set out in the Corporate Plan reflect these values and the Council's Budget and Performance frameworks monitor how the Council performs against them.</p> <p>Councillors and Officers are both guided by codes of conduct which have been agreed by Council. The Officer Code dates from 2014 and has been well communicated and understood throughout the organisation. A very small number of disciplinary investigations took place in 2016/17.</p> <p>The Member Code is based upon the Nolan Principles and has been updated at the Council's Annual General Meeting (25 May 2017). An external review of ethical governance took place in 2015, and both the Code and the Standards Committee arrangements have been developed and improved following this review. The Council's Standards and Personnel Appeals Committee takes an active lead role in upholding standards and investigating any complaints made against Members.</p> <p>The Chief Executive, his Corporate Leadership Team, and senior officers continually lead by example and promote the Council's priorities and values. The Leader and Chief Executive personally address colleagues on key matters such as peer challenges, budgets and key organisational change issues such as bringing the ALMO back in house. The Chief Executive speaks to senior and middle managers as part of the Extended Leadership Team, allowing two way dialogue on all key issues. The result has been a significant increase in staff satisfaction with the leadership and the organisation as a place to work.</p>

	<p>All of the Council's policies are reviewed on a regular basis to ensure that they remain fit for purpose. The Annual General Meeting updated the Constitution to take account of the new senior management alignment.</p> <p>A number of Council services are provided externally and these are reviewed with strong partner engagement and contract management. Members and Officers are engaged in partnership boards for all the main shared services and contracts.</p> <p>Each of the statutory officers is able to operate with the appropriate independence; the organisational culture respects and supports their integrity and provides the staffing arrangements to support their work.</p>
<p>B Ensuring openness and comprehensive stakeholder engagement</p>	<p>The Council operates in an open and transparent way, and takes the vast majority of its key decisions in public meetings, principally Council, Cabinet and Planning Committee. The Constitution encourages debate around key decisions and Council meetings include the scope for questions from Councillors and members of the public.</p> <p>The Council consults comprehensively with internal and external stakeholders on key policy changes in accordance with its agreed policies. Good recent examples are the 2016 Budget Consultation and the comprehensive public engagement on the emerging Local Plan.</p> <p>The Council has a well-developed approach to working with partners to achieve Corporate Plan outcomes. The work of the Support Teams (New Cross and Broomhill) has demonstrated a mature and effective approach to achieving synergies by pooling the efforts of the different organisations whose teams are best placed to work with those communities to improve the circumstances of individuals, families and communities.</p> <p>A wide variety of communication methods are used to seek the views of different stakeholders. The Council's booklet "All About Ashfield" is produced twice yearly, and this is backed up by regular Citizens' Panel meetings which allows residents to discuss key policy issues with senior Council managers.</p> <p>A Place Survey took place in 2016, with results significantly improved from 2013. This will be refreshed every 2-3 years. A Tenant Involvement Strategy has been put in place to ensure that the Council's housing tenants remain as well informed and can contribute to housing issues, as they had been when this engagement was previously led by Ashfield Homes Limited. Mystery shopping and surveys will be used to gain an understanding of customer perceptions of the Council's services.</p>

C	<p>The Corporate Plan sets out clearly the outcomes to which the Council is committed. It continually checks the deliverability of these outcomes against the available resources and for this purpose both the Corporate Plan and the Medium Term Financial Plan are reviewed regularly.</p> <p>The Council's performance indicators and its Corporate Scorecard and Place Scorecard are considered regularly by senior management, Overview and Scrutiny Committee and Cabinet, and refreshes of the Corporate Plan are agreed at Council.</p> <p>Comprehensive and regular dialogue, on priorities, performance and financial planning take place between the Cabinet and the Corporate Leadership Team, with the result that the Council is able to shape its ambitions around the resources available to it, and its partners. Long term impacts of decisions are forecast using the Council's Weighted Benefit Model for individual projects, and the Medium Term Financial Strategy for the whole of the Council's services.</p>
D	<p>The Council's interventions which aim to achieve its Corporate Plan objectives are planned through a number of Programme Boards, which encompass:</p> <ul style="list-style-type: none"> • Regeneration • Commercial Enterprise • Organisational Improvement • Health and Well Being • Place and Communities • Housing <p>A number of Project Boards sit underneath these boards, working specifically on key projects. These consider the merits of a range of projects for achieving the aims of the Corporate Plan. They employ the Council's Weighted Benefit Model to assess the impact against key priorities, and the affordability of the intervention. Activity within the boards is now being prioritised in order to sharpen its focus.</p> <p>This model can be used to assess the viability and payback period for a wide range of projects including major building works, IT projects and alternative energy projects, for example.</p>

		<p>The Corporate Leadership Team considers the priority order for new projects, and their affordability in the context of the Medium Term Financial Strategy. The MTFS is continually updated and agreed by Cabinet, to take account of changing external circumstances (i.e. the reduction in resources to councils) and the Council's internal ambitions around its Corporate Plan.</p>
E	<p>Developing the entity's capacity, including the capability of its leadership and the individuals within it</p>	<p>The Leader and Chief Executive have clearly defined roles, and enjoy a very positive formal and informal working relationship. A fortnightly meeting, the "Senior Leadership Team" allows for discussion of emerging policies and issues, and overviews of strategic developments such as the budget and MTFS.</p> <p>This informal engagement extends to representatives of the other political groups, in the bi-monthly Cross Party Update Group, in which the opposition group representatives are engaged in discussion around emerging issues and updates.</p> <p>The Council's senior management has been the subject of a recent review, reflecting budget reductions and the addition of the direct management of housing functions. The impact on the Section 151 arrangements is set out in "How the Council works" below. The middle management arrangements are to be reviewed during 2017, to ensure that there is alignment between the Council's priorities and its officer structure, and to eliminate any duplication between roles following the merger of housing functions back into the Council.</p> <p>A recent Peer Challenge (April 2017) positively assessed the Council's recent progress and made a number of recommendations for its further improvement. Political and Officer leadership were fully engaged in this exercise.</p> <p>Comprehensive training programmes are in place for officers and Members; this Learning and Development programme is shared between Ashfield and Mansfield as part of the Human Resources Shared Service. Working between the two organisations gives valuable insights into different approaches to organisational management and development.</p> <p>Members' training programme is currently being refreshed, with a sharper definition around mandatory training, with attendance now linked to remuneration.</p>

F	<p data-bbox="183 324 231 2060">Managing risks and performance through robust internal control and strong public financial management</p> <p data-bbox="263 324 367 2060">The Council's Risk Register is regularly updated and considered by Cabinet and the Audit Committee. Risk Management informs service planning and project planning and is a specific consideration when new capital projects are being developed. The Corporate Risk Register is aligned to the Corporate Plan and its priorities.</p> <p data-bbox="399 324 470 2060">The Council has well-developed Emergency Planning and procedures and contributes to all regional training events. Each service has an up to date Business Continuity Plan.</p> <p data-bbox="502 324 614 2060">The Council has a mature performance management system and reporting, developed over a number of years and reflecting all of the Council's key performance areas. This is summarised in a Corporate Scorecard which is scrutinised quarterly. Data accuracy is regularly audited.</p> <p data-bbox="646 324 821 2060">The Council's finances have been guided by a well-developed and communicated MTFs for several years. This MTFs is informed by regional and national expertise and updated on a regular basis. By setting and implementing annual savings plans, the Council has been able to reduce its net budget by £8 million over the period 2011/12 to 2017/18. The Council has achieved unqualified accounts and a positive Value For Money assessment throughout this period.</p> <p data-bbox="853 324 997 2060">Internal Control is achieved by a wide range of processes working successfully, and Internal Audit's assessment of internal control can be found later in this document. The Council's Data Management arrangements are updated regularly in line with Government guidelines and best practice and these are subject to regular detailed audits.</p> <p data-bbox="1029 324 1141 2060">The Council's Audit Committee undertakes the core functions as outlined with CIPFA's Audit Committees: Practical Guidance for Local Authorities & Police. A review of its operation has led to improvements being identified including agreeing the frequency of risk and anti-fraud reporting.</p>
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<p>G Implementing good practices in transparency, reporting, and audit to deliver effective accountability</p>	<p>The Council's decision making is transparent, and adheres to the requirements of the Transparency Code in a timely manner. Decisions are readily available through its web site on the user-friendly "modern.gov" system.</p> <p>The budget and performance are subject to reports at least quarterly.</p> <p>The Annual Governance Statement and Corporate Assurance Checklist are updated annually.</p> <p>Audit recommendations are owned by management and are acted upon in a timely manner. Only a very small number are not implemented at any point in time.</p> <p>The Council welcomes and invites Peer Challenge and has recently received a positive outcome to the 2017 exercise.</p>
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How the Council Works

The Council now consists of 35 elected Councillors and the way in which it operates is prescribed by its Constitution which sets out the roles and responsibilities of the Cabinet, Committees, Panels and other Groups which have been established and specifies the powers and duties that are delegated to those bodies and to individual Councillors and Officers. The Constitution is subject to regular review and is updated to ensure compliance with legal and regulatory requirements and conformance to recognised good practice. The Council has determined that a Cabinet made up of the Leader and Portfolio Holders should have delegated powers to discharge all functions of the Council which are not reserved to other bodies (e.g. Planning and Licensing Committees) or to the Council itself (e.g. setting Council Tax). The Council has also established a Scrutiny Committee and Scrutiny Panels with the power to review decisions made.

For the period until 31 May 2017 the management of the Council is the responsibility of the Chief Executive (Head of Paid Service) supported by the Corporate Leadership Team (CLT) which comprises the Deputy Chief Executive (Section 151 Officer), Assistant Chief Executive (Monitoring Officer) and four Directors (Corporate Services, Place and Communities, Housing, and Planning & Economic Regeneration).

CLT was formally re-aligned on 1 June 2017. The new structure includes the Chief Executive (Head of Paid Service) and four directors (Place & Communities, Housing & Assets, Resources & Business Transformation, and Legal & Governance (Monitoring Officer)), each reporting directly to the Chief Executive. The post of Deputy Chief Executive (Resources) has been deleted, with the postholder leaving

the Council. The Corporate Finance Manager has been formally appointed as Section 151 Officer from 1 June 2017, and this post is a member of the CLT.

The impact of these changes on the assessment of the Council's arrangements for complying with the CIPFA Statement on the Role of the Chief Financial Officer is set out below, showing "before" (up to 31 May 2017) and "after" (from 1 June 2017) positions.

The Council's vision and ambition for the District for the next two years are clearly identified in a set of new Corporate Priorities which are presented in the new Corporate Plan which supports the development of annual service plans for all individual services. The Corporate Plan sits above a wider strategic context which includes the Corporate Project Management Framework, Corporate Performance Indicators and a range of strategic documents relating to the organisation and its services. A robust project management approach is now in place to ensure successful delivery of the Corporate Plan through programme and project management. The Council has established a Performance Management Framework: clear performance targets are set for each Service and performance achieved is subject to regular monitoring using objective performance indicators; every employee undergoes an annual Personal Development Review. In addition, Change and Transformation projects are managed through a rigorous Project Management Framework.

A Budget and Policy Framework has been established to ensure that budget and policy decisions are taken in an appropriate manner and the Medium Term Financial Strategy – supported by robust budgeting and budgetary control arrangements ensures that the Council's financial position is sustainable and that a balanced budget is set each year. The Council's Risk Strategy sets the way in which risks are identified, evaluated and managed. Risk Registers are maintained and reviewed both by CLT and the Cabinet to ensure that appropriate and timely action is taken to deal with the risks that have been identified. The Central Midlands Audit Partnership, on behalf of the Council, carries out a programme of audits annually to provide assurance about the effectiveness of risk management.

The Role of the Chief Financial Officer in Ashfield District Council

It is good practice to confirm that the Council's financial management arrangements conform with the governance requirements of the "CIPFA Statement on the Role of the Chief Financial Officer in Local Government (2010)". The above Statement sets out five key requirements. The table below lists these key requirements and explains how the Council's arrangements comply with the Statement.

	The requirements of the Statement	How the Council complies
1	<p>The CFO in a public service organisation is a key member of the Leadership Team, helping it to develop and implement strategy and to resource and deliver the organisation's strategic objectives sustainably and in the public interest.</p>	<p>(1) <u>During financial year 2016/17 and up to 31 May 2017</u></p> <ul style="list-style-type: none"> • The Roles and Responsibilities of the Corporate Leadership Team are set out in job descriptions. These were reviewed and updated by Cabinet (May 2016). • The Deputy Chief Executive (Resources) (DCE) reports directly to the Chief Executive, and is a member of the Corporate Leadership Team. • An up to date scheme of delegation exists (May 2017). • The authority's governance arrangements allow the DCE to bring influence to bear on all material business decisions, and he has direct access to the Chief Executive, other CLT members, the Audit Committee and external audit. • The DCE's other management responsibilities have recently been reviewed (May 2016) with the outcome that he manages Finance, Revenues & Customer Services, and is responsible for the Council's contract with Central Midlands Audit Partnership, who provide internal audit services. This gives the DCE clear focus on financial management. • CLT receive regular updates on the MTFs, budget, budget monitoring and year end outturn. • DCE ensures that their knowledge and awareness of financial issues is up to date through regular one to one briefings. Accountants sit on the departmental management teams to ensure that all managers with responsibility for spending and income have good knowledge of financial systems and procedures. <p>(2) <u>From 1 June 2017 onwards</u></p> <ul style="list-style-type: none"> • The Roles and Responsibilities of the Corporate Leadership Team are set out in job descriptions. These have been recently reviewed and updated by Cabinet (March 2017). • The Corporate Finance Manager reports to the Director of Resources and Business Transformation, and is also a member of the Corporate Leadership Team. • An up to date scheme of delegation exists; this was recently confirmed by Annual Council (May 2017).

	<ul style="list-style-type: none"> • The authority's governance arrangements allow the Corporate Finance Manager to bring influence to bear on all material business decisions, and she will have direct access to the Chief Executive, other CLT members, the Audit Committee and external audit. • The Corporate Finance Manager will manage only the Finance Team (Accountancy and Payments), giving her a clear focus on financial management. A full review of the Finance Team will take place in 2017/18. • CLT receive regular updates on the MTFs, budget, budget monitoring and year end outturn. The Corporate Finance Manager will ensure that their knowledge and awareness of financial issues is up to date through regular one to one briefings. Accountants sit on the departmental management teams to ensure that all managers with responsibility for spending and income have good knowledge of financial systems and procedures.
<p>2</p> <p>The CFO in a public service organisation must be actively involved in, and able to bring influence to bear on, all material business decisions to ensure immediate and longer term implications, opportunities and risks are fully considered, and alignment with the organisation's financial strategy.</p>	<p>(1) During financial year 2016/17 and up to 31 May 2017</p> <ul style="list-style-type: none"> • The Council has a robust medium term business and financial planning process to deliver the Council's strategic objectives, including an MTFs, a robust annual budget process and regular and timely monitoring of budget performance. • These are subject to regular review, with the assumptions being informed by a range of external advisors as well as the DCE's own team. • Professional advice on decisions which have financial implications is provided by the Finance Team and is included in every report. In addition, accountants work with budget holders in advance of major decisions to ensure that the financial implications and accurate and well understood. • Budget calculations are robustly checked within the Finance team and by the DCE. The DCE assess the adequacy of reserves on a regular basis and forecasts these ahead over a five year period. • Decision makers are provided with timely and accurate information which gives clear explanation of financial issues and implications. • Timely, accurate and impartial information is provided to decision makers, which helps to ensure effective stewardship of public money and that the Council achieves the objectives it has set out in its Corporate Plan.

- The Council maintains a prudential financial framework which is reported on three times each year, to ensure that its commitments remain within its available resources.
- The Council complies with CIPFA's Code on a Prudential Framework and its Treasury Management Code.
- An appropriate accounting system is in place. Through this system regular monitoring reports are produced for officers and Members.

(2) From 1 June 2017 onwards

- The Council has a robust medium term business and financial planning process to deliver the Council's strategic objectives, including an MTFs, a robust annual budget process and regular and timely monitoring of budget performance.
- These are subject to regular review, with the assumptions being informed by a range of external advisors as well as the Corporate Finance Manager's own team.
- Professional advice on decisions which have financial implications is provided by the Finance Team and is included in every report. In addition, accountants work with budget holders in advance of major decisions to ensure that the financial implications and accurate and well understood.
- Budget calculations are robustly checked by the Corporate Finance Manager and Principal Accountants. The Corporate Finance Manager assess the adequacy of reserves on a regular basis and forecasts these ahead over a five year period.
- Decision makers are provided with timely and accurate information which gives clear explanation of financial issues and implications.
- Timely, accurate and impartial information is provided to decision makers, which helps to ensure effective stewardship of public money and that the Council achieves the objectives it has set out in its Corporate Plan.
- The Council maintains a prudential financial framework which is reported on three times each year, to ensure that its commitments remain within its available resources.
- The Council complies with CIPFA's Code on a Prudential Framework and its Treasury Management Code.
- An appropriate accounting system is in place. Through this system regular monitoring reports are produced for officers and Members.

3 The CFO in a public service organisation must lead the promotion and delivery by the whole organisation of good financial management so that public money is safeguarded at all times and used appropriately, economically, efficiently and effectively.

(1) During financial year 2016/17 and up to 31 May 2017

- The DCE is responsible for ensuring that appropriate advice is given on all financial matters, for keeping financial records, and for maintaining an effective system of financial control.
- Systems and processes for financial administration, financial control and protection of the Council's resources are well designed and are cyclically reviewed by Internal Audit.
- The Council has effective internal financial controls covering codified guidance, budgetary systems, supervision, management review and monitoring, physical safeguards, segregation of duties, accounting procedures, information systems and authorisation and approval processes.
- The Annual Governance Statement includes all the Council's significant governance issues.
- Annual accounts are published on a timely basis and are presented by DCE and his team to Cabinet, Audit Committee and senior officers.
- An effective internal audit function is provided by Central Midlands Audit Partnership.
- The Council has an Audit Committee whose Members have been trained appropriately. Refresher training is undertaken periodically.
- The Council has received positive Value For Money conclusions over the last five years.
- Financial competencies are embedded in person specifications and appraisals.
- The Finance Team have led initiatives to improve non-financial managers' understanding of finance over several years.
- Financial training is provided for Elected Members on a regular basis.

(2) From 1 June 2017 onwards

- The Corporate Finance Manager is responsible for ensuring that appropriate advice is given on all financial matters, for keeping financial records, and for maintaining an effective system of financial control.
- Systems and processes for financial administration, financial control and protection of the Council's resources are well designed and are cyclically reviewed by Internal Audit.

	<ul style="list-style-type: none"> • The Council has effective internal financial controls covering codified guidance, budgetary systems, supervision, management review and monitoring, physical safeguards, segregation of duties, accounting procedures, information systems and authorisation and approval processes. • The Annual Governance Statement includes all the Council's significant governance issues. • Annual accounts are published on a timely basis and are presented by the Corporate Finance Manager and her team to Cabinet, Audit Committee and senior officers. • An effective internal audit function is provided by Central Midlands Audit Partnership. • The Council has an Audit Committee whose Members have been trained appropriately. Refresher training is undertaken periodically. • The Council has received positive Value For Money conclusions over the last five years. • Financial competencies are embedded in person specifications and appraisals. • The Finance Team have led initiatives to improve non-financial managers' understanding of finance over several years. • Financial training is provided for Elected Members on a regular basis.
<p>4 The CFO must lead and direct a finance function that is resourced to be fit for purpose.</p>	<p>(1) <u>During financial year 2016/17 and up to 31 May 2017</u></p> <ul style="list-style-type: none"> • The Finance function has the resources, expertise and systems to perform its role effectively. However this position is continually reviewed and the possibility of improved systems is being explored. In 2016 the Council returned housing management functions from an ALMO back to an in-house provision. This expanded the size of the team, which will eventually be reviewed to reflect its revised responsibilities. • All the Finance staff within the Council report to the Corporate Finance Manager (Deputy Section 151 Officer), who reports directly to the DCE.

5	The CFO must be professionally qualified and suitably experienced.	<p>(2) From 1 June 2017 onwards</p> <ul style="list-style-type: none"> • The Finance function has the resources, expertise and systems to perform its role effectively. However this position is continually reviewed and the possibility of improved systems is being explored. In 2016 the Council returned housing management functions from an ALMO back to an in-house provision. This expanded the size of the team by 4 officers • All the Finance staff within the Council report to the Corporate Finance Manager who is the Section 151 Officer. • A service review will be undertaken to ensure that the Corporate Finance Manager has the appropriate support to backfill the duties relating to her previous role. Funding to achieve this has been set aside in the budget, following the agreement of the new management structure in March 2017. Resources can be provided to fulfil this role on a temporary basis, if required.
		<p>(1) During financial year 2016/17 and up to 31 May 2017</p> <ul style="list-style-type: none"> • The DCE is a CIPFA qualified accountant (1990) with 7 years' experience as a Section 151 Officer, and a total of 33 years' local government experience. • His role is well understood by Members and officers throughout the Council. <p>(2) From 1 June 2017 onwards</p> <ul style="list-style-type: none"> • The Corporate Finance Manager is a CIPFA qualified accountant (1999) who has undertaken the role of Deputy Section 151 Officer for 7 years. • She has wide ranging senior local government finance experience, gained from employment at several authorities, and has previously managed the Council's Internal Audit team. • Her role is well understood by Members and officers throughout the Council.

How do we know our arrangements are working?

The Governance Framework

Assurance Required Upon	Sources of Assurance	Assurances Received	Opportunities to Improve
<ul style="list-style-type: none"> ➤ Delivery of Corporate Plan aims and objectives ➤ Services are delivered effectively, efficiently and economically ➤ Management of risk ➤ Effectiveness of internal controls ➤ Democratic engagement and public accountability ➤ Budget and financial management arrangements ➤ Roles and responsibilities of Members and Officers ➤ Standards of conduct and behaviour ➤ Compliance with laws & regulations, internal policies and procedures ➤ Action plans dealing with significant issues approved, actioned and reported on. 	<ul style="list-style-type: none"> ➤ Constitution (inc. Statutory Officers, Scheme of Delegation and Procedural Rules) ➤ Overview & Scrutiny Committee and the Scrutiny Panels ➤ Internal & External Audit ➤ Corporate Performance & Improvement Team ➤ Independent external reviews ➤ Citizen Panels ➤ Council, Cabinet and Committees ➤ Medium Term Financial Strategy ➤ Performance Management Framework ➤ Performance Development Reviews ➤ Risk Management Framework ➤ Codes of Conduct ➤ HR Policies & Procedures ➤ Whistleblowing and other counter-fraud arrangements ➤ Complaints System ➤ Corporate Leadership Team 	<ul style="list-style-type: none"> ✓ External Audit Reports ✓ Local Government Ombudsman Reports ✓ Surveillance Commissioner Reports ✓ Report of the Local Government Association on Ethical Governance Arrangements ✓ National Fraud Initiative ✓ IT Network Security Testing ✓ Statement of Accounts ✓ Medium Term Financial Strategy ✓ Budget Monitoring ✓ Annual Report of Internal Audit ✓ Internal Audit Reports ✓ Internal Scrutiny Reviews ✓ Internal Service Reviews 	<ul style="list-style-type: none"> ➤ Understanding of the Council's future Financial Position, especially with the future planned changes to the Business Rates Retention regime. ➤ Continue to develop positive working relationships between Members and Officers ➤ Delivery of a planned programme of Member Training ➤ Increase residents' engagement with Members via Surgeries and social media ➤ Further improve the Council's website and intranet ➤ Make better use of complaints data to improve quality of service ➤ Improve training of benefits staff and make better use of resources to reduce levels of error ➤ Assure access to specialist skills required for fraud investigations ➤ Assure ongoing delivery of a sustainable high-quality internal audit service

This Statement builds upon those of previous years: many of the key elements of the governance framework remain in place and are referred to in previous Statements which are available on the Council's website together with a summary of the evidence supporting the effectiveness review. It therefore focuses on key changes to and developments within the Council's governance framework during 2016/17 and up to the date of approval of the Statement of Accounts. The significant issues identified during the effectiveness review are highlighted.

In addition, the Council is subject to regular external review by a range of statutory bodies: the Council's External Auditor gave an unqualified opinion on the Statement for Accounts and reported that the Council, in 2015/16, had made the proper arrangements to secure economy, efficiency and effectiveness in its use of resources, and the Local Government Ombudsman, who deals with complaints made by members of the public, reported on 10 inquiries / investigations completed between 1 April 2016 and 31 March 2017 - none of which found the Council to have behaved improperly.

Publication of the Statement allows the Council to meet the requirements of the Accounts & Audit Regulations 2016 to prepare and publish an annual governance statement to accompany the 2016/17 Statement of Accounts.

Review of Effectiveness 2016/17

A Corporate Assurance Assessment has been undertaken, where the Council has assessed itself against the key criteria for good corporate governance. A score of 80%, or "good" was recorded. The Council will continue to work on the areas for further improvement. Many of its ongoing improvements are recorded in the following section. A significant development is that, in the following section, some issues which have required resolution for some years have now been concluded, or are moving effectively to being finished. Issues such as Single Status, The Local Plan, Ethical Governance, the future of Housing Management and the future of the Idlewells Indoor Market can now either demonstrate completion or decisive progress.

This will allow the Council's efforts to be devoted predominantly to the achievement of the new Corporate Plan priorities.

Internal Audit Opinion 2016/17

Central Midlands Audit Partnership, who provide internal audit services to the Council, have provided their Opinion for 2016/17. They have concluded that there is a Satisfactory System of Internal Control operating within the Council.

Central Midlands Internal Audit Partnership' has undertaken a self-assessment of its compliance with the CIPFA statement on the Role of the Head of Internal Audit and is compliant. An independent review of the function is currently being undertaken, the findings of which will be reported to the next Audit Committee upon conclusion.

Their full report will be presented to the Council's Audit Committee on 24 July 2017.

Key Changes and Developments 2016/17

April

The Future Management of Housing

At the Council meeting in April the Council agreed to terminate the contract of Ashfield Homes Ltd to manage the council houses in the district. This decision preceded a detailed action plan and a range of actions which led to TUPE transfer of most AHL employees and the formal closure of the Company.

Technology Strategy

Cabinet agreed a new technology strategy for the Council, in order to establish some clear principles about how the Council would use technical solutions to improve services and make efficiencies in the future.

May / June

Leadership Structure

Cabinet agreed a new structure for the Council's Corporate Leadership Team in preparation for the re-integration of its housing functions. Each director now reports directly to the Chief Executive. See March 2017 for a further revision to this structure.

Housing Strategy

Cabinet considered a draft new Housing Strategy for the District. Its purpose was to align the Council's strategic housing work with its Corporate Plan, having considered a wide range of data on housing conditions within the district.

Procurement Strategy

Cabinet agreed an updated Procurement Strategy, based around Ashfield's continued membership of the Nottinghamshire and Derbyshire Procurement Unit, based at Bassetlaw District Council. This gives guidance on how the Procurement Unit can be used by spending officers in the constituent authorities to achieve cost efficiencies.

Financial Performance

Cabinet received reports confirming that the Council had met its financial targets for 2015/16. Importantly the General Fund Revenue Budget underspent by £227k, which provided a one-off benefit to the Medium Term Financial Strategy.

September

Local Plan

Cabinet agreed the next steps in the Local Plan process, to produce the "Publication Local Plan". This sets out the preferred approach to development over the 2017 to 2022 period. This milestone is important in Governance terms because of pressure from central government for all councils to have an agreed plan in 2017.

October

Housing Strategy

Following consultation, this was formally agreed by Cabinet in October.

Ashfield Homes Limited

Following the agreement by Council in July to terminate the management agreement early, the employees of Ashfield Homes Limited were transferred under TUPE arrangements, to the Council on 1 October. The Company's contracts were also novated to the Council on this date.

November / December 2016

Revised Capital Programme

Cabinet and Council agreed a new Capital Programme, agreeing to fund the district's key areas of investment. A key efficiency project, the co-location with DWP was approved, as was investment in the Kingsmill Reservoir, which takes advantage of some external funding.

Efficiency Plan

Cabinet agreed the Council's Efficiency Plan, which was a requirement set by the Government in order for the Council to secure its Revenue Support Grant allocations from 2016/17 to 2019/20. It aligns closely with the Corporate Plan and sets out a wide range of areas where the Council will be improving its efficiency in the coming years.

Statement of Accounts 2015/16

Audit Committee approved the Council's Accounts for the previous financial year. The Council's auditors, KPMG issued an unqualified report, and were satisfied that the Council had good arrangements in place for securing value for money.

Consultation on Options for the 2017/18 Budget

In November the Council issued its Consultation booklet and web pages setting out a wide range of potential proposals for reducing the Council's net cost over the coming years.

These were a mix of ambitious commercial initiatives, coupled with ideas for efficiencies, and also the potential closure of some under-used facilities.

Around 1,000 residents shared their views with the Council, demonstrating strong support for many of the proposals.

January 2017

Outcomes from the Budget Consultation

Cabinet in January agreed a number of reports which put forward options for reducing the Council's net budget in 2017/18. These included Modernising the Cash Collection arrangements, closing or transferring some under-used facilities, and a more efficient way of collecting waste glass from domestic properties

Public Sector Audit Appointments

Council agreed that Ashfield should opt into the arrangements being put in place by PSAA for the future provision of external audit, in order to secure the best quality, and value for money.

February

Setting a Balanced Budget

Council agreed a budget which contained £1m worth of savings, comprising additional income and service efficiencies. Council subsequently agreed a Council Tax increase of 2.85% (£3.33 per year at Band A).

The HRA Budget, now a combination of all of the Council's Housing functions, and an updated Capital Programme were also agreed.

A revised Capital Strategy facilitates the Council's investment in commercial property, which it is hoped will contribute savings to the MTFS.

March

Revised Leadership Structure

Cabinet agreed a new structure for the Corporate Leadership Team with effect from 1 June 2017. This reduces the number of directors and contributes savings to the General Fund and HRA. The impact on the Chief Financial Officer role is set out earlier in this report

Treasury Management and Commercial Investment

Cabinet agreed to invest up to £10m in commercial properties to provide an income stream to the Council. This will enable the Council to generate additional funding and contribute to the MTFS.

Setting a Financial Strategy for the Medium Term

Cabinet agreed an updated Medium Term Financial Strategy. The Council's savings target for 2018/19 has now increased to £1million mainly because of further reductions to the New Homes Bonus scheme, and some cost pressures around future pension costs. The total saving required up to 2022/23 is £3.8 million. Cabinet and Senior Officers have held a number of strategic sessions with the aim of identifying options for the £1m savings as early as possible, in advance of consultation later in 2017.

April

Section 151 Officer

Following the agreement of the new senior management structure by Cabinet in March, Council agreed in April that the Corporate Finance Manager should be designated Section 151 Officer, with effect from 1 June 2017.

May 2017 and emerging issues

Annual General Meeting

The Council's AGM considered a review of the Constitution. Also agreed was the allocations of Members to Cabinet and committees for the municipal year 2017/18 and the Council's nominations to outside bodies.

Local Government Finance

A great deal of uncertainty surrounds the future of local government finance. The calling of a General Election will impact on the passage of the Finance Bill which may delay the proposed new arrangements for distributing Business Rates to councils, due either in 2019/20 or 2020/21. There may not be an indication of future funding levels for several months. The MTFs and budget have been prepared based upon the existing system being retained and adjusted annually for inflation.

Significant Governance Issues

While the effectiveness review and other developments during the year demonstrate that corporate governance arrangements and the internal control framework are fit for purpose and effective, as part of continuing efforts to improve governance arrangements the following issues have been identified for improvement.

Key Improvement Area	Lead Officer	Target Date
<p>Procurement Strategy</p> <p>There is still a requirement to set out consistent rules around small value procurement (between £10k and £25k) to ensure that the Council does not risk being challenged on its selection of contractors. This is being addressed as part of the Council's review of how assets are managed, and it is intended to resolve this issue within financial year 2017/18.</p>	<p>Directors of Housing & Assets and Resources & Business Transformation</p>	<p>March 2018</p>
<p>Future Changes to the Medium Term Financial Strategy</p> <p>Significant risks exist relating to central government's financial policies which impact on local government. Although the Council has some certainty over the amount of Revenue Support Grant it will receive to 2019/20, there is significant uncertainty over its other sources of funding, including New Homes Bonus, Council Tax, Housing Rents, and specifically Redistributed Business Rates.</p> <p>Although the MTFS has been forecast forward based upon a broad continuation of the existing system, any reduction in the Council's share of redistributed Business Rates, following a re-basing in 2019/20 or 2020/21, could require higher levels of budget reductions over the period 2018/19 to 2022/23.</p>	<p>Director of Resources & Business Transformation and Corporate Finance Manager (Section 151 Officer)</p>	<p>Ongoing</p>

The Council will continue to ensure that the development of the MTFSS remains a priority and will continue to access the appropriate external advice in order to use the most up to date information in the development of the MTFSS.

The Continued Integration of The Council and former Ashfield Homes Limited

The process of fully integrating the operations and staffing structures following the transfer of AHL's business and employees to the Council in October 2016 will continue through reviews of services, technology and office accommodation. Risks remain while ever two systems still exist for processing business transactions, and these risks will be reduced significantly once single systems are in place. Until each service is reviewed and new roles defined, employees will remain on two distinct sets of grades, and terms and conditions.

This risk is highlighted because of the transitional phase of the integration, and should diminish over time in accordance with the Council's programmes for reviewing services and systems going forward.

Corporate Leadership Team

Ongoing

Signed  _____ Date 21/9/17

Robert Mitchell, Chief Executive

Signed  _____ Date 21/9/17

Councillor Cheryl Butler, Leader of the Council

<p>The Council will continue to ensure that the development of the MTFs remains a priority and will continue to access the appropriate external advice in order to use the most up to date information in the development of the MTFs.</p>		
<p>The Continued Integration of The Council and former Ashfield Homes Limited</p> <p>The process of fully integrating the operations and staffing structures following the transfer of AHL's business and employees to the Council in October 2016 will continue through reviews of services, technology and office accommodation. Risks remain while ever two systems still exist for processing business transactions, and these risks will be reduced significantly once single systems are in place. Until each service is reviewed and new roles defined, employees will remain on two distinct sets of grades, and terms and conditions.</p> <p>This risk is highlighted because of the transitional phase of the integration, and should diminish over time in accordance with the Council's programmes for reviewing services and systems going forward.</p>	<p>Corporate Leadership Team</p>	<p>Ongoing</p>

Signed

Robert Mitchell, Chief Executive

Date

Signed

Councillor Cheryl Butler, Leader of the Council

Date

Glossary of Terms and Abbreviations

Accounting Period – The period of time covered by the accounts that is normally the year commencing on 1st April and finishing on 31st March. The end of the accounting period is the balance sheet date.

Accrual – An amount included in the accounts to cover income or expenditure relating to an accounting period but for which payment has not yet been made or received. The concept is that income and expenditure are recognised as they are earned or incurred, not as cash is received or paid.

Actuarial Gains and Losses – For a defined benefit pension scheme, the changes in actuarial deficits or surpluses that arise because:

- events have not coincided with the actuarial assumptions made for the last valuation (experience gains and losses), or
- the actuarial assumptions have changed

Agency Services – Services, which are performed by the Council, where the authority legally responsible for the service reimburses the Council (the authority doing the work) for the cost of the work.

Amortisation – The reduction in the value of an asset over its useful life.

Arm's Length Management Organisation (ALMO) – A related organisation established to manage a specific activity, in this case to manage the Council's housing stock.

Ashfield Homes Limited – An arm's length management organisation that manages the Council's housing stock.

Assets Held for Sale – Those assets that are actively being marketed with the expectation that disposal will occur within a 12 month period.

Balance Sheet – A statement of the recorded assets, liabilities and other balances as they stand in monetary terms, at the end of an accounting period.

Billing Authority – A local authority responsible for collecting the Council Tax and National Non-Domestic Rates from within its district boundaries (the Council is a billing authority).

Budget – A statement defining the Council's financial plans over a specified period of time (usually an accounting period 1st April to 31st March).

Business Rates/ Non Domestic Rates (NDR) – Income collected from business ratepayers, based on a national rate in the pound set by Central Government multiplied by the rateable value of the premises they occupy. This rate is collected by the billing authority on behalf of Central Government and is redistributed from the billing authority's NNDR pool between itself, Central Government and Nottinghamshire County Council and Nottinghamshire Fire and Rescue Authority.

Capital Expenditure – Expenditure on new assets such as land, buildings and other structures or on the enhancement of existing assets so as to significantly prolong their useful life or increase their market value.

Capital Financing – The raising of money to pay for capital expenditure. Methods include borrowing, leasing, using capital receipts, government grants or contributions, major repairs reserve or from revenue contributions.

Capital Financing Charges – The annual costs to services for the use of assets comprising depreciation, leasing charges and other costs of funding capital expenditure.

Capital Receipts – The income from the sale of council houses, buildings, land and other assets. A proportion of capital receipts can be used to finance new capital expenditure, within rules set down by central government, but they cannot be used to finance revenue expenditure.

Cash Equivalents – They are 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.

Code – The Code refers to the code of practice on local authority accounting. The code of practice is based upon approved accounting standards and provides the accounting standards under which the Statement of Accounts is prepared. From 2010/11 the Code is based on International Financial Reporting Standards.

Community Assets – Assets that may have restrictions on their use and disposal. Examples include playing fields and parks.

Council Tax – A tax levied by the local Council, which is the billing authority, on households within its area and distributed to the County Council, Police and Fire Authorities, and to the Council's own General Fund.

Council Tax Bands – All domestic properties in a Local Authority's area are valued by Central Government's Valuation Office Agency, and placed in one of 8 bands ranging from A to H. Each Band is averaged out in relation to Band D, Bands A to C paying less, and Bands E to H paying more on an increasing scale.

Council Tax Benefit – Assistance provided to adults on low incomes to help them pay their council tax bill.

Current Assets – The assets held by an organisation at the balance sheet date that will be used in the next accounting period e.g. inventories, cash and trade receivables.

Current Liability – The liabilities held by an organisation at the balance sheet date that will be repaid within the next year e.g. creditors, overdrafts.

Current Service Cost (Pensions) - The increase in the present value of a defined benefit scheme's liabilities expected to arise from employee service in the current period.

Defined Benefit Scheme – A pension scheme where the benefits are set independently of the contributions paid and the performance of the investments in the fund.

De Minimis – A term generally used to describe something that is too small to be considered.

Depreciation – The measure of the reduction in value of a non-current asset due to age, consumption or other reduction in useful life during the accounting period.

Discretionary Benefits – Retirement Benefits which the employer has no legal, contractual or constructive obligation to award and are awarded under the Council's discretionary powers.

Earmarked Reserves – Amounts set aside for a specific purpose to meet future commitments or potential liabilities, for which it is not appropriate to establish provisions.

Expected Rate of Return on Pension Assets – For a funded defined benefit scheme, the average rate of return, including both income and changes in fair value but net of scheme expenses, expected over the remaining life of the related obligation on the actual assets held by the scheme.

Fair Value – The amount for which an asset could be exchanged; or a liability settled, between knowledgeable, willing parties in an arm's-length transaction.

Financial Instruments – Contracts that give rise to a financial asset of one entity and a financial liability or equity instrument of another.

Finance Lease – A lease that transfers all of the risks and rewards of ownership of an asset to the lessee.

General Fund – The main revenue fund of the Council. Day to day spending on services is met from this fund. The exception to this is for the provision of Council dwellings which is met from the Housing Revenue Account.

Housing Benefit – Allowances paid to persons on low income to meet, in whole or part, their rent. The Local authority pays the benefit but most of the cost is refunded by central government through rent allowances for private sector tenants and the rent rebate element of housing subsidy for the Council's own tenants.

Housing Revenue Account / (HRA) – This is a statutory account which covers all revenue expenditure and income related to the provision of Council dwellings. It includes an optional sub – division, the Housing Repairs Account.

Housing Subsidy – The Government grant paid to housing authorities towards the cost of providing, managing and maintaining Council dwellings.

Impairment – The reduction in the market value of a non-current asset due to significant changes in the market (i.e. Introduction of new technology), obsolescence, or damage, etc.

Intangible Assets – Assets that do not have physical substance but are identifiable and controlled by the Council, e.g. IT software.

Interest Cost (Pensions) – For defined benefit schemes, the expected increase during the period in the present value of the scheme liabilities because the benefits are one period closer to settlement.

IFRS – International Financial Reporting Standards. Guidelines and rules set by the International Accounting Standards Board (IASB) that companies and organisations can follow when compiling financial statements.

Long Term Borrowing / investment – Borrowing / investments repayable after more than one year.

Long Term Receivables – Amounts due to the council more than one year after the Balance Sheet date.

Minimum Revenue Provision (MRP) – The minimum amount that must be charged against the Council's revenue accounts each year, as a provision to repay borrowing and finance leases.

Net Book Value – The amount at which non-current assets are included in the balance sheet, i.e. their historic value or current valuation less depreciation.

Net Realisable Value – The open market value of an asset in its existing use.

Non-Current Assets – Tangible assets that yield benefits to the local authority and the services it provides for a period of more than one year, for example, land, buildings and equipment.

Non – Distributed Costs – Overheads for which no specific user benefits and are not apportioned to services.

Non – Operational Assets – Non-current assets held but not currently used by the Council in delivering services; for example property surplus to requirements or land awaiting sale or redevelopment.

Operating Lease – An operating lease is a rental agreement that places all of the risks and rewards of ownership of an asset with the lessor.

Operational Assets – Non-current assets held and used in delivering services.

Past Service Cost - For a defined benefit scheme, the increase in the present value of the scheme liabilities related to employee service in prior periods arising in the current period as a result of the introduction of, or improvement to, retirement benefits.

Precept – The amounts of tax that the Council is required to raise through Council Tax on behalf of other authorities for services they provide in the Billing Authority's area.

Precepting Authorities – Those Authorities who are not Billing Authorities, e.g. "major" Authorities such as the County Council and Police and Fire Authorities and "local Precepting Authorities" such as Parish, Town or Community Councils.

Projected Unit Method - An accrued benefits valuation method in which the scheme

liabilities make allowance for projected earnings. An accrued benefits valuation method is one in which the scheme liabilities at the valuation date relate to:

- the benefits for pensioners, deferred pensioners and their dependents, allowing where appropriate for future increases, and
- the accrued benefits for members in service on the valuation date. The accrued benefits are the benefits for service up to a given point in time, whether vested rights or not.

Provision - An amount set aside to provide for a liability that it is likely will be incurred but the exact amount and the date on which it will arise are uncertain.

Public Works Loan Board (PWLB) – A Central Government agency, that provides loans to Local Authorities.

Related Party Transactions – A related party transaction is the transfer of assets or liabilities or the performance of services by, to or for a related party irrespective of whether a charge is made.

Reserve – An amount set-aside for a specific purpose in one financial year and used to meet expenditure in future years. There are two types of reserves, usable and unusable reserves. Usable reserves are those reserves that can be applied to fund expenditure or reduce local taxation. Unusable reserves are other reserves, such as the revaluation reserve, that arise from accounting requirements

Residual Value – the net realisable value of an asset at the end of its useful life.

Retirement Benefits – All forms of consideration given by an employer in exchange for services rendered by employees that are payable after the completion of employment.

Revenue Expenditure Funded from Capital under Statute (REFCUS) – Spending on items normally classed as revenue but which are defined by statute as capital e.g. improvement grants.

Revenue Expenditure – Spending on day-to-day items, including, salaries and wages, premises costs and supplies and services.

Revenue Support Grant (RSG) – Contribution from Central Government towards the cost of local authority services.

Scheme Liabilities – The liabilities of a defined benefit scheme for outgoings due after the valuation date. Scheme liabilities are measured using the projected unit method to reflect the benefits that the employer is committed to provide for service up to the valuation date.

Service Reporting Code of Practice (SeRCOP) – The SeRCOP provides refers to the code of practice on local authority financial reporting to stakeholders. The SeRCOP is based on International Financial Reporting Standards.

Short Term Borrowing/ Investments – Borrowing and investments repayable on demand or within one year.

Tangible Assets – Assets with physical substance.

Trade Payables (Creditors) – An amount owed by the Council for work done, goods received or services provided but for which payment has not yet been made.

Trade Receivables (Debtors) – An amount owing to the Council but for which money has not yet been received.

Useful Life – The period over which the local authority will derive benefits from the use of a tangible non-current asset.

Vested Rights – In relation to a defined benefit scheme, these are:

- for active members, benefits to which they would unconditionally be entitled on leaving the scheme
- for deferred pensioners, their preserved benefits
- for pensioners, pensions to which they are entitled

They include where appropriate the related benefits for spouses or other dependants.

Work In Progress / WIP – the cost of work done on an uncompleted project as at the Balance Sheet date.

